



**GARLAND**

**INTERNAL AUDIT**

# **City Property Usage Audit**

**April 29, 2019**

**Report 201902**

**City Auditor:**

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# Contents

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

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## Executive Summary

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

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

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

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

## Authorization

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

## Objective(s)

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

## Scope and Methodology

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

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

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

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

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

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

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

# Report Format for Each Organization

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

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

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

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

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

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

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

# Boy Scouts of America (BSA) - Troop 100

## 116 S. Sixth St.

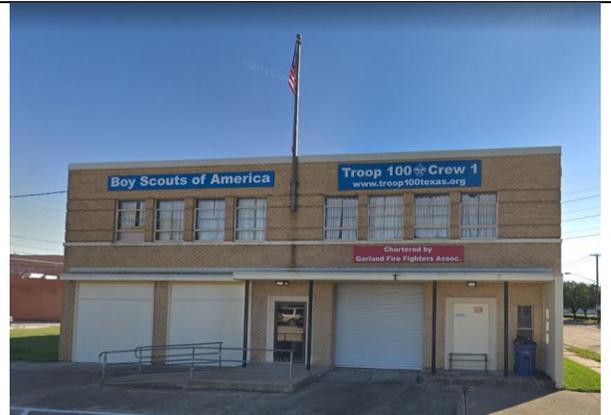
**Year Built:** 1940

**Building Size:** 4,988 sq. ft.

**Ownership:**

- Land – City of Garland (COG)
- Building and Structures – COG

*(Source: Dallas County Appraisal District)*



Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
No contract	No contract	No contract	Sponsored by the Garland Fire Fighter Association (FFA)

### Background

<b>Mission</b>	<p>The mission of the BSA is to prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Law.</p> <p><i>(Source: BSA Website)</i></p>
<b>History</b>	<p>The Boy Scouts Troop 100 was formed in 1984 by five adult Scouters who wanted more for their sons. One of the goals of the troops was to have 100 scouts, and that is how the Troop number was selected.</p> <p>Troop 100 initially met in the centrally located Austin Street Church of Christ, and later moved to an automotive repair shop. As the Troop began to grow, a larger location was needed, and the Troop moved into the first floor of the current building on Sixth Street. Previously, the building was the main fire and police station. When the Troop moved in, the building was occupied by the Garland Optimist Club, and included a boxing ring for the Garland Police Association. After two years, the Optimist Club moved out and purchased their own building, and the boxing ring was removed. The Troop remained in the building and found vendors and supporters to donate resources to provide building repairs, furniture and fixtures. Upon completion of the repairs, the Troop held a building dedication on January 23, 2000.</p> <p><i>(Source: Former Troop Committee Chairman)</i></p>
<b>Board and Membership</b>	<p>Troop 100 currently has 45 boy scouts (23 are Garland residents) and 26 adult volunteers.</p> <p><i>(Source: Troop Committee Chairman)</i></p>

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

### Review Summary

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

## ChildCareGroup (CCG) 625 E. Avenue B.

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

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

**Annual Absorbed Costs by the COG**

<b>COG's Costs</b>	<b>Utilities</b>	<b>Maintenance</b>	<b>Landscaping</b>
	\$0 CCG pays	\$0 CCG maintains	\$0 CCG maintains
	<i>(Source: Customer Service)</i>	<i>(Source: Facilities Management)</i>	<i>(Source: Parks Management)</i>

**Review Summary**

1. The CCG provides early childhood education for children ages three to four years of age for families that qualify by meeting the Federal Poverty Guidelines, or if they meet certain criteria.
2. According to the Dallas County Appraisal District, the land is owned by the COG, and the building is owned by the CCG.
3. The current contract between the COG and the CCG does not include standard contract clauses, such as a non-discrimination and a right to audit clauses, as well as requirements for the CCG to periodically report to the COG and obtain approval for modifications. Also, the contract does not specify the ownership of property such as furniture and personal property or does not specify dissolution terms.

