

Community Development Authority of the City of Madison
Financial Policies

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Contents

Section 500 General Administrative Policies	2
500.10.20190314 – CDA Financial Policies	2
500.15.20190912 – CDA Finance Subcommittee Protocol	4
500.20.20190912 – Cash Handling	6
[Modified] 500.25.201901212 – Third-Party Bank Accounts	8
500.65.20190912 – CDA General Fund	11
[Modified] 500.67.20191212 – Fund Transfers between Properties and Funds	15
Section 510 Property Management	17
[Modified] 510.10.20191212 – Residential Property Management Agreements	17
[New] 510.15.20191212 – Commercial Property Management Agreements	22
Section 520 Commercial Space	24
520.10.20190314 – Commercial Lease Approval	24
Section 530 Cost Allocation and Administrative Overhead	26
530.65.20190912 – Limited Liability Corporation Management Fee	26
530.67.20190912 – CDA-Owned Property Administrative Allocation	28
530.85.20190314 – Housing Authority Cost Allocation Plan	30
Section 535 Reserves and Cash Balances	36
[Modified] 535.65.20191212 – Redevelopment Property Reserve Policy	36
[Modified] 536.70.20191212 – CDA-Owned Property Cash Balance Policy	39
Section 540 Capital Projects, Costs, and Dispositions	41
540.10.20190314 – Capitalization Policy	41
540.85.20190314 – Statement of Significant Amendment/Modification Capital Fund Program	43
Section 600 General Procurement Policies	45
[Modified] 600.65.20191212 – CDA Redevelopment Procurement Policy	45
600.70.20190912 – CDA Redevelopment Capital Improvement and Replacement Policy	57
600.85.20190509 – Community Development Authority Procurement Policy	60

Section 500 General Administrative Policies

500.10.20190314 – CDA Financial Policies

I. Purpose and General Statements of Intent

This policy establishes regular review of the CDA Financial Policies and delegates limited authority from the CDA Board to the CDA Finance Subcommittee.

II. Background and Related Policies

Madison General Ordinance 3.17(7) reaffirms the CDA Board's authority to create rules and regulations as it deems necessary in the performance of its functions. Further, the Board may delegate powers and duties as it deems proper.

Under its Bylaws, the CDA shall have a Finance Subcommittee pertaining to the financial condition of the CDA and the properties it owns and operates. The Bylaws permit subcommittees to exercise any powers delegated by the Board.

III. Definitions

A. Financial Policy

A financial policy defines the Board's intent for the administration and stewardship of CDA resources. Financial policies are generally recommended by the Finance Subcommittee to the Board for approval. In the CDA, these policies are identified by policy numbers in the 500 and 600 ranges.

IV. Policy

A. Financial Policy Approval

In the exercise of its duties, the Finance Subcommittee shall recommend financial policies to the CDA Board for approval as needed. Financial policies approved by the Board will be assigned a policy number in the 500 range for general financial matters and in the 600 range for procurement.

B. Financial Policy Review

Approved financial policies shall be reviewed by the Finance Subcommittee for reauthorization every four years ("Policy Review"). Financial policies under review shall remain in effect until the Policy Review is complete.

Following the Policy Review, the policy and any revisions shall be recommended by the Finance Subcommittee to the Board for approval.

The CDA Board retains the authority to create, modify, or discontinue any financial policy at its discretion notwithstanding the Policy Review schedule.

C. Administrative and Typographical Updates

If administrative or typographical updates to a policy are needed between Policy Reviews, the Board delegates authority to the Finance Subcommittee to approve such changes.

D. Absence of CDA Policies

In the absence of a CDA policy, federal, state, and City of Madison statutes and policies, in order of priority, shall apply.

V. Examples

None.

VI. References

- Bylaws of the Community Development Authority of the City of Madison
- Madison General Ordinance 3.17(7)

VII. Creation

March 14, 2019

VIII. Last Review

None.

IX. Next Review

2023

500.15.20190912 – CDA Finance Subcommittee Protocol

I. Purpose and General Statements of Intent

This policy creates protocols governing meetings of the CDA Finance Subcommittee.

II. Background and Related Policies

The CDA Finance Subcommittee's duties and operations are defined in the CDA Bylaws. The Subcommittee is composed of three members, at least two of whom are CDA Commissioners, and shall meet at least quarterly. Subcommittee members are appointed each June by the CDA Board Chair.

III. Definitions

None

IV. Policy

A. Subcommittee Quorum

The CDA Finance Subcommittee may convene when two of the three Subcommittee members are present. Attendance by CDA Commissioners who are not appointed to the Subcommittee does not count toward quorum. A meeting of at least two Subcommittee members to discuss business of the Subcommittee shall be appropriately noticed and shall be open to the public.

Because only two Subcommittee members constitute a quorum, Subcommittee members are advised to avoid any discussions related to the work of the body outside of Subcommittee members.

CDA Commissioners who are not appointed to the Subcommittee may participate in Subcommittee meetings at the discretion of the Subcommittee chair, but may not vote on matters before the Subcommittee.

B. Minutes

Minutes shall be recorded for all Subcommittee meetings and shall be made available to all CDA Commissioners.

V. Examples

None.

VI. References

- Bylaws of the Community Development Authority of the City of Madison
- Policy 600.65 CDA Redevelopment Procurement Policy

VII. Creation

Proposed September 12, 2019

VIII. Last Review

None.

IX. Next Review

2023

500.20.20190912 – Cash Handling

I. Purpose and General Statements of Intent

This policy establish guidelines for handling cash and checks.

II. Background and Related Policies

In fulfillment of its mission, the CDA collects rent payments from housing residents and commercial tenants. Further, the CDA may administer small cash operations, like coin-operated laundry, for the benefit of tenants.

Refer to the CDA procurement policies for more information on petty cash.

III. Definitions

None

IV. Policy

A. Cash Handling

As general operational guidance, CDA staff should not handle, collect, or accept cash or check payments. When possible, the City Treasury should collect and process payments.

When not possible, steps should be taken to ensure appropriate cash handling and the safety of staff. For example, if staff must collect cash from coin-operated laundry machines, two staff members should collect the coins together.

At no time should staff members who collect cash also record the financial transaction. Generally, staff should deposit cash collections with the City Treasurer.

B. Copier Funds

The CDA may accept reimbursement from the public and tenants for copies that are associated with CDA operations. In general, copies are made as a convenience for tenants and should be limited to a few pages.

Copier funds should be stored in a secure location at the end of the day (e.g., locked desk drawer). Copier funds should be deposited into the appropriate City account by the designated CDA Contracting Officer when petty cash accounts are reconciled.

No expenses should be paid directly from cash in the copier fund.

V. Examples

None.

VI. References

- CDA Housing Procurement Policy
- Policy 600.65 CDA Redevelopment Procurement Policy

VII. Creation

Proposed September 12, 2019

VIII. Last Review

None.

IX. Next Review

2023

[Modified] 500.25.20190~~12~~⁹12 – Third-Party Bank Accounts

I. Purpose and General Statements of Intent

This policy establishes practices for opening and administering accounts at banks outside of the City of Madison treasury.

II. Background and Related Policies

Per the Contract for Services with the City of Madison, the City provides the CDA with administrative and fiscal support. The financial records of the CDA are also maintained by the City.

In fulfillment of its mission, the CDA contracts with property management companies to administer residential and commercial properties owned by the CDA. Property management companies may use checking, savings, and money market accounts outside of the City treasury to administer the finances of the property. See Policy 510.10 for additional information.

As a managing member of Limited Liability Corporation partnerships, the CDA may directly manage a property or may contract with property management companies. As with CDA-owned properties, property managers use bank accounts, often with the investor member, to administer the finances of the property. See Policy 530.65 for additional information on LLCs.

III. Definitions

A. Contract for Services

See Policy 500.65 for a description of Contract for Services, Materials, and Equipment (Contract for Services).

B. Limited Liability Corporation (LLC)

See Policy 530.65 for a description of Limited Liability Corporations.

IV. Policy

CDA staff and City of Madison employees supporting the CDA shall not open bank accounts of any kind for the operations of the CDA. Any exception to this policy must be approved by the CDA Board of Commissioners, the City Finance Department, and the City Attorney's Office.

The following provides additional clarification for specific property management arrangements.

A. CDA Staff Managing CDA-Owned Properties

When CDA staff manage CDA-owned properties, all funds shall be managed within the City Treasury. CDA staff shall not establish third-party bank accounts for operational transactions or for holding property reserves.

B. Property Management Company Managing CDA-Owned Properties

Property management companies shall establish third-party bank accounts consistent with Policy 535.65. CDA Asset Managers shall have the ability to view account transactions and balances online, but shall not have the ability to transfer, withdraw, or otherwise access funds.

In general, all bank accounts should be opened at US Bank as the City has agreements in place that provide additional security for balances exceeding the \$250,000 FDIC insurance limit.

The City Treasurer shall be a signatory on these accounts.

Per Policies 510.10 and 510.15, property management companies shall report the balance of all accounts monthly.

Consistent with the CDA Bylaws, all bank accounts shall be in the name of the CDA.

C. Property Management Company Managing LLC Properties

Property management companies shall establish bank accounts consistent with the LLC Operating Agreement. In the absence of guidance in the Operating Agreement, property management companies shall follow the guidance in Policy 535.65. CDA Asset Managers shall have online access to view account transactions and balances, but shall not have the ability to transfer, withdraw, or otherwise access funds.

The City Treasurer is generally not a signatory on these accounts, but the Treasurer being a signatory is not prohibited.

D. Legacy Activities

Some existing CDA activities may not be in compliance with this policy. As reasonable effort permits, these activities should be moved into compliance with the policy.

V. Examples

None.

VI. References

- Wis. Stat. 66.1333
- Wis. Stat. 66.1335
- Contract for Services, Materials, and Equipment
- Bylaws of the Community Development Authority of the City of Madison
- Policy 510.10 Residential Property Management Agreements
- Policy 510.15 Commercial Property Management Agreements
- Policy 530.65 Limited Liability Corporation Management Fee
- Policy 535.65 Redevelopment Property Reserve Policy

VII. Creation

Proposed September 12, 2019

VIII. Last Review

None.

IX. Next Review

2023

500.65.20190912 – CDA General Fund

I. Purpose and General Statements of Intent

This policy establishes the purpose and appropriate uses of the CDA General Fund.

II. Background and Related Policies

The functions of the CDA are divided between two divisions: the Housing Authority and CDA Redevelopment. CDA Redevelopment is charged with addressing deteriorating areas through redevelopment activities including assisted housing development and management, neighborhood revitalization, housing finance and rehabilitation, and urban renewal.

The CDA General Fund supports the administrative activities of CDA Redevelopment.

III. Definitions

A. Contract for Services

The CDA is authorized by Madison General Ordinance 3.17 and §66.1335, Wis. Stat., to act as the housing and redevelopment authority for the City of Madison. The CDA is a separate body, corporate and politic, that acts as the agent of behalf of the City in neighborhood and housing rehabilitation programs. The operational and financial relationship between the City and the CDA is outlined in the Contract for Services, Materials, and Equipment (Contract for Services).

B. Tax Incremental Financing (TIF)

Tax Incremental Financing is a tool that the City of Madison uses to fund public infrastructure, promote development opportunities, and expand the tax base. Funding is secured by diverting future property tax revenue increases, or “increments”, in a defined district to these purposes. For example, future property tax increments in a neighborhood may be committed to the renovation of an affordable housing development.

C. Limited Liability Corporation (LLC)

See Policy 530.65 for the definition.

D. Managing Member

See Policy 530.65 for the definition.

IV. Policy

The CDA General Fund supports six purposes:

- General administrative activity of CDA Redevelopment
- Retention of property funds
- Revenue bond repayments
- Maintenance of undeveloped real estate
- Limited-duration redevelopment activities
- Limited Liability Corporation (LLC) managing partner activities

The following policy clarifies each of these purposes and provides additional administrative guidance.

A. General Administrative Activity

To effectively and efficiently fulfill its mission, CDA Redevelopment coordinates administrative and strategic directions across its activities. Expenses related to these activities should be billed to the General Fund. The following are examples of expenses that would generally be considered appropriate for this activity:

- Expenses related to the operation of the CDA Board and CDA Finance Subcommittee as permitted by Wis. Stat. 66.1333(3)(6), Wis. Stat. 66.1335(2)(d), Madison General Ordinance 3.17(3), and CDA Bylaws.
- Supplies needed by staff in the execution of their duties.
- Audits of CDA finances. A portion of the annual CDA audit cost should be reimbursed by all CDA properties. Audits of individual LLCs should be billed to the LLC.
- Staff training and conferences on topics that are relevant to the CDA mission and operations.
- Salaries and benefits of redevelopment staff or interns employed by the CDA.
- Salaries and benefits for City of Madison employees supporting the general operation of the CDA.
- Salaries and benefits for City of Madison employees managing the operations of CDA properties.

The administrative work of the CDA is primarily conducted by City of Madison staff. Consistent with the Contract for Services and Madison General Ordinance 3.17(8)(d), the CDA compensates the City for services rendered by staff. City of Madison employee time spent should be billed to the General Fund.

In general, it is preferable for City of Madison employees to record actual hours worked or use a payroll allocation based on a recent time study to bill the CDA. Time related to a specific property should be billed to the General Fund with a reason code indicating the appropriate property.

City of Madison employee overtime should be billed to the City of Madison and not to the CDA.

B. Retention of Property Funds

Consistent with CDA Policy 536.70, significant fund balances may be transferred from a property to the CDA General Fund. The purpose of these transfers is to reduce the reserve balance at a property below the FDIC insurance limit, increase the security of the funds, and generate additional interest revenue. See Policy 500.67 for additional information.

C. Revenue Bond Repayment

The CDA may support redevelopment projects by issuing tax-exempt revenue bonds for low-income rental housing. The bonds are limited-obligation for the CDA and are payable with revenues from the supported project.

The CDA may also issue lease revenue bonds for redevelopment in the context of TIF. In this arrangement, the CDA owns the property that is leased to the City and then subsequently leased to a private developer. An example is the Monona Terrace (Hilton) parking project.

The assets, liabilities, and transactions for issuing and paying bonds should be reflected in the General Fund.

D. Maintenance of Undeveloped Real Estate

The CDA may hold vacant properties before redevelopment activities begin. Holding costs, like mowing and snow removal, are paid from the General Fund. The CDA General Fund should not pay holding or utility costs for properties owned by an LLC or the City of Madison.

E. Limited-Duration Redevelopment Activities

The CDA may engage in redevelopment activities that are limited in duration, generally less than three years. These activities should be captured in the General Fund.

Ongoing redevelopment activities with a longer anticipated duration should be added to the chart of accounts as a separate subfund.

F. LLC Managing Partner Activities

The CDA forms LLCs with development firms to own, develop, construct, rent, maintain, and operate affordable housing projects. Revenues and expenses associated with the CDAs role as the managing member of an LLC are housed in the General Fund. Policy 530.65 addresses this activity in greater detail.

G. Legacy Activities

Some existing activities in the CDA General Fund may no longer be in compliance with this policy. As reasonable effort permits, these activities should be moved into compliance with the policy.

H. Annual Budget

An annual budget for the General Fund shall be presented to CDA Finance Subcommittee for recommendation to the CDA Board. Anticipated capital expenses should be included in the budget. A balance sheet should also accompany the budget for the Finance Subcommittee's information.

V. Examples

None.

VI. References

- Wis. Stat. 66.1333
- Wis. Stat. 66.1335
- Madison General Ordinance 3.17
- Contract for Services, Materials, and Equipment
- Bylaws of the Community Development Authority of the City of Madison
- Policy 530.65 Limited Liability Corporation Management Fee
- Policy 530.67 CDA-Owned Property Administrative Allocation

VII. Creation

March 14, 2019

VIII. Last Review

None.

IX. Next Review

2023

[Modified] 500.67.2019~~12~~⁰⁹12 – Fund Transfers between Properties and Funds

I. Purpose and General Statements of Intent

This policy establishes Board oversight of fund transfers between CDA Redevelopment properties.

II. Background and Related Policies

In fulfillment of its mission, the CDA owns and operates residential and commercial properties. Appropriate stewardship of these properties requires regular, transparent reporting on each property's financial status. Maintaining a financial distinction between properties supports the CDA Board and staff in assessing a property's operation.

Fund transfers between Housing Authority properties are governed by federal regulations. This policy does not apply to transfers between Housing Authority properties.

III. Definitions

A. CDA General Fund

See Policy 500.65 for a description of the CDA General Fund.

IV. Policy

A. Fund Transfers between Redevelopment Properties

All fund transfers between CDA Redevelopment properties shall be approved by the CDA Board.

B. Balance Transfers between Redevelopment Properties and the General Fund

Consistent with CDA Policy 536.70, significant fund balances may be transferred from a property to the CDA General Fund. The purpose of these transfers is to reduce the reserve balance at a property below the FDIC insurance limit, increase the security of the funds, and generate additional interest revenue.

The origin of funds transferred to the General Fund shall be tracked and shall remain associated with the transferring property. Funds may be transferred from the General Fund back to the transferring property as needed. Use of funds from a transferring property for any purpose other than the operation of that property requires CDA Board approval.

With approval of the CDA Board, unrestricted funds may be transferred from the General Fund to a redevelopment property. Reasons that a transfer may occur include the need to fund significant capital needs or to provide for a short-term cash deficit between revenues and expenses.

C. Fund Transfers between CDA Redevelopment and the Housing Authority

Fund transfers from the CDA General Fund to Housing Authority properties requires CDA Board approval. In general, it is preferred to recognize redevelopment activities associated with Housing Authority properties in the CDA General Fund as part of a coherent redevelopment plan instead of transferring funds.

Fund transfers from Housing Authority properties to CDA Redevelopment properties are prohibited.

D. Implementation

As reasonable effort permits, staff shall bring financial practice into compliance with this policy.

V. Examples

None.

VI. References

- Policy 500.65 CDA General Fund
- Policy 530.65 Limited Liability Corporation Management Fee
- Policy 530.67 CDA-Owned Property Administrative Allocation

VII. Creation

September 12, 2019 (Proposed)

VIII. Last Review

None.

IX. Next Review

2023

Section 510 Property Management

[Modified]510.10.2019~~09~~1212 – Residential Property Management Agreements

I. Purpose and General Statements of Intent

This policy establishes criteria for evaluating residential property management agreement proposals and consistent expectations for property management performance.

II. Background and Related Policies

The CDA owns and manages residential properties to provide quality, affordable housing. As it deems appropriate, the CDA engages property management companies to administer the properties. The relationship between the CDA and property management company is defined in a property management agreement.

Property management companies provide the CDA with monthly management reports. These reports are used to evaluate the performance of the property and to monitor the activities of the property management company.

III. Definitions

A. Replacement Reserves

See Policy 535.65 for a description of Replacement Reserves.

B. Ban the Box

See Policy 600.65 for a definition of Ban the Box.

C. Section 3

See Policy 600.65 for a definition of Section 3.

IV. Policy

The CDA has developed general expectations and best practices for property management agreements. The following policy outlines considerations that should be reflected in a property management agreement submitted to the CDA Board for approval.

A. Selection Criteria

Selection criteria assist staff in evaluating property management proposals in a consistent manner and clearly specify the most important factors in the selection process. The selection criteria for property management proposals will be as follows:

- Proposed staff and firm – 15 to 25 points
- Cultural competency – 15 points
- Similar project experience – 15 to 25 points
- Accounting services – 5 to 10 points
- Low vacancy rate maintenance – 5 to 15 points
- Cost – 25 to 35 points

- Local preference – 5 points

The possible points in the selection criteria should total to 100 points.

The selection criteria shall be published in the initial request for proposals.

Each proposal meeting the minimum requirements shall be evaluated by at least three people using the selection criteria.

C. Local Preference

The CDA has jurisdiction in the City of Madison and values the use of local suppliers. Firms listed on the Buy Local: Dane County Database will receive 5 points.

D. Cultural Competency

The CDA affirms the values of inclusion and social justice and expects property management companies to share these values in their management, hiring, and business practices. A property management request for proposals shall request the following information:

- Minority Business Enterprise (MBE), Woman Business Enterprise (WBE), Small Business Enterprise (SBE), and Section 3 status of the firm or contractor.
- A description of the firm's workforce equity and diversity program accomplishments, if any.
- Experience managing properties with diverse resident, tenant, and/or customer populations, including the elderly, disabled, veterans, and people identifying as LGBTQ+.

In evaluating proposals, responses to these questions shall be factored into the points awarded for Cultural Competency.

E. Affirmative Action Plans

Property management companies shall provide an Affirmative Action plan if required by CDA Policy 600.65 in consultation with the City Finance Department.

F. Ban the Box

Property management companies shall comply with the City of Madison Ban the Box policy.

G. Contract Duration and Approval

CDA property management agreements shall have a duration of three years with the option for two one-year renewals.

The initial contract and three-year term requires CDA Board approval. One-year renewals require approval by the CDA Executive Director. The initial contract and subsequent renewals must be signed by the Board Chair and the Executive Director.

H. Contract Termination

The period to terminate a property management contract with cause shall not exceed 30 days after written notification.

The period to terminate a property management contract without cause shall not exceed 60 days after written notification.

Any exceptions to this policy must be approved by the CDA Board.

I. Performance Standards

A property management company is expected to meet the following performance standards for residential properties:

- Occupancy – Minimum of 95 percent monthly occupancy
- Vacancy turnaround – Within 30 days, including make ready and lease-up time
- Turnover rate – Less than 20 percent annually
- Emergency work orders – Percent completed or abated within 24 hours
- Non-emergency work orders – Percent completed within 4 days

The performance standards shall be clearly outlined in the initial request for proposals and included in the property management contract.

Recognizing that some properties may need time to stabilize or may serve vulnerable populations, the Executive Director may approve alternative performance standards or milestones to reach the performance standards over time.

I. Property Reporting

At a minimum, the property management company shall provide the following information in a monthly report:

- Current occupancy
- Tenants that have moved in and moved out (move in/move out report)
- Current rent roll
- Summary of police calls for service in the past month
- Detailed balance sheet of assets and liabilities
- Detailed financial statement including all revenues and expenses
- Variances between expenses and the line-item budget exceeding ten percent during the month.
- Comparison of actual revenues and expenses to budget
- Schedule of accounts receivable and payable
- Statements from all property accounts (e.g., ~~O~~perating ~~R~~eserve, ~~R~~eplacement ~~R~~eserve, ~~working capital~~operating accounts, operating funds, petty cash)

Annually, the property management company shall provide the following information:

- Self-reported race/ethnicity of people interested in the property during the year
- Self-reported race/ethnicity of tenants signing new leases during the year
- Self-reported race/ethnicity of tenants signing renewal leases during the year
- Average vacancy turnaround in the previous year, including make ready and lease-up time
- Turnover rate in the previous year
- Percent of emergency work orders completed or abated within 24 hours during the previous year
- Percent of non-emergency work orders completed within 4 days

J. Annual Budget

As a requirement in the property management agreement, the property manager shall propose an annual budget that includes anticipated capital projects and draws from replacement reserves for the following

fiscal year. The proposal shall be presented at the fourth-quarter meeting of the CDA Finance Subcommittee.

The property manager shall not incur total expenses exceeding five percent of the total Board-approved expenses budget in a year. If total expenses will exceed five percent, the Board must approve an amended budget for the property.

K. Public Records Requests

Property management companies should be aware that records related to the managed property may be subject to open records requests. The property management agreement should include language in keeping with the intent of the following:

As a contractor of a public authority, the property management company shall make available for inspection or copying any record produced or collected under this contract. Documents subject to a request may include, but are not limited to, property management agreements, leases, invoices, financial reports, bank statements, budgets, and communications or emails with tenants and the CDA.

All open records requests, whether verbal or written, shall be referred to the CDA Executive Director. The CDA Executive Director shall respond to the open records requests in accordance with applicable statutes, policies, and compliance guidelines. The property management company shall not respond to any open records request beyond referring the request to the CDA Executive Director.

The property management company may not destroy any requested record until at least sixty days after denial of the request by the CDA Executive Director or until the CDA Executive Director determines that related litigation is complete.

L. Legacy Property Management Agreements

Existing property management agreement may not be in compliance with this policy. As reasonable effort and renewal schedules permit, these management agreements should be brought into compliance with the policy.

V. Examples

None.

VI. References

- Policy 535.65 Redevelopment Property Reserve Policy
- Policy 536.70 CDA-Owned Property Cash Balance Policy
- Policy 600.65 CDA Redevelopment Procurement Policy
- Wisconsin Public Records Law Compliance Guide, March 2018

VII. Creation

September 12, 2019 (Proposed)

VIII. Last Review

None.

IX. Next Review

2023

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[New] 510.15.20191212 – Commercial Property Management Agreements

I. Purpose and General Statements of Intent

This policy establishes consistent expectations for property management performance.

II. Background and Related Policies

The CDA owns and manages commercial properties to provide quality, affordable housing. As it deems appropriate, the CDA engages property management companies to administer the properties. The relationship between the CDA and property management company is defined in a property management agreement.

Property management companies provide the CDA with monthly management reports. These reports are used to evaluate the performance of the property and to monitor the activities of the property management company.

III. Definitions

None

IV. Policy

A. Property Reporting

In the monthly management report, the property management company shall provide a list of variances between expenses and the line-item budget exceeding five percent during the month.

B. Annual Budget

As a requirement in the property management agreement, the property manager shall propose an annual budget that includes anticipated capital projects and draws from replacement reserves for the following fiscal year. The proposal shall be presented at the fourth-quarter meeting of the CDA Finance Subcommittee.

The property manager shall not incur total expenses exceeding five percent of the total Board-approved expenses budget in a year. If total expenses will exceed five percent, the Board must approve an amended budget for the property.

V. Examples

None.

VI. References

None.

VII. Creation

December 12, 2019

VIII. Last Review

None.

IX. Next Review

2023

Section 520 Commercial Space

520.10.20190314 – Commercial Lease Approval

I. Purpose and General Statements of Intent

This policy clarifies the roles of the CDA Board, staff, and property management companies in approving and renewing commercial leases and agreements for space owned by the CDA.

This policy does not apply to commercial space owned by an LLC.

II. Background and Related Policies

Wisconsin Statute authorizes the CDA chairperson, or the vice chairperson in the absence of the chairperson, and the executive director, or the assistant director in the absence of the executive director, to execute on behalf of the authority all contracts, notes and other forms of obligation when authorized by at least 4 of the commissioners of the authority to do so. [Wis. Stat. 66.1333(5)(a)6]

III. Definitions

A. Space Use Agreement

A space use agreement allows a current property tenant or other party to rent interior commercial space for no more than 48 hours or on a month-to-month term. For example, a vacant unit may be used by a community organization for a craft fair.

B. Temporary Land Use Agreement

A temporary land use agreement allows a current property tenant or other party to use exterior space for no more than 48 hours. For example, a tenant may use a portion of a parking lot for its annual picnic.

C. Agreement

For the purpose of this policy, an Agreement refers to either a Space Use Agreement or Temporary Land Use Agreement.

D. Lease

A Lease refers to all contracts for the use of property that are not Agreements and would be considered leases as that term is commonly used.

E. Limited Liability Corporation (LLC)

See Policy 530.65 for the definition.

IV. Policy

A. Leases or Agreements

Except as outlined in Subsections B and C, all new Leases and Agreements and renewals thereof must be approved by a CDA Board resolution and signed by the Board Chair and Executive Director.

B. Leases or Agreements for Less than Three Years and 3,000 Square Feet

Leases and Agreements and renewals thereof for less than three years and for less than 3,000 square feet may be signed by the CDA Board Chair and Executive Director without a CDA Board resolution. In the absence of the Chair, the Vice Chairperson may sign the lease. In the absence of the Executive Director, the Assistant Director may sign the lease. Executed Leases and Agreements shall be communicated to the Board during the Secretary's report.

C. Agreements at Properties with a Property Manager

A property manager may sign Agreements after receiving approval from the CDA Asset Manager, pursuant to a valid property management agreement. Reasonable compensation for this activity should be defined in the property management agreement. Revenue from agreements should be included in the property's quarterly financial reports to the Board.

Agreements may include recurring use for up to eight months. For example, a single temporary land use agreement may include recurring weekly farmers markets in a parking lot during the summer months.

All agreements on CDA property shall require a certificate of insurance.

V. Examples

None.

VI. References

Wis. Stat. 66.1333(5)(a)6

VII. Creation

March 14, 2019

VIII. Last Review

None.

IX. Next Review

2023

Section 530 Cost Allocation and Administrative Overhead

530.65.20190912 – Limited Liability Corporation Management Fee

I. Purpose and General Statements of Intent

This policy provides guidance to CDA staff when managing limited liability corporation (LLC) agreements for affordable housing. Specifically, the policy conveys the Board's intent for management fees received by the CDA as the LLC managing member. This policy only applies to CDA Redevelopment properties.

II. Background and Related Policies

The CDA enters into LLC agreements to develop affordable housing under the Low-Income Housing Tax Credit Program. The CDA is currently the managing partner in two redevelopment LLCs:

- Burr Oaks Senior Housing, LLC
- Allied Drive Redevelopment, LLC

The CDA is also a managing partner in two Housing Authority LLCs related to the Truax development, but this policy does not apply to those properties.

III. Definitions

A. CDA General Fund

See Policy 500.65 for a description of the CDA General Fund.

B. Limited Liability Corporation (LLC)

An LLC is a corporate structure created between multiple partners as a separate and distinct legal entity. The CDA forms LLCs with development firms to own, develop, construct, rent, maintain, and operate affordable housing projects. The LLC has a Managing Member and an Investor Member.

C. Managing Member

The Managing Member is responsible for managing the affairs of the LLC after construction is completed. The responsibilities of the Managing Member include directing the business of the LLC, monitoring the management of the property, supervising the Management Agent, maintaining appropriate financial records and reports, following sound business practices, and communicating with stakeholders. The Managing Member receives a management fee from the LLC for fulfillment of these duties. In redevelopment LLCs, the CDA is the Managing Member.

D. Investor Member

The Investor Member is responsible for monitoring the Managing Member's operational results, reviewing audited financial statements and tax returns, and an annual review of the property's condition. Generally, the Investor Member receives a management fee from the LLC for fulfillment of these duties. However, the Investor Member primarily benefits from federal low-income housing tax credits.

E. Low-Income Housing Tax Credits (LIHTC)

LIHTC support the development costs of low-income housing by allowing the Investor Member to take a federal tax credit equal to a percentage of the cost incurred for development of the low-income units in a rental housing project. The program is administered by the Wisconsin Housing and Economic Development Authority (WHEDA).

F. Management Agent

A Management Agent, often a property management company, handles the day-to-day activities of a property and interface directly with tenants. The company is selected by and directly accountable to the LLC through the Managing Partner. The property management agreement details the relationship between the property management company and the LLC.

IV. Policy

This policy creates a distinction between the financial activity of the CDA as a Managing Member and the financial activity of the Management Agent. Recognizing this distinction, management fees received by the CDA as the Managing Member should be posted to the CDA General Fund as development fees. Management fees in the General Fund are not associated with the property and may be used to fund any CDA obligations.

In general, Managing Member expenses will primarily be salaries and benefits. If a portion of a City of Madison or CDA employee's time is allocated for the administrative functions of the Managing Member, it should be billed to the General Fund. If a City of Madison or CDA employee is billing actual hours worked on administrative functions of the Managing Member, the time should be billed to the General Fund with a reason code identifying the property.

It is the practice of the CDA that a property management company serve as the Management Agent of redevelopment properties. As such, the property management company should manage the finances of the property. In general, operational transactions for redevelopment properties should not occur in the CDA General Fund.

V. Examples

None.

VI. References

Policy 500.65 CDA General Fund

VII. Creation

March 14, 2019

VIII. Last Review

None.

IX. Next Review

2023

530.67.20190912 – CDA-Owned Property Administrative Allocation

I. Purpose and General Statements of Intent

This policy establishes guidance for allocating general administrative costs incurred by the CDA to CDA-owned properties. This policy does not apply to properties under the CDA Housing Authority.

II. Background and Related Policies

The General Fund has historically been financed from two sources: redevelopment fees and limited liability corporation (LLC) management fees. Redevelopment fees are recognized when the CDA acts as a developer on a property. This revenue is only generated when the CDA redevelops a property.

LLC management fees recognize the costs associated with managing the operations of a property LLC. This activity is specifically addressed in Policy 530.65.

Recognizing the need to support ongoing expenses and salaries in the General Fund, this policy establishes administrative allocations from CDA-owned properties to the General Fund. This policy currently applies to the following properties: Monona Shores and the Village on Park.

Consistent with Policies 500.65 and 530.65, the routine operational activities of these properties should be managed by the Management Agent. Generally, this activity should not occur in the CDA General Fund.

III. Definitions

A. CDA General Fund

See Policy 500.65 for a description of the CDA General Fund.

B. CDA-Owned Property

The CDA may enter into a variety of property management and ownership structures (e.g., limited liability corporations). A CDA-Owned Property is a property under the sole ownership of the CDA in fulfilling its mission as a Redevelopment Authority. A CDA-Owned Property may be managed by a property management company.

C. Management Agent

See Policy 530.65 for a description of a Management Agent.

IV. Policy

A. Residential Property

The annual CDA General Fund budget recommended to the Board shall propose a per-unit administrative allocation. The allocation applies to all units, both leased and vacant.

Generally, the per-unit administrative allocation should be comparable across residential properties. A higher allocation may be charged to a property undergoing significant redevelopment or renovation.

B. Commercial Property

The annual CDA General Fund budget recommended to the Board shall propose an administrative allocation per square foot of commercial space. The allocation applies to all space, both leased and vacant.

Generally, the administrative allocation should be comparable across properties. A higher allocation may be charged to a property undergoing significant redevelopment or renovation.

C. Rate Considerations

In developing rates, the cost of City staff time billed to the CDA General Fund should be considered. Further, it is appropriate to consider the long-term recuperation of costs associated with the purchase and development of the property.

D. Use of Administrative Allocation

The administrative allocation transferred to the CDA General Fund is not associated with the property and may be used to fund any General Fund obligations.

V. Examples

None.

VI. References

- Policy 500.65 CDA General Fund
- Policy 530.65 Limited Liability Corporation Management Fee
- Policy 530.85 Public Housing Cost Allocation Plan

VII. Creation

March 14, 2019

VIII. Last Review

None.

IX. Next Review

2023

530.85.20190314 – Housing Authority Cost Allocation Plan

I. Purpose and General Statements of Intent

The purpose of this cost allocation policy is to summarize, in writing, the methods and procedures that the CDA will use to charge direct costs and to allocate indirect costs to various programs, grants, contracts, project, and/or asset management project (AMP).

II. Background and Related Policies

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, or Uniform Guidance (2 CFR 200), establishes the principles for determining costs of grants, contracts and other agreements with the Federal Government.

III. Definitions

A. Direct Costs

Direct costs are those that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy [2 CFR 200.413 (a)].

B. Indirect Costs

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular grant, contract, program, or amp. Only costs that are allowable, in accordance with the Uniform Guidance, are to be charged to programs administered by the CDA.

IV. Policy

The CDA follows US generally accepted accounting principles (GAAP) and uses the accrual basis of accounting. The general approach of the CDA in allocating costs to particular grants and programs is as follows:

- All allowable direct costs are charged directly to the grant or program.
- All allowable direct costs incurred in the Public Housing Program are charged directly to the amp where the cost was incurred.
- Allowable direct costs that can be attributed to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated.
- All other allowable general and administrative costs (costs that benefit all programs and departments that cannot be attributed to a specific program or department) are allocated to programs, grants, projects, amps, etc. using a base that results in an equitable distribution.

The following summarizes the procedures that are used by the Community Development Authority to allocate costs.

A. Service Types (Administration, Tenant Services, and Maintenance, and Capital Fund)

The current chart of accounts has four service types. Costs are allocated to the most appropriate service within the grant, program, project or amp. Below are the service type definitions:

1. **Administration.** All allowable costs incurred to administer federally funded programs and grants. In the public housing program, asset management fees and allowable Central Operating Cost Center (COCC) expenses are considered administrative expenses. Example: Investigative services, Office supplies, Postage, administrative staff wages.
2. **Tenant Services.** All allowable costs incurred as a result of providing a direct service (not administrative function) to residents or program participants. Example: All costs expensed to Multifamily Service Coordinator and ROSS grants.
3. **Maintenance.** All allowable costs incurred to maintain CDA owned properties. Example: Maintenance staff wages, repair and maintenance supplies, and utilities.
4. **Capital Fund.** All allowable costs charged directly to the Capital Fund Grant Program. Example: Paving contract for Truax Park Apartments.

B. Salaries

Allocated based on time spent on each program or grant. Salaries and wages are charged directly to the program for which work has been done using a default payroll allocation.

Overtime and premiums are allocated based on actual time spent on each program, grant, or amp. When an employee works overtime that benefit more than one program, grant, or amp the default payroll allocation will be used.

Fringe Benefits (Health Insurance, Dental Insurance, Wage Insurance, WI Retirement System, FICA, and Workers Compensation) are allocated using the employee's default payroll allocation.

Vacation, holiday, sick leave, and all other leave benefits are allocated using the employees default payroll allocation.

Documentation of time spent on each program is calculated using one of the following methods:

Staff Work Category	Work Location	Service Type	Allocation Method
1. Administrative Staff	Site Offices	Administration	Allocation follows number of units per amp to total units managed by that site office.
2. Admissions & Eligibility Staff	Central Office	Administration	Manager reviews workload of staff on an as needed basis and updates default payroll allocation to accurately reflect time spent on each program.
3. Section 8 Staff	Central Office	Administration	All salaries are allocated to the Section 8 program.
4. Service Coordinators	Site Offices	Tenant Services	All salaries are allocated to the appropriate grant program.
5. Maintenance Staff	Site Offices	Maintenance	All Maintenance Staff document time spent at each AMP on their timesheets. Salaries and wages are charged directly to the AMP for which work was done. Default payroll allocation for leave time follows unit count percentages.

Staff Work Category	Work Location	Service Type	Allocation Method
6. Housing Authority Program Manager	Central Office	Administration	Allocation follows Example 2 below.
7. Modernization Grants Manager	Central Office	Administration	Allocation follows total number of units managed by the CDA. The Public Housing portion of this allocation is charged to the COCC and covered by the Capital Fund Admin Fee.

C. Office Expenses and Supplies (including office supplies and postage)

Allocated based on usage. Expenses used for a specific program or grant funded activity will be charged directly to that program or grant. Costs that benefit more than one program or department will be allocated based on the ratio in Example 1 or 2.

D. Printing (including supplies, maintenance, and repair)

Expenses are charged directly to the program or amp that benefits from the supply or service. Costs that benefit all or more than one program or amp will be allocated based on the ratio in Example 1 or 2.

E. Utilities

Allocated based on usage and charged directly to the appropriate amp.

F. Professional Services Costs (including consultants, investigative services, waste removal services, elevator repair, etc.)

Allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit one program or amp will be charged directly to that program or amp. Costs that benefit more than one program or amp will be allocated based on the ratio in Example 1 or 2.

G. Professional Security Services

Allocated to the appropriate amp based on the number of amp units benefiting as a percentage of total units. Security services are considered administrative expenses.

H. Telephone/Communications

Fax lines, cell phone lines, and telephone lines are charged directly to the program, grant, or amp if readily identifiable. Other telephone or communication expenses that benefit all or more than one program, grant, or amp will be allocated based on the ratio in Example 1 or 2.

I. Travel Costs

All travel costs (local and out-of-town) are charged directly to the program, grant, or amp for which the employee works. If the employee spends time on more than one program or grant, the default payroll allocation will be used. Travel costs that benefit all or more than one program, grant or amp will be allocated based on the ratio in Example 1 or 2.

J. Conference and Training Costs

Allocated to the program, grant, or amp benefiting from the training or conference. Costs that benefit all or more than one program, grant, or amp will be allocated based on the ratio in Example 1 or 2.

K. Insurance

Insurance needed for a particular program is charged directly to the program requiring the coverage. Property insurance is charged directly to the amp receiving the coverage. Other insurance that benefits all or more than one program or amp will be allocated based on the ratio in Example 1 or 2. Insurance is an administrative expense.

L. Audit

Identifiable direct audit costs are charged directly to the program or grant. Audit costs that benefit all programs (or funds) are allocated based on the ratio of each programs expenses to total expenses audited. Audit fees are considered administrative expenses. [24 CFR 990.190 (d); 24 CFR 905.200 (b)(16)].

M. Taxes & PILOT

Identifiable direct taxes or PILOT costs are charged directly to the amp or project and are considered administrative expenses.

N. Inter-Departmental Charges (from City of Madison Departments)

Expenses are charged directly to the program, grant, project, or amp that benefits from the service. Expenses that benefit more than one program, grant, project, or amp are allocated based on the ratio in Example 1 or 2.

O. COCC Asset Management & Bookkeeping Fees

A direct expense charged directly to the amp or property. The CDA sets the asset management and bookkeeping fees annually during the budget process by comparing the current fee to the HUD approved maximum fee amount for the market location and assessing expenses in the Central Operating Cost Center (COCC). Fees are calculated by multiplying the set fee times the occupied units per month and are charged directly to the amp or project as an administrative expense. [24 CFR Part 900].

P. Other Costs

Other joint costs will be allocated on a basis determined to be appropriate to the particular costs. Costs are charged directly to programs that benefit from the supply or service. Costs that benefit all or more than one program, grant, project, or amp will be allocated based on the ratio in Example 1 or 2.

V. Examples

A. Public Housing AMPs & Multifamily Properties - \$50,000 Example Expense

- Costs that benefit all Public Housing amps are allocated to the amp based on the ratio of each amp's total units, as follows:

AMP	Total Units	%	Amount Allocated
200 – East LIPH	166	21%	\$ 10,401.00
300 – West Scattered	129	16%	\$ 8,802.71
300 – Romnes	168	21%	\$ 10,526.32
400 – Triangle LIPH	224	28%	\$ 14,035.09
500 – Truax Phase 1	71	9%	\$ 4,448.62
600 – Truax Phase 2	40	5%	\$ 2,506.27
Total	798	100%	\$ 50,000.00

- Costs that benefit only units managed by one Site Office are allocated to the amps or property benefiting from the supply or service based on the ratio of each amp/property's units to total managed units, as follows:

Site Office	AMP/Property	Total Units	%	Amount Allocated
East	200 - East LIPH	166	60%	\$29,963.90
	500 - Truax Phase 1	71	26%	\$12,815.88
	600 - Truax Phase 2	40	14%	\$7,220.22
	<i>Total</i>	277	100%	\$50,000.00
West	300 - Romnes	168	56%	\$28,282.83
	300 - West Scattered	129	44%	\$21,717.17
	<i>Total</i>	297	100%	\$50,000.00
Triangle	400 - Triangle LIPH	224	66%	\$33,038.35
	Parkside Apartments	95	28%	\$14,011.80
	Karabis Apartments	20	6%	\$2,949.85
	<i>Total</i>	339	100%	\$50,000.00

3. Costs that benefit all Public Housing and Multifamily units are allocated to the AMP or property based on the ratio of each AMP/Property's units to total units, as follows:

AMP or Property	Total Units	%	Amount Allocated
200 - East	166	18%	\$ 9,090.91
500 – Truax Phase 1	71	8%	\$ 3,888.28
600 – Truax Phase 2	40	4%	\$ 2,190.58
300 – West Scattered	129	14%	\$ 7,064.62
300 – Romnes	168	18%	\$ 9,200.44
400 - Triangle	224	25%	\$ 12,267.25
Parkside Apartments	95	10%	\$ 5,202.63
Karabis Apartments	20	2%	\$ 1,095.29
Total	913	100%	\$50,000.00

B. All Programs - \$50,000 Example Expense

1. Costs that benefit all programs are allocated to the program based on a ratio of each program's FTEs, as follows:

Program	FTE	%	Amount Allocated
Public Housing	24.26	54%	\$ 26,777.04
Multifamily Housing: Parkside	6.10	13%	\$ 3,355.41
Multifamily Housing: Karabis	3.04	7%	\$ 6,732.89
Section 8	11.90	26%	\$ 13,134.66
Total	45.30	100%	\$ 50,000.00

VI. References

2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

VII. Creation

May 16, 2018

VIII. Last Review

None.

IX. Next Review

2023

Section 535 Reserves and Cash Balances

[Modified] 535.65.2019~~12~~⁰⁹12 – Redevelopment Property Reserve Policy

I. Purpose and General Statements of Intent

This policy establishes guidance on appropriate reserves for CDA Redevelopment Authority properties. It further defines a process for managing and authorizing the use of accumulated reserves.

II. Background and Related Policies

Consistent with its mission, the CDA owns and manages residential and commercial properties. As a responsible steward of these properties, the CDA accumulates reserves to maintain, repair, and replace the building structure, capital, and mechanical systems.

Housing Authority properties are governed by federal requirements and are not subject to this policy.

III. Definitions

A. Capital Expenses

See Policy 540.10 for additional information about capital expenses.

B. Limited Liability Corporations (LLCs)

See Policy 530.65 for additional information about LLCs.

C. Operating Reserves

Operating Reserves are readily available funds that can be used to support regular operations in the event of an unanticipated loss of revenue (e.g., unexpected loss of tenants) or an increase in expenses (e.g., high snow removal and utility costs during a heavy winter). These funds should be unrestricted, which means that there should be no planned uses in the future.

D. Replacement Reserves

Replacement Reserves are used to replace property components that will wear out or require replacement before the building. Examples of typical expenses include roof replacements, extensive renovation of a bathroom, overhaul of a heating system, and major parking lot repairs. Cash is added to the replacement reserve each month to pay for future expenses, and the accumulated balance is restricted to these purposes.

Regular maintenance, like broken light bulbs and furnace filters, are generally paid from the operating budget and not replacement reserves.

~~E. Working Capital Account~~

~~After capital projects (e.g., roof replacements, heating system replacements) are approved, funding is transferred from the Replacement Reserves to the Working Capital Account. Expenses for the projects are drawn from the Working Capital Account.~~

IV. Policy

A. Operating Reserves

CDA properties, residential and commercial, shall maintain an ~~O~~perating ~~R~~eserve equal to at least four months of operating expenses and debt service.

Operating ~~R~~eserve balances for each property shall be presented to the CDA Finance Subcommittee with the annual operating budget recommendation. Staff shall report on properties below their required ~~O~~perating ~~R~~eserve target at the quarterly Finance Subcommittee meetings.

~~Operating Reserves shall be maintained in a restricted account that is separate from unrestricted operating funds. The reserve account shall comply with Policy 500.25. Transfers and withdrawals from Any planned use of Operating Reserve shall be included in the annual budget. Unanticipated use of operating reserve funds requires Board approval of an amended annual budget. Operating Reserves shall require the signature of the Executive Director and appropriate budget authorization.~~

B. Replacement Reserves

The monthly Replacement Reserve rate shall be established for each property based on an assessment of anticipated replacement expenses over ten years. For residential properties, the rate shall be expressed per unit. For commercial properties, the rate shall be expressed per square foot. The rate shall be included in the recommended annual budget for each property.

Replacement Reserves shall be maintained in a restricted account that is separate from unrestricted operating funds. The reserve account shall comply with Policy 500.25. Transfers and withdrawals from ~~Operating Reserves~~Replacement Reserves shall require the signature of the Executive Director and appropriate budget authorization.

The planned use of Replacement Reserves shall be presented to the Board for approval with the annual budget. Following Board approval of the budget and with authorization from the Executive Director, the anticipated annual expenses from Replacement Reserves shall be transferred to the operating account.~~a Working Capital Account~~. All expenses for approved projects shall be billed against the ~~Working Capital Account~~operating account.

~~Because of the financial relationship with the City of Madison, detailed in Policy 600.70, the Working Capital Account may be in the City's financial system if General Obligation borrowing is involved. Deviations from this policy to accommodate the City's financial procedures should be approved by the Executive Director. Recognizing that some properties require stabilization before a replacement reserve target can be established, properties will comply with this policy as reasonable effort permits.~~

C. Emergency Use of Reserves

The Executive Director, or designee in the event of the Executive Director's absence, may authorize emergency use of ~~O~~perating ~~R~~eserves or ~~R~~eplacement ~~R~~eserves when following the Emergency Purchase Procedures in Policy 600.65.

D. Limited Liability Corporations

The reserve structure and requirements for properties developed by an LLC are defined in the Operating Agreement. Any requirements established in the Operating Agreement supersede this policy.

E. Lender Requirements

When financing a property, lenders may establish reserve requirements as a condition of a loan or mortgage. Requirements established in the property's financing supersede this policy.

V. Examples

None.

VI. References

- Policy 500.25 Third-Party Bank Accounts
- Policy 536.70 CDA-Owned Property Cash Balance Policy

VII. Creation

March 14, 2019

VIII. Last Review

None.

IX. Next Review

2023

[Modified] 536.70.2019~~1209~~12 – CDA-Owned Property Cash Balance Policy

I. Purpose and General Statements of Intent

This policy provides guidance on the appropriate level of cash managed by a property management company at a redevelopment property owned by the CDA. This policy does not apply to properties under the CDA Housing Authority.

II. Background and Related Policies

The CDA may contract with a property management company for the day-to-day operations of a CDA-owned property. The property management company collects rent and other revenues, resulting in the accumulation of cash over time. Per Policy 500.25, cash may be held in bank accounts outside of the direct management of the City treasury.

Some properties currently owned by the CDA were formerly under a limited liability corporation (LLC). Under an LLC, these properties functioned as distinct financial entities. When full ownership is transitioned to the CDA, the property may have significant cash balances or financial practices that should be brought into compliance with this policy.

Under the Contract for Services, the City of Madison provides the CDA with financial services. The City currently manages CDA funds for a variety of properties, projects, and services.

III. Definitions

A. CDA-Owned Property

See Policy 530.67 for a definition.

B. Limited Liability Corporation

See Policy 530.65 for additional information about limited liability corporations.

C. Replacement Reserves

See Policy 535.65 for additional information about replacement reserves.

D. Contract for Services

See Policy 500.65 for a definition.

IV. Policy

~~For CDA-owned commercial and residential properties, the balance of cash in unrestricted operating accounts outside of the City Treasury should not exceed \$250,000. Cash in excess of \$250,000 shall be transferred to the CDA General Fund following Policies 500.65 and 500.67.~~

Consistent with Policy 500.25, it is the general policy of the CDA that all bank accounts should be opened at US Bank as the City has agreements in place that provide additional security for balances exceeding the \$250,000 FDIC insurance limit.

~~In general~~For accounts opened at other institutions, it is advisable that the balance of funds in the Operating Reserves, Replacement Reserves, and ~~Working Capital~~operating accounts not exceed

~~\$250,000~~the FDIC limit of \$250,000 for all accounts at one bank. Based on the professional judgement of CDA Asset Managers, funds may be transferred to the CDA General Fund.

Checks from a property shall be mailed directly to the City Finance Department. Electronic transfers from the property shall originate from the Finance Department. CDA Asset Managers shall not receive checks or initiate cash transfers from the property during the balance transfer process.

If a property is regularly generating revenue that exceeds the \$250,000 limit, quarterly cash transfers should be established with the Finance Department.

V. Examples

None.

VI. References

- ~~Contract for Services, Materials, and Equipment~~
- Policy 500.25 Third-Party Bank Accounts
- ~~Policy 500.67 Fund Transfers from CDA Redevelopment Properties~~
- Policy 530.65 Limited Liability Corporation Management Fee

VII. Creation

March 14, 2019

VIII. Last Review

None.

IX. Next Review

2023

Section 540 Capital Projects, Costs, and Dispositions

540.10.20190314 – Capitalization Policy

I. Purpose and General Statements of Intent

- To establish and implement controls necessary to protect the assets of the Community Development Authority (CDA), record assets in compliance with federal, state, and municipal rules and regulations, and generally accepted accounting principles (GAAP).
- To provide guidelines and parameters necessary to allow the enforcement and implementation of the CDA's capital policies; and to provide a sound basis for accurately valuing the CDA's assets.
- To ensure funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

II. Background and Related Policies

The CDA considers some items capital assets that the City of Madison considers ordinary repair/maintenance items such as roof replacements, HVAC, plumbing, and any other items as defined in this policy. Care must be taken to distinguish between costs that materially increase the value or useful life of a capital asset and ordinary repairs and maintenance.

III. Definitions

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, or Uniform Guidance (2 CFR 200) defines capital assets as tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance) [2 CFR 200.12].

IV. Policy

A. Capitalization Threshold and Procedure

The CDA establishes \$5,000 per unit as the threshold amount for minimum capitalization. All capital assets costing less than \$5,000 per unit should be expensed in CDA financial statements. Capital assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

All capital assets are recorded at historical cost as of the date acquired.

B. Inventory of Capital Assets

All CDA capital assets are assigned an asset ID number maintained by the City of Madison Accounting Department. A physical inventory of all capital assets must be taken and the results reconciled with the property records at least once every two years.

C. Disposition of Capital Assets

The CDA will notify the City of Madison Accounting Department when disposing of any capital asset.

All equipment will be disposed of in accordance with Uniform Guidance (2 CFR 200). Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000 [2 CFR 200.33].

When original or replacement equipment acquired with HUD funds is no longer needed for the original project or program or for other activities currently or previously supported by HUD, the CDA will request disposition instructions from HUD even if it is fully depreciated for accounting purposes.

V. Examples

None.

VI. References

- For definitions and all other matters related to capitalization of assets refer to the City of Madison Capitalization, Depreciation, & Amortization Policy.
- 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

VII. Creation

August 3, 2018

VIII. Last Review

None.

IX. Next Review

2022

540.85.20190314 – Statement of Significant Amendment/Modification Capital Fund Program

I. Purpose and General Statements of Intent

The 2013 Capital Fund Final Rule [2 CFR 905.300] and the Capital Fund Guidebook state that a Public Housing Authority (PHA) must include basic criteria that the PHA will use for determining a significant amendment or modification to the Capital Fund Program (CFP) 5-Year Action Plan. The Community Development Authority of the City of Madison (CDA) Statement of Significant Amendment or Modification for the Capital Fund Program is below.

II. Background and Related Policies

None.

III. Definitions

None.

IV. Policy

The following are considered significant amendments or modifications to the CFP 5-Year Action Plan as required under 24 CFR § 905.300 (b)(1)(iii):

- proposed demolition;
- proposed disposition;
- public housing homeownership proposal;
- Capital Fund Financing Program proposal (CFFP);
- development, defined as any or all undertakings necessary for planning, land acquisition, demolition,
- construction, or equipment in connection with a public housing project;
- proposed RAD conversion; or
- mixed-finance proposal.

If the CDA determines a proposed amendment or modification is significant, the CDA will:

Submit the amendment or modification to the CDA Board of Commissioners in a meeting that is open to the public for approval; and

Provide the amendment or modification to HUD for approval by HUD in accordance with HUD's plan review procedures.

The following are not considered significant amendments or modifications to the CFP 5-Year Action Plan:

- The transfer of work projects, from one grant year to another in the Capital Fund Program (fungibility), which are included in the approved Capital Fund Program 5-Year Action Plan;

- The transfer of funds in the Capital Fund Program from one-line item to another within the same grant year budget;
- Additional work projects funded by the Capital Fund Program not included in the 5-Year Action Plan, which have been deemed to be emergencies; and
- Policy changes resulting from HUD or other federal agency mandates, regulations, or directives.

If the CDA determines a proposed amendment or modification is not significant, no HUD approval is needed.

V. Examples

None.

VI. References

- 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Public Housing Capital Fund Program Final Rule (2013)
- 24 CFR 905.300 – Capital Fund Submission Requirements
- U.S. Department of Housing and Urban Development Capital Fund Guidebook

VII. Creation

July 269, 2018

VIII. Last Review

None.

IX. Next Review

2022

Section 600 General Procurement Policies

[Modified] 600.65.2019~~0129~~12 – CDA Redevelopment Procurement Policy

I. Purpose and General Statements of Intent

This policy clarifies the procurement process for CDA Redevelopment. The intent of this policy is to provide for the fair and equitable treatment of all persons or firms involved in purchasing; to ensure that goods, commodities, and services are procured efficiently, effectively, and at the most favorable prices available; and to promote competition in contracting.

II. Background and Related Policies

The Redevelopment Authority of the City of Madison was created for the purpose of “carrying out blight elimination, slum clearance, and urban renewal programs and projects.” The powers and duties of the Authority are outlined in State statute, notably Wis. Stat. 66.1333(5).

Under state statute, the CDA is a separate body, corporate and politic, from the City of Madison. The City of Madison and the CDA have defined their administrative relationship in the Contract for Service.

As CDA Redevelopment operates under state statute, but uses City facilities and personnel under the Contract for Services, which, at times, requires following City ordinances and policy. As such, there is a need to clarify and standardize the procurement process for CDA Redevelopment. This policy also applies to purchases made by property management companies under contract with the CDA.

The CDA Housing Authority is subject to federal procurement guidelines. As such, this policy does not apply to the Housing Authority. Refer to the Housing Authority procurement policy for additional information.

CDA Redevelopment properties under a limited liability corporation (LLC) are included under this policy to the extent permitted and reasonable under the conditions of the Operating Agreement. For more information, see Policy 530.65.

III. Definitions

A. CDA Redevelopment

The division of the Community Development Authority of the City of Madison exercising the powers and duties of the Redevelopment Authority of the City of Madison.

B. Contract for Services

The CDA is authorized by Madison General Ordinance 3.17 to act as the housing and redevelopment authority for the City of Madison. The CDA is a separate body, corporate and politic, formed with approval of the City to carry out neighborhood and housing rehabilitation programs. The operational and financial relationship between the City and the CDA is outlined in the Contract for Services, Materials, and Equipment (Contract for Services).

C. Major Object Code

In the City of Madison financial system, which the CDA uses to administer its finances, similar purchase types are grouped into Major Object Codes. The two primary Major Object Codes for procurement are Supplies (53) and Purchased Services (54).

D. Class 2 Notice

Section 985.07, Wisconsin Statutes, generally provides for three classes of legal notices, distinguished by the number of “insertions,” which is the number of times a notice must be published. A Class 1 notice must be inserted or published once, at least a week before the applicable act or event takes place. A Class 2 notice must be published for two consecutive weeks, the second of which must be at least one week before the occurrence of the act or event about which notice is being given. A Class 3 notice requires three insertions, in three consecutive weeks, the final of which must be at least a week before the act or event. The designated number of insertions is the minimum required by law, and the frequency may be increased at the discretion of the governmental agency. (Wisconsin Legislative Reference Bureau, “Giving Notice: Publication of Government Activities in the Internet Age.” December 2015)

E. Ban the Box

Ban the Box policies remove questions about an applicant’s criminal and arrest record from job applications, and help ensure that an applicant’s criminal history is not considered until later in the hiring process. This policy is intended to address hiring disparities and barriers to employment faced by ex-offenders and people who have had police contacts but are qualified for the job. The City of Madison policy is General Ordinance 39.08.

F. Small Business Enterprise (SBE)

The City of Madison created a Small Business Enterprise program to encourage participation of small businesses in City-funded public works contracts.

G. Section 3

Section 3 is a means by which the U.S. Department of Housing and Urban Development (HUD) fosters local economic development, neighborhood economic improvement, and individual self-sufficiency. Section 3 is the legal basis for providing jobs for residents and awarding contracts to businesses in areas receiving certain types of HUD financial assistance. Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is expended for housing or community development, to the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area. (HUD Section 3 Brochure)

H. Lowest Bidder

The lowest bidder is one whose bid contains the lowest total dollar amount when compared with other bids submitted for the same work. (Adapted from State of Wisconsin Department of Administration Administrative Code Chapter ADM21)

I. Qualified Bidder

A qualified bidder is one who 1) has completed one or more projects of similar size or value to the work being bid and 2) has access to all necessary equipment and has organizational capacity and technical competence necessary to enable performance of the work properly and expeditiously. (Adapted from State of Wisconsin Department of Administration Administrative Code Chapter ADM21)

J. Competent Bidder

A competent bidder is one who meets the following conditions:

1. Maintains a permanent place of business.
2. Provides a sworn statement upon request, which evidences the bidder has adequate financial resources to complete the work being bid, as well as all other work the bidder is presently under contract to complete.
3. Is bondable for the terms of the proposed contract, if required.
4. Has a record of satisfactorily completing past projects.
5. Established and diligently maintained a satisfactory affirmative action program in accordance with the contract provisions. (Adapted from State of Wisconsin Department of Administration Administrative Code Chapter ADM21)

K. Petty Cash

Petty cash is a small amount of cash kept on hand to make immediate payments for miscellaneous expenses.

IV. Policy

A. Statement of Ethics in Public Contracting

Per Madison General Ordinance 3.17(10), Commissioners and employees of the CDA are subject to the City of Madison Code of Ethics outlined in Madison General Ordinance 3.35.

With specific regard to procurement, no staff, officer, or agent of the CDA shall participate in the selection, award, or administration of a contract if it would involve a real or perceived conflict of interest. Such conflict would arise when a financial or other interest in a firm selected for award is held by:

1. A CDA employee or officer involved in making the award;
2. The relative of a CDA employee or officer including father, mother, son, daughter, brother, sister, uncle, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepsister, half brothers, or half sisters;
3. The partner of a CDA employee or officer; or
4. An organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

CDA officers, staff, or agents shall not solicit or accept anything of value (e.g., gratuities, favors, or kickbacks) from contractors, potential contractors, or parties to sub agreements.

Questions regarding ethical conduct in CDA procurement shall be directed to the Executive Director and Office of the City Attorney. Concerns about ethical procurement conduct, waste, abuse, or fraud shall be directed to the Executive Director. In the event that the concern involves the Executive Director, the concern shall be directed to the CDA Board Chair and Office of the City Attorney for consideration and investigation.

B. Statement of Intent

It is the intent of the CDA to align its procurement practices with those of the City of Madison. While state statutory requirements and differences in governance structures prevent full alignment, reasonable

effort should be made to consult and adopt City of Madison procurement principles. City of Madison procurement staff should be consulted on situations not addressed by this policy, and this policy should be updated as appropriate.

C. Contract Execution

All contracts directly executed by the CDA must be signed by the Board Chair, or the Vice Chair in the absence of the Chair, and the Executive Director, or the Assistant Director in the absence of the Executive Director. Signing contracts shall not be delegated to CDA staff.

Contracts executed by a property management company in fulfillment of the duties and responsibilities delineated in the property management agreement do not require the signature of the Board Chair and Executive Director.

D. Petty Cash

CDA staff shall not use petty cash for procurement on CDA redevelopment properties.

For property management companies, petty cash should be a payment method of last resort. When possible and practical, purchases are preferably made using a purchase card or by invoice. Petty cash purchases shall not exceed \$200.

Petty cash purchases require a receipt. When a receipt cannot be obtained (e.g., coin-operated parking meter), the expense should be documented by management company staff.

Petty cash funds shall not exceed \$500. Funds shall be stored in a secure location, like a locked box or drawer. Petty cash funds shall be reconciled and replenished monthly. Per Policy 510.10, the petty cash reconciliation shall be included in the monthly property management report.

D. Goods and Commodities

Goods and commodities are generally tangible items, supplies, or software. In the financial system, these are identified in Major Object Code 53. The CDA relies on City of Madison purchasing guidance to define and categorize goods and commodities, as needed.

The requirements for purchasing goods and commodities vary in State statute and City policy by the value of the purchase. The following reconciles State and City requirements.

1. Less than \$3,000. Purchases of less than \$3,000 made through the City financial system may be made by purchase card or purchase order. Written quotes are recommended to inform a best value judgment in making a final decision. Purchases require delegated authorization from the Executive Director and appropriate budget authority.

For purchases made by property management companies, written quotes are recommended to inform a best value judgment in making a final decision. Purchases may be made by purchase card, purchase order, or petty cash.

2. \$3,000 to \$9,999. Purchases in this range follow the same guidelines as purchases for less than \$3,000. Written quotes are recommended to inform a best value judgment in making a final decision. Per Wisconsin Statute 66.1333(5)(a)(2), if a contract is required, a class 2 notice shall be completed before any contract is signed.

Property management companies shall comply with this paragraph.

As provided under Section 985.02, Wisconsin Statutes, Class 2 procurement notices in this price range are published to the CDA website and to a public bulletin board in the CDA Housing Office lobby.

3. \$10,000 to \$24,999. A purchase of goods from \$10,000 to \$24,999 made through the City financial system will be done by purchase order. A minimum of three written quotes will be obtained before deciding on a vendor. A class 2 notice shall be published before any contract is entered into. Purchases require approval by the Executive Director or delegate and appropriate budget authority.

Purchases made by property management companies require a minimum of three written quotes obtained before deciding on a vendor. If a contract is required, a class 2 notice shall be published before any contract is entered into. Proper budget authority is required for these purchases.

As provided under Section 985.02, Wisconsin Statutes, Class 2 procurement notices in this price range are published to the CDA website and to a public bulletin board in the CDA Housing Office lobby.

4. \$25,000 to \$49,999. A purchase of goods from \$25,000 to \$49,999 made through the City financial system shall require three written quotes. The solicitation of quotes shall be noticed with a class 2 notice. Purchases made through the City financial system will be done by purchase order with approval of the Executive Director and appropriate budget authority.

Per Wisconsin Statute 66.1333(5)(2), the contract shall be awarded to the lowest qualified and competent bidder. As such, contractors may be strongly encouraged to comply with the City of Madison Ban the Box ordinance, but may not be denied a contract on this basis.

Purchases made by property management companies need not require contractors to comply with the Ban the Box ordinance. Approval by the Executive Director and proper budget authority is required for these purchases.

As provided under Section 985.02, Wisconsin Statutes, Class 2 procurement notices in this price range are published to the CDA website and to a public bulletin board in the CDA Housing Office lobby.

5. \$50,000 or greater. A purchase of goods \$50,000 or greater shall require a bid following City of Madison guidelines. The bid shall also be advertised with a Class 2 notice. Purchases must comply with the City's Affirmative Action policy. Purchases made through the City financial system require approval of the Executive Director. Purchases require proper budget authority and will be done by purchase order.

Per Wisconsin Statute 66.1333(5)(2), the contract shall be awarded to the lowest qualified and competent bidder. As such, contractors may be strongly encouraged to comply with the City of Madison Ban the Box ordinance, but may not be denied a contract on this basis.

Purchases made by property management companies shall require a formal bid with technical assistance from CDA staff. Purchases require approval of the Executive Director. Purchases require proper budget authority. Contracts are not subject to the City of Madison's Ban the Box ordinance and Affirmative Action requirements.

Class 2 procurement notices in this price range are published to the CDA website, to a public bulletin board in the CDA Housing Office lobby, and to an appropriate newspaper.

E. Services

In the financial system, these are identified in Major Object Code 54. The CDA relies on City of Madison purchasing guidance to define and categorize services, as needed.

The requirements for purchasing services vary in City policy by the length and value of the contract. Note that renewals in the contract are included when determining the length of the contract.

1. Less than one year and \$5,000. A purchase of services through the City financial system can be done by purchasing card or purchase order. Written quotes are recommended to inform a best value judgment in making a final decision. Delegated authorization of the Executive Director and proper budget authority are required for these purchases.

Property management companies may contract for services provided that appropriate budget authority is available. Written quotes are recommended to inform a best value judgment in making a final decision. Proper budget authority is required for these purchases.

2. One year and \$5,000 to \$9,999. A purchase of services through the City financial system follows the same requirements for a contract of less than one year and \$5,000. Written quotes are recommended to inform a best value judgment in making a final decision. In addition, a CDA Purchase of Services Contract is required.

Property management companies are not required to use a Purchase of Services Contract.

3. One year and \$10,000 to \$24,999. A purchase of services through the City financial system will be done by purchase order and will require a CDA Purchase of Services Contract. A minimum of three written quotes must be obtained before deciding on a vendor. Approval of the Executive Director and proper budget authority are required.

Property management companies may contract for services provided that appropriate budget authority is available. A minimum of three written quotes must be obtained before deciding on a vendor. Property management companies are not required to use a Purchase of Services Contract.

4. One year and \$25,000 to \$49,999. A purchase of services in the City financial system follows the same requirements for a contract of less than one year and \$10,000 to \$24,999. In addition, contracts must comply with the City of Madison Ban the Box policy.

Property management companies need not require Ban the Box compliance from contractors. Approval from the Executive Director is required.

5. One year and \$50,000 to \$99,999. A purchase of services through the City financial system meeting these criteria shall require a request for proposals (RFP) following City of Madison guidelines. The purchase shall be done by purchase order, use a CDA Purchase of Services Contract, comply with the City of Madison Ban the Box policy, and comply with City of Madison Affirmative Action policies.

Approval of the Executive Director and proper budget authority are required for these purchases.

Property management companies shall complete an RFP process with the technical assistance of CDA staff. A Purchase of Services Contract, City of Madison Ban the Box policy compliance, and City of Madison Affirmative Action compliance are not required. Proper budget authority and approval from the Executive Director are required for these purchases.

6. Greater than \$100,000 per year. A purchase of services for more than an average of \$100,000 per year shall require a request for proposals (RFP) following City of Madison guidelines. The purchase shall be done by purchase order, use a CDA Purchase of Services Contract, comply with the City of Madison Ban the Box policy, and comply with City of Madison Affirmative Action policies. The CDA shall make all reasonable efforts to support the City's SBE policies. Approval by the CDA Board and proper budget authority are required.

Property management companies shall complete an RFP process with the technical assistance of CDA staff. A Purchase of Services Contract, City of Madison Ban the Box policy compliance, and City of Madison Affirmative Action compliance are not required. Proper budget authority and approval from the CDA Board are required for these purchases.

7. Greater than one year. A purchase of services lasting more than one year shall be approved by the CDA Board. The competitive process will be the same as for a contract of one year or less based on the total cost of the contract.

In general, contracts for services should not extend beyond five years.

F. Mixed Goods and Services Contracts

If a contract includes both goods and services, the value of the contract used to determine the procurement process shall be the combined total of goods and services.

In repair, maintenance, and capital projects, there is usually a combination of goods and services. For example, painting includes both paint and the labor to apply the paint. Other common examples may include roof replacements, HVAC installations, and parking lot maintenance. In general, these projects should use the process outlined above for services.

The purchase of goods that will be installed by CDA or property management staff shall generally follow the process outlined above for services. For example, the purchase of paint that will be applied by the property maintenance team is a supply.

G. Sole Source Contracting

The process of securing bids or requesting proposals, depending on the value of the purchase, is important to ensuring responsible stewardship of CDA funds. However, there are times when it is not possible to secure multiple bids or proposals:

- The service or good is available from only one vendor/contractor.

- An inadequate number of bids or proposals are received after all reasonable efforts to solicit vendors/contractors.
- A contractor has specialized knowledge, skills, or experience that are not broadly available (i.e., lawyers, architects).
- As specific vendor/contractor is required by a grant or funding source.

For contracts under \$50,000, the Executive Director may approve an exception to the number of bids or proposals required for goods or services.

For contracts over \$50,000, the CDA Board may approve an exception to the number of bids or proposals required for goods or services.

Except when following emergency purchase procedures, a desire to expedite the procurement process is not appropriate justification to seek a reduction to the bid or proposal requirements.

HF. Emergency Purchase Procedures

In the event of an emergency, the Executive Director, or designee in the event of the Executive Director's absence, may approve purchases up to \$50,000 without following the procurement considerations in the above policy. The Board shall be advised of the conditions constituting an emergency and the purchase by email at the time of purchase.

Emergency contracts for capital projects by CDA staff must be approved by the City of Madison Finance Director, or designee, and the CDA Executive Director, or designee in the event of the Executive Director's absence. There is no limit on the value of emergency contracts for capital projects. The Board shall be advised of the conditions constituting an emergency and the purchase by email at the time of purchase.

A property manager may approve emergency procurement purchases up to \$50,000 without following the procurement considerations in the above policy. Every reasonable effort shall be made to contact the Executive Director prior to signing a contract. The property manager shall communicate the conditions warranting the emergency purchase and the contract to the Asset Manager and Executive Director within 48 hours. If necessary, budgets shall be amended after the emergency to reflect the purchase.

An emergency is a situation that is an immediate and credible threat to the life, health, or safety of property residents, tenants, and guests. Examples may include purchasing sand bags during a flooding event or space heaters during an extended heating system failure in the winter.

IG. Limited Liability Corporations

The general operation of properties owned by an LLC are defined in the LLC documents and management agreement. In the absence of procurement guidance in those documents, the CDA shall use this policy for guidance in its role as a managing member and/or management agent.

For additional information on LLCs, see Policy 530.65

JH. Auditing Contracts

Contracting with auditors for CDA finances and properties shall follow the policy for contracting for service. Recognizing that it is desirable for auditors to develop familiarity with an organization's finances over time, auditing contracts may extend beyond five years without being rebid. It is considered best practice to rebid auditing contracts after fifteen years.

K. Residential Property Management Companies

Contracting with residential property management companies is subject to Policy 510.10.

L. Changes in Laws and Regulations

This policy complies with applicable State and City procurement requirements. In the event a new requirement is adopted or an applicable requirement is modified, the new or modified requirement shall supersede this policy. The CDA shall update this policy to resolve any inconsistencies following Policy 500.10.

M. Public Access to Procurement Information

Procurement information shall be a matter of public record to the extent provided in Wisconsin Open Records Law and shall be available to the public as provided in those statutes.

V. Examples

A. Goods and Commodities

Value	Transaction System	Process	Approval	Purchase Method	Ban the Box	Affirmative Action	Guiding Policy
Less than \$3,000	City financial system	Written quote recommended	Delegation from Executive Director	Purchase card or purchase order	No	No	City of Madison
	Management company	Written quote recommended	Management agreement	Purchase card, purchase order, petty cash	No	No	City of Madison
\$3,000 to \$9,999	City financial system	Quote recommended, Class 2 notice for contracts	Delegation from Executive Director	Purchase card or purchase order	No	No	State statute
	Management company	Quote recommended, Class 2 notice for contracts	Management agreement	Purchase card or purchase order	No	No	State statute
\$10,000 to \$24,999	City financial system	Three quotes, Class 2 notice for contracts	Executive Director or delegate	Purchase order	No	No	City of Madison
	Management company	Three quotes, Class 2 notice for contracts	Management agreement	Purchase order	No	No	City of Madison
\$25,000 to \$49,999	City financial system	Quotes advertised with a Class 2 notice	Executive Director	Purchase order	Strongly encouraged	No	State statute
	Management company	Quotes advertised with a Class 2 notice	Executive Director	Purchase order	No	No	State statute
\$50,000 or greater	City financial system	Bid advertised with a Class 2 notice	Executive Director	Purchase order	Strongly encouraged	Yes	City of Madison
	Management company	Bid advertised with a Class 2 notice	Executive Director	Purchase order	No	No	City of Madison
Emergency (\$50,000 limit)	City financial system and Management company	None	Executive Director or designee when absent	Purchase order	No	No	CDA policy
Emergency for capital projects (No limit)	City financial system	None	City Finance Director and Executive Director	Purchase order	No	No	City of Madison

B. Services

Duration and Value	Transaction System	Process	Approval	Purchase Method	Ban the Box	Affirmative Action	SBE
One year and less than \$5,000	City financial system	Written quote recommended	Delegation from Executive Director	Purchase card or Purchase order	No	No	No
	Management company	Written quote recommended	Management agreement	Purchase card or Purchase order	No	No	No
One year and \$5,000 to \$9,999	City financial system	CDA Purchase of Services Contract	Executive Director or delegate	Purchase card or Purchase order	No	No	No
	Management company	Written quote recommended	Management agreement	Purchase card or Purchase order	No	No	No
One year and \$10,000 to \$24,999	City financial system	Three quotes, CDA Purchase of Services Contract	Executive Director	Purchase order	No	No	No
	Management company	Three quotes	Management agreement	Purchase card or Purchase order	No	No	No
One year and \$25,000 to \$49,999	City financial system	Three quotes, CDA Purchase of Services Contract	Executive Director	Purchase order	Yes	No	No
	Management company	Three quotes	Executive Director	Purchase card or Purchase order	No	No	No
One year and \$50,000 to \$99,999	City financial system	RFP and CDA Purchase of Services Contract	Executive Director	Purchase order	Yes	Yes	No
	Management company	RFP	Executive Director	Purchase card or Purchase order	No	No	No
Greater than \$100,000 per year	City financial system	RFP and CDA Purchase of Services Contract	CDA Board	Purchase order	Yes	Yes	Yes
	Management company	RFP	CDA Board	Purchase order	No	No	No
Greater than one year	City financial system	Depends on value	CDA Board	Varies	Varies	Varies	Varies
	Management company	Depends on value	CDA Board	Varies	No	No	Varies
Emergency (\$50,000 limit)	City financial system and Management company	None	Executive Director or designee when absent	Purchase Order	No	No	No
Emergency for capital projects (No limit)	City financial system	None	City Finance Director and Executive Director	Purchase Order	No	No	No

VI. References

- Contract for Services, Materials, and Equipment
- Madison General Ordinance 3.17
- Madison General Ordinance 3.35
- Wis. Stat. 66.1333(5)
- Wisconsin Public Records Law Compliance Guide, March 2018
- Bylaws of the Community Development Authority of the City of Madison

VII. Creation

September 12, 2019 (Proposed)

VIII. Last Review

None.

IX. Next Review

2023

600.70.20190912 – CDA Redevelopment Capital Improvement and Replacement Policy

I. Purpose and General Statements of Intent

This policy outlines the process for capital improvement and replacement contracting on CDA Redevelopment properties. This policy does not apply to CDA properties under a Limited Liability Corporation (LLC).

II. Background and Related Policies

While the CDA is established as a separate body, corporate and politic, from the City of Madison, the two entities are administratively connected. Under Wis. Stat. 66.1333(15) and Madison General Ordinance 3.17(15), the CDA's annual budget shall be approved by the Finance Committee and Common Council. Further, the Contract for Services specifies that the City of Madison shall maintain the financial records of the CDA.

The administrative connection is particularly relevant for capital improvements on CDA Redevelopment properties.

III. Definitions

A. Contract for Services

The CDA is authorized by Madison General Ordinance 3.17 to act as the housing and redevelopment authority for the City of Madison. The CDA is a separate body, corporate and politic, that acts as the agent of behalf of the City in neighborhood and housing rehabilitation programs. The operational and financial relationship between the City and the CDA is outlined in the Contract for Services, Materials, and Equipment (Contract for Services).

B. Limited Liability Corporation (LLC)

See Policy 530.65 for additional information about LLCs.

IV. Policy

A. Statement of Ethics in Capital Improvements and Replacements

Per Madison General Ordinance 3.17(10), Commissioners and employees of the CDA are subject to the City of Madison Code of Ethics outlined in Madison General Ordinance 3.35.

If any Commissioner or employee of the CDA owns or controls a direct or indirect interest in any property that is part of a redevelopment project, he or she shall immediately disclose the same in writing to the CDA and such disclosure shall be entered upon the minutes of the CDA, and such Commissioner or employee shall not participate in any action by the CDA relating to such property.

Questions regarding ethical conduct shall be directed to the Executive Director. Concerns about direct or indirect interest in a property shall be directed to the Executive Director. In the event that the concern involves the Executive Director, the concern shall be directed to the CDA Board Chair for consideration and investigation.

B. Capital Threshold

Per Policy 540.10, improvements and replacements less than \$5,000 or with under 12 months of useful life should be expensed and not capitalized. Procurement for purchases less than the threshold should follow the guidance for goods and commodities described in Policy 600.65.

C. City of Madison Capital Budget

The CDA shall submit all capital projects that will be transacted through the City financial system to the City capital budget process. City capital budget requests shall be reviewed by the CDA Finance Subcommittee at the second quarter meeting prior to submission.

D. CDA Property Budgets

CDA staff and property management companies shall prepare annual property budgets, which are reviewed at the fourth quarter CDA Finance Subcommittee meeting and recommended to the Board for approval. The budgets shall include all CDA capital projects for the following fiscal year and the anticipated use of replacement reserves. See Policy 535.65 for more information on replacement reserves.

E. Capital Project Contracting

Contracting shall follow the process outlined in Policy 600.65.

F. Capital Projects Outside of the Budget Process

A capital improvement or replacement project may be identified after the City of Madison capital budget and CDA property budget are approved. In that case, the CDA Board must adopt a resolution approving the project and amending the property budget. Following CDA Board approval, a resolution to amend the City of Madison Capital Budget must be approved by the Common Council if the transaction will occur in the City financial system.

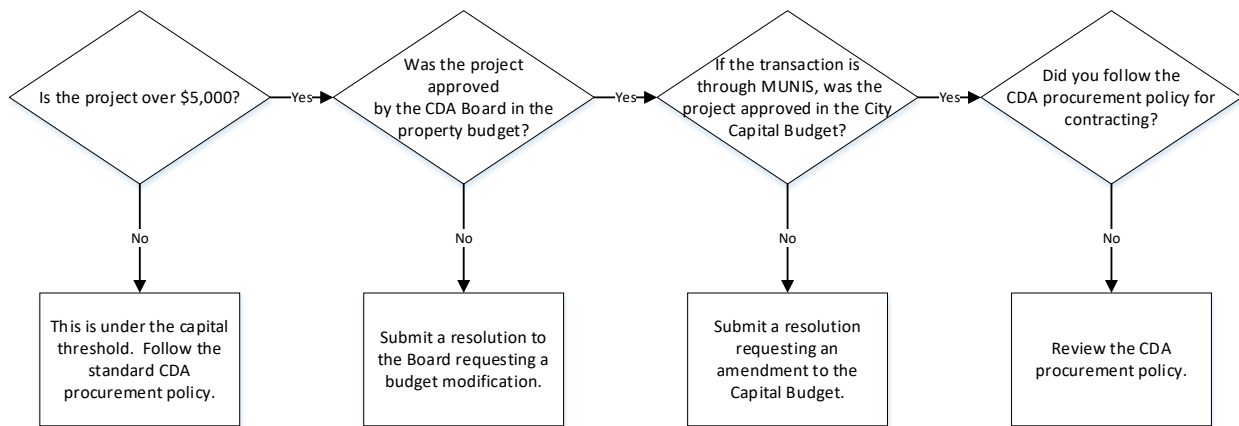
F. Emergency Capital Projects

Consistent with Madison General Ordinance 4.26(4) and Policy 600.65, the City of Madison Finance Director, or designee, and the CDA Executive Director, or designee in the event of the Executive Director's absence, may contract for capital projects transacted through the City financial system in the event of an emergency.

Requirements to notify the Common Council and CDA Board of emergency contracting are defined in Madison General Ordinance and CDA policy 600.65.

V. Examples

A. Project Checklist



VI. References

- Wis. Stat. 66.1333(15)
- Madison General Ordinance 3.17(15)
- Madison General Ordinance 3.35
- Bylaws of the Community Development Authority of the City of Madison
- Contract for Services, Materials, and Equipment
- Policy 600.65 CDA Redevelopment Procurement Policy

VII. Creation

September 12, 2019 (Proposed)

VIII. Last Review

None.

IX. Next Review

2023

600.85.20190509 – Community Development Authority Procurement Policy

Policy follows in the format used by Housing and Urban Development. Next review in 2023.