



Mayor: Mario Garza
Mayor Pro-Tem: Leonardo “Lenny” Sanchez
Commissioners: Adina “Dina” Santillan
Ernesto “Neto” Guajardo
Marco “Markie” Villegas

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SAN JUAN CITY COMMISSION

Location: Amigos Del Valle
600 W. 1st Street
San Juan, Texas 78589
Tuesday, October 26, 2021

REGULAR MEETING AGENDA
6:00 PM

I. CALL TO ORDER

II. INVOCATION

III. PLEDGE OF ALLEGIANCE

IV. PUBLIC COMMENTS

V. PRESENTATIONS

A. Presentation on Departmental Reports: Department of Finance, Fire Department, Police Department, Municipal Court, and Department of Utilities.

1. Department of Finance Monthly Report.

2. Municipal Court Monthly Report

3. Fire Department Monthly Report.

4. Police Department Monthly Report

5. Department of Utilities Monthly Report

VI. PUBLIC HEARING/ORDINANCES

- A.** Hold a Public Hearing for a Conditional Use Permit to Allow “Verdin Snacks” at 2100 N. Raul Longoria Road, legally described as Lot 61, Ebano Heights Phase 1 Subdivision, located at the Northwest corner of Raul Longoria and Sioux Roads, as Requested by Javier Verdin.
- B.** Hold a Public Hearing for a Conditional Use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption at “MexiCocina Café” located at 711 Alameda Street, legally described as Lot 1, Cedillo Subdivision, located approximately 500 feet East of Veterans Boulevard, along the South side of Hackberry Avenue, as Requested by Norma Cedillo.
- C.** Hold a Public Hearing for a Conditional Use Permit for the Sale of Alcoholic Beverages for Off-Premise Consumption at “Richard’s Fence and Backyards Unlimited” located at 302 W. IH 2, legally described as Lot 1, Block 2, Santa Fe Subdivision, located at the Northeast corner of Santa Fe Drive and Frontage Road, as Requested by Raquel Cardenas.
- D.** Hold a Public Hearing for a Rezoning Request from Neighborhood Commercial District (C-1) to General Business District (C-2) of the property legally described as Lots 19 thru 21, Block 4, Tierra del Sol Inc. No. 2 Subdivision, located at the Northeast corner of 7th Street and Veterans Boulevard, as Requested by Perla Castillo.

VII. APPOINTMENTS

- A.** Consider the Nomination and Appointment of Board Member(s) Related to the Planning and Zoning Board
- B.** Consider the Nomination and Appointment of Board Member(s) Related to the Keep San Juan Beautiful Board.
- C.** Consider the Nomination and Appointment of Board Member(s) Related to the San Juan Memorial Library Advisory Board

VIII. DISCUSSION AND POSSIBLE ACTION ON ALL THE FOLLOWING MATTERS:

- A.** Consideration and Action on Special Events Application for a Fall Festival at Ann's Restaurant located at 221 W Business 83, submitted by Lucio Turner III.
- B.** Consider Authorizing the City Manager to Declare Motor Vehicle and Various Items as Salvage and Surplus Property.

IX. RESOLUTIONS

- A. Consider Resolution to Cast for Votes for One or More Candidates for the Hidalgo County Appraisal District Board of Directors 2022-2023.

X. CONTRACTUALS

- A. Consideration and Action on Interlocal Agreement for the 2021 - 2022 Fiscal Year with the Hidalgo County Urban County Program.
- B. Consider Selecting and Authorizing the City Manager to Enter into a Contract Agreement for Audit Services for Fiscal Year Ending September 30, 2021.

XI. CONSENT AGENDA

- A. Consider Second and Final Reading of an Ordinance for a Conditional Use Permit to allow a “Amaro’s Mechanic Repair Shop” at 1310 E. Sgt. Leonel Trevino Road, legally described as 1.5 acre tract of land out of the East 300 feet of the South 218.2 feet of Lot 13, Block 39, Alamo Land and Sugar Company Subdivision, as Requested by Cesar Amaro.
- B. Consider Approving the Monthly Tax Collection Report - September 2021.
- C. Quarterly Investment Report-September 30, 2021.

XII. EXECUTIVE SESSION

- A. The San Juan City Commission will Convene in Executive Session, in Accordance with the Texas Open Meeting Act, Vernon's Texas Statutes and Codes Annotated, Government Code Section §551.071 Consultation with Attorney.
 - 1. Discussion and Possible Action Regarding Cause No. C-2414-20-A Styled Hall-Mark Fire Apparatus-Texas, LLC v. City of San Juan, Texas in 92nd Judicial District Court, Hidalgo County, Texas.

XIII. RECONVENE

- A. The City Commission will Reconvene in Open Session to Take Necessary Action, if any, in Accordance with Chapter 551, Open Meetings, Subchapter E, Procedures Relating to Closed Meeting 551, Requirements to take Vote or Take Final Action in Open Meeting.

1. Action Regarding Cause No. C-2414-20-A Styled Hall-Mark Fire Apparatus-Texas, LLC v. City of San Juan, Texas in 92nd Judicial District Court, Hidalgo County, Texas.

XIV. ADJOURNMENT

CERTIFICATION

I certify that the above notice of the Regular Called Meeting of the City of San Juan is true and correct; and that I posted such notice on the bulletin board. A place convenient and readily accessible to the public on the in accordance with the Texas Open Meetings Act (Tex. Gov't. Code §551-041 - §551.050).

DIANA CAVAZOS
CITY SECRETARY
CITY OF SAN JUAN, TEXAS

CERTIFICATION OF REMOVAL

I certify that the agenda of items to be considered by the City Commission was removed by the City Secretary's Office from the San Juan City Hall bulletin area on the the _____ of _____, 2021.

OFFICE OF THE CITY SECRETARY



Mayor: Mario Garza
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Commissioners: Adina “Dina” Santillan
Ernesto “Neto” Guajardo
Marco “Markie” Villegas

MEMORANDUM

TO: Benjamin Arjona, City Manager

FROM: Leroy Gonzales, Director of Finance

DATE: 10/19/2021

SUBJECT: Department of Finance Monthly Report.

Department Description

Finance Department has the responsibility to safeguard City's financial assets and manage its resources in according with state law, City Charter, and ordinances enacted by the City Commission.

- Process accounts payable and payroll for the City of San Juan and Economic Development Corporation.
- Provide monthly financial reports to Departments and City Commission
- Generate financial reporting according to GAAP
- Maintain an adequate level of liquidity and meet financial responsibility of City's investments policy prioritizing objective of safety, liquidity and yield

Additional Information

- 7 STAFF MEMBERS
- Maintained 26 funds, assisted 24 departments and posted 2,679 journal entries, issued 4,443 disbursement checks and processed 6,941 payroll checks and direct deposits, during the months of August, 2021.
- August Sales Tax 16.047% Increase of \$61,373 Compared to last year.
- Audit FY 2019/2020 Completed and presented March 29, 2021.
- Reconciled 11 Bank Accounts
- Budget Adjustments (83)
- Budget Amendments (6)

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- Manage a 25.2 million budget

General Fund Budget of 13.2 million

Utility & Sanitation Fund 7.2 million

Stormwater Fund 305 thousand

Debt Service Fund 1.9 million

Other Funds 2.5 million

Utility Billing Department

Department Description

The Utility Billing Department is responsible for billing and collection of water usage, sanitary sewer, residential garbage collection and responding to customers complaints.

- The City collects about 6,862 water and 9,598 sewer accounts.
- North Alamo Water Supply Corporation service 3,131 sewer accounts.
- Per Audited Financial Report, in FY ending 9/30/2020, Utility Fund collected 5.8 million and Sanitation Fund 3.6 million with a combined 9.4 million.
- Received 2 Chevy Colorado Vehicles for Meter Division
- Email Billing (102)
- Service Orders

1.	Connects	50
2.	Meter information	21
3.	Disconnect	17
4.	Dead Meters Change	07
5.	Past Due Notice	1,427
6.	Cut Off Register	15
7.	Cut List	89

- Payments are made by

66 % paid in person

0 % juniors

22 % online

6 % bank drafts

6 % other locations

- Staff of 7 Employees



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Marco "Markie" Villegas

MEMORANDUM

TO: Benjamin Arjona, City Manager

FROM: Mary Enriquez, Court Administrator

DATE: 10/19/2021

SUBJECT: Municipal Court Monthly Report

The Municipal Court is responsible for the legal enforcement of City Ordinances and laws. It deposits and prepares daily reports to the Department of Finance.

Amount Collected	\$ 14,788.09
Defensive Driving	2
Deferred	1
Pre-Trials	8
Bench Trials	0
Scofflaw	\$ 792.00

COLLECTIONS 2020
September - \$ 16,067.81

COLLECTIONS 2021
September - \$ 14,788.09

CITATIONS ISSUED 2020
September - 142

CITATIONS ISSUED 2021
September - 69

SCOFFLAW COLLECTIONS 2020
September - \$2,359.50

SCOFFLAW COLLECTIONS 2021
September - \$ 792.00

City Marshal - Warrants and Fines Collected - \$ 2,283.00
Phone calls - 45
Warrants - 12

Total Warrants Issued - 5

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MEMORANDUM

TO: Benjamin Arjona, City Manager

FROM: Tirso Garza, Fire Chief

DATE: 10/19/2021

SUBJECT: Fire Department Monthly Report.

The San Juan Fire Department had the following activity during the month of September 2021:

Emergency Calls

A total of 54 Calls for the month of September 2021. (Please see attached report.)

- A Shift = 10
- B Shift = 25
- C Shift = 19

Med-Care Response

Due to COVID19 Med-Care EMS responded along with the Fire Department for a total of 14 calls for the Month of September 2021. The Med-Care report has not been submitted by Med-Care.

County Calls

The San Juan Fire Department had a total of one (1) County Calls for the month of September 2021 which are the following:

- Incident Number – 21-00514 – Public Assistance at Minnesota and Rodriguez St

Volunteer Department

The San Juan Volunteer Fire Department was not able to meet for a monthly business meeting due to COVID-19.

Fire Inspections

A total of 20 inspections were conducted in the Month of September 2021, please see attached for detailed information about each conducted inspection.

Plan Reviews

The following plans were reviewed for the month of September 2021:

- Luis A. Vasquez
- Luis Valencia – 204 W Nolana Loop
- Gutierrez Ducan Subdivision
- Mario Cantu

Fuel Utilization

Please note that the total amount of gallons mentioned in this report belong only to the logs that were submitted by the Fire Chief, Lieutenant or Firefighter in Charge for the month of September 2021 to the Administration Office.

- A total of 154.7 Gallons of Unleaded
- A total of 549.3 Gallons of Diesel



**Jorge A Mata Jr
Acting Lieutenant**

**SEPTEMBER 2021
Call Volume Monthly Breakdown**

Fire House Code	Incident Type	Total
322	Motor Vehicle Accidents w/Injuries	2
323	Auto-Pedestrian	1
324	Motor Vehicle Accidents w/o Injuries	5
311	Medical Call	13
142/143	Grass/Brush Fires	2
131	Vehicle Fires	3
700/750	False Alarms	12
154	Trash Fires	1
550/551	Assist other Agency/Dept.:	0
651	Smoke Scare	2
111	Structure Fires	1
1101	Equipment Fire	0
412	Gas Leak	4
480	Attempted burning, Illegal action	0
600	Good Intent Call	0
611	Cancelled in Route	0
622	Wrong Location/No Incident Found	0
541	Bee attack/ Animal Problem	4
331	Child Locked in a Vehicle	2
440/1601	Electrical Equipment Problem (Pole)	1
1131	Cooking Fire	0
100	Fire, Other	1
Grand Total:		54

Call Volume for each shift:

A Shift 10
B Shift 25
C Shift 19

Respectfully Submitted by,

Jorge A Mata, Acting Lieutenant



Tirso Garza, Fire Chief
2301 N. Raul Longoria
San Juan, TX 78589
Office: 956-223-2470
Fax: 956-783-3441

Med-Care Response Times

September 2021

Date	Incident #	Location	Dispatched Time	Arrival	Delay Time	Incident Type
09/01/21	21-473	200 N Standard	16:19	16:36		Structure
09/03/21	21-478	2301 N Raul Longoria	23:00	23:16		Medical
09/06/21	21-482	2125 N Doe st	20:59	21:01		Medical
09/08/21	21-486	519 W Owassa	23:01	23:12		Medical
09/10/21	21-489	Retama/495	16:05	16:07		Medical
09/11/21	21-490	Eldora/Raul Longoria	14:31	14:39		Accident
09/11/21	21-492	311 E expressway 83	22:38	22:51		Alarm
09/12/21	21-495	300 E Chaparral apt 4	14:22	14:31		Medical
09/13/21	21-496	Raul longoria/ minnesota	14:58	15:08		Accident
09/17/21	21-506	Cesar Chavez/ Sam houston	20:13	20:19		Accident
09/26/21	21-517	420 W 13th	06:58	06:58		Medical
09/26/21	21-518	420 W 13th	08:24	08:51		Medical
09/29/21	21-523	Eldora/Cedro	19:58	20:06		Medical
09/30/21	21-524	300 E Hall Acres	12:11	12:21		Medical

Fire Inspection September 2021

	Date	Name of Business	Address	Contact	Inspector	App/Deny
1	9/7/21	Grimaldo's Jewelry	406 N Nebraska	Humberto C. Grimaldo Jr	J. Salinas	Approved
2	9/7/21	Raul Tropical Place	110 S Nebraska AVE	Raul Garcia	J. Salinas	Approved
3	9/7/21	Sabor Saludable	111 W 495, Ste 1	Mayra Gomez	J. Salinas	Approved
4	9/7/21	Yadira's Drive Thru	506 E 495	Elma Esquivel	J. Salinas	Approved
5	9/10/21	Little Bright Minds Child Development 2	120 E 6 th ST	Aurora Martinez	J. Salinas	Approved
6	9/10/21	Denny's Restaurant	1601 E Interstate 2 HWY E	Angel Ramirez	J. Salinas	Approved
7	9/13/21	Meme's Drive Thru	1809 N Raul Longoria HWY	Manuel Gonzalez	J. Salinas	Approved
8	9/13/21	Auto Zone #5922	1611 N Raul Longoria HWY	Ruben Martinez	J. Salinas	Approved
9	9/14/21	Rosas Naturales Gardenia	2203 N Raul Longoria HWY, Ste D	Pablo Pina	J. Salinas	Approved
10	9/14/21	Taco H Restaurant	915 E 495	Silvestre Saenz	J. Salinas	Approved
11	9/17/21	South TX Nutrition & Energy	2209 N Raul Longoria HWY, Ste 1	Adriana K Alvarez	J. Salinas	Approved
12	9/17/21	Delias Restaurant	106 W Nolana LOOP	Jesus Pena	J. Salinas	Approved
13	9/20/21	Remake Beauty Studio	1201 N Raul Longoria HWY, Ste O	Humberto Rodriguez	J. Salinas	Approved
14	9/21/21	OneMain Financial Group, LLC	106 E 495, E	Claudia Alvarado	J. Salinas	Approved
15	9/22/21	Looney Toones Day Care	2107 N Raul Longoria HWY	Shameka Mendoza	J. Salinas	Approved
16	9/22/21	Foster Home - Enrique Partida & Maria	2004 Loma Alta ST	Enrique Partida	J. Salinas	Approved
17	9/30/21	Texas Music Festivals Enterprises	520 Kansas ST	Wilberto Perez	J. Salinas	Approved
18	9/30/21	Ramirez Apts	127 E Railroad ST	Gilbert Ramirez	J. Salinas	Approved
19	9/30/21	Mexi Cocina Cafe	711 Alameda RD	Norma Cedillo	J. Salinas	Approved
20	9/30/21	Little Stars Academy LLC	1106 S Stewart RD	Lizzete Quintanilla	J. Salinas	Approved
21						
22						
23						
24						
25						
26						
27						

FUEL LOG

September 2021

DATE	TIME	UNIT/DIESEL CONTAINER	GALLONS	OFFICER IN CHARGE
9/2/2021	7:59 a.m.	Engine-1	10.4	H. Leal
9/2/2021	5:59 p.m.	Engine-2	17.5	M. Bazan
9/3/2021	12:54 p.m.	Engine-2	17.9	B. Rodriguez
9/4/2021	4:49 p.m.	Engine-1	18	J. Lopez
9/4/2021	6:56 p.m.	Rescue-1	17	H. Leal
9/6/2021	5:56 a.m.	Rescue-1	10.1	R. Campos
9/7/2021	8:29 a.m.	Tank-1	6	R. Torres
9/8/2021	1:23 p.m.	Engine-2	23.7	B. Rodriguez
9/8/2021	1:41 p.m.	Engine1	12.7	V. Sanchez
9/8/2021	2:22 p.m.	1201	20.5	Chief T. Garza
9/9/2021	1:08 p.m.	Engine-2	9.3	R. Torres
9/9/2021	2:35 p.m.	Engine-2	8.2	V. Sanchez
9/10/2021	1:41 p.m.	Engine-1	10	A. Foster
9/11/2021	4:15 p.m.	Engine-2	17.9	M. Bazan
9/11/2021	4:19 p.m.	Brush-1	7	R. Campos
9/13/2021	2:13 p.m.	Engine-2	24	R. Campos
9/14/2021	9:00 a.m.	1201	19	Chief T. Garza
9/15/2021	6:11 a.m.	Rescue-1	7	R. Campos
9/15/2021	5:13 p.m.	Engine-1	20.6	H. Leal
9/16/2021	11:16 a.m.	1202	12.1	C. Alaniz
9/16/2021	4:40 p.m.	Engine-2	17.1	V. Sanchez
9/17/2021	6:38 p.m.	Brush-3	9.3	R. Torres
9/17/2021	12:51 p.m.	Engine-2	10.4	A. Araguz
9/17/2021	1:09 p.m.	Engine-1	8.4	V. Sanchez
9/20/2021	12:59 p.m.	Engine-2	20	M. Bazan
9/21/2021	12:50 p.m.	Engine-1	18.1	O. Escamilla
9/21/2021	12:56 p.m.	Engine-2	14	B. Rodriguez
9/22/2021	1:20 p.m.	Brush-1	7.4	R. Campos
9/23/2021	7:53 a.m.	1201	20.2	Chief T. Garza
9/23/2021	1:23 p.m.	Engine-2	10.2	V. Sanchez
9/24/2021	3:05 p.m.	Engine-1	17.5	Z. Beaz
9/27/2021	11:33 a.m.	Engine-1	16.9	V. Sanchez
9/28/2021	6:37 a.m.	1201	12.5	Chief T. Garza
9/28/2021	7:49 a.m.	1202	18.6	C. Alaniz
9/28/2021	12:24 p.m.	Engine-1	13	O. Escamilla
9/28/2021	12:29 p.m.	Brush-3	10.3	A. Foster
9/28/2021	1:48 p.m.	Engine-2	5.8	B. Rodriguez
9/30/2021	1:26 p.m.	Engine-1	12.7	D. Cantu
9/30/2021	1:49 p.m.	Engine-2	18	B. Rodriguez
TOTAL of Diesel			549.3	

September 2021

Sandra Guajardo, Administrative Assistant
Page 14



Mayor: Mario Garza
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Commissioners: Adina “Dina” Santillan
Ernesto “Neto” Guajardo
Marco “Markie” Villegas

MEMORANDUM

TO: Benjamin Arjona, City Manager
FROM: Ruben Morin, Chief of Police
DATE: 10/19/2021
SUBJECT: Police Department Monthly Report

This memorandum is to keep you all informed on our monthly operational statistics, and any other significant cases or events that occurred during the month of September, 2021.

STATISTICS: POLICE

•Calls for service:	1520
•Incident reports:	337
•Accidents:	129
•911 Calls:	1714
•Patrol Citations Issued:	69
•Violations:	96
•Patrol & CID Arrests:	40
•CID Issued Warrants:	12

SEPTEMBER

SPECIAL GRANT DETAILS:

•Stone Garden hours: 14	
•Vehicle Stops:	0
•Citations:	
•Border Star hours: Not Working	
•Vehicle Stops:	
•Warnings	
•Misdemeanor Arrest:	
•Felony Arrest:	
•Cases Investigated:	

SEPTEMBER

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- Citations:
- Tx-Dot STEP-Wave Traffic Enforcement hours: ZERO (Did not work)

TRAFFIC ENFORCMENT:

- Cruiser enforcement (Thursday Nights) traffic stops.

SEPTEMBER

No Enforcement

- Citations:

- Arrest:

- Regular patrol city wide.

69 Citations / 96 Violations

FEDERAL & STATE ASSET FOREFEITURE PROGRAM:

- Received state forfeiture awards: Nothing to report
- Received federal forfeiture awards: Nothing to report.
- Department is in full compliance with federal and state guidelines (Audits).

CRIME STOPPERS:

- No board meetings were scheduled.

SAN JUAN POLICE PERSONNEL:

Nothing to Report

TELE-COMMUNICATORS:

- No new event to report.

FLEET

- There are currently 22 vehicles for patrol. 5 patrol units are currently out of service for or have been decommissioned.

STATISTICS: ANIMAL CONTROL

- Calls for Service:

- Citations Issued:

- Violations:

SEPTEMBER

177

0

0

UNIFORM CRIME REPORT:

Comparing the Month of September 2021 to September 2020, the City of San Juan's major crimes was the same, no change. Comparing January 1st through October 15th of 2021 to January 1st through October 15th 2020, major crimes has decreased 22 percent.

COVID-19 OPERATIONS:

- San Juan Police Department followed the guidelines set forth by the Mayor, County Judge and the Governor of Texas.

SPECIAL EVENTS:

N/A

Respectfully,

Ruben Morin, Chief of Police
San Juan Police Department
“A Commitment to the Future”



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Marco “Markie” Villegas

MEMORANDUM

TO: Benjamin Arjona, City Manager
FROM: David Salinas, Director of Utilities
DATE: 10/19/2021
SUBJECT: Department of Utilities Monthly Report

Texas Drought Outlook

- 15% of Texas is in a drought (September 13, 2021)
- RGV is Abnormal
- Falcon and Amistad are @ 39.63%
- STAGE II IS STILL IN FULL EFFECT

System Outlook

- Water Connections – 6862
- Sewer Connections – 10,592 (3730 NAWSC)

Water Treatment Facility

- Combined Gallons Treated: 66.742 MG
- Combined Gallons Produced: 72.127 MG

Water Treatment Facility No. 1

- 0.213 MG treated
- 40.401 MG delivered
- 33.725 MG Transferred from WTF No. 2
- 0.68 MG RAW (Reservoir)
- 0.029 MG Backwash
- 0 MG Well

Water Treatment Facility No. 2

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- 85.456 Treated
- 47.338 MG Delivered
- 33.725 MG Transferred to WTF No. 1
- 71.57 MG RAW (Reservoir)
- 2.113 MG Backwash

WTP 3.5 MGD Expansions and Rehab 100%

Operated Water Plant as Efficiently as Possible

Sludge Management Continues to be Critical

Proposed Budget Pending TWDB Approval

Water Distribution System

- Leaks – 9
- Breaks – 7
- Taps – 2

Water Loss

- Reported – 145,700 gals
- Unreported – 150,400 gals

Hydrants

- Flushed – 26
- Repaired/Replaced – 0
- STAGE II WATER CONSERVATION STILL IN EFFECT

Valves

- Worked – 10
- Repaired/Replaced – 0

Utility Billing

- Work Orders – 8

We Continue Our Hydrant and Valve Maintenance

One Vacancy – WM

Wastewater Treatment Facility

- Treated – 66.808 MG
- Wetland – 3.199 MG

- 520 - Cubic Yards of Sludge Hauled to Landfill
- Solids Dewatering Facility 100% Final Pay App Submitted
- Quarterly Biomonitoring all species passed
- Emergency Repair at WWTP delayed due material shortages.

Wastewater Collections

Work orders - 61

- Sewer Main Repaired – 0
- Sewer Main Installed – 0
- Sewer Backups Reported – 14
- Sewer Backups Cleared – 6
- Odor Complaints – 0
- Locates – 15
- Manhole Repaired/replaced – 0
- New Manholes installed – 0
- Unauthorized Discharges - 0

Administration

Financials

- Administration – 40.73%
- Water Treatment – 9.84%
- Distribution: – 47.31%
- Sewer Collection – 35.40%
- Wastewater Treatment – 22.98%

Projects

- WTF No. 2 Pending TWDB Budget Approval
- WWTF BFP – 100% Complete
- WWTF Rehab Design – 100% Complete (CHC) Pending Constructability Review
- WTF No. 1 Rehab – 100%, Pending Constructability Review
- LS 13 Design – 100% Complete (CHC) Incorporating Constructability Comments

Training

- Admin – 0
- Water Treatment – 0
- Distribution – 0
- Sewer Collection – 0
- Wastewater Treatment - 0

Certification

- Water Treatment - 0
- Distribution – 0
- Sewer Collection - 1
- Wastewater Treatment – 0
- Renewals - 0

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Hold a Public Hearing for a Conditional Use Permit to Allow “Verdin Snacks” at 2100 N. Raul Longoria Road, legally described as Lot 61, Ebano Heights Phase 1 Subdivision, located at the Northwest corner of Raul Longoria and Sioux Roads, as Requested by Javier Verdin.

STAFF COMMENTS AND RECOMMENDATIONS:

The applicant is requesting a permit to operate a portable food concession stand to sell roasted corn at Marisol’s Restaurant parking lot located at corner of Sioux and Raul Longoria Road. He is proposing to install a 16’x 8’ portable stand which was already inspected by the Health Inspector and Fire Department. The applicant is proposing to use the restroom facilities at the restaurant. Proposed days and hours of operation are Friday, Saturday and Sunday from 3:00 p.m. to 10:00 p.m.

According to Chapter 2, Article VIII, Section 8 – Conditional Use (i) “Portable and/or temporary food concession stand needs to obtain a Conditional Use Permit through the city.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to thirty (30) property owners within a two hundred (200) foot radius and received no comments in favor or against the request.

RECOMMENDATION:

During the Regular Meeting on October 21, 2021, the Planning and Zoning Commission unanimously recommended approval of the Conditional Use Permit with a 4-0 vote.

PREPARED BY:

Roberto Escobar,
Planning Director

APPROVED BY:

Benjamin Arjona, City
Manager

MEETING DATES:
PLANNING AND ZONING COMMISSION – 10/21/2021
CITY COMMISSION – 10/26/2021
DATE PREPARED – 10/15/2021

PAGE 1

STAFF REPORT
GENERAL INFORMATION

APPLICATION:	Conditional Use Permit to allow “Verdin Snacks” at commercial area
APPLICANT:	Javier Verdin
AGENT:	N/A
LEGAL:	Lot 61, Ebano Heights Phase 1 Subdivision
LOCATION:	2100 N. Raul Longoria Road The property is located at the Northwest corner of Raul Longoria and Sioux Roads
LOT/TRACT SIZE:	105 feet by 158.50 feet
CURRENT USE OF PROPERTY:	Restaurant
EXISTING ZONING:	Neighborhood Commercial District (C-1)
EXISTING LAND USE/ ADJACENT ZONING:	<i>North</i> – Residential; Single-Family Residence District (C-2) <i>South</i> – Commercial; Neighborhood Commercial District (C-1) <i>East</i> – Commercial; Neighborhood Commercial District (C-1) <i>West</i> – Residential; Single-Family Residence District (C-2)
ACCESS AND CIRCULATION:	This property has access onto Sioux Road and West Garfield Street.
PUBLIC SERVICES:	Water and sewer services are provided by the City of San Juan.
RECOMMENDATION:	Staff recommends approval subject to comply with the list of requirements in the attached report.

EVALUATION AND CONDITIONS FOR APPROVAL

The applicant is requesting a permit to operate a portable food concession stand to sell roasted corn at Marisol's Restaurant parking lot located at corner of Sioux and Raul Longoria Road. He is proposing to install a 16'x 8' portable stand which was already inspected by the Health Inspector and Fire Department. The applicant is proposing to use the restroom facilities at the restaurant. Proposed days and hours of operation are Friday, Saturday and Sunday from 3:00 p.m. to 10:00 p.m.

According to Chapter 2, Article VIII, Section 8 – Conditional Use (i) “Portable and/or temporary food concession stand needs to obtain a Conditional Use Permit through the city.

The following are the list of requirements for a food concession stand:

1. Cannot be located in a residentially zone area;
2. Stand must be inspected by the building inspections department and meet applicable building and fire codes;
3. Must have paved off-street parking available over and above what is required for the business to which it is adjacent;
4. If it is a portable building or trailer it must be anchored to the ground properly;
5. Must meet setback requirements of zoning district in which it is located; and
6. Water and sewage disposal facilities must be available and may be required;
7. Health Department permit
8. Owner agrees to pay an annual fee to the City of San Juan to maintain the Conditional Use, Occupational License and Health Permits.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to thirty (30) property owners within a two hundred (200) foot radius and received no comments in favor or against the request.

ATTACHMENTS:

Location Map
Aerial Photo
Zoning Map
Section of Ordinance
Letter from property owner
Subdivision Plat
List of neighboring property owners receiving notice
Ordinance





FINAL RESOLUTION OF REQUEST & COMMENTS:

P&Z – 10/21/2021 Commissioner Cardenas made a motion to approve the conditional use permit as presented by staff with the condition to have restrooms available. Commissioner Yzaguirre seconded the motion. The motion passed unanimously with a (4-0) vote.

Ms. Gomez explained the board that Mr. Verdin is proposing to install a 16 x 8 portable stand to sell roasted corn at Marisol's Restaurant located at Sioux and Raul Longoria Road. He is proposing to operate the busienss on weekends, Friday, Saturday and Sunday from 3:00 p.m. to 10:00 p.m. Health Inspector and Fire Department inspected the stand and it is in compliance with city's rules and regulations. A letter from restaurant's owner was provided giving permission to use the restroom facilities for employees and customers. The advertisement was in the newspaper and letters were mailed out to the surrounding property owners within the 200 foot radius. No comments were received in favor or against the request.

Commissioner Alaniz asked if restaurant is going to be open until 10:00 p.m. to share the restroom facility. Mr. Mario Mora, owner at Marisol's Restaurant, said that he will give access to use the restrooms. He said that Mr. Verdin's business is only to take out and they are not having any tables and chairs for customers.



ORDINANCE NO.

AN ORDINANCE GRANTING A CONDITIONAL USE PERMIT TO ALLOW A PORTABLE FOOD CONCESSION STAND “VERDIN SNACKS” AT 2100 N. RAUL LONGORIA ROAD, LEGALLY DESCRIBED AS LOT 61, EBANO HEIGHTS SUBDIVISION, AS PROVIDED IN ARTICLE IV, OF THE ZONING ORDINANCE, CITY OF SAN JUAN, HIDALGO COUNTY, TEXAS, PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE; PROVIDING FOR A CODE DISPOSITION.

WHEREAS, Javier Verdin has applied for a Conditional Use Permit under Article IV; of the Zoning Ordinance of the City of San Juan to allow “Verdin Snacks” at commercial property.

WHEREAS, this type of activity is prohibited by said Zoning Ordinance unless a Conditional Use Permit is granted; and,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS, AS FOLLOWS:

SECTION I. That a Conditional Use Permit under Article IV of the Zoning Ordinance of the City of San Juan, Texas, be granted to Javier Verdin for a Conditional Use Permit to allow “Verdin Snacks” at 2100 N. Raul Longoria Road, subject to the following conditions:

1. Cannot be located in a residentially zone area;
2. Stand must be inspected by the building inspections department and meet applicable building and fire codes;
3. Must have paved off-street parking available over and above what is required for the business to which it is adjacent;
4. If it is a portable building or trailer it must be anchored to the ground properly;
5. Must meet setback requirements of zoning district in which it is located; and
6. Water and sewage disposal facilities must be available and may be required;
7. Health Department permit
8. Owner agrees to pay an annual fee to the City of San Juan to maintain the Conditional Use, Occupational License and Health Permits.

SECTION II. PUBLICATION AND EFFECTIVE DATE CLAUSE. This Ordinance shall be published in the official newspaper of the City of San Juan, Texas, as provided by law, and shall be and remain in full force and effect from the after said date of publication.

PASSED and **APPROVED** on first reading on the 26th day of October, 2021.

PASSED and **APPROVED** on second and final reading on the ____ day of _____, 2021.

CITY OF SAN JUAN

MARIO GARZA, MAYOR

ATTEST:

APPROVED BY:
Palacios, Garza & Thompson, P.C.

NAYELI GUERRERO
INTERIM CITY SECRETARY

CITY ATTORNEY

MEETING DATES:
PLANNING AND ZONING COMMISSION – 10/21/2021
CITY COMMISSION – 10/26/2021
DATE PREPARED – 10/15/2021

PAGE 1

STAFF REPORT
GENERAL INFORMATION

APPLICATION:	Conditional Use Permit to allow “Verdin Snacks” at commercial area
APPLICANT:	Javier Verdin
AGENT:	N/A
LEGAL:	Lot 61, Ebano Heights Phase 1 Subdivision
LOCATION:	2100 N. Raul Longoria Road The property is located at the Northwest corner of Raul Longoria and Sioux Roads
LOT/TRACT SIZE:	105 feet by 158.50 feet
CURRENT USE OF PROPERTY:	Restaurant
EXISTING ZONING:	Neighborhood Commercial District (C-1)
EXISTING LAND USE/ ADJACENT ZONING:	<i>North</i> – Residential; Single-Family Residence District (C-2) <i>South</i> – Commercial; Neighborhood Commercial District (C-1) <i>East</i> – Commercial; Neighborhood Commercial District (C-1) <i>West</i> – Residential; Single-Family Residence District (C-2)
ACCESS AND CIRCULATION:	This property has access onto Sioux Road and West Garfield Street.
PUBLIC SERVICES:	Water and sewer services are provided by the City of San Juan.
RECOMMENDATION:	Staff recommends approval subject to comply with the list of requirements in the attached report.

EVALUATION AND CONDITIONS FOR APPROVAL

The applicant is requesting a permit to operate a portable food concession stand to sell roasted corn at Marisol's Restaurant parking lot located at corner of Sioux and Raul Longoria Road. He is proposing to install a 16'x 8' portable stand which was already inspected by the Health Inspector and Fire Department. The applicant is proposing to use the restroom facilities at the restaurant. Proposed days and hours of operation are Friday, Saturday and Sunday from 3:00 p.m. to 10:00 p.m.

According to Chapter 2, Article VIII, Section 8 – Conditional Use (i) “Portable and/or temporary food concession stand needs to obtain a Conditional Use Permit through the city.

The following are the list of requirements for a food concession stand:

1. Cannot be located in a residentially zone area;
2. Stand must be inspected by the building inspections department and meet applicable building and fire codes;
3. Must have paved off-street parking available over and above what is required for the business to which it is adjacent;
4. If it is a portable building or trailer it must be anchored to the ground properly;
5. Must meet setback requirements of zoning district in which it is located; and
6. Water and sewage disposal facilities must be available and may be required;
7. Health Department permit
8. Owner agrees to pay an annual fee to the City of San Juan to maintain the Conditional Use, Occupational License and Health Permits.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to thirty (30) property owners within a two hundred (200) foot radius and received no comments in favor or against the request.

ATTACHMENTS:

Location Map
Aerial Photo
Zoning Map
Section of Ordinance
Letter from property owner
Subdivision Plat
List of neighboring property owners receiving notice
Ordinance







ORDINANCE NO.

AN ORDINANCE GRANTING A CONDITIONAL USE PERMIT TO ALLOW A PORTABLE FOOD CONCESSION STAND “VERDIN SNACKS” AT 2100 N. RAUL LONGORIA ROAD, LEGALLY DESCRIBED AS LOT 61, EBANO HEIGHTS SUBDIVISION, AS PROVIDED IN ARTICLE IV, OF THE ZONING ORDINANCE, CITY OF SAN JUAN, HIDALGO COUNTY, TEXAS, PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE; PROVIDING FOR A CODE DISPOSITION.

WHEREAS, Javier Verdin has applied for a Conditional Use Permit under Article IV; of the Zoning Ordinance of the City of San Juan to allow “Verdin Snacks” at commercial property.

WHEREAS, this type of activity is prohibited by said Zoning Ordinance unless a Conditional Use Permit is granted; and,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS, AS FOLLOWS:

SECTION I. That a Conditional Use Permit under Article IV of the Zoning Ordinance of the City of San Juan, Texas, be granted to Javier Verdin for a Conditional Use Permit to allow “Verdin Snacks” at 2100 N. Raul Longoria Road, subject to the following conditions:

1. Cannot be located in a residentially zone area;
2. Stand must be inspected by the building inspections department and meet applicable building and fire codes;
3. Must have paved off-street parking available over and above what is required for the business to which it is adjacent;
4. If it is a portable building or trailer it must be anchored to the ground properly;
5. Must meet setback requirements of zoning district in which it is located; and
6. Water and sewage disposal facilities must be available and may be required;
7. Health Department permit
8. Owner agrees to pay an annual fee to the City of San Juan to maintain the Conditional Use, Occupational License and Health Permits.

SECTION II. PUBLICATION AND EFFECTIVE DATE CLAUSE. This Ordinance shall be published in the official newspaper of the City of San Juan, Texas, as provided by law, and shall be and remain in full force and effect from the after said date of publication.

PASSED and **APPROVED** on first reading on the 26th day of October, 2021.

PASSED and **APPROVED** on second and final reading on the ____ day of _____, 2021.

CITY OF SAN JUAN

MARIO GARZA, MAYOR

ATTEST:

APPROVED BY:
Palacios, Garza & Thompson, P.C.

NAYELI GUERRERO
INTERIM CITY SECRETARY

CITY ATTORNEY

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Hold a Public Hearing for a Conditional Use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption at “MexiCocina Café” located at 711 Alameda Street, legally described as Lot 1, Cedillo Subdivision, located approximately 500 feet East of Veterans Boulevard, along the South side of Hackberry Avenue, as Requested by Norma Cedillo.

STAFF COMMENTS AND RECOMMENDATIONS:

Ms. Cedillo is applying for a Conditional Use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption and Late Hours Permit at “MexiCocina Cafe” located at the commercial plaza along Alameda Road, behind the San Juan H-E-B. The applicant will need to comply with the Texas Alcoholic Beverages Commission (TABC) requirements.

The applicant is proposing to sell alcohol Monday to Saturday from noon to 2:00 am and Sundays from 12:00 pm to 12:00 am. The applicant must agree to pay an annual fee to the City of San Juan to maintain the alcohol license, conditional use, occupational license and health permits.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to six (6) property owners within a two hundred (200) foot radius and received one comment against the application.

RECOMMENDATION:

During the Regular Meeting on October 21, 2021, the Planning and Zoning Commission unanimously recommended approval of the conditional use permit with a 4-0 vote.

PREPARED BY:

Roberto Escobar,
Planning Director

APPROVED BY:

Benjamin Arjona, City
Manager

MEETING DATES:
PLANNING AND ZONING COMMISSION – 10/21/2021
CITY COMMISSION – 10/26/2021
DATE PREPARED – 10/15/2021

PAGE 1

STAFF REPORT
GENERAL INFORMATION

APPLICATION: Conditional Use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption at “MexiCocina Cafe”

APPLICANT: Norma Cedillo

SURVEYOR/ENGINEER: N/A

LEGAL: Lot 1, Cedillo Subdivision

LOCATION: 711 Alameda Street
Located approximately 500 feet East of Veteran’s Boulevard, along the South side of Alameda Road

**EXISTING LAND USE/
ADJACENT ZONING:** *North* – Commercial; Expressway Corridor District (EC)
South – Apartments; Multi-Family Residence District (R-MF)
East – Residential; Multi-Family Residence District (R-MF)
West – Residential; Multi-Family Residence District (R-MF)

ACCESS AND CIRCULATION: This property has access onto Alameda Road.

PUBLIC SERVICES: Water service and sewer services are provided by the City of San Juan.

RECOMMENDATION: Staff recommends approval subject to comply with the list of requirements in the attached report.

EVALUATION AND CONDITIONS FOR APPROVAL

Ms. Cedillo is applying for a Conditional Use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption and Late Hours Permit at “MexiCocina Cafe” located at the commercial plaza along Alameda Road, behind the San Juan H-E-B. The applicant will need to comply with the Texas Alcoholic Beverages Commission (TABC) requirements.

The applicant is proposing to sell alcohol Monday to Saturday from noon to 2:00 am and Sundays from 12:00 pm to 12:00 am. The applicant must agree to pay an annual fee to the City of San Juan to maintain the alcohol license, conditional use, occupational license and health permits.

The following is the list of requirements:

1. The property line of the lot of any business, especially those having late hours (after 10:00 p.m.) must be a minimum of three hundred (300) feet from the nearest residence, church, school or publicly-owned property or must provide sufficient buffering and sound insulation of the building such that the business is not visible and cannot be heard from the residential areas, and must be designed to prevent disruption of the character of adjacent residential areas.
2. The business must be as close as possible to a major arterial, and shall not allow the traffic it generates onto residential streets, or allow it to exit into and disrupt residential areas;
3. The business must provide parking in accordance with the City off-street parking regulations and make provisions to prevent use of adjacent streets for parking, especially those in adjacent residential areas, by providing additional on-site parking.
4. The business must do everything possible to prevent the unauthorized parking of its patrons on adjacent business or residential properties including, when necessary, the installation of fences and hedges, and the reorientation of entrances. The loading and unloading of equipment to be on premises only.
5. The business should do everything possible and be designed to discourage criminal activities and vandalism, both on site and on adjacent properties. Provision of sufficient lighting and perimeter fencing, elimination of dark areas, and the orientation of the building such that it provides maximum visibility of as much as possible of the site form a public street;
6. The business must make provisions to keep litter to a minimum, and to keep it from blowing onto adjacent streets and properties;
7. The business shall restrict the number of persons within the building to the number determined for occupancy levels by the Fire Department.
8. The business must comply with the city’s noise ordinance.
9. The business must comply with the City’s Security Cameras Ordinance.

**CONDITIONAL USE PERMIT
“MEXI COCINA CAFE”
OCTOBER 26, 2021**

PAGE 3

10. There shall be no smoking inside the premises at any time.

11. No loading or unloading of merchandise in a public street.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to six (6) property owners within a two hundred (200) foot radius and received one comment against the application.

ATTACHMENTS:

- Location Map
- Aerial Photo
- Zoning Map
- Site Plan
- Letter from Neighbor
- Subdivision Plat
- List of neighboring property owners receiving notice
- Ordinance



“Mexi Cocina Café”
711 Alameda Road

FINAL RESOLUTION OF REQUEST & COMMENTS:

P&Z – 10/21/2021 Commissioner Cardenas made a motion to approve the conditional use permit as presented by staff. Commissioner Yzaguirre seconded the motion. The motion passed unanimously with a (4-0) vote.

Ms. Gomez explained the board that Mexi-Cocina Café is an established business that has been in operation for two years. The applicant is proposing to sale alcoholic beverages for on-premise consumption as complement of the food that they serve. They are applying for a late hours permit in case they rent the restaurant to have a celebration after hours. Applicant must comply with the Texas

CONDITIONAL USE PERMIT
“MEXI COCINA CAFE”
OCTOBER 26, 2021

PAGE 4

Alcoholi Beverages Commission (TABC) requirements, annual fee with the City of San Juan to maintain the alcohol license, conditional use, occupational license and health permits. The advertisement was in the newspaper and letters were mailed out to the surrounding property owners within the 200 foot radius and one comment was received against the request. Staff recommends approval of the conditional use permit since it is a commercial area.



ORDINANCE NO.

AN ORDINANCE GRANTING A CONDITIONAL USE PERMIT FOR THE SALE OF ALCOHOLIC BEVERAGES (WINE AND BEER) FOR ON-PREMISE CONSUMPTION AND LATE HOURS PERMIT AT THE “MEXI- COCINA CAFE” LOCATED AT 711 ALAMEDA STREET, LEGALLY DESCRIBED AS LOT 1, CEDILLO SUBDIVISION, AS PROVIDED IN ARTICLE IV, OF THE ZONING ORDINANCE, CITY OF SAN JUAN, HIDALGO COUNTY, TEXAS, PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE; PROVIDING FOR A CODE DISPOSITION.

WHEREAS, Norma Cedillo has applied for a Conditional Use Permit under Article IV; of the Zoning Ordinance of the City of San Juan for the Sale of Alcoholic Beverages (wine and beer) for On-Premise Consumption and Late Hours Permit at “MexiCocina Cafe”.

WHEREAS, this type of activity is prohibited by said Zoning Ordinance unless a Conditional Use Permit is granted; and,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS, AS FOLLOWS:

SECTION I. That a Conditional Use Permit under Article IV of the Zoning Ordinance of the City of San Juan, Texas, be granted to Norma Cedillo has applied for a Conditional Use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption and Late Hours Permit at “MexiCocina Cafe” located at 711 Alameda Street, subject to the following conditions:

1. The property line of the lot of any business, especially those having late hours (after 10:00 p.m.) must be a minimum of three hundred (300) feet from the nearest residence, church, school or publicly-owned property or must provide sufficient buffering and sound insulation of the building such that the business is not visible and cannot be heard from the residential areas, and must be designed to prevent disruption of the character of adjacent residential areas.
2. The business must be as close as possible to a major arterial, and shall not allow the traffic it generates onto residential streets, or allow it to exit into and disrupt residential areas;
3. The business must provide parking in accordance with the City off-street parking regulations and make provisions to prevent use of adjacent streets for parking, especially those in adjacent residential areas, by providing additional on-site parking.
4. The business must do everything possible to prevent the unauthorized parking of its patrons on adjacent business or residential properties including, when necessary, the installation of fences and hedges, and the reorientation of entrances. The loading and unloading of equipment to be on premises only.

5. The business should do everything possible and be designed to discourage criminal activities and vandalism, both on site and on adjacent properties. Provision of sufficient lighting and perimeter fencing, elimination of dark areas, and the orientation of the building such that it provides maximum visibility of as much as possible of the site from a public street;
6. The business must make provisions to keep litter to a minimum, and to keep it from blowing onto adjacent streets and properties;
7. The business shall restrict the number of persons within the building to the number determined for occupancy levels by the Fire Department.
8. The business must comply with the city's noise ordinance.
9. The business must comply with the City's Security Cameras Ordinance.
10. There shall be no smoking inside the premises at any time.
11. No loading or unloading of merchandise in a public street.

SECTION II. PUBLICATION AND EFFECTIVE DATE CLAUSE. This Ordinance shall be published in the official newspaper of the City of San Juan, Texas, as provided by law, and shall be and remain in full force and effect from the after said date of publication.

PASSED and **APPROVED** on first reading on the 26th day of October, 2021.

PASSED and **APPROVED** on second and final reading on the ____ day of _____, 2021.

CITY OF SAN JUAN

MARIO GARZA, MAYOR

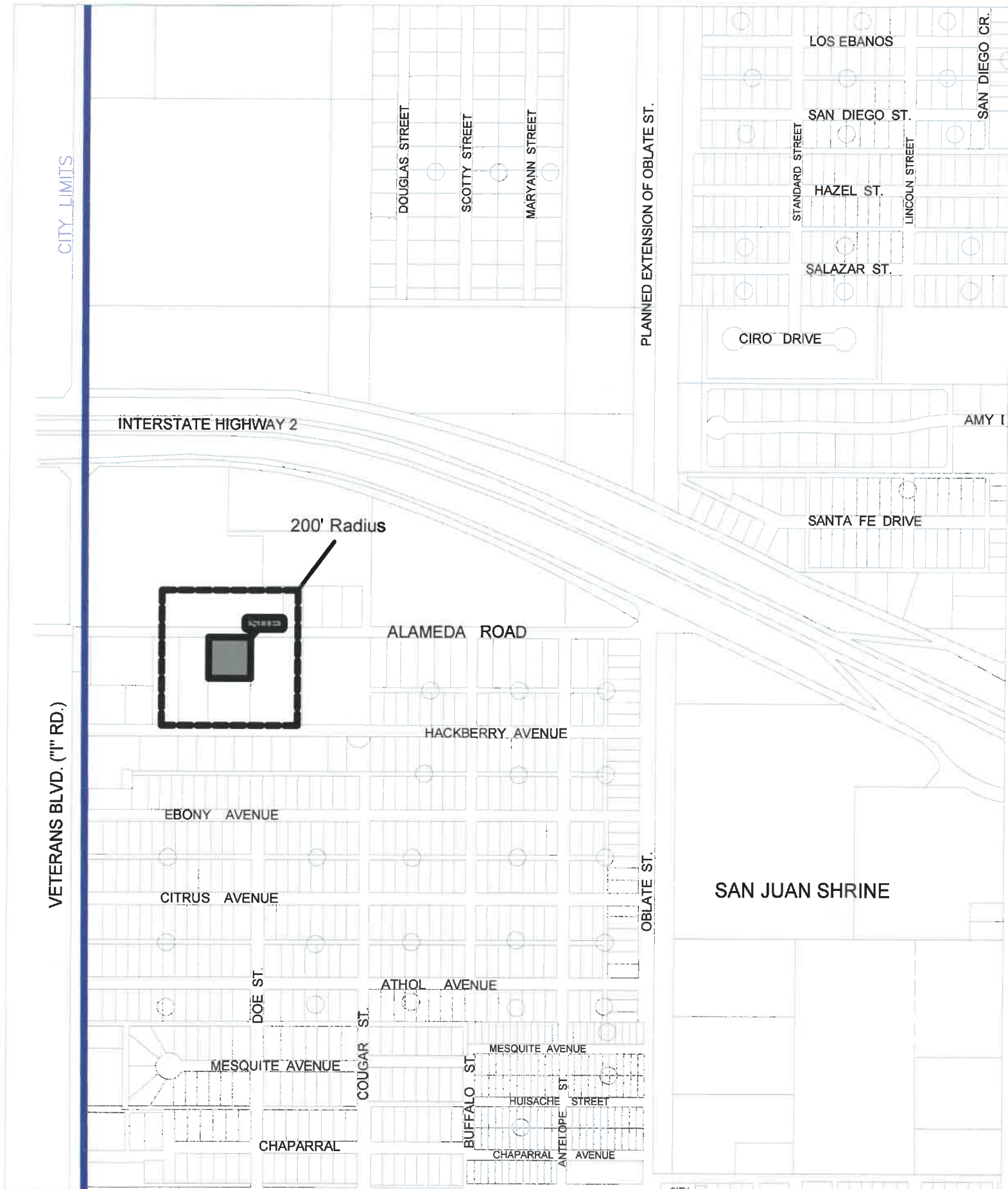
ATTEST:

APPROVED BY:

Palacios, Garza & Thompson, P.C.

NAYELI GUERRERO
INTERIM CITY SECRETARY

CITY ATTORNEY



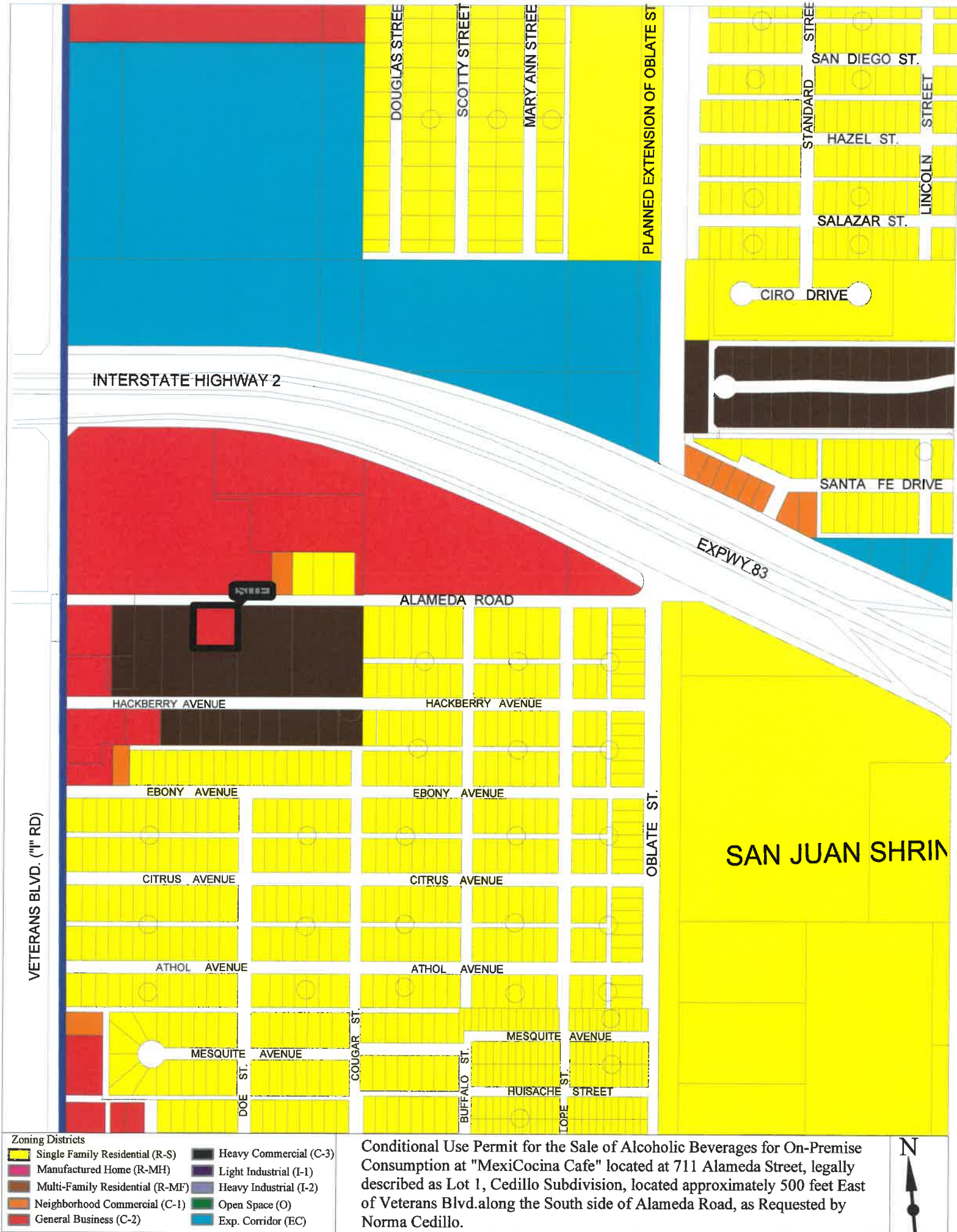


Legend

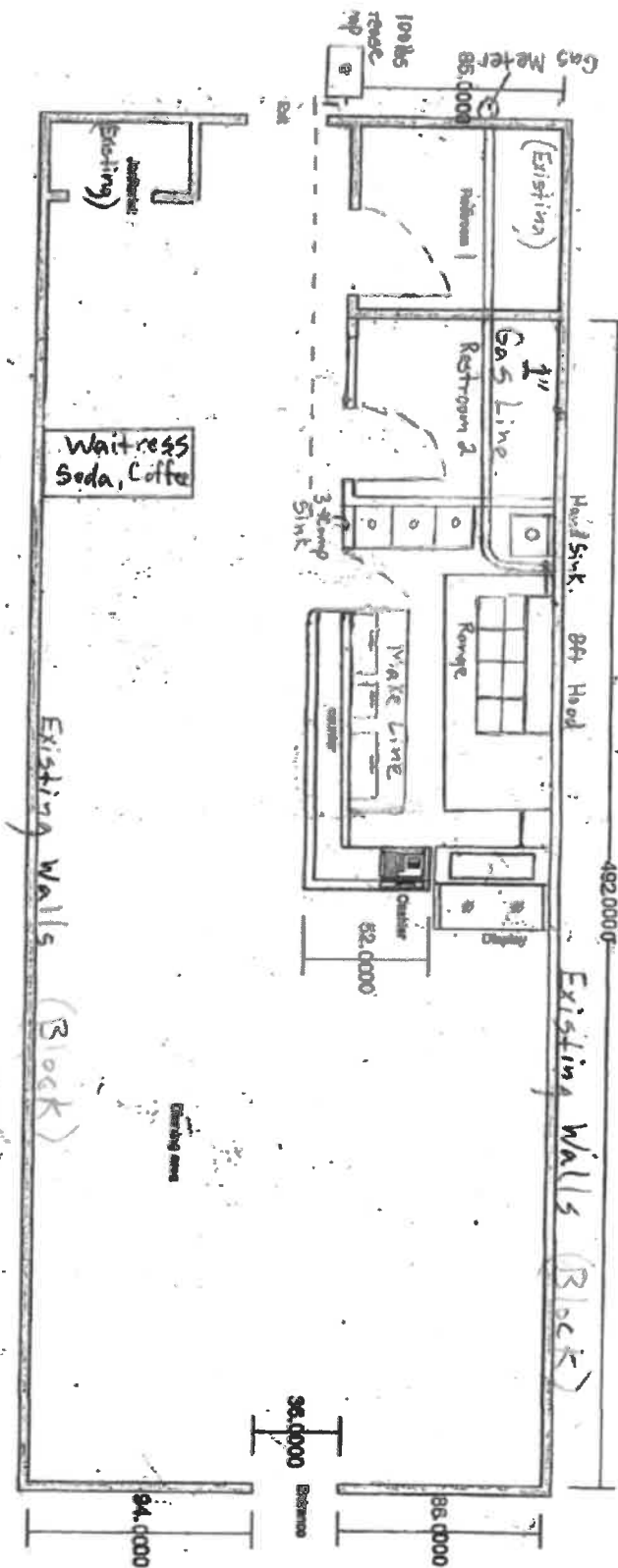
-  CITY LIMITS
-  Proposed area

Conditional Use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption at "MexiCocina Cafe" located at 711 Alameda Street, legally described as Lot 1, Cedillo Subdivision, located approximately 500 feet East of Veterans Blvd. along the South side of Alameda Road, as Requested by Norma Cedillo.





“MexiCocina Café”
711 Alameda Road





Public Hearing Comment

raquel duberney-guerrero <rduberney@hotmail.com>
To: "permits@sjtx.us" <permits@sjtx.us>

Thu, Oct 14, 2021 at 5:43 PM

Attention Planning and Zoning Department:
Attention Monica Gomez, Interim Director of Planning:

As a lifelong resident of San Juan, neighbor and citizen who wishes to continue to reside in my peaceful community, I strongly oppose the on-premise consumption of alcohol in my neighborhood.

While it may have not been unreasonable for a restaurant such as "MexiCocina Cafe" (that is open during daytime business hours) to serve alcoholic beverages such as wine and beer in a building surrounded by residential properties; over the past few months, this business appears to have transitioned to an events center/party venue.

A transition from a small restaurant to an events/party venue seems to have transpired without many taking notice.

Housing such a venue in a mostly residential area is undesirable for a number of reasons which include, but are not limited to, loud music, excessive noise, unruly guests, etc.

Furthermore, it appears the venue is not limited to indoor events, as the backyard has been set up to host outdoor events.

One has to wonder, who will monitor and ensure that our valued residential community remains a peaceful living environment?

As stated earlier, the opposition to on-premise consumption of alcohol is due to the fact that this business is no longer a restaurant, but a party venue that will likely operate outside of normal business hours and therefore jeopardize my quality of life. I strongly oppose both having an event center/party venue as my neighbor, and I absolutely oppose them offering on-premise alcohol consumption.

I do not wish to be run out of my home because someone was authorized to establish a party venue with on-site alcohol consumption next to my residence.

Thank you for allowing me the opportunity to express my earnest concern.

I appreciate my opinion being taken into account as I imagine, none of the members of this board, city leaders and/or commissioners would opt to live next door to an alcohol-serving event center type of establishment.

Respectfully,
Raquel Duberney - Guerrero

Conditional Use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption at “Mexi Cocina Café” located at 711 Alameda Street, legally described as Lot 1, Cedillo Subdivision, located approximately 500 feet East of Veterans Boulevard, along the South side of Alameda Road, as Requested by Norma Cedillo.

Cedillo, Norma
1204 E. Bell Avenue
Pharr, TX 78577

Guerrero, Jose R. Jr. and Raquel
709 Alameda St.
San Juan, TX 78589

Lizcano, Roel
100 N Sugar Rd.
Pharr, TX 78577

Alvarez, Martha and Daryna E.
Lopez
709 Delia Dr.
Edinburg, TX 78542

HEB Grocery Co.
Property Tax Dept.
P.O. Box 839999
San Antonio, TX 78283

Gutierrez, Veronica
5500 N. Bentsen Rd.
McAllen, TX 78504

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Hold a Public Hearing for a Conditional Use Permit for the Sale of Alcoholic Beverages for Off-Premise Consumption at “Richard’s Fence and Backyards Unlimited” located at 302 W. IH 2, legally described as Lot 1, Block 2, Santa Fe Subdivision, located at the Northeast corner of Santa Fe Drive and Frontage Road, as Requested by Raquel Cardenas.

STAFF COMMENTS AND RECOMMENDATIONS:

Ms. Cardenas is applying for a Conditional Use Permit for the Sale of Alcoholic Beverages (wine and beer) for Off-premise Consumption at “Richard’s Fence and Backyards Unlimited” a convenience store that sells BBQ pits and supplies. The property is located at corner of Santa Fe Drive and Frontage Road. The applicant will need to comply with the Texas Alcoholic Beverages Commission (TABC) requirements.

The days and hours of operation are Tuesday to Friday from 9:00 a.m. to 6:00 p.m. and Saturdays from 10:00 a.m. to 6:00 p.m.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to fifteen (15) property owners within a two hundred (200) foot radius and received three (3) comments against this request.

RECOMMENDATION:

During the Regular Meeting on October 21, 2021, the Planning and Zoning Commission unanimously recommended approval of the conditional use permit with a 4-.0 vote.

PREPARED BY:

Roberto Escobar,
Planning Director

APPROVED BY:

Benjamin Arjona, City
Manager

MEETING DATES:
PLANNING AND ZONING COMMISSION – 10/21/2021
CITY COMMISSION – 10/26/2021
DATE PREPARED – 10/15/2021

PAGE 1

STAFF REPORT
GENERAL INFORMATION

APPLICATION:	Conditional Use Permit for the Sale of Alcoholic Beverages for Off-Premise Consumption at “Richard’s Fence and Backyards Unlimited”
APPLICANT:	Raquel Cardenas
SURVEYOR/ENGINEER:	N/A
LEGAL:	Lot 1, Block 2, Santa Fe Subdivision
LOCATION:	302 W. IH 2
EXISTING ZONING:	Neighborhood Commercial District (C-1)
EXISTING LAND USE/ ADJACENT ZONING:	<i>North</i> – Residential; Single-Family Residence District (R-S) <i>South</i> – Residential; Single-Family Residence District (R-S) <i>East</i> – Commercial; Neighborhood Commercial District (C-1) <i>West</i> – Commercial; Neighborhood Commercial District (C-1)
ACCESS AND CIRCULATION:	This property has access to Santa Fe Drive.
PUBLIC SERVICES:	Water and sewer services are provided by the City of San Juan.
RECOMMENDATION:	Staff recommends approval subject to the list of requirements in the attached report.

EVALUATION AND CONDITIONS FOR APPROVAL

Ms. Cardenas is applying for a Conditional Use Permit for the Sale of Alcoholic Beverages (wine and beer) for Off-premise Consumption at “Richard’s Fence and Backyards Unlimited” a convenience store that sells BBQ pits and supplies. The property is located at corner of Santa Fe Drive and Frontage Road. The applicant will need to comply with the Texas Alcoholic Beverages Commission (TABC) requirements.

The days and hours of operation are Tuesday to Friday from 9:00 a.m. to 6:00 p.m. and Saturdays from 10:00 a.m. to 6:00 p.m.

The following are the list of requirements:

1. The applicant must comply with the City’s Security Cameras Ordinance.
2. Owner agrees to pay an annual fee to the City of San Juan to maintain the alcohol license, conditional use, occupational license and health permits.
3. The business must comply with the city’s noise ordinance.
4. No loading or unloading of merchandise in a public street.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to fifteen (15) property owners within a two hundred (200) foot radius and received three (3) comments against this request.

ATTACHMENTS:

Location Map
Aerial Photo
Zoning Map
Letter from neighbor against the request
Subdivision Plat
List of neighboring property owners receiving notice
Ordinance



**CONDITIONAL USE PERMIT
“RICHARD’S FENCE AND BACKYARDS UNLIMITED”
OCTOBER 26, 2021**

PAGE 3

FINAL RESOLUTION OF REQUEST & COMMENTS:

P&Z – 10/21/2021 Commissioner Magallan made a motion to approve the conditional use permit as presented by staff. Commissioner Yzaguirre seconded the motion. The motion passed unanimously with a (4-0) vote.

Ms. Gomez explained the board that Richard’s Fence and Backyards is a business that has in operation for the past years, they sell swing sets, bbq pits, bbq accessories, meat packages and seasonings. They are applying for the sale of alcoholic beverages for on-premise consumption only. Operation hours are Tuesday thru Friday from 9:00 a.m. to 6:00 p.m. and Saturdays from 10:00 a.m. to 6:00 p.m. Applicant must comply with the Texas Alcoholic Beverages Commission (TABC) requirements, annual fee with the City of San Juan to maintain the alcohol license, conditional use, occupational license and health permits. The advertisement was in the newspaper and letters were mailed out to the surrounding property owners within the 200 foot radius and three comments were received against the request. Staff recommends approval of the conditional use permit since it is a commercial area.



ORDINANCE NO.

AN ORDINANCE GRANTING A CONDITIONAL USE PERMIT FOR THE SALE OF ALCOHOLIC BEVERAGES (WINE AND BEER) FOR OFF-PREMISE CONSUMPTION AT “RICHARD’S FENCE AND BACKYARDS UNLIMITED” LOCATED AT 302 W. IH 2, LEGALLY DESCRIBED AS LOT 1, BLOCK 2, SANTA FE SUBDIVISION, AS PROVIDED IN ARTICLE IV, OF THE ZONING ORDINANCE, CITY OF SAN JUAN, HIDALGO COUNTY, TEXAS, PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE; PROVIDING FOR A CODE DISPOSITION.

WHEREAS, Raquel Cardenas has applied for a Conditional Use Permit under Article IV; of the Zoning Ordinance of the City of San Juan for the Sale of Alcoholic Beverages (wine and beer) for Off-Premise Consumption at “Richard’s Fence and Backyards Unlimited”.

WHEREAS, this type of activity is prohibited by said Zoning Ordinance unless a Conditional Use Permit is granted; and,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS, AS FOLLOWS:

SECTION I. That a Conditional Use Permit under Article IV of the Zoning Ordinance of the City of San Juan, Texas, be granted to Raquel Cardenas for a Conditional Use Permit for the Sale of Alcoholic Beverages for Off-Premise Consumption at “Richard’s Fence and Backyards Unlimited” located at 302 W. Interstate Highway 2, subject to the following conditions:

1. The applicant must comply with the City’s Security Cameras Ordinance.
2. Owner agrees to pay an annual fee to the City of San Juan to maintain the alcohol license, conditional use, occupational license and health permits.
3. The business must comply with the city’s noise ordinance.
4. No loading or unloading of merchandise in a public street.

SECTION II. PUBLICATION AND EFFECTIVE DATE CLAUSE. This Ordinance shall be published in the official newspaper of the City of San Juan, Texas, as provided by law, and shall be and remain in full force and effect from the after said date of publication.

PASSED and **APPROVED** on first reading on the 26th day of October, 2021.

PASSED and **APPROVED** on second and final reading on the ____ day of _____, 2021.

CITY OF SAN JUAN

MARIO GARZA, MAYOR

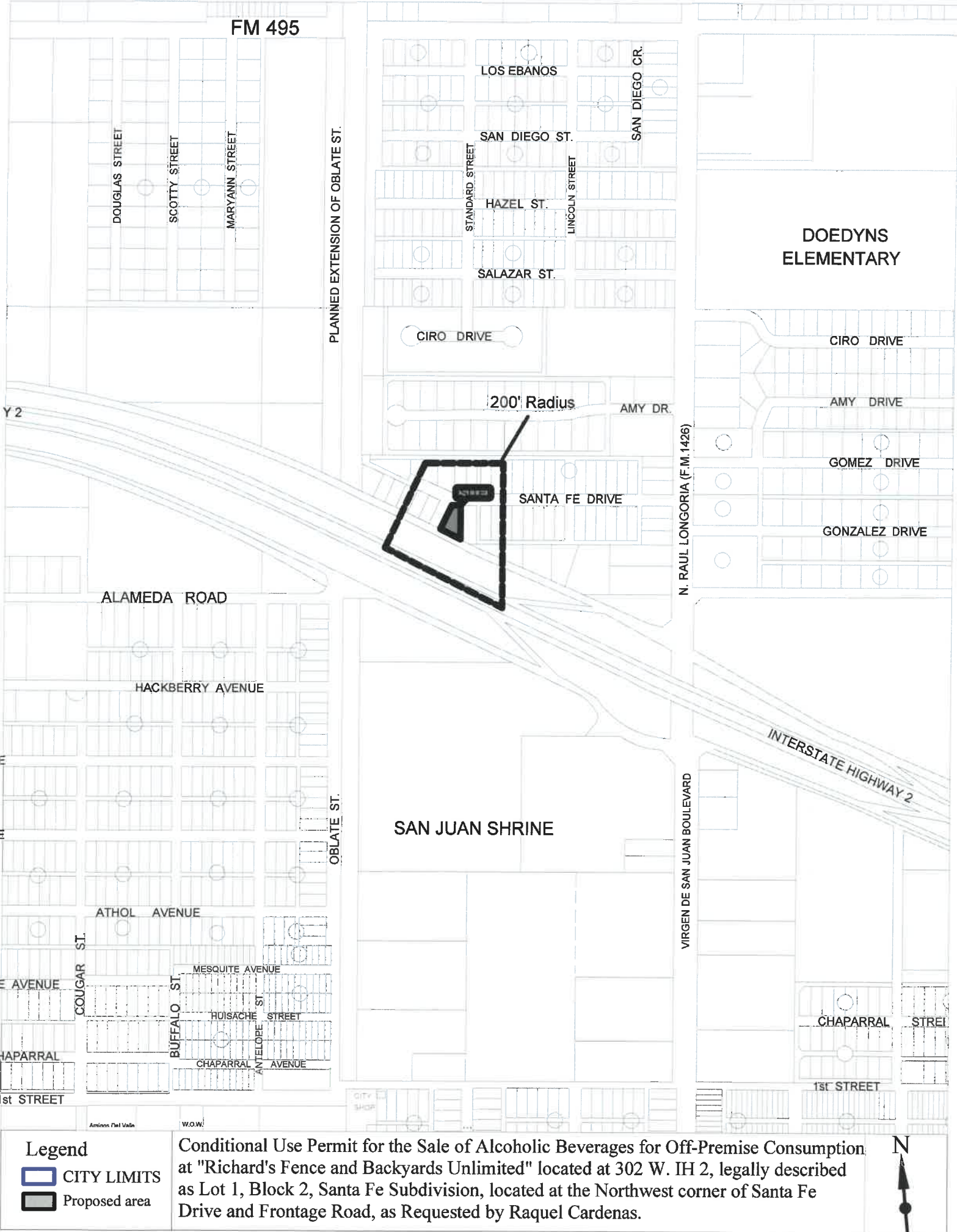
ATTEST:

APPROVED BY:

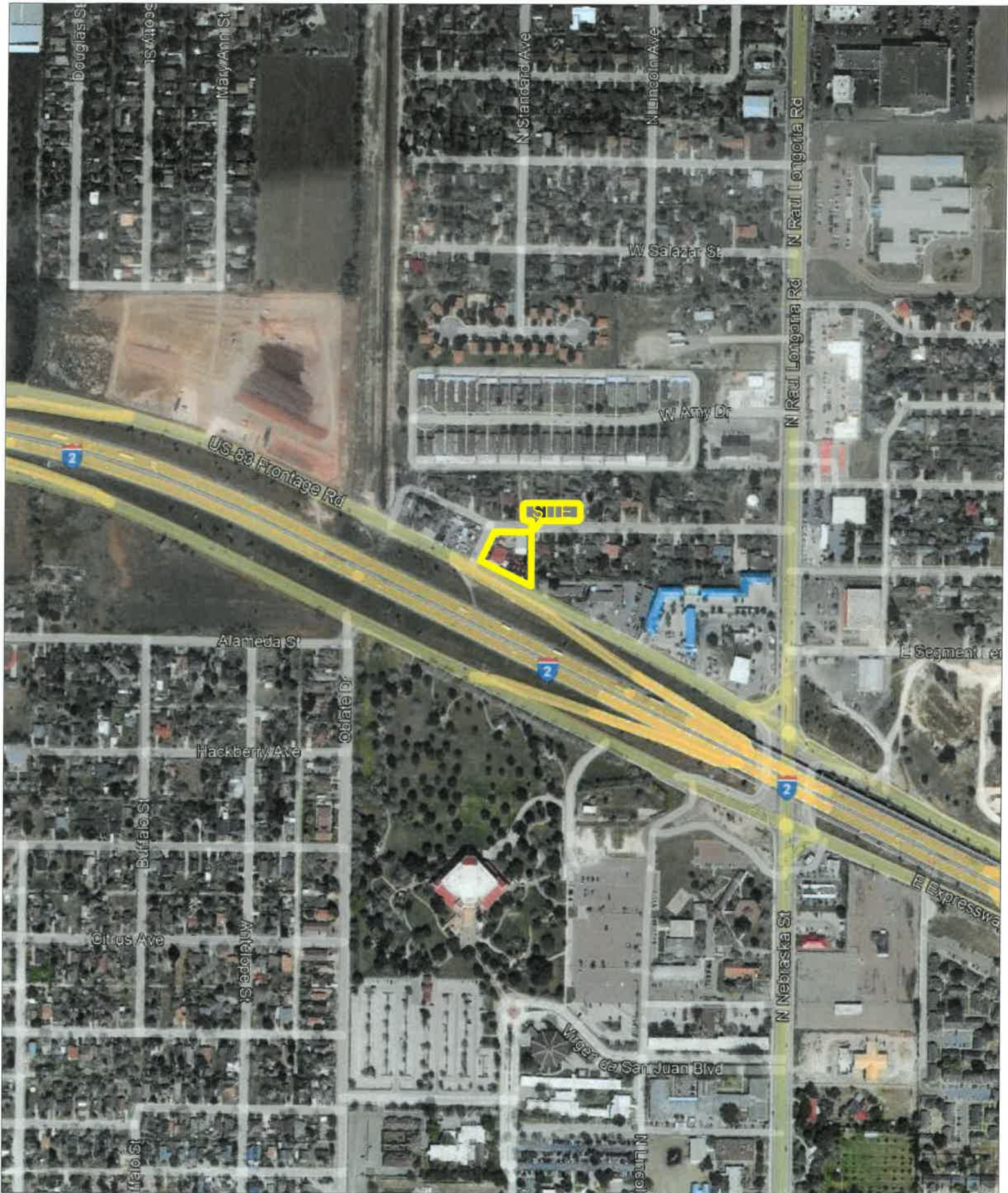
Palacios, Garza & Thompson, P.C.

NAYELI GUERRERO
INTERIM CITY SECRETARY

CITY ATTORNEY



Conditional Use Permit for the Sale of Alcoholic Beverages for Off-Premise Consumption at "Richard's Fence and Backyards Unlimited" located at 302 W. IH 2, legally described as Lot 1, Block 2, Santa Fe Subdivision, located at the Northwest corner of Santa Fe Drive and Frontage Road, as Requested by Raquel Cardenas.

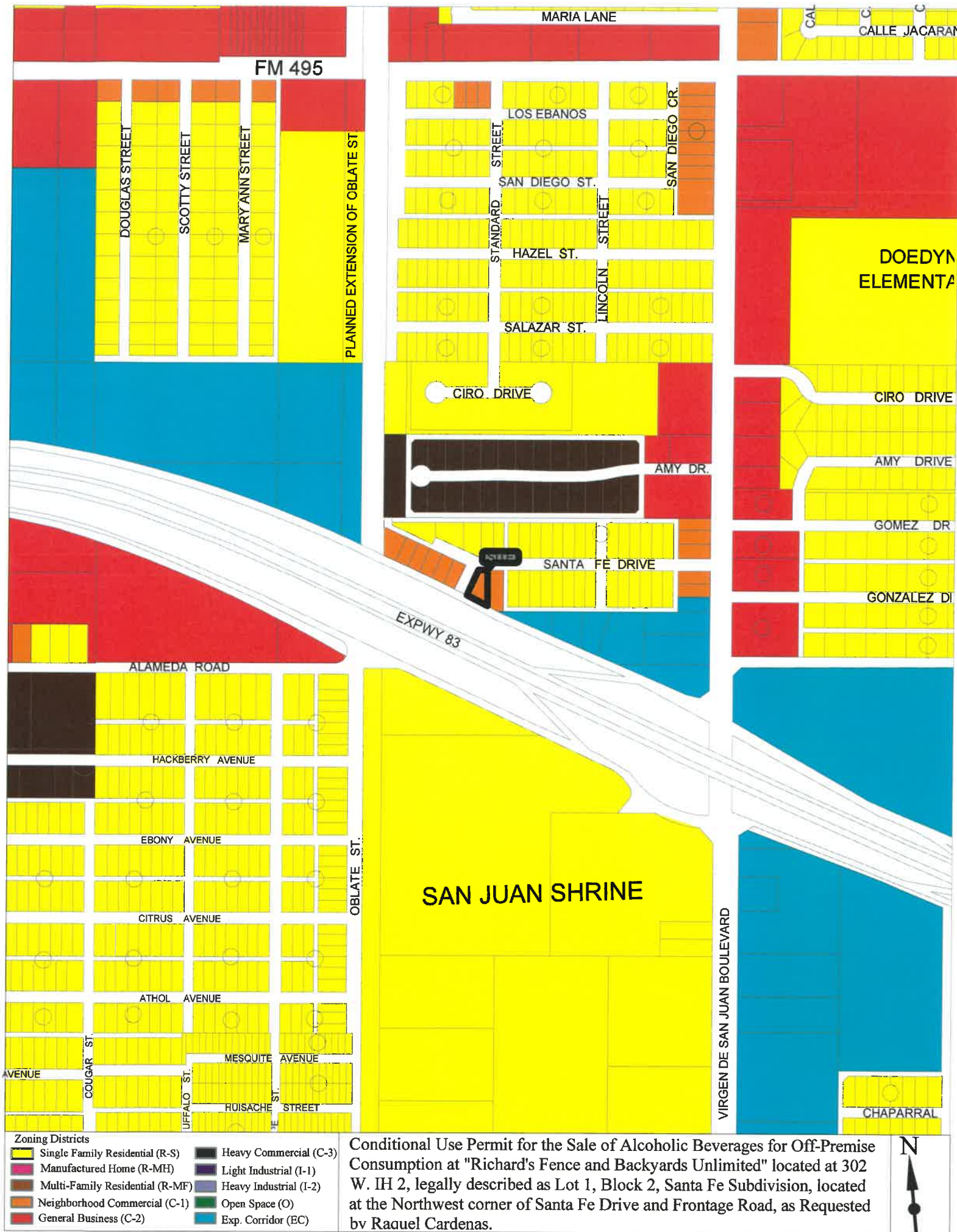


Legend

- CITY LIMITS
- Proposed area

Conditional Use Permit for the Sale of Alcoholic Beverages for Off-Premise Consumption at "Richard's Fence and Backyards Unlimited" located at 302 W. IH 2, legally described as Lot 1, Block 2, Santa Fe Subdivision, located at the Northwest corner of Santa Fe Drive and Frontage Road, as Requested by Raquel Cardenas.







Monica Gomez <mgomez@sjtx.us>

Conditional Use Permit Rquest for Richard's Fence and Backyards

1 message

SUAREZ <suarez_k@sbcglobal.net>

Thu, Oct 14, 2021 at 3:03 PM

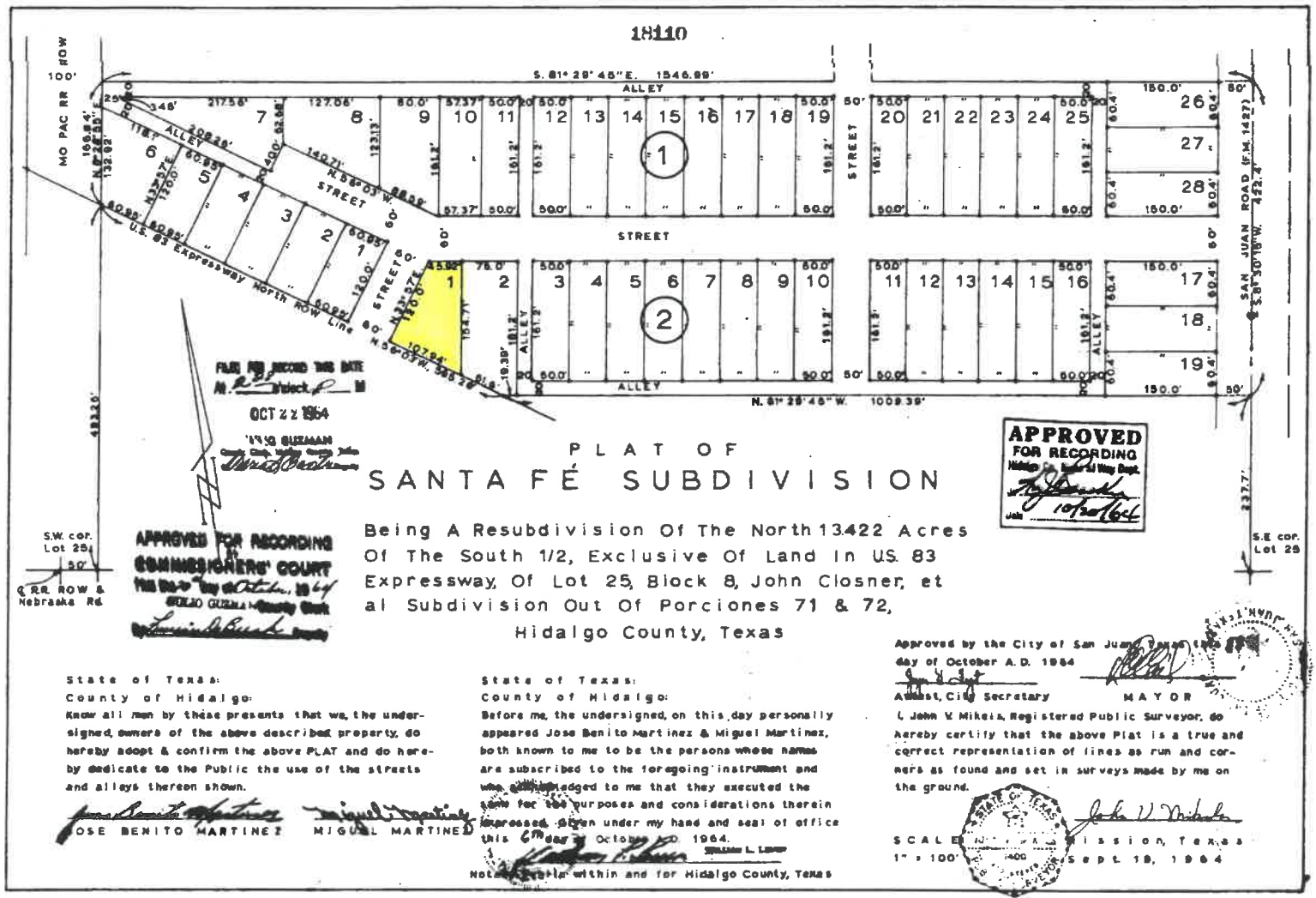
To: "permits@sjtx.us" <permits@sjtx.us>

I am a resident of San Juan and live just blocks from the above business requesting a permit to sell alcoholic beverages. If this business mainly sells

BBQ pits and playground equipment why would they need to sell alcohol? I do not approve of granting them a permit. Unlike a restaurant, customers want a drink or two with their meals. But with playground equipment or BBQ pits? It will only invite men to hang out and drink to no end!

Please let me know what else you need before the scheduled public hearing. Thank you.

irene s. suarez



Conditional Use Permit for the Sale of Alcoholic Beverages for Off-Premise Consumption at "Richard's Fence and Backyards Unlimited" located at 302 W. IH 2, legally described as Lot 1, Block 2, Santa Fe Subdivision, located at the Northeast corner of Santa Fe Drive and Frontage Road, as Requested by Raquel Cardenas.

Cardenas, Ricardo and Norma L.
Cotrustees Living Trust
400 Rose Marie St.
Mission, TX 78574

Jimenez, Jose Eloy C.
P.O. Box 453
San Juan, TX 78589

Palacios, Maria Gerarda
928 W Nolana Avenue
Pharr, TX 78577

Ramirez, Agustin
224 Santa Fe
San Juan, TX 78589

VVV LLC.
1009 W Highway 83
Pharr, TX 78577

Briseno, Andrea
224 Santa Fe St.
San Juan, TX 78589

Ramirez, Antonio Jr. and
Esperanza
238 Santa Fe St.
San Juan, TX 78589

Jimenez, Rosario
P.O. Box 453
San Juan, TX 78589

Mancha, Servando
P.O. Box 472
Pharr, TX 78577

Jimenez, David
306 Santa Fe
San Juan, TX 78589

Quintanilla, Jose H. ET AL
211 Santa Fe Dr.
San Juan, TX 78589

Quintanilla, Cruz and Odilia
207 Santa Fe
San Juan, TX 78589

Santa Elena LP.
1702 S State Hwy 336 Suite B
Edinburg, TX 78539

Reyes, Benjamin
210 Santa Fe
San Juan, TX 78589

Martinez, Carla Janet
212 Santa Fe
San Juan, TX 78589

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Hold a Public Hearing for a Rezoning Request from Neighborhood Commercial District (C-1) to General Business District (C-2) of the property legally described as Lots 19 thru 21, Block 4, Tierra del Sol Inc. No. 2 Subdivision, located at the Northeast corner of 7th Street and Veterans Boulevard, as Requested by Perla Castillo.

STAFF COMMENTS AND RECOMMENDATIONS:

Ms. Castillo is applying to rezone a property into General Business District (C-2). The property is located at the corner of 7th Street and Veterans Boulevard, next to Popeye's Snow Cone Stand. The property is zoned as Neighborhood Commercial District (C-1) which only allows retail businesses which supply the adjacent residential areas. If approved, the building would need to comply with the city's requirements, as applicable.

The surrounding properties consist of mixture of residential, multi-family and commercial uses and Veterans Boulevard is conducive of commercial

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to fifty-three (53) property owners within a two hundred (200) foot radius and received four comments against the request.

RECOMMENDATION:

During the Regular Meeting on October 21, 2021, the Planning and Zoning Commission unanimously recommended approval of the conditional use permit with 4-0 vote.

PREPARED BY:

Roberto Escobar,
Planning Director

APPROVED BY:

Benjamin Arjona, City
Manager

MEETING DATES:
PLANNING AND ZONING COMMISSION – 10/21/2021
CITY COMMISSION – 10/26/2021
DATE PREPARED – 10/15/2021

PAGE 1

STAFF REPORT
GENERAL INFORMATION

APPLICATION:	Rezoning Request from Neighborhood Commercial District (C-1) to General Business District (C-2)
APPLICANT:	Perla Castillo
AGENT:	N/A
LEGAL:	Lots 19 thru 21, Block 4, Tierra del Sol Subdivision
LOCATION:	The property is located at the Northeast corner of 7 th Street and Veterans Boulevard
LOT SIZE:	25 feet by 155 feet (each lot) 75 feet by 155 feet = 230 square feet total
CURRENT USE OF PROPERTY:	Vacant
PROPOSED USE OF PROPERTY:	Retail/Commercial
EXISTING ZONING:	Neighborhood Commercial District (C-1)
PROPOSED ZONING:	General Business District (C-2)
EXISTING LAND USE/ ADJACENT ZONING:	<u>North</u> – Commercial; Neighborhood Commercial District (C-1) <u>South</u> – Residential; General Business District (C-2) <u>East</u> – Residential; Single-Family Residence District (R-S) <u>West</u> – Outside city limits
ACCESS AND CIRCULATION:	This property has access onto Veterans Boulevard and 7 th Street.
PUBLIC SERVICES:	Water and sewer services are provided by the City of San Juan.
RECOMMENDATION:	Staff recommends approval based on that area is considered as commercial use.

EVALUATION AND CONDITIONS FOR APPROVAL

Ms. Castillo is applying to rezone a property into General Business District (C-2). The property is located at the corner of 7th Street and Veterans Boulevard, next to Popeye's Snow Cone Stand. The property is zoned as Neighborhood Commercial District (C-1) which only allows retail businesses which supply the adjacent residential areas. If approved, the building would need to comply with the city's requirements, as applicable.

The surrounding properties consist of mixture of residential, multi-family and commercial uses and Veterans Boulevard is conducive of commercial to commercial traffic.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to fifty-three (53) property owners within a two hundred (200) foot radius and received four comments against the request.

ATTACHMENTS:

Location Map
Aerial Photo
Zoning Map
Subdivision Plat
Section of Ordinance – Neighborhood Commercial District
Section of Ordinance – General Business District
List of neighboring property owners receiving notice
Ordinance





FINAL RESOLUTION OF REQUEST & COMMENTS:

P&Z – 10/21/2021 Commissioner Cardenas made a motion to approve the rezoning request as presented by staff. Commissioner Magallan seconded the motion. The motion passed unanimously with a (4-0) vote.

Ms. Gomez explained the board that Ms. Castillo is applying for the rezoning to General Business District at property located at corner of 7th and Veterans Boulevard, next to Popeye's Snow Cone. The property is zoned as Neighborhood Commercial District, which is a light commercial. The surrounding properties consist of mixture of residential and commercial uses. The advertisement was in the newspaper and letters were mailed out to the surrounding property owners within the 200 foot radius and three comments were received against the request. Staff recommends approval of the conditional use permit since Veterans Boulevard is commercial area.



ORDINANCE NO.

AN ORDINANCE AMENDING THE ZONING ORDINANCE NO. 98-006, THE ZONING ORDINANCE OF THE CITY OF SAN JUAN, TO CHANGE THE ZONING DISTRICT FROM NEIGHBORHOOD COMMERCIAL DISTRICT (C-1) TO GENERAL BUSINESS DISTRICT (C-2) FOR A PROPERTY LEGALLY DESCRIBED AS LOTS 19 THRU 21, BLOCK 4, TIERRA DEL SOL INC. NO. 2 SUBDIVISION, LOCATED AT THE NORTHEAST CORNER OF 7TH STREET AND VETERANS BOUELVARD, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS:

Consistent with the City's land use plan as set-forth in the land use map that is a part of the City's Zoning Ordinance, and consistent with the City's intentions of allowing and encouraging general business district development that generates property taxes, water and sewer revenues and sales tax revenues.

The zoning district of the property legally described as Lots 19 thru 21, Block 4, Tierra del Sol Inc. No. 2 Subdivision, located at the Northeast corner of 7th Street and Veterans Boulevard, shall be changed to General Business District (C-2) and the zoning map shall be amended accordingly.

PASSED and **APPROVED** on first reading on the 26th day of October, 2021.

PASSED and **APPROVED** on second and final reading on the ____ day of _____, 2021.

CITY OF SAN JUAN

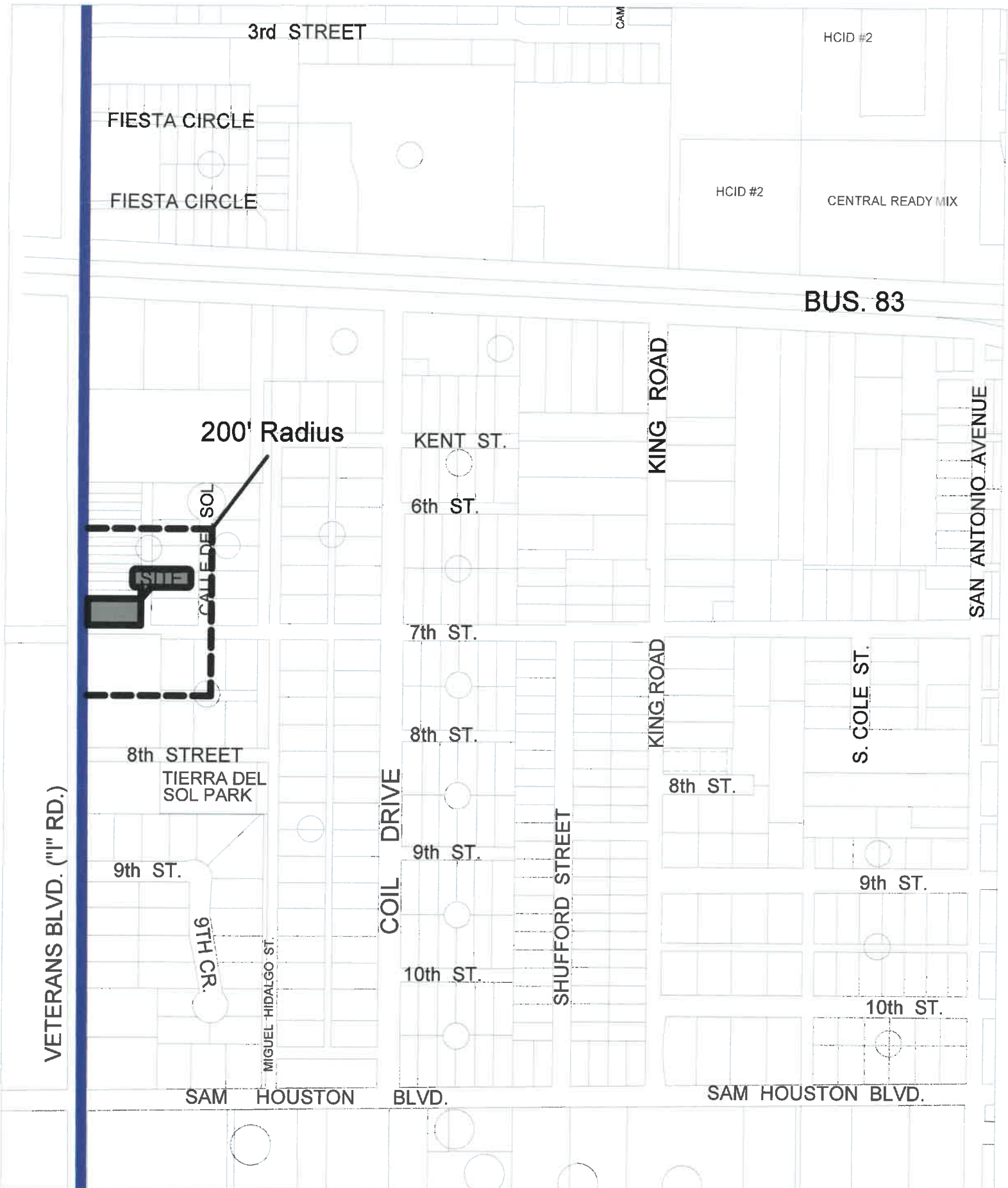
**MARIO GARZA
MAYOR**

ATTEST:

APPROVED BY:
Palacios, Garza & Thompson, P.C.

**NAYELI GUERRERO
INTERIM CITY SECRETARY**

CITY ATTORNEY



Legend

- CITY LIMITS
- Proposed area

Rezoning Request from Neighborhood Commercial District (C-1) to General Business District (C-2) of the property legally described as Lots 19-21, Block, Tierra del Sol Inc. No. 2 Subdivision, located at the Northwest corner of 7th Street and Veterans Boulevard, as Requested by Perla Castillo.





Legend

-  CITY LIMITS
-  Proposed area

Rezoning Request from Neighborhood Commercial District (C-1) to General Business District (C-2) of the property legally described as Lots 19-21, Block, Tierra del Sol Inc. No. 2 Subdivision, located at the Northwest corner of 7th Street and Veterans Boulevard, as Requested by Perla Castillo.



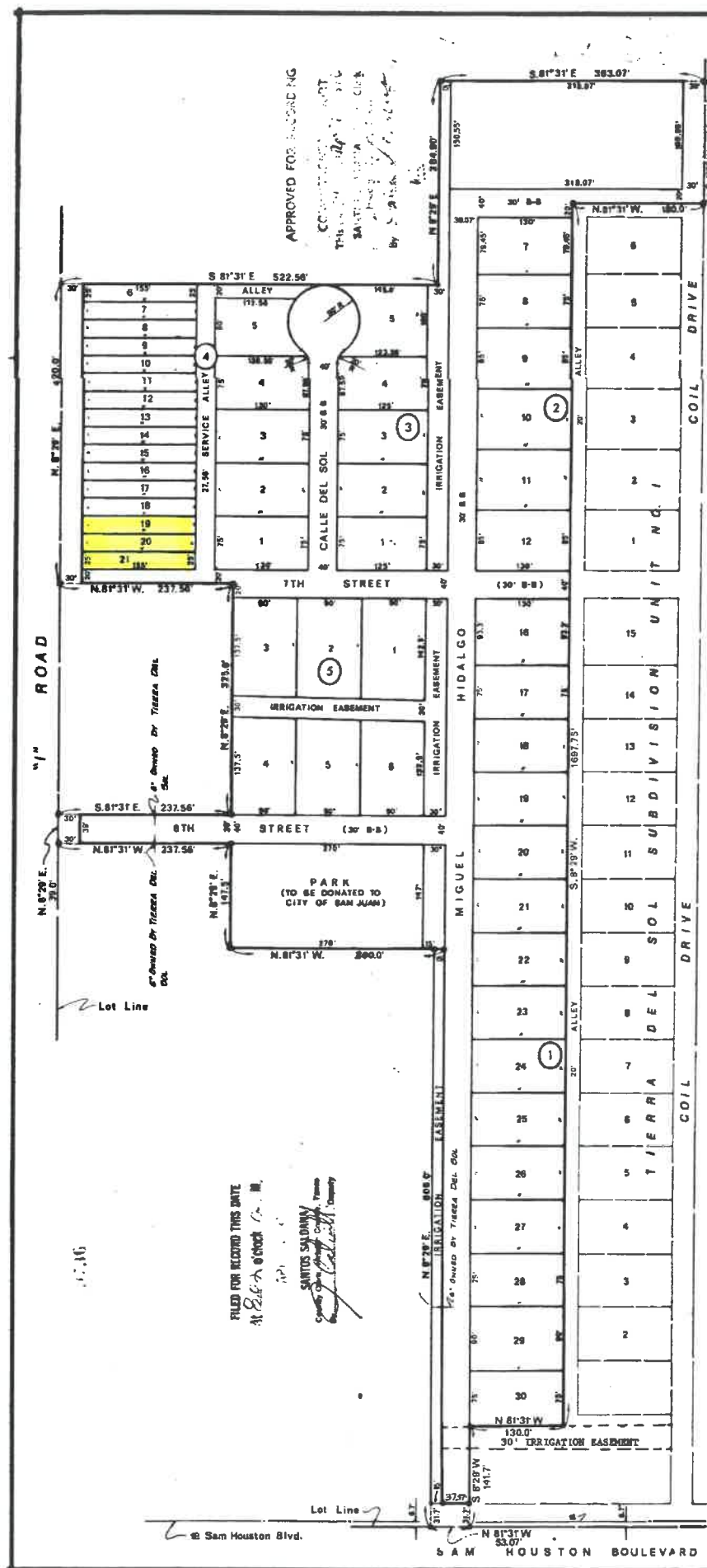


Zoning Districts

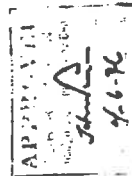
Single Family Residential (R-S)	Heavy Commercial (C-3)
Manufactured Home (R-MH)	Light Industrial (I-1)
Multi-Family Residential (R-MF)	Heavy Industrial (I-2)
Neighborhood Commercial (C-1)	Open Space (O)
General Business (C-2)	Exp. Corridor (EC)

Rezoning Request from Neighborhood Commercial District (C-1) to General Business District (C-2) of the property legally described as Lots 19-21, Block, Tierra del Sol Inc. No. 2 Subdivision, located at the Northwest corner of 7th Street and Veterans Boulevard, as Requested by Perla Castillo.





Scale: 1" = 100'



Recorded in Book 19 Page 105
of the map records of Hidalgo
County, Texas
Charles L. Melton
County Surveyor

State of Texas:
County of Hidalgo:

I, the undersigned, a Registered Professional Engineer in the State of Texas, hereby certify that this plat is true and correctly made and is prepared from an actual survey on the property made under my supervision on the ground, and further certify that proper consideration has been given to this plat.



Noe Buge
2/4/76
Reg. Professional Engineer
#30486

I, the undersigned, Chairman of the Planning and Zoning Commission of the City of San Juan hereby certify that this subdivision plat conforms to all requirements of the Subdivision Regulations of this City wherein my approval is required.

Angelita A. Castro
Chairman, Planning Commission

I, the undersigned, Mayor of the City of San Juan, hereby certify that this subdivision plat conforms to all requirements of the Subdivision Regulations of this City wherein my approval is required.

Robert H. Kiehl
Mayor, City of San Juan

This plat approved by Hidalgo County Water Improvement District No. 2, on this 14th day of September, A.D., 1975.

Shirley M. White
Secretary

TIERRA DEL SOL SUBDIVISION, INC. UNIT NO. 2
BEING A SUBDIVISION OUT OF LOTS 61, 62, 65, 66, 69, (67) AND 70, M.L., WOODS SUBDIVISION NO. 6, AND 3.32 ACRES OUT OF LOT 1, 3.70 ACRES OUT OF LOT 2, AND 2.96 ACRES OUT OF LOT 3, "1" ROAD SUBDIVISION, HIDALGO COUNTY, TEXAS

State of Texas:
County of Hidalgo:

Know All Men By These Presents:
That, Tierra Del Sol, Inc., owner of the land shown on this plat, and designated herein as the Tierra Del Sol Subdivision Inc., Unit No. 2, to the City of San Juan, Texas, and whose names are subscribed hereto, hereby dedicate to the Public all streets, alleys, parks, easements, and public places thorough shown for the purpose and considerations therein expressed.

Robert Garza
Robert Garza, Director

State of Texas:
County of Hidalgo:

Before me, the undersigned authorities, on this day personally appeared Robert Garza, Fred Guerra, and Patricio Gonzalez known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and considerations therein stated.

Given under my hand and seal of office, this the 3 day of March, A.D., 1976.

Noe Buge
Notary Public in and for
Hidalgo County, Texas

SECTION 4.00: (C-1) NEIGHBORHOOD COMMERCIAL DISTRICT:

- (a) Generally recognized retail businesses which supply commodities on the premises primarily for persons residing in adjacent residential areas, such as groceries, meats, dairy products, baked goods, clothing and notions, or hardware and similar uses;
- (b) Personal services establishments which perform services on the premises such as repair shops (watches, radios, T.V., shoes, etc.), tailor shops, beauty parlors or barbershops, photographic studios and self-service laundries; and similar uses but not including automotive or other repair services and armature repair services;
- (c) Dry-cleaning establishments or pickup stations dealing directly with the consumers. Central dry-cleaning plants servicing more than one retail outlet are not permitted;
- (d) Business establishments which perform services on the premises such as banks, loan companies, insurance and real estate offices;
- (e) Personal services including the following: Outpatient medical clinics, offices of doctors, dentists, osteopaths and similar or allied professions;
- (f) On-premises signs, including those that are animated or illuminated;
- (g) Commercial parking lots; or
- (h) Other uses similar to the above.

SECTION 4.01: CONDITIONAL USES (REQUIRE "CONDITIONAL" USE PERMITS):

- (a) All R-MF uses including conditional uses, except manufactured homes;
- (b) Gasoline service stations or retail outlets where gasoline products are sold;
- (c) Drive-in business establishments serving nearby residences which are so developed that its retail or service character is dependent on providing a driveway approach or parking spaces for motor vehicles, rather than within a building or structure, including drive-in restaurants;
- (d) Restaurants or bars in accordance with the adopted policies of the City, provided the site is not larger than four acres and that access be provided from a collector or larger street;
- (e) Planned neighborhood convenience centers, including any or all of the above permitted or conditional uses, provided the site is not larger than four (4.0) acres and that access to such center be from a designated collector or larger street;
- (f) Accessory structures and uses customarily incidental to the above permitted uses;
- (g) Portable buildings that meet applicable conditions (See [Art. VIII Section 8.00\(c\)](#))[.]

SECTION 4.02: REQUIRED CONDITIONS:

- (a) All business establishments shall be retail service establishments dealing directly with consumers. All goods produced on the premises shall be sold at retail prices on premises where produced;
- (b) All businesses, servicing or processing shall be conducted within a completely enclosed building (except for off-street parking or loading) excluding drive-in businesses or gasoline service stations or retail outlets where gasoline products are sold;

(c) Gasoline service stations or retail outlets where gasoline products are sold at retail prices, are limited in their activity to the sale of gasoline, oil and minor accessories only, and incidental service. Repair work, steam cleaning or undercoating, vehicle body repair, painting, tire recapping, engine rebuilding, auto dismantling, upholstery, auto glasswork and such other activities whose external effects could adversely extend beyond the property line are not permitted;

(d) The curb cut, or ingress and egress to gasoline service stations, retail outlets for gasoline products and/or drive-in businesses shall not be permitted at locations where it will tend to create traffic hazards in the streets immediately adjacent thereto. Entrances shall be no less than thirty (30) feet from any street intersection (measured from right-of-way);

(e) A front setback of sixty (60) feet from the right-of-way of any existing or proposed street shall be maintained by gas service stations or retail outlets where gasoline products are sold unless otherwise approved by the Planning and Zoning Commission. Gas pumps or driveway covers may be placed within the setbacks.[:]

(f) All lighting shall be shielded from adjacent residential districts;

(g) A six-foot-high, completely obscuring wall shall be provided by all gasoline service stations, retail outlets where gasoline products are sold, or drive-in businesses, when abutting or adjacent to districts zoned for any residential use;

(h) The minimum lot area for a gas service station or a retail outlet where gasoline products are sold should be twenty thousand (20,000) square feet and so arranged that ample space is available for motor vehicles which are required to wait, except that gasoline service stations intended solely for the purpose of selling gasoline, oil and minor accessories and having no facilities for repair or servicing automobiles may be permitted on lots of less than twenty thousand (20,000) square feet subject to all other provisions required;

(i) Veterinary hospitals or clinics are subject to the limitation that all activities be conducted within a totally enclosed building with no open-air impoundment and no external effects such as noise or odor which could adversely extend beyond the property lines; and

(j) The City may require a building line along any streets.

SECTION 4.03: PROHIBITED USES:

(a) Any building erected or land used for other than one or more of the preceding specified uses;

(b) Off-premises signs;

(c) Any use of property that does not meet the required minimum lot size; front, side and rear yard dimension; and/or lot width; or exceeds the maximum height, building coverage or density per gross acre as required in [Article VI](#).

SECTION 5.00: (C-2) GENERAL BUSINESS DISTRICT:

SECTION 5.01: PERMITTED USES:

- (a) All uses listed as permitted uses in C-1 districts;
- (b) Any retail business, personal services, business services except the following: Lumberyards or contractor yards, farm equipment or other heavy equipment sales or service, farm products warehousing and storage or stockyards, general warehousing and storage. Household goods warehousing and storage in individually rented storage units is permitted;
- (c) Hotel, motel and/or eating places;
- (d) Printing, publishing and allied products manufacturing;
- (e) Rail and motor vehicle transportation passenger terminals;
- (f) Telephone, telegraphs, television, radio or similar media stations, centers, studios, but not including public microwave, radio and television towers;
- (g) Any wholesale trade or wholesale trade accessory to any permitted retail operation except the following: Raw cotton, grain, hide, skins and raw furs, tobacco, wool or mohair, livestock, commercial or industrial machinery or supplies, metals and minerals, petroleum bulk stations and terminals, scrap or junk waste materials;
- (h) Signs in accordance with adopted ordinances; or
- (i) Automotive repair as an accessory use to a permitted retail use, such as retail sale of automobiles or retail sale of automotive parts.

SECTION 5.02: CONDITIONAL USES (REQUIRE USE PERMITS):

- (a) Gasoline service stations or retail outlets where gasoline products are sold;
- (b) Drive-in businesses;
- (c) Planned shopping centers;
- (d) Bars, nightclubs and social event centers in accordance with adopted policies;
- (e) Amusement parks, circus or carnival grounds, commercial amusement or recreation developments, or tents or other temporary structures used for temporary purposes, in accordance with all applicable City regulations and ordinances;
- (f) Portable buildings;
- (g) Owner-occupied residence in compliance with the setback requirements of this zoning district;
- (h) Automotive repair and service as a primary use, including auto paint and body work as a primary use, subject to required conditions. (See conditions listed in Section 5.04 hereof).⁽¹⁾

⁽¹⁾ All establishments engaged in automotive repair, services, maintenance, or paint and body work that are under construction or in existence and located in C-2 zone as of the date of adoption of this subsection shall hereby be classified as conforming uses and shall not be denied the right to expand, repair or rebuild such establishments.

SECTION 5.03: REQUIRED CONDITIONS:

Gasoline service stations or retail outlets where gasoline products are sold, drive-in businesses, and veterinary hospitals shall be subject to the same limitations as set forth in the C-1 district for these types of uses. Access lane shall be clearly designated on subdivision plat.

SECTION 5.04: REQUIRED CONDITIONS FOR AUTOMOTIVE REPAIR AS A PRIMARY USE:

- (a) Such establishments shall be located on a lot or tract of land of sufficient size to accommodate the proposed use. In no case shall the building site be less than twenty thousand (20,000) square feet;
- (b) All service, repair, maintenance, painting, and other work shall take place within an enclosed area;
- (c) There shall be no outside storage of materials;
- (d) The building where the proposed work is to take place shall be at least one hundred (100) feet from the nearest residence;
- (e) A six-foot wall or opaque fence buffering the proposed use from any residential use of residentially zoned area may be required; and
- (f) All new buildings and all conversions of existing buildings to such uses shall meet current building code and fire code requirements in terms of separation of high hazard uses from other occupancy use classifications, etc.

SECTION 5.05: PROHIBITED USES:

- (a) Any building erected or land used for other than one or more of the preceding specified uses; or
- (b) Any use of property that does not meet the required minimum lot size; front, side and rear yard dimension; and/or lot width; or exceeds the maximum height, building coverage or density per gross acre as required in [Article VI](#).

 SECTION 6.00: (C-3) HEAVY COMMERCIAL DISTRICT:

SECTION 6.01: PERMITTED USES:

- (a) All uses listed as permitted uses in the C-2 district;
- (b) Drive-in business;
- (c) Gasoline service stations, automotive and other repair services or retail outlets where gasoline products are sold;
- (d) Lumberyards or contractor yards, farm equipment or other heavy equipment sales and service, farm products warehousing and storage, general warehousing and storage;
- (e) Motor vehicle transportation freight terminals;
- (f) Any wholesale trades or wholesale trade accessory to any permitted retail operation including raw cotton, grain, hides, skins and raw furs, tobacco, wool or mohair, commercial or industrial machinery or synthetics, metals and minerals, petroleum bulk stations and terminals;
- (g) Those uses of a commercial retail or wholesale nature requiring large outdoor loading areas, generating heavy truck or rail traffic and requiring access to major transportation channels and/or creating influences not acceptable in the C-2 district;

- (h) Accessory structures and uses customarily incident to the above permitted uses, including the residence for night watchman or caretaker employed on the premises;
- (i) Other uses of similar character; and
- (j) Signs in accordance with adopted regulations and ordinances;[.]

SECTION 6.02: CONDITIONAL USES (REQUIRE USE PERMITS):

- (a) Planned shopping center;
- (b) Amusement parks, circus or carnival grounds, commercial amusement or recreation development or tents or other temporary structures used for temporary purposes, in accordance with all applicable City regulations and ordinances;
- (c) Facilities for railroads or those utilities holding a franchise under the City; or
- (d) Owner-occupied residence in compliance with the setback requirements of this zoning district.

SECTION 6.03: REQUIRED CONDITIONS:

All -

- (a) Gasoline service stations;
- (b) Retail outlets where gasoline products are sold;
- (c) Drive-in businesses; and
- (d) Veterinary hospitals -

shall be subject to the same limitations as set forth in subsections (c), (d), (e), (f), (g), and (h) of [Article IV section 4.02](#) herein.

No permit shall be issued unless an access lane has been clearly designated on the subdivision plat.

SECTION 6.04: PROHIBITED USES:

- (a) Any building erected or land used for other than one or more of the preceding specified uses.
- (b) Any use of property that does not meet:
 - (1) the required minimum lot size;
 - (2) front, side and rear yard dimension; and/or
 - (3) lot width; or
 - (4) exceeds the maximum height, building coverage or density per gross acre as required in [Article VI](#).

Rezoning Request from Neighborhood Commercial District (C-1) to General Business District (C-2) of the property legally described as Lots 19 thru 21, Block 4, Tierra del Sol Inc. No. 2 Subdivision, located at the Northeast corner of 7th Street and Veterans Boulevard, as Requested by Perla Castillo.

Garza, Virginia
619 S. Veterans Blvd.
San Juan, TX 78589

Hernandez, Rigoberto
701 S Veterans Blvd.
San Juan, TX 78589

Alvarado, Edelmira and Juventino
825 W 7th Street
San Juan, TX 78589

Garcia, Manuel Jr.
823 W. 7th Street
San Juan, TX 78589

Popeye's Snow Cone LLC.
1302 S Ebony St.
Pharr, TX 78577

Acosta, Graciela Cantu
Dba The Learning Express
2006 S Cesar Chavez
San Juan, TX 78589

RJ Mask LLC.
1305 E. Nolana Avenue Suite A
McAllen, TX 785004

De la Cerda Reynaldo Jr. and
Sylvia
607 Calle del Sol
San Juan, TX 78589

Garza, Ernesto and Elva
605 Calle del Sol
San Juan, TX 78589

Alaniz, Corina L.
601 Calle del Sol
San Juan, TX 78589

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consider the Nomination and Appointment of Board Member(s) Related to the Planning and Zoning Board

STAFF COMMENTS AND RECOMMENDATIONS:

On March 31, 2021, Planning and Zoning Board Member submitted their Letter of Resignation as specified by the by-laws. Therefore, Staff is requesting the City Commission nominate and appoint one (1) board member to fill the vacated position.

The Planning and Zoning Board consists of seven (7) members serving a two (2) year staggered term. As per the Planning and Zoning Bylaws if absent more than three (3) consecutive times the individual shall be automatically dropped from membership.

The current members of the Board are the following: Eduardo Alaniz, Adan Magallan, Valerie Cardenas, Irma Castillo, Eliza Yzaguirre, Victor Perez Jr.

Resignations received: Fernando Guajardo

RECOMMENDATION:

Consider the Nomination and Appointment to the Planning and Zoning Board.

PREPARED BY:

Monica Gomez,
Planner II

APPROVED BY:

Benjamin Arjona, City
Manager



PLANNING AND ZONING COMMISSIONERS ATTENDANCE FORM 2021

Commissioners	JAN 1/7	JAN 1/21	MAR 3/4	MAR 3/18	AP R 4/1	MAY 5/5	MA Y 5/20	JUN 6/3	JUL 7/29	SEP 9/2	SEP 9/16	OC T 10/7	OCT 10/21	% of Attendanc e
Irma Castillo	√	√	√	√	√	√	√	√	√	√	√	√		100%
Eddie Alaniz	√	√	√	√	√	√	√	√	√	√	√	√		100%
Adan Magallan	√	√	X	√	√	√	√	√	√	√	√	√		91%
Valerie Cardenas	√	√	√	√	√	√	√	X	√	√	X	√		81%
Fernando Guajardo	√	√	√	√	-	-	-	-	-	-	-	-	-	-
Eliza Yzaguirre	√	√	√	√	√	√	√	√	√	√	X	√		90%
Victor Perez	√	X	X	√	√	X	√	X	√	√	√	X		64%

To: Robert Escobar Planning Director

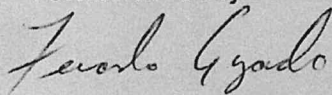
From: Fernando Guajardo

Dear Mr. Escobar,

I am writing to inform you that I am resigning from my position as Planning Zoning Commissioner on March 31, 2021. Thank you for the opportunities that I have received at the City of San Juan during the past years.

Sincerely,

Fernando Guajardo



City of San Juan

Application for Appointment

Date: 10/19/2021

Board / Commission / Committee: Planning & Zoning Dept

Name: Jose L Hernandez

Mailing Address: 1307 Los Cielos Dr, San Juan, TX 78589

Preferred Phone and Fax: 956-363-1790

Employer: LRGVDC 9-1-1 Occupation: Program Specialist/addresser

Email Address: boysoccer1234@hotmail.com

Are you or can you be qualified to vote in a City of San Juan Election? X Yes No

Are you a City of San Juan resident? X Yes No How Long? 15 yrs

Have you ever represented any other private person, group or entity for compensation before the City Commission or any department, commission, board of committee of the city within the last three years? Yes X No

Do you, your spouse, or your employer have any financial interest, direct or indirect in any contract with the City? Yes X No

Do you, your spouse, or your employer have any financial interest, direct or indirect in the sale to the city of any land, materials, supplies or service? Yes X No

List Professional or Social Membership(s)

National Emergency Number Association	
_____	_____
_____	_____
_____	_____

Experience / Knowledge Pertaining to Board / Commission / Committee of Interest:

worked with the 9-1-1 department creating addresses for the entire Hidalgo & Willacy County/ work closely with engineers on preliminary subdivision/ approving street names.

Application will be kept on file for two (2) years: thereafter applicants must reapply. Applications may be faxed (956) 787-5978, mailed to the City Secretary (709 S. Nebraska, San Juan, Tx 78589) or emailed to

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consider the Nomination and Appointment of Board Member(s) Related to the Keep San Juan Beautiful Board.

STAFF COMMENTS AND RECOMMENDATIONS:

On September 30, 2021, Keep San Juan beautiful submitted their Letter of Resignation as specified by the by-laws. Therefore, Staff is requesting the City Commission nominate and appoint one (1) board member to fill the vacated position.

The Keep San Juan Beautiful Board shall consists of five (5) members, each to be a resident of the City of San Juan, or work in or operate a business in the city, and shall be at least eighteen (18) years of age, and of good moral character and standing in the community and one (1) Ex-Official currently in office.

The current members of the Board are the following: Jennifer Villarreal, Rubio Muniz, Yvonne Lopez, Homer Villarreal.

Resignations received: Robert Ramirez

RECOMMENDATION:

Consider the Nomination and Appointment to the Keep San Juan Beautiful Board. .

PREPARED BY:

Nayeli Guerrero,
Records Manager

APPROVED BY:

Benjamin Arjona, City
Manager



KEEP SAN JUAN BEAUTIFUL BOARD ATTENDANCE FORM 2021



Board Members	JAN	FEB	MAR 3	APR 26	MAY 5	JUN	JUL 21	AUG	SEPT 01	OCT 13 NO QUORUM	OCT 20	NOV	DEC	% of Attendance
Jennifer Villarreal	NO QUORUM	NO QUORUM	NO QUORUM	NO QUORUM	✓	NO QUORUM	✓	NO QUORUM	✓	A				40%
Robert Ramirez					-		-		-	R				0%
Rubio Muniz					✓		-		-	A				20%
Yvonne Lopez					✓		-		✓	NR				20%
Homer Villarreal					-		✓		✓	U		-	-	20%

CODES

NR – NO RESPONSE

U – UNAVAILABLE

A – AVAILABLE BUT NO QUORUM



Nayeli Guerrero <nguerrero@sjtx.us>

Fwd: Robert Ramirez KSJB resignation

1 message

Roel Garza <rgarza@sjtx.us>

Tue, Oct 19, 2021 at 2:22 PM

To: Nayeli Guerrero <nguerrero@sjtx.us>

Good afternoon Nayeli,

Please see attached text from KSJB Board member Robert Ramirez.

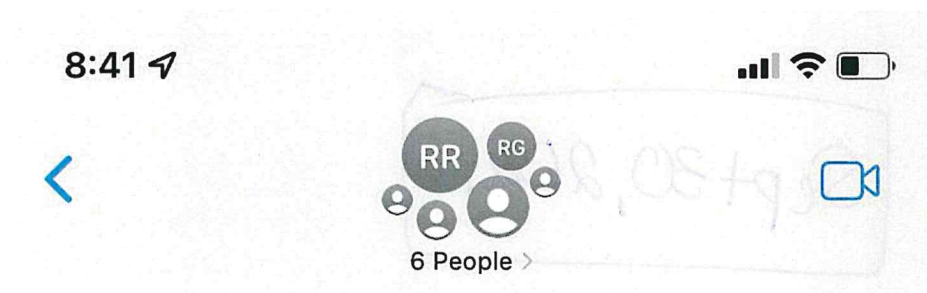
----- Forwarded message -----

From: **Cynthia Puente** <cpuente@sjtx.us>

Date: Wed, Oct 13, 2021 at 1:57 PM

Subject: Fwd: Robert Ramirez KSJB resignation

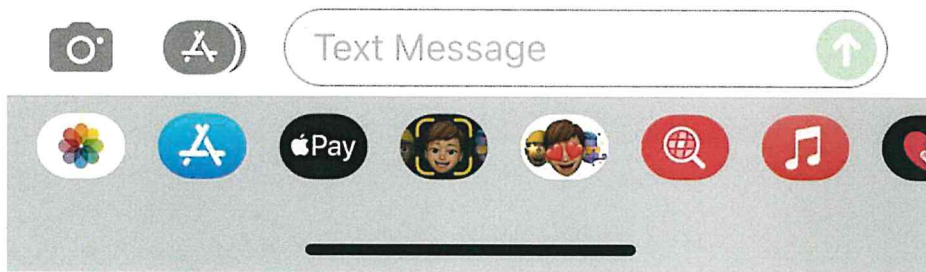
To: Roel Garza <rgarza@sjtx.us>

Text Message
Yesterday 3:40 PM

Robert Ramirez

Hello All, I want to say thank you for letting me be apart of KSJB. I will be moving to McAllen permenatly. Please accept this as my Resignation.

RR



Roel Garza

Director of Sanitation/Public Works

City of San Juan, Texas

rgarza@sjtx.us

Ph.: [\(956\) 223-2330](tel:(956)223-2330)

Cell: [\(956\) 588-1210](tel:(956)588-1210)

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consider the Nomination and Appointment of Board Member(s) Related to the San Juan Memorial Library Advisory Board

STAFF COMMENTS AND RECOMMENDATIONS:

The San Juan Library Board consists of seven (7) members serving two (2) years staggered terms. As per the San Juan Library Bylaws if absent more than three (3) consecutive times the individual shall automatically be dropped from membership.

RECOMMENDATION:

Consider the Nomination and Appointment to the San Juan Library Board.

PREPARED BY:

Nayeli Guerrero,
Records Manager

APPROVED BY:

Benjamin Arjona, City
Manager

March 16, 2021

Diana Cavazos, City Secretary
City of San Juan

This is to inform you that, I will not be able to continue as a member of the San Juan Memorial Library Board due to personal issues. It was a pleasure to be on this board for the time I was able to serve on it.

Thank you for your time and consideration to this matter.

Sincerely,

Teresa Sloss



Library Advisory Board Attendance Form

2020 - 2021

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	3	5	3	4	2	6	4	1	5	3	7	5
Maria Estella Ayala	*	P	P/NQ	*	*	*	*	*	*	*	*	*
Nadia Baughman	*	A	A	*	*	*	*	*	*	*	*	*
Iris Lara	*	P	A	*	*	*	*	*	*	*	*	*
Mary Alice Navarro	*	P	A	*	*	*	*	*	*	*	*	*
George Rodea	*	P	P/NQ	*	*	*	*	*	*	*	*	*
Elizabeth Saldaña	*	P	P/NQ	*	*	*	*	*	*	*	*	*
Teresa Sloss	*	P	A	*	*	*	*	*	*	*	*	*

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	6	3	3	7	5	2	7	4	1	6	3	1
Maria Estella Ayala	*	*	*	*	*	*	*	*	P	P		
Nadia Baughman	*	*	*	*	*	*	*	*	A	A		
Iris Lara	*	*	*	*	*	*	*	*	P	P		
Mary Alice Navarro	*	*	*	*	*	*	*	*	P	A		
George Rodea	*	*	*	*	*	*	*	*	A	P		
Elizabeth Saldaña	*	*	*	*	*	*	*	*	P	P		
Teresa Sloss	*	*	R	R	R	R	R	R	R	R		

LEGEND

* - NO MEETING HELD

P - PRESENT

A - ABSENT

E - EXCUSED

R - RESIGNED

NQ - NO QUORUM

NM- NEW MEMBER

Re. REPLACED

TE - TERM EXPIRED

AO - AUTOMATICALLY OUT

LC - LIBRARY CLOSED

NOTES:

City of San Juan

Application for Appointment

Date: 3-16-2021

Board / Commission / Committee: Library Advisory Board

Name: Elizabeth Saldaña

Mailing Address: 204 E. 15th St

Preferred Phone and Fax: (956) 331-5854

Employer: P.S.J.A J.S.D Occupation: Dyslexic tutor

Email Address: esaldana1960@yahoo.com

Are you or can you be qualified to vote in a City of San Juan Election? ☒ Yes ☐ No

Are you a City of San Juan resident? ☒ Yes ☐ No How Long? 55yrs

Have you ever represented any other private person, group or entity for compensation before the City Commission or any department, commission, board of committee of the city within the last three years? ☐ Yes ☒ No

Do you, your spouse, or your employer have any financial interest, direct or indirect in any contract with the City? ☐ Yes ☒ No

Do you, your spouse, or your employer have any financial interest, direct or indirect in the sale to the city of any land, materials, supplies or service? ☐ Yes ☒ No

List Professional or Social Membership(s)

Library Advisory Board

Experience / Knowledge Pertaining to Board / Commission / Committee of Interest:

Served before, previous educator, (I feel that Reading is important to our city's youths)

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consideration and Action on Special Events Application for a Fall Festival at Ann's Restaurant located at 221 W Business 83, submitted by Lucio Turner III.

STAFF COMMENTS AND RECOMMENDATIONS:

Mr. Lucio Turner is requesting a Special Event Permit to have a Fall Festival at Parking Area of Ann's Restaurant located at 221 W. Business 83. They are proposing to have vendors, kids games, photo booth and trunk or treat for San Juan residents. The proposed day will be Thursday, October 28 , 2021 from 5:00 p.m. to 9:00 p.m.

RECOMMENDATION:

PREPARED BY:

Monica Gomez,
Planner II

APPROVED BY:

Benjamin Arjona, City
Manager

October 28, 2021

ANN'S

Restaurant

Fall Festival

**FOOD - GAMES - VENDORS - PHOTO BOOTH
TRUNK OR TREAT FOR THE COMMUNITY**

5:00 PM TO 9:00 PM

**FOR INFORMATION
NADIA (956) 358-5593**

221 US-BUS 83 SAN JUAN TEXAS

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consider Authorizing the City Manager to Declare Motor Vehicle and Various Items as Salvage and Surplus Property.

STAFF COMMENTS AND RECOMMENDATIONS:

RECOMMENDATION:

Consider Authorizing the City Manager to Declare Motor Vehicle and Various items as Salvage and Surplus Property.

As Per Texas Local Government Code 252, “Salvage Property” means personal property, other than items routinely discarded as waste because of use, time, accident, or any other cause is so worn, damaged or obsolete that it has no value for the purpose for which it was originally intended.

“Surplus Property” means property that is not salvage property or items routinely discarded as waste, if not currently needed or required by the City, and possesses some usefulness for the purposes for which it was intended.

The salvage property consists of the following:

one (1) 30 YD Roll Off #40 Asset Tag#4624 Serial#1001 063085

one (1) 30 YD Roll Off #4 Asset Tag#3741 Serial#1001 005802

one (1) 30 YD Roll Off #15 Asset Tag#3673 Serial#1001 004754

one (1) SW705 1997 Ford F700 Utility Bed Truck Asset Tag#1294
Vin#1FDNF70JXVVA38220

three (3) sandbag machines

PREPARED BY:

Roel Garza,
Sanitation Director

APPROVED BY:

Benjamin Arjona, City
Manager

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consider Resolution to Cast for Votes for One or More Candidates for the Hidalgo County Appraisal District Board of Directors 2022-2023.

STAFF COMMENTS AND RECOMMENDATIONS:

The City of San Juan is in receipt of correspondence requesting that the City of San Juan cast all its votes for one candidate or distribute them among any number of candidates. The City shall determine its vote by a written resolution and submit it to the Chief Appraiser before December 31, 2021. The City can only cast its vote for candidate's name on the ballot. There is no provision for write in candidates. The Chief Appraiser will not count votes cast for someone not listed on the official ballot.

The Chief Appraiser will count all votes timely submitted and declare the five candidates who receive the largest cumulative vote totals elected and submit the results before December 31, 2021 to the governing body of each taxing unit in the district and to the candidates.

RECOMMENDATION:

Adopting Resolution to Cast Votes for One or More Candidates for the Hidalgo County Appraisal District Board of Directors for 2022-2023.

PREPARED BY:

Nayeli Guerrero,
Records Manager

APPROVED BY:

Benjamin Arjona, City
Manager

HIDALGO COUNTY APPRAISAL DISTRICT

ADMINISTRATION

Rolando Garza, Chief Appraiser
Jorge Gonzalez, Asst. Chief Appraiser
Brent E Cavazos, Associate Chief Appraiser
PO Box 208
Edinburg, TX 78540-0208
(956) 381-8466 (956) 565-2461



www.hidalgoaad.org

BOARD OF DIRECTORS

Richard A. Garza	Chairman
Albert D. Cardenas	Vice-Chairman
Amador Requenez	Secretary
Eddy Betancourt	Member
Joe D. Olivarez	Member
Pablo "Paul" Villarreal, Jr.	Member

October 20, 2021

City Secretary
City of San Juan
709 S. Nebraska
San Juan, TX 78589

Re: Election Ballot 2022-2023 Appraisal District Board of Directors

Dear City Secretary:

As prescribed by Section 6.03 of the Texas Property Tax Code enclosed you will find the "Official Ballot" with the candidate's names and the number of votes that you are authorized to cast in the election for Board of Directors for the Hidalgo County Appraisal District. In addition, for your review, I have provided a condensed biography of each candidate that provided such, and a list of the total vote distribution for all entities.

There are five Board of Directors, who are elected by the taxing units that participate in the District, which governs Hidalgo County Appraisal District. In addition to the five elected Board of Directors, the County Tax Assessor-Collector, Mr. Pablo "Paul" Villarreal Jr. serves on the Board as a non-voting Director.

The governing body of a taxing unit may cast all its votes for one candidate or distribute them among any number of candidates. Each voting unit shall determine its vote by written resolution and submit it to the Chief Appraiser before DECEMBER 15, 2021. A voting unit can only cast its votes for candidates named on the ballot. There is no provision for write-in candidates. The Chief Appraiser will not count votes cast for someone not listed on the official ballot.

The Chief Appraiser will count all the votes timely submitted and declare the five candidates who received the largest cumulative vote totals elected, and submit the results before DECEMBER 31, 2021 to the governing body of each taxing unit in the district and to the candidates.

If you should have any questions, or I can provide additional information, please do not hesitate to contact me at (956) 381-8466.

Sincerely,

Rolando Garza

Rolando Garza, RPA
Chief Appraiser

RG: je

Enclosures

2022-2023
VOTING ENTITLEMENT
HCAD BOARD OF DIRECTORS

	2020	2020	2020		2022-2023	2022-2023
	Tax Levied	Total Levy	Percent	Votes	Directorships	Official Votes
Entity						
Hidalgo County	\$ 220,338,129	\$ 911,952,107	24.161%	242	5	1210
Cities						
Alamo	\$ 4,052,229	\$ 911,952,107	0.444%	4	5	20
Alton	\$ 2,266,126	\$ 911,952,107	0.248%	2	5	10
Donna	\$ 5,591,745	\$ 911,952,107	0.613%	6	5	30
Edcouch	\$ 571,220	\$ 911,952,107	0.063%	1	5	5
Edinburg	\$ 34,033,591	\$ 911,952,107	3.732%	37	5	185
Elsa	\$ 1,628,015	\$ 911,952,107	0.179%	2	5	10
Granjeno	\$ 21,952	\$ 911,952,107	0.002%	1	5	5
Hidalgo	\$ 2,384,287	\$ 911,952,107	0.261%	3	5	15
La Joya	\$ 957,155	\$ 911,952,107	0.105%	1	5	5
La Villa	\$ 568,646	\$ 911,952,107	0.062%	1	5	5
McAllen	\$ 50,905,212	\$ 911,952,107	5.582%	56	5	280
Mercedes	\$ 4,993,189	\$ 911,952,107	0.548%	5	5	25
Mission	\$ 24,033,922	\$ 911,952,107	2.635%	26	5	130
Palmview	\$ 2,788,816	\$ 911,952,107	0.306%	3	5	15
Penitas	\$ 1,342,062	\$ 911,952,107	0.147%	1	5	5
Progreso	\$ 831,009	\$ 911,952,107	0.091%	1	5	5
Pharr	\$ 23,908,466	\$ 911,952,107	2.622%	26	5	130
San Juan	\$ 8,178,632	\$ 911,952,107	0.897%	9	5	45
Sullivan City	\$ 536,134	\$ 911,952,107	0.059%	1	5	5
Weslaco	\$ 13,534,312	\$ 911,952,107	1.484%	15	5	75
Schools						
Donna	\$ 18,502,671	\$ 911,952,107	2.029%	20	5	100
Edcouch-Elsa	\$ 4,776,664	\$ 911,952,107	0.524%	5	5	25
Edinburg	\$ 82,255,219	\$ 911,952,107	9.020%	90	5	450
Hidalgo	\$ 7,362,355	\$ 911,952,107	0.807%	8	5	40
La Joya	\$ 35,077,606	\$ 911,952,107	3.846%	38	5	190
La Villa	\$ 1,673,868	\$ 911,952,107	0.184%	2	5	10
Lyford	\$ 122,079	\$ 911,952,107	0.013%	1	5	5
McAllen	\$ 88,388,374	\$ 911,952,107	9.692%	97	5	485
Mercedes	\$ 8,293,942	\$ 911,952,107	0.909%	9	5	45
Mission	\$ 28,040,951	\$ 911,952,107	3.075%	31	5	155
Monte Alto	\$ 1,775,228	\$ 911,952,107	0.195%	2	5	10
PSJA	\$ 63,835,097	\$ 911,952,107	7.000%	70	5	350
Progreso	\$ 2,406,438	\$ 911,952,107	0.264%	3	5	15
Sharyland	\$ 44,000,759	\$ 911,952,107	4.825%	48	5	240
So Tx College	\$ 66,982,283	\$ 911,952,107	7.345%	73	5	365
South Texas ISD	\$ 19,815,889	\$ 911,952,107	2.173%	22	5	110
Valley View	\$ 9,507,799	\$ 911,952,107	1.043%	10	5	50
Weslaco	\$ 25,670,034	\$ 911,952,107	2.815%	28	5	140
Grand Total	\$ 911,952,107		100.000%	1000		5000

Overview

Results-driven construction and project manager with over 30 years of expertise as a superintendent, construction manager and construction business owner. History of concurrently directing multiple projects to successful completion through effective management and team collaboration. Continually strives to produce high quality Industrial, Commercial, Institutional, and Residential projects while adhering to a tight schedule and budget. Advanced understanding of customer needs with diligent attention to detail results in superior customer service and high levels of client satisfaction.

Project Management / Budget & Finances / Personnel Acquisition & Training /

Team Management / Design & Development / Customer Relations / Multi-Site Management /

New Business Development

Industry

- Commercial Construction
- Real Estate
- Commercial
- Retail
- Automotive

Project Management/Leadership

- Large Scale Construction management and implementation
- Small Business Owner
- Member, Board of Directors Hidalgo County Appraisal District

WORK EXPERIENCE

Aug 1984 to Present

R & B General Construction Co, Inc., President
McAllen TX.

Administer construction budgets and supervise a staff of 60 full-time employees. Plan & design industrial warehouses and commercial ventures. Assist in the development of industrial facilities in various industrial parks. Coordinate development of residential homes and Multi project of renovations for commercial projects. Work closely with city municipalities, Engineers, Architects. Often present viable projects to city and county entities, and city officials to obtain necessary variances and permits for various private projects to meet city ordinances and overall governmental building codes. Development and Management of multi-million-dollar investment projects, specializing in the Cold Storage warehouse industry.

Oct 2015 to Present

National Tire and Wheel, LLC Co-Owner and President.
McAllen, TX

Purchased existing business on 10/22/2015.
Current sales have exceeded historical sales.

Feb 2012 to Present

E2H Investments, LLC, General Retail Partner Manager.
McAllen, TX

Manage a Rent To Own Business.
Account Management
Sales
Marketing
Grew business to 8 locations in 48 months.

Sep 2004 – March 2010

EZ Rim & Tire, Oversaw General Management of Rent To Own Wheel and tires
McAllen, TX

Managed Budget and advertising campaigns
Startup business that was profitable in 6 months.
Established business from startup to 750,000 in sales within 16 months.

January 1992 - 1998

Century Forwarding Agency, Inc, Vice President
Hidalgo, Texas

Manage export operation of the Agency specializing in exporting general goods for various Mexican and American corporations as well as managing. Just In-Time inventories for various fortune 500 companies. Successfully implemented all logistics for Wal-Mart Mexico and Wal-Mart USA specializing in their produce sector through various U.S and Mexican custom brokers with strict adherence to the NAFTA rules and regulations.

Aug 1987 - 1992

Technics Construction of Texas Inc.
McAllen, TX.

Vice-President Administered construction budgets and supervised a staff of 30 full-time employees. Designed and Build warehouse storage facilities. Assisted in the Development of Industrial facilities. Coordinated all aspects of construction for residential homes and renovations of commercial projects.

COMMUNITY SERVICES:

Most Recent Appointment by Texas Governor as Commissioner for the Texas Facilities Commission.

Appointment as Member of Board of Directors Hidalgo County Appraisal District.
By Hidalgo County Entities Term 2020-22

Appointed Member to Hidalgo County Appraisal District Review Board 2007 - 2012

Board Held Positions

- Member
- Secretary
- Chairman

PROFESSIONAL DEVELOPMENT:

University of Texas Pan-American - School of Business Continuing Education
Real Estate, Appraisals, Marketing, Real Estate principles, Law and Contracts
Mathematics, and Finance.

State Licensed in Real Estate # 0440351(1994)

Fluent in Reading and Writing Spanish

EXTRA CURRICULAR ACTIVITIES:

- ENACTUS Advisory Board (Students In Free Enterprise early 90's Alumni)
- Chairman entrepreneurship workshops,
- Small business development conference Invitee speaker
- Active supporter of Higher Education
- Golfing Activities, Fishing,
- Active in Daughter's School Outreach Programs
- Enjoy Family Trips

FORMAL EDUCATION

BBA (94)– Marketing and International Business, University of Texas Pan American

OTHER

Bilingual - Spanish/English.

Albert Cardenas
McAllen



Current Board member of McAllen Public Utility Board

Current member Boys & Girls Club

Vice-President Easton Construction, dealing mainly with commercial projects with offices in McAllen and San Antonio

Served 6 years on the McAllen Planning & Zoning Board

Board Member Hidalgo County Appraisal District Board of Directors 2014-Current

JUAN RAUL (JOHNNY) CISNEROS
1117 Orange Avenue
McAllen, TX 78501
956.534.3670 /
cadencecommercial@gmail.com

• **CAREER SUMMARY:**

Experienced in private industry and state/federal government contracting. Over 20 years, experience in the areas of finance, management, investments, business and economic development. Recognized leadership abilities, fluent in Spanish, solid analytical, quantitative, and communication skills with a demonstrated work ethic and a strong desire and ability to excel.

• **PROFESSIONAL AND OCCUPATIONAL EXPERIENCE:**

POSITION: Broker-Owner, Cadence Commercial Real Estate McAllen, Texas
(December, 2007 - Present) (Texas Licensed Real Estate Broker)

Associate, Southern Commercial Real Estate Group Harlingen, Texas (June, 2004 - December 2007) (Texas Licensed Real Estate Salesperson)

RESPONSIBILITIES:

Assisting clients with site selection, disposition of property, structuring lease contracts, development of commercial projects, and acquisition and management of investment properties.

ACCOMPLISHMENTS:

Awarded lease to U.S. Congressman Ruben Hinojosa in Edinburg, Texas;
Awarded federal lease contract (ATP: 7,500 SF) in McAllen, Texas. 2007 and 2020.
Awarded federal lease contract (Secret Service: 4,200 SF) in McAllen, Texas. 2007 and 2018
Successfully secured 4,000 SF lease space for US Army Corps of Engineers in Edinburg, Texas. 2008
Created team that was awarded bid for federal lease (FBI 12,000 SF) in Brownsville, Texas.
2006 Contracted by U.S. General Services Administration (GSA) in procuring 40- acre site for current 70,000 SF
DRS/Customs and Border Protection facility in McAllen, Texas. 2007-2008
Successfully leased 30,000 SF to Cinemark Theaters for their **first** US dinner theater: Cinemark Movie Bistro (2013)
Successfully identified site (25 AC) in Westover Hills, San Antonio, that was awarded a 197,000 SF VA Community Based Outpatient Clinic.
Successfully procured a 60 AC site for IDEA Public Schools' Toros (Soccer) Campus

POSITION: President, Perimetry Property Services McAllen, Texas (September, 2007 - Present) **RESPONSIBILITIES:**

Third Party property management of commercial real estate in South Texas.

POSITION: Project Director, South Texas Minority Business Opportunity Committee (MBOC), The University of Texas-Pan American, Office of Center Operations and Community Services, Edinburg, Texas. (October, 1999 - October, 2005)

RESPONSIBILITIES:

Responsible for directing the day-to-day operations of the South Texas MBOC as well as supervising and assisting five full time staff members and one intern. The function of the South Texas MBOC is to coordinate, identify, and disseminate information on procurement, international trade, and financial opportunities to minority businesses in the Rio Grande Valley. As Director, my role is to organize and coordinate the MBOC, its subcommittees and task forces, provide professional and program guidance, assure adequate MBOC outreach to public and private sector organizations.

ACCOMPLISHMENTS:

Acquired three-year federal grant (U.S. Dept. of Commerce Minority Business Development Agency) to operate MBOC. Managed the coordination of over twenty trade missions to Mexico exposing over 50 export- ready companies to the Mexican market. Coordinated the 2nd South Texas Construction Conference, with over 200 participants each. Developed and Coordinated annual Market Opportunities & Networking for Entrepreneurial Youth (MONEY) Conference-an event geared towards future entrepreneurs. Co-developed policies and principles of the South Texas Mentor-Protege Program, a program that matches expert/experienced firms with developing/ protege firms.

• **EDUCATION**

The University of Texas at Austin May, 1998
Bachelor of Business Administration
Major: Finance. Concentrations: English, Accounting.

• **SKILLS**

- Bilingual (English, Spanish) Write, Read & Speak.
- Proficient in all MS Office products.
- IT hardware/software installation and integration.

• **ASSOCIATIONS/ MEMBERSHIPS**

- Greater McAllen Association of Realtors (GMAR) 2008 - Present
- San Antonio Board of Realtors (SABOR) 2017 - Present
- Harlingen - Brownsville MLS 2020 - Present
- McAllen Traffic Advisory Board Member (2016 - Present)
- McAllen Historic Preservation Council Board Member (2016 - Present)

Pete Garcia
San Juan



San Juan EDC Board 2015 Member
Region ESL Member
Head Start Advisory Member 2013-2015
San Juan Housing Authority Member 2015
PSJA School Board Member 2004-2013
Hidalgo County Appraisal District Board of Directors Board Member 2009-2013, 2018-19

Richard A. Garza



Hidalgo County Appraisal District is responsible for appraising all real and business personal property within Hidalgo County. The district appraises property according to the Texas Property Tax Code and the Uniform Standards of Professional Appraisal practices (USPAP).

Lifelong Resident of the Rio Grande Valley

Received Real Estate License at age 18

BBA in Finance, Pan American University

Married to Dr. Sylvia Sanchez Garza, Ph.D for 32 years.

My wife and I have raised 4 sons. Ricky, Dr. Joseph, Matthew & Lucas

Real Estate Broker, BIC Realty for over 44 years

President of BIC Investments, GR Land Co., Garco LTD., BIC Development., Gold Star Holdings, Ice House Ranches, GR Inversiones & Anacahuillas Investment Companies

Chairman of Cuartitos.com, a cargo shipping container leasing Co.

Lifetime member of McAllen Board of Realtors & Edinburg Board of Realtors

Member of Texas Association of Realtors since 1977

Past Zoning Commissioner of the City of McAllen Planning & Zoning Board

Past Vice-President of Finance Discovery Montessori School Board

Current Director of Plazas Del Lago HOA Finance

Chairman, Hidalgo County Appraisal District Board of Directions 1991 to Present

Past Boy Scouts of America- Troup Leader

Current Director, Texas Land Developers Association

Current Member of Santa Gertrudis Breeders International

Previous Member of Edinburg Hospital Authority Board of Directors

Member of Las Villas at South Padre Island Board of Directors

Member of Holy Spirit Catholic Church

Previous Director of Edinburg Chamber of Commerce Board of Directors

Current Member of Edinburg Chamber of Commerce

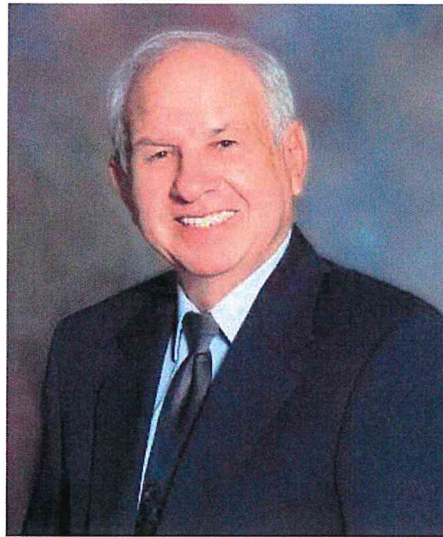
Current Member of McAllen Chamber of Commerce

Current Member of McAllen Hispanic Chamber of Commerce

**Joe Olivarez
Weslaco**

No Bio or Photo Provided

**Amador Requenez
Mission**



Owner & operator of Valley Welding Steel & Steel Fabrication in Mission since 1970
Owner & Operator of Valley Crane Service since 1970
Member of the (AGC) Associated General Contractors of America for 43 years
Member of Mission Chamber of Commerce for 20 and Director for 4 years
Member of Mission Rotary for 20 years
Served on Board of Hidalgo County Water District #6
Served on the Hidalgo PIC (Private Industry Council)
Served on Hidalgo County Appraisal District Board of Directors from 1992 to Present
Current Secretary Hidalgo County Appraisal District Board of Directors 2012 to Present

Rodgers Paul Truitt
Edinburg, TX

- Current member of the Criminal Justice Advisory Committee (5 years)
- General Adjuster – Engle Martin & Associates (4 years)
- Current Insurance Appraiser for multiple Insurance Carriers (8 years)
- Past Secretary of St. Paul's Lutheran Church Council (1 year)
- Past President of Edinburg Baseball and Softball Association (3 years)
- Past Professor of Psychology – South Texas College (13 years)
- Master of Arts in Clinical Psychology – St. Mary's University (1999)
- Bachelor of Arts in Psychology – Baylor University (1997)



CITY OF SAN JUAN

RESOLUTION NO. _____

WHEREAS, the Chief Appraiser of Hidalgo County Appraisal District has called for the election of the Hidalgo County Appraisal District Board of Directors; and

WHEREAS, the City of San Juan is entitled to cast a total of forty-five (45) votes in said election; and

WHEREAS, ballots must be returned by **December 15, 2021** which is the deadline for accepting votes.

NOW THEREFORE BE IT RESOLVED by the CITY OF SAN JUAN that the city does hereby cast (45 Votes) of votes for () for Hidalgo County Appraisal Board of Directors for **2022-2023**.

READ, PASSED AND APPROVED at a regular meeting by the City Commissioners of the CITY OF SAN JUAN, on this the 26th of October 2021.

Mario Garza, Mayor

ATTEST:

Nayeli Guerrero, Interim City Secretary

HIDALGO COUNTY APPRAISAL DISTRICT

ADMINISTRATION

Rolando Garza, Chief Appraiser
 Jorge Gonzalez, Asst. Chief Appraiser
 Brent E Cavazos, Associate Chief Appraiser
 PO Box 208
 Edinburg, TX 78540-0208
 (956) 381-8466 (956) 565-2461



BOARD OF DIRECTORS

Richard A. Garza	Chairman
Albert D. Cardenas	Vice-Chairman
Amador Requenez	Secretary
Eddy Betancourt	Member
Joe D. Olivarez	Member
Pablo "Paul" Villarreal, Jr.	Member

www.hidalgoad.org

Hidalgo County Appraisal District 4405 S. Professional Drive PO Box 208 Edinburg, TX 78540-0208 "OFFICIAL BALLOT" Election of 2022-2023 Appraisal District Board of Directors	
Entity: City of San Juan	Authorized Votes:45
Nominee	# Of Votes
Eddy Betancourt	
Albert Cardenas	
Johnny Cisneros	
Pedro "Pete" Garcia	
Richard Garza	
Joe D Olivarez	
Amador Requenez	
Rodgers Paul Truitt	

 Date Resolution Passed
 (Attach Resolution)

 Authorized Representative

cc: Finance Director of each entity

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consideration and Action on Interlocal Agreement for the 2021 - 2022 Fiscal Year with the Hidalgo County Urban County Program.

STAFF COMMENTS AND RECOMMENDATIONS:

This is an Interlocal Agreement between the City of San Juan and the Hidalgo County Urban County Program for the 2021 - 2022 Fiscal Year to set out basic administrative understandings for the expenditure of the CDBG funds to be carried out in the City's jurisdiction.

RECOMMENDATION:

Approve the Interlocal Agreement with the Hidalgo County Urban County Program for 2021-2022 Fiscal Year.

PREPARED BY:

Monica Gomez,
Planner II

APPROVED BY:

Benjamin Arjona, City
Manager



URBAN COUNTY PROGRAM

1916 Tesoro Street, Pharr, Texas 78577 (956) 787-8127 FAX (956) 318-2988
E-Mail: ucp@ucp.co.hidalgo.tx.us

October 13, 2021

City of San Juan
Mayor Mario Garza
709 S. Nebraska
San Juan, Texas 78589

Re: 2021-2022 Fiscal Year Interlocal Agreement

Dear Mayor Garza,

Attached is the Interlocal Agreement for the 2021-2022 Urban County Program fiscal year that must be approved by your city council. Please return Interlocal Agreement to the Urban County Program office no later than *Monday, November 15, 2021*. In addition, minutes reflecting city council's approval of the Interlocal Agreement are also required. The UCP will accept signed and stamped excerpts of minutes in lieu of official certified minutes not being ready before the due date. Please see guidelines below:

Codes of Conduct - In addition to various Exhibits in the Agreement, the Agreement contains Exhibit A-I, the Code of Conduct Certifications. The Code of Conduct must be signed by each city council member, the city secretary, and city manager. Note that there are only five (5) copies of the Code of Conduct included in your Agreement; make additional copies for signature as needed.

Signing the Codes of Conduct - In **BLUE INK**, is required for all original signatures.

Failure to submit the Interlocal Agreement - The Interlocal Agreement is due every fiscal year for cities participating in the Urban County Program. **Failure to submit approved and signed Interlocal Agreement by November 15, 2021 will result in forfeiture of funds.**

Please note that once the agreement has been returned to UCP with approval certification and signatures, the agreements will then be submitted for County signatures to complete the required approval process. A completely signed copy will be forwarded to each city for your administration files. Should you have any questions or concerns, please do not hesitate to contact Maritsa Meza, Executive Assistant or myself at 956-787-8127.

Respectfully,


Patricio R. Avila, Director
Urban County Program

PAR/mm

Enclosure: Interlocal Agreement with Exhibits.
cc: City Managers

INTERLOCAL AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

This Interlocal Agreement, made and entered into by and between the County of Hidalgo, a political subdivision of the State of Texas, hereafter referred to as the “County” and the [City of San Juan](#), a municipal corporation under the laws of the State of Texas, hereafter referred to as “City”.

WITNESSETH

WHEREAS, the Department of Housing and Urban Development made a Determination of Essential Powers on November 16, 1987 which depicts Hidalgo County as having the “essential powers” to carry out community renewal and lower income housing assistance in the County, and

WHEREAS, the Department of Housing and Urban Development formally allocated [\\$7,729,312.00](#) of Fiscal Year [2021](#) Community Development Block Grant (CDBG) Funds under Grant No. [B-21-UC-48-0501](#) to County, and

WHEREAS, the City and County have entered into a Cooperation Agreement which allows the County to use the City’s population as the basis for qualification as an Urban County, and

WHEREAS, both the County and the City need to set out basic administrative understandings for the proper expenditure of CDBG funds as set out in 24 CFR.570 and other related federal rules and regulations as they apply to Subrecipients.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That the County and the City do mutually agree as follows:

SECTION I Rules and Regulations

The City agrees to cooperate with the County in respect to the implementation of CDBG activities to be carried out in the City’s jurisdiction as per 24 CFR 570 and other rules, regulations and decisions as may be made by the Department of Housing and Urban Development or any other federal or state agency that may legally exercise its jurisdiction over expenditures of CDBG funds. Both City and County agree and understand that the County is the grantee for the CDBG funds and the City is subject to all rules and regulations governing Subrecipients under 24 CFR 570.

SECTION II Applicability of Uniform Administrative Requirements

The County understands that it is responsible for the maintenance, retention, accessibility and public disclosure of all records, expenditures and files as may be promulgated for the administration of CDBG funds and as may be required by 24 CFR 570 and the “Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments.” (24 CFR Part 85) or any variation as may be approved by HUD The City agrees to work with the County to make available all data,

information and records as may be necessary for the proper accounting of all CDBG expenditures and activities. A description of City and County responsibilities can be found in Exhibit B Matrix. City agrees to make all records available to the County and shall not be the custodian of any official records or information.

City agrees to comply with 2 CFR Part 200 and with the following sections of 24 CFR Part 85 “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Government”:

- (1) Section 85.3, “Definitions”;
- (2) Section 85.6, “Exceptions”;
- (3) Section 85.12, Special grant or subgrant conditions for “high-risk “grantees”;
- (4) Section 85.20, “Standards for financial management systems,” except paragraph (a);
- (5) Section 85.21, “Payment,” except as modified by SS570.513;
- (6) Section 85.22, “Allowable costs”;
- (7) Section 85.26, “Non-federal audits”
- (8) Section 85.32, “Equipment,” except in all cases in which the equipment is sold, the proceeds shall be program income;
- (9) Section 85.33, “Supplies”;
- (10) Section 85.34, “Copyrights”;
- (11) Section 85.35, “Sub-awards to debarred and suspended parties”;
- (12) Section 85.36, “Procurement,” except paragraph (a);
- (13) Section 85.37, “Subgrants”;
- (14) Section 85.40, “Monitoring and reporting program performance,” except paragraphs (b)-(d) and (f);
- (15) Section 85.41, “Financial Reporting.” except paragraphs (a), (b), and (e);
- (16) Section 85.42, “Retention and access requirements for records”;
- (17) Section 85.43, “Enforcement”;
- (18) Section 85.44, “Termination for convenience”;
- (19) Section 85.51, “Later disallowances and adjustments”; and
- (20) Section 85.52, “Collection of amounts due.”

the City agrees to submit a yearly Certified City Financial Audit regardless of the dollar amount expended in that fiscal year in the time and manner prescribed by the County.

SECTION III Other Program Requirements

The City agrees to comply with “Other Program Requirements” as listed in Exhibit D (24 CFR 570.600-611) except for the environmental responsibilities outlined at 24 CFR 570.604 and the review process under Executive Order 12372.

SECTION IV Allocation

The City understands that the Urban County allocation has been set at [\\$7,729,312.00](#) for [Fiscal Year 2021](#) and that City’s allotment has been set at [\\$300,037.00](#) The City agrees to cooperate with the county in the expenditure of these funds for the activities so described in Exhibit A of this Agreement ant that Exhibit A is an integral part of this Agreement.

The City further agrees to inform the County on any changes in scope, funding or location of the activities listed on Exhibit A prior to executing any change. Any changes proposed by City must be approved by the County in reference to eligibility, program compliance and citizen

participation requirements.

City and County mutually agree that the City shall have four (4) fiscal years to properly expend or cause to be expended, according to all applicable rules and regulations, all funds allocated to it in **Fiscal Year 2021**. In consideration for the same, the City agrees not to have more than 1.5 times its annual allocation in its line of credit by April 30, 2022 ; Funds in excess of the 1.5 standards shall be subject to the Recapture by the Urban County Program, and/or any applicable Redistribution & Recapture Policy. The County shall recapture any and all unobligated funds that a City fails to expend or obligate, by June 30, 2022 and shall expend such funds at the discretion of the Hidalgo County Commissioners' Court. The Hidalgo County Commissioners' Court may take any type of remedial action, including but not limited to Recapture, at any time to comply with any and all rules, regulations and decisions, and timeliness requirements as may be made by the Department of Housing and Urban Development or any other federal or state agency that may legally exercise its jurisdiction over expenditures of CDBG funds.

SECTION V

Access

The City and County both agree to give the Department of Housing and Urban Development, the Inspector General, the Comptroller General of the United States, or any of its authorized representatives, access to and the right to examine, excerpt and transcribe all books, accounts, records, reports, files and other papers, things, or property belonging to or in use by the City or County for a period as such records are legally required to be maintained by the City or County.

SECTION VI

Monitoring

The County reserves the right to carry out regular and periodic field inspections to ensure compliance with the requirements of this Agreement. City shall attend a compliance seminar after the award of funds and prior to the first draw. After each monitoring visit, County shall provide City with a written report of the monitor's inspection. If the monitoring report finds deficiencies in City's performance under the terms of this Agreement, the monitoring report shall include requirements for the timely correction of such deficiencies by City. Failure by City to take action as specified in the monitoring report may be cause for suspension or termination of this Agreement, as provided in Section XIV of this Agreement.

SECTION VII

Conflict of Interest

In compliance with 24 CFR 611, the City and County both covenant that no member of their respective governing bodies nor any staff member who exercises influence on the decision making process, presently has or will have any interest, direct or indirect, with any person, corporation, company or association that is hired to carry out any of the activities so listed on Exhibit A or will receive federal assistance from any activity.

The City and County both agree that no person who is an elected official, employee, consultant, or agent of the City or County shall gain any interest in any corporation, company, or association that is hired to carry out any of the activities so listed in Exhibit A during their tenure or for a period of one year thereafter.

No City or County employee, elected official, consultant and/or agent shall solicit nor accept gratuities, favors, or anything of monetary value from any person, corporation, company, or association that has been hired or expects to be hired to perform any of the activities so described on Exhibit A.

Code of Conduct Certification attached to this agreement must be signed by elected officials, employees, consultants, or agents to the City. (See attachment A-1)

SECTION VIII Religious Activities

The City and County both agree that none of the funds expended or activities undertaken shall be used in support of any sectarian or religious activity, nor shall any building or structure funded under this program be used for sectarian or religious activities.

SECTION IX Real and Property Assets

The City and County agree that any property, real or personal, duly acquired with CDBG funds allocated to City shall become property of the City and shall be afforded the same maintenance and protection as other City property. City and County further agree that any real or personal property acquired shall be done in accordance with 24 CFR 570.606, 24 CFR 85 and/or any other federal rules or regulations as may apply.

City agrees not to purchase any real or personal assets unless so permitted by the County and such procurement shall be done in accordance with 24 CFR 570.606, 24 CFR 85 and/or any other federal rules or regulations as may apply.

The City agrees to maintain any real or personal asset in a prudent manner so as to ensure its useful life and to protect the federal government's interest in such real or personal asset from the perils of fire, storm, flood or theft through insurance coverage in the amount as may be deemed prudent by County. Failure to secure such protection shall be cause for termination of this agreement.

Any asset acquired or improved in part or in whole with CDBG funds must be used in an activity that is eligible and meets one of the national objectives listed in 24 CFR 570.208. Any asset acquired or improved in part or in whole with CDBG funds in excess of \$ 25,000 must be used for the CDBG activity so planned including the beneficiaries of such use. Any change in use or beneficiaries must be subject to the citizen participation requirements and approved by the County.

Should any use of an asset not qualify as meeting one of the national objectives or is not an eligible use under 24 CFR 570.200, the City shall reimburse the County the amount of the current fair market value of the asset less any portion thereof attributable to expenditures of non-CDBG funds in the acquisition or improvement of the asset.

The above requirements attributed to assets over \$25,000 shall remain in force for a period of five years after the final closeout of the County's participation in the Urban County Program. The disposition of any asset improved or acquired in part or in whole with CDBG funds by the City must be done with prior approval of the County and the County shall be reimbursed for the asset, if sold, in the full amount of the disposed value of the asset. The County may, at its option, request that such asset be transferred to the County if the asset is no longer being used to meet

one of the national objectives or in any case where the City no longer uses the asset for its intended use.

SECTION X

Jurisdiction

The City and County agree to accept the jurisdiction of the Department of Housing and Urban Development in matters relating to the proper administration of programs and the proper expenditure of CDBG funds.

The City and County agree that the County is responsible for the proper administration of programs and the proper expenditure of CDBG funds and recognize that the County will be responsible for audit or programmatic findings or exceptions made by the HUD or any other agency that may exercise jurisdiction over HUD or any other agency that may exercise jurisdiction over HUD funds or programs.

In cases of an audit finding or exception based on action or inaction, representation or misrepresentation of the City, the City agrees to resolve such audit finding or exception for and on behalf of the County. Remedial actions that may be taken for the resolution of an audit finding or exception are defined in 24 CFR 570.910 and include the withholding of funds to the City for any outstanding finding(s) or exception(s). (See Exhibit-E)

The City understands and agrees this Interlocal Agreement shall remain in full force and effect until the Department of Housing and Urban Development has closed this Program Year [\(B-21-UC-48-0501\)](#) and accepted any resolutions to any and all audit or programmatic finding(s) or concern(s).

SECTION XI

Payment Requests and Program Income

The City agrees to follow administrative directions from the County in the areas of documenting and processing payment requests. The City further agrees to allow the County to make all payments and to account for all program income from any of its CDBG activities that may generate program income as outlined in this Section.

The City and County agree that program income generated from any approved CDBG project shall be retained by the City as long as such City provides the County by the 15th of each month, an accounting as may be required by the County of program income earned, retained, and expended by the City. The City shall be allowed to use the program income for the same or similar activities as generated the program income. Failure of the City to report program income as required shall cause the County to require all program income to be recovered by the County.

SECTION XII

Section 108 Loan Guarantee

County and City both agree that they may implement certain eligible activities as outlined in 24 CFR 570.703 with loan funds from the Section 108 Loan Guarantee Program as described in 24 CFR 570.700-709 approved and adopted November 6, 1991 (Vol. 56, No. 215 Federal Register).

The County and City will be allowed to submit an application for such funds per funding year in an amount less than three times its current allocation. Should the City or County submit more than one application during any combination of years, the cumulative amount of loan funds

requested shall not exceed the total amount of five years of the current allocation. The City agrees that it will bear the full expense of obtaining Section 108 financing for the period of the repayment of Section 108 funds.

The County and City agree that they will maintain a legal binding relationship with each other under the terms of this Agreement and all previously signed Cooperation Agreement if the City wishes to participate in the Section 108 Loan Guarantee Program for the full term of the Section 108 Loan Agreement. The City agrees to pledge its current and future CDBG allocation and other security consideration as may be required, depending on the project risk, as security for the Section 108 Loan and such security pledge shall not bind or affect other cities' allocation in the Urban County Program.

Such legal binding relationship and security pledge shall remain in full force and effect for the full term of the Section 108 Loan Guarantee agreement and this agreement shall survive for the term of the Section 108 Loan. Details of any current Section 108 loan are included herein as Exhibit C, if applicable.

SECTION XIII

Legal Action

The City agrees to notify the County when a problem arises that may lead to any legal action or claim against the City and/or County. The City agrees to furnish to the County any information with respect to such action or claim. The City agrees not to take any action with respect to any legal matter or claim sought against the City and/or County without advice and consent of the County.

SECTION XIV

Suspension and Termination

City understands that this agreement may be suspended or terminated in accordance with 24 CFR 85.43 if the City materially fails to comply with the provisions of this agreement or the provisions so listed on Exhibits A through E. Termination for convenience may be implemented in accordance to the provisions listed in 24 CFR 85.44.

SECTION XV

Changes or Amendments

The City agrees to notify the County on any changes or amendments that it may desire or need to carry out the CDBG program in its area. All changes or amendments must first obtain approval from the County prior to implementation. All changes or amendments must conform to all federal rules and regulations applicable to the CDBG program.

SECTION XVI

Essential Powers

The City agrees that the County has the essential powers to implement any aspect of those activities identified in the 2018 – 2022 Five-Year Consolidated Plan & Strategy inclusive of specific projects identified in the annual One-Year Action Plan and subsequent amendments. The

City further agrees to allow the County the authority to initiate, undertake and implement said projects within its jurisdictional boundaries without further notice to City by County for all projects identified in the 2018 – 2022 Five-Year Consolidated Plan & Strategy, Annual Action Plan and subsequent amendments to the Plans herein incorporated by reference.

Approved and signed this _____ Day of _____, 2021.

ATTEST:

Arturo Guajardo, Jr.
County Clerk

Richard F. Cortez,
Hidalgo County Judge

ATTEST:

City Secretary

Mayor

APPROVED AS TO FORM
Hidalgo County Criminal District Attorney's Office
Ricardo Rodriguez, Jr.

By: _____
Victor M. Garza, Asst. District Attorney

Date: _____

The following Exhibits are incorporated into the 2021 Interlocal Agreement:

Exhibit A	2021 Proposed Activities
Exhibit A-1	Code of Conduct Enforcement
Exhibit B	Urban County Program Matrix
Exhibit C	Section 108 Loan Guarantee Program
Exhibit D	CDBG Regulations and other Program Requirements
Exhibit E	Audit Finding or Exceptions

Exhibit A

2021 Proposed Activities

2021	SAN JUAN	\$300,037.00
21A Exempt 58.34 (a)(3)	GENERAL PROGRAM ADMINISTRATION Funds shall be used for expenses related to compliance with CDBG requirements including but not limited to advertisements, postings and coordinating eligible related projects. Location: City Hall 709 S. Nebraska Ave., San Juan, Texas 78589	\$ 3,000.00
03K Environmental Assessment	STREET IMPROVEMENTS Project consists of reconstruction of streets to including but not limited to the adjacent/abutting streets within the same general vicinity and related appurtenances. Other expenditures include professional engineering service fees, geo-technical and construction material testing fees, advertisements, etc. Locations: Alfredo Street, Jaime Street, Standard Ave & W. 12 th Street, San Juan, Texas 78589 Census Data: 0218.05 (01), 0220.01 (01) National Objective: 52.98% LMA Goal Outcome Indicator: 3030 Beneficiary Type: People	\$ 280,037.00
05A Exempt 58.34(a)(4)	SENIOR SERVICES – Amigos Del Valle Project expenditures include but are not limited to the reimbursement of expenses related to the delivery of meals to the elderly (62 years older) within the city of San Juan. Nutritional Health Education will be a new service provided by staff. Location: Nutrition Center/Senior Center – 600 W. 1 st Street, San Juan, TX 78589 National Objective: LMC Goal Outcome Indicator: 8 Beneficiary Type: People	\$5,000.00
05B Exempt 58.34 (a)(4)	HANDICAPPED SERVICES – Capable Kids Foundation Project expenditures include but are not limited to the reimbursement of salaries and fringe benefits for staff providing a direct service to the disabled young adults in qualified areas of the City of San Juan. Services will be offered in person or virtual for qualified residents. Location: 1223 E. Hackberry Ave., McAllen, Texas 78501 National Objective: LMC Goal Outcome Indicator: 5 Beneficiary Type: People	\$3,000.00

2021	SAN JUAN	Continue
05M Exempt 58.34 (a)(4)	HEALTH SERVICES – Nuestra Clinica Del Valle Project expenditures include reimbursement of expenses associated with medical services and procedures to include but not limited to, dental services, support services of pharmacy, radiology, laboratory, sub-specialty referral, for the low income and uninsured residents of the San Juan area. Location: 801 W. 1st St., San Juan, TX 78589 National Objective: LMC Goal Outcome Indicator: 50 Beneficiary Type: People	\$7,000.00
05N Exempt 58.34 (a)(4)	SERVICES FOR ABUSED AND NEGLECTED CHILDREN – CASA of Hidalgo County Project expenditures include but are not limited to the reimbursement of salaries, fringe benefits and mileage for staff (Case Supervisor, Case Manager, etc) providing direct services to the youth consisting of coordination and observation of child visitations, interviews with appropriate parties, development of court reports and attendance at court hearings. Location: 1001 S. 10 th Avenue, Edinburg, TX 78539 National Objective: LMC Goal Outcome Indicator: 10 Beneficiary Type: People	\$2,000.00

Exhibit A-1

Code of Conduct Certifications

CODE OF CONDUCT

No employee, officer or agent of the ***County of Hidalgo-Urban County Program, sub-grantee or subrecipient*** shall participate in selection or in the award or administration of a contract or conduct business with a vendor if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

- A. ***the employee, officer or any agent***
- B. ***any member of his immediate family***
- C. ***his or her partner***
- D. ***an organization which employs or is about to employ, any of the above, has a financial or other interest in the firm selected for award.***

The ***Urban County Program's , sub-grantee or subrecipient***, officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements, or vendors or potential vendors. Depending on gravity, violation of this Code of Conduct could result in dismissal, probation or suspension of officers, employees or agents involved or termination of contractual agreements with subrecipients.

Non-disclosure Policy

No disclosure of verbal or written price quotations shall be made by any ***Urban County Program*** employee, sub-grantee or subrecipient. Violation of the nondisclosure policy shall be subject to disciplinary action as provided by the ***County of Hidalgo*** or termination of contractual agreements when a subrecipient/sub-grantee employee is involved.

Personal Interest

No member of the ***Hidalgo County Commissioners*** or any officer or employee of the ***Urban County Program, sub-grantee or subrecipient*** shall have a financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any contract or in the sale to the ***Urban County Program, sub-grantee or subrecipient*** or to a contractor supplying the ***Urban County Program, sub-grantee or subrecipient*** of any land or rights or interest in any land, material, supplies, or services, or in any matter in which he acts for the ***Urban County Program***. Any willful violation of this section shall constitute malfeasance in office, and any officer or employee of the ***Urban County Program, sub-grantee or subrecipient*** found guilty shall thereby forfeit his or her office. Any violation of this section with the knowledge, express or implied, of the person or corporation contracting with the ***Urban County Program, sub-grantee or subrecipient*** shall render the contract voidable by the ***Urban County Director or the board of Commissioners***.

Employee, Officer, or Agent Acknowledgment

Print or Type Name and Position/Title

Entity/Organization Name

Date

CODE OF CONDUCT

No employee, officer or agent of the ***County of Hidalgo-Urban County Program, sub-grantee or subrecipient*** shall participate in selection or in the award or administration of a contract or conduct business with a vendor if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

- A. ***the employee, officer or any agent***
- B. ***any member of his immediate family***
- C. ***his or her partner***
- D. ***an organization which employs or is about to employ, any of the above, has a financial or other interest in the firm selected for award.***

The *Urban County Program's , sub-grantee or subrecipient*, officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements, or vendors or potential vendors. Depending on gravity, violation of this Code of Conduct could result in dismissal, probation or suspension of officers, employees or agents involved or termination of contractual agreements with subrecipients.

Non-disclosure Policy

No disclosure of verbal or written price quotations shall be made by any *Urban County Program* employee, sub-grantee or subrecipient. Violation of the nondisclosure policy shall be subject to disciplinary action as provided by the *County of Hidalgo* or termination of contractual agreements when a subrecipient/sub-grantee employee is involved.

Personal Interest

No member of the *Hidalgo County Commissioners* or any officer or employee of the *Urban County Program, sub-grantee or subrecipient* shall have a financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any contract or in the sale to the *Urban County Program, sub-grantee or subrecipient* or to a contractor supplying the *Urban County Program, sub-grantee or subrecipient* of any land or rights or interest in any land, material, supplies, or services, or in any matter in which he acts for the *Urban County Program*. Any willful violation of this section shall constitute malfeasance in office, and any officer or employee of the *Urban County Program, sub-grantee or subrecipient* found guilty shall thereby forfeit his or her office. Any violation of this section with the knowledge, express or implied, of the person or corporation contracting with the *Urban County Program, sub-grantee or subrecipient* shall render the contract voidable by the *Urban County Director or the board of Commissioners*.

Employee, Officer, or Agent Acknowledgment

Print or Type Name and Position/Title

Entity/Organization Name

Date

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Exhibit B

Urban County Matrix

Pre-Bid Activities

Development of Annual Workplan

This activity is a city responsibility with the county involvement only as is necessary to assure that the individual activities meet one of the three national objectives.

Revisions or Amendments to Annual Workplan

Same as above (only two amendments allowed per fiscal year)

Eligibility Test on Activities

This is a county responsibility working with the cities to assure all activities meet one of the three national objectives. The County will assure that the 51 percent benefit to low and moderate income persons can be verified and that the activities are eligible for funding. The county may request an eligibility determination from HUD should a difference of opinion arise between the City and the County.

Public Hearings

This responsibility will be a shared responsibility between the Cities and the County. In accordance with the adopted Citizen Participation Plan, the Cities will conduct a public hearing in their respective Cities after public notice. The County will then have a second public hearing at the County level on the county-wide workplan, after public notice.

Environmental Assessment

This is a County responsibility with concurrence and assistance by the Cities. The County will determine what level of clearance is needed and will do noise, hazard, historical, floodplain, etc. assessments as may be needed with as much city input as possible. The County Judge will consider the “do nothing” alternative after consultation with the respective Mayors. The County Judge and or UCP Staff will direct all mitigation efforts if necessary. The County Judge will sign all environmental assessment reviews and findings. (A County Signatory may be appointed: UCP Director)

Advertise for Professional Services

This is a County responsibility whereby the County will advertise once a year for all professional services through a statement of qualifications process. The County will provide all data concerning proposed activities and type of services needed. This list will be sent to all Cities so that the Cities may decide on the professional services as they see the need for the services. Should a city need services not available from the list (UC-1 List) of Professional Services, the City shall advertise for the service after consulting with the Urban County Program staff.

Selection of Professional Services Provider

This is a City and County shared responsibility, based on the Texas Local Government code and other applicable laws and regulations. County will make sure that the provider is not a contractor's debarred list by consulting with the System for Award Management (SAM) website (www.sam.gov), prior to recommendation for awarding a contractor to Hidalgo County Commissioner's Court.

Execute Professional Contracts

The City will negotiate the Professional Service Contract, and submit a Best and Final Offer (BAFO) along with Scope of Services, Project Cost Estimate, Certificate of Debarment, CIQ Form and IRS W-9 Form. The County will prepare the Professional Contract Agreement documents and submit to Hidalgo County Commissioner's Court for approval of contract. Any modifications to the County contracts require prior approval of the County Legal Department. Once approved, the County will forward the contracts to the Professional Service Provider for proper signatures, they will return to the County for the County's execution and County will issue Notice to Proceed.

Review of Preliminary Drawings

This is a city responsibility.

Solicit Davis-Bacon Wage Rates

This is a County responsibility. The County will obtain wage rates from HUD for specific projects and will forward wage rates to the respective Cities and the Professional Service Provider to include in the bid specification packages.

Review and Approval of Final Plans and Specifications

This is a City responsibility where by the Mayor's signature will be required on all plans and specifications prior to bidding. Final plans should be forwarded to Urban County Program office prior to bid advertisement for compliance check.

Advertise for Construction Bid

This is a County responsibility. The County will advertise for all construction projects and will instruct bidders as to the availability of plans and specs, (to be picked up at Professional Service Provider's choice of location), and will advise bidders as to who will accept bids. (Hidalgo County Purchasing Department – any given Wednesday at 9:30am)

Pre-Bid Conference

This is a County responsibility. County will conduct a pre-bid conference if necessary at the Urban County program Conference Room, accompanied by the Professional Service Provider and the project's respective City.

Bid Activities

Ten Day Wage Rate Check

This is a County responsibility. Ten days prior to any bid opening, the County will ascertain as to the applicability of the wage rate in the bid documents. Should the wage rate change all appropriate engineers will be notified and instructed to change wage rates.

Accept Construction Bids

This is a County Purchasing Department responsibility. The Hidalgo County Purchasing Department will accept bids as per the conditions set forth in the specification handbook.

Accept and Tabulate Bids

This is a County Purchasing Department responsibility with an Urban County, City, and Professional Service Provider representative at bid opening. The respective Professional Service Provider will review the bids received and make their recommendation to the Urban County Program.

Research Apparent Low Bidder

This is a shared responsibility. The respective Professional Service Provider will research and review apartment low bidder's past performances and their bids. The Urban County program will research the list of Debarred Contractor's and make a finding in the regard.

Bid Recommendation

This is a City responsibility. The respective Professional Service Provider will recommend the lowest and most responsible bid to the City. The city will send a recommendation to the County. County will request approval by Hidalgo County Commissioner's Court for approval of contract.

Contract Award

The County upon approval by Hidalgo County Commissioner's Court will prepare the contract documents and forward them to the approved Contractor for execution.

Pre-Construction Activities

Construction Contract and Bonds

This is a shared responsibility. The Professional Service Provider will coordinate the execution of construction contracts to include Insurance, Payment and Performance Bonds. Once they receive four (4) original set of construction contracts they will submit to the County for execution. Any modifications to the construction contracts require prior review by Legal Department and approval by Hidalgo County Commissioner's Court.

Pre-Construction Conference

The Urban County Program will conduct a Pre-construction conference to inform the contractor of the various federal regulations such as Affirmative Action, Section 3 Compliance, and Davis-Bacon Wage Compliance. The Pre-construction conference will be held at the Urban County

Program Conference Room, with the city and professional service provider representatives present. Once contracts are signed, County will prepare and issue a Notice to Proceed.

Document Posting and Construction Signs

This is a shared responsibility. The city and Professional Service Provider will ensure itself that the appropriate documents are posted at the site and that the construction sign is erected.

Construction Activities

Davis-Bacon Compliance

This is a shared responsibility. The City may be asked to conduct wage rate employee interviews. The County will conduct wage rate interviews and review wage rates on payroll reports submitted with request for payments.

Periodic Project Inspections

This is a shared responsibility. The City, County, and Professional Service Providers will conduct periodic site inspections of the project site.

Payment Request Approval

This is a shared responsibility. The Professional Service Provider will review and sign off on request for payments and forward RFP to the City for signature and approval, and forward the final RFP to the County for review and approval of payment.

Change Orders

This is a shared responsibility. Professional Service Provider will recommend any change orders after negotiating said change order with the contractor. All change orders must have City's approval prior to submission to County for review and approval.

Contract Amendment

This is a shared responsibility. The City will recommend any contract amendments to the County. County will consider and take appropriate action to approve or deny the contract amendment if necessary.

Final Payment Approval

This is a shared responsibility. The City and Professional Service Provider will conduct final project site inspections to ensure that construction has been completed as per plans and specifications prior to submitting final request for payment recommendation to the County. County will ensure that all applicable laws and regulations have been complied with. County will review wage rate compliance, release of liens, certification of construction completion, warranty certification and other pertinent documents.

Exhibit C

Section 108 Loan Guarantee Program

Introduction

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. Section 108 loans are not risk-free, however; local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan.

Regulations governing the Section 108 program may be found at [24 CFR 570](#), Subpart M, Loan Guarantees.

Eligible Applicants

Eligible applicants include the following public entities:

- metropolitan cities and urban counties (i.e. CDBG entitlement recipients);
- nonentitlement communities that are assisted in the submission of applications by States that administer the CDBG program; and
- nonentitlement communities eligible to receive CDBG funds under the HUD-Administered Small Cities CDBG program (Hawaii). The public entity may be the borrower or it may designate a public agency as the borrower.

Eligible Activities

Activities eligible for Section 108 financing include:

- economic development activities eligible under CDBG;
- acquisition of real property;
- rehabilitation of publicly owned real property;
- housing rehabilitation eligible under CDBG;
- construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements);
- related relocation, clearance, and site improvements;
- payment of interest on the guaranteed loan and issuance costs of public offerings;
- debt service reserves;
- public works and site improvements in colonias; and
- in limited circumstances, housing construction as part of community economic development, Housing Development Grant, or Nehemiah Housing Opportunity Grant programs.

For purposes of determining eligibility, the CDBG rules and requirements apply. As with the CDBG program, all projects and activities must either principally benefit low- and moderate-income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community.

Maximum Commitment Amount

Commitments are limited as follows:

1. Entitlement public entities. An entitlement public entity may apply for up to five times the public entity's latest approved CDBG entitlement amount, minus any outstanding Section 108 commitments and/or principal balances of Section 108 loans.
2. State assisted public entities. A nonentitlement public entity may apply for up to five times the latest approved CDBG amount received by its State, minus any outstanding Section 108 commitments and/or principal balances on Section 108 loans for which the State has pledged its CDBG funds as security.
3. Nonentitlement public entities eligible under the HUD administered Small Cities Program. For a public entity in Hawaii, the maximum commitment amount is five times the public entity's latest grant under 24 CFR 570, Subpart F, minus any outstanding Section 108 commitments and/or principal balances on Section 108 loans.

Loan Details

Security: The principal security for the loan guarantee is a pledge by the applicant public entity or the State (in the case of a nonentitlement public entity) of its current and future CDBG funds. Additional security will also be required to assure repayment of guaranteed obligations. The additional security requirements will be determined on a case-by-case basis, but could include assets financed by the guaranteed loan.

Repayment: The maximum repayment period for a Section 108 loan is twenty years. HUD has the ability to structure the principal amortization to match the needs of the project and borrower. Each annual principal amount will have a separate interest rate associated with it.

Financing Source: Section 108 obligations are financed through underwritten public offerings. Financing between public offerings is provided through an interim lending facility established by HUD.

Interest Rates: Interest rates on interim borrowing are priced at the 3 month London Interbank Offered (LIBO) rate plus 20 basis points (0.2%). Permanent financing is pegged to yields on U.S. Treasury obligations of similar maturity to the principal amount. A small additional basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate.

Default: To date, there has been no default under Section 108 resulting in a repayment by HUD. In the event of default requiring a payment, HUD would continue to make payments on the loan in accordance with its terms. The source of payments by HUD pursuant to its guarantee would almost always be pledged CDBG funds. However, HUD does have borrowing authority with the U.S. Treasury if the pledged funds are insufficient.

For More Information visit www.hud.gov

Source: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/108

Exhibit D

CDBG Regulations and Other Program Requirements

Subpart A—General Provisions

SOURCE: 53 FR 34437, Sept. 6, 1988, unless otherwise noted.

§ 570.1 Purpose and primary objective.

(a) This part describes policies and procedures applicable to the following programs authorized under title I of the Housing and Community Development Act of 1974, as amended:

- (1) Entitlement grants program (subpart D);
- (2) Nonentitlement Funds: HUD-administered Small Cities and Insular Area programs (subpart F);
- (3) State program: State-administered CDBG nonentitlement funds (subpart I);
- (4) Special Purpose Grants (subpart E);
- (5) Urban Development Action Grant program (subpart G); and
- (6) Loan Guarantees (subpart M).

(b) Subparts A, C, J, K, and O apply to all programs in paragraph (a) except as modified or limited under the provisions of these subparts or the applicable program regulations. In the application of the subparts to Special Purpose Grants or the Urban Development Action Grant program, the reference to funds in the form of grants in the term “*CDBG funds*”, as defined in § 570.3, shall mean the grant funds under those programs. The subparts do not apply to the State program (subpart I) except to the extent expressly referred to.

(c) The primary objective of the programs authorized under title I of the Housing and Community Development Act of 1974, as amended, is described in section 101(c) of the Act (42 U.S.C. 5301(c)).

[53 FR 34437, Sept. 6, 1988, as amended at 56 FR 56126, Oct. 31, 1991; 61 FR 11475, Mar. 20, 1996; 69 FR 32778, June 10, 2004]

§ 570.3 Definitions.

The terms *HUD* and *Secretary* are defined in 24 CFR part 5. All of the following definitions in this section that rely on data from the United States Bureau of the Census shall rely upon the data available from the latest decennial census.

Act means title I of the Housing and Community Development Act of 1974 as amended (42 U.S.C. 5301 *et seq.*).

Age of housing means the number of year-round housing units, as further defined in section 102(a)(11) of the Act.

Applicant means a State or unit of general local government that makes application pursuant to the provisions of subpart E, F, G or M.

Buildings for the general conduct of government shall have the meaning provided in section 102(a)(21) of the Act.

CDBG funds means Community Development Block Grant funds, including funds received in the form of grants under subpart D, F, or § 570.405 of this part, funds awarded under section 108(q) of the Housing and Community Development Act of 1974, loans guaranteed under subpart M of this part, urban renewal surplus grant funds, and program income as defined in § 570.500(a).

Chief executive officer of a State or unit of general local government means the elected official or the legally designated official, who has the primary responsibility for the conduct of that entity's governmental affairs. Examples of the "chief executive officer" of a unit of general local government are: the elected mayor of a municipality; the elected county executive of a county; the chairperson of a county commission or board in a county that has no elected county executive; and the official designated pursuant to law by the governing body of a unit of general local government.

City means the following:

(1) For purposes of Entitlement Community Development Block Grant and Urban Development Action Grant eligibility:

(i) Any unit of general local government that is classified as a municipality by the United States Bureau of the Census, or

(ii) Any other unit of general local government that is a town or township and that, in the determination of the Secretary:

(A) Possesses powers and performs functions comparable to those associated with municipalities;

(B) Is closely settled (except that the Secretary may reduce or waive this requirement on a case by case basis for the purposes of the Action Grant program); and

(C) Contains within its boundaries no incorporated places as defined by the United States Bureau of the Census that have not entered into cooperation agreements with the town or township for a period covering at least 3 years to undertake or assist in the undertaking of essential community development and housing assistance activities. The determination of eligibility of a town or township to qualify as a city will be based on information available from the United States Bureau of the Census and information provided by the town or township and its included units of general local government.

(2) For purposes of Urban Development Action Grant eligibility only, Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, the counties of Kauai, Maui, and Hawaii in the State of Hawaii, and Indian tribes that are eligible recipients under the State and Local Government Fiscal Assistance Act of 1972 and located on reservations in Oklahoma as determined by the Secretary of the Interior or in Alaskan Native Villages.

Community Development Financial Institution has the same meaning as used in the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 note).

Consolidated plan. The plan prepared in accordance with 24 CFR part 91, which describes needs, resources, priorities and proposed activities to be undertaken with respect to HUD programs, including the CDBG program. An approved consolidated plan means a consolidated plan that has been approved by HUD in accordance with 24 CFR part 91.

Discretionary grant means a grant made from the various Special Purpose Grants in accordance with subpart E of this part.

Entitlement amount means the amount of funds which a metropolitan city is entitled to receive under the Entitlement grant program, as determined by formula set forth in section 106 of the Act.

Extent of growth lag shall have the meaning provided in section 102(a)(12) of the Act.

Extent of housing overcrowding shall have the meaning provided in section 102(a)(10) of the Act.

Extent of poverty means the number of persons whose incomes are below the poverty level based on data compiled and published by the United States Bureau of the Census available from the latest census referable to the same point or period in time and the latest reports from the Office of Management and Budget. For purposes of this part, the Secretary has determined that it is neither feasible nor appropriate to make adjustments at this time in the computations of “extent of poverty” for regional or area variations in income and cost of living.

Family refers to the definition of “family” in 24 CFR 5.403.

Household means all persons occupying a housing unit. The occupants may be a family, as defined in 24 CFR 5.403; two or more families living together; or any other group of related or unrelated persons who share living arrangements, regardless of actual or perceived, sexual orientation, gender identity, or marital status.

Income. For the purpose of determining whether a family or household is low- and moderate-income under subpart C of this part, grantees may select any of the three definitions listed below for each activity, except that integrally related activities of the same type and qualifying under the same paragraph of § 570.208(a) shall use the same definition of income. The option to choose a definition does not apply to activities that qualify under § 570.208(a)(1) (Area benefit activities), except when the recipient carries out a survey under § 570.208(a)(1)(vi). Activities qualifying under § 570.208(a)(1) generally must use the area income data supplied to recipients by HUD. The three definitions are as follows:

(1)(i) “Annual income” as defined under the Section 8 Housing Assistance Payments program at 24 CFR 813.106 (except that if the CDBG assistance being provided is homeowner rehabilitation under § 570.202, the value of the homeowner's primary residence may be excluded from any calculation of Net Family Assets); or

(ii) Annual income as reported under the Census long-form for the most recent available decennial Census. This definition includes:

(A) Wages, salaries, tips, commissions, etc.;

(B) Self-employment income from own nonfarm business, including proprietorships and partnerships;

(C) Farm self-employment income;

(D) Interest, dividends, net rental income, or income from estates or trusts;

(E) Social Security or railroad retirement;

(F) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;

(G) Retirement, survivor, or disability pensions; and

(H) Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony; or

(iii) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

(2) Estimate the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is provided for the individual, family, or household (as applicable). Estimated annual income shall include income from all family or household members, as applicable. Income or asset enhancement derived from the CDBG-assisted activity shall not be considered in calculating estimated annual income.

Insular area shall have the meaning provided in section 102(a)(24) of the Act.

Low- and moderate-income household means a household having an income equal to or less than the Section 8 low-income limit established by HUD.

Low- and moderate-income person means a member of a family having an income equal to or less than the Section 8 low-income limit established by HUD. Unrelated individuals will be considered as one-person families for this purpose.

Low-income household means a household having an income equal to or less than the Section 8 very low-income limit established by HUD.

Low-income person means a member of a family that has an income equal to or less than the Section 8 very low-income limit established by HUD. Unrelated individuals shall be considered as one-person families for this purpose.

Metropolitan area shall have the meaning provided in section 102(a)(3) of the Act.

Metropolitan city shall have the meaning provided in section 102(a)(4) of the Act except that the term "central city" is replaced by "principal city."

Microenterprise shall have the meaning provided in section 102(a)(22) of the Act.

Moderate-income household means a household having an income equal to or less than the Section 8 low-income limit and greater than the Section 8 very low-income limit, established by HUD.

Moderate-income person means a member of a family that has an income equal to or less than the Section 8 low-income limit and greater than the Section 8 very low-income limit, established by HUD. Unrelated individuals shall be considered as one-person families for this purpose.

Nonentitlement amount means the amount of funds which is allocated for use in a State's nonentitlement areas as determined by formula set forth in section 106 of the Act.

Nonentitlement area shall have the meaning provided in section 102(a)(7) of the Act.

Population means the total resident population based on data compiled and published by the United States Bureau of the Census available from the latest census or which has been upgraded by the Bureau to reflect the changes resulting from the Boundary and Annexation Survey, new incorporations and consolidations of governments pursuant to § 570.4, and which reflects, where applicable, changes resulting from the Bureau's latest population determination through its estimating technique using natural changes (birth and death) and net migration, and is referable to the same point or period in time.

Small business means a business that meets the criteria set forth in section 3(a) of the Small Business Act (15 U.S.C. 631, 636, 637).

State shall have the meaning provided in section 102(a)(2) of the Act.

Unit of general local government shall have the meaning provided in section 102(a)(1) of the Act.

Urban county shall have the meaning provided in section 102(a)(6) of the Act. For the purposes of this definition, HUD will determine whether the county's combined population contains the required percentage of low- and moderate-income persons by identifying the number of persons that resided in applicable areas and units of general local government based on data from the most recent decennial census, and using income limits that would have applied for the year in which that census was taken.

Urban Development Action Grant (UDAG) means a grant made by the Secretary pursuant to section 119 of the Act and subpart G of this part.

[53 FR 34437, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 56 FR 56126, Oct. 31, 1991; 60 FR 1915, 1943, Jan. 5, 1995; 60 FR 56909, Nov. 9, 1995; 61 FR 5209, Feb. 9, 1996; 61 FR 11475, Mar. 20, 1996; 61 FR 18674, Apr. 29, 1996; 68 FR 69582, Dec. 12, 2003; 69 FR 32778, June 10, 2004; 77 FR 5675, Feb. 3, 2012]

§ 570.4 Allocation of funds.

(a) The determination of eligibility of units of general local government to receive entitlement grants, the entitlement amounts, the allocation of appropriated funds to States for use in nonentitlement areas, the reallocation of funds, the allocation of appropriated funds to insular areas, and the allocation of appropriated funds for discretionary grants under the Secretary's Fund shall be governed by the policies and procedures described in sections 106 and 107 of the Act, as appropriate.

(b) The definitions in § 570.3 shall govern in applying the policies and procedures described in sections 106 and 107 of the Act.

(c) In determining eligibility for entitlement and in allocating funds under section 106 of the Act for any federal fiscal year, HUD will recognize corporate status and geographical boundaries and the status of metropolitan areas and principal cities effective as of July 1 preceding such federal fiscal year, subject to the following limitations:

(1) With respect to corporate status as certified by the applicable State and available for processing by the Census Bureau as of such date;

(2) With respect to boundary changes or annexations, as are used by the Census Bureau in preparing population estimates for all general purpose governmental units and are available for processing by the Census Bureau as of such date, except that any such boundary changes or annexations which result in the population of a unit of general local government reaching or exceeding 50,000 shall be recognized for this purpose whether or not such changes are used by the Census Bureau in preparing such population estimates; and

(3) With respect to the status of Metropolitan Statistical Areas and principal cities, as officially designated by the Office of Management and Budget as of such date.

(d) In determining whether a county qualifies as an urban county, and in computing entitlement amounts for urban counties, the demographic values of population, poverty, housing overcrowding, and age of housing of any Indian tribes located within the county shall be excluded. In allocating amounts to States for use in nonentitlement areas, the demographic values of population, poverty, housing overcrowding and age of housing of all Indian tribes located in all non-entitled areas shall be excluded. It is recognized that all

such data on Indian tribes are not generally available from the United States Bureau of the Census and that missing portions of data will have to be estimated. In accomplishing any such estimates the Secretary may use such other related information available from reputable sources as may seem appropriate, regardless of the data's point or period of time and shall use the best judgement possible in adjusting such data to reflect the same point or period of time as the overall data from which the Indian tribes are being deducted, so that such deduction shall not create an imbalance with those overall data.

(e) Amounts remaining after closeout of a grant which are required to be returned to HUD under the provisions of § 570.509, Grant closeout procedures, shall be considered as funds available for reallocation unless the appropriation under which the funds were provided to the Department has lapsed.

[53 FR 34437, Sept. 6, 1988, as amended at 68 FR 69582, Dec. 12, 2003; 69 FR 32778, June 10, 2004]

§ 570.5 Waivers.

HUD's authority for the waiver of regulations and for the suspension of requirements to address damage in a Presidentially declared disaster area is described in 24 CFR part 5 and in section 122 of the Act, respectively.

[61 FR 11476, Mar. 20, 1996]

Subpart B [Reserved]

Subpart C—Eligible Activities

SOURCE: 53 FR 34439, Sept. 6, 1988, unless otherwise noted.

§ 570.200 General policies.

(a) *Determination of eligibility.* An activity may be assisted in whole or in part with CDBG funds only if all of the following requirements are met:

(1) *Compliance with section 105 of the Act.* Each activity must meet the eligibility requirements of section 105 of the Act as further defined in this subpart.

(2) *Compliance with national objectives.* Grant recipients under the Entitlement and HUD-administered Small Cities programs and recipients of insular area funds under section 106 of the Act must certify that their projected use of funds has been developed so as to give maximum feasible priority to activities which will carry out one of the national objectives of benefit to low- and moderate-income families or aid in the prevention or elimination of slums or blight. The projected use of funds may also include activities that the recipient certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs. Consistent with the foregoing, each recipient under the Entitlement or HUD-administered Small Cities programs, and each recipient of insular area funds under section 106 of the Act must ensure and maintain evidence that each of its activities assisted with CDBG funds meets one of the three national objectives as contained in its certification. Criteria for determining whether an activity addresses one or more of these objectives are found in § 570.208.

(3) *Compliance with the primary objective.* The primary objective of the Act is described in section 101(c) of the Act. Consistent with this objective, entitlement recipients, non-entitlement CDBG grantees in Hawaii, and recipients of insular area funds under section 106 of the Act must ensure that, over a period of time specified in their certification not to exceed three years, not less than 70 percent of the aggregate of CDBG fund expenditures shall be for activities meeting the criteria under § 570.208(a) or under

§ 570.208(d)(5) or (6) for benefiting low- and moderate-income persons. For grants under section 107 of the Act, insular area recipients must meet this requirement for each separate grant. See § 570.420(d)(3) for additional discussion of the primary objective requirement for insular areas funded under section 106 of the Act. The requirements for the HUD-administered Small Cities program in New York are at § 570.420(d)(2). In determining the percentage of funds expended for such activities:

(i) Cost of administration and planning eligible under § 570.205 and § 570.206 will be assumed to benefit low and moderate income persons in the same proportion as the remainder of the CDBG funds and, accordingly shall be excluded from the calculation;

(ii) Funds deducted by HUD for repayment of urban renewal temporary loans pursuant to § 570.802(b) shall be excluded;

(iii) Funds expended for the repayment of loans guaranteed under the provisions of subpart M shall also be excluded;

(iv) Funds expended for the acquisition, new construction or rehabilitation of property for housing that qualifies under § 570.208(a)(3) shall be counted for this purpose but shall be limited to an amount determined by multiplying the total cost (including CDBG and non-CDBG costs) of the acquisition, construction or rehabilitation by the percent of units in such housing to be occupied by low and moderate income persons.

(v) Funds expended for any other activities qualifying under § 570.208(a) shall be counted for this purpose in their entirety.

(4) *Compliance with environmental review procedures.* The environmental review procedures set forth at 24 CFR part 58 must be completed for each activity (or project as defined in 24 CFR part 58), as applicable.

(5) *Cost principles.* Costs incurred, whether charged on a direct or an indirect basis, must be in conformance with 2 CFR PART 200 ¹ All items of cost listed in Attachment B of these Circulars that require prior Federal agency approval are allowable without prior approval of HUD to the extent they comply with the general policies and principles stated in Attachment A of such circulars and are otherwise eligible under this subpart C, except for the following:

¹ These circulars are available from the American Communities Center by calling the following toll-free numbers: (800) 998-9999 or (800) 483-2209 (TDD).

(i) Depreciation methods for fixed assets shall not be changed without HUD's specific approval or, if charged through a cost allocation plan, the Federal cognizant agency.

(ii) Fines and penalties (including punitive damages) are unallowable costs to the CDBG program.

(iii) Pre-award costs are limited to those authorized under paragraph (h) of this section.

(b) *Special policies governing facilities.* The following special policies apply to:

(1) *Facilities containing both eligible and ineligible uses.* A public facility otherwise eligible for assistance under the CDBG program may be provided with CDBG funds even if it is part of a multiple use building containing ineligible uses, if:

(i) The facility which is otherwise eligible and proposed for assistance will occupy a designated and discrete area within the larger facility; and

(ii) The recipient can determine the costs attributable to the facility proposed for assistance as separate and distinct from the overall costs of the multiple-use building and/or facility.

Allowable costs are limited to those attributable to the eligible portion of the building or facility.

(2) *Fees for use of facilities.* Reasonable fees may be charged for the use of the facilities assisted with CDBG funds, but charges such as excessive membership fees, which will have the effect of precluding low and moderate income persons from using the facilities, are not permitted.

(c) *Special assessments under the CDBG program.* The following policies relate to special assessments under the CDBG program:

(1) *Definition of special assessment.* The term “special assessment” means the recovery of the capital costs of a public improvement, such as streets, water or sewer lines, curbs, and gutters, through a fee or charge levied or filed as a lien against a parcel of real estate as a direct result of benefit derived from the installation of a public improvement, or a one-time charge made as a condition of access to a public improvement. This term does not relate to taxes, or the establishment of the value of real estate for the purpose of levying real estate, property, or ad valorem taxes, and does not include periodic charges based on the use of a public improvement, such as water or sewer user charges, even if such charges include the recovery of all or some portion of the capital costs of the public improvement.

(2) *Special assessments to recover capital costs.* Where CDBG funds are used to pay all or part of the cost of a public improvement, special assessments may be imposed as follows:

(i) Special assessments to recover the CDBG funds may be made only against properties owned and occupied by persons not of low and moderate income. Such assessments constitute program income.

(ii) Special assessments to recover the non-CDBG portion may be made provided that CDBG funds are used to pay the special assessment in behalf of all properties owned and occupied by low and moderate income persons; except that CDBG funds need not be used to pay the special assessments in behalf of properties owned and occupied by moderate income persons if the grant recipient certifies that it does not have sufficient CDBG funds to pay the assessments in behalf of all of the low and moderate income owner-occupant persons. Funds collected through such special assessments are not program income.

(3) *Public improvements not initially assisted with CDBG funds.* The payment of special assessments with CDBG funds constitutes CDBG assistance to the public improvement. Therefore, CDBG funds may be used to pay special assessments provided:

(i) The installation of the public improvements was carried out in compliance with requirements applicable to activities assisted under this part including environmental, citizen participation and Davis-Bacon requirements;

(ii) The installation of the public improvement meets a criterion for national objectives in § 570.208(a)(1), (b), or (c); and

(iii) The requirements of § 570.200(c)(2)(ii) are met.

(d) *Consultant activities.* Consulting services are eligible for assistance under this part for professional assistance in program planning, development of community development objectives, and other general professional guidance relating to program execution. The use of consultants is governed by the following:

(1) *Employer-employee type of relationship.* No person providing consultant services in an employer-employee type of relationship shall receive more than a reasonable rate of compensation for personal services paid with CDBG funds. In no event, however, shall such compensation exceed the equivalent of

the daily rate paid for Level IV of the Executive Schedule. Such services shall be evidenced by written agreements between the parties which detail the responsibilities, standards, and compensation.

(2) *Independent contractor relationship.* Consultant services provided under an independent contractor relationship are governed by the procurement requirements in 24 CFR 85.36, and are not subject to the compensation limitation of Level IV of the Executive Schedule.

(e) *Recipient determinations required as a condition of eligibility.* In several instances under this subpart, the eligibility of an activity depends on a special local determination. Recipients shall maintain documentation of all such determinations. A written determination is required for any activity carried out under the authority of §§ 570.201(f), 570.201(i)(2), 570.201(p), 570.201(q), 570.202(b)(3), 570.206(f), 570.209, 570.210, and 570.309.

(f) *Means of carrying out eligible activities.* (1) Activities eligible under this subpart, other than those authorized under § 570.204(a), may be undertaken, subject to local law:

(i) By the recipient through:

(A) Its employees, or

(B) Procurement contracts governed by the requirements of 24 CFR 85.36; or

(ii) Through loans or grants under agreements with subrecipients, as defined at § 570.500(c); or

(iii) By one or more public agencies, including existing local public agencies, that are designated by the chief executive officer of the recipient.

(2) Activities made eligible under § 570.204(a) may only be undertaken by entities specified in that section.

(g) *Limitation on planning and administrative costs.* No more than 20 percent of the sum of any grant, plus program income, shall be expended for planning and program administrative costs, as defined in §§ 570.205 and 570.206, respectively. Recipients of entitlement grants under subpart D of this part shall conform with this requirement by limiting the amount of CDBG funds obligated for planning plus administration during each program year to an amount no greater than 20 percent of the sum of its entitlement grant made for that program year (if any) plus the program income received by the recipient and its subrecipients (if any) during that program year.

(h) *Reimbursement for pre-award costs.* The effective date of the grant agreement is the program year start date or the date that the consolidated plan is received by HUD, whichever is later. For a Section 108 loan guarantee, the effective date of the grant agreement is the date of HUD execution of the grant agreement amendment for the particular loan guarantee commitment.

(1) Prior to the effective date of the grant agreement, a recipient may incur costs or may authorize a subrecipient to incur costs, and then after the effective date of the grant agreement pay for those costs using its CDBG funds, provided that:

(i) The activity for which the costs are being incurred is included, prior to the costs being incurred, in a consolidated plan action plan, an amended consolidated plan action plan, or an application under subpart M of this part, except that a new entitlement grantee preparing to receive its first allocation of CDBG funds may incur costs necessary to develop its consolidated plan and undertake other administrative actions necessary to receive its first grant, prior to the costs being included in its consolidated plan;

(ii) Citizens are advised of the extent to which these pre-award costs will affect future grants;

(iii) The costs and activities funded are in compliance with the requirements of this part and with the Environmental Review Procedures stated in 24 CFR part 58;

(iv) The activity for which payment is being made complies with the statutory and regulatory provisions in effect at the time the costs are paid for with CDBG funds;

(v) CDBG payment will be made during a time no longer than the next two program years following the effective date of the grant agreement or amendment in which the activity is first included; and

(vi) The total amount of pre-award costs to be paid during any program year pursuant to this provision is no more than the greater of 25 percent of the amount of the grant made for that year or \$300,000.

(2) Upon the written request of the recipient, HUD may authorize payment of pre-award costs for activities that do not meet the criteria at paragraph (h)(1)(v) or (h)(1)(vi) of this section, if HUD determines, in writing, that there is good cause for granting an exception upon consideration of the following factors, as applicable:

(i) Whether granting the authority would result in a significant contribution to the goals and purposes of the CDBG program;

(ii) Whether failure to grant the authority would result in undue hardship to the recipient or beneficiaries of the activity;

(iii) Whether granting the authority would not result in a violation of a statutory provision or any other regulatory provision;

(iv) Whether circumstances are clearly beyond the recipient's control; or

(v) Any other relevant considerations.

(i) *Urban Development Action Grant.* Grant assistance may be provided with Urban Development Action Grant funds, subject to the provisions of subpart G, for:

(1) Activities eligible for assistance under this subpart; and

(2) Notwithstanding the provisions of § 570.207, such other activities as the Secretary may determine to be consistent with the purposes of the Urban Development Action Grant program.

(j) *Faith-based activities.* (1) Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the CDBG program. Neither the Federal government nor a State or local government receiving funds under CDBG programs shall discriminate against an organization on the basis of the organization's religious character or affiliation.

(2) Organizations that are directly funded under the CDBG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the programs or services funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.

(3) A religious organization that participates in the CDBG program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct CDBG funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide CDBG-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, a CDBG-funded

religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

(4) An organization that participates in the CDBG program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

(5) CDBG funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. CDBG funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. Where a structure is used for both eligible and inherently religious activities, CDBG funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to CDBG funds in this part. Sanctuaries, chapels, or other rooms that a CDBG-funded religious congregation uses as its principal place of worship, however, are ineligible for CDBG-funded improvements. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).

(6) If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

[53 FR 34439, Sept. 6, 1988, as amended at 54 FR 47031, Nov. 8, 1989; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 56910, Nov. 9, 1995; 61 FR 11476, Mar. 20, 1996; 61 FR 18674, Apr. 29, 1996; 65 FR 70215, Nov. 21, 2000; 68 FR 56404, Sept. 30, 2003; 69 FR 32778, June 10, 2004; 70 FR 76369, Dec. 23, 2005; 72 FR 46370, Aug. 17, 2007]

§ 570.201 Basic eligible activities.

CDBG funds may be used for the following activities:

(a) *Acquisition.* Acquisition in whole or in part by the recipient, or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property (including air rights, water rights, rights-of-way, easements, and other interests therein) for any public purpose, subject to the limitations of § 570.207.

(b) *Disposition.* Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property or property acquired under urban renewal, provided that the proceeds from any such disposition shall be program income subject to the requirements set forth in § 570.504.

(c) *Public facilities and improvements.* Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, except as provided in § 570.207(a), carried out by the recipient or other public or private nonprofit entities. (However, activities under this paragraph may be directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements, including those provided for in § 570.207(a)(1).) In undertaking such activities, design features and improvements which promote energy efficiency may be included. Such activities may also include the execution of architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as decorative pavements, railings, sculptures, pools of water and fountains, and other works of art. Facilities designed for use in providing shelter for persons having special needs are considered public facilities and not subject to the prohibition of new housing construction described in § 570.207(b)(3). Such facilities include shelters for the homeless; convalescent homes; hospitals, nursing homes; battered spouse shelters; halfway houses for run-away children, drug offenders or parolees; group

homes for mentally retarded persons and temporary housing for disaster victims. In certain cases, nonprofit entities and subrecipients including those specified in § 570.204 may acquire title to public facilities. When such facilities are owned by nonprofit entities or subrecipients, they shall be operated so as to be open for use by the general public during all normal hours of operation. Public facilities and improvements eligible for assistance under this paragraph are subject to the policies in § 570.200(b).

(d) *Clearance and remediation activities.* Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites and remediation of known or suspected environmental contamination. Demolition of HUD-assisted or HUD-owned housing units may be undertaken only with the prior approval of HUD. Remediation may include project-specific environmental assessment costs not otherwise eligible under § 570.205.

(e) *Public services.* Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payments identified under § 570.207(b)(4)), homebuyer down payment assistance, or recreational needs. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by the unit or received by the unit from the State in which it is located) in the 12 calendar months before the submission of the action plan. (An exception to this requirement may be made if HUD determines that any decrease in the level of a service was the result of events not within the control of the unit of general local government.) The amount of CDBG funds used for public services shall not exceed paragraphs (e) (1) or (2) of this section, as applicable:

(1) The amount of CDBG funds used for public services shall not exceed 15 percent of each grant, except that for entitlement grants made under subpart D of this part, the amount shall not exceed 15 percent of the grant plus 15 percent of program income, as defined in § 570.500(a). For entitlement grants under subpart D of this part, compliance is based on limiting the amount of CDBG funds obligated for public service activities in each program year to an amount no greater than 15 percent of the entitlement grant made for that program year plus 15 percent of the program income received during the grantee's immediately preceding program year.

(2) A recipient which obligated more CDBG funds for public services than 15 percent of its grant funded from Federal fiscal year 1982 or 1983 appropriations (excluding program income and any assistance received under Public Law 98-8), may obligate more CDBG funds than allowable under paragraph (e)(1) of this section, so long as the total amount obligated in any program year does not exceed:

(i) For an entitlement grantee, 15% of the program income it received during the preceding program year; plus

(ii) A portion of the grant received for the program year which is the highest of the following amounts:

(A) The amount determined by applying the percentage of the grant it obligated for public services in the 1982 program year against the grant for its current program year;

(B) The amount determined by applying the percentage of the grant it obligated for public services in the 1983 program year against the grant for its current program year;

(C) The amount of funds it obligated for public services in the 1982 program year; or,

(D) The amount of funds it obligated for public services in the 1983 program year.

(f) *Interim assistance.* (1) The following activities may be undertaken on an interim basis in areas exhibiting objectively determinable signs of physical deterioration where the recipient has determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable:

(i) The repairing of streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings; and

(ii) The execution of special garbage, trash, and debris removal, including neighborhood cleanup campaigns, but not the regular curbside collection of garbage or trash in an area.

(2) In order to alleviate emergency conditions threatening the public health and safety in areas where the chief executive officer of the recipient determines that such an emergency condition exists and requires immediate resolution, CDBG funds may be used for:

(i) The activities specified in paragraph (f)(1) of this section, except for the repair of parks and playgrounds;

(ii) The clearance of streets, including snow removal and similar activities, and

(iii) The improvement of private properties.

(3) All activities authorized under paragraph (f)(2) of this section are limited to the extent necessary to alleviate emergency conditions.

(g) *Payment of non-Federal share.* Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of CDBG activities, provided, that such payment shall be limited to activities otherwise eligible and in compliance with applicable requirements under this subpart.

(h) *Urban renewal completion.* Payment of the cost of completing an urban renewal project funded under title I of the Housing Act of 1949 as amended. Further information regarding the eligibility of such costs is set forth in § 570.801.

(i) *Relocation.* Relocation payments and other assistance for permanently and temporarily relocated individuals families, businesses, nonprofit organizations, and farm operations where the assistance is (1) required under the provisions of § 570.606 (b) or (c); or (2) determined by the grantee to be appropriate under the provisions of § 570.606(d).

(j) *Loss of rental income.* Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by program activities assisted under this part.

(k) *Housing services.* Housing services, as provided in section 105(a)(21) of the Act (42 U.S.C. 5305(a)(21)).

(l) *Privately owned utilities.* CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.

(m) *Construction of housing.* CDBG funds may be used for the construction of housing assisted under section 17 of the United States Housing Act of 1937.

(n) *Homeownership assistance.* CDBG funds may be used to provide direct homeownership assistance to low- or moderate-income households in accordance with section 105(a) of the Act.

(o)(1) The provision of assistance either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for-profit subrecipients) to facilitate economic development by:

(i) Providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization, and expansion of microenterprises;

(ii) Providing technical assistance, advice, and business support services to owners of microenterprises and persons developing microenterprises; and

(iii) Providing general support, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, to owners of microenterprises and persons developing microenterprises.

(2) Services provided this paragraph (o) shall not be subject to the restrictions on public services contained in paragraph (e) of this section.

(3) For purposes of this paragraph (o), “persons developing microenterprises” means such persons who have expressed interest and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.

(4) Assistance under this paragraph (o) may also include training, technical assistance, or other support services to increase the capacity of the recipient or subrecipient to carry out the activities under this paragraph (o).

(p) *Technical assistance.* Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities. (The recipient must determine, prior to the provision of the assistance, that the activity for which it is attempting to build capacity would be eligible for assistance under this subpart C, and that the national objective claimed by the grantee for this assistance can reasonably be expected to be met once the entity has received the technical assistance and undertakes the activity.) Capacity building for private or public entities (including grantees) for other purposes may be eligible under § 570.205.

(q) *Assistance to institutions of higher education.* Provision of assistance by the recipient to institutions of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out eligible activities under this subpart C.

[53 FR 34439, Sept. 6, 1988, as amended at 53 FR 31239, Aug. 17, 1988; 55 FR 29308, July 18, 1990; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 5, 1995; 60 FR 56911, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 65 FR 70215, Nov. 21, 2000; 67 FR 47213, July 17, 2002; 71 FR 30034, May 24, 2006]

§ 570.202 *Eligible rehabilitation and preservation activities.*

(a) *Types of buildings and improvements eligible for rehabilitation assistance.* CDBG funds may be used to finance the rehabilitation of:

(1) Privately owned buildings and improvements for residential purposes; improvements to a single-family residential property which is also used as a place of business, which are required in order to operate the business, need not be considered to be rehabilitation of a commercial or industrial building, if the improvements also provide general benefit to the residential occupants of the building;

(2) Low-income public housing and other publicly owned residential buildings and improvements;

(3) Publicly or privately owned commercial or industrial buildings, except that the rehabilitation of such buildings owned by a private for-profit business is limited to improvement to the exterior of the building, abatement of asbestos hazards, lead-based paint hazard evaluation and reduction, and the correction of code violations;

(4) Nonprofit-owned nonresidential buildings and improvements not eligible under § 570.201(c); and

(5) Manufactured housing when such housing constitutes part of the community's permanent housing stock.

(b) *Types of assistance.* CDBG funds may be used to finance the following types of rehabilitation activities, and related costs, either singly, or in combination, through the use of grants, loans, loan guarantees, interest supplements, or other means for buildings and improvements described in paragraph (a) of this section, except that rehabilitation of commercial or industrial buildings is limited as described in paragraph (a)(3) of this section.

(1) Assistance to private individuals and entities, including profit making and nonprofit organizations, to acquire for the purpose of rehabilitation, and to rehabilitate properties, for use or resale for residential purposes;

(2) Labor, materials, and other costs of rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures and improvements, abatement of asbestos hazards (and other contaminants) in buildings and improvements that may be undertaken singly, or in combination;

(3) Loans for refinancing existing indebtedness secured by a property being rehabilitated with CDBG funds if such financing is determined by the recipient to be necessary or appropriate to achieve the locality's community development objectives;

(4) Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment;

(5) Improvements to increase the efficient use of water through such means as water savings faucets and shower heads and repair of water leaks;

(6) Connection of residential structures to water distribution lines or local sewer collection lines;

(7) For rehabilitation carried out with CDBG funds, costs of:

(i) Initial homeowner warranty premiums;

(ii) Hazard insurance premiums, except where assistance is provided in the form of a grant; and

(iii) Flood insurance premiums for properties covered by the Flood Disaster Protection Act of 1973, pursuant to § 570.605.

(8) Costs of acquiring tools to be lent to owners, tenants, and others who will use such tools to carry out rehabilitation;

(9) Rehabilitation services, such as rehabilitation counseling, energy auditing, preparation of work specifications, loan processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in rehabilitation activities authorized under this section, under section 312 of the Housing Act of 1964, as amended, under section 810 of the Act, or under section 17 of the United States Housing Act of 1937;

(10) Assistance for the rehabilitation of housing under section 17 of the United States Housing Act of 1937; and

(11) Improvements designed to remove material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to buildings and improvements eligible for assistance under paragraph (a) of this section.

(c) *Code enforcement.* Costs incurred for inspection for code violations and enforcement of codes (e.g., salaries and related expenses of code enforcement inspectors and legal proceedings, but not including the cost of correcting the violations) in deteriorating or deteriorated areas when such enforcement together with public or private improvements, rehabilitation, or services to be provided may be expected to arrest the decline of the area.

(d) *Historic preservation.* CDBG funds may be used for the rehabilitation, preservation or restoration of historic properties, whether publicly or privately owned. Historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in a State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law or ordinance. Historic preservation, however, is not authorized for buildings for the general conduct of government.

(e) *Renovation of closed buildings.* CDBG funds may be used to renovate closed buildings, such as closed school buildings, for use as an eligible public facility or to rehabilitate such buildings for housing.

(f) *Lead-based paint activities.* Lead-based paint activities pursuant to § 570.608.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1944, Jan. 5, 1995; 60 FR 56911, Nov. 9, 1995; 64 FR 50225, Sept. 15, 1999; 71 FR 30035, May 24, 2006]

§ 570.203 *Special economic development activities.*

A recipient may use CDBG funds for special economic development activities in addition to other activities authorized in this subpart that may be carried out as part of an economic development project. Guidelines for selecting activities to assist under this paragraph are provided at § 570.209. The recipient must ensure that the appropriate level of public benefit will be derived pursuant to those guidelines before obligating funds under this authority. Special activities authorized under this section do not include assistance for the construction of new housing. Activities eligible under this section may include costs associated with project-specific assessment or remediation of known or suspected environmental contamination. Special economic development activities include:

(a) The acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements, including railroad spurs or similar extensions. Such activities may be carried out by the recipient or public or private nonprofit subrecipients.

(b) The provision of assistance to a private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance, and other forms of support, for any activity where the assistance is appropriate to carry out an economic development project, excluding those described as ineligible in § 570.207(a). In selecting businesses to assist under this authority, the recipient shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods.

(c) Economic development services in connection with activities eligible under this section, including, but not limited to, outreach efforts to market available forms of assistance; screening of applicants; reviewing and underwriting applications for assistance; preparation of all necessary agreements; management of assisted activities; and the screening, referral, and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities, including the costs of providing necessary training for persons filling those positions.

[53 FR 34439, Sept. 6, 1988, as amended at 60 FR 1944, Jan. 5, 1995; 71 FR 30035, May 24, 2006]

§ 570.204 Special activities by Community-Based Development Organizations (CBDOs).

(a) *Eligible activities.* The recipient may provide CDBG funds as grants or loans to any CBDO qualified under this section to carry out a neighborhood revitalization, community economic development, or energy conservation project. The funded project activities may include those listed as eligible under this subpart, and, except as described in paragraph (b) of this section, activities not otherwise listed as eligible under this subpart. For purposes of qualifying as a project under paragraphs (a)(1), (a)(2), and (a)(3) of this section, the funded activity or activities may be considered either alone or in concert with other project activities either being carried out or for which funding has been committed. For purposes of this section:

(1) Neighborhood revitalization project includes activities of sufficient size and scope to have an impact on the decline of a geographic location within the jurisdiction of a unit of general local government (but not the entire jurisdiction) designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation; or the entire jurisdiction of a unit of general local government which is under 25,000 population;

(2) Community economic development project includes activities that increase economic opportunity, principally for persons of low- and moderate-income, or that stimulate or retain businesses or permanent jobs, including projects that include one or more such activities that are clearly needed to address a lack of affordable housing accessible to existing or planned jobs and those activities specified at 24 CFR 91.1(a)(1)(iii); activities under this paragraph may include costs associated with project-specific assessment or remediation of known or suspected environmental contamination;

(3) Energy conservation project includes activities that address energy conservation, principally for the benefit of the residents of the recipient's jurisdiction; and

(4) To carry out a project means that the CBDO undertakes the funded activities directly or through contract with an entity other than the grantee, or through the provision of financial assistance for activities in which it retains a direct and controlling involvement and responsibilities.

(b) *Ineligible activities.* Notwithstanding that CBDOs may carry out activities that are not otherwise eligible under this subpart, this section does not authorize:

(1) Carrying out an activity described as ineligible in § 570.207(a);

(2) Carrying out public services that do not meet the requirements of § 570.201(e), except that:

(i) Services carried out under this section that are specifically designed to increase economic opportunities through job training and placement and other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services; and

(ii) Services of any type carried out under this section pursuant to a strategy approved by HUD under the provisions of 24 CFR 91.215(e) shall not be subject to the limitations in § 570.201(e)(1) or (2), as applicable;

(3) Providing assistance to activities that would otherwise be eligible under § 570.203 that do not meet the requirements of § 570.209; or

(4) Carrying out an activity that would otherwise be eligible under § 570.205 or § 570.206, but that would result in the recipient's exceeding the spending limitation in § 570.200(g).

(c) *Eligible CBDOs.* (1) A CBDO qualifying under this section is an organization which has the following characteristics:

(i) Is an association or corporation organized under State or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation within the jurisdiction of the recipient, or in the case of an urban county, the jurisdiction of the county; and

(ii) Has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation by addressing one or more critical problems of the area, with particular attention to the needs of persons of low and moderate income; and

(iii) May be either non-profit or for-profit, provided any monetary profits to its shareholders or members must be only incidental to its operations; and

(iv) Maintains at least 51 percent of its governing body's membership for low- and moderate-income residents of its geographic area of operation, owners or senior officers of private establishments and other institutions located in and serving its geographic area of operation, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation; and

(v) Is not an agency or instrumentality of the recipient and does not permit more than one-third of the membership of its governing body to be appointed by, or to consist of, elected or other public officials or employees or officials of an ineligible entity (even though such persons may be otherwise qualified under paragraph (c)(1)(iv) of this section); and

(vi) Except as otherwise authorized in paragraph (c)(1)(v) of this section, requires the members of its governing body to be nominated and approved by the general membership of the organization, or by its permanent governing body; and

(vii) Is not subject to requirements under which its assets revert to the recipient upon dissolution; and

(viii) Is free to contract for goods and services from vendors of its own choosing.

(2) A CBDO that does not meet the criteria in paragraph (c)(1) of this section may also qualify as an eligible entity under this section if it meets one of the following requirements:

(i) Is an entity organized pursuant to section 301(d) of the Small Business Investment Act of 1958 (15 U.S.C. 681(d)), including those which are profit making; or

(ii) Is an SBA approved Section 501 State Development Company or Section 502 Local Development Company, or an SBA Certified Section 503 Company under the Small Business Investment Act of 1958, as amended; or

(iii) Is a Community Housing Development Organization (CHDO) under 24 CFR 92.2, designated as a CHDO by the HOME Investment Partnerships program participating jurisdiction, with a geographic area of operation of no more than one neighborhood, and has received HOME funds under 24 CFR 92.300 or is expected to receive HOME funds as described in and documented in accordance with 24 CFR 92.300(e).

(3) A CBDO that does not qualify under paragraph (c)(1) or (2) of this section may also be determined to qualify as an eligible entity under this section if the recipient demonstrates to the satisfaction of HUD, through the provision of information regarding the organization's charter and by-laws, that the organization is sufficiently similar in purpose, function, and scope to those entities qualifying under paragraph (c)(1) or (2) of this section.

[60 FR 1944, Jan. 5, 1995, as amended at 71 FR 30035, May 24, 2006]

§ 570.205 Eligible planning, urban environmental design and policy-planning-management-capacity building activities.

(a) Planning activities which consist of all costs of data gathering, studies, analysis, and preparation of plans and the identification of actions that will implement such plans, including, but not limited to:

(1) Comprehensive plans;

(2) Community development plans;

(3) Functional plans, in areas such as:

(i) Housing, including the development of a consolidated plan;

(ii) Land use and urban environmental design;

(iii) Economic development;

(iv) Open space and recreation;

(v) Energy use and conservation;

(vi) Floodplain and wetlands management in accordance with the requirements of Executive Orders 11988 and 11990;

(vii) Transportation;

(viii) Utilities; and

(ix) Historic preservation.

(4) Other plans and studies such as:

(i) Small area and neighborhood plans;

(ii) Capital improvements programs;

(iii) Individual project plans (but excluding engineering and design costs related to a specific activity which are eligible as part of the cost of such activity under §§ 570.201-570.204);

(iv) The reasonable costs of general environmental, urban environmental design and historic preservation studies; and general environmental assessment- and remediation-oriented planning related to properties with known or suspected environmental contamination. However, costs necessary to comply with 24 CFR part 58, including project specific environmental assessments and clearances for activities eligible for assistance under this part, are eligible as part of the cost of such activities under §§ 570.201-570.204. Costs for such specific assessments and clearances may also be incurred under this paragraph but would then be considered planning costs for the purposes of § 570.200(g);

(v) Strategies and action programs to implement plans, including the development of codes, ordinances and regulations;

- (vi) Support of clearinghouse functions, such as those specified in Executive Order 12372; and
- (vii) Analysis of impediments to fair housing choice.
- (viii) Developing an inventory of properties with known or suspected environmental contamination.
- (5) [Reserved]
- (6) Policy—planning—management—capacity building activities which will enable the recipient to:
 - (1) Determine its needs;
 - (2) Set long-term goals and short-term objectives, including those related to urban environmental design;
 - (3) Devise programs and activities to meet these goals and objectives;
 - (4) Evaluate the progress of such programs and activities in accomplishing these goals and objectives; and
 - (5) Carry out management, coordination and monitoring of activities necessary for effective planning implementation, but excluding the costs necessary to implement such plans.

[53 FR 34439, Sept. 6, 1988, as amended at 56 FR 56127, Oct. 31, 1991; 60 FR 1915, Jan. 5, 1995; 71 FR 30035, May 24, 2006]

§ 570.206 *Program administrative costs.*

Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development activities assisted in whole or in part with funds provided under this part and, where applicable, housing activities (described in paragraph (g) of this section) covered in the recipient's housing assistance plan. This does not include staff and overhead costs directly related to carrying out activities eligible under § 570.201 through § 570.204, since those costs are eligible as part of such activities.

(a) *General management, oversight and coordination.* Reasonable costs of overall program management, coordination, monitoring, and evaluation. Such costs include, but are not necessarily limited to, necessary expenditures for the following:

(1) Salaries, wages, and related costs of the recipient's staff, the staff of local public agencies, or other staff engaged in program administration. In charging costs to this category the recipient may either include the entire salary, wages, and related costs allocable to the program of each person whose *primary* responsibilities with regard to the program involve program administration assignments, or the pro rata share of the salary, wages, and related costs of each person whose job includes *any* program administration assignments. The recipient may use only one of these methods during the program year (or the grant period for grants under subpart F). Program administration includes the following types of assignments:

- (i) Providing local officials and citizens with information about the program;
- (ii) Preparing program budgets and schedules, and amendments thereto;
- (iii) Developing systems for assuring compliance with program requirements;
- (iv) Developing interagency agreements and agreements with subrecipients and contractors to carry out program activities;

- (v) Monitoring program activities for progress and compliance with program requirements;
 - (vi) Preparing reports and other documents related to the program for submission to HUD;
 - (vii) Coordinating the resolution of audit and monitoring findings;
 - (viii) Evaluating program results against stated objectives; and
 - (ix) Managing or supervising persons whose primary responsibilities with regard to the program include such assignments as those described in paragraph (a)(1)(i) through (viii) of this section.
- (2) Travel costs incurred for official business in carrying out the program;
 - (3) Administrative services performed under third party contracts or agreements, including such services as general legal services, accounting services, and audit services; and
 - (4) Other costs for goods and services required for administration of the program, including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space.
- (b) *Public information.* The provisions of information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of activities being assisted with CDBG funds.
- (c) *Fair housing activities.* Provision of fair housing services designed to further the fair housing objectives of the Fair Housing Act (42 U.S.C. 3601-20) by making all persons, without regard to race, color, religion, sex, national origin, familial status or handicap, aware of the range of housing opportunities available to them; other fair housing enforcement, education, and outreach activities; and other activities designed to further the housing objective of avoiding undue concentrations of assisted persons in areas containing a high proportion of low and moderate income persons.
- (d) [Reserved]
- (e) *Indirect costs.* Indirect costs may be charged to the CDBG program under a cost allocation plan prepared in accordance with 2 CFR PART 200 as applicable.
- (f) *Submission of applications for federal programs.* Preparation of documents required for submission to HUD to receive funds under the CDBG and UDAG programs. In addition, CDBG funds may be used to prepare applications for other Federal programs where the recipient determines that such activities are necessary or appropriate to achieve its community development objectives.
- (g) *Administrative expenses to facilitate housing.* CDBG funds may be used for necessary administrative expenses in planning or obtaining financing for housing as follows: for entitlement recipients, assistance authorized by this paragraph is limited to units which are identified in the recipient's HUD approved housing assistance plan; for HUD-administered small cities recipients, assistance authorized by the paragraph is limited to facilitating the purchase or occupancy of existing units which are to be occupied by low and moderate income households, or the construction of rental or owner units where at least 20 percent of the units in each project will be occupied at affordable rents/costs by low and moderate income persons. Examples of eligible actions are as follows:
- (1) The cost of conducting preliminary surveys and analysis of market needs;
 - (2) Site and utility plans, narrative descriptions of the proposed construction, preliminary cost estimates, urban design documentation, and "sketch drawings," but excluding architectural, engineering, and other

details ordinarily required for construction purposes, such as structural, electrical, plumbing, and mechanical details;

(3) Reasonable costs associated with development of applications for mortgage and insured loan commitments, including commitment fees, and of applications and proposals under the Section 8 Housing Assistance Payments Program pursuant to 24 CFR parts 880-883;

(4) Fees associated with processing of applications for mortgage or insured loan commitments under programs including those administered by HUD, Farmers Home Administration (FmHA), Federal National Mortgage Association (FNMA), and the Government National Mortgage Association (GNMA);

(5) The cost of issuance and administration of mortgage revenue bonds used to finance the acquisition, rehabilitation or construction of housing, but excluding costs associated with the payment or guarantee of the principal or interest on such bonds; and

(6) Special outreach activities which result in greater landlord participation in Section 8 Housing Assistance Payments Program-Existing Housing or similar programs for low and moderate income persons.

(h) *Section 17 of the United States Housing Act of 1937.* Reasonable costs equivalent to those described in paragraphs (a), (b), (e) and (f) of this section for overall program management of the Rental Rehabilitation and Housing Development programs authorized under section 17 of the United States Housing Act of 1937, whether or not such activities are otherwise assisted with funds provided under this part.

(i) Whether or not such activities are otherwise assisted by funds provided under this part, reasonable costs equivalent to those described in paragraphs (a), (b), (e), and (f) of this section for overall program management of:

(1) A Federally designated Empowerment Zone or Enterprise Community; and

(2) The HOME program under title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 note).

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 54 FR 37411, Sept. 8, 1989; 60 FR 56912, Nov. 9, 1995; 69 FR 32778, June 10, 2004]

§ 570.207 *Ineligible activities.*

The general rule is that any activity that is not authorized under the provisions of §§ 570.201-570.206 is ineligible to be assisted with CDBG funds. This section identifies specific activities that are ineligible and provides guidance in determining the eligibility of other activities frequently associated with housing and community development.

(a) The following activities may not be assisted with CDBG funds:

(1) *Buildings or portions thereof, used for the general conduct of government* as defined at § 570.3(d) cannot be assisted with CDBG funds. This does not include, however, the removal of architectural barriers under § 570.201(c) involving any such building. Also, where acquisition of real property includes an existing improvement which is to be used in the provision of a building for the general conduct of government, the portion of the acquisition cost attributable to the land is eligible, provided such acquisition meets a national objective described in § 570.208.

(2) *General government expenses.* Except as otherwise specifically authorized in this subpart or under 2 CFR PART 200—expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part.

(3) *Political activities.* CDBG funds shall not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any.

(b) The following activities may not be assisted with CDBG funds unless authorized under provisions of § 570.203 or as otherwise specifically noted herein or when carried out by an entity under the provisions of § 570.204.

(1) *Purchase of equipment.* The purchase of equipment with CDBG funds is generally ineligible.

(i) *Construction equipment.* The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing, depreciation, or use allowances pursuant to 2 CFR PART 200 as applicable for an otherwise eligible activity is an eligible use of CDBG funds. However, the purchase of construction equipment for use as part of a solid waste disposal facility is eligible under § 570.201(c).

(ii) *Fire protection equipment.* Fire protection equipment is considered for this purpose to be an integral part of a public facility and thus, purchase of such equipment would be eligible under § 570.201(c).

(iii) *Furnishings and personal property.* The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible. CDBG funds may be used, however, to purchase or to pay depreciation or use allowances (in accordance with 2 CFR PART 200 as applicable) for such items when necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds, or when eligible as firefighting equipment, or when such items constitute all or part of a public service pursuant to § 570.201(e).

(2) *Operating and maintenance expenses.* The general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible. Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program. For example, the use of CDBG funds to pay the allocable costs of operating and maintaining a facility used in providing a public service would be eligible under § 570.201(e), even if no other costs of providing such a service are assisted with such funds. Examples of ineligible operating and maintenance expenses are:

(i) Maintenance and repair of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with a disabilities, parking and other public facilities and improvements. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs; and

(ii) Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works and facilities.

(3) *New housing construction.* For the purpose of this paragraph, activities in support of the development of low or moderate income housing including clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing pre-construction costs set forth in § 570.206(g), are not considered as activities to subsidize or assist new residential construction. CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction, except:

(i) As provided under the last resort housing provisions set forth in 24 CFR part 42;

(ii) As authorized under § 570.201(m) or (n);

(iii) When carried out by an entity pursuant to § 570.204(a);

(4) *Income payments.* The general rule is that CDBG funds may not be used for income payments. For purposes of the CDBG program, “income payments” means a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities, but excludes emergency grant payments made over a period of up to three consecutive months to the provider of such items or services on behalf of an individual or family.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1945, Jan. 5, 1995; 60 FR 56912, Nov. 9, 1995; 65 FR 70215, Nov. 21, 2000]

§ 570.208 Criteria for national objectives.

The following criteria shall be used to determine whether a CDBG-assisted activity complies with one or more of the national objectives as required under § 570.200(a)(2):

(a) *Activities benefiting low- and moderate-income persons.* Activities meeting the criteria in paragraph (a) (1), (2), (3), or (4) of this section as applicable, will be considered to benefit low and moderate income persons unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the assisted activity will be considered. (The recipient shall appropriately ensure that activities that meet these criteria do not benefit moderate income persons to the exclusion of low income persons.)

(1) *Area benefit activities.* (i) An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

(ii) For metropolitan cities and urban counties, an activity that would otherwise qualify under § 570.208(a)(1)(i), except that the area served contains less than 51 percent low- and moderate-income residents, will also be considered to meet the objective of benefiting low- and moderate-income persons where the proportion of such persons in the area is within the highest quartile of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. This exception is inapplicable to non-entitlement CDBG grants in Hawaii. In applying this exception, HUD will determine the lowest proportion a recipient may use to qualify an area for this purpose, as follows:

(A) All census block groups in the recipient's jurisdiction shall be rank ordered from the block group of highest proportion of low and moderate income persons to the block group with the lowest. For urban counties, the rank ordering shall cover the entire area constituting the urban county and shall not be done separately for each participating unit of general local government.

(B) In any case where the total number of a recipient's block groups does not divide evenly by four, the block group which would be fractionally divided between the highest and second quartiles shall be considered to be part of the highest quartile.

(C) The proportion of low and moderate income persons in the last census block group in the highest quartile shall be identified. Any service area located within the recipient's jurisdiction and having a proportion of low and moderate income persons at or above this level shall be considered to be within the highest quartile.

(D) If block group data are not available for the entire jurisdiction, other data acceptable to the Secretary may be used in the above calculations.

(iii) An activity to develop, establish, and operate for up to two years after the establishment of, a uniform emergency telephone number system serving an area having less than the percentage of low- and moderate-income residents required under paragraph (a)(1)(i) of this section or (as applicable) paragraph (a)(1)(ii) of this section, provided the recipient obtains prior HUD approval. To obtain such approval, the recipient must:

(A) Demonstrate that the system will contribute significantly to the safety of the residents of the area. The request for approval must include a list of the emergency services that will participate in the emergency telephone number system;

(B) Submit information that serves as a basis for HUD to determine whether at least 51 percent of the use of the system will be by low- and moderate-income persons. As available, the recipient must provide information that identifies the total number of calls actually received over the preceding 12-month period for each of the emergency services to be covered by the emergency telephone number system and relates those calls to the geographic segment (expressed as nearly as possible in terms of census tracts, block numbering areas, block groups, or combinations thereof that are contained within the segment) of the service area from which the calls were generated. In analyzing this data to meet the requirements of this section, HUD will assume that the distribution of income among the callers generally reflects the income characteristics of the general population residing in the same geographic area where the callers reside. If HUD can conclude that the users have primarily consisted of low- and moderate-income persons, no further submission is needed by the recipient. If a recipient plans to make other submissions for this purpose, it may request that HUD review its planned methodology before expending the effort to acquire the information it expects to use to make its case;

(C) Demonstrate that other Federal funds received by the recipient are insufficient or unavailable for a uniform emergency telephone number system. For this purpose, the recipient must submit a statement explaining whether the lack of funds is due to the insufficiency of the amount of the available funds, restrictions on the use of such funds, or the prior commitment of funds by the recipient for other purposes; and

(D) Demonstrate that the percentage of the total costs of the system paid for by CDBG funds does not exceed the percentage of low- and moderate-income persons in the service area of the system. For this purpose, the recipient must include a description of the boundaries of the service area of the emergency telephone number system, the census divisions that fall within the boundaries of the service area (census tracts or block numbering areas), the total number of persons and the total number of low- and moderate-income persons within each census division, the percentage of low- and moderate-income persons within the service area, and the total cost of the system.

(iv) An activity for which the assistance to a public improvement that provides benefits to all the residents of an area is limited to paying special assessments (as defined in § 570.200(c)) levied against residential properties owned and occupied by persons of low and moderate income.

(v) For purposes of determining qualification under this criterion, activities of the same type that serve different areas will be considered separately on the basis of their individual service area.

(vi) In determining whether there is a sufficiently large percentage of low- and moderate-income persons residing in the area served by an activity to qualify under paragraph (a)(1) (i), (ii), or (vii) of this section, the most recently available decennial census information must be used to the fullest extent feasible, together with the section 8 income limits that would have applied at the time the income information was collected by the Census Bureau. Recipients that believe that the census data does not reflect current relative income levels in an area, or where census boundaries do not coincide sufficiently well with the service area of an activity, may conduct (or have conducted) a current survey of the residents of the area to determine the percent of such persons that are low and moderate income. HUD will accept information obtained through such surveys, to be used in lieu of the decennial census data, where it determines that the survey was conducted in such a manner that the results meet standards of statistical reliability that are comparable to that of the decennial census data for areas of similar size. Where there is substantial evidence that provides a clear basis to believe that the use of the decennial census data would substantially overstate the

proportion of persons residing there that are low and moderate income, HUD may require that the recipient rebut such evidence in order to demonstrate compliance with section 105(c)(2) of the Act.

(vii) Activities meeting the requirements of paragraph (d)(5)(i) of this section may be considered to qualify under this paragraph, provided that the area covered by the strategy is either a Federally-designated Empowerment Zone or Enterprise Community or primarily residential and contains a percentage of low- and moderate-income residents that is no less than the percentage computed by HUD pursuant to paragraph (a)(1)(ii) of this section or 70 percent, whichever is less, but in no event less than 51 percent. Activities meeting the requirements of paragraph (d)(6)(i) of this section may also be considered to qualify under paragraph (a)(1) of this section.

(2) *Limited clientele activities.* (i) An activity which benefits a limited clientele, at least 51 percent of whom are low- or moderate-income persons. (The following kinds of activities may not qualify under paragraph (a)(2) of this section: activities, the benefits of which are available to all the residents of an area; activities involving the acquisition, construction or rehabilitation of property for housing; or activities where the benefit to low- and moderate-income persons to be considered is the creation or retention of jobs, except as provided in paragraph (a)(2)(iv) of this section.) To qualify under paragraph (a)(2) of this section, the activity must meet one of the following tests:

(A) Benefit a clientele who are generally presumed to be principally low and moderate income persons. Activities that exclusively serve a group of persons in any one or a combination of the following categories may be presumed to benefit persons, 51 percent of whom are low- and moderate-income: abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or

(B) Require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low and moderate income limit; or

(C) Have income eligibility requirements which limit the activity exclusively to low and moderate income persons; or

(D) Be of such nature and be in such location that it may be concluded that the activity's clientele will primarily be low and moderate income persons.

(ii) An activity that serves to remove material or architectural barriers to the mobility or accessibility of elderly persons or of adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled" will be presumed to qualify under this criterion if it is restricted, to the extent practicable, to the removal of such barriers by assisting:

(A) The reconstruction of a public facility or improvement, or portion thereof, that does not qualify under paragraph (a)(1) of this section;

(B) The rehabilitation of a privately owned nonresidential building or improvement that does not qualify under paragraph (a)(1) or (4) of this section; or

(C) The rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under paragraph (a)(3) of this section.

(iii) A microenterprise assistance activity carried out in accordance with the provisions of § 570.201(o) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are low- and moderate-income persons. For purposes of this paragraph, persons determined to be low and moderate income may be presumed to continue to qualify as such for up to a three-year period.

(iv) An activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of low- and moderate-income persons assisted is less than 51 percent may qualify under this paragraph in the following limited circumstance:

(A) In such cases where such training or provision of supportive services assists business(es), the only use of CDBG assistance for the project is to provide the job training and/or supportive services; and

(B) The proportion of the total cost of the project borne by CDBG funds is no greater than the proportion of the total number of persons assisted who are low or moderate income.

(3) *Housing activities.* An eligible activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households. This would include, but not necessarily be limited to, the acquisition or rehabilitation of property by the recipient, a subrecipient, a developer, an individual homebuyer, or an individual homeowner; conversion of nonresidential structures; and new housing construction. If the structure contains two dwelling units, at least one must be so occupied, and if the structure contains more than two dwelling units, at least 51 percent of the units must be so occupied. Where two or more rental buildings being assisted are or will be located on the same or contiguous properties, and the buildings will be under common ownership and management, the grouped buildings may be considered for this purpose as a single structure. Where housing activities being assisted meet the requirements of paragraph § 570.208 (d)(5)(ii) or (d)(6)(ii) of this section, all such housing may also be considered for this purpose as a single structure. For rental housing, occupancy by low and moderate income households must be at affordable rents to qualify under this criterion. The recipient shall adopt and make public its standards for determining “affordable rents” for this purpose. The following shall also qualify under this criterion:

(i) When less than 51 percent of the units in a structure will be occupied by low and moderate income households, CDBG assistance may be provided in the following limited circumstances:

(A) The assistance is for an eligible activity to reduce the development cost of the new construction of a multifamily, non-elderly rental housing project;

(B) Not less than 20 percent of the units will be occupied by low and moderate income households at affordable rents; and

(C) The proportion of the total cost of developing the project to be borne by CDBG funds is no greater than the proportion of units in the project that will be occupied by low and moderate income households.

(ii) When CDBG funds are used to assist rehabilitation eligible under § 570.202(b)(9) or (10) in direct support of the recipient's Rental Rehabilitation program authorized under 24 CFR part 511, such funds shall be considered to benefit low and moderate income persons where not less than 51 percent of the units assisted, or to be assisted, by the recipient's Rental Rehabilitation program overall are for low and moderate income persons.

(iii) When CDBG funds are used for housing services eligible under § 570.201(k), such funds shall be considered to benefit low- and moderate-income persons if the housing units for which the services are provided are HOME-assisted and the requirements at 24 CFR 92.252 or 92.254 are met.

(4) *Job creation or retention activities.* An activity designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons. To qualify under this paragraph, the activity must meet the following criteria:

(i) For an activity that creates jobs, the recipient must document that at least 51 percent of the jobs will be held by, or will be available to, low- and moderate-income persons.

(ii) For an activity that retains jobs, the recipient must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the CDBG assistance is provided:

(A) The job is known to be held by a low- or moderate-income person; or

(B) The job can reasonably be expected to turn over within the following two years and that steps will be taken to ensure that it will be filled by, or made available to, a low- or moderate-income person upon turnover.

(iii) Jobs that are not held or filled by a low- or moderate-income person may be considered to be available to low- and moderate-income persons for these purposes only if:

(A) Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and

(B) The recipient and the assisted business take actions to ensure that low- and moderate-income persons receive first consideration for filling such jobs.

(iv) For purposes of determining whether a job is held by or made available to a low- or moderate-income person, the person may be presumed to be a low- or moderate-income person if:

(A) He/she resides within a census tract (or block numbering area) that either:

(1) Meets the requirements of paragraph (a)(4)(v) of this section; or

(2) Has at least 70 percent of its residents who are low- and moderate-income persons; or

(B) The assisted business is located within a census tract (or block numbering area) that meets the requirements of paragraph (a)(4)(v) of this section and the job under consideration is to be located within that census tract.

(v) A census tract (or block numbering area) qualifies for the presumptions permitted under paragraphs (a)(4)(iv)(A)(1) and (B) of this section if it is either part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria:

(A) It has a poverty rate of at least 20 percent as determined by the most recently available decennial census information;

(B) It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least 30 percent as determined by the most recently available decennial census information; and

(C) It evidences pervasive poverty and general distress by meeting at least one of the following standards:

(1) All block groups in the census tract have poverty rates of at least 20 percent;

(2) The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or

(3) Upon the written request of the recipient, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

(vi) As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under this paragraph, except:

(A) In certain cases such as where CDBG funds are used to acquire, develop or improve a real property (e.g., a business incubator or an industrial park) the requirement may be met by measuring jobs in the aggregate for all the businesses which locate on the property, provided such businesses are not otherwise assisted by CDBG funds.

(B) Where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses exclusively from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during each program year.

(C) Where CDBG funds are used by a recipient or subrecipient to provide technical assistance to businesses, this requirement may be met by aggregating the jobs created or retained by all of the businesses receiving technical assistance during each program year.

(D) Where CDBG funds are used for activities meeting the criteria listed at § 570.209(b)(2)(v), this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.

(E) Where CDBG funds are used by a Community Development Financial Institution to carry out activities for the purpose of creating or retaining jobs, this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.

(F) Where CDBG funds are used for public facilities or improvements which will result in the creation or retention of jobs by more than one business, this requirement may be met by aggregating the jobs created or retained by all such businesses as a result of the public facility or improvement.

(1) Where the public facility or improvement is undertaken principally for the benefit of one or more particular businesses, but where other businesses might also benefit from the assisted activity, the requirement may be met by aggregating only the jobs created or retained by those businesses for which the facility/improvement is principally undertaken, provided that the cost (in CDBG funds) for the facility/improvement is less than \$10,000 per permanent full-time equivalent job to be created or retained by those businesses.

(2) In any case where the cost per job to be created or retained (as determined under paragraph (a)(4)(vi)(F)(1) of this section) is \$10,000 or more, the requirement must be met by aggregating the jobs created or retained as a result of the public facility or improvement by all businesses in the service area of the facility/improvement. This aggregation must include businesses which, as a result of the public facility/improvement, locate or expand in the service area of the facility/improvement between the date the recipient identifies the activity in its action plan under part 91 of this title and the date one year after the physical completion of the facility/improvement. In addition, the assisted activity must comply with the public benefit standards at § 570.209(b).

(b) *Activities which aid in the prevention or elimination of slums or blight.* Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

(1) *Activities to address slums or blight on an area basis.* An activity will be considered to address prevention or elimination of slums or blight in an area if:

(i) The area, delineated by the recipient, meets a definition of a slum, blighted, deteriorated or deteriorating area under State or local law;

(ii) The area also meets the conditions in either paragraph (A) or (B):

(A) At least 25 percent of properties throughout the area experience one or more of the following conditions:

(1) Physical deterioration of buildings or improvements;

(2) Abandonment of properties;

(3) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;

(4) Significant declines in property values or abnormally low property values relative to other areas in the community; or

(5) Known or suspected environmental contamination.

(B) The public improvements throughout the area are in a general state of deterioration.

(iii) Documentation is to be maintained by the recipient on the boundaries of the area and the conditions and standards used that qualified the area at the time of its designation. The recipient shall establish definitions of the conditions listed at § 570.208(b)(1)(ii)(A), and maintain records to substantiate how the area met the slums or blighted criteria. The designation of an area as slum or blighted under this section is required to be re-determined every 10 years for continued qualification. Documentation must be retained pursuant to the recordkeeping requirements contained at § 570.506 (b)(8)(ii).

(iv) The assisted activity addresses one or more of the conditions which contributed to the deterioration of the area. Rehabilitation of residential buildings carried out in an area meeting the above requirements will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard under local definition before rehabilitation, and all deficiencies making a building substandard have been eliminated if less critical work on the building is undertaken. At a minimum, the local definition for this purpose must be such that buildings that it would render substandard would also fail to meet the housing quality standards for the Section 8 Housing Assistance Payments Program-Existing Housing (24 CFR 882.109).

(2) *Activities to address slums or blight on a spot basis.* The following activities may be undertaken on a spot basis to eliminate specific conditions of blight, physical decay, or environmental contamination that are not located in a slum or blighted area: acquisition; clearance; relocation; historic preservation; remediation of environmentally contaminated properties; or rehabilitation of buildings or improvements. However, rehabilitation must be limited to eliminating those conditions that are detrimental to public health and safety. If acquisition or relocation is undertaken, it must be a precursor to another eligible activity (funded with CDBG or other resources) that directly eliminates the specific conditions of blight or physical decay, or environmental contamination.

(3) *Activities to address slums or blight in an urban renewal area.* An activity will be considered to address prevention or elimination of slums or blight in an urban renewal area if the activity is:

(i) Located within an urban renewal project area or Neighborhood Development Program (NDP) action area; i.e., an area in which funded activities were authorized under an urban renewal Loan and Grant Agreement or an annual NDP Funding Agreement, pursuant to title I of the Housing Act of 1949; and

(ii) Necessary to complete the urban renewal plan, as then in effect, including *initial* land redevelopment permitted by the plan.

NOTE: Despite the restrictions in (b) (1) and (2) of this section, any rehabilitation activity which benefits low and moderate income persons pursuant to paragraph (a)(3) of this section can be undertaken without regard to the area in which it is located or the extent or nature of rehabilitation assisted.

(c) *Activities designed to meet community development needs having a particular urgency.* In the absence of substantial evidence to the contrary, an activity will be considered to address this objective if the recipient certifies that the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the recipient is unable to finance the activity on its own, and that other sources of funding are not available. A condition will generally be considered to be of recent origin if it developed or became critical within 18 months preceding the certification by the recipient.

(d) *Additional criteria.* (1) Where the assisted activity is acquisition of real property, a preliminary determination of whether the activity addresses a national objective may be based on the planned use of the property after acquisition. A final determination shall be based on the actual use of the property, excluding any short-term, temporary use. Where the acquisition is for the purpose of clearance which will eliminate specific conditions of blight or physical decay, the clearance activity shall be considered the actual use of the property. However, any subsequent use or disposition of the cleared property shall be treated as a "change of use" under § 570.505.

(2) Where the assisted activity is relocation assistance that the recipient is required to provide, such relocation assistance shall be considered to address the same national objective as is addressed by the displacing activity. Where the relocation assistance is voluntary on the part of the grantee the recipient may qualify the assistance either on the basis of the national objective addressed by the displacing activity or on the basis that the recipients of the relocation assistance are low and moderate income persons.

(3) In any case where the activity undertaken for the purpose of creating or retaining jobs is a public improvement and the area served is primarily residential, the activity must meet the requirements of paragraph (a)(1) of this section as well as those of paragraph (a)(4) of this section in order to qualify as benefiting low and moderate income persons.

(4) CDBG funds expended for planning and administrative costs under § 570.205 and § 570.206 will be considered to address the national objectives.

(5) Where the grantee has elected to prepare an area revitalization strategy pursuant to the authority of § 91.215(e) of this title and HUD has approved the strategy, the grantee may also elect the following options:

(i) Activities undertaken pursuant to the strategy for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities in the area for which, pursuant to the strategy, CDBG assistance is obligated during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(6) Where CDBG-assisted activities are carried out by a Community Development Financial Institution whose charter limits its investment area to a primarily residential area consisting of at least 51 percent low- and moderate-income persons, the grantee may also elect the following options:

(i) Activities carried out by the Community Development Financial Institution for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities for which the Community Development Financial Institution obligates CDBG assistance during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(7) Where an activity meeting the criteria at § 570.209(b)(2)(v) may also meet the requirements of either paragraph (d)(5)(i) or (d)(6)(i) of this section, the grantee may elect to qualify the activity under either the area benefit criteria at paragraph (a)(1)(vii) of this section or the job aggregation criteria at paragraph (a)(4)(vi)(D) of this section, but not both. Where an activity may meet the job aggregation criteria at both paragraphs (a)(4)(vi)(D) and (E) of this section, the grantee may elect to qualify the activity under either criterion, but not both.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1945, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 56912, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 71 FR 30035, May 24, 2006; 72 FR 46370, Aug. 17, 2007]

§ 570.209 Guidelines for evaluating and selecting economic development projects.

The following guidelines are provided to assist the recipient to evaluate and select activities to be carried out for economic development purposes. Specifically, these guidelines are applicable to activities that are eligible for CDBG assistance under § 570.203. These guidelines also apply to activities carried out under the authority of § 570.204 that would otherwise be eligible under § 570.203, were it not for the involvement of a Community-Based Development Organization (CBDO). (This would include activities where a CBDO makes loans to for-profit businesses.) These guidelines are composed of two components: guidelines for evaluating project costs and financial requirements; and standards for evaluating public benefit. The standards for evaluating public benefit are *mandatory*, but the guidelines for evaluating projects costs and financial requirements are not.

(a) *Guidelines and objectives for evaluating project costs and financial requirements.* HUD has developed guidelines that are designed to provide the recipient with a framework for financially underwriting and selecting CDBG-assisted economic development projects which are financially viable and will make the most effective use of the CDBG funds. These guidelines, also referred to as the underwriting guidelines, are published as appendix A to this part. The use of the underwriting guidelines published by HUD is not mandatory. However, grantees electing not to use these guidelines would be expected to conduct basic financial underwriting prior to the provision of CDBG financial assistance to a for-profit business. Where appropriate, HUD's underwriting guidelines recognize that different levels of review are appropriate to take into account differences in the size and scope of a proposed project, and in the case of a microenterprise or other small business to take into account the differences in the capacity and level of sophistication among businesses of differing sizes. Recipients are encouraged, when they develop their own programs and underwriting criteria, to also take these factors into account. The objectives of the underwriting guidelines are to ensure:

- (1) That project costs are reasonable;
- (2) That all sources of project financing are committed;
- (3) That to the extent practicable, CDBG funds are not substituted for non-Federal financial support;
- (4) That the project is financially feasible;
- (5) That to the extent practicable, the return on the owner's equity investment will not be unreasonably high; and
- (6) That to the extent practicable, CDBG funds are disbursed on a pro rata basis with other finances provided to the project.

(b) *Standards for evaluating public benefit.* The grantee is responsible for making sure that at least a minimum level of public benefit is obtained from the expenditure of CDBG funds under the categories of eligibility governed by these guidelines. The standards set forth below identify the types of public benefit that will be recognized for this purpose and the minimum level of each that must be obtained for the amount of CDBG funds used. Unlike the guidelines for project costs and financial requirements covered under paragraph (a) of this section, the use of the standards for public benefit is mandatory. Certain public facilities and improvements eligible under § 570.201(c) of the regulations, which are undertaken for economic development purposes, are also subject to these standards, as specified in § 570.208(a)(4)(vi)(F)(2).

(1) *Standards for activities in the aggregate.* Activities covered by these guidelines must, in the aggregate, either:

(i) Create or retain at least one full-time equivalent, permanent job per \$35,000 of CDBG funds used; or

(ii) Provide goods or services to residents of an area, such that the number of low- and moderate-income persons residing in the areas served by the assisted businesses amounts to at least one low- and moderate-income person per \$350 of CDBG funds used.

(2) *Applying the aggregate standards.* (i) A metropolitan city, an urban county, a non-entitlement CDBG grantee in Hawaii, or an Insular Area shall apply the aggregate standards under paragraph (b)(1) of this section to all applicable activities for which CDBG funds are first obligated within each single CDBG program year, without regard to the source year of the funds used for the activities. For Insular Areas, the preceding sentence applies to grants received in program years after Fiscal Year 2004. A grantee under the HUD-administered Small Cities Program, or Insular Areas CDBG grants prior to Fiscal Year 2005, shall apply the aggregate standards under paragraph (b)(1) of this section to all funds obligated for applicable activities from a given grant; program income obligated for applicable activities will, for these purposes, be aggregated with the most recent open grant. For any time period in which a community has no open HUD-administered or Insular Areas grants, the aggregate standards shall be applied to all applicable activities for which program income is obligated during that period.

(ii) The grantee shall apply the aggregate standards to the number of jobs to be created/retained, or to the number of persons residing in the area served (as applicable), as determined at the time funds are obligated to activities.

(iii) Where an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, the grantee may elect to count the activity under either the jobs standard or the area residents standard, but not both.

(iv) Where CDBG assistance for an activity is limited to job training and placement and/or other employment support services, the jobs assisted with CDBG funds shall be considered to be created or retained jobs for the purposes of applying the aggregate standards.

(v) Any activity subject to these guidelines which meets one or more of the following criteria may, at the grantee's option, be excluded from the aggregate standards described in paragraph (b)(1) of this section:

(A) Provides jobs exclusively for unemployed persons or participants in one or more of the following programs:

(1) Jobs Training Partnership Act (JTPA);

(2) Jobs Opportunities for Basic Skills (JOBS); or

(3) Aid to Families with Dependent Children (AFDC);

- (B) Provides jobs predominantly for residents of Public and Indian Housing units;
 - (C) Provides jobs predominantly for homeless persons;
 - (D) Provides jobs predominantly for low-skilled, low- and moderate-income persons, where the business agrees to provide clear opportunities for promotion and economic advancement, such as through the provision of training;
 - (E) Provides jobs predominantly for persons residing within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty;
 - (F) Provides assistance to business(es) that operate(s) within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty;
 - (G) Stabilizes or revitalizes a neighborhood that has at least 70 percent of its residents who are low- and moderate-income;
 - (H) Provides assistance to a Community Development Financial Institution that serve an area that is predominantly low- and moderate-income persons;
 - (I) Provides assistance to a Community-Based Development Organization serving a neighborhood that has at least 70 percent of its residents who are low- and moderate-income;
 - (J) Provides employment opportunities that are an integral component of a project designed to promote spatial deconcentration of low- and moderate-income and minority persons;
 - (K) With prior HUD approval, provides substantial benefit to low-income persons through other innovative approaches;
 - (L) Provides services to the residents of an area pursuant to a strategy approved by HUD under the provisions of § 91.215(e) of this title;
 - (M) Creates or retains jobs through businesses assisted in an area pursuant to a strategy approved by HUD under the provisions of § 91.215(e) of this title.
 - (N) Directly involves the economic development or redevelopment of environmentally contaminated properties.
- (3) *Standards for individual activities.* Any activity subject to these guidelines which falls into one or more of the following categories will be considered by HUD to provide insufficient public benefit, and therefore may under no circumstances be assisted with CDBG funds:
- (i) The amount of CDBG assistance exceeds either of the following, as applicable:
 - (A) \$50,000 per full-time equivalent, permanent job created or retained; or
 - (B) \$1,000 per low- and moderate-income person to which goods or services are provided by the activity.
 - (ii) The activity consists of or includes any of the following:
 - (A) General promotion of the community as a whole (as opposed to the promotion of specific areas and programs);
 - (B) Assistance to professional sports teams;

(C) Assistance to privately-owned recreational facilities that serve a predominantly higher-income clientele, where the recreational benefit to users or members clearly outweighs employment or other benefits to low- and moderate-income persons;

(D) Acquisition of land for which the specific proposed use has not yet been identified; and

(E) Assistance to a for-profit business while that business or any other business owned by the same person(s) or entity(ies) is the subject of unresolved findings of noncompliance relating to previous CDBG assistance provided by the recipient.

(4) *Applying the individual activity standards.* (i) Where an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, it will be disqualified only if the amount of CDBG assistance exceeds both of the amounts in paragraph (b)(3)(i) of this section.

(ii) The individual activity standards in paragraph (b)(3)(i) of this section shall be applied to the number of jobs to be created or retained, or to the number of persons residing in the area served (as applicable), as determined at the time funds are obligated to activities.

(iii) Where CDBG assistance for an activity is limited to job training and placement and/or other employment support services, the jobs assisted with CDBG funds shall be considered to be created or retained jobs for the purposes of applying the individual activity standards in paragraph (b)(3)(i) of this section.

(c) *Amendments to economic development projects after review determinations.* If, after the grantee enters into a contract to provide assistance to a project, the scope or financial elements of the project change to the extent that a significant contract amendment is appropriate, the project should be reevaluated under these and the recipient's guidelines. (This would include, for example, situations where the business requests a change in the amount or terms of assistance being provided, or an extension to the loan payment period required in the contract.) If a reevaluation of the project indicates that the financial elements and public benefit to be derived have also substantially changed, then the recipient should make appropriate adjustments in the amount, type, terms or conditions of CDBG assistance which has been offered, to reflect the impact of the substantial change. (For example, if a change in the project elements results in a substantial reduction of the total project costs, it may be appropriate for the recipient to reduce the amount of total CDBG assistance.) If the amount of CDBG assistance provided to the project is increased, the amended project must still comply with the public benefit standards under paragraph (b) of this section.

(d) *Documentation.* The grantee must maintain sufficient records to demonstrate the level of public benefit, based on the above standards, that is actually achieved upon completion of the CDBG-assisted economic development activity(ies) and how that compares to the level of such benefit anticipated when the CDBG assistance was obligated. If the grantee's actual results show a pattern of substantial variation from anticipated results, the grantee is expected to take all actions reasonably within its control to improve the accuracy of its projections. If the actual results demonstrate that the recipient has failed the public benefit standards, HUD may require the recipient to meet more stringent standards in future years as appropriate.

[60 FR 1947, Jan. 5, 1995, as amended at 60 FR 17445, Apr. 6, 1995; 71 FR 30035, May 24, 2006; 72 FR 12535, Mar. 15, 2007; 72 FR 46370, Aug. 17, 2007]

§ 570.210 Prohibition on use of assistance for employment relocation activities.

(a) *Prohibition.* CDBG funds may not be used to directly assist a business, including a business expansion, in the relocation of a plant, facility, or operation from one LMA to another LMA if the relocation is likely to result in a significant loss of jobs in the LMA from which the relocation occurs.

(b) *Definitions.* The following definitions apply to this section:

(1) *Directly assist.* Directly assist means the provision of CDBG funds for activities pursuant to:

(i) § 570.203(b); or

(ii) §§ 570.201(a)-(d), 570.201(l), 570.203(a), or § 570.204 when the grantee, subrecipient, or, in the case of an activity carried out pursuant to § 570.204, a Community Based Development Organization (CDBO) enters into an agreement with a business to undertake one or more of these activities as a condition of the business relocating a facility, plant, or operation to the grantee's LMA. Provision of public facilities and indirect assistance that will provide benefit to multiple businesses does not fall under the definition of "directly assist," unless it includes the provision of infrastructure to aid a specific business that is the subject of an agreement with the specific assisted business.

(2) *Labor market area (LMA).* For metropolitan areas, an LMA is an area defined as such by the BLS. An LMA is an economically integrated geographic area within which individuals can live and find employment within a reasonable distance or can readily change employment without changing their place of residence. In addition, LMAs are non-overlapping and geographically exhaustive. For metropolitan areas, grantees must use employment data, as defined by the BLS, for the LMA in which the affected business is currently located and from which current jobs may be lost. For non-metropolitan areas, an LMA is either an area defined by the BLS as an LMA, or a state may choose to combine non-metropolitan LMAs. States are required to define or reaffirm prior definitions of their LMAs on an annual basis and retain records to substantiate such areas prior to any business relocation that would be impacted by this rule. Metropolitan LMAs cannot be combined, nor can a non-metropolitan LMA be combined with a metropolitan LMA. For the HUD-administered Small Cities Program, each of the three participating counties in Hawaii will be considered to be its own LMA. Recipients of Fiscal Year 1999 Small Cities Program funding in New York will follow the requirements for State CDBG recipients.

(3) *Operation.* A business operation includes, but is not limited to, any equipment, employment opportunity, production capacity or product line of the business.

(4) *Significant loss of jobs.* (i) A loss of jobs is significant if: The number of jobs to be lost in the LMA in which the affected business is currently located is equal to or greater than one-tenth of one percent of the total number of persons in the labor force of that LMA; or in all cases, a loss of 500 or more jobs. Notwithstanding the aforementioned, a loss of 25 jobs or fewer does not constitute a significant loss of jobs.

(ii) A job is considered to be lost due to the provision of CDBG assistance if the job is relocated within three years of the provision of assistance to the business; or the time period within which jobs are to be created as specified by the agreement between the business and the recipient if it is longer than three years.

(c) *Written agreement.* Before directly assisting a business with CDBG funds, the recipient, subrecipient, or a CDBO (in the case of an activity carried out pursuant to § 570.204) shall sign a written agreement with the assisted business. The written agreement shall include:

(1) *Statement.* A statement from the assisted business as to whether the assisted activity will result in the relocation of any industrial or commercial plant, facility, or operation from one LMA to another, and, if so, the number of jobs that will be relocated from each LMA;

(2) *Required information.* If the assistance will not result in a relocation covered by this section, a certification from the assisted business that neither it, nor any of its subsidiaries, has plans to relocate jobs at the time the agreement is signed that would result in a significant job loss as defined in this rule; and

(3) *Reimbursement of assistance.* The agreement shall provide for reimbursement of any assistance provided to, or expended on behalf of, the business in the event that assistance results in a relocation prohibited under this section.

(d) *Assistance not covered by this section.* This section does not apply to:

(1) *Relocation assistance.* Relocation assistance required by the Uniform Assistance and Real Property Acquisition Policies Act of 1970, (URA) (42 U.S.C. 4601-4655);

(2) *Microenterprises.* Assistance to microenterprises as defined by Section 102(a)(22) of the Housing and Community Development Act of 1974; and

(3) *Arms-length transactions.* Assistance to a business that purchases business equipment, inventory, or other physical assets in an arms-length transaction, including the assets of an existing business, provided that the purchase does not result in the relocation of the sellers' business operation (including customer base or list, goodwill, product lines, or trade names) from one LMA to another LMA and does not produce a significant loss of jobs in the LMA from which the relocation occurs.

[70 FR 76369, Dec. 23, 2005]

Subpart K—Other Program Requirements

SOURCE: 53 FR 34456, Sept. 6, 1988, unless otherwise noted.

§ 570.600 General.

(a) This subpart K enumerates laws that the Secretary will treat as applicable to grants made under section 106 of the Act, other than grants to states made pursuant to section 106(d) of the Act, for purposes of the Secretary's determinations under section 104(e)(1) of the Act, including statutes expressly made applicable by the Act and certain other statutes and Executive Orders for which the Secretary has enforcement responsibility. This subpart K applies to grants made under the Insular Areas Program in § 570.405 and § 570.440 with the exception of § 570.612. The absence of mention herein of any other statute for which the Secretary does not have direct enforcement responsibility is not intended to be taken as an indication that, in the Secretary's opinion, such statute or Executive Order is not applicable to activities assisted under the Act. For laws that the Secretary will treat as applicable to grants made to states under section 106(d) of the Act for purposes of the determination required to be made by the Secretary pursuant to section 104(e)(2) of the Act, see § 570.487.

(b) This subpart also sets forth certain additional program requirements which the Secretary has determined to be applicable to grants provided under the Act as a matter of administrative discretion.

(c) In addition to grants made pursuant to section 106(b) and 106(d)(2)(B) of the Act (subparts D and F, respectively), the requirements of this subpart K are applicable to grants made pursuant to sections 107 and 119 of the Act (subparts E and G, respectively), and to loans guaranteed pursuant to subpart M.

[53 FR 34456, Sept. 6, 1988, as amended at 61 FR 11477, Mar. 20, 1996; 72 FR 12536, Mar. 15, 2007]

§ 570.601 Public Law 88-352 and Public Law 90-284; affirmatively furthering fair housing; Executive Order 11063.

(a) The following requirements apply according to sections 104(b) and 107 of the Act:

(1) Public Law 88-352, which is title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*), and implementing regulations in 24 CFR part 1.

(2) Public Law 90-284, which is the Fair Housing Act (42 U.S.C. 3601-3620). In accordance with the Fair Housing Act, the Secretary requires that grantees administer all programs and activities related to housing and community development in a manner to affirmatively further the policies of the Fair Housing Act. Furthermore, in accordance with section 104(b)(2) of the Act, for each community receiving a grant under subpart D of this part, the certification that the grantee will affirmatively further fair housing shall specifically require the grantee to assume the responsibility of fair housing planning by conducting an

analysis to identify impediments to fair housing choice within its jurisdiction, taking appropriate actions to overcome the effects of any impediments identified through that analysis, and maintaining records reflecting the analysis and actions in this regard.

(b) Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652; 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing), and implementing regulations in 24 CFR part 107, also apply.

[61 FR 11477, Mar. 20, 1996]

§ 570.602 Section 109 of the Act.

Section 109 of the Act requires that no person in the United States shall on the grounds of race, color, national origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance made available pursuant to the Act. Section 109 also directs that the prohibitions against discrimination on the basis of age under the Age Discrimination Act and the prohibitions against discrimination on the basis of disability under Section 504 shall apply to programs or activities receiving Federal financial assistance under Title I programs. The policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR part 6.

[64 FR 3802, Jan. 25, 1999]

§ 570.603 Labor standards.

(a) Section 110(a) of the Act contains labor standards that apply to non-volunteer labor financed in whole or in part with assistance received under the Act. In accordance with section 110(a) of the Act, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) also applies. However, these requirements apply to the rehabilitation of residential property only if such property contains not less than 8 units.

(b) The regulations in 24 CFR part 70 apply to the use of volunteers.

[61 FR 11477, Mar. 20, 1996]

§ 570.604 Environmental standards.

For purposes of section 104(g) of the Act, the regulations in 24 CFR part 58 specify the other provisions of law which further the purposes of the National Environmental Policy Act of 1969, and the procedures by which grantees must fulfill their environmental responsibilities. In certain cases, grantees assume these environmental review, decision making, and action responsibilities by execution of grant agreements with the Secretary.

[61 FR 11477, Mar. 20, 1996]

§ 570.605 National Flood Insurance Program.

Notwithstanding the date of HUD approval of the recipient's application (or, in the case of grants made under subpart D of this part or HUD-administered small cities recipients in Hawaii, the date of submission of the grantee's consolidated plan, in accordance with 24 CFR part 91), section 202(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) and the regulations in 44 CFR parts 59 through 79 apply to funds provided under this part 570.

[61 FR 11477, Mar. 20, 1996]

§ 570.606 Displacement, relocation, acquisition, and replacement of housing.

(a) *General policy for minimizing displacement.* Consistent with the other goals and objectives of this part, grantees (or States or state recipients, as applicable) shall assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of activities assisted under this part.

(b) *Relocation assistance for displaced persons at URA levels.* (1) A displaced person shall be provided with relocation assistance at the levels described in, and in accordance with the requirements of 49 CFR part 24, which contains the government-wide regulations implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601-4655).

(2) *Displaced person.* (i) For purposes of paragraph (b) of this section, the term “ *displaced person* ” means any person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves his or her personal property from real property, permanently and involuntarily, as a direct result of rehabilitation, demolition, or acquisition for an activity assisted under this part. A permanent, involuntary move for an assisted activity includes a permanent move from real property that is made:

(A) After notice by the grantee (or the state recipient, if applicable) to move permanently from the property, if the move occurs after the initial official submission to HUD (or the State, as applicable) for grant, loan, or loan guarantee funds under this part that are later provided or granted.

(B) After notice by the property owner to move permanently from the property, if the move occurs after the date of the submission of a request for financial assistance by the property owner (or person in control of the site) that is later approved for the requested activity.

(C) Before the date described in paragraph (b)(2)(i)(A) or (B) of this section, if either HUD or the grantee (or State, as applicable) determines that the displacement directly resulted from acquisition, rehabilitation, or demolition for the requested activity.

(D) After the “initiation of negotiations” if the person is the tenant-occupant of a dwelling unit and any one of the following three situations occurs:

(1) The tenant has not been provided with a reasonable opportunity to lease and occupy a suitable decent, safe, and sanitary dwelling in the same building/complex upon the completion of the project, including a monthly rent that does not exceed the greater of the tenant's monthly rent and estimated average utility costs before the initiation of negotiations or 30 percent of the household's average monthly gross income; or

(2) The tenant is required to relocate temporarily for the activity but the tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary location and any increased housing costs, or other conditions of the temporary relocation are not reasonable; and the tenant does not return to the building/complex; or

(3) The tenant is required to move to another unit in the building/complex, but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move.

(ii) Notwithstanding the provisions of paragraph (b)(2)(i) of this section, the term “ *displaced person* -” does not include:

(A) A person who is evicted for cause based upon serious or repeated violations of material terms of the lease or occupancy agreement. To exclude a person on this basis, the grantee (or State or state recipient, as applicable) must determine that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance under this section;

(B) A person who moves into the property after the date of the notice described in paragraph (b)(2)(i)(A) or (B) of this section, but who received a written notice of the expected displacement before occupancy.

(C) A person who is not displaced as described in 49 CFR 24.2(g)(2).

(D) A person who the grantee (or State, as applicable) determines is not displaced as a direct result of the acquisition, rehabilitation, or demolition for an assisted activity. To exclude a person on this basis, HUD must concur in that determination.

(iii) A grantee (or State or state recipient, as applicable) may, at any time, request HUD to determine whether a person is a displaced person under this section.

(3) *Initiation of negotiations.* For purposes of determining the type of replacement housing assistance to be provided under paragraph (b) of this section, if the displacement is the direct result of privately undertaken rehabilitation, demolition, or acquisition of real property, the term “ *initiation of negotiations* ” means the execution of the grant or loan agreement between the grantee (or State or state recipient, as applicable) and the person owning or controlling the real property.

(c) *Residential anti-displacement and relocation assistance plan.* The grantee shall comply with the requirements of 24 CFR part 42, subpart B.

(d) *Optional relocation assistance.* Under section 105(a)(11) of the Act, the grantee may provide (or the State may permit the state recipient to provide, as applicable) relocation payments and other relocation assistance to persons displaced by activities that are not subject to paragraph (b) or (c) of this section. The grantee may also provide (or the State may also permit the state recipient to provide, as applicable) relocation assistance to persons receiving assistance under paragraphs (b) or (c) of this section at levels in excess of those required by these paragraphs. Unless such assistance is provided under State or local law, the grantee (or state recipient, as applicable) shall provide such assistance only upon the basis of a written determination that the assistance is appropriate (see, e.g., 24 CFR 570.201(i), as applicable). The grantee (or state recipient, as applicable) must adopt a written policy available to the public that describes the relocation assistance that the grantee (or state recipient, as applicable) has elected to provide and that provides for equal relocation assistance within each class of displaced persons.

(e) *Acquisition of real property.* The acquisition of real property for an assisted activity is subject to 49 CFR part 24, subpart B.

(f) *Appeals.* If a person disagrees with the determination of the grantee (or the state recipient, as applicable) concerning the person's eligibility for, or the amount of, a relocation payment under this section, the person may file a written appeal of that determination with the grantee (or state recipient, as applicable). The appeal procedures to be followed are described in 49 CFR 24.10. In addition, a low- or moderate-income household that has been displaced from a dwelling may file a written request for review of the grantee's decision to the HUD Field Office. For purposes of the State CDBG program, a low- or moderate-income household may file a written request for review of the state recipient's decision with the State.

(g) *Responsibility of grantee or State.* (1) The grantee (or State, if applicable) is responsible for ensuring compliance with the requirements of this section, notwithstanding any third party's contractual obligation to the grantee to comply with the provisions of this section. For purposes of the State CDBG program, the State shall require state recipients to certify that they will comply with the requirements of this section.

(2) The cost of assistance required under this section may be paid from local public funds, funds provided under this part, or funds available from other sources.

(3) The grantee (or State and state recipient, as applicable) must maintain records in sufficient detail to demonstrate compliance with the provisions of this section.

(Approved by the Office of Management and Budget under OMB control number 2506-0102)

[61 FR 11477, Mar. 20, 1996, as amended at 61 FR 51760, Oct. 3, 1996]

§ 570.607 Employment and contracting opportunities.

To the extent that they are otherwise applicable, grantees shall comply with:

(a) Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR 1964-1965 Comp. p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970., p. 803; 3 CFR, 1978 Comp., p. 230; 3 CFR, 1978 Comp., p. 264 (Equal Employment Opportunity), and Executive Order 13279 (Equal Protection of the Laws for Faith-Based and Community Organizations), 67 FR 77141, 3 CFR, 2002 Comp., p. 258; and the implementing regulations at 41 CFR chapter 60; and

(b) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135.

[68 FR 56405, Sept. 30, 2003]

§ 570.608 Lead-based paint.

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this part apply to activities under this program.

[64 FR 50226, Sept. 15, 1999]

§ 570.609 Use of debarred, suspended or ineligible contractors or subrecipients.

The requirements set forth in 24 CFR part 5 apply to this program.

[61 FR 5209, Feb. 9, 1996]

§ 570.610 Uniform administrative requirements and cost principles.

The recipient, its agencies or instrumentalities, and subrecipients shall comply with the policies, guidelines, and requirements of 24 CFR part 85 and 2 CFR PART 200 as applicable, as they relate to the acceptance and use of Federal funds under this part. The applicable sections of 24 CFR parts 84 and 85 are set forth at § 570.502.

² See footnote 1 at § 570.200(a)(5).

[60 FR 56916, Nov. 9, 1995]

§ 570.611 Conflict of interest.

(a) *Applicability.* (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, shall apply.

(2) In all cases not governed by 24 CFR 85.36 and 84.42, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities

that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to § 570.203, 570.204, 570.455, or 570.703(i)).

(b) *Conflicts prohibited.* The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

(c) *Persons covered.* The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of subrecipients that are receiving funds under this part.

(d) *Exceptions.* Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

(1) *Threshold requirements.* HUD will consider an exception only after the recipient has provided the following documentation:

(i) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(ii) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(2) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;

(ii) Whether an opportunity was provided for open competitive bidding or negotiation;

(iii) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;

(v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;

(vi) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vii) Any other relevant considerations.

[60 FR 56916, Nov. 9, 1995]

§ 570.612 Executive Order 12372.

(a) *General.* Executive Order 12372, Intergovernmental Review of Federal Programs, and the Department's implementing regulations at 24 CFR part 52, allow each State to establish its own process for review and comment on proposed Federal financial assistance programs.

(b) *Applicability.* Executive Order 12372 applies to the CDBG Entitlement program and the UDAG program. The Executive Order applies to all activities proposed to be assisted under UDAG, but it applies to the Entitlement program only where a grantee proposes to use funds for the planning or construction (reconstruction or installation) of water or sewer facilities. Such facilities include storm sewers as well as all sanitary sewers, but do not include water and sewer lines connecting a structure to the lines in the public right-of-way or easement. It is the responsibility of the grantee to initiate the Executive Order review process if it proposes to use its CDBG or UDAG funds for activities subject to review.

§ 570.613 Eligibility restrictions for certain resident aliens.

(a) *Restriction.* Certain newly legalized aliens, as described in 24 CFR part 49, are not eligible to apply for benefits under covered activities funded by the programs listed in paragraph (e) of this section. "Benefits" under this section means financial assistance, public services, jobs and access to new or rehabilitated housing and other facilities made available under covered activities funded by programs listed in paragraph (e) of this section. "Benefits" do not include relocation services and payments to which displacees are entitled by law.

(b) *Covered activities.* "Covered activities" under this section means activities meeting the requirements of § 570.208(a) that either:

(1) Have income eligibility requirements limiting the benefits exclusively to low and moderate income persons; or

(2) Are targeted geographically or otherwise to primarily benefit low and moderate income persons (excluding activities serving the public at large, such as sewers, roads, sidewalks, and parks), and that provide benefits to persons on the basis of an application.

(c) *Limitation on coverage.* The restrictions under this section apply only to applicants for new benefits not being received by covered resident aliens as of the effective date of this section.

(d) *Compliance.* Compliance can be accomplished by obtaining certification as provided in 24 CFR 49.20.

(e) *Programs affected.* (1) The Community Development Block Grant program for small cities, administered under subpart F of part 570 of this title until closeout of the recipient's grant.

(2) The Community Development Block Grant program for entitlement grants, administered under subpart D of part 570 of this title.

(3) The Community Development Block Grant program for States, administered under subpart I of part 570 of this title until closeout of the unit of general local government's grant by the State.

(4) The Urban Development Action Grants program, administered under subpart G of part 570 of this title until closeout of the recipient's grant.

[55 FR 18494, May 2, 1990]

§ 570.614 Architectural Barriers Act and the Americans with Disabilities Act.

(a) The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of “residential structure” as defined in 24 CFR 40.2 or the definition of “building” as defined in 41 CFR 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (appendix A to 24 CFR part 40 for residential structures, and appendix A to 41 CFR part 101-19, subpart 101-19.6, for general type buildings).

(b) The Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218 and 225) (ADA) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable—that is, easily accomplishable and able to be carried out without much difficulty or expense.

[60 FR 56917, Nov. 9, 1995]

UPDATE: Effective March 2015

2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance supersedes, consolidates and streamlines requirements from 8 OMB Circulars referenced in Exhibit D - CDBG Regulations and Other Program Requirements:

A - 21	A - 110
A - 87	A - 122
A - 89	A - 133
A - 102	A - 50

To view Notice SD-2015-01 Issued by the U.S. Department of Housing and Urban Development, please visit the following link:

www.hudexchange.info/resources/documents/Notice-DC-2015-01-Transition-to-2-CFR-Part-200-Guidance.pdf

Exhibit E

Audit Findings or Exceptions

(N/A - No audit findings or exceptions)

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consider Selecting and Authorizing the City Manager to Enter into a Contract Agreement for Audit Services for Fiscal Year Ending September 30, 2021.

STAFF COMMENTS AND RECOMMENDATIONS:

Staff advertised RFP# 22-001-10-08 on September 22nd and 29th, 2021. On Friday, October 8, 2021, Staff received five (5) Responses for a Request for Proposals (RFP) for Auditing Services for Fiscal Year Ending September 30, 2021.

The following are the five (5) firms that submitted proposals:

Luis C. Orozco, CPA from Pharr, Texas
BML Burton McCubmer & Longoria, LLP from McAllen, Texas
Beasley, Mitchell & Co. from El Paso, Texas
Cascos & Associates, PC from Brownsville, Texas
Garcia & Pena, CPAs from Weslaco, Texas

RECOMMENDATION:

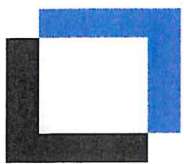
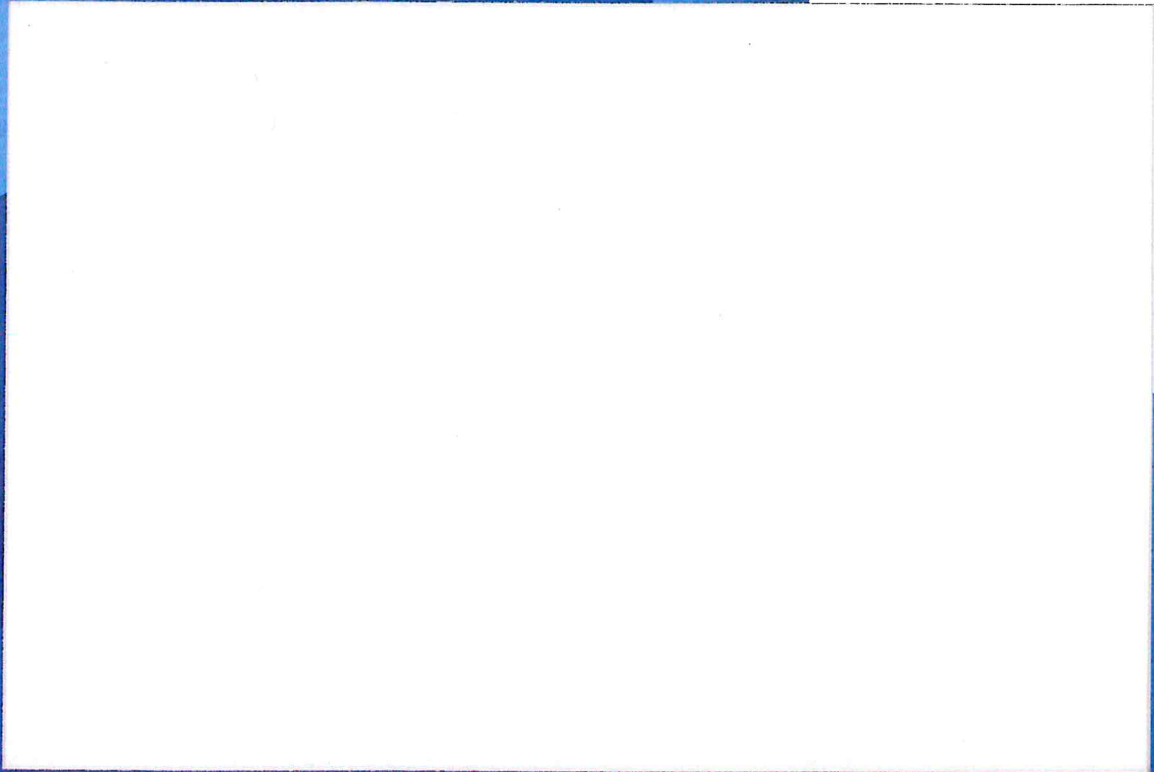
Select a firm and Authorize the City Manager to Enter into a Contract Agreement for Audit Services for Fiscal Year Ending September 30, 2021.

PREPARED BY:

Leroy Gonzales,
Director of Finance

APPROVED BY:

Benjamin Arjona, City
Manager



**Beasley,
Mitchell & Co.**
Certified Public Accountants

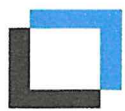
575-528-6700 | www.BMC-CPA.com
915-702-7931



City of San Juan, TX
Request for Proposal for Audit Services
RFP #22-0001-10-08
Due Date: Friday, Friday October 8 ,2021 at 10:00A.M. (CT)

TABLE OF CONTENTS

	Page
1. Transmittal Letter	1
2. Firm Qualifications	2 - 4
a. About Beasley, Mitchell & Co., LLP	2
b. Firm Independence	2
c. External Quality Control Review	2
d. Continuing Professional Education	3
e. Our firm working with you	3
f. Experience	4
g. Client List	4
3. Team Qualifications	5-8
4. Audit Approach	9 - 13
a. Scope of Work	9
b. Audit Approach	9 - 10
c. Engagement Tools	11
d. Timeline	12
e. Task Activity Plan	13
5. Proposed Fees	14
6. Conclusion	15
7. Appendix	
a. Texas License	
b. Peer Review Letter	
c. Proof of Insurance	



Beasley, Mitchell & Co.
Certified Public Accountants

Brad Beasley, CPA, Partner
Christine Wright, CPA, Partner
Tony Morán, CPA, Partner
Christopher Salcido, CPA, Partner

October 05, 2021

Lori A. Maldonado
Purchasing Agent
709 S. Nebraska
San Juan, TX 78589-2649

Re: Request for Proposal

Dear Lori A. Maldonado,

I am pleased to present our proposal to provide audit services for the City of San Juan (the City) for the fiscal year ending September 30, 2021 with the option of potential renewal for two additional years at 1 year interval, years ending September 30, 2022 and 2023, in accordance with the standards for financial audits contained in Audits of State and Local Governments (and if necessary, compliance audit standards contained in the Government Auditing Standards, issued by the Governmental Accounting Standard Board, the Federal Single Audit Act and the provisions of the Office of Management and Budget's (OMB) Circular A-133)

We take pride in our service and are confident that you will find our services to be of the highest degree of professionalism and quality. I believe that with our experience with municipalities, governmental funding and single audits, and overall knowledge and audit experience, we are an excellent choice for the City. Beasley, Mitchell & Co., LLP understands the services outlined in the request for proposal and can perform them within the time period specified. This proposal is valid for ninety (90) days after the deadline for submission of the proposal, or sixty (60) days after receipt of a best and final offer if one is submitted.

We look forward to building such a relationship with you. If you have any questions, please contact me at 575-528-6700 or by e-mail at brad@bmc-cpa.com, or Dahlia Garcia, CPA, Senior Audit Manager, at 915-831-9253 or by email at garciaadp@bmc-cpa.com. Dahlia Garcia will be your main point of contact. Brad Beasley is authorized to make representations for Beasley, Mitchell, & Co., LLP and to bind our firm to a contract.

Very truly yours,

Brad Beasley, CPA, CGMA
Audit Partner



Find us on Forbes 2021 "America's BEST Accounting Firms" List

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Telephone 915.702.7931 • Facsimile 575.528.6775



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BEASLEY, MITCHELL & CO. SNAPSHOT

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QUALITY CONTROL MANAGER	J.J. Griego, CPA jjgriego@bmc-cpa.com 575-528-6717

WHO WE ARE

Beasley, Mitchell & Co. has 60+ professionals striving to provide quality service and year-round guidance. With CPAs each specializing in different industries we have diversified our firm to meet your needs. Our staff is innovative, dynamic, and ready to serve you.

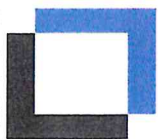
PROSPER AND ENJOY THE JOURNEY

FEES

Total Annual Contract Fee	\$49,500
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"Beasley, Mitchell & Co. is not my auditor, they are a bucket of knowledge and support available for me and my city."

– RAQUEL ALARCON, FINANCE DIRECTOR, CITY OF SUNLAND PARK



**Beasley,
Mitchell & Co.**

Certified Public Accountants

575-528-6700 | www.BMC-CPA.com
915-702-7931

FIRM QUALIFICATIONS

ABOUT BEASLEY, MITCHELL & CO., LLP

In 1987, Don Beasley and Paul Mitchell started Beasley, Mitchell & Co., LLP, an independent, regional certified public accounting firm with offices in New Mexico, Texas, and Arizona. Beasley, Mitchell & Co., LLP is the largest accounting firm in Southern New Mexico employing over 60 team members, including fourteen CPAs, one Certified Fraud Examiner and six bookkeepers, including several certified bookkeepers. There are eleven full-time professional staff in the audit department that will be utilized for the City. Work for this engagement will be performed from our El Paso office.

Beasley, Mitchell & Co., LLP is guided by the following mission statement:

*Our mission is to provide exceptional quality client services,
allowing our clients and our firm to prosper
and for all of us to enjoy the journey.*

Beasley, Mitchell and Co., LLP has expanded services offered as demands for these services have increased due to the economic growth in New Mexico and Texas. The audit, assurance, and monitoring work is all supervised and reviewed to meet the highest quality control standards. Our firm provides national firm resources and experience, as identified under the engagement tools, with a local firm feel. We are dedicated to providing timely service, and quality work.

FIRM INDEPENDENCE

Beasley, Mitchell & Co., LLP is independent in all respects to City of San Juan, both in fact and appearance, and exceeds all independence requirements set forth under Generally Accepted Auditing Standards (GAAS) as issued by the American Institute of Certified Public Accountants. Guidelines for audits created by the Comptroller General and the audit agency of the United States Congress, the Government Accountability Office. These guidelines are also known as the Yellow Book and provide technical guidance for auditors performing audits required to adhere to governmental standards.

EXTERNAL QUALITY CONTROL REVIEW

Beasley, Mitchell & Co., LLP is committed to provide quality work and excellent service. We accomplish this by participating in the American Institute of Certified Public Accountants (AICPA) Peer Review Program. Further, our firm has a written quality control document which requires the firm to perform annual reviews of both the quality control process related to the auditing and accounting services provided, and also a review of select engagements performed during the last year. A copy of our latest peer review, dated February 15, 2021, is provided in the appendix. There is no disciplinary action taken or pending against Beasley, Mitchell & Co., LLP during the past three (3) years with state regulatory bodies or professional organizations.

FIRM QUALIFICATIONS (Continued)

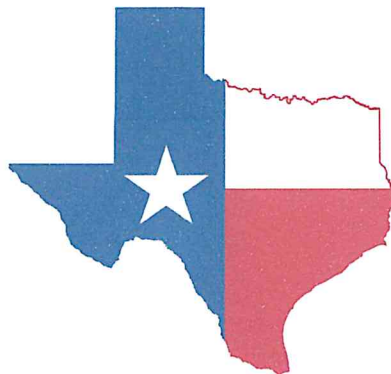
CONTINUING PROFESSIONAL EDUCATION

Our firm stresses the importance of adequate training by having a partner in charge of overseeing all continuing professional education. This ensures staff that requires specific training to perform their normal tasks receives the necessary training. The individuals who perform Single Audits and/or Yellow Book audits attend courses that directly relate to governmental auditing and accounting, or courses that qualify for Yellow Book credit. We do not allow any staff to perform any services that are not directly supervised by a supervisor that meets the minimum standards as established by the AICPA.

OUR FIRM WORKING WITH YOU

This proposal outlines many reasons to select Beasley, Mitchell and Co., LLP as your auditors. The items below help to summarize and simplify this decision:

- Beasley, Mitchell and Co., LLP has met and exceeded expectations where others have failed; i.e. timely audits and other services, staff training and assistance, and the availability to the City of San Juan's staff.
- Beasley, Mitchell and Co., LLP has assisted cities, counties, municipalities, school districts, housing authorities, nonprofit organizations, tribes, and tribal entities with educating themselves on the preparation of financial statements and new accounting standards. Our firm will help your organization run better because of this experience and advice.
- Beasley, Mitchell and Co., LLP has extensive knowledge in multiple industries such as construction, gaming, transportation, cannabis, farming, retail, entertainment, and hospitality. Our firm has capability to assist the City in identifying and evaluating new and profitable opportunities.
- Beasley, Mitchell and Co., LLP has provided all of our services at very competitive rates. Our specialization with governmental entities, housing authorities, nonprofit organizations and tribal governments and entities will allow us to serve you with professionalism and integrity.
- Our fees will not increase after we begin our engagement; as has occurred with our competitors and their clients. Only large "scope" changes affect the cost of your services.
- Beasley, Mitchell and Co., LLP has a staff that is always accessible to the City of San Juan. Our staff will answer questions quickly and honestly as a team. Team members, managers and partners are available to your staff seven days a week.



FIRM QUALIFICATIONS (Continued)

EXPERIENCE

Beasley, Mitchell & Co., LLP is a full service CPA firm. The firm has performed approximately 80 governmental audits in the last 3 years including several single audits. The management assigned to your audit specialize in governmental audits.

CLIENT LIST

CLIENT NAME	CONTACT PERSON	CONTACT NUMBER	EMAIL
Emergence Health Network	Monica Estrada	(915)887-3410	mestrada@EHNELPASO.ORG
Texas Panhandle Centers	Genna Dunlap	(806)351-3310	Genna.Dunlap@txpan.org
Marlin Independent School District	Lawrence Galloway	(254) 883-3585	lgalloway@marlinisd.org
South Central Transit District	David Armijo	(575)323-1620	darmijo@scrtcd.org
City of Portales	Marilyn Rapp	(575)356-6662	mrapp@portalesnm.gov
City of Artesia	Aubrey Hobson	(575)746-2122	ahobson@artesianm.gov
City of Sunland Park	Raquel Alarcon	(575)589-7565	raquel.alarcon@sunlandpark-nm.gov
City of Elephant Butte	Rani Bush	(575)744-4892	cityclerk@cityofeb.com
City of Anthony	Diana Murillo-Trujillo	(575)882-2983	mavortrujillo@cityofanthonymn.org
City of Jal	Desiree Lopez	(575)395-3340	d.lopez@cityofjal.us
Hidalgo County	Tisha Green	(575)542-9428	tisha.green@hidalgocounty.org
Village of Columbus	Mayor Salas	(575)531-2663	mayor@vtc.net
Dexter Consolidated Schools	Jeannie Harris	(575)734-5420	jeannie@dexterdemon.org
Cloudcroft Municipal Schools	Gwen Huston	(575)601-4416	gwen.huston@cmsbears.org
Village of Mosquero	Daniela Johnson	(575)673-2322	mosquero1@plateautel.net
Village of Reserve	Andre Giron	(575)533-6276	agiron@villageofreserve.org
De Baca Family Practice Clinic	Susan Vick	(575)355-2404	svickwork@plateautel.net
Hondo Valley Public Schools	Elizabeth Montoya	(575)653-4411	carmen.spann@regionix.org
Village of Roy	Danny Laumbach	(575)485-2541	villageofroy@plateautel.net
Roy Municipal Schools	Sherrita Fluhman	(575)485-2242	sfluhman@royschools.org
Village of Tularosa	Rebekah Bryant	(575)585-2771	mlucero@tularosa.net
Centro Del Obrero Fronterizo	Jackie Tellez	(915)345-8564	jackietellez@gmail.com
Carrizozo Municipal Schools	Elizabeth Montoya	(575)648-2348	liz.montoya@carrizozogrizzlies.org
Central New Mexico Housing Corporation	Lucinda Hazzard	(505)345-4949	chazzard@centralnmhousing.org
Boys and Girls Club of Otero County	Candace Helmick	(575)437-3788	c.helmick@tularosa.net
Village of Des Moines	Christian Moehring	(575)643-6461	Christian_Moehring@nps.gov
Angel Fire PID	Sally Sollars	(575)377-3483	office@angelfirepid.com
Borderplex BI-National Alliance	Arturo Wiener	(915)298-1000	awiener@borderplexalliance.org
Arenas Valley Soil and Water Conservation District	Julle Dubiskas	(575)538-3782	avwawater@gmail.com
Sierra Soil and Water Conservation District	Megan Goyette	(575)894-2212	megan@sierrasoil.org
Grant Soil and Water Conservation District	Rebecca Benavidez	(575)590-3323	grantswcd@zianet.com
Casa Adobe Mutual Domestic Water Consumers Association	Arthur Franklin	(575)536-9340	camdwcaoffice@gmail.com

TEAM QUALIFICATIONS

Competence is derived from a combination of education and experience. All the employees at Beasley, Mitchell & Co., LLP are evaluated and assigned to projects that are within their level of education and experience. As a result, the City of San Juan will work with competent, technical employees that will provide quality service. Beasley, Mitchell & Co., LLP currently provides Auditing and Assurance services to over 200 clients. Among these, we have extensive experience in financial statement audits, evaluations of internal control, compliance audits, single audits, agreed upon procedures, and program specific audits for various schools. Furthermore, the audit supervisor has received continuing education specific to Municipalities.

Beasley, Mitchell & Co., LLP believes staff continuity provides better services to our clients. We realize that continued use of new staff on engagements results in additional work and time spent by both the firm and the client, so we strive to limit the turnover in staffing. The firm has experienced low turnover rates in its auditing and accounting practice. All of our staff assigned to this engagement is licensed to practice in the state of Texas.

OUR SERVICE TEAM FOR THE CITY OF SAN JUAN

Audit team assigned to the City:

- Brad Beasley, CPA, CGMA, Audit Partner
- Dahlia Garcia, CPA, Senior Audit Manager
- J.J. Griego, CPA, Quality Control Manager
- Juan Garcia, MBA, Audit Specialist
- Jesse Oliver, MACC, Staff I Auditor
- Rene Mendoza, Staff I Accountant

Audit team not assigned to the City but available:

- Avi Chettry, CPA, MACC, Audit Supervisor
- Itza Sosa, MACC, Staff I Auditor
- Carmen Jimenez, Staff I Accountant

"Diversity, Training, Relationships. Auditing is not just a job, it's a resource with Beasley, Mitchell & Co."
- Daniela Johnson, Village Clerk, Village of Mosquero

TEAM QUALIFICATIONS (Continued)

Brad M. Beasley, CPA, CGMA, Partner



Qualifications

Brad has been with Beasley, Mitchell & Co., LLP since 2004, and a partner since 2008. Brad has more than twenty years of audit experience. At Beasley, Mitchell & Co., LLP, Brad manages the Audit and Assurance practice and provides accounting and tax services to a broad range of clients with concentration in government, not-for-profit, and commercial and residential construction. He worked in Internal Audit and SEC compliance while working in the gaming industry for Harrah's Entertainment (now Caesars' Entertainment). Brad has serviced many governmental entities including the City of Portales, Hidalgo County and City of Sunland Park and many more. He serves on the AICPA Assurance Services Executive Committee and is on the Audit Committee of New Mexico State University. Brad has well over 120 hours of CPE in the last 3 years, which includes 36 hours of yellow book CPE.

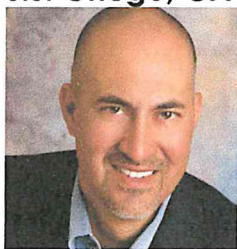
Dahlia Garcia, CPA, Senior Audit Manager



Qualifications

Dahlia serves as a senior manager in the assurance and audit department, having joined Beasley, Mitchell & Co., LLP in 2015 after working for four years at an accounting firm in El Paso. Dahlia has over ten years of New Mexico Government audit experience. Dahlia is licensed in Texas. She has not-for-profit and governmental experience, and receives extensive yellow book training on a regular basis. Dahlia has provided external audit, risk assessment, and control assurance to many governmental entities. Dahlia has been auditing schools since 2011 and manages a large book of business. Dahlia has serviced the City of Portales, the City of Sunland Park, City of Jal, City of Artesia, Emergence Health Network and many more. Dahlia has well over 120 hours of CPE in the last 3 years, which includes over 60 hours of yellow book CPE.

J.J. Griego, CPA, Quality Control Manager



Qualifications

J.J. serves as the quality control manager in the assurance and audit department. J.J. is licensed in New Mexico and earned his Bachelor's degree from the University of New Mexico. He has over twenty years of experience serving governmental entities including; counties, municipalities, HUD entities, tribal entities, and school districts, and has received over 200 hours of continuing professional education over the last three years. J.J. is extremely active in the community having served as a member of Board of Directors for the New Mexico Society of CPAs, New Mexico Sports Hall of Fame, and Albuquerque Public Schools Education Foundation. J.J. will be actively involved in the supervision of field work.

TEAM QUALIFICATIONS (Continued)

Juan Garcia, MBA, Audit Specialist

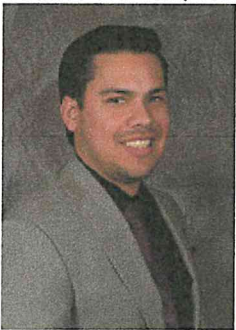


Qualifications

Juan serves as an audit specialist in the assurance and audit department. Juan has not-for-profit and governmental experience, and has earned the Advanced Single Audit Certification. Juan also has experience in external audit and risk assessment. Juan has serviced many governmental entities, including the City of Anthony, City of Sunland Park, and Texas Panhandle Centers. He has over six years of New Mexico Government auditing experience. Juan has well over 120 hours of CPE in the last 3 years, which includes 36 hours of yellow book CPE.

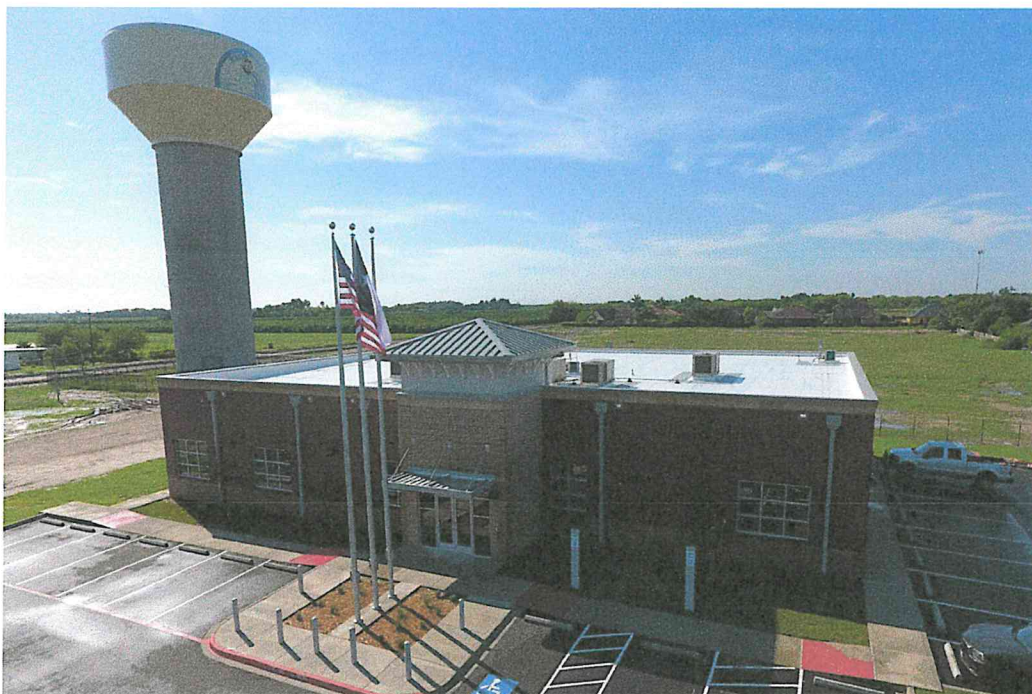


Jesse Olivar, MACC, Staff I Auditor



Qualifications

Jesse serves as a staff auditor in the assurance and audit department, having joined Beasley, Mitchell & Co., LLP in 2018 after working for a year and a half as a graduate assistant at New Mexico State University and three years for a financial institution. Jesse has serviced Burrell College of Osteopathic Medicine, City of Sunland Park, and Vaughn Municipal Schools. Jesse has well over 80 hours of CPE in the last 2 years, which includes 24 hours of yellow book CPE.



TEAM QUALIFICATIONS (Continued)

OTHER STAFF THAT IS AVAILABLE:

Avi Chettry, CPA, MACC, Audit Supervisor



Qualifications

Avi Chettry serves as an Audit Supervisor in the assurance and audit department, having joined Beasley, Mitchell & Co., LLP in 2015 after working for a year and a half in internal audit at University of New Mexico Internal Audit Department. Avi has six years of New Mexico Government audit experience. He has for profit, not-for-profit and governmental experience, and receives yellow book training on a regular basis. Avi has serviced the City of Jal, Hidalgo County and Emergence Health Network. Avi has well over 120 hours of CPE in the last 3 years, which includes 36 hours of yellow book CPE.



Itza Sosa, MACC, Staff I Auditor



Qualifications

Itza serves as a staff auditor in the assurance and audit department, having joined Beasley, Mitchell & Co., LLP as an intern in 2017 and promoted to Staff upon completion of her Master's degree. Itza worked as an intern for a large regional firm, in the summer of 2018 and as a graduate assistant for the accounting department at New Mexico State University for a year. Itza has held leadership positions as an accounting tutoring lab manager. Itza has serviced the Village of Mosquero, Village of Columbus, City of Anthony, South Central Transit District, and Hidalgo County. Itza has well over 80 hours of CPE in the last 2 years, which includes 24 hours of yellow book CPE.



AUDIT APPROACH

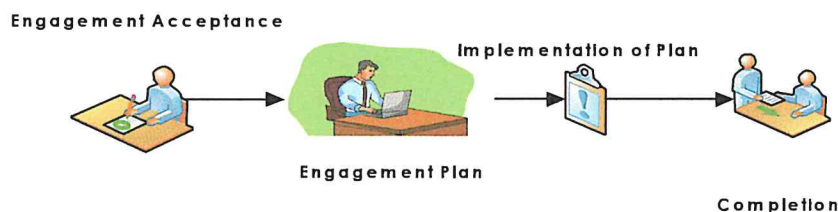
SCOPE OF WORK

Beasley, Mitchell & Co., LLP will perform an annual financial audit, accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act of 1984 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Additionally, the single audit work will be conducted in accordance with GAAS to meet all federal grant audit requirements.

- Beasley, Mitchell & Co., LLP will submit a report of the progress of the audit upon request by the City.
- Beasley, Mitchell & Co., LLP will be responsible for the preparation of a Comprehensive Annual Financial Report to include 10 hard bound copies.
- Beasley, Mitchell & Co., LLP will compile and prepare all financial statements and schedules in the financial section of the Comprehensive Annual Financial Report.
- Beasley, Mitchell & Co., LLP will prepare the financial statements.

AUDIT APPROACH AND PROPOSED SCHEDULE

We believe a properly planned audit is important not only to the auditor, but also to the City being audited. Time spent with the City of San Juan's management and finance department staff during the planning stages will result in a better understanding of the City, thus providing for the development of a custom risk-based audit plan specifically for the City of San Juan, which will allow for the maximization of efficiency and effectiveness of the audit, while complying with U.S. GAAP, GAGAS and the Uniform Grant Guidance for Single Audit.



Engagement Acceptance

Initial meetings with the City of San Juan's management and finance department staff will help us evaluate the organizational structure, and we will come to a mutual agreement on the timeline for the various steps of the engagement process. We will share our expectations of management and staff, while allowing management and staff to share their expectations of us. Our goal is not to second-guess management and staff, but to form independent conclusions resulting from our procedures. We will conduct the audit in accordance with GAAS, GAGAS and any other respective regulatory agencies.

AUDIT APPROACH (Continued)

Engagement Plan

The extent and nature of the procedures designed and applied are customized to you, based on size, complexity, and structure. Based on the information provided and observation of operations, we will modify our approach in order to meet the objectives of the engagement. We will perform an assessment of inherent and control risk.

In assessing inherent risk we will consider the susceptibility of error in account balances and transactions that would result in material misstatement. Factors include but are not limited to the nature of the City, the skills, knowledge and experience of employees, and prior year noncompliance identified, if any.

Control risk would then be assessed by identifying and evaluating the control system in place, and the effectiveness of those controls. We will become familiar with the internal policies and procedures, and we will identify and consider significant risks. Significant transaction classes will be walked through allowing us to understand the entity and its internal control environment. Subsequently, we will observe and test key controls that help prevent, detect and correct material misstatements and noncompliance.

Implementation of Plan

Once the risk assessment is complete, sampling and substantive testing will be determined. Our sampling will be statistical based to ensure a representative population sample is tested. Some nonstatistical sampling may be used as deemed necessary. Test of details will be applied in the transactions and balances that have been determined to be of higher risk. Analytical procedures will be applied and evaluated to establish expectations and determine the plausible relationships, both financial and nonfinancial. With a dedicated IT company, BMC Technologies, Beasley, Mitchell & Co., LLP will evaluate internal controls throughout various audit areas including computer systems and IT security.

Completion

After performing our audit procedures, the engagement team will perform concluding steps, including but not limited to, writing up the audit report to meet the engagement objectives, complete final analytics to ensure that the information tested and the reports are complete, accurate, and identify any anomalies. We will present the audit results to the respective members of management and governance, as designated by the City.



AUDIT APPROACH (Continued)

ENGAGEMENT TOOLS

We utilize Case Ware, an electronic audit engagement and financial statement preparation platform. Using Internet access, we are able to share work with staff members located at our offices. Clients can either provide us with original source documents, which we scan into our system, or provide us with electronic versions using a secure transfer service. Beasley, Mitchell & Co., LLP complies with all professional standards regarding confidentiality of client information.

We use Checkpoint, a group of tools that provide a web based data search engine which includes the auditing standards and other rules and regulations that are applicable to some audits. The tools and software used are updated frequently, and provide guidance in the application of the entity being audited. These tools allow us to better serve the City.

Beasley, Mitchell & Co., LLP is a member of CPAmerica (CPAmerica) and Horwath International (Horwath). CPAmerica is an exclusive international organization of independent certified public accounting firms, and Horwath is the second largest accounting association in the world. These affiliations guarantee our clients access to the advice and resources of more than 10,000 industry professionals in over 90 countries around the world. These affiliations allow us to share best practices and technical and industry resources, as well as allow us to leverage resources for interactive national training to small groups of professionals.



AUDIT APPROACH (Continued)

TIMELINE

Communications before, during, and after fieldwork are important to both the firm and the client. We do not believe in holding things back, then “surprising” the client with findings or issues. Findings, if any, will be discussed with the appropriate level of management as they are discovered. The in-charge of the engagement will hold an exit conference at the end of field work with selected members of management to ensure open communication. With our numerous resources, and qualified staff, we can complete the engagement(s) in the time table prescribed by the City as long as all information is available for us. We are committed to exceed your expectations, and our proposed timeline can be modified:

Proposed Timeline

Start Interim Fieldwork	December, 2021
Start Final Fieldwork	January, 2021
Preliminary Draft	March 1, 2022
Report Presented to City Commission	March 31, 2022



AUDIT APPROACH (Continued)

TASK ACTIVITY PLAN

Below is our task activity plan:

	Brad Beasley Partner	Dahlia Garcia/ J.J. Griego Manager	Juan Garcia Specialist	Jesse Oliver Auditor	TOTAL HOURS
Planning and Risk Assessment	20	30	-	-	50
Review and Supervision	20	30	-	-	50
Internal Controls	-	20	15	9	44
Cash and Cash Equivalents	-	-	-	10	10
Receivables	-	-	-	8	8
Capital Assets	-	-	-	10	10
Other Assets	-	-	-	12	12
Accounts Payable	-	-	-	11	11
Long Term Debt	-	-	-	12	12
Other Liabilities	-	-	-	8	8
Net Position	-	-	-	12	12
Revenue	-	-	-	11	11
Expense	-	-	-	12	12
Financial Statement Preparation	10	10	-	20	40
Single Audit	-	-	40	-	40
Total Budgeted Hours	50	90	55	135	330

PROPOSED FEES

SERVICES OFFERED AND RELATED FEES

Annual Fees 2021		
	Hours	Cost
Financial Statement Audit and Compliance	250	\$ 37,500
Financial Statement Preparation	40	6,000
Single Audit	40	6,000
Total	330	\$ 49,500

Annual Fees 2022		
	Hours	Cost
Financial Statement Audit and Compliance	250	\$ 38,625
Financial Statement Preparation	40	6,180
Single Audit	40	6,180
Total	330	\$ 50,985

Annual Fees 2023		
	Hours	Cost
Financial Statement Audit and Compliance	170	\$ 39,784
Financial Statement Preparation	40	6,365
Single Audit	40	6,365
Total	250	\$ 52,514

These fees are fixed based on our average hourly rate. If the professional effort required differs from our estimate, the City of San Juan is not at risk. It is important to note that our bid is based on the market value of the audit services, as outlined. We do not bill in excess of our quoted fees for the outlined services.

From time to time, you may have a question or issue that you would like to discuss immediately. We are always available via phone or email. We are prompt in responding to your needs and are able to respond quickly to both routine requests and requests for special services. We anticipate a customary level of incidental questions and research, which is provided at no additional charge. For special projects, in a manner similar to our proposal for the audit, we can provide fixed price bid(s) for each project as requested.

CONCLUSION

WHY BEASLEY, MITCHELL & CO., LLP IS YOUR BEST CHOICE

We are a regional firm with national resources. What this means for the City of San Juan, is that upper management is involved in every step of the engagement process. This approach ensures the utmost professionalism and care for the City. Further, our extensive national resources allow us to provide you with technical expertise that would be difficult to attain otherwise. Beasley, Mitchell & Co., LLP differentiates itself from others in the accounting profession by providing exceptional service and premium technical services.

Our engagement strategy is specifically designed for the City to ensure that as our client you receive the best quality and service. Your ultimate success and growth is our personal goal as your accounting firm and professional advisor.

Our firm has a dedicated audit department which performs audit and accounting services throughout the year, while many other firms our size do not have dedicated audit staff. Many firms our size provide audit services, especially for governmental agencies with fiscal year-ends, to "fill in" their year, since it is a down-time for tax preparation. Therefore, you may end up with staff that do not have the experience, background, knowledge, training, or continuing professional education that our dedicated audit team possesses.

Since communication is a key component in any business relationship, we have set expectations for all employees in the firm at all levels regarding client responsiveness. We are determined to answer emails, and phone calls as quickly as possible. We encourage all our clients to set up face to face meetings with us as deemed necessary. As a result of our commitment to excellent communication, we know the City of San Juan will receive optimum service.

Beasley, Mitchell & Co., LLP appreciates the opportunity to provide this proposal. We would enjoy having the City of San Juan as a client of our firm.

"Beasley, Mitchell & Co. is not my auditor, they are a bucket of knowledge and support available for me and my city."

-Raquel Alarcon, Finance Director, City of Sunland Park



Texas State Board of Public Accountancy

505 E. Huntland Drive, Suite 380, Austin, Texas 78752

William Treacy, Executive Director

1/27/2021

BEASLEY, MITCHELL & CO., LLP
OFFICE
509 S MAIN ST STE A
PO BOX 550
LAS CRUCES NM 88004

→
FOLD FORM
HERE AND
PULL CARD
BACK TO
RELEASE
→



Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380, Austin, Texas 78752
The office is licensed to practice in Texas.

BEASLEY, MITCHELL & CO., LLP
OFFICE
509 S MAIN ST STE A
PO BOX 550
LAS CRUCES NM 88004

Firm License ID: P05459	Expires: 11/30/2021
Office License ID: W06511	Form No: 21036332

By receipt of this license card, requirements for licensing by the Texas State Board of Public Accountancy have been met. The license card can be easily removed from the sheet and can be used as identification as a licensee in Texas. After removing your license card, retain this mailer as a **FILE COPY** of the license card.

As a licensed firm, a 7-digit number (*Firm Control Number*) has been assigned to your firm as an alternative method of unique identification, in addition to your *Firm License ID*. **The *Firm License ID* and *Firm Control Number* are required to access information on the Board's website, and are shown below on the file copy of your license card.** (Note that each office of your firm is assigned a unique *Office License ID*.)



Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380, Austin, Texas 78752
The office is licensed to practice in Texas.

BEASLEY, MITCHELL & CO., LLP
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LAS CRUCES NM 88004

Firm License ID: P05459	Expires: 11/30/2021
Firm Control Number: 0207285	
Office License ID: W06511	Form No: 21036332

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FILE COPY

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

February 15, 2021

To the Partners of Beasley, Mitchell & Co., LLP
and the Peer Review Committee of the Colorado Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Beasley, Mitchell & Co., LLP (the firm) in effect for the year ended March 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Beasley, Mitchell & Co., LLP in effect for the year ended March 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Beasley, Mitchell & Co., LLP has received a peer review rating of *pass*.

FRANKEL ZACHARIA LLC

Frankel Zacharia, LLC



CAMICO MUTUAL INSURANCE COMPANY
DECLARATIONS
ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

Policy Number: NML01403-18

Effective Date: 12/12/2020 at 12:01 A.M. Standard time at the address shown below
Expiration Date: 12/12/2021 at 12:01 A.M. Standard time at the address shown below
Retroactive Date: 11/12/1987

Item 1 - Named Insured: Beasley, Mitchell & Co., LLP
Item 2 - Business Address: 509 South Main Street, Suite A

Las Cruces, NM 88001

Item 3 - Limits of Liability: \$2,000,000 Per Claim
\$2,000,000 Policy Aggregate
Item 4 - Deductibles: \$10,000 Per Claim Deductible

Item 5 - Total Premium: \$33,536

Item 6 - The policy consists of this Declarations page, and the following policy forms and endorsements:

PL-1000-A	07/14	Accountants Professional Liability Insurance Policy
PL-2039-A (NM)	07/14	State Endorsement - New Mexico
PL-2042-A (NM)	07/14	Disclosure Notice
PL-1004-A	07/14	Dollar One Defense Endorsement
PL-1007-A	07/14	Exclusion - Claims Following Insureds Suit for Fees
PL-1034-A	07/14	Excluded Entities
PL-1039-A	07/14	Computer Consulting Endorsement
PL-1047-A	07/14	Lawyer Attorney Exclusion
PL-1049-A	07/2014	Privacy and Client Network Damage Endorsement
PL-1056-A	06/16	Multiple Claims and Related Acts, Errors and Omissions Amendment

PLEASE READ THESE DECLARATIONS, THE POLICY AND ENDORSEMENTS CAREFULLY.

CAMICO Mutual Insurance Company

Authorized Representative

CITY OF
SAN JUAN

RFP NO. 22-001-10-08
AUDIT SERVICES

The Right Choice.

BML

Burton
McCumber
& Longoria, LLP
CPAs & Advisors



REQUEST FOR PROPOSALS

AUDIT SERVICES – RFP NO. 22-001-10-08

Presented by

The Right Choice.

BML

**Burton
McCumber
& Longoria, LLP**
CPAs & Advisors

Brownsville • McAllen

An



AICPA®
GAQC Member

Date Submitted – Friday, October 8, 2021

Contact
Ricky Longoria, CPA, CFE
205 Pecan Boulevard
McAllen, Texas 78501
Telephone: (956) 618-2300

TABLE OF CONTENTS

	Page
Transmittal Letter	3
Executive Summary	5
Profile of the Auditor and Qualifications	7
Engagement Team Resumes	11
Approach to Completing the Audit	21
Estimated Audit Fees	25
Peer Review Report	26

October 8, 2021

City of San Juan, Texas
To the Honorable Mayor and
Members of the City Commission
709 S. Nebraska
San Juan, Texas 78589

We are pleased to submit our request for proposal to provide professional auditing services to the City of San Juan, Texas (the "City"). Burton McCumber & Longoria, LLP ("BML") has had a strong presence in South Texas and the Rio Grande Valley for over 40 years. Our commitment to providing quality audit services is evidenced by the clients we serve. **As a member of the American Institute of Certified Public Accountants Government Audit Quality Center**, we are committed to ensuring your audit meets the highest levels of professional standards which will achieve the service results you have requested. The partners and staff of BML are dedicated to delivering quality client services as part of our service strategies.

- **Firm Understanding.** Burton McCumber & Longoria, LLP. proposes to perform an audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City of San Juan, Texas for the fiscal year ending September 30, 2021 plus two one option years.

The audit services provided to the City will be conducted in accordance with auditing standards generally accepted in the United States of America as included in Statements on Auditing Standards, published by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States.

- **Firm Representation.** **Ricky Longoria, CPA, CFE** will be the engagement partner for the scope of audit services stated above and is authorized to bind the firm and can be reached at our McAllen, Texas office, located at 205 Pecan Boulevard at (956) 618-2300.
- The audit department of Burton McCumber & Longoria, LLP includes 19 experienced professional of which **8 are certified public accountants and 5 who are also certified fraud examiners**. The professionals who possess both a CPA license and are also certified fraud examiners include Ricky Longoria (Partner), Ben Pena (Partner), Amy Booth (Manager), Luis Lopez (Manager), and Joshua Longwell (Manager).
- **All staff** involved in audits of governmental and non-profit entities **acquire yearly training** on the latest accounting and auditing trends **specific for governmental and non-profit entities**. Our **managers and senior staff attend yearly continuing education conference** hosted by the AICPA, TSCPA or the local chapter of the TSCPA.

- We are experienced in assisting governmental entities with the preparation of their Annual Financial Report and in cases where a Comprehensive Annual Financial Report is desired, we have assisted them in receiving the **GFOA Award** for financial reporting. Examples of current clients who receive this award is the County of Hidalgo, Cameron County, McAllen ISD, and Weslaco ISD.
- We are experienced in auditing government clients who received federal and state awards ranging from \$3 million to in excess of \$100 million.
- We are member firm of the **AICPA Government Audit Quality Center** which ensures our professionals are updated on current accounting and audit issues related to governments and school districts.
- Burton McCumber & Longoria, LLP is committed to performing the work within the time periods specified by the RFP barring any unusual circumstances and commitment from the City's personnel in providing the information on a timely basis.
- **Document Portal and Request Manager.** We will provide a **secure online document upload portal** called **Suralink**. This portal is an engagement management tool that provides automated weekly status updates to management and governance and all those involved in the audit process, as well as the audit team, to ensure timely progress of the audit.
- **We are able to perform the audit virtually to reduce the risk** to City personnel as it relates to COVID-19.

BML is part of the local community and has a desire be of service. The City of San Juan, Texas would be a very important client to our firm. As with all the clients we serve, we strive to develop professional relationships based on trust, friendship and professional respect.

It is generally accepted as a Best Practice to rotate auditors periodically. BML will bring a *fresh perspective* and point of view to the audit engagement for which the City of San Juan, Texas can only benefit. We look forward to meeting with you and discussing further our service philosophy, approach, and methodology.

Sincerely,

Burton McCumber Longoria LLP

Burton McCumber & Longoria, LLP

EXECUTIVE SUMMARY

The City of San Juan continues to provide its citizens superior services in ensuring the safety of its residents, the maintenance of facilities including roads and bridge infrastructure, and providing assistance to those in need. In short, it is ensuring a great quality of life for its citizens. The City accepts a leadership role by leading by example. Because the City is located along the United States and Mexican border, it is important the City partner with a firm that understand the area, its residents and its market. The City needs a CPA and advisory firm that understands audits of state and local governmental units and has an appreciation of the challenges that face a city located along the border. The City needs a firm knowledgeable in governmental accounting and auditing standards and a firm with a strong understanding and proficiency in auditing governments. **BML is that firm.**

Understanding of the City's Challenges

BML has had a presence in the Rio Grande Valley of over 40 years. Our work with a number of current governmental clients across the Valley, such as the County of Hidalgo, Hidalgo County Juvenile Probation, Hidalgo County Adult Probation, Willacy County, Willacy County Juvenile Probation, City of Brownsville Housing Authority, Urban County Program of Hidalgo County, Hidalgo County Drainage District #1 and the Hidalgo County Regional Mobility Authority is an indication of our commitment to governments in our region. We understand the City wants to avoid:

- ✗ Untimely delivery of audit services
- ✗ Missed audit deadlines with timely reporting of the City's Annual Financial Report
- ✗ Lack of continuity of CPA firm key staff
- ✗ Poor or infrequent communication from the City's CPA Firm
- ✗ Audit services that are not efficient nor cost-effective

A lack of timeliness and poor communication places unnecessary stress on the audit process. Audit services that drag out over an extended period of time can make the work more difficult for the City and its staff. Failure to work with a professional service provider that brings continuity in key engagement staff and that is proactive with ideas means the City may potentially overlook opportunities for contribution and improved operations.

It is important for the City to engage a firm that understands operations and reporting requirements of a governmental entity such as the City and the relationship between the City and all the services it provides to its residents and taxpayers. A firm that does not have the experience providing audit services to government agencies such as the City may affect the efficiency of the audit and reporting process.

City's Desired Outcomes and Solutions

Effective management of the City's budget and funds is crucial as the City experiences population growth year after year. Finding the right CPA firm can assist the City be more resourceful and attain efficiencies and effectiveness of the administrative operations specifically designed for the City's audit. This requires working with a **trusted and reputable firm** that can offer proactive governmental insight the City's staff seeks as well as **year-round suggestions and solutions.**

BML would like to be **part of your team** by bringing knowledge and experience which would help the City achieve:

- ✓ Timely delivery of its Annual Financial Report
- ✓ Peace of mind and open communication about areas of concern, including management letter comments and findings
- ✓ Receive suggestions to help improve the financial reporting process and operations in general
- ✓ Benefit from cost-effective and thorough audits completed by a professional team

As we focus on the City's needs and address its unique challenges, BML can help the City by providing year-round communication and timely audit services.

Audit services may appear alike on paper, but the fact of the matter is that the quality of the process, the timeliness of service and experience in the industry can vary among providers. For these reasons, it is important the City engage a CPA firm that understands the City's unique needs and is receptive to open dialog about issues identified. BML is that firm.

BML, the Right Choice for City of San Juan

We believe BML is the right choice to provide the City with professional audit services because, in addition to 30+ years of experience and quality service, we can provide the following:

- ☑ Proactive planning and communication
- ☑ Convenient year-round availability
- ☑ Timely delivery of audit and confidence in the financial statements
- ☑ Unparalleled client service

We are certain that after reviewing our proposal, you will find that BML is well qualified to provide professional services to the City. Beyond providing these services, we believe the City will find dependability and trust in the value we will provide in the years to come.

PROFILE OF THE AUDITOR AND QUALIFICATIONS

As a full service international accounting and management consulting firm, Burton McCumber & Longoria, LLP has been providing requested services to governmental organizations in Texas for over 40 years. We provide accounting, auditing, income tax planning and compliance, and management consulting services to both domestic and international businesses, as well as governmental and non-profit agencies. We offer our clients the distinct advantage of strength of diversity and the depth of experience that can only be found in a large accounting firm. With this experience and extensive knowledge and specialization in several significant industries, the individual partners, managers and staff members of Burton McCumber & Longoria, LLP have developed specialized proficiencies in several key practice areas. With offices located in South Texas and the Northern Mexico border, Burton McCumber & Longoria, LLP is uniquely positioned to handle any diverse needs and challenges.

All audit partners, managers and staff are trained in **IDEA Data Analytics**, which enables us to audit computerized systems, including database management, electronic data analytics and fraud and forensic testing to bring economic efficiency and effectiveness to all of our audit engagements.

As the firm is heavily involved in providing professional auditing and consulting services to a wide variety of governmental and non-profit entities, our reports and work papers are always subject to review by both state and federal desk and field reviews. We have been successful at receiving non-adverse desk and field reviews by stressing quality reviews and open and proactive communications with regulatory cognizant agents/agencies. We have not received any reprimands or penalties from the Texas State Board of Public Accountancy. We received a pass rating on our latest system of quality control for accounting and auditing practice peer review report dated September 9, 2020. A copy of our last peer review is attached.

The operating structure of the Firm is unique to any other firm located in the Rio Grande Valley in that Burton McCumber & Longoria, LLP functions with various departments. This operating structure is similar to that of large national firms. In summary, personnel assigned to a department are educated and trained in specific practice areas. Employees assigned to the audit department are specifically trained in the area of conducting audits and have no other responsibilities such as providing tax services to other clients. Given the complexity of providing audit services, it is our belief that clients are better served by our professionals who are focused in providing these services.

More in-depth information regarding the Firm can be found by visiting our website at www.BMLtexas.com.

Proposed Office and Staff

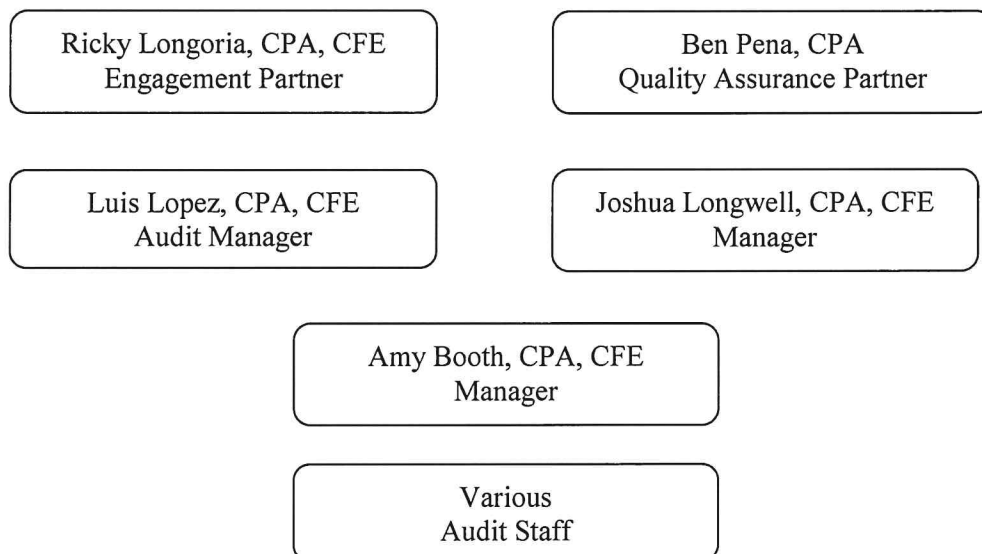
The firm has US offices located in McAllen and Brownsville, Texas. The firm has 60 employees including 50 professionals of which 6 are partners. Our McAllen, TX office, located at 205 Pecan Boulevard will be the location from which the proposed work for the City will be performed. **There are a total of 19 dedicated experienced audit professionals, of which 8 are certified public accountants, within Burton McCumber & Longoria, LLP. In addition, 5 of these professionals are also certified fraud examiners.** We are adequately staffed with professional and support personnel to provide all necessary services and to maintain personalized involvement with each client. Each client is actively encouraged to call on us any time the need arises. Our proposed audit team will include an engagement partner, a quality assurance partner, one manager, a senior in-charge accountant and various staff personnel. We feel this staffing level allows our firm to provide the necessary service quality based on the City's requirements.

All members of the audit engagement team have met the continuing education requirements in accordance with *Government Audit Standards* (Yellow Book) audits and are familiar with GASB 34. Our staff members come from a variety of different backgrounds. We strive for diversity in our staff in our hiring practices. The quality of staff involved with our clients is ensured through the heavy involvement of management personnel in all phases of the engagement, including key planning and fieldwork engagement segments. We have included a brief résumé of the all proposed engagement team. All key professional staff are properly registered/licensed to practice public accounting in the State of Texas. BML does not have a record of substandard work. BML will follow the American Institute of Certified Public Accountants' "Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits."

BML – COMMUNITY STRONG In an effort to serve our community, the firm has developed a series of free educational seminars to assist governmental and non-profit entities. These educational seminars cover a variety of topics related to accounting, auditing and reporting issues. They also cover unique topics such fraud, internal controls and tax issues. Seminars are held in Brownsville and McAllen.

We believe in creating a sense of continuity in the professionals assigned to engagements. Doing so reduces the client's cost of the engagement and helps to build relationships based on trust and confidence. All of the professionals who are assigned to complete this engagement have successfully provided services for other governmental audits similar to those of the City. Accordingly, the audit team is familiar with the timelines, standards of engagement and the City personnel that will ultimately lead to an efficient, effective, and timely audit. The following is a flowchart of the proposed engagement team:

Key Engagement Team Members



Burton McCumber & Longoria, LLP and its employees are independent of the City of San Juan. We have no direct or indirect financial interest in the City. None of the proposed audit team members have any relationship to the employees of the City and any of the City's Commissioners.

Experience with Similar Projects

Burton McCumber & Longoria, LLP has provided significant services to governmental clients including but not limited to the following clients located in the Counties of Hidalgo, Willacy, and Cameron.

- **County of Hidalgo and its related agencies (15+ years)**
Maria Arcilia “Arcy” Duran, City Auditor
(956) 381-2511
- **Hidalgo County Drainage District #1 (15+ years)**
Lora Briones, Finance Director
(956) 292-7080
- **Community Service Agency of Hidalgo County (15+ Years)**
Jaime Longoria, Executive Director
(956) 383-6240
- **Hidalgo County Head Start Program (15+ Years)**
Elma Carrera, Chief Financial Officer
(956) 383-0706
- **Hidalgo County Regional Mobility Authority (7 years)**
Pilar Rodriguez, Executive Director
(956) 402-4762
- **Housing Authority of the City of Brownsville (5+ years)**
Ms. Carla Mancha, Chief Executive Officer
(956) 541-8315 Ext 1530
- **Cameron County and its related agencies (3 years)**
Martha Galarza, County Auditor
(956) 544-0822
- **Willacy County and its related agencies (4 years)**
Ida Martinez, County Auditor
(956) 689-3422
- **Hidalgo County Community Supervision and Corrections Department (2 Years)**
Rosario Ramirez-Castilleja, Budget/Fiscal Director
(956) 587-6009
- **City of Mercedes (3 Years)**
Nereida Perez, Director of Finance
(956) 565-3114
- **McAllen Independent School District (1 year)**
Adel Felix, CFO
(956) 618-6016

The services provided to these clients include not only audit engagements but also specialized engagements such as the following:

- Internal control reviews
- Review of policies and procedures manuals and recommendations for improvement
- Fraud awareness training

Many of the entities above have issued bonds to finance a variety of capital projects. Our experience with these clients includes not only the audit of these bonds and projects as it relates to our audit of the financial statements, but other engagements such as agreed-upon procedures to ensure that the bond monies were used in accordance with the bond indenture.

With respect to the audits above, we were engaged as independent auditors; Ben Pena and Ricky Longoria were the engagement partners assigned to these projects and were performed out of our McAllen and Brownsville office.

RICKY LONGORIA, CPA, CFE



Ricky Longoria, CPA, CFE

Assurance Services Partner

McAllen, Texas

Experience

Burton, McCumber & Longoria, LLP (30+ years)

Partner 1997 – Present

Ernst & Young

Auditor 1987-1989

Areas of Special Knowledge

- Responsible for the direct supervision of the planning, coordination, control and review of the audits.
- Works directly with the account managers to ensure quality of service to the Firm's clients.
- Has a broad background of experience, including retail, financial institutions, non-profits, governmental and agriculture industries.
- Responsible for the Firm's Mexico office, BML Y Fragoso, S.C. in Matamoros, Mexico.
- Acts as firm liaison for clients doing business in Mexico and provides assistance to maquiladoras in the areas of entity structure and formation, accounting and transfer pricing and audits.

Education

University of Texas, Austin

Bachelor of Business Administration - 1987

Affiliations

American Institute of Certified Public Accountants

Texas Society of Certified Public Accountants

RGV Chapter of TSCPA's

Association of Certified Fraud Examiners

Sharyland ISD School Board Member

Specific Governmental Experience

Over 30 years of experience with governmental entities, most recently including County of Hidalgo, County of Hidalgo County Drainage District #1, Hidalgo County Head Start Program, Hidalgo County Urban County Program, Hidalgo County Community Service Agency, Hidalgo County Juvenile Probation Department, South Texas College and Hidalgo County RMA.

Yellow Book CPE Courses

Not-for-Profit Accounting and Reporting from Start to Finish
Applying A-133 to Non-profit and Governmental Organizations
Government Audit Quality Center Annual Webcast Update
Advance Fraud Detection Techniques
How to Avoid Common Audit Quality Issues: Compliance Audits,
Governmental Audits and Not-for Profit Audits

Ben Pena, CPA, CFE, CVA



Ben Pena, CPA, CFE, CVA

Burton, McCumber & Longoria, LLP

Certified Public Accountants and Management Consultants

1950 Paredes Line Road

Brownsville, Texas 78521

956-542-2553

956-542-8940 (fax)

Email: ben.pena@bmctexas.com

Website: www.bmltexas.com

Ben Pena is an audit partner with Burton, McCumber & Longoria, LLP in Brownsville, Texas. In his 25+ years of practice, Ben has worked in the assurance services area of the practice as well as the fraud and forensic accounting services.

Education

University of Texas, Pan American, Edinburg, Texas
Bachelor of Business Administration, Accounting – 1996

Work Experience

Burton, McCumber & Longoria, LLP (25+ Years)
Assurance Services, 1996 – Present

Certifications

- Certified Public Accountant, Texas, 2000, License #78425
- Certified Fraud Examiner, 2011, License #107628
- Certified Valuation Analyst, 2019, License #1017028

Areas of Special Knowledge

- Audits of State Local Governments in accordance with *Governmental Auditing Standards* and Uniform Guidance – Single Audits
- Fraud Investigation and Forensic Accounting Services
- Internal Control Environments and Fraud Risk Mitigation
- Data Analytics, Benford's Law Data Analysis, Data Mining Techniques
- Audits in accordance Generally Accepted Auditing Standards (GAAS) of Financial Institutions, Retail, Manufacturing, Real Estate, Construction, Employee Benefit Plans, Non-profit Organizations and Governmental Entities

Affiliations

- Government Finance Officers Association (GFOA) – Member
- American Institute of CPAs (AICPA), Member
- Texas Society of CPAs (TSCPA), State Director At-large
- Association of Certified Fraud Examiners (ACFE), Member
- Texas State Board of Public Accountancy – Board Member
- RGV Chapter of TSCPAs – Past President
- RGV Chapter of ACFEs – President
- Brownsville Chamber of Commerce – Board Member
- Brownsville Community Foundation – Board Member

Publications

“Who’s Watching the Cash?” Valley Business Report, p.26, September 2015

Specific Governmental Experience

Over 25 years of experience with governmental entities, most recently including the Cameron County, Cameron County RMA, Willacy County, Housing Authority of the City of Brownsville, County of Hidalgo, County of Hidalgo County Drainage District #1, Hidalgo County Head Start Program, Hidalgo County Urban County Program, Hidalgo County Community Service Agency, Cameron County Juvenile Probation Department, South Texas College and Hidalgo County RMA.

Yellow Book CPE Courses

GAQC Annual Update
Basic Background and Overview of SLG Accounting
Government & Not for Profit Accounting and Auditing Update
OMB Uniform Guidance Compliance and Auditing Issues
Internal Control in Government and Not for Profit Entities
Understanding the Mindset of a Fraudster
Contract and Procurement Fraud
Advanced Fraud Examination Techniques
Fraud Schemes

LUIS LOPEZ, CPA, CFE



Luis Lopez, CPA, CFE
Manager, Assurance Services

Experience Burton McCumber & Longoria, LLP
Manager 2018 – Present
Auditor 2010 – 2018

Areas of Special Knowledge

- Over 11 years experience in assurance services primarily focused in the public sector including audits of counties, cities, school districts special purpose districts, and non-profit organizations.
- Knowledge in governments receiving federal and state funding requiring compliance with *Government Auditing Standards* promulgated by the U.S. Government Accountability Office; OMB Uniform Guidance; and State of Texas Uniform Grant Management Standards.
- Responsible for direct oversight of staff including training and development.
- Other areas of experience also include audits of financial institutions, manufacturing, construction, distribution, employee benefit plans and internal audit services.

Education

University of Texas Pan American, Edinburg, Texas
Masters of Science in Accounting - 2010
Bachelor of Business Administration, Accounting - 2010

Certifications

Certified Public Accountant, License #101007
Certified Fraud Examiner

Affiliations

Texas Society of Certified Public Accountants, Member
RGV Chapter of TSCPAs, Past Board Member
Association of Certified Fraud Examiners, Member
RGV Chapter of ACFEs, Member

Specific Governmental Experience

Over 11 years of experience with governmental entities, including the City of Mission, County of Hidalgo, Hidalgo County Urban County Program, Hidalgo County Community Service Agency, County of Hidalgo, Agua Special Utility County, Hidalgo County Regional Mobility Authority, Edcouch-Elsa ISD, and Weslaco ISD.

Yellow Book CPE Courses

Subrecipient Monitoring Under Uniform Guidance
2019 Texas School District Accounting & Audit Conference
Public Sector Training & Update Parts 1 and 2
GAQC Annual Update Webcast (2018, 2019, 2020, 2021)
2020 Texas School District Accounting & Auditing Conference
ACFE Global Fraud Conference
Implementing the CARES Act Funds for State and Local Govts

JOSH A. LONGWELL, CPA, CFE



Joshua A. Longwell, CPA, CFE
Manager, Assurance Services

Experience

Burton McCumber & Longoria LLP, McAllen, Texas
Manager 2021- Present
Auditor 2011 - Present

Areas of Special Knowledge

- Governmental and not-for-profit experience including audits of county and municipality governments receiving federal and state funding requiring compliance with *Government Auditing Standards* promulgated by the U.S. Government Accountability Office; Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations (Single Audit Act); U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Services, U.S. Department of Homeland Security.
- Other areas of experience include audits of financial institutions, agricultural, manufacturing, employee benefit plans, internal audit services and litigation support services.

Education

University of Texas at Austin, Austin, Texas
Bachelor of Business Administration, Accounting - 2006

Certifications

Certified Public Accountant, Texas, License #094980
Certified Fraud Examiner, License #957757

Affiliations

Texas Society of Certified Public Accountants, Member
RGV Chapter of TSCPA's, Board Member
Association of Certified Fraud Examiners, Member
McAllen ISD Career Technical Education Advisory Committee

Specific Governmental and Non-profit Experience

Over 10 years of experience with non-profit and governmental entities, including County of Hidalgo, Hidalgo County Community Service Agency, Hidalgo County Head Start Program, Urban County Program of Hidalgo County, City of Mercedes, Children's Advocacy Center of Hidalgo County Inc. and North Alamo Water Supply Corporation.

Yellow Book CPE Courses

GAQC Annual Update Webcast (2018, 2019, 2020, 2021)
Public Sector Training & Update Parts 1 and 2
Common Frauds in Governmental Entities
Audit Methodologies and Documentation
Basics of Governmental Accounting and Auditing
Basics of School District Auditing Compliance Requirements
Yellow Book and Single Audit Deficiencies
Single Audits of Governmental and Nonprofit Entities
Internal Controls in Governmental and Nonprofit Entities
OMB Uniform Guidance Compliance and Auditing Issues

AMY BOOTH, CPA, CFE



Amy Booth, CPA, CFE
Manager, Assurance Services

Experience

Burton McCumber & Longoria, LLP
Manager 2013 – Present
Auditor 2007 – 2013
Ernst & Young, Houston, Texas
Staff Consultant 2005-2007

Areas of Special Knowledge

- Audits in accordance with Generally Accepted Auditing Standards (GAAS) of financial institutions.
- Governmental and not-for-profit experience including audits of non-profit agencies receiving federal and state funding requiring compliance with *Government Auditing Standards* promulgated by the U.S. Government Accountability Office; OMB Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations* (Single Audit Act); U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Services, U.S. Department of Homeland Security.
- Has a broad background of other experience, including retail, non-profits, agricultural industries, as well as internal audit services and employee benefit plans (ESOP & 401k).
- Trains and supervises firm staff.

Certifications

Certified Public Accountant, License #088429
Certified Fraud Examiner, License #730797

Education

University of Texas, Austin
Bachelor of Business Administration, Accounting – 2005
Masters in Professional Accounting - 2005

Affiliations

Texas Society of Certified Public Accountants
RGV Chapter of TSCPA's
Association of Certified Fraud Examiners
Junior League of McAllen
Leadership McAllen, Class XXVIII
Texas Exes, Life Member

Specific Governmental and Non-profit Experience

Over 10 years of experience with non-profit and governmental entities, including County of Hidalgo, Hidalgo County Community Service Agency, Children's Advocacy Center of Hidalgo County Inc., Easter Seals of the Rio Grande Valley Inc. and North Alamo Water Supply Corporation.

Yellow Book CPE Courses

Government Accounting and Auditing Update
Government and Not-for-Profit A&A Update
OMB Uniform Guidance compliance and Auditing Issues
Internal Control in Governmental and Not-for-Profit Entities
Uniform Audit Requirements for Federal Awards
Common Frauds in Governmental Entities
GAQC Annual Update Webcast (2018, 2019, 2020, 2021)
Public Sector Training & Update Parts 1 and 2
ACFE Global Fraud Conference

APPROACH TO COMPLETING THE AUDIT

Burton, McCumber & Longoria, LLP proposes to perform an audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of the City of San Juan, Texas. The audit services provided will be conducted in accordance with auditing standards generally accepted in the United States of America as included in Statements on Auditing Standards, published by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the City's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Service Approach and Methodology. Our firm thoroughly understands the nature of the work to be performed and has developed programs of procedures designed specifically for these engagements. In addition to the heavy involvement of our partners and managers, our staff will have some familiarity with the City's general operating environment due to prior audit experience.

Segmentation of Audit and Staffing Plans. Our goal is to assure a seamless service approach with continuity of staff from the earliest planning stages through fieldwork to report issuance exit conferences. This approach is achieved through the application of our understanding of the environment and heavy involvement in all phases of work by management personnel. A brief overview of the different phases or segments of our audit process is as follows.

The Planning Phase. Prior to any fieldwork being performed, strategic risk assessment and planning sessions are held both internally and with the City's staff to identify key audit and operational issues, establish communications between appropriate firm and City's staff and relevant third parties, as well as determining timing and individual responsibility schedules.

We will utilize **Suralink**, an audit management software. A summary of some of the benefits **Suralink** brings to your audit process is as follows:

- **Simple, easy** way to provide information to the audit team
- **Efficiencies** in the entire audit process will be realized
- **Dynamic**— all requests are in one place, updated in real time and accessible by everyone
- **Secure** platform to send sensitive data more securely than email
 - Encrypted with AES-256 bit encryption and backed up daily
 - Data Centers are SSAE16 Type II SOC1, SOC2 compliant
- **Communication** regarding pending items is significantly enhanced
- **Transparency and accountability** – Key client personnel are routinely kept abreast as to the status of the audit

Fieldwork. Our audit programs for the City will include procedures related to review and evaluation of internal administrative and accounting control, determination of compliance with finance related legal issues, the evaluation of errors and fraud, statistical sampling and analytical procedures designed to determine reasonableness of costs that can lead toward evaluating efficiency and effectiveness in administrative operations. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards* and will include tests of accounting records, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports.

Throughout the fieldwork process, our partners and staff will remain in constant contact and communication with the City's management personnel. When questions or concerns arise in the course of our work, we will take steps to assure ourselves that critical information is passed on to the proper level of management through regular meetings and discussions.

Report Issuance and Closure. Report issuance and exit conferences of an audit are often the most critical portions because it is in this phase that most external communications are discussed. We will render our report on the audited financial statements. The results of our audit will be reviewed with the appropriate level of management prior to the issuance of a report. This review of findings and proposed recommendations with management often leads to a plan of action for management to make any needed improvements in a manner that is not only theoretically, but practically, sound. We find this method of exiting on the audit process brings the most value to our clients. We expect timely delivery of our audit opinions.

Work Plan

Below is our proposed summary timing schedule for the audit. We will establish detailed arrangements with the City's management to formulate and complete the specific timing requirements detailed in the Request for Proposals.

PROPOSED SUMMARY TIMING SCHEDULE

Date	Action
Upon Engagement	BML will work with the City's management to plan the audit and perform preliminary procedures for the audit. PBC lists are reviewed and agreed upon by the City and BML. Fieldwork begins as soon as the information necessary to complete the audit is available.
October 2021	Continued planning meetings with the City to ensure submission dates will be met prior to commencement of year-end fieldwork.
November/December 2021	Begin year-end fieldwork
March 2022	City's draft financial statements and management letter will be ready for review. Presentation of ANNUAL FINANCIAL REPORT and related auditor's opinion letter to the City's Commissioners

Ultimately, our ability to meet all the required deadline's date is subject to the City's ability to provide us complete and final auditable trial balances which means that the trial balances will not need to be adjusted further by us. In addition, we will provide the City a list of schedules and information we will need prior to commencement of the audit.

All items on the list must be completed and submitted to us prior to the commencement of fieldwork procedures. Any delays by the City in providing us the information requested by us will only delay the completion of fieldwork procedures. During the course of the audit, we also anticipate that the City will address any and all questions and prepare any additional schedules requested during the course of our audit without delay.

If during the course of the audit, information is not received timely or is incorrect or such other unexpected circumstances arise that require us to spend more time than what was originally contemplated causing fees to increase, we will notify management. Such notification will include all pertinent facts related to the circumstances together with our estimate of the additional necessary time and cost.

ESTIMATED AUDIT FEES

Based on our understanding of the scope of the professional services we will provide, we estimate the fees will approximate the following.

Entity	2021 Fee	2022 Fee	2023 Fee
City of San Juan, Texas (*)	\$54,000	\$54,000	\$54,000
Single Audit if Required (**)	\$5,000	\$5,000	\$5,000

(*) Does not include fees to complete the audit of The San Juan Economic Development Corporation (Corporation); the City's blended component unit. A separate audit is expected to be performed of the Corporation.

(**) Per Major Program

The price includes all direct and indirect costs including all out-of-pocket expenses. To the extent unanticipated overages are encountered, the following are the range of hourly rates that will be used in deriving a new estimated fee to address the issues related to the overages.

Partner	\$250 – \$305	p/hr.
Manager	\$150 – \$190	p/hr.
In-Charge	\$100 – \$140	p/hr.
Staff	\$ 55 – \$90	p/hr.

All progress payment will be made on the basis of hours of work completed during the different phases of the audit process. Interim billings through the engagement will be rendered monthly and are due upon presentation.

Our estimated fees are based on the assumption that the books and records are in good order and that City personnel will assist in preparing schedules and providing information in a timely manner. To the extent that our assumptions are incorrect, we will meet with management to discuss the circumstances and derive a new fee estimate. We will also strive to maintain our fees at a reasonable level and are committed to minimizing increases in fees in future years. However, there are some circumstances that are beyond our control that may require changes to our fees. Examples include changes in auditing standards, accounting standards, tax laws which require additional time to be incurred in providing our services.

We will be available throughout the year to respond to routine questions City staff may have regarding routine accounting and related matters. We will not bill the City for this time. To the extent that such discussion lead to additional services, we will provide an estimated fee for those services at that time.

BML carries adequate insurance related to general liability and other insurances considered a "best practice" in the profession. If selected as the successful firm, BML will provide copies of such policies as requested.

PEER REVIEW REPORT



Report on the Firm's System of Quality Control

September 9, 2020

To the Partners of Burton, McCumber & Longoria, L.L.P.
and the Peer Review Committee of the TSCPA

We have reviewed the system of quality control for the accounting and auditing practice of Burton, McCumber & Longoria, L.L.P. (the firm) in effect for the year ended December 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

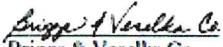
www.bvccpa.com

Member of the Center for Public Company Audit Firms of the American Institute of Certified Public Accountants

Independent Member
BKR
INTERNATIONAL

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Burton, McCumber & Longoria, L.L.P. in effect for the year ended December 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Burton, McCumber & Longoria, L.L.P. has received a peer review rating of *pass*.


Briggs & Veselka Co.
Austin, Texas

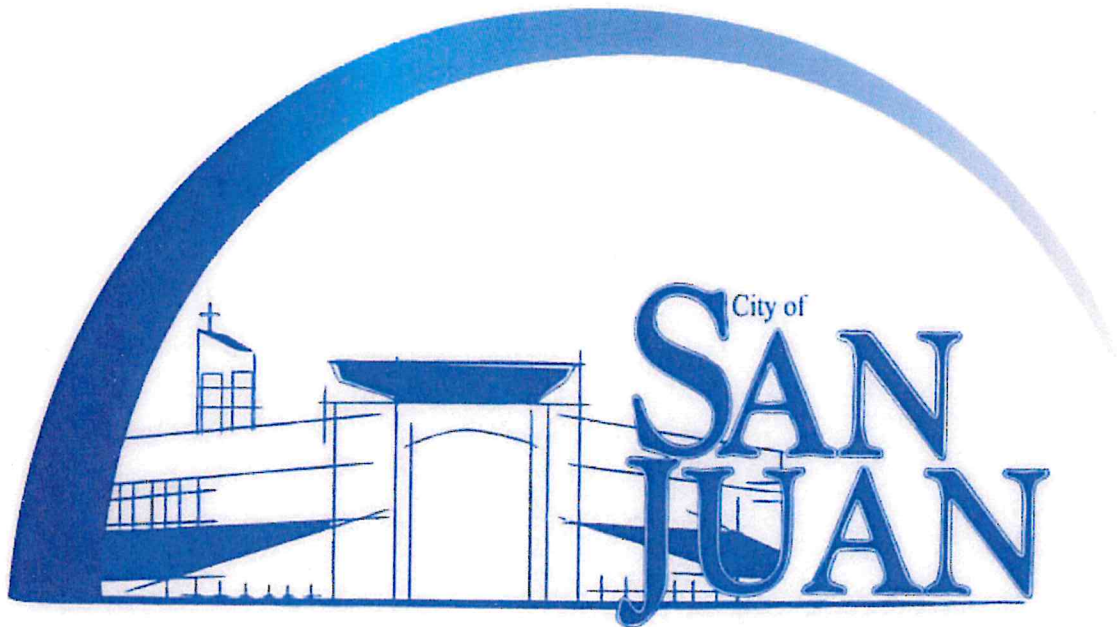
Audit Services

RFP No. 22-0001-10-08

For the Fiscal Year Ending

September 30, 2021

(with an option to extend for two additional years through 2023)



AICPA
Governmental Audit
Quality Center


CPA
Texas Society of
Certified Public Accountants

Cascos & Associates, PC

Audit / Accounting / Tax / Consulting
765 East 7th Street
Brownsville, Texas
78520

(956) 544-7778

info@CascosCPA.com

 **AICPA**
Members

 **Rio Grande Valley**
Chapter of the Texas Society of CPAs



At Cascos & Associates, PC
our commitment and accessibility
to our clients is the difference.

Table of Contents

Introductory letter.....	1
Executive Summary.....	3
Audit Summary.....	4
Audit Approach.....	5
Computer System Evaluation.....	8
Generally Accepted Auditing Standards (GAAS)/GAAS	
Non-Governmental.....	9
Client Services Team.....	14
C&A: The CPA Firm.....	15
Accountants Professional Liability Insurance.....	16
Professional References.....	17
Other Governmental Engagements.....	18
Cost Proposal.....	19
Task Activity Plan.....	20
Peer Review.....	21
Firm W-9.....	24
Conflict of Interest Disclosure Form.....	25
Felony Conviction Notification.....	26
Certificate of Interested Parties (Form 1295)	27
Workers Compensation.....	28
Contract Agreement.....	29



Cascos & Associates, PC

Certified Public Accountants
Audit/Accounting/Tax/Consulting

October 6, 2021

City of San Juan
ATTN: Ms. Lori A. Maldonado
709 S Nebraska
San Juan, Tx 78589-2649

Audit Services
RFQ # 22-0001-10-08

Greetings,

Cascos & Associates, PC, is pleased to have the opportunity to submit our qualifications to provide external audit services to the **City of San Juan (CoSJ)** as your independent auditors for the fiscal years ending September 30, 2021, with an option to extend for two additional fiscal years through 2023. Included in this proposal is detailed information describing our approach to the audit and our qualifications.

We believe our firm possesses certain unique characteristics that can serve **CoSJ's** needs.

- We are a local accounting firm with a strong South Texas presence, with our office located in Brownsville, Texas.
- We have experience in providing audit services to municipalities throughout South Texas. In addition, we have extensive experience auditing other forms of local governments such as school districts, colleges, counties, irrigation and water districts and nonprofit organizations.
- Our commitment to providing audit services and strengthening client relationships is at the forefront of our firm. In addition, we are available to offer support throughout the year as part of this engagement and do not charge additional fees for informal consultations.
- Our firm is known for providing high quality services while meeting our client's time constraints. As such, we are committed to performing the engagement within the time parameters specified within the proposal.
- We conform with all education and qualification requirements of the AICPA, TSCPA, and the *Yellow Book* on Government Auditing Standards.
- Our staff auditors have a significant amount of experience auditing municipalities & other governmental entities.
- Our staff is available year-round to address or answer any questions related to your city audit or other financial matters that may arise throughout the year.
- We can attest that our firm has not been dropped by any client nor has the firm or its principal been a plaintiff or defendant in any litigation with any past or current client.

Executive Summary

The CPA Firm Ownership & Organization

Cascos & Associates, PC is a professional corporation under the principal ownership of Carlos H. Cascos, CPA. With over 40 years of experience, Carlos has worked for small, medium, and even national accounting firms.

Our attentive and experienced staff of professionals includes CPAs and MBAs who will work on and complete your engagement. Our firm currently has 11 employees of which 9 are part of our full-time audit staff.

The CPA Firm offers a wide range of services which includes:

- Government Audits and Consultations
- Tax Services
- Accounting
- Business Consultations
- Litigation Support
- Business Valuations
- Internal Controls Evaluations and Design

A Reputation for Excellence

Our firm has a track record of excellent service and high levels of client satisfaction. Our standards are based on the philosophy that expectations are not to be met but rather exceeded in terms of quality of service and professionalism.

Quality of Staff

We consider well-trained and experienced professionals to be the most important and necessary elements to ensure that the highest caliber of service is provided to our clients. Our staff retention levels also facilitate consistency and ongoing, established rapport annually for our clients with multi-year engagements.

We offer our clients a unique blend of technical expertise and responsiveness that is sometimes unavailable from larger firms that focus on multiple, sizable engagements concurrently. For **CoSJ**, we have selected an experienced and proven service team whose abilities will suit your engagement perfectly. As you can see from the resumes included in this proposal, the audit team will have significant experience and active involvement in professional organizations that allow us to keep abreast of issues facing financial, governmental, and not-for-profit organizations.

License to Practice

Cascos & Associates, PC is not under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or licensing boards of other states.

Independence Statement

Cascos & Associates, PC and its staff are independent in all aspects to City of Rockport (**CoSJ**), including, but not limited to, all direct and indirect financial interests with any member of the City Commission as well as all employees of **CoSJ**.

Litigation/Bankruptcy

Neither the firm nor its owner have been a party to any past or present litigation or bankruptcy.

Accessibility & Responsiveness

We provide audit services throughout South Texas and we believe that being responsive and accessible to be critical elements to providing quality service to our clients. We are committed to completing our engagements within established deadlines. Part of our approach is to keep our clients involved and informed at various stages of the engagement from planning to reporting in order to ensure our clients' needs are met. Our commitment to excellent service doesn't end at the completion of the engagement – we remain available for any follow-up procedures and to assist our clients in implementation or monitoring any necessary procedures deemed as value-added or corrective. We consider it a part of our commitment to meet with executive personnel as necessary.

Audit Approach / Task & Activity Plan

Preliminary Procedures

Analytical procedures will be used in general planning to improve our understanding of your operations and to identify audit areas for increased attention. These procedures will be applied to assist in planning the nature, timing, and extent of other auditing procedures. These procedures will include comparisons of account balances, between accounting periods as well as ratio and trend analysis which will improve our understanding of operations and identify critical audit areas. Preliminary analytical procedures will include, at a minimum, a comparison of current account balances to similar amounts in the prior annual period's financial statements and the current period's budget. Additionally, we believe a thoughtful consideration of expected relationships among account balances and periods by an experienced auditor is far more important than a mechanical comparison.

Staff Rotation & Multi-Year Contracts

Cascos & Associates, PC strives to staff each engagement with personnel that possess skills and competencies that meet the specific needs of each client. If for any reason you believe the need to request a change in staff, C&A will look to accommodate that request to the best of the firm's ability. Furthermore, should you ask for a multi-year engagement, we will be able to place additional audit emphasis on a different audit area each year, providing more in-depth analysis. This will provide you with an increased review of internal controls. In addition, we can change scope levels in subsequent years to increase efficiency and maintain a constant level in our fees.

Substantive Testing

Substantive tests are used to evaluate an assertion and may consist of tests of details, analytical procedures, or a combination of both. For some assertions, analytical procedures are effective in providing the appropriate level of assurance. For others, however, they may not be as effective and efficient in identifying misstatements.

Analysis in Overall Review

The objective of analytical procedures used in the overall review stage of the audit is to assist us in assessing the conclusions reached and in evaluating the overall financial statement presentation. The overall review would generally include reading the financial statements and notes while considering the adequacy of evidence gathered in response to unusual or unexpected balances that are identified. Results of an overall review may indicate that additional documentation may be needed.

Audit Sampling

Samples, representing the relevant population, will be used as we perform tests of internal controls, compliance and financial statement amounts. The extent to which we apply detailed audit procedures and sampling is based on materiality, evaluation of audit risks, internal controls, and the characteristics of items comprising the account balance or class of transactions.

Determining Laws & Regulations

Our consideration of audit risk in planning an engagement is essentially an evaluation of the inherent risk of material errors or fraud in the financial statements. We will obtain an understanding of the possible financial statement effects of laws and regulations that have a direct and material effect on the determination of financial statement amounts and assess the audit risk associated with possible violations of such laws and regulations. We will consider laws and regulations that are generally recognized to have a direct and material effect on the determination of financial statement amounts. If specific information comes to our attention that provides evidence concerning the existence of possible illegal acts that could have a material direct or indirect effect on the financial statements, we will apply audit procedures specifically directed to ascertaining whether an illegal act has occurred.

Management Comments & Recommendations

In preparing management comments and recommendations, we utilize a "bottom-up" review approach to avoid any surprises. This approach allows any draft comments or recommendations to be initially reviewed at the level within the department that is responsible for the activity and only subsequently discussed at higher levels. Any comments will be communicated in a constructive manner. Our findings will contain a statement of condition describing the problem that merits attention, what should be corrected, and the best course of action to correct the issue. We do not dwell on matters of insignificance; rather, we design our letters to be useful and beneficial for improving performance.

Audit Approach / Task & Activity Plan (cont'd)

Audit Fieldwork

Audit fieldwork will be performed after year-end closing and will include most of the substantive testing to be performed during the engagement including:

- The performance of substantive tests of account balances, tests of controls if necessary, and detailed analytical procedures;
- Direct confirmation of receivables and other assets and liabilities through correspondence with funding sources, creditors, and financial institutions;
- Testing of documentary evidence supporting transactions in all accounts;
- Completion of fieldwork documentation;
- Drafting of required reports; and
- If applicable, the discussion of audit findings and adjustment of entries with the audit committee, management, and/or board as applicable.

Level of Assistance to be Provided

Cascos & Associates, PC does not expect a need for significant level of aid from your personnel. However, we do request that the following department personnel provide assistance in the areas of

Finance:

- Participating in interviews with auditors regarding the department's internal control processes;
- Walking through procedures at the request of C&A staff;
- Providing invoices for our testing as well as provide any other supporting documentation required for the audit;
- Furnishing support schedules for assets, liabilities, equity, and financing sources;
- Compiling confirmation requests;
- Providing documentation for all debt including bond issues, refinancing, and any debt if applicable; and
- Assisting with or completing the draft of a debt report.

Internal Audit:

- If applicable, provide documents related to internal audits conducted during the year under audit.

Other Personnel:

- Assist in the evaluation and understanding of departments including, but not limited to, Human Resources, Information Technology, and Purchasing.

Final Review and Audit Conclusion

This phase of the engagement will begin as audit fieldwork concludes. Activities to be completed during this have of the engagement include:

- Performance of final analytical review and document effect on audit conclusion;
- Evaluation the effects of passed adjustments;
- Evaluation contingencies, subsequent events, and obtain legal representations;
- Providing of drafted reports and other materials to the Finance Department for review;
- Communication of any significant deficiencies, material weaknesses, or other management comments;
- Acquisition of client representation letter;
- Presentation of reports to Audit Committee/Board and/or management;
- Maintenance of the confidentiality, safe custody, integrity, accessibility, and retrievability of the workpapers; and
- Assembly and retention of the workpapers for 5 years.

Generally Accepted Government Auditing Standards (GAGAS) / GAAS Non-Governmental

Auditing standards provide measures of quality that can be used to judge the effectiveness of the tests and procedures used to meet the audit objectives. Standards for traditional financial audits are known as generally accepted auditing standards (GAAS) and are promulgated by the AICPA through the Auditing Standards Board. Supplemental standards for financial audits of governments have been established by the U. S. General Accounting Office (GAO) in its publication *Government Auditing Standards* (2011 revision), commonly referred to as the *Yellow Book*. These standards differ from generally accepted government auditing standards (GAGAS). (GAGAS 2018 revision applicable to FYE June 30, 2020)

While GAAS and GAGAS are fundamentally similar, GAGAS goes beyond GAAS in setting additional standards for public sector audits. Auditors must follow GAAS when conducting a financial audit. The following discussion outlines GAAS and highlights the additional requirements of GAGAS.

The AICPA sets three general standards for audits that are to be performed in accordance with GAAS:

- The audit is to be performed by a person or persons having adequate technical training and proficiency as an auditor.
- In all matters relating to the assignment and independence in mental attitude is to be maintained by the auditor or auditors.
- Due professional care is to be exercised in the performance of the audit and the preparation of the report.

GAGAS provides a separate set of general standards that apply to *Yellow Book* engagements. Those standards address qualifications, independence, due professional care and quality control. The primary differences from GAAS involve the standards concerning qualifications and quality control.

- ***GAGAS Qualifications*** - The staff assigned to conduct the audit should collectively possess adequate professional proficiency for the tasks required. Unlike GAAS, GAGAS requires auditors to participate in specific types of continuing education and training to maintain their professional proficiency.
- ***General Staff Qualifications*** - The qualification standard places responsibility on the audit organization to ensure that the audit is conducted by staff who collectively have the knowledge and the skills necessary for the audit to be conducted. Staff conducting the audit shall collectively possess a thorough knowledge of the public sector environment and of auditing requirements applicable to governments. The qualifications mentioned here apply to the knowledge and skills of the audit organization and not necessarily to each individual auditor.

- ***Audit Follow-up*** - Auditors should follow up on known material findings and recommendations from previous audits and should report the status of uncorrected material findings and recommendations from prior audits that affect the financial statement audit.
- ***Noncompliance Other than Illegal Acts*** - Noncompliance includes not only illegal acts, but also violations of provisions of contracts or grant agreements. Under GAGAS, auditors have the same responsibilities for detecting material misstatements arising from other types of noncompliance as they do for detecting those arising from illegal acts. Auditors should design the audit to provide reasonable assurance of detecting material misstatements resulting from direct and material noncompliance with provisions of contracts and grant agreements. A financial statement audit provides no assurance that indirect noncompliance with provisions of contracts or grant agreements will be detected. If specific information comes to the auditor's attention that provides evidence concerning the existence of possible noncompliance that has a material indirect effect on the financial statements, auditors should apply audit procedures specifically directed to ascertaining whether that noncompliance has occurred.
- ***Safeguarding Controls*** - Safeguarding controls relates to the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements. Such controls also help prevent or detect other material losses that could result from unauthorized acquisition, use or disposition of assets. Because preventing or detecting material misappropriations is an objective of safeguarding controls, understanding those controls can be essential to planning the audit.
- ***Working Papers*** - A record of the auditor's work should be retained in the form of working papers. Working papers should contain sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from them the evidence that supports the auditor's significant conclusions and judgments. Supplemental working paper requirements for financial audits are that working papers should contain:
 - The objectives, scope, and methodology including any sampling criteria used,
 - Documentation of the work performed to support significant conclusions and judgments, including descriptions of transactions and records examined that would enable an experienced auditor to examine the same transactions and records; and
 - Evidence of supervisory review of the work performed.
- ***Working Papers Retention*** - Audit organizations should establish policies and procedures to ensure the safe custody and retention of working papers for a time sufficient to satisfy legal and administrative requirements. Although the working papers are subject to review by applicable governmental agencies, they are not otherwise considered as records open to the general public.
- ***Financial-Related Audits*** - Financial-related audits include determining whether;
 - Financial information is presented in accordance with established or stated criteria,

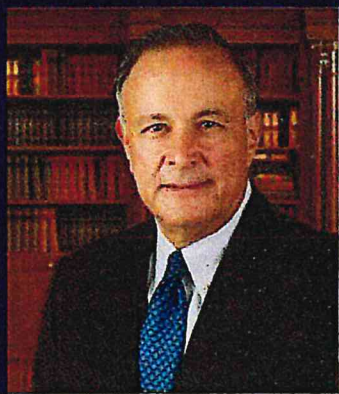
- ***Privileged and Confidential Information*** -If certain information prohibited from general disclosure is omitted, the report should state the nature of the information omitted and the requirement that makes the omission necessary.
- ***Report Distribution*** -Written audit reports are submitted by the audit organization to the appropriate officials of the organization audited and to the appropriate officials of the organizations requiring or arranging for the audits, including external funding organizations unless legal restrictions, ethical considerations or other arrangements prevent it. Copies of the report should also be sent to other officials who have legal oversight authority or who may be responsible for taking action and to others authorized to receive such. reports. Unless restricted by law or regulation, copies should be made available for public inspection. When public accountants are engaged, the engaging organization must ensure that appropriate distribution is made. If public accountants are to make the distribution, the engagement agreement should indicate what officials or organizations are to receive the report. Internal auditors should follow their entity's own arrangements and statutory requirements for distribution.

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C&A: The CPA Firm

Carlos H. Cascos, CPA

Carlos will supervise and direct all our services to CoSJ. He will serve as the primary client contact for the engagement and will ensure its overall quality. Carlos will ensure appropriate staffing, performance and timely completion of the engagement. Carlos is a CPA with over 40 years' experience focusing on audit of local governments and litigation support throughout South Texas. Over the last several years, Carlos has supervised multi-year audits for cities throughout South Texas, as well as other governmental entities such as counties, school districts, colleges, and nonprofit organizations.



In addition to his professional career, Carlos has devoted much of his adult life to public service, serving as a County Commissioner, County Judge, Department of Public Safety Commissioner and most recently, the 110th Texas Secretary of State.

Delia Soto

Audit Quality Supervisor



Alfred Vera, CPA

Audit In-Charge



Janett Monsivais, CPA

Audit Staff



Michael Merta

Audit Staff

All individuals assigned to audits and attestation engagements subject to the Government Auditing Standards, including planning, directing, performing field work, or reporting, are in compliance with the continuing education requirements as set forth by the AICPA/Texas State Board of Public Accountancy. This continuing education directly enhances the auditor's professional proficiency to perform audits and/or attestation engagements in subjects directly related to government auditing, the government environment, or the specifying or unique environment in which the audited entity operates.

Twin City Fire Insurance Company, Indianapolis, IN

Name of Insurance Company which Issued this Policy



ACCOUNTANTS PROFESSIONAL LIABILITY POLICY

Policy Number: AP 0308855

Agency Code, Name & Address:

80567
Target Insurance Services
A Division of CRC Insurance Services
1230 East Diehl Road, Suite 350
Naperville, IL 60563

Prior Policy Number: AP 0308855-20

NOTICE - THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE READ IT CAREFULLY.

COVERAGE APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR APPLICABLE EXTENDED REPORTING PERIOD AND REPORTED IN WRITING TO US IMMEDIATELY BUT IN NO EVENT LATER THAN SIXTY (60) CALENDAR DAYS AFTER THE EXPIRATION DATE OF THE POLICY PERIOD OR WITHIN ANY APPLICABLE EXTENDED REPORTING PERIOD.

DECLARATIONS

ITEM # 1. NAMED INSURED AND INSURED ADDRESS:

Cascos & Associates, PC

765 E. 7th Street
Brownsville, TX 78520-

ITEM # 2. POLICY PERIOD EFFECTIVE DATES: FROM: 2/1/2021 TO: 2/1/2022
(12:01 A.M. standard time at the address shown in Item #1.)

ITEM # 3. RETROACTIVE DATE: 02/01/2019

ITEM # 4. LIMITS OF LIABILITY:

LIMIT OF LIABILITY EACH CLAIM	\$1,000,000
AGGREGATE LIMITS OF LIABILITY	\$1,000,000

ITEM # 5. DEDUCTIBLE:

DEDUCTIBLE EACH CLAIM	\$5,000
AGGREGATE DEDUCTIBLE	N/A

ITEM # 6. PREMIUM PER POLICY PERIOD: \$3,382.00

If applicable { State Surcharge:
Municipal Tax:

ITEM # 7. ENDORSEMENTS: (See attachments.)

Authorized Representative

January 29, 2021

Date

Professional References

Listed below are references you may contact, many of which are recipients of the GFOA Certificate.

Contact Information

- Brownsville ISD
Mary D. Garza
956.548.8311 mdgarza@bisd.us
- Laredo United ISD
Samuel Flores, Comptroller
956.473.6368 sflores@uisd.net
- Los Fresnos CISD
Pablo Bazaldua, Chief Financial Officer
956.254.5036 pbazaldua@LFCISD.net

Cities/Colleges

Contact Information

- City of Donna
David Vasquez, Director of Finance
956.464.3314 dvasquez@cityofdonna.org
- Town of Laguna Vista
Ed Meza, City Manager
956.943.1793 cm@lvtexas.us
- City of San Benito
Belen Peña, MBA; Finance Director
956.361.3804 Ext. 222 bpena@cityofsanbenito.com
- Texas Southmost College
Dr. Gisela Figueroa, VP of Finance & Admin
956.295.3385 gisela.figueroa@tsc.edu
- Victoria County Junior College
Tracey Bergstrom, Director of Finance
361.582.2565 tracey.bergstrom@VictoriaCollege.edu

Other Governmental Engagements

Below is a list of engagements we have performed that are similar to your entity. The engagements listed below were financial audits performed under Government Auditing Standards, Single Audit Act & have been awarded the GFOA Certificate.

Housing Authorities

Brownsville Housing Authority
San Benito Housing Authority
McAllen Housing Authority

Cities / Towns

Town of Bayview
Town of Rancho Viejo
City of Sinton
City of Donna
City of San Benito

School Districts

Los Fresnos CISD
Valley View ISD
Progreso ISD
Point Isabel ISD
Lyford ISD
Rio Hondo ISD
San Benito CISD
Raymondville ISD
Mercedes ISD
Brownsville ISD
Robstown ISD
Donna ISD

Other Governmental Entities & Engagements

ESC Region 1 (Edinburg, Texas)	Valley Aids Council (Harlingen, Texas)
Tropical Texas MHMR (Edinburg, Texas)	Friendship of Women (Brownsville, Texas)
Cameron Works (Brownsville, Texas)	Sunshine Haven (Olmito, Texas)
Knapp Community Care Foundation (Weslaco, Texas)	Communities in Schools (Brownsville, Texas)
Knapp Medical Center Foundation (Weslaco, Texas)	Starr County Appraisal District
RGV Empowerment Zone (Alton, Texas)	Food Bank of the RGV (Pharr, Texas)
Val Verde County	Ozanam Center (Brownsville, Texas)
Webb County	STDC/STED/BANC (Laredo, Texas)
Starr County	Coastal Bend College (Beeville, Texas)
Texas Southmost College (Brownsville, Texas)	Laredo College (Laredo, Texas)
Victoria College (Victoria, Texas)	Good Neighbor Settlement House (Brownsville, Texas)

Cost Proposal

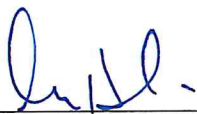
Proposed Fee Schedule

For the years ending September 30,

	<u>CAFR</u>
2021	\$28,900
2022	\$28,900
2023	\$28,900

The fees outlined above are all inclusive fees for the preparation of the financial audit and are fixed for the duration of the 3-year engagements, if applicable

I am the authorized representative of the firm and my signature binds Cascos & Associates, PC to the terms and conditions specified in the accompanying proposal with no deviations or exceptions. In addition, I acknowledge that the firm accepts financial responsibility for any expenses incurred in preparing this proposal, including travel for any oral presentations or interviews.



Carlos Cascos, CPA
Principal

Any additional services required by the City will be billed at the following hourly rates, not including out of pocket costs, such as travel & other administrative related costs:

Principal - \$225 Audit Supervisor - \$175 Audit Senior - \$125 Staff Accountant - \$95

Task Activity Plan

Description	Principal <u>Review</u>	Quality <u>Review</u>	<u>In-Charge</u>	<u>Staff</u>	<u>Total</u>
Risk assessment	1	2	10	10	23
Cash & investments	1	2	8	14	25
Receivables	1	2	8	14	25
Capital assets	1	2	8	14	25
Accounts payable	1	2	6	14	23
Accrued liabilities	1	2	6	14	23
Long-term liabilities	1	2	6	20	29
Net assets/fund balances	1	2	6	14	23
Revenues	1	2	8	14	25
Expenditures	1	2	10	14	27
Workpaper review	8	16	16	0	40
Report drafting/review	3	4	8	16	31
Presentation/meetings	<u>2</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>5</u>
Total hours	<u>23</u>	<u>40</u>	<u>103</u>	<u>158</u>	<u>324</u>

Peer Review

Please see attached.



September 22, 2020

Carlos Cascos
Cascos & Associates, PC
765 E 7th ST
Brownsville, TX 78520-6008

Dear Carlos Cascos:

It is my pleasure to notify you that on September 21, 2020, the Texas Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is August 31, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Peer Review Committee
Texas Society of CPAs
peerreview@tscpa.net
800-428-0272 Opt. 2

cc: William Powers

Firm Number: 900255349731

Review Number: 575590

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

Cascos & Associates, PC

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC

☐ C Corporation

☒ S Corporation

☐ Partnership

☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.

765 E. 7th Street

6 City, state, and ZIP code

Brownsville, TX 78520

Requester's name and address (optional)

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

or

Employer identification number

83-2842934

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign
Here

Signature of
U.S. person ▶

Date ▶ 10/6/21

Conflict of Interest Disclosure Form

Note: A potential or actual conflict of interest exists when commitments and obligations are likely to be compromised by the nominator(s)' other material interests, or relationships (especially economic), particularly if those interests or commitments are not disclosed.

This Conflict of Interest Form should indicate whether the nominator(s) has an economic interest in, or acts as an officer or a director of, any outside entity whose financial interests would reasonably appear to be affected by the addition of the nominated condition to the newborn screening panel. The nominator(s) should also disclose any personal, business, or volunteer affiliations that may give rise to a real or apparent conflict of interest. Relevant Federally and organizationally established regulations and guidelines in financial conflicts must be abided by. Individuals with a conflict of interest should refrain from nominating a condition for screening.

Date: 10/6/21

Name: Carlos H. Cascos, CPA

Position: Principal

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to a conflict of interest:



I have no conflict of interest to report.



I have the following conflict of interest to report (please specify other nonprofit and for-profit boards you (and your spouse) sit on, any for-profit businesses for which you or an immediate family member are an officer or director, or a majority shareholder, and the name of your employer and any businesses you or a family member own:

1. _____

2. _____

3. _____

I hereby certify that the information set forth above is true and complete to the best of my knowledge.

Signature: 

Date: 10/6/21

Felony Conviction Notification

Section 44.034, Texas Education Code, Notification of Criminal History, Subsection (a), states "A person or business entity that enters into a contract with a school district must give advance notice to the district if the person or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in the conviction of a felony."

Subsection (b) states "A school district may terminate a contract with a person or business entity if the district determines that the person or business entity failed to give notice as required by Subsection (a) or misrepresented the conduct resulting in the conviction. The district must compensate the person or business entity for services performed before the termination of the contract."

This notice is NOT required of a Publicly-Held Corporation.

CRIMINAL HISTORY REVIEW OF CONTRACTOR EMPLOYEES

Bidder shall review §22.0834, Texas Education Code and 19 Texas Administrative Code §153.1101 and §153.1117 regarding criminal history checks of school contractor employees. The rules define continuing duties related to contracted services, direct contact with students, covered contract employee and other relevant terms within the statute.

Except as otherwise provided herein, the contractor will obtain and certify in writing, before work begins, and at least annually, that the contractor has received all criminal history record information that relates to an employee, applicant, agent or subcontractor of the contractor or a subcontractor, if the person has or will have continuing duties related to the contracted services, and the duties are or will be performed on Brazosport College's property where students are regularly present or at another location where students are regularly present. Contractor shall assume all expenses associated with the background checks and shall immediately remove any employee or agent who was convicted of, received probation for, or received deferred adjudication for any felony as outline below or any misdemeanor involving moral turpitude, from Brazosport College's property or other location where students are regularly present. Brazosport College shall determine what constitutes "moral turpitude" or "a location where students are regularly present."

Contractor or subcontractors may not work on Brazosport College's property where students are present when they have been convicted, received probation or deferred adjudication for the following felony offenses:

1. Any offense against a person who was, at the time the offense occurred, under 18 years of age or enrolled at a public school;
2. Any sex offense;
3. Any crimes against persons involving:
 - a. Controlled substances; or
 - b. Property; or
4. Any other offense Brazosport College believes might compromise the safety of students, employees or property.

Please complete the information below:

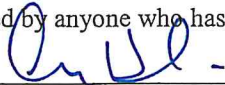
I, the undersigned agent for the firm named below, certify that the information concerning notification of felony convictions and criminal history checks for the company employees, agents, or subcontractors that will be on the Brazosport College campus have been reviewed by me, shall be complied with, and the following information furnished is true to the best of my knowledge.

Vendor's Name: Cascos & Associates, PC

Authorized Company Official's Name (please print or type):

Carlos H. Cascos

A. My firm is not owned nor operated by anyone who has been convicted of a felony.

Signature of Company official:  Date: 10/6/21

B. My firm is owned or operated by the following individual(s) who has/have been convicted of a felony:

Name of Felon(s): _____

Details of Conviction(s): _____

Signature of Company Official: _____ Date: _____

C. My firm is a publicly held corporation, therefore, this reporting requirement is not applicable.

Signature of Company Official: _____ Date: _____

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Cascos & Associates, PC
Brownsville, TX United States

Certificate Number:
2021-805525

Date Filed:
09/23/2021

Date Acknowledged:

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

City of San Juan

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

RFP #22-0001-10-08
Audit services

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.



6 UNSWORN DECLARATION

My name is Carlos H. Cascos, and my date of birth is 9/18/52.

My address is 765 E. 7th Street, Brownsville, TX, 78520, USA.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in CAMERON County, State of TEXAS, on the 6th day of October, 20 21.
(month) (year)



Signature of authorized agent of contracting business entity
(Declarant)

Workers' Compensation and Employer's Liability Policy

Schedule of Operations

Item 4: Premium Calculation

Insured copy

Policy number 0002028754 Issue date 4/20/21 Policy period 3/15/21 to 3/15/22

Class codes for primary named insured

State	Location	Code	Classification	Premium basis total estimated annual remuneration	Rate per \$100 of remuneration	Estimated annual premium
3/15/21 to 9/28/21						
42	00001	8803	Office or Factory Cost Systematizer, Accountant or Auditor-Traveling	323,836.00	0.090	291.00
			Estimated manual premium			\$291.00
		9812	Increased Limits Factor 1,000,000/1,000,000/1,000,000		0.014	4.00
		9885	Premium Incentive For Small Employer Modifier		0.850	(44.00)
		9889	Schedule Modifier		1.400	100.00
		9874	Healthcare Network Option		0.120	(42.00)
9/28/21 to 3/15/22						
42	00001	8803	Office or Factory Cost Systematizer, Accountant or Auditor-Traveling	276,164.00	0.090	249.00
			Estimated manual premium			\$249.00
		9812	Increased Limits Factor 1,000,000/1,000,000/1,000,000		0.014	3.00
		9848	Increased Limits Balance to Minimum Premium (\$150)		1.000	143.00
		9885	Premium Incentive For Small Employer Modifier		0.850	(59.00)
		9889	Schedule Modifier		1.400	134.00
		9874	Healthcare Network Option		0.120	(56.00)
		0900	Expense Constant		1.000	150.00
			Total payroll and Texas total premium	\$600,000.00		\$873.00

This endorsement changes the policy to which it is attached effective on the inception date of the policy unless a different date is indicated below.
(The following "attaching clause" need be completed only when this endorsement is issued subsequent to preparation of the policy.)
This endorsement, effective on 3/15/21 at 12:01 a.m. standard time, forms a part of:

Policy no. 0002028754 of Texas Mutual Insurance Company effective on 3/15/21

Endorsement no. 2

Issued to: CASCOS & ASSOCIATES, PC



Premium change: -\$127.00

This is not a bill

Authorized representative

NCCI Carrier Code: 29939

4/20/21



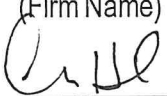
**CITY OF SAN JUAN, TEXAS
CONTRACT AGREEMENT**

An agreement made and entered into this the 6th day of October, 2021 by and between Cascos & Associates, PC of Brownsville, Texas.
(Name) (City and State)

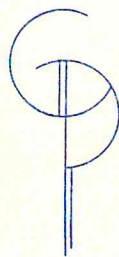
Herein after called the Firm and the City of San Juan, Texas, hereinafter called the City, WITNESSETH, that the Firm and the City for the consideration hereinafter named, agree and as follows:

1. That the entire Request for Proposal including all documents provided in the Request for Proposal hereto attached or herein referred to shall be and are hereby made a part of the agreement and contract.
2. The Firm shall perform all of the work as set forth in this Proposal in strict accordance with the specifications, and other documents which have been made a part of this contract in the manner, time, and place as therein set forth.
3. In consideration whereof, the City agrees to pay to the Firm the amounts provided in the attached Proposal, being the product of the unit prices therein set forth, multiplied by the number of units actually used during performance of the contract, all in the time and manner as set forth in the Contract Documents.

WITNESS:

- | | |
|--------------------------------------|--|
| 1. <u>Carlos H. Cascos</u> | <u>Cascos & Associates, PC</u>
(Firm Name)

Principal
(Signature/Title) |
| 2. _____ | <u>Carlos H. Cascos, CPA</u>
(Owner Name)

(Mayor's Signature) |
| 3. _____ | _____
(City Manager) |
| 4. ATTEST: _____
(City Secretary) | _____
(City Attorney) |



GARCIA & PEÑA
Certified Public Accountants
301 W. 4th • P. O. Box 8032
Weslaco, Texas 78599
969-1433 969-4460

CITY OF SAN JUAN, TEXAS
REQUEST FOR SEALED PROPOSAL FOR AUDIT SERVICES
PROPOSAL #22-0001-10-08
FOR THE YEAR ENDED SEPTEMBER 30, 2021
SUBMITTED:
OCTOBER 8, 2021

GARCIA & PENA, CPAs
MANUEL B. GARCIA
CERTIFIED PUBLIC ACCOUNTANT

301 W. 4th Street
Weslaco, Texas 78596

Manuel B. Garcia
Telephone (956) 969-4460
Fax: (956) 968-1467
gpcpa@rgv.rr.com

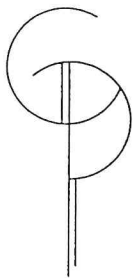
CITY OF SAN JUAN, TEXAS
REQUEST FOR SEALED PROPOSAL FOR AUDIT SERVICES
PROPOSAL #22-0001-10-08
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

Transmittal Letter	1
Profile of Firm	3
Firm's Qualifications and Experience	4
Partners and Staff	7
Auditing Team	9
Audit Work Plan	10
Compensation	17
List of References	18
Conflict of Interest	19
Non-Collusion Statement Form	20
Certification Regarding Debarment, Suspension Ineligibility	21

REQUIRED CERTIFICATION AND SUBMITTALS

Copy of Certificates	22
Peer Review Report	23



GARCIA & PEÑA
Certified Public Accountants
P. O. Box 8032
301 West 4th
Weslaco, Texas 78599
956-969-1433 • Fax 956-968-1467 • 956-421-4601

Manuel B. Garcia, CPA
Jaime X. Peña, CPA

TRANSMITTAL LETTER

Mrs. Lori Maldonado, Purchasing Agent
City of San Juan, Texas
709 S. Nebraska Avenue
San Juan, Texas 78589-2649

Thank you for the opportunity to submit our firm's proposal for the City of San Juan, Texas consideration.

As our proposal demonstrates, we offer the City of San Juan, Texas an independent auditor and audit staff that are qualified to perform the required roles and responsibilities set forth in the Request for Sealed Proposal for Audit Services #22-0001-10-08.

Our firm, Garcia & Pena, CPAs, was created in February of 1984 and we have been performing governmental audits and governmental accounting services almost from inception. We are committed to bringing a dedicated, reliable, and driven attitude to complete our audit within the required timeline as per our agreement at pre/audit conference, should we be engaged as the City of San Juan, Texas' auditor.

We have included a profile of our firm. We have also included specific processes, per your request along with a description of the audit team. A schedule of engagements we have worked on in the past and have also included the current audit engagements.

Audit Objective

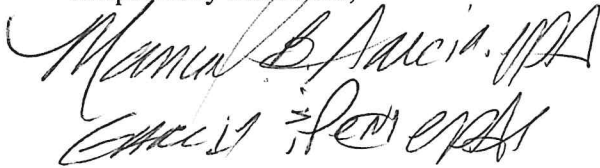
The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles, and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on (1) internal control related to the financial statements and compliance with provisions, of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Governmental Auditing Standards*, and (2) internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and compliance and other matters will include a paragraph that states (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based in the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue reports upon completion of our Single Audit. Our reports will be addressed to management and the Board of City Commissioners of the City of San Juan, Texas.

If you have any questions, please call Manuel B. Garcia CPA at (956) 969-4460 or (956) 463-9180.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Manuel B. Garcia CPA". Below it is another handwritten signature, possibly "Garcia & Pena".

Manuel B. Garcia CPA
Garcia & Pena
Certified Public Accountants

October 8, 2021

PROFILE OF FIRM

The Firm of Garcia & Pena, Certified Public Accountants was organized on February 7, 1984, for the practice of public accounting and has experienced steady growth. The firm partners are Manuel B. Garcia, CPA and Jaime X. Pena, CPA. Our staff currently consists of senior staff accountants, Ernesto Moya, Jason O. Pena, Lucas B. Garcia, and Christine R. Garcia; junior accountants, Delma Cancino, Benita Cabriaes, and Gualberto Garcia; and secretary/bookkeepers, Mary G. Rendon and Felicitas Cruz.

The firm provides a full range of services, which includes bookkeeping and accounting services, personal financial planning services, income tax services, management and accounting advisory services, and auditing services. Current audit clients consist of housing authorities, non-profit organizations, municipal entities, and a small taxing district.

The partners and staff are qualified professionals capable of completing accounting and audit engagements. Their experience reflects a strong background in accounting and audits of governmental entities. They have met or exceeded the mandatory continuing professional education requirements set by the State Board of Public Accountancy. They have attended continuing education courses on governmental and non-for-profit organizations accounting and have practical experience in auditing these entities.

Our firm is a member of the American Institute of Certified Public Accountants and its' Private Companies Practice Section.

We have undergone a peer review of our firm's quality control systems. Like an audit, a peer review is an independent evaluation by a group of specially trained CPAs. During the process, a review team visits the firm and performs a thorough assessment of its quality control system to determine if it adheres to the highest professional standards. The goal is to assure the public, who rely on the integrity of financial statements that the firm's services are of the highest quality.

We are very proud of receiving an "unqualified opinion", and under the new guidelines a "pass", which is the highest level of report attainable on our peer reviews for the periods ending June 30, 2014, June 30, 2017 and June 30, 2020.

Manuel B. Garcia has attended several courses in Municipal Accounting and Auditing sponsored by the American Institute of Certified Public Accountants and The Municipal Finance Officers' Association (MFOA). He has also attended the Texas Tech University Annual Southwest School of Governmental Finance.

Jaime X. Pena has attended courses in governmental accounting and auditing, pension plans, and financial reporting sponsored by the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants. He has also attended numerous courses and seminars held by HUD in the area of financial and budgetary reporting as it pertains to the public housing operations.

FIRMS'S QUALIFICATIONS AND EXPERIENCE

Our collective experience reflects a strong background in audits and accounting of governmental and not-for-profit entities. We have performed and/or worked on audits for the following entities.

MUNICIPALTIES:

City of Weslaco
City of Donna
City of Edcouch
City of Elsa*
City of Los Indios*
City of Rio Hondo*
City of Hidalgo*

SCHOOL DISTRICTS:

Weslaco Independent School District
Progreso Independent School District
Santa Maria Independent School District
Edcouch-Elsa Independent School District
San Benito Independent School District

PUBLIC ENTITIES AND NOT-FOR-PROFIT ORGANIZATIONS:

The Texas General Land Office Commission

Grant Auditing:

Economic Development Administration (EDA)
Comprehensive Education and Welfare (HEW)
Community Services Administration (CSA)
Governor's Office of Migrant Affairs (GOMA)
Legal Services Corporation Grants
Department of Health and Human Services (HHS)

Farmer's Home Administration Loan and Grant Housing Projects (FmHA)

FIRM'S QUALIFICATIONS AND EXPERIENCE (CONTINUED)

PUBLIC ENTITIES AND NOT-FOR-PROFIT ORGANIZATIONS:

Housing and Urban Development Grants (HUD)
Housing Assistance Payments Program (Section 8)
Housing and Urban Development – Low Rent Housing Program
Community Development Block Grants

OTHER PUBLIC ENTITIES AND NOT-FOR-PROFIT ORGANIZATIONS:

AVANCE
Texas Rural Legal Aid, Inc.
Holy Family Services, Inc.*
Weslaco Area Chamber of Commerce
Relampago-Progreso Day Care Center
Boys' Club of Weslaco
Tip-O-Tex Girl Scout Council
Cameron County Private Industry Council
Amigos Del Valle, Inc.
Su Clinica Familiar, Inc.
Access Esperanza Clinics*
Lower Rio Grande Valley Conference of Mayors, Inc.
Rio Grande Valley Opportunities Industrialization Center, Inc.
Military Highway Water Supply Corporation*
Communities in Schools-Cameron County, Inc.
Hidalgo County Emergency Services District #1*
Hidalgo County Emergency Services District #2*
Hidalgo County Emergency Services District #4

* Current Engagements

FIRM'S QUALIFICATIONS AND EXPERIENCE (CONTINUED)

ADDITIONAL REQUESTED INFORMATION:

We are not currently working with any governmental entities receiving the GFOA/Certificate of Achievement for Excellence in Financial Reporting. We are familiar with the requirements, and we feel it is an achievable goal if the City of San Juan, Texas is willing to undertake this task. We believe it is a joint effort between the city and the auditor.

GASB 34 establishes that the basic financial statements and required supplementary information (RSI) for general purpose governments should consist of:

1. *Management's discussion and analysis (MD&A)*. MD&A should introduce the basic financial statements and provide an analytical overview of the government's financial activities.
2. *Basic financial statements*. The basic financial statements should include:
 - *Government-wide financial statements*, consisting of a statement of net assets and a statement of activities
 - Fund financial statements consist of a series of statements that focus on information about the government's major governmental and enterprise funds, including its blended component units. Fund financial statements also should report information about a government's fiduciary funds and component units that are fiduciary in nature.
3. Notes to the financial statements consist of notes that provide information that is *essential* to a user's understanding of the basic financial statements.
4. *Required supplementary information (RSI)*. This Statement requires budgetary comparison schedules to be presented as RSI along with other types of data as required by previous GASB pronouncements. This Statement also requires RSI for governments that use the modified approach for reporting infrastructure assets.

The city has already implemented GASB 34 and we will continue to work with the City every year in meeting its requirements.

We believe because of our internal controls within the firm, our commitment to attending continuing education programs, the review of workpapers by the audit manager, and partners in charge of the engagement we can appropriately complete the City of San Juan, Texas audit report. We also work very close with another CPA firm, which serves as our consultant and reviews the audit reports. Our peer review reports attest to our commitment in maintaining internal controls in our firm's work.

PARTNERS AND STAFF

THE PARTNERS

MANUEL BLAS GARCIA, CPA, has been in public accounting since 1972 and graduated cum -laude with a BBA degree in accounting from Pan American University. His emphasis is in governmental auditing, income taxation, and financial accounting. His auditing experience includes auditing of municipalities, school districts, commercial entities, and various governmental agencies and grants. He is a member of the American Institute of Certified Public Accountants, the Texas Society of Certified Public Accountants, and the Valley Chapter of Certified Public Accountants. He is a member of the Weslaco Knights of Columbus, a member of the San Martin Catholic Church Parish Council, and an active member of the American Legion. He served four years in the United States Marine Corps, attaining the rank of Sergeant (E5). He was certified in the State of Texas in February 1977. His certificate number is 17211.

JAIME X. PENA, CPA, has been in public accounting since 1974 and graduated cum-laude with a BBA degree in accounting from Pan American University. He is involved in all phases of financial accounting, tax, and auditing. He has considerable experience in accounting for housing authorities, non-profit organizations, and commercial enterprises. He is a member of the American Institute of Certified Public Accountants, the Texas Society of Certified Public Accountants, and the Valley Chapter of Certified Public Accountants. He has served as Chairman of the Finance Committee of Saint Pius X Church in Weslaco, Texas. He has served as Treasurer of the Weslaco Knights of Columbus and has been a member of the Weslaco Health Care Corporation Board and the Weslaco Traffic Safety Council. He is a member of the Texas Housing Association, Texas NAHRO, and National NAHRO. He was certified in the State of Texas in September 1982. His certificate number is 29460.

Our business philosophy is one of being personally involved with our clients. The more we know about their business and of what they do, the better we can adapt our services to their needs. The partners personally plan the accounting or audit engagement and supervise the examination as it develops. We analyze balance sheet accounts and review detail general ledger account transactions personally to determine the procedures and extent of testing in our audits. We also believe in providing constructive evaluation of the accounting records and providing solutions or suggestions for problem areas. A by-product of the engagement is the continual development of the client's staff. This is achieved by encouraging open communications between the staff and our office. This type of open communication provides for an exchange of ideas and suggestions on improving the accounting system and the use of equipment.

PARTNERS AND STAFF (CONTINUED)

THE STAFF

ERNESTO MOYA, ACCOUNTANT, graduated with a BBA in accounting from Texas A&I University in May 1985. His experience has been in commercial accounting for three years and twenty-one years in public accounting. He has considerable experience in accounting for HUD grants in public housing and commercial enterprises.

JASON O. PENA, ACCOUNTANT, graduated from University of Texas-Pan American as a cum-laude graduate in December 1997. His experience has been in public accounting for fifteen years. He has experience in accounting for HUD grants in public housing and commercial enterprises.

LUCAS B. GARCIA, ACCOUNTANT, graduated from the University of Texas Pan American, with a BBA in Accounting in August 2007, and he also obtained an Associate's Degree in Accounting from South Texas Community College. His experience has been in public accounting for twenty-one years. He has been auditing governmental entities and non-for-profit organizations.

CHRISTINE R. GARCIA, ACCOUNTANT, graduated from the University of Texas Pan American, a BBA in Accounting in December 2009. Her experience has been in public accounting for nineteen years. She has been auditing governmental entities and non-for-profit organizations.

DELMA CANCINO, JR. ACCOUNTANT, graduated from South Texas Vo-Tech in May 1994. Her experience has been in public accounting for twenty years. She has experience in accounting for HUD grants in public housing and commercial enterprises and auditing governmental entities and non-profit organizations.

BENITA CABRIALES, JR. ACCOUNTANT, graduated from South Texas Community College with an Associate's Degree in Accounting. Her experience has been in public accounting for sixteen years. She has experience in accounting for HUD grants in public housing and commercial enterprises.

AUDIT TEAM

Our audit team will consist of the following individuals:

Manuel B. Garcia, CPA	In charge of the engagement including the planning, fieldwork, writing of the management letters, advisor on investment options and authorized to represent the firm.
Lucas B. Garcia	Field work – Financial and compliance accounting
Christine R. Garcia	Field work – Financial and compliance accounting

Lucas B. Garcia and Christine R. Garcia

They are both experienced in normal accounting functions such as reconciling bank accounts, classifying transactions, coding and maintaining detail general ledgers and preparing financial reports.

They have been attending professional development courses, as required by U.S. General Accepted Auditing Standards, for compliance in performing governmental audits.

Their specific experience has been with the following entities:

Audits:

- City of Weslaco, Texas
- City of Edcouch, Texas
- City of Los Indios, Texas – Auditing and Accounting
- City of Elsa, Texas
- City of Hidalgo, Texas
- City of Rio Hondo, Texas
- Access Esperanza Clinics - Auditing and Accounting
- Holy Family Services, Inc.
- Military Highway Water Supply Corporation
- Hidalgo County Emergency Services District No. 1, 2 and 4
- Weslaco Area Chamber of Commerce
- Various commercial accounts for accounting and tax services

Our support staff includes:

Felicitas Cruz	Secretary – Desktop publishing and data entry
Jaime X. Pena, CPA	Report Reviewer

AUDIT WORK PLAN

AUDIT CLIENT BUDGET

Audit Tasks	Partner	Audit Manager	Auditor	Clerical	Total Hours
General File:					
Generate general file	0	1	2	1	4
Internal Controls:					
Walk-through sales/receipts/receivables	1	2	2	0	5
Walk-through encumbrances/ purchases/payables	1	2	2	0	5
Walk-through payroll	1	2	2	0	5
Analytical procedures	1	2	0	0	3
Complete all planning forms necessary for general file	1	3	1	2	7
Report Preparation	0	3	0	6	9
Disclosure checklist review	4	2	0	0	6
Audit Program	1	2	0	0	3
Sub-total	10	19	9	9	47
Permanent File:					
City Charter/Articles of Incorporation	1	1	0	0	2
Names of City Council/Board of Directors	0	1	0	0	1
Background of City	0	1	0	0	1
Personnel and Travel Policies	0	2	0	0	2
Capital Assets and depreciation schedule	0	2	0	0	2
Long Term Debt	0	2	0	0	2
Contracts and agreements	0	3	0	0	3
Prior year audit report	0	2	0	0	2
Sub-total	1	14	0	0	15
Working Papers File: General Fund					
Conclusions	2	0	0	0	2
Prepare working trial balances	0	2	0	0	2
Cash/Investments	1	2	2	0	5
Taxes Receivables	1	2	2	0	5
Accounts Receivables	0	2	2	0	4
Due to/from other accounts	0	1	2	0	3
Due to/from other funds	1	1	0	0	2
Property, plant & equipment, and accumulated depreciation	1	2	1	0	4
Other assets	0	1	0	0	1
Accounts payables	1	2	2	0	5
Other accrued liabilities	0	1	2	0	3
Notes payable - long term liabilities	1	2	2	0	5
Bonds payable	1	1	0	0	2
Deferred Revenues	1	1	2	0	4
Fund Balance/Equity	0	1	2	0	3
Revenues	1	3	6	0	10
Expenses	1	3	6	0	10
Expenses-payroll	0	2	1	3	6
Sub-total	12	29	32	3	76

AUDIT WORK PLAN

AUDIT CLIENT BUDGET

Audit Tasks	Partner	Audit Manager	Auditor	Clerical	Total Hours
Bulk Files: various; various names;					
Cash confirmations; bank reconciliations; analysis of cash	1	2	0	2	5
Search for Unrecorded liabilities	0	2	4	0	6
Tax Receivables and reports	0	2	1	0	3
Test Revenues	0	2	4	0	6
Test Expenses	0	3	4	0	7
Contract Receivables/ billings and cost	1	2	0	0	3
Sub-total	2	13	13	2	30
Grant File:					
Grant review of contracts	1	3	2	0	6
Grant review of financial statements revenues	2	3	2	0	7
Grant review of expenses	1	4	2	0	7
Grants-Single audit General Requirements	2	3	1	0	6
Grants-Single audit Specific Requirements	2	3	1	0	6
Prepare Schedule of Federal Grant Expenses	0	1	2	2	5
Review of workpapers by audit manager	1	3	0	0	4
Sub-total	9	20	10	2	41
Other Governmental Funds:					
Fund Name: Debt Service	2	4	0	0	6
Fund Name: Economic Development	2	4	1	0	7
Fund Name: Special Revenue Fund(s)	2	3	1	0	6
Fund Name: Capital Project	2	2	1	0	5
Enterprise Funds:					
Fund Name: Water and Sewer Fund	2	4	2	0	8
Fund Name: Internal Service Fund	2	4	1	0	7
Sub-total	12	21	6	0	39
Total	46	116	70	16	248

Estimated rate per hour

150

90

90

60

Total audit estimated cost

\$ 6,900 \$ 10,440 \$ 6,300 \$ 960 \$ 24,600

General file, permanent, general fund

Other government funds

Enterprise funds

Total

34	95	64	16	209
8	13	3	0	24
4	8	3	0	15
46	116	70	16	248

AUDIT WORK PLAN

GENERAL AUDIT PLAN

Audit Procedures	Prepared By:	Reference
GENERAL FILE		
Review City Charter/State Law		
Tour City facilities		
Review journal entries and posting procedures		
Review personnel and travel policies		
Review of insurance policies		
Review of capital asset schedules		
Review of construction contracts		
Review of grant contracts and agreements		
Review of notes payable contracts		
Review of operating leases		
Review of capital leases		
Review rental lease agreements with other parties		
Review of pension plans		
Review of City Council Minutes		
Set up Permanent File for contributed capital, if material, with copies of supporting documentation		
INTERNAL CONTROL		
Review Procedures for Accounting - review Blue Book		
Review Flow Charts - prepare or obtain copy from City		
Internal Control Questionnaire		
Fraud Questionnaire		
Confirmation letter to attorney		
Confirmation letter to bank		
Confirmation letter to County Tax Office		
Walk-through of payroll process		
Walk-through of collection of utility funds		
Walk-through of accounts payable and encumbrances		
Walk-through of collection of court fines and fees		
Test of payroll periods: noting names, address, deductions, and net pay compared to personnel files showing wage and wage increases		
Ascertain whether there are related parties (review list of employees and match last names to management and City Council)		

AUDIT WORK PLAN

GENERAL AUDIT PLAN

Audit Procedures	Prepared By:	Reference
CITY-WIDE ASSETS		
Review of financial trial balances for each fund		
Reconcile bank debits and credits to general ledger bank deposits and cash disbursements, or pooled cash bank reconciliation		
Confirm bank balances and test bank reconciliations		
Reconcile investment to reconciliation or pooled investment balances		
Confirm individual fund investment balances to bank or financial institution reconciliation		
"Roll Forward" analysis of taxes receivable, tax revenue, and allowance for uncollectible-taxes		
"Roll Forward" analysis of notes receivable		
"Roll Forward" analysis of capital assets and accumulated depreciation		
"Roll Forward" of interfund balances		
CITY-WIDE LIABILITIES		
Reconcile note payable to note amortization schedules or tie-in to confirmation statements		
Recognize any accrued interest payable on the notes at year-end as deemed appropriate for this fund		
SINGLE-AUDIT SECTION		
Review government agency's laws or regulations and oversight responsibilities		
Political Activity - Civil Rights - Drug-Free Policy		
Cash Management		
Fraud, Abuse, and Mismanagement		
Allowable costs and costs principles		
Eligibility of expenditures/expenses		
Equipment and real property management		
Matching, level of effort, and maintenance		
Period of availability of federal funds		
Procurement, suspension, and debarment (obtain documentation that City/ NPO confirmed that the contractor has no been debarred)		
Real property acquisition and relocation assistance		
Reporting: Sub-recipient monitoring		
Monitoring report on grants		

AUDIT WORK PLAN

GENERAL AUDIT PLAN INDIVIDUAL FUNDS

Audit Procedures	Prepared By:	Reference
ASSETS		
Analysis of cash for each fund		
Test account receivable balances and substantiate		
Test tax revenues and receivables; obtain tax revenue and receivable report from the County Tax Office for the collection of taxes		
Prepare "rollover" schedule for beginning tax receivables and collections during the year		
Test and substantiate Government Agency receivable with grant contracts or grant documents		
Test other account receivable balances and substantiate		
Tie-in due to / due from other funds to corresponding funds		
Substantiate capital outlay, new capital asset additions, and depreciation. Review Capital Assets and General Fixed Asset Group of Accounts		
For all other assets in Balance Sheet, substantiate as appropriate.		
LIABILITIES		
Tie-in trade payables to pooled payable schedule		
Test and substantiate trade payables and test for unrecorded liabilities		
Reconcile note payable to note amortization schedules or tie-in to confirmation statements		
Recognize any accrued interest payable on the notes at year-end as deemed appropriate for this fund		
Substantiate and tie-in amounts due to other governments and tie-in to grant documents		
Review deferred revenues and note any changes		
FUND BALANCE		
Review fund balances and compare to prior year ending balances - adjust for any changes in the current year		
Tie-in reserve balances to asset account balances		
Tie-in designated fund and undesignated fund balance to prior year audit balances and adjust for changes in the current year.		
Substantiate designated fund balances		

AUDIT WORK PLAN

GENERAL AUDIT PLAN INDIVIDUAL FUNDS

Audit Procedures	Prepared By:	Reference
REVENUES		
Test and substantiate major revenues:		
Ad Valorem Taxes		
Sales Tax		
Franchise Taxes		
Licenses and Permits		
Utility Services and Charges		
Charges for Services		
Ambulance Fees		
Cemetery Fees		
Fines and Forfeitures		
Interest Earnings		
Miscellaneous Receipts		
Comparisons to prior year and note significant variations	_____	_____
Test of transactions	_____	_____
Comparisons to third - party documents - transmittal letters - grants, etc.	_____	_____
Test of balances and receivables	_____	_____
Trace revenues to bank statements		
Document and trace transfer of receipts between funds and analyze transfers between funds and adjust as necessary		
Test client billing from payments to cash receipts journal and billing journals		
Compare refund adjustments to gross fees, billings collected and note or explain significant variations		
INTERGOVERNMENTAL REVENUES/GRANTS		
Test and substantiate major revenues:		
Review grants and compare receipts to transmittal letters and prepare schedule for the audit report	_____	_____
Review monitoring letters from funding sources	_____	_____
Review grant expenditures and compare with request for grant funds	_____	_____
Test for compliance with grant documents and single audit act, if applicable	_____	_____
For State and Federal grants - Test expenditures for general compliance with laws and regulations and specific requirements of the grant		
For grants from foundations and others - Obtain copy of notice of award and note any restrictions and other requirements and compliance issues		

AUDIT WORK PLAN

GENERAL AUDIT PLAN INDIVIDUAL FUNDS

Audit Procedures	Prepared By:	Reference
EXPENDITURES/EXPENSES		
Test and substantiate major expenditures:		
Comparisons to prior year and note significant variations	_____	_____
Test of transactions	_____	_____
Comparisons to third - party documents - transmittal letters - etc.	_____	_____
Test of balances and payables	_____	_____
Schedule out wages and compare to prior and to IRS payroll reports		
Prepare schedule for contract services and compare to prior years - note and explain material variations		
Select expenditures expense accounts and compare expenditures to original documents (capital asset additions, contractual services, lease agreements, repairs, lease purchase agreements)		
Document and trace transfer of receipts between funds and analyze transfers between funds and adjust as necessary		
Analyze miscellaneous accounts and adjust as necessary		

COMPENSATION

Hourly rates to be charged for staff services:

Partner: Manuel B. Garcia, CPA	<u>\$ 150.00</u>	Per Hour	<u>46</u>	Hours	<u>\$ 6,900.00</u>
Audit Manager: Christine R. Garcia	<u>\$ 90.00</u>	Per Hour	<u>116</u>	Hours	<u>\$ 10,440.00</u>
Auditor: Lucas B. Garcia	<u>\$ 90.00</u>	Per Hour	<u>70</u>	Hours	<u>\$ 6,300.00</u>
Secretary: Felicitas Cruz	<u>\$ 60.00</u>	Per Hour	<u>16</u>	Hours	<u>\$ 960.00</u>
Total Estimated Cost					<u><u>\$ 24,600.00</u></u>

Total Estimated Cost of Services
To Be Performed (FYE 9/30/2021)

\$ 24,600.00

OPTION:

Total Estimated Cost for One
Additional Year (FYE 9/30/2022)

\$ 24,600.00

Total Estimated Cost for One
Additional Year (FYE 9/30/2023)

\$ 24,600.00

Respectfully submitted this 8th day of October 2021.

Signature:



Title:

Partner

Firm:

Garcia & Pena, CPAs

Address:

301 W. 4th Street

City:

Weslaco

State:

Texas

Zip Code:

78596

Phone No.:

(956) 969-1433

Fax No.:

(956) 968-1467

LIST OF REFERENCES

Jim Hiebert, CPA Former Finance Director Of the City of Weslaco, Texas	Jim Hiebert, CPA Office Mission, Texas	(956) 580-0669
Patricio Gonzalez Executive Director	Access Esperanza Clinics of Hidalgo County, Texas (Formerly Planned Parenthood)	(956) 686-0585
Ramon Rosales, Jr. Executive Director	Military Highway Water Supply Corporation	(956) 565-2491
Ben Medina City Administrator	City of Rio Hondo, Texas	(956) 748-2102
Ernesto Monita Finance Director	City of Hidalgo, Texas	(956) 843-2286

CONFLICT OF INTEREST

I, Manuel B. Garcia, CPA, or any of our firm's staff do not have any personal business relationships with any members of the City of San Juan City Commissioner's that will impair our independence for this engagement.

NON-COLLUSION STATEMENT FORM

CITY OF SAN JUAN, TEXAS

"The undersigned affirms that they are duly authorized to execute this Agreement, that this company, corporation, firm, partnership or individual has not prepared this proposal as to prices, terms or conditions of set proposal have not been communicated by the undersigned nor by any employee or agent to any other person engaged in this type of business prior to the official opening of this proposal."

This proposal must be signed by an authorized representative to become valid.

Company: Garcia & Pena, CPAs

Address: 301 West 4th Street

City: Weslaco State: Texas Zip Code: 78596

Phone No.: (956) 969-1433 Fax No.: (956) 969-1467

E-Mail: gpcpa@rgv.rr.com

Authorized Signature: 

Title: Partner

Manuel B. Garcia, CPA

CERTIFICATION REGARDING DEBARMENT, SUSPENSION INELIGIBILITY

As is required by the Federal Regulations Implementing Executive Order 12549, Debarment and Suspension, 45 CFR Part 76, Government-wide Debarment and Suspension, in the applicant certifies, to the best of his or her knowledge and belief, that both it and its principals:

- a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency;
- b. Have not within a three-year period preceding this bid proposal and/or application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction, violation of federal or state antitrust statutes or commission of embezzlement, theft, theory, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- c. Are not presently indicted for or otherwise criminally or civilly charged by a government entity with commission of any of the offenses enumerated herein; and
- d. Have not within a three-year period preceding this bid proposal and/or application had one or more public transactions terminated of cause of fault.

We have been very successful in not receiving any adverse desk and field reviews from cognizant agents/agencies. We have not received reprimands or penalties from the Texas State Board of Public Accountancy. We have received a *pass* rating on our latest system of quality control for accounting and auditing practice peer review report for the period ending June 30, 2020. A copy of our last per review is attached.

Signature: _____

Print Name: Manuel B. Garcia, CPA

Title: Partner

Telephone Number: (956) 969-1433

Date: October 8, 2021

If the proposer is unable to certify to all of the statements in this Certification, such proposer should attach an explanation to this proposal.



Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380, Austin, Texas 78752

This individual is licensed to practice in Texas.

JAIME XAVIER PENA
CERTIFIED PUBLIC ACCOUNTANT
1401 TANGERINE DR
WESLACO TX 78596-7045

License ID: 029460

Expires: 12/31/2021

Form No: 21030085



Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380, Austin, Texas 78752

This individual is licensed to practice in Texas.

MANUEL BLAS GARCIA
CERTIFIED PUBLIC ACCOUNTANT
301 W 4TH ST
PO BOX 8032
WESLACO TX 78596-8032

License ID: 017211

Expires: 4/30/2022

Form No: 21058773



Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380, Austin, Texas 78752

The office is licensed to practice in Texas.

GARCIA & PENA
OFFICE
301 W 4TH ST
PO BOX 8032
WESLACO TX 78596

Firm License ID: P03338

Expires: 5/31/2022

Office License ID: U03967

Form No: 21069796



CPA • CFE • CFF
mlc@mchehotskycpa.com
www.mchehotskycpa.com

Martin L Chehotsky

Certified Public Accountant
Certified Fraud Examiner
Certified in Financial Forensics

PO Box 5914
1506 South Greenfield Cr.
Lake Charles, LA 70606-5914

Telephone: 337-540-3200
Fax: 337-564-0501

Report on the Firm's System of Quality Control

December 10, 2017

To the Owners of Garcia and Pena and the Peer Review Committee of the Texas Society of Certified Public Accountants

I have reviewed the system of quality control for the accounting and auditing practice of Garcia and Pena in effect for the year ended June 30, 2017. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed in conformity with applicable professional standards, if any, are evaluated by the peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

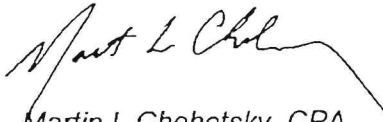
As part of my peer review, I considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of my procedures



The CPA, Never Underestimate The Value. SM

Opinion

In my opinion the system of quality control for the accounting and auditing practice of Garcia and Pena in effect for the year ended June 30, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Garcia and Pena has received a rating of *pass*.



Martin L Chehotsky, CPA

CITY OF SAN JUAN, TEXAS
AUDIT SERVICES RFP NO. 22-001-10-08
FISCAL YEAR ENDING SEPTEMBER 30, 2021

Luis C. Orozco

Certified Public Accountant

808 Del Oro Lane

Pharr, TX 78577

lcocpa@lcocpa.com

Tel: (956) 782-5481

October 8, 2021

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
I. COVER LETTER	2
II. AUDIT APPROACH	3
III. MANAGEMENT COMPONENT	6
IV. QUALIFICATION AND EXPERIENCE	7
V. RESUMES	9
VI. TASK AND ACTIVITY PLAN	11
VII. CONFLICT OF INTEREST STATEMENT	12
VIII. CPA & OFFICE LICENSES	13
IX. EXECUTED RFP NO. 22-001-10-08	14

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

October 7, 2021

To the City Comission of the
City of San Juan
709 S. Nebraska Avenue
San Juan, TX 78589-2649

Dear Ms. Lori A. Maldonado, Purchasing Agnet:

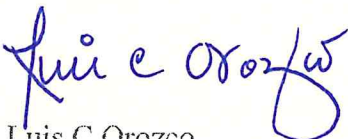
We are hereby submitting our proposal for audit services for the City of San Juan for the year ending September 30, 2021, 2022 and 2023 as outlined on your specifications.

We will conduct an organization-wide audit on the general purpose financial statements of the City of San Juan and component units in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of OMB Uniform Administrative Guidance, Governmental Accounting Standards Board Statements (GASB Statements) and other publications referenced on your audit specifications, and will include tests of accounting records and other procedures that we consider necessary to enable us to express an opinion on the general purpose financial statements and to render the required Single Audit reports.

We would like to thank you for the opportunity to serve you and look forward to a continuing business relationship.

If you have any questions, or if we can be of further assistance, please let us know.

Sincerely,



Luis C Orozco
Certified Public Accountant

AUDIT APPROACH

Scope of Services

The objective of our audit is the expression of an opinion as to whether the general purpose financial statements of the City of San Juan are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information when considered in relation to the general purpose financial statements taken as a whole. The objective also includes reporting on compliance with laws and regulations and the provisions of contracts and grant agreements and its internal controls as required by the Single Audit Act Amendments of 1996 and OMB Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organization*.

Our audit would be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards* (The Yellow Book), issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Uniform Guidance, and will include test of the accounting records other procedures we consider necessary to enable us to express such an opinion and to render the required Single Audit reports. If our opinion on the general-purpose financial statements or the Single Audit compliance opinion is other than unmodified, we would fully discuss the reasons with you in advance.

Generally accepted auditing standards refer to guidance and requirements in the American Institute of Certified Public Accountants' Statements on Auditing Standards (SAS) related auditing interpretations, and audit and accounting guides (ASLGU). They are broken into general standards, standards of fieldwork, and standards of reporting.

Planning

In planning and performing our audit, we would consider the internal control sufficient to plan the audit to determine the nature, timing and extent of our auditing procedures for expressing our opinion on the general-purpose financial statements and on its compliance with requirements applicable to major programs.

We would obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Test of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the general purpose financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the general purpose financial statement. Our tests, if performed, would be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed.

If this were a multiyear contract, our scope of the audit field work, as it relates to internal control, would be reasonably reduced, unless there are special circumstances detected during the audit which require special attention. Additionally, audit field work related to compliance with laws and regulations as required by the Single Audit Act of 1996 and the Uniform Administrative Guidance may change significantly since a risk-based approach will be used. Finally, the extent of work necessary to obtain reasonable assurance concerning the consistency of application of accounting principles between the current and preceding year would be reduced.

Level of Assistance

Management is responsible for making all financial records and related information available to us. We understand that the City of San Juan will provide us with such information required for our audit and that the City of San Juan is responsible for the accuracy and completeness of that information. The City of San Juan personnel will be utilized to prepare all cash or other confirmations we request and locate documentation selected for testing.

Audit Time Schedule

We expect to begin our audit no later than November 5, 2021. A standard list of items will be provided in advance to the responsible staff within the organization and an entrance conference meeting will be conducted between the auditing firm and the individuals involved and the City of San Juan personnel to plan the field work needed as well as the final presentation of the audit report. We expect to complete our audit by March 2022 and present the related audit reports by the following board meeting but before, or on our exit conference.

Audit Schedule (Tentative)

Activity Description	Date
Entrance Conference/Meeting w/personnel	November, 2021
Begin Field Work	December, 2021
Understand the Entity & Identify Risks	January, 2022
Review of FS and Assess Risk	January, 2022
General Auditing and Completion Procedures	February, 2022
Meeting with Management on Audit Results	March, 2022
Presentation of Audit to Board	March, 2022

Federal Programs

In the process of conducting audit services for the entities listed under the section Qualification and Experience, we have audited numerous federal programs from different federal agencies or departments and we have researched all the necessary compliance requirements needed to comply with the OMB Compliance requirements, TEA FASRG and the Uniform Administrative Requirements.

MANAGEMENT COMPONENT

Our firm is Luis C. Orozco, Certified Public Accountant. We are properly licensed in the State of Texas to practice as a **Certified Public Accountant**. We are a local public accounting firm. Our office is located at 808 Del Oro Lane, Pharr, TX 78577. Our audit experience includes School Districts, Cities, Not-for-Profits, Nonpublic entities and other organizations, as indicated below. We have been practicing public accounting since 1998, mostly concentrated in auditing. Our office also provides accounting, taxation and consultation services.

We certify that we are not under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or licensing boards of other states.

Luis C Orozco has received a total of 1600 hours of continuing professional education through Texas Society of Certified Public Accountants and other approved organizations. A total of 1,100 hours has been received on Governmental and Non-Profit Accounting and Auditing. A listing of the most recent continuing professional education is available upon request.

We hereby confirm that we are independent with respect to the City of San Juan. Neither owner nor our staff has any direct or indirect financial interest in the City of San Juan contracts, and no one assigned to the audit is related, as defined by nepotism law, to any of the City of San Juan members or to any employee with managerial responsibilities.

Luis C Orozco, CPA has proper accountant professional liability insurance in place meeting the levels requested in this proposal, and will furnish such documentation upon request.

QUALIFICATION AND EXPERIENCE AND REFERENCES

Our extensive experience as senior auditors and auditor-in-charge covers governmental, not-for-profit organizations, for-profit entities, etc. The following is a list of some of entities we have provided auditing services:

<u>GOVERNMENTAL ENTITIES:</u>		<u>Years</u>
City of Edinburg (CAFR) Mr. Ron Garza, City Manager 415 W University Drive Edinburg, TX 78541	(956) 388-1895	2019-2020
City of Palmview 400 W. Veterans Blvd. Palmview, TX 78572 Mrs. Arely Barrera, CFO	(956) 432-0300	2017-2019
Edinburg Consolidated School District (CAFR) 411 N 8 th Avenue Edinburg, TX 78540 Mrs. Sylvia Garcia, Director of Finance	(956) 289-2305	2009-14, 2017-2020 ADA: 31,350
Hidalgo Independent School District Nancy P Sanchez, MBA, Chief Financial Officer 324 Flora Street Hidalgo, TX 78557	(956) 843-4495	2019-2020 ADA: 3,200
South Texas Independent School District Marla Knaub, Assistant Superintendent for Finance 100 Med High Drive Mercedes, Texas 78570	(956) 514-4222	2020 ADA: 3,807
City of Edcouch 211 W. Southern Avenue Edcouch, TX 78538 Mr. Victor H. De La Cruz, City Manager	(956) 262-4120	2016-2018
The Housing Authority of Hidalgo County 1800 N. Texas Blvd. Weslaco, TX 78599 Mr. Mike Lopez, Executive Director	(956) 969-5865	2018-2020
San Benito Housing Authority 1400 N Reagan San Benito, TX 78586 Mrs. Yvette Nieto, Executive Director	(956) 399-7501	2016-2020
Edinburg Housing Authority 910 S. Sugar Road Edinburg, TX 78539 Mr. Richard Christian, Finance Director	(956) 383-3839	2019-2020

FOR PROFIT ENTITY:

La Lomita, Inc. El Tigre Food Stores / Tex-Best Stores 2105 Remington Avenue Edinburg, TX 78539 Mrs. Sandra Garza, Partner	(956) 287-8077	2012-Present
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MANAGEMENT CONSULTATION:

City of Palmhurst 4417 N Shary Road Palmhurst, TX 78572 Ms. Lori A. Lopez, City Manger	(956) 583-8697	2014-Present
Donna Housing Authority 1711 Stites Road Donna, TX 78537 Mr. Robert Gonzalez, Executive Director	(956) 464-4475	2010-Present
Mercedes Housing Authority 306 W 5th Street Mercedes, TX 78570 Mr. Horacio Pequeno, Executive Director	(956) 565-3139	2008-Present
South Texas Economic Development Corporation 1800 N. Texas Blvd. Weslaco, TX 78599 Andrea Roldan, Executive Director	(956) 969-3024	2018-Present
NAR, Incorporated 4602 S Closner Blvd Edinburg, TX Michelle Mata, Executive Director	(956) 381-6271	2012-Present

NON-PROFIT ENTITIES:

Valley Association for Independent Living, Inc. 3601 N McColl Road, Suite B McAllen, TX 78501 Mrs. Susan Nelson, Executive Director	(956) 668-8245	2009 – Present
Women Together, Inc. 511 N Cynthia McAllen, TX 78501 Estella de Anda, Executive Director	(956) 630-4878	2000-Present

RESUMES
PERSONNEL TO BE AVAILABLE FOR FIELD WORK

LUIS C. OROZCO

Certified Public Accountant

Owner/Senior Auditor/Field Auditor

- Graduated from The University of Texas – Pan American with BBA degree and a major in accounting in 1991.
- Obtained license as a Certified Public Accountant in 1996.
- Worked as Senior Auditor and Auditor-in-Charged from 1991 through 1997 with a local CPA Firm mainly concentrating in the area of auditing.
- Established a Sole-proprietorship firm in 1998, mainly concentrating in the area of auditing and including such services for accounting, taxation and business consultation.

JESUS MONCAYO

Auditor Assistant/Field Auditor

- Mr. Moncayo graduated from The University of Texas – Rio Grande Valley with a BBA degree and a major in business accounting in 2015 and master's degree in accounting in 2020.
- Mr. Moncayo joined the firm in February 2016 and has over 2,000 hours of audit experience working with various entities which include cities, housing authorities, non-profit organizations and school districts, as well as over 250 hours of continued professional education.

ADRIAN CASAS

Auditor Assistant/Field Auditor

- Mr. Casas graduated from The University of Texas – Rio Grande Valley with a BBA in accounting and a Master's of Science in Accountancy in 2016. He is currently pursuing an MBA with a concentration in Financial Planning and sitting for the CPA exam.
- Mr. Casas joined the firm in December 2020 and has been involved in working with various entities which include cities, housing authorities, non-profit organizations, and school districts.

OFFICE PERSONNEL:

Clarissa Villarreal – Accounting Assistant: Main audit functions: Assisting with audit worksheets.

Jeanie Quintanilla – Office Assistant 11 Years of experience: Main audit functions: Audit Scheduling, coordinate meetings [virtual and live], process audit documentation and Report Processing.

Samantha Villa - Data Analyst – Main audit function: Organizing audit documentation and workpapers.

TASK/ACTIVITY PLAN AND ESTIMATED AUDIT FEES

Below is a schedule of the personnel assigned to this engagement and estimated number of hours for completion.

<u>PERSONNEL LEVEL</u>	<u>ASSIGNED HOURS</u>
Owners/Senior Auditor/CPA	120
Field Auditor/CPA	100
Accountant	45
Office Assistants	10

The **estimated** number of hours to complete this engagement is approximately 275 hours, based on previous experience, the size and complexity of this organization and similar engagements.

Our **estimated** fee for these services will be \$30,950 to perform the auditing services on the financial statements, compliance and operations. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you to arrive to a new fee estimate before we incur any additional costs.

INTERIM AND YEAR-END AUDIT WORK FOR FISCAL YEARS

If the City requests an extension of the contract for more years, we will maintain the estimated fees, barring any future new requirements and unforeseen circumstance.

CONFLICT OF INTEREST

Luis C. Orozco, CPA, will abide to the rules of conflict of interest and The City of San Juan's policy as stipulated on your procurement documents.



Texas State Board of Public Accountancy

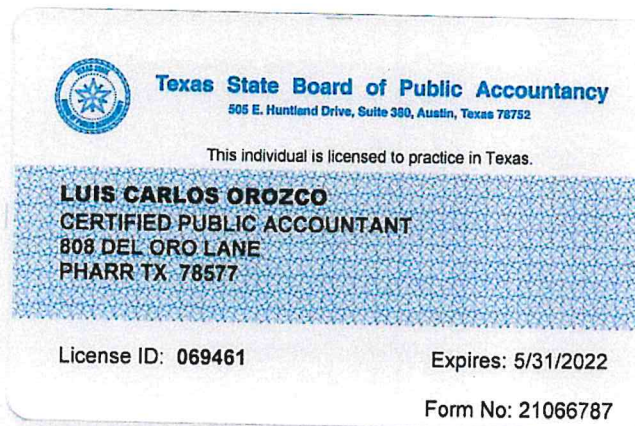
505 E. Huntland Drive, Suite 380, Austin, Texas 78752

William Treacy, Executive Director

6/ 3/2021

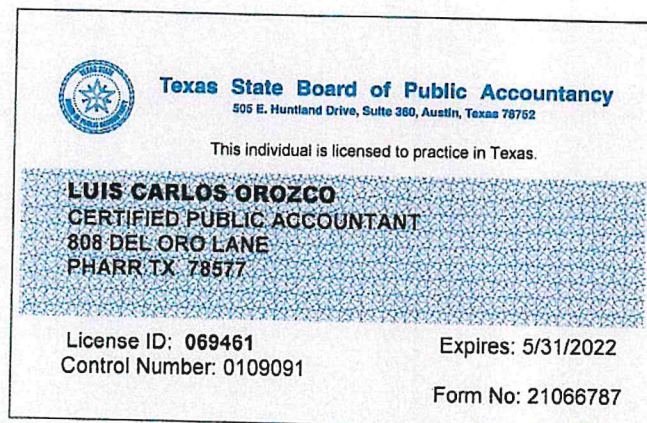
LUIS CARLOS OROZCO
CERTIFIED PUBLIC ACCOUNTANT
808 DEL ORO LANE
PHARR TX 78577

FOLD FORM
HERE AND
PULL CARD
BACK TO
RELEASE



By receipt of this license card, requirements for licensing by the Texas State Board of Public Accountancy have been met. The license card can be easily removed from the sheet and can be used as identification as a licensee in Texas. After removing your license card, retain this mailer as a **FILE COPY** of the license card.

As a licensee, a 7-digit number has been assigned to you as an alternative to the Social Security Number (SSN) as a method of unique identification. This **control number** is required to access your personal information on the Board's website, and is shown below on the copy of your license card.



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Texas State Board of Public Accountancy

505 E. Huntland Drive, Suite 380, Austin, Texas 78752

William Treacy, Executive Director

3/ 2/2021

LUIS CARLOS OROZCO
OFFICE
808 DEL ORO LANE
PHARR TX 78577

➔

FOLD FORM
HERE AND
PULL CARD
BACK TO
RELEASE

➔



Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380, Austin, Texas 78752

The office is licensed to practice in Texas.

LUIS CARLOS OROZCO
OFFICE
808 DEL ORO LANE
PHARR TX 78577

Firm License ID: **T07915** Expires: 2/28/2022
Office License ID: **W03580** Form No: 21045237

By receipt of this license card, requirements for licensing by the Texas State Board of Public Accountancy have been met. The license card can be easily removed from the sheet and can be used as identification as a licensee in Texas. After removing your license card, retain this mailer as a **FILE COPY** of the license card.

As a licensed firm, a 7-digit number (*Firm Control Number*) has been assigned to your firm as an alternative method of unique identification, in addition to your *Firm License ID*. **The *Firm License ID* and *Firm Control Number* are required to access information on the Board's website, and are shown below on the file copy of your license card.** (Note that each office of your firm is assigned a unique *Office License ID*.)



Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380, Austin, Texas 78752

The office is licensed to practice in Texas.

LUIS CARLOS OROZCO
OFFICE
808 DEL ORO LANE
PHARR TX 78577

Firm License ID: **T07915** Expires: 2/28/2022
Firm Control Number: 0187477
Office License ID: **W03580** Form No: 21045237

CITY OF SAN JUAN, TEXAS



REQUEST FOR SEALED PROPOSAL

FOR

AUDIT SERVICES

**CITY OF SAN JUAN, TEXAS
REQUEST FOR SEALED PROPOSALS
FOR
AUDIT SERVICES**

The City of San Juan is issuing this request for Sealed Proposal (RFP) for professional services which will include the following:

- A financial audit for the City's financial statements
- If needed, a compliance audit of the City's federal programs in accordance with the Federal Single Audit Act

The contact person regarding this RFP is Lori A. Maldonado, Purchasing Agent, who can be reached at 956.223.2204. Any communication regarding this RFP should be emailed to lmaldonado@sjtx.us including in the subject line "Auditing Services – Proposal# 22-0001-10-08"

The City is requesting three (3) copies of the proposal in a sealed envelope. The envelope should clearly indicate it is a proposal for audit services. **Proposals submitted by fax or electronically will not be accepted. Proposals must be submitted on or before 10:00 a.m., on Friday, October 8, 2021, in a sealed envelope with a return address, addressed as follows:**

**SEALED PROPOSALS FOR
AUDIT SERVICES - RFP NO. 22-001-10-08
CITY OF SAN JUAN
709 S. NEBRASKA
SAN JUAN, TEXAS 78589-2649**

The audit period under contract is for the year ending September 30, 2021, with the option to award for two (2) additional years, at one (1) year interval, year(s) ending September 30, 2022, and September 30, 2023 as approved by the City Commission. The City reserves the right to terminate the contract if, in the opinion of the City, the successful firm's performance is not acceptable or the City wishes, without cause, to discontinue the contract. Termination of contract will be in written form.

AUDITING STANDARDS

Your examination will be conducted in accordance with the standards for financial audits contained in Audits of State and Local Governments (and if necessary, compliance audit standards contained in the Government Auditing Standards, issued by the Governmental Accounting Standard Board, the Federal Single Audit Act and the provisions of the Office of Management and Budget's (OMB) Circular A-133) and, accordingly, will include any other tests of the accounting records and such other auditing procedures you consider necessary in the circumstances.

ASSISTANCE PROVIDED BY THE CITY'S FINANCIAL STAFF

The City Staff will provide the auditor with balanced trail balances and supporting information as agreed to with the auditor in a pre-audit planning conference, however, it is expected that the auditor will be primarily responsible for the drafting and preparation of the financial statements.

It is expected that it will be necessary for the auditor to provide some final year-end adjustments during the audit.

Additionally, City Staff will assist the auditors with clerical tasks including the pulling and refiling of invoices needed during the audit, typing of third-party confirmation requests and other items as agreed to.

The Audit Staff will be provided with work space and reasonable access to telephones and photocopy machines and other items as agreed to by the City and the Auditors at the pre-audit conference.

MANDATORY QUALIFICATIONS OF THE AUDITOR

The following information must be affirmed in the proposal response.

1. The proposer is properly licensed for public practice as a certified public accountant.
2. The proposer meets the independence requirements of the Governmental Auditing Standards published by the Governmental Accounting Standard Board.
3. The respondent does not have a record of substandard audit work. Please disclose the controls your firm has in place to ensure quality standards have been met; also disclose whether your firm is subject to an external quality control review process.
4. The respondent has experience in successfully assisting municipal clients in their application for and receipt of the GFOA/Certificate of Achievement for Excellence in Financial Reporting.
5. The respondent must demonstrate their knowledge of GASB Statement Number 34 and describe the assistance they will provide their clients with GASB 34.
6. Report must be submitted to the City Commission for approval by March 31, 2022

MONITORING

To ensure the quality of the audit, the City may request from time to time, a report of the progress of the audit. In addition, prior to completion of the fieldwork, an audit exit conference will be held to discuss the results of the audit.

TIME REQUIREMENTS

The City shall receive all proposal responses by 10:00 a.m. October 8, 2021, in a sealed envelope clearly indicating it is a proposal for audit services. Any proposals received after this date and time will not be considered.

WORKING PAPERS

The working papers shall be retained for at least three years. The working papers will be available for examination by authorized representatives of the State of Texas, and, if required, the cognizant federal audit agency and the General Account Office.

RIGHT TO REJECT

The City reserves the right to reject any and all proposals submitted and to waive any or all formalities or technicalities or to accept the proposal to be the best and most advantageous to the City and hold the proposal for a period of ninety (90) days without taking action. Any contract awarded will be made to the independent auditor who, based on evaluation of all responses, applying all criteria and oral interviews if necessary, is determined to be the best qualified to do the audit.

NUMBER OF COPIES OF AUDITOR'S REPORTS

The auditor shall furnish the City ten (10) copies of all required reports. In addition, the auditor shall furnish the requested number of copies for each federal and state agency, as applicable.

CONTRACTUAL AGREEMENTS

Invoices for service will be paid when received. The total amount to be invoiced shall not exceed the amount of the bid unless other arrangements have been negotiated in writing with the City first. The cost of audits for subsequent years of service beyond this RFP will be negotiated each year or as needed. The City reserves the right to terminate the contract for audit at any time.

METHOD OF EVALUATING PROPOSALS

Proposals will be evaluated with strict emphasis on quality. Attributes which will be analyzed include:

1. Number of governmental entities audited by CPA firm.
2. Firm governmental resources available.
3. Involvement in municipal activity and organizations.
4. Training of personnel in governmental (and federal grant) auditing.
5. Experience with clients receiving GFOA/Certificate of Achievement for Excellence in Financial Reporting.
6. Demonstrated knowledge of GASB 34 and methods described related to assisting governmental units with its implementation.
7. Quality of staff included in assignment.
8. Reference responses.
9. Maintenance of a secondary partner and rotation of partners periodically.
10. Internal quality control procedures and external quality control review.
11. Estimated completion date of report to the City Commission.

After technical qualities have been evaluated, cost and other considerations will be evaluated. The proposing audit firm should indicate the cost of the audit for the first year and the range of average cost per hour for audit services.

Once all factors have been evaluated, the audit firm who is most qualified and reasonable in cost will be selected.

FORMATE OF THE RFP RESPONSE

It is suggested the RFP response be formatted as follows:

Title Page

The response should identify the RFP subject and the name of the independent auditor, local address, telephone number, name and title of contact person and date of submission. The period which the proposal is effective should also be disclosed.

Table of Contents

The table of contents of the proposal should include a clear and complete identification of the materials submitted by section and page number.

Letter of Transmittal

The letter of transmittal should contain the following information:

1. A brief understanding of the audit service to be performed.
2. A positive commitment to perform the service timely.
3. The name of persons authorized to represent the respondent, their title, address and telephone number. This may be important if different from the individual who signs the transmittal letter.

PROFILE OF THE INDEPENDENT AUDITOR

The respondents are requested to provide a profile of general background information. This should include:

1. The organization and size of the respondent, whether it is local, regional, national or international in operations.
2. The location of the office from which the work is to be done and the number of professional staff by staff level employed at that office.
3. A description of the range of activities performed by the firm such as auditing, accounting, tax service or management services.
4. A description of the firm's expertise regarding GASB 34 including training, educational presentations, articles, etc., and a description of how your firm will assist its clients with the implementation of GASB 34.
5. A statement of the respondent's staff capability to audit federal programs, including the number and classifications of personnel skilled in federal program auditing who will work in the audit, if required to.
6. A positive statement that the following mandatory criteria are satisfied:
 - A. An affirmation that the proposer is properly licensed for practice as a certified public accountant.
 - B. An affirmation that the respondent does not have a record of substandard work.
 - C. An affirmation from the respondent that they will follow the American Institute of Certified Public Accountants' "Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits". Basically, if a member (of AICPA) accepts such an engagement and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, the auditor is obligated to follow such requirements. Otherwise, the auditor must disclose in the audit report the fact that such requirements were not followed and the reasons therefore.

SUMMARY OF THE PROPOSER'S QUALIFICATIONS

1. Identify the audit managers and field supervisors and other staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for auditor in-charge up to the individual with final responsibility for the engagement should be included. (The resumes may be included as an appendix).
2. Describe the recent local and regional office auditing experience similar to the type of audit requested and give the names and telephone numbers of client officials responsible for three of the audits listed.
3. Other auditors who are participating in the audit are also required to provide similar information.

PROPOSER'S APPROACH TO THE EXAMINATION

Submit a work plan to accomplish the scope of the audit. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned. Where possible, individual staff members should be named and their titles provided. The planned use of specialists should be specified.

The audit work plan should completely cover what audit work will be accomplished to allow the auditor to render:

1. A report on the study and evaluation and report on internal control systems.
2. Reporting on the organization's control system to assure compliance and whether the organization has complied with laws and regulations that may have an effect on each major federal assistance program.

The audit work plan should demonstrate the auditor's understanding of the audit requirements of a single audit as specified in OMB Circular A-133 and the audit tests and procedures to be applied in completing the audit plan.

TIME REQUIREMENTS

If not already adequately covered in the letter of transmittal, the response should detail information on when the audit firm plans to deliver the final reports.

COMPENSATION

Audit contract covering more than one year shall specify an audit fee for each year. The fee shall be inclusive of all expenses. Additionally, provide current hourly rates by staff classification for additional services which may be requested by the City.

ADDITIONAL DATA

Provide any additional data the respondent feels may be helpful in the selection process.

**CITY OF SAN JUAN, TEXAS
CONTRACT AGREEMENT**

An agreement made and entered into this the 8 day of OCTOBER, 2021 by and between LUIS C. OROZCO, CPA of SAN JUAN, TX 78589.
(Name) (City and State)

Herein after called the Firm and the City of San Juan, Texas, hereinafter called the City, WITNESSETH, that the Firm and the City for the consideration hereinafter named, agree and as follows:

1. That the entire Request for Proposal including all documents provided in the Request for Proposal hereto attached or herein referred to shall be and are hereby made a part of the agreement and contract.
2. The Firm shall perform all of the work as set forth in this Proposal in strict accordance with the specifications, and other documents which have been made a part of this contract in the manner, time, and place as therein set forth.
3. In consideration whereof, the City agrees to pay to the Firm the amounts provided in the attached Proposal, being the product of the unit prices therein set forth, multiplied by the number of units actually used during performance of the contract, all in the time and manner as set forth in the Contract Documents.

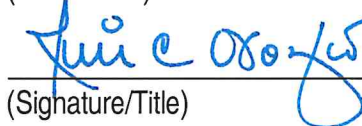
WITNESS:

1.



LUIS C. OROZCO, CPA

(Firm Name)



OWNER-CPA

(Signature/Title)

2.

(Owner Name)

(Mayor's Signature)

3.

(City Manager)

4. ATTEST:

(City Secretary)

(City Attorney)



**BID OPENING
CITY OF SAN JUAN
AUDITING SERVICES
RFP NO. 22-001-10-08
OCTOBER 10, 2021
10:00 A.M.**

	AUDITING FIRM	LOCATION	FEE
1	Luis C. Orozco, CPA	Pharr	\$30,950
2	BML Burton McCubmer & Longoria, LLP	McAllen	\$59,000
3	Beasley, Mitchell & Co.	El Paso	\$49,500
4	Cascos & Associates, PC	Brownsville	\$28,900
5	Garia & Pena, CPAs	Weslaco	\$24,600
6			
7			
8			
9			
10			



CITY OF SAN JUAN
AUDITING SERVICES
RFP NO. 22-001-10-08
OCTOBER 8, 2021 @ 10:00 A.M.

			Similar Cities	Completion Time	CPAs	Personnel	References	GASB 34 Knowledge	GFOA Clients	Total Score
AUDITING FIRM	LOCATION	FEE	15	15	15	15	15	15	10	100
Luis C. Orozco, CPA	Pharr	\$30,950	10	15	8	10	10	15	10	78
BML Burton McCubmer & Longoria, LLP	McAllen	\$59,000	8	15	10	12	12	15	10	82
Beasley, Mitchell & Co.	El Paso	\$49,500	12	15	11	13	12	15	10	88
Cascos & Associates, PC	Brownsville	\$28,900	13	5	11	13	15	15	10	82
Garia & Pena, CPAs	Weslaco	\$24,600	15	15	7	12	15	15	10	89

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consider Second and Final Reading of an Ordinance for a Conditional Use Permit to allow a “Amaro’s Mechanic Repair Shop” at 1310 E. Sgt. Leonel Trevino Road, legally described as 1.5 acre tract of land out of the East 300 feet of the South 218.2 feet of Lot 13, Block 39, Alamo Land and Sugar Company Subdivision, as Requested by Cesar Amaro.

STAFF COMMENTS AND RECOMMENDATIONS:

At the City Commission Meeting on October 12, 2021 the City Commission approved the First Reading of the Ordinance as presented by staff.

Previously, staff provided the following background:

Mr. Amaro is requesting a conditional use permit to allow a Mechanic/repair shop at the Northwest corner of Sgt. Leonel Trevino and Cesar Chavez Road. A residence and two commercial buildings were located in the same property. All three (3) structures were built in 1970’s when property was located outside the city limits of San Juan. Property was incorporated to the City in 1985 and it is zoned as General Business District (C-2).

The following is a list of requirements:

- a) All service, repair, maintenance, painting, and other work shall take place within an enclosed area;
- b) There shall be no outside storage of materials;
- c) All new buildings and all conversions of existing buildings to such uses shall meet current building and fire code requirements in terms of separation of high hazard uses from other occupancy use classifications, etc.
- d) Owner agrees to pay an annual fee to the City of San Juan to maintain conditional and occupational use permit.
- e) The business must comply with the city’s noise ordinance.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to eight (8) property owners within a two hundred (200) foot radius and received no comments in favor or against the application

RECOMMENDATION:

During the Regular Meeting on October 7, 2021, the Planning and Zoning Meeting unanimously recommended approval with a (5-0) vote.

PREPARED BY:

Roberto Escobar,
Planning Director

APPROVED BY:

Benjamin Arjona, City
Manager

MEETING DATES:
PLANNING AND ZONING COMMISSION – 10/07/2021
CITY COMMISSION – 10/26/2021
DATE PREPARED –10/21/2021

PAGE 1

STAFF REPORT
GENERAL INFORMATION

APPLICATION:	Conditional Use Permit to Allow “Amaro’s Mechanic Repair Shop”
APPLICANT:	Cesar Amaro
SURVEYOR/ENGINEER:	N/A
LEGAL:	5.0-acre tract of land out of the East 300 feet of the South 218.2 feet of Lot 13, Block 39, Alamo Land and Sugar Company’s Subdivision
EXISTING LAND USE/ ADJACENT ZONING:	<i>North</i> – Vacant; General Business District (C-2) <i>South</i> – Vacant; Expressway Corridor District (EC) <i>East</i> – Outside City Limits <i>West</i> – Residential; Single-Family Residence District (R-S)
ACCESS AND CIRCULATION:	This property has access along Cesar Chavez and Sgt. Leonel Trevino Roads.
PUBLIC SERVICES:	Water service is provided by the North Alamo and sewer is provided by the City of San Juan.
RECOMMENDATION:	Staff recommends approval subject to comply with the list of requirements attached to the report.

EVALUATION AND CONDITIONS FOR APPROVAL

Mr. Amaro is requesting a conditional use permit to allow a Mechanic/repair shop at the Northwest corner of Sgt. Leonel Trevino and Cesar Chavez Road. A residence and two commercial buildings were located in the same property. All three (3) structures were built in 1970's when property was located outside the city limits of San Juan. Property was incorporated to the City in 1985 and it is zoned as General Business District (C-2).

The following is a list of requirements:

- a) All service, repair, maintenance, painting, and other work shall take place within an enclosed area;
- b) There shall be no outside storage of materials;
- c) All new buildings and all conversions of existing buildings to such uses shall meet current building and fire code requirements in terms of separation of high hazard uses from other occupancy use classifications, etc.
- d) Owner agrees to pay an annual fee to the City of San Juan to maintain conditional and occupational use permit.
- e) The business must comply with the city's noise ordinance.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to eight (8) property owners within a two hundred (200) foot radius and received no comments in favor or against the application.

ATTACHMENTS: Location Map
 Aerial Photo
 Zoning Map
 List of neighboring property owners receiving notice
 Ordinance



**CONDITIONAL USE PERMIT
“AMAROS MECHANIC SHOP”
OCTOBER 26, 2021**

PAGE 3



**CONDITIONAL USE PERMIT
“AMAROS MECHANIC SHOP”
OCTOBER 26, 2021**

PAGE 4

FINAL RESOLUTION OF REQUEST & COMMENTS:

P&Z – 10/07/2021 Commissioner Cardenas made a motion to approve the conditional use permit as presented by staff. Commissioner Yzaguirre seconded the motion. The motion passed unanimously with a (5-0) vote.

Ms. Gomez explained that Mr. Amaro is applying for a conditional use permit to allow a mechanic/repair shop in a commercial area located at the northwest corner of Sgt Leonel Trevino Road and Cesar Chavez Road. The property is a 5.00-acre tract with a residence and with two commercial buildings that were build back in the 1970's. The property is zoned as General Business District (C-2). Mr. Amaro is renting one of the buildings to operate his mechanic/repair shop. If the permit is approved, he would need to comply with the following requirements: 1) service and maintain area shall be take in an enclosed area, 2) there shall be no storage of material outside, 3) new buildings needs a building permit, 4) conditional and occupational permit require and 5) must comply with noise ordinance.



ORDINANCE NO.

**AN ORDINANCE GRANTING A CONDITIONAL USE PERMIT TO
ALLOW “AMARO’S REPAIR SHOP” AT 1310 E. SGT. LEONEL
TREVINO ROAD, LEGALLY DESCRIBED AS 1.50-ACRE TRACT OF
LAND OUT OF THE EAST 300 FEET OF THE SOUTH 218.20 FEET OF
LOT 13, BLOCK 39, ALAMO LAND AND SUGAR COMPANY
SUBDIVISION, AS PROVIDED IN ARTICLE IV, OF THE ZONING
ORDINANCE, CITY OF SAN JUAN, HIDALGO COUNTY, TEXAS,
PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE;
PROVIDING FOR A CODE DISPOSITION.**

WHEREAS, Cesar Amaro has applied for a Conditional Use Permit under Article IV; of the Zoning Ordinance to allow “Amaro’s Repair Shop” at 1310 E. Sgt. Leonel Trevino Road.

WHEREAS, this type of activity is prohibited by said Zoning Ordinance unless a Conditional Use Permit is granted; and,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS, AS FOLLOWS:

SECTION I. That a Conditional Use Permit under Article IV of the Zoning Ordinance of the City of San Juan, Texas, be granted to Cesar Amaro has applied for a Conditional Use Permit to allow a Repair Shop at commercial property.

The following is a list of requirements:

1. All service, repair, maintenance, painting, and other work shall take place within an enclosed area;
2. There shall be no outside storage of materials;
3. All new buildings and all conversions of existing buildings to such uses shall meet current building and fire code requirements in terms of separation of high hazard uses from other occupancy use classifications, etc.
4. Owner agrees to pay an annual fee to the City of San Juan to maintain conditional and occupational use permit.
5. The business must comply with the city’s noise ordinance.
6. The business must make provisions to keep litter to a minimum, and to keep it from blowing onto adjacent streets and properties;

SECTION II. PUBLICATION AND EFFECTIVE DATE CLAUSE. This Ordinance shall be published in the official newspaper of the City of San Juan, Texas, as provided by law, and shall be and remain in full force and effect from the after said date of publication.

PASSED and **APPROVED** on first reading on the 12th day of October, 2021.

PASSED and **APPROVED** on second and final reading on the 26th day of October, 2021.

CITY OF SAN JUAN

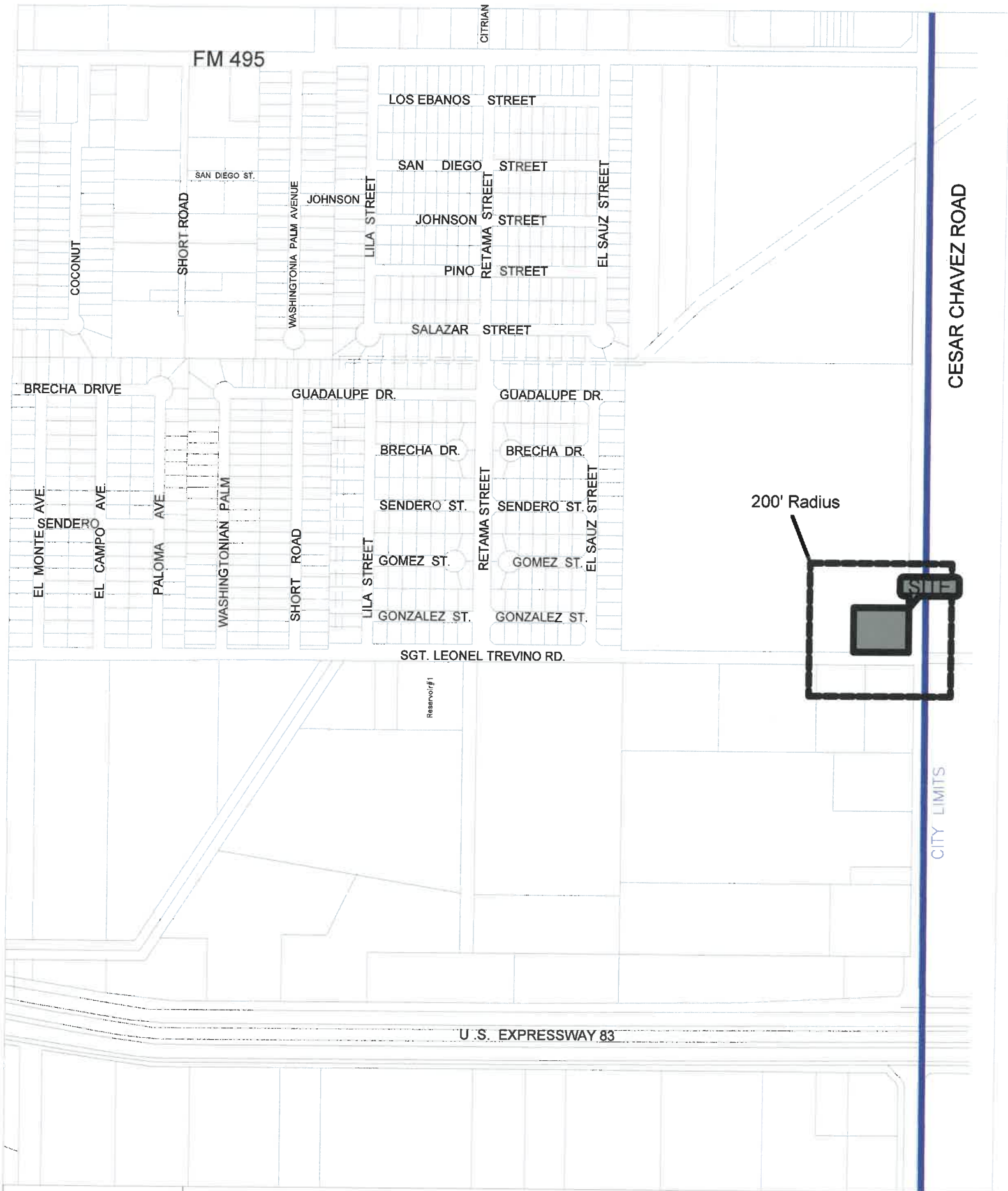
MARIO GARZA, MAYOR

ATTEST:

APPROVED BY:
Palacios, Garza & Thompson, P.C.

NAYELI GUERRERO
INTERIM CITY SECRETARY

CITY ATTORNEY



Legend

- CITY LIMITS
- Proposed area

Conditional Use Permit to Allow "Amaro's Mechanic Repair Shop" at 1310 Sgt. Leonel Trevino Road, legally described as 1.50 acre tract of land out of the East 300 feet of the South 218.20 feet of Lot 13, Block 39, Alamo Land and Sugar Company Subdivision, as Requested by Cesar Amaro.





Legend

- CITY LIMITS
- Proposed area

Conditional Use Permit to Allow "Amaro's Mechanic Repair Shop" at 1310 Sgt. Leonel Trevino Road, legally described as 1.50 acre tract of land out of the East 300 feet of the South 218.20 feet of Lot 13, Block 39, Alamo Land and Sugar Company Subdivision, as Requested by Cesar Amaro.





CESAR CHAVEZ ROAD

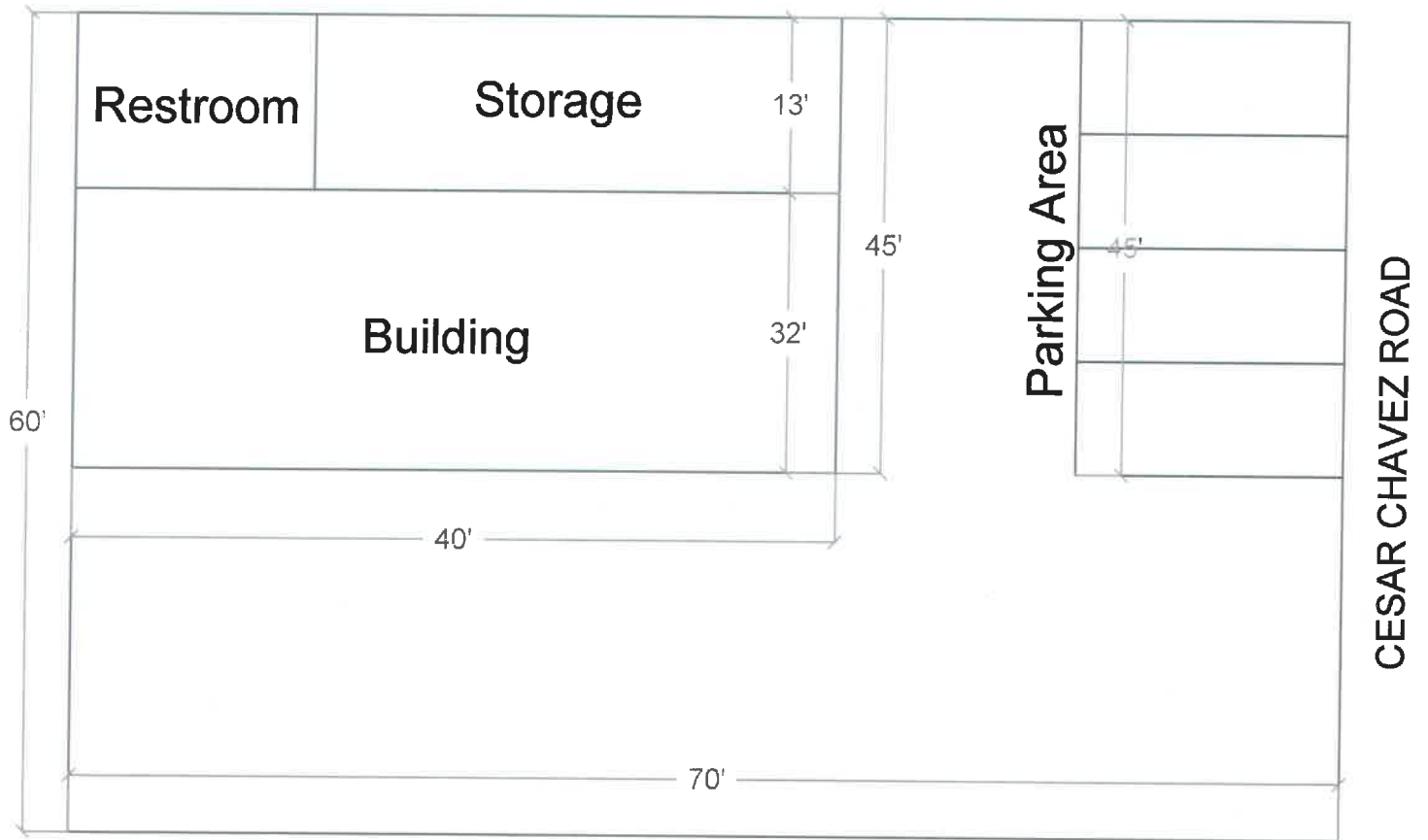
CITY LIMITS



- Zoning Districts**
- Single Family Residential (R-S)
 - Manufactured Home (R-MH)
 - Multi-Family Residential (R-MF)
 - Neighborhood Commercial (C-1)
 - General Business (C-2)
 - Heavy Commercial (C-3)
 - Light Industrial (I-1)
 - Heavy Industrial (I-2)
 - Open Space (O)
 - Exp. Corridor (EC)

Conditional Use Permit to Allow "Amaro's Mechanic Repair Shop" at 1310 Sgt. Leonel Trevino Road, legally described as 1.50 acre tract of land out of the East 300 feet of the South 218.20 feet of Lot 13, Block 39, Alamo Land and Sugar Company Subdivision, as Requested by Cesar Amaro.

Cesar Amaro
Site Plan
1310 Sgt. Leonel Trevino Road



Conditional Use Permit to allow "Amaro's Mechanic Repair Shop" at 1310 Sgt. Leonel Trevino Road, legally described as 1.5 acre tract of land out of the East 300 feet of the South 218.2 feet of Lot 13, Block 39, Alamo Land and Sugar Company Subdivision, as Requested by Cesar Amaro.

Amaro, Cesar
11909 Lisa Dr.
Donna, TX 78537

Hernandez, Alma M.
32710 Altas Cedar Dr.
Waller, TX 77484

Tovar, Sanjuana
8921 Heartwood Dr.
Keller, TX 76244

Garcia, Juan Jesus and Fermina
1210 E. Sgt. Leonel Trevino Road
San Juan, TX 78589

Hernandez, Andres and Alma M.
30611 Waller Spring Creek
Waller, TX 77484

Unico Enterprises LP.
817 S. Alamo Rd.
Alamo, TX 78516

Briones, Benvento & Benbenuto Jr.
1714 E. Alberta Rd.
Edinburg, TX 78542

La Palabra Viviente Ministries
171 N. Deanna Dr.
San Juan, TX 78589

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Consider Approving the Monthly Tax Collection Report - September 2021.

STAFF COMMENTS AND RECOMMENDATIONS:

Consider approving the Monthly Tax Collection Report - September 2021

RECOMMENDATION:

Approve as recommended

PREPARED BY:

Leroy Gonzales,
Director of Finance

APPROVED BY:

Benjamin Arjona, City
Manager



Mayor: Mario Garza
Mayor Pro-Tem: Leonardo "Lenny" Sanchez
Commissioners: Ernesto "Neto" Guajardo
Marco "Markie" Villegas
Adina "Dina" Santillan

To: Benjamin Arjona, City Manager
From: Leroy Gonzales, Director of Finance
Date: October 18, 2021
Subject: Monthly Collection Report – September, 2021

Attached you will find the above referenced monthly tax collection report as submitted by Pablo "Paul" Villarreal Jr., County of Hidalgo, Tax Collector for the City of San Juan, Texas.

According to the property tax code, Section 10 **Reports and Remittances of Other Taxes**, "Each month the collector of taxes for a taxing unit shall prepare and submit to the governing body of the unit a written report made under oath accounting for all taxes collected for the unit during the preceding month".

The following summary is included into this memorandum for information purposes:

SUMMARY OF TAX LEVY COLLECTIONS					
Tax Year	2020	2019	2018	2017	2016
Tax Levy	8,178,632.23	7,793,728.78	7,286,363.64	7,112,363.88	6,638,277.981
Adjustment to date	267,480.56	(31,767.84)	(16,319.15)	(4,985.64)	(19,259.27)
Adjusted Tax Levy	8,446,112.79	7,761,960.94	7,270,044.49	7,107,378.24	6,619,018.74
Collections to date	8,133,995.20	7,396,436.76	6,913,739.06	6,751,777.82	6,232,308.52
Percentage Collected	96.30%	95.29%	95.10%	95.00%	94.16%

A Property Tax Adjustments Report (by account) for the same month and prior months is available from the Finance Department.

If you have any questions, please do not hesitate in calling me at 956-223-2232.

C: Mayor, Mario Garza
Mayor Pro-Tem, Leonardo "Lenny" Sanchez
Commissioners: Ernesto "Neto" Guajardo
Marco "Markie" Villegas
Adina "Dina" Santillan

709 S. Nebraska Ave. • San Juan, Texas 78589-2649
Phone: (956)223-2200 • Fax: (956) 787-5978

MSB

**PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
CITY OF SAN JUAN TAXES COLLECTED FOR:
SEPTEMBER 2021**

COMPARATIVE RATE OF COLLECTIONS

CITY OF SAN JUAN CSJ (37)	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2020/2021	COLLECTED 2019/2020
2020 TAX ROLL	8,178,632.23	8,133,995.20	-	267,480.56	312,117.59	96.30%	95.29%
2019 & PRIOR YRS	1,400,520.59	391,370.99	(6,275.65)	(4,053.76)	998,820.19	28.15%	24.03%
ROLLBACK		11,267.73		19,301.45	8,033.72	58.38%	100.00%
TOTALS	9,579,152.82	8,536,633.92	(6,275.65)	282,728.25	1,318,971.50		

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF SEPTEMBER 2021

	CITY OF SAN JUAN	MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	21,597.01	CURRENT
CURRENT YEAR-P&I	4,063.64	
PRIOR YEARS-BASE TAX	29,791.21	(56.79) PRIOR
PRIOR YEARS-P&I	29,274.15	
ROLLBACK	270.56	7,206.82 ROLLBACK
ROLLBACK P&I	-	
ATTORNEY FEES	10,967.72	PURGED
TOTAL COLLECTIONS	95,964.29	7,150.03
LESS TRANSFERRED	27,260.35	
LESS IN TRANSIT	65,297.54	
LESS DUE TO HCAD COMM. FEE	30.40	
LESS DUE TO CO TREASURER	3,376.00	
BALANCE	-	

*****AFFIDAVIT*****

I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE CITY OF SAN JUAN, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF SEPTEMBER 2021 IS CORRECT.

Pablo (Paul) Villarreal Jr.
ASSESSOR COLLECTOR OF TAXES FOR CITY OF SAN JUAN, TEXAS

SWORN AND SUBSCRIBED BEFORE ME THIS 7TH DAY OF OCTOBER 2021 A.D.

Jose Edgar Jaramillo
NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



**PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
CITY OF SAN JUAN
TAX COLLECTION REPORT
FOR THE MONTH OF SEPTEMBER 2021**

<u>AD VALOREM - CITY OF SAN JUAN</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>DIFFERENCE</u>
<u>2020 CURRENT</u>			
ORIGINAL LEVY	8,178,632.23	7,793,728.78	384,903.45
MODIFICATIONS	267,480.56	(31,767.84)	299,248.40
CURRENT LEVY	8,446,112.79	7,761,960.94	684,151.85
CURRENT COLLECTIONS THIS MONTH	21,597.01	26,596.27	(4,999.26)
CURRENT COLLECTIONS TO DATE	8,133,995.20	7,396,486.76	737,508.44
OUTSTANDING TO DATE	312,117.59	365,474.18	(53,356.59)
PERCENT COLLECTED/ORIGINAL	99.45%	94.90%	4.55%
PERCENT COLLECTED/MODIFIED	96.30%	95.29%	1.01%
TOTAL COLLECTIONS FISCAL YEAR	8,133,995.20	7,396,486.76	
<u>DELINQUENT</u>			
ORIGINAL LEVY	1,400,520.59	1,392,850.34	7,670.25
MODIFICATIONS	(10,329.41)	(30,486.64)	20,157.23
DELINQUENT LEVY	1,390,191.18	1,362,363.70	27,827.48
DELINQUENT COLLECTIONS THIS MONTH	29,791.21	13,562.77	16,228.44
DELINQUENT COLLECTIONS TO DATE	391,370.99	327,317.29	64,053.70
OUTSTANDING TO DATE	998,820.19	1,035,046.41	(36,226.22)
PERCENT COLLECTED/ORIGINAL	27.94%	23.50%	4.44%
PERCENT COLLECTED/MODIFIED	28.15%	24.03%	4.12%
TOTAL COLLECTIONS FISCAL YEAR	391,370.99	327,317.29	
<u>ROLLBACK</u>			
ORIGINAL LEVY	0.00	62,463.19	(62,463.19)
MODIFICATIONS	19,301.45	736.97	18,564.48
ROLLBACK LEVY	19,301.45	63,200.16	(43,898.71)
ROLLBACK COLLECTIONS THIS MONTH	270.56	736.97	(466.41)
ROLLBACK COLLECTIONS TO DATE	11,267.73	63,200.16	(51,932.43)
OUTSTANDING TO DATE	8,033.72	0.00	8,033.72
PERCENT COLLECTED/ORIGINAL	#DIV/0!	101.18%	#DIV/0!
PERCENT COLLECTED/MODIFIED	58.38%	100.00%	-41.62%
TOTAL COLLECTIONS FISCAL YEAR	11,267.73	63,200.16	

PABLO (PAUL) VILLARREAL, JR., TAX ASSESSOR/COLLECTOR
CITY OF SAN JUAN
TAX COLLECTIONS AS OF SEPTEMBER 2021

37 - CSJ

REPORT DATE	CURR BASE	CURR P&I	CURR RB	CURR RB P&I	PRIOR BASE	PRIOR P&I	PRIOR RB	RB P&I	ATTY FEES	ATTY RBFEEES	TOTAL	TOTAL TRANSF	DIFF.	DATE OF TRANSF.
1-Sep	457.99	83.53			98.64	57.49			99.74		797.39		797.39	
2-Sep	987.03	176.76			376.18	118.43			221.91		1,880.31		1,880.31	
3-Sep	789.10	116.10			1,121.95	506.41			246.21		2,779.77	2,081.47	698.30	10-Sep
7-Sep	309.88	58.66			439.94	239.92			117.06		1,165.46	1,165.46	-	13-Sep
8-Sep	380.65	55.28			434.46	182.05			124.32		1,176.76	1,176.76	(0.00)	14-Sep
9-Sep	626.22	125.26			286.06	133.07			167.83		1,338.44	1,338.44	(0.00)	15-Sep
10-Sep	142.72	28.73			343.80	244.69			79.49		839.43	839.43	0.00	16-Sep
13-Sep	3,043.34	602.47			341.07	123.71			580.34		4,690.93	4,690.93	-	17-Sep
14-Sep	404.56	73.42			324.65	127.26			120.28		1,050.17	1,050.17	-	20-Sep
14-Sep							270.56				270.56	270.56	-	20-Sep
15-Sep	510.80	99.25			111.39	77.84			109.81		909.09	909.09	(0.00)	21-Sep
16-Sep	1,134.23	219.04			301.08	74.18			228.74		1,957.27	1,957.27	-	22-Sep
17-Sep	218.41	37.47			90.85	74.45			55.25		476.43	476.43	-	23-Sep
20-Sep	203.29	40.67			1,562.31	2,208.37			477.10		4,491.74	4,491.74	-	24-Sep
21-Sep	140.15	28.04			439.25	191.59			76.15		875.18	875.18	0.00	27-Sep
22-Sep	796.29	154.43			635.86	214.89			265.72		2,067.19	2,067.19	(0.00)	28-Sep
23-Sep	1,023.63	204.71			475.72	160.16			278.65		2,142.87	2,142.87	-	29-Sep
24-Sep	599.96	55.66			697.30	255.72			118.72		1,727.36	1,727.36	0.00	30-Sep
27-Sep	1,593.62	318.71			766.83	519.28			473.20		3,671.64	3,671.64	(0.00)	1-Oct
28-Sep	2,672.71	534.54			10,460.88	13,473.76			3,486.27		30,628.16	30,628.16	-	4-Oct
29-Sep	1,918.57	381.84			8,071.57	9,566.50			2,684.05		22,622.53	22,622.53	-	5-Oct
30-Sep	3,643.86	669.07			2,411.42	724.38			956.88		8,405.61	8,375.21	30.40	7-Oct
									-		-	-	-	
									-		-	-	-	
									-		-	-	-	
									-		-	-	-	
TTL	21,597.01	4,063.64	0.00	0.00	29,791.21	29,274.15	270.56	0.00	10,967.72	0.00	95,964.29	92,557.89	3,406.40	

OVERALL TOTAL	95,964.29
LESS REFUNDS	0.00
LESS HCAD COMM FEES	30.40
LESS COMM/COST	3,376.00
BALANCE	92,557.89
LESS TRANSFERRED	27,260.35
LESS TRANSF IN TRANSIT	65,297.54
BALANCE PENDING	0.00

FISCAL START: 10/01/2020 END: 09/30/2021 JURISDICTION: 0037 CITY OF SAN JUAN

YEAR	TAXES DUE	MONTH ADJ	ADJUSTMENT YTD	LEVY PAID	PAID YTD	BALANCE	COLL %	YTD UNCOLL
2020	8,178,632.23	.00	267,480.56	21,597.01	8,133,995.20	312,117.59	96.30	0.00
2019	365,474.18	.00	2,981.85-	7,898.91	198,314.83	164,177.50	54.71	0.00
2018	178,026.50	.00	474.77-	2,292.09	72,268.32	105,283.41	40.70	0.00
2017	112,676.21	.00	1.19-	1,823.88	28,703.69	83,971.33	25.47	0.00
2016	88,418.87	56.79-	4,403.44-	1,750.17	17,734.35	66,281.08	21.11	101.49-
2015	72,450.40	.00	628.70-	1,270.95	12,765.72	59,065.98	17.77	108.00-
2014	63,220.25	.00	520.70-	1,140.16	10,739.32	51,960.23	17.13	0.00
2013	57,362.58	.00	439.77-	1,283.95	7,718.31	49,204.50	13.56	0.00
2012	54,408.55	.00	347.76-	1,356.22	6,538.92	47,521.87	12.10	263.10-
2011	64,377.75	.00	129.17-	1,262.89	5,943.22	58,305.36	9.25	39.45-
2010	48,719.35	.00	94.68-	1,329.73	4,937.40	43,687.27	10.15	0.00
2009	48,956.57	.00	98.72-	1,246.96	6,126.64	42,731.21	12.54	0.00
2008	38,936.72	.00	99.14-	1,453.98	4,892.64	33,944.94	12.60	0.00
2007	32,705.20	.00	50.85-	1,577.58	3,324.90	29,329.45	10.18	0.00
2006	28,952.36	.00	0.00	1,036.78	2,837.64	26,114.72	9.80	0.00
2005	24,451.61	.00	0.00	335.34	1,410.25	23,041.36	5.77	0.00
2004	18,238.23	.00	0.00	660.03	1,397.07	16,841.16	7.66	0.00
2003	18,934.63	.00	0.00	761.60	1,582.55	17,352.08	8.36	0.00
2002	14,535.79	.00	0.00	180.37	530.35	14,005.44	3.65	0.00
2001	12,510.31	.00	0.00	27.77	590.16	11,920.15	4.72	0.00
2000	11,191.50	.00	58.67-	37.00	795.66	10,337.17	7.15	0.00
1999	45,963.03	.00	0.00	1,064.85	2,219.05	43,743.98	4.83	0.00
****	9,579,152.82	56.79-	257,151.15	51,388.22	8,525,366.19	1,310,937.78		512.04-

TAX COLLECTION SYSTEM
TAX COLLECTOR MONTHLY REPORT
FROM 09/01/2021 TO 09/30/2021

FISCAL START: 10/01/2020 END: 09/30/2021 JURISDICTION: 0037 CITY OF SAN JUAN

CERT TAXABLE VALUE	ADJUSTMENTS	ADJ TAX VALUE	TAX RATE	TAX LEVY	PAID ACCTS
0	0	0	00.692600	5,860.62	1

YEAR	TAXES DUE	MONTH ADJ	ADJUSTMENT YTD	LEVY PAID	PAID YTD	BALANCE	COLL %	YTD UNCOLL
2020	0.00	2,387.63	5,860.62	0.00	3,472.99	2,387.63	59.26	0.00
2019	0.00	2,409.49	6,435.10	86.23	3,761.68	2,673.42	58.46	0.00
2018	0.00	2,409.70	6,623.84	90.11	3,938.84	2,685.00	59.46	0.00
2017	0.00	.00	381.89	94.22	94.22	287.67	24.67	0.00
2016	0.00	.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	0.00	.00	0.00	0.00	0.00	0.00	0.00	0.00
2014	0.00	.00	0.00	0.00	0.00	0.00	0.00	0.00
***	0.00	7,206.82	19,301.45	270.56	11,267.73	8,033.72		0.00

**CITY OF SAN JUAN, TEXAS
AS OF JUNE 2021**

Levy 2020 (20-21 YR)												
8,178,632.23	OCT 2020	NOV 2020	DEC 2020	JAN 2021	FEB 2021	MAR 2021	APR 2021	MAY 2021	JUN 2021	JUL 2021	AUG 2021	SEPT 2021
Adjustments	286,189.51	287,003.92	287,434.23	281,486.41	277,644.91	269,697.34	268,515.52	268,245.14	267,796.38	267,796.38	267,480.56	267,480.56
Adjstid Levy	8,464,821.74	8,466,236.15	8,466,066.46	8,460,118.64	8,456,277.14	8,448,329.57	8,447,147.75	8,446,877.37	8,446,428.61	8,446,428.61	8,446,112.79	8,446,112.79
Collections	130,555.94	684,177.98	3,953,871.77	6,761,511.71	7,363,117.19	7,730,743.55	7,883,151.58	7,958,400.88	8,038,910.70	8,088,931.19	8,112,398.19	8,133,995.20
Percentage	1.54	8.08	46.70	79.92	87.07	91.51	93.32	94.22	95.18	95.77	96.05	96.30
Levy 2019 (19-20 YR)												
7,793,728.78	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APR 2020	MAY 2020	JUN 2020	JUL 2020	AUG 2020	SEPT 2020
Adjustments	(2,881.85)	(8,507.53)	(10,226.02)	(12,344.25)	(8,461.48)	(24,205.85)	(24,205.85)	(26,575.44)	(26,496.84)	(31,605.07)	(31,605.07)	(31,767.84)
Adjstid Levy	7,790,846.93	7,785,221.25	7,783,502.76	7,781,384.53	7,785,267.30	7,769,522.93	7,769,522.93	7,767,153.34	7,767,231.94	7,762,123.71	7,762,123.71	7,761,960.94
Collections	175,292.78	640,774.22	3,552,655.97	6,112,934.56	6,653,965.90	6,935,008.58	7,038,803.16	7,163,810.26	7,269,120.58	7,334,802.90	7,369,890.49	7,396,486.76
Percentage	2.25	8.23	45.64	78.56	85.47	89.26	90.60	92.23	93.59	94.49	94.95	95.29
Levy 2018 (18-19 YR)												
7,286,363.64	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEPT 2019
Adjustments	(1,478.12)	(296.36)	(1,465.69)	(6,625.78)	(9,052.85)	(11,708.08)	(13,529.11)	(14,311.16)	(14,818.41)	(14,818.41)	(14,818.41)	(16,319.15)
Adjstid Levy	7,286,363.64	7,286,067.28	7,284,897.95	7,279,737.86	7,277,310.79	7,274,655.56	7,272,834.53	7,272,052.48	7,271,545.23	7,271,545.23	7,271,545.23	7,270,044.49
Collections	40,446.92	465,847.78	3,420,804.86	5,752,692.83	6,215,142.89	6,505,324.90	6,627,411.69	6,726,104.39	6,801,180.60	6,848,618.95	6,886,059.71	6,913,739.06
Percentage	0.56	6.39	46.96	79.02	85.40	89.42	91.13	92.49	93.53	94.18	94.70	95.10
Levy 2017 (17-18 YR)												
7,112,363.88	OCT 2017	NOV 2017	DEC 2017	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEPT 2018
Adjustments	10,342.19	7,030.81	19,613.03	15,376.11	6,300.15	5,051.36	(822.12)	(3,285.89)	(3,543.48)	(3,543.48)	(4,428.76)	(4,985.64)
Adjstid Levy	7,122,706.07	7,119,394.69	7,131,976.91	7,127,939.99	7,118,664.03	7,117,415.24	7,111,541.76	7,109,077.99	7,108,820.40	7,108,820.40	7,107,935.12	7,107,378.24
Collections	39,756.60	482,899.51	3,199,539.87	5,537,376.14	6,069,205.04	6,342,559.09	6,465,719.48	6,561,382.23	6,639,410.61	6,693,744.82	6,734,386.80	6,751,777.82
Percentage	0.56	6.78	44.86	77.69	85.26	89.11	90.92	92.30	93.40	94.16	94.74	95.00
Levy 2016 (16-17 YR)												
6,638,277.98	OCT 2016	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEPT 2017
Adjustments	(2,244.53)	(3,427.70)	(7,758.17)	(10,913.72)	(10,913.72)	(15,052.40)	(16,154.85)	(15,889.62)	(16,537.42)	(16,537.42)	(16,537.42)	(19,259.27)
Adjstid Levy	6,636,033.45	6,634,855.28	6,630,519.81	6,627,364.26	6,627,364.26	6,623,225.58	6,622,123.13	6,622,388.36	6,621,740.56	6,621,740.56	6,621,740.56	6,619,018.71
Collections	38,038.02	484,217.14	2,932,614.30	5,130,709.37	5,593,914.24	5,874,412.22	5,981,376.95	6,063,246.26	6,135,073.86	6,173,392.85	6,211,806.10	6,232,308.52
Percentage	0.57	7.30	44.23	77.42	84.41	88.69	90.32	91.56	92.65	93.23	93.81	94.16

Levy 2015 (15-16 YR)												
6,363,985.51	OCT 2015	NOV 2015	DEC 2015	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEPT 2016
Adjustments	16,243.38	16,243.86	15,174.33	12,248.13	3,359.23	2,743.56	3,689.88	3,689.88	3,643.08	3,453.65	3,453.65	2,492.92
Adjusted Levy	6,380,908.89	6,380,328.37	6,379,159.84	6,376,233.64	6,367,344.74	6,366,729.07	6,367,675.39	6,367,675.39	6,367,675.39	6,367,439.16	6,367,439.16	6,366,478.43
Collections	30,228.48	473,930.57	2,957,041.48	4,868,335.42	5,383,897.22	5,636,678.33	5,759,686.01	5,836,094.81	5,909,114.77	5,945,053.31	5,978,898.45	6,006,559.85
Percentage	0.47	7.43	46.35	76.35	84.55	88.53	90.45	91.65	92.80	93.37	93.90	94.35
Levy 2014 (14-15 YR)												
6,062,874.30	OCT 2014	NOV 2014	DEC 2014	JAN 2015	FEB 2015	MAR 2015	APR 2015	MAY 2015	JUN 2015	JUL 2015	AUG 2015	SEPT 2015
Adjustments	60,733.51	60,140.93	56,698.99	53,665.41	34,516.60	24,796.93	23,576.14	27,488.04	24,224.31	23,656.24	22,138.85	22,138.85
Adjusted Levy	6,123,607.81	6,123,015.23	6,119,573.29	6,116,539.71	6,097,390.90	6,087,671.23	6,086,453.64	6,090,362.34	6,087,098.61	6,086,530.54	6,085,013.15	6,085,013.15
Collections	16,215.04	492,588.40	2,645,528.79	4,602,715.11	5,106,457.36	5,336,845.78	5,422,212.16	5,505,371.53	5,593,139.34	5,669,786.37	5,702,816.66	5,720,270.90
Percentage	0.26	8.04	43.23	75.25	83.75	87.67	89.09	90.39	91.89	93.15	93.72	94.01
Levy 2013 (13-14 YR)												
6,026,969.81	OCT 2013	NOV 13	DEC 13	JAN 14	FEB 14	MAR 14	APR 14	MAY 14	JUN 14	JUL 2014	AUG 2014	SEPT 14
Adjustments	(34.83)	4,339.90	2,590.79	(5,378.19)	(6,015.81)	(8,260.56)	(11,819.73)	(8,375.80)	(12,883.52)	(15,059.23)	(15,348.77)	(16,498.87)
Adjusted Levy	6,026,934.98	6,031,309.71	6,029,560.60	6,021,591.62	6,020,954.00	6,018,709.25	6,015,150.08	6,018,594.01	6,014,086.29	6,011,910.58	6,011,621.04	6,010,470.94
Collections	32,279.62	601,876.01	2,596,943.90	4,373,398.17	4,986,813.44	5,265,476.99	5,363,199.71	5,431,795.38	5,510,781.54	5,573,532.08	5,598,332.25	5,620,809.41
Percentage	0.54	9.98	43.07	72.63	82.82	87.49	89.16	90.25	91.63	92.71	93.13	93.52
Levy 2012 (12-13 YR)												
5,863,668.66	OCT 2012	NOV 12	DEC 12	JAN 13	FEB 13	MAR 13	APR 13	MAY 13	JUN 13	JUL 2013	AUG 2013	SEP 13
Adjustments	-	-	7,624.63	8,071.65	6,337.14	25,567.07	(6,855.00)	(7,107.30)	(13,669.36)	(13,669.36)	(14,510.29)	(15,355.04)
Adjusted Levy	5,863,668.66	5,863,668.66	5,871,293.29	5,871,740.31	5,870,005.80	5,889,235.73	5,856,813.66	5,856,561.36	5,849,999.30	5,849,999.30	5,849,158.37	5,848,313.62
Collections	2,857.95	394,574.30	2,403,399.43	4,142,161.70	4,771,528.55	5,056,363.27	5,208,931.41	5,298,704.35	5,376,134.09	5,421,008.00	5,450,025.91	5,464,167.23
Percentage	0.05	6.73	40.93	70.54	81.29	85.86	88.94	90.47	91.90	92.67	93.18	93.43
Levy 2011 (FY 11-12)												
5,807,342.89	OCT 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	JUL 2012	AUG 2012	Sept 12
Adjustments	(434.68)	9,757.00	7,191.02	6,935.04	6,744.28	2,616.92	1,327.13	(8,800.15)	(8,800.15)	(8,800.15)	(8,800.15)	(16,234.68)
Adjusted Levy	5,806,908.21	5,817,099.89	5,814,533.91	5,814,277.93	5,814,087.17	5,809,959.81	5,808,670.02	5,798,542.74	5,798,542.74	5,798,542.74	5,798,542.74	5,791,108.21
Collections	25,371.26	392,871.83	2,396,193.95	4,155,865.79	4,708,746.12	4,965,341.54	5,065,102.65	5,150,088.82	5,222,129.74	5,277,964.33	5,311,263.11	5,330,189.09
Percentage	0.44	6.75	41.21	71.48	80.99	85.46	87.20	88.82	90.06	91.02	91.60	92.04
Levy 2010 (FY 10-11)												
5,689,359.60	OCT 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sept 11
Adjustments	(369.63)	(2,132.72)	(365.30)	(4,388.62)	(4,901.42)	(5,178.87)	(6,706.52)	(2,962.02)	(4,257.62)	(11,079.53)	(11,173.60)	(11,810.88)
Adjusted Levy	5,688,989.97	5,687,226.88	5,688,994.30	5,684,970.98	5,684,458.18	5,684,180.73	5,682,653.08	5,686,397.58	5,685,101.98	5,678,280.07	5,678,186.00	5,677,548.72
Collections	11,208.32	303,322.85	2,229,933.43	3,961,301.50	4,493,973.39	4,795,345.18	4,910,935.95	5,002,794.49	5,110,911.55	5,160,040.97	5,182,936.93	5,202,931.77
Percentage	0.20	5.33	39.20	69.68	79.06	84.36	86.42	87.98	89.90	90.87	91.28	91.64

Levy 2009 (FY 09-10)												
5,701,885.79	OCT 09	NOV 09	DEC 09	JAN 10	FEB 10	MAR 10	APR 10	MAY 10	JUN 10	JUL 10	AUG 10	SEP 10
Adjustments	-	7,424.84	16,530.13	14,684.93	14,684.93	(14,062.27)	(15,130.69)	(14,892.39)	(21,523.95)	(22,109.34)	(23,755.08)	(24,108.71)
Adjusted Levy	5,701,885.79	5,709,310.63	5,718,415.92	5,716,570.72	5,716,570.72	5,687,823.52	5,686,755.10	5,686,993.40	5,680,361.84	5,679,776.45	5,678,130.71	5,677,777.08
Collections	20,202.08	312,328.39	2,062,388.58	3,825,229.28	4,409,951.58	4,628,745.47	4,740,932.15	4,854,551.44	4,950,637.34	5,007,393.58	5,051,197.80	5,080,118.00
Percentage	0.35	5.47	36.07	66.91	77.14	81.38	83.37	85.36	87.15	88.16	88.96	89.47
Levy 2008 (FY 08-09)												
5,024,376.42	OCT 08	NOV 08	DEC 08	JAN 09	FEB 09	MAR 09	APR 09	MAY 09	JUN 09	JUL 09	AUG 09	SEP 09
Adjustments	2,627.82	36,019.13	60,676.90	60,676.90	52,123.47	29,177.11	27,155.50	23,864.16	23,055.80	23,055.80	23,047.86	22,638.15
Adjusted Levy	5,027,004.24	5,060,395.55	5,085,053.32	5,085,053.32	5,076,499.89	5,053,553.53	5,051,531.92	5,048,240.58	5,047,432.22	5,047,432.22	5,047,424.28	5,047,014.57
Collections	58,594.96	304,883.37	1,731,394.12	3,322,372.84	3,910,956.49	4,110,332.08	4,204,850.46	4,313,453.83	4,404,354.93	4,469,283.70	4,497,381.41	4,525,948.61
Percentage	1.17	6.02	34.05	65.34	77.04	81.34	83.24	85.44	87.26	88.55	89.10	89.68
Levy 2007 (FY 07-08)												
4,465,732.01	OCT 07	NOV 07	DEC 07	JAN 08	FEB 08	MAR 08	APR 08	MAY 08	JUN 08	JUL 08	AUG 08	SEP 08
Adjustments	5,634.29	25,650.41	26,468.55	26,317.38	23,912.91	53,985.03	70,876.85	70,208.10	75,527.65	75,857.78	75,857.78	71,443.44
Adjusted Levy	4,471,366.30	4,491,382.42	4,492,200.56	4,492,049.39	4,489,644.92	4,519,717.04	4,536,608.86	4,535,940.11	4,541,259.66	4,541,589.79	4,541,589.79	4,537,175.45
Collections	-	174,014.26	1,414,513.24	2,700,830.81	3,404,823.73	3,610,562.37	3,725,312.50	3,818,853.23	3,936,124.72	3,996,774.34	4,047,092.33	4,084,101.82
Percentage	-	3.87	31.49	60.12	75.84	79.88	82.12	84.19	86.67	88.00	89.11	90.01
Levy 2006 (FY 06-07)												
3,969,895.75	OCT 06	NOV 06	DEC 06	JAN 07	FEB 07	MAR 07	APR 07	MAY 07	JUN 07	JUL 07	AUG 07	SEP 07
Adjustments	652.70	3,094.18	3,880.78	2,673.19	2,956.92	1,511.22	1,882.04	4476.77	4,476.77	4,196.49	3,820.62	3,820.62
Adjusted Levy	3,970,548.45	3,972,989.93	3,973,776.53	3,972,568.94	3,972,852.67	3,971,406.97	3,971,777.79	3,974,372.52	3,974,372.52	3,974,092.24	3,973,716.37	3,973,716.37
Collections	7,623.95	256,052.80	1,252,142.50	2,367,711.39	2,955,181.63	3,152,274.42	3,241,653.45	3,311,256.82	3,396,702.55	3,450,406.31	3,507,247.07	3,543,750.21
Percentage	0.19	6.44	31.51	59.60	74.38	79.37	81.62	83.32	85.47	86.82	88.26	89.18
Levy 2005 (FY 05-06)												
3,624,334.79	OCT 05	NOV 05	DEC 05	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06
Adjustments	11,601.05	27,324.77	27,418.24	26,296.99	25,427.27	25,748.58	25,804.16	25,728.96	25,963.46	25,963.46	25,282.63	24,069.10
Adjusted Levy	3,635,935.84	3,651,659.56	3,651,753.03	3,650,631.78	3,649,762.06	3,650,083.37	3,650,138.95	3,650,063.75	3,650,298.25	3,650,298.25	3,649,617.42	3,648,403.89
Collections	235,068.44	1,216,067.43	1,485,867.17	2,145,921.90	2,680,117.58	2,859,160.58	2,942,344.67	3,001,789.83	3,069,943.94	3,123,142.83	3,160,234.59	3,184,175.39
Percentage	6.47	33.30	40.69	58.78	73.43	78.33	80.61	82.24	84.10	85.56	86.59	87.28
PREPARED BY: Leroy Gonzales												October 18, 2021

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 26, 2021

Quarterly Investment Report-September 30, 2021.

STAFF COMMENTS AND RECOMMENDATIONS:

Consider Approval of the Investment Report for the Quarterly Report for September 30, 2021.

RECOMMENDATION:

Approve as submitted

PREPARED BY:

Leroy Gonzales,
Director of Finance

APPROVED BY:

Benjamin Arjona, City
Manager



City of San Juan, Texas

Quarterly Investment Report

As of September 30, 2021

Prepare By: _____

Leroy Gonzales, Director of Finance
Investment Officer

Maria L. Beltran, Assist. Director of Finance
Investment Officer

Fund Allocation Summary

Book and Market Value

	Fund Total	Texpool	TexStar	PCB WEALTH MGMT
Solid Waste	350,060.58	661.79	349,398.79	-
Parks Development	150,405.81	396.68	150,009.13	-
Debt Service	1,001,541.62	1,172.33	1,000,369.29	-
Utility Fund	3,007,956.08	1,215.58	3,006,740.50	-
General Fund	1,750,481.48	1,784.39	1,748,697.09	-
Capital Projects	4,501,698.01	-	4,501,698.01	-
Federal Forfeiture	-	-	-	-
2017 BOND	1,002,733.50	-	1,002,733.50	-
CIP Street Bond 2015 Fund	300,948.29		300,948.29	
Certificate of OB Series 2018	1,000,061.72		1,000,061.72	
Bond 2020	23.12		23.12	
Utility I & S Fund	183,889.82		183,889.82	
Bond 2014 Fund	200,631.76		200,631.76	
Water & Sewer Reserve Fund	300,948.29		300,948.29	
Developers Escrow Fund	200,631.76		200,631.76	
Capital Projects-Fire Station	7,017,187.37		7,017,187.37	
Sub-total	\$ 20,969,199.21	\$ 5,230.77	\$ 20,963,968.44	\$ -
EDC-Sales Tax Fund	501,560.85	1,433.63	500,127.22	-
EDC Revolving Fund	847.34	847.34	-	-
Total	\$ 21,471,607.40	\$ 7,511.74	\$ 21,464,095.66	\$ -

Quarter End Results by Investment Category:

Asset Type	Ave. Yield	Jun-2021		Sep-21	
		Book Value	Market Value	Book Value	Market Value
Local Governmental Pools	0.00%	15,770,212.52	15,770,212.52	21,471,607.40	21,471,607.40
CD's/Securities	0.000%	-	-	-	-
Quarterly Interest Income		\$	8,404.72		
YTD Interest		\$	39,773.12		

Book Value Comparison

Description	Coupon/ Discount	Settlement Date	Jun-21			Jul-21		
			Original Face\ Par Value	Book Value	Purchase at Cost	Sales Maturities	Original Face\ Per Value	Book Value
PCB Wealth Management Pools	0.000% 0.00%	6/30/2021	15,770,212.52	15,770,212.52	-	-	21,471,607.40	21,471,607.40
Total			\$ 15,770,212.52	\$ 15,770,212.52			\$ 21,471,607.40	\$ 21,471,607.40

Market Value Comparison

Description	Coupon/ Discount	Jun-21			Qtr-to Qtr change	Sep-21		
		Original Face\ Par Value	Market Price	Market Value		Original Face\ Per Value	Market Price	Market Value
PCB Wealth Management Pools	0.00%	- 15,770,212.52	1.00 1.00	- 15,770,212.52	-	- 21,471,607.40	1.00 1.00	- 21,471,607.40
Total		\$ 15,770,212.52	\$ 2.00	\$ 15,770,212.52		\$ 21,471,607.40	\$ 2.00	\$ 21,471,607.40

CD's/Securities and Pools