## Dallas Off-Road Bicycle Association (DORBA) Rowlett Creek Preserve and Rivercrest Branch Greenbelt

**Land Size:** 360 Acres

**Ownership:**

- Land – Dallas County

*(Source: COG Parks and Recreation Management)*



Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
<ul style="list-style-type: none"> <li>• Contract – March 18, 1997</li> <li>• Parks Renewal Letter – January 18, 2008</li> </ul>	<ul style="list-style-type: none"> <li>• Contract - 9.5 Months</li> <li>• Letter - Automatically renewed each year</li> </ul>	<ul style="list-style-type: none"> <li>• Contract - Jim Stone, Assistant Director</li> <li>• Letter - Ann McGinnes, Senior Park Planner</li> </ul>	501c3

### Background

<b>Mission</b>	<p>The DORBA seeks to be at the forefront of promoting the sport of mountain biking, land access, and advocacy for the North Texas area, and serve as a model of leadership for other cycling organizations.</p> <p>The DORBA will seek to accomplish its Vision through:</p> <ul style="list-style-type: none"> <li>• Cycling education programs that advance a cyclists knowledge and skill level in a fun and encouraging atmosphere</li> <li>• Non-competitive cycling events that foster a sense of fellowship and camaraderie that appeals to the diversity that is found within mountain biking community</li> <li>• Competitive cycling events catering to cross-country (XC), endurance, and racers of all racing skill levels</li> <li>• Adherence to International Mountain Bicycling Association (IMBA) guidelines for trail development and other insurance requirements</li> <li>• Open, direct, and legal partnerships with land managers that can serve as models for new trails</li> </ul> <p><i>(Source DORBA website)</i></p>
<b>History</b>	<p>The DORBA was founded in 1988, and began "Blazing Trails" in 1989. The first trails completed were Northshore and Knob Hills, both on USACE land around Grapevine Lake in Flower Mound. These two trails started as motocross, hiking and wildlife trails that were expanded for mountain bike use. They were soon</p>

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

	• Directors and Officers (D&O)		
<b>Indemnification Clause</b>	Yes	<b>Audit Clause</b>	Not specified in the contract
<b>Non-Discrimination Clause</b>	Yes	<b>Reporting Frequency to the COG</b>	Yes
<b>Termination</b>	Any violation of any of the provisions of this agreement and/or exhibits(s) shall be grounds for the termination of the agreement, subject to the approval of the Parks and Recreation Board. The Parks and Recreation Board may terminate this Agreement without cause or penalty by giving Permittee (DORBA) at least 30 days written notice. <i>(Source: Facility Use Agreement between the COG Parks and Recreation Dept. and DORBA)</i>		
<b>Dissolution</b>	Not specified in contract		
<b>Annual Absorbed Costs by the COG</b>			
<b>COG's Costs</b>	<b>Utilities</b> \$0 N/A	<b>Maintenance</b> \$0 N/A	<b>Landscaping</b> \$0 DORBA maintains the trails.  <i>Parks department has an agreement with a third-party to cut the grass three times per year at the greenbelt at no cost to the COG. The third-party is able to use the grass for hay. (Source: Parks Management)</i>
<b>Review Summary</b>			
<ol style="list-style-type: none"> <li>1. The DORBA RCP volunteers maintain 16.3 miles of biking trails. Also, the DORBA sponsored one bike event in 2017, and coordinated two bike events in 2018 for other organizations at RCP.</li> <li>2. The written agreement between the COG and the DORBA expired in December 1997. The current operation is based on an automatic annual renewal authorized by the Parks Senior Planner in 2008.</li> <li>3. The agreement requires officers to be bonded for transactions that exceed \$5K. The DORBA does not maintain bonding policies, but instead maintains a D&amp;O policy. According to the COG Risk Management, this type of policy is sufficient.</li> <li>4. The contract format used to enter an agreement with the DORBA in 1997 is typically used by the COG to execute agreements with third-parties for the use of ballfields and park facilities, not for property usage.</li> <li>5. COG employees at various levels executed contracts on the COG's behalf.</li> </ol>			

## Freemonters Neighborhood Association (FNA) Harmony House - 215 Southwood

<p><b>Year Built:</b> 1940</p> <p><b>Building Size:</b> 1,082 sq. ft.</p> <p><b>Ownership:</b></p> <ul style="list-style-type: none"> <li>▪ Land – City of Garland (COG)</li> <li>▪ Building and Structures – COG</li> </ul> <p><i>(Source: Dallas County Appraisal District)</i></p>	
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Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
No contract	No contract	No contract	Neighborhood Association

### Background

<b>Mission</b>	Promote harmony and provide accessibility to police for the neighborhood. <i>(Source: President, FNA)</i>
<b>History</b>	<p>The Harmony House was established to be more accessible to the community and promote unity in the neighborhood. The home was previously located at Avenue D and 9<sup>th</sup> St. and then it was moved to the Freemonter’s Neighborhood in 1995. Initially, it was a police sub-station, and the police moved out of the home around 2007. At this point, the administrative duties of the Harmony House was turned over to the FNA.</p> <p>The officers and board members of the FNA meets at the Harmony House several times per year and invites the assigned Neighborhood Police Officer (NPO) to the meetings.</p> <p>The FNA serves approximately 300 homes in the neighborhood. <i>(Source: President, FNA)</i></p>
<b>Board and Membership</b>	The FNA has four Officers, five board members and ten designated street captains. <i>(Source: President, FNA)</i>
<b>Services Provided</b>	The FNA holds neighborhood meetings about every three months with the Street Captains and NPO. <i>(Source: President, FNA)</i>
<b>Organization’s Funding Source</b>	<ul style="list-style-type: none"> <li>• The COG grants through Neighborhood Vitality for annual block parties (the last block party was in 2016)</li> <li>• Membership dues from officers, board members and street captains</li> <li>• Donation of food and door prizes for annual block parties from various sponsors</li> </ul> <p><i>(Source: President, FNA)</i></p>

Contract Requirements			
<b>Organization's Use &amp; Key Obligations</b>	No contract		
<b>COG's Obligations</b>	No contract		
<b>Consideration (Profit Sharing or Rent Paid to the COG)</b>	No contract		
<b>Insurance</b>	No contract, and the FNA does not maintain insurance on the property.	<b>COG Approval Required for Modifications</b>	No contract
<b>Indemnification Clause</b>	No contract	<b>Audit Clause</b>	No contract
<b>Non-Discrimination Clause</b>	No contract	<b>Reporting Frequency to the COG</b>	No contract
<b>Termination</b>	No contract		
<b>Dissolution</b>	No contract		
Annual Absorbed Costs by the COG			
<b>COG's Costs</b>	<b>Utilities</b> \$823* Avg./Year  <i>*Calculation is based on the "intracity" rate. According to Customer Service, this type of organization falls under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$535 in 2018.</i> (Source: Customer Service)	<b>Maintenance</b> \$698 Avg./Year  (Source: Facilities Management)	<b>Landscaping</b> \$660 Avg./Year  (Source: Parks Management)
Review Summary			
<ol style="list-style-type: none"> <li>1. The FNA serves the neighborhood by providing access to the NPO.</li> <li>2. There is no evidence of a written agreement or City Council actions between the COG and the FNA regarding the use of the Harmony House.</li> <li>3. The current utility calculation (\$823 Avg. /Year) is based on an "intracity" rate; however, this type of organization would fall under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$535 in 2018.</li> <li>4. According to the FNA President, there is no one to assume her roles and responsibilities once she retires. The FNA is willing to work with the COG to transfer the administration of the building back to the COG or another organization to continue the mission.</li> </ol>			

## Garland Amateur Radio Club (GARC)

1027 Austin St.

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

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

<b>Termination</b>	No contract		
<b>Dissolution</b>	No contract		
<b>Annual Absorbed Costs by the COG</b>			
<b>COG's Costs</b>	<b>Utilities</b> Unable to determine <i>(Source: Customer Service)</i>	<b>Maintenance</b> Unable to determine <i>(Source: Facilities Management)</i>	<b>Landscaping</b> Unable to determine <i>(Source: Parks Management)</i>
<b>Review Summary</b>			
<ol style="list-style-type: none"> <li>1. The GARC provides training of individuals to develop or improve skills as amateur radio operators and serves as a backup to the Garland RACES.</li> <li>2. There is no evidence of a written agreement or City Council actions between the COG and the GARC.</li> <li>3. The costs associated with the facility for utilities and maintenance are included with the Fire Station 1 complex, and cannot currently be isolated to GARC's use.</li> </ol>			

## Garland DFW Heliport 2559 S. Jupiter Rd.

**Year Built:** 1988

**Premises:**

- 8 Acres including a 175K sq. ft. ramp
- Terminal - 6K sq. ft.
- Hangars/canopy - 25K sq. ft.

**Ownership:**

- Land – City of Garland (COG)
- Building and Structures – COG
- Other such as fixtures or improvements – COG
- Moveable equipment and trade fixtures – Sky Helicopters

*(Source: Dallas County Appraisal District and the Heliport Lease Operating Agreement between the COG and Sky Helicopters )*



Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
<ul style="list-style-type: none"> <li>• Resolution #5676 – August 20, 1985</li> <li>• Resolution #7123 – January 5, 1993</li> <li>• Contract – January 6, 1993</li> <li>• Resolution #8217 – July 20, 1999</li> <li>• Contract – August 1, 1999</li> <li>• Amended contract – April 18, 2011</li> </ul>	<ul style="list-style-type: none"> <li>• Five years with three year extension - contract dated January 6, 1993</li> <li>• 40 years - contract dated August 1, 1999</li> <li>• 12 year extension – contract dated April 18, 2011</li> </ul>	<ul style="list-style-type: none"> <li>• Resolution #5676 – Charles Matthew, City Mayor</li> <li>• Resolution #7123 – Bob Smith, Mayor</li> <li>• Resolution #8217 – James Spence, City Mayor</li> <li>• Contract – Not specified</li> <li>• Amended contract – William Dollar, City Manager</li> </ul>	For Profit
Background			
<b>Mission</b>	<p>The Garland/DFW Heliport is Texas’ largest public use heliport that provides a variety of services to businesses, tourists, and private rotorcraft operators.</p> <p><i>(Source: COG Website)</i></p>		
<b>History</b>	<ul style="list-style-type: none"> <li>• Resolution #5676 authorized the City Manager to enter into a contract with a consulting firm, Cress and Associates for a Heliport Master Plan, in the amount not to exceed \$50,000, and authorized the City Manager to submit the planning grant application to the Federal Aviation Administration (FAA).</li> </ul>		

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

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

### Review Summary

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

# Garland Emergency Corps (GEC)

## 401 Rescue Dr.

**Year Built:** 1970

**Building Size:** 1,250 sq. ft.

**Ownership:**

- Land - COG
- Building and Structures – GEC

*(Source: Dallas County Appraisal District and GEC History Article)*



Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
Resolution 304 - February 19, 1957	Not specified in resolution	W. H. Bradfield, City Mayor	501c3

### Background

<b>Mission</b>	<p>The GEC was organized to assist the Fire and Police Departments of Garland, the Dallas County Sheriff's Department, the Dallas County Fire Marshall, and the citizens and visitors of Garland and Dallas County, and any surrounding localities deemed essential in any emergency such as, but not limited to fires, floods, storms, accidents, and natural disasters.</p> <p><i>(Source: Articles of Incorporation)</i></p>
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<b>History</b>	<p>The GEC was formed in May 1955 during a gathering to play games at the Garland Central Fire Station which was then located at 6<sup>th</sup> Street and Avenue A. The group heard on the radio monitor that McKinney Fire Department was enroute to a drowning accident at Lake Lavon. During that moment, the Garland Rescue Squad was formed, and a month later the name was changed to Garland Emergency Corps.</p> <p>During the first month, the meetings were conducted at the Central Fire Station, and then later the COG donated a two-car garage to the GEC (in accordance with Resolution #304) that was located behind the original Fire Station 2 (Forest Lane and Rescue Drive). The garage was bricked up and used as the headquarters from 1956 – 1970.</p> <p>In 1970, through donated materials and volunteer labor a new 1,250 square foot building was constructed just north of the building on Forest Lane.</p> <p><i>(Source: GEC History Article)</i></p> <p>Resolution #3606, dated January 8, 1980 authorized the COG to enter into a contract with the GEC to erect and maintain a radio antenna on an elevated water storage tank located on the COG property at 2343 Forest Ln.</p>
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<b>Membership</b>	The GEC has 17 active members including six officers. <i>(Source: Chief, GEC)</i>		
<b>Services Provided</b>	<ul style="list-style-type: none"> <li>• Provides crowd control services at certain COG events such as the 4<sup>th</sup> of July celebration and Christmas on the Square.</li> <li>• Provided financial support by donating: <ul style="list-style-type: none"> <li>• \$7,200 to the Garland Police Department (GPD) to purchase four bicycles and training for the bicycle instructor course. These donations occurred in 2017 and 2018.</li> <li>• \$9,320 to the Garland Police Officer Association to provide tactical training to Garland Special Weapons and Tactics (SWAT) in 2018.</li> </ul> </li> <li>• Built a breaching tool for the Garland SWAT.</li> <li>• Provided financial support to other non-profits.</li> </ul> <i>(Source: Chief, GEC)</i>		
<b>Organization's Funding Source</b>	<p>In the past, the GEC received revenue sharing funds through the COG, including, but not limited to:</p> <ul style="list-style-type: none"> <li>• \$3,300 - Resolution #2582, July 20, 1976</li> <li>• \$5,000 - Resolution #3685, March 4, 1980</li> </ul> <p>Currently, the GEC receives the majority of their funding through bingo proceeds, in accordance with the Charitable Bingo Act. <i>(Source: Chief, GEC)</i></p>		
<b>Contract Requirements</b>			
<b>Organization's Use &amp; Key Obligations</b>	The organization's use of the facility is not specified in the resolution; however, the GEC is required to pay all utility bills and other expenses. <i>(Source: Resolution 304)</i>		
<b>COG's Obligations</b>	Not specified in the resolution		
<b>Consideration (Profit Sharing or Rent Paid to the COG)</b>	Not specified in the resolution		
<b>Insurance</b>	Not specified in the resolution; however, the GEC currently maintains: <ul style="list-style-type: none"> <li>• General Liability</li> <li>• Automobile</li> <li>• Life</li> <li>• Workers Comp.</li> </ul>	<b>COG Approval Required for Modifications</b>	Not specified in the resolution
<b>Indemnification Clause</b>	Not specified in the resolution	<b>Audit Clause</b>	Not specified in the resolution
<b>Non-Discrimination Clause</b>	Not specified in the resolution	<b>Reporting Frequency to the COG</b>	Not specified in the resolution
<b>Termination</b>	Per Resolution 304, "upon 120 days' notice, the Garland Emergency Corps will at its own expense remove the said building from City property and will restore the site to its original condition."		

<b>Dissolution</b>	Not specified in the resolution		
<b>Annual Costs Absorbed by the COG</b>			
<b>COG's Costs</b>	<b>Utilities</b> \$1,021* Avg./Year <i>*Calculation is based on the "intracity" rate. According to Customer Service, this type of organization falls under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$1,316 in 2018.</i> (Source: Customer Service)	<b>Maintenance</b> \$0 – GEC maintains (Source: Facilities Management)	<b>Landscaping</b> \$0 – GEC maintains (Source: Parks Management)
<b>Review Summary</b>			
<ol style="list-style-type: none"> <li>1. The GEC mainly provides crowd control services and periodic financial support to the GPD operations.</li> <li>2. There is no evidence of a written agreement between the COG and the GEC regarding the use of the building outside of Resolution #304.</li> <li>3. Resolution #304 states that the GEC is responsible for payment of all utility bills and other expenses. However, the COG is currently covering the costs of utilities for the GEC building.</li> <li>4. The current utility calculation (\$1,021 Avg. /Year) is based on an "intracity" rate; however, this type of organization would fall under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$1,316 in 2018.</li> <li>5. The contact name and building address for the electric usage account in the Customer Service system has not been updated.</li> <li>6. The COG has well established Fire, Police, Emergency Medical Services (EMS) and Emergency Management operations, and does not require third party assistance as much as in the past for emergency operations.</li> </ol>			

## Head Start Child Care Center 3709 W. Walnut

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

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

(Source: Agreement between the COG and Head Start of Greater Dallas, Inc.)

**Dissolution** Not specified in the contract

**Annual Absorbed Costs by the COG**

	<b>Utilities</b>	<b>Facilities</b>	<b>Landscaping</b>
<b>COG's Costs</b>	<p><b>\$11,682* Avg./Year</b>  <i>The agreement requires the Lessee to pay for all the utilities; however, the COG is absorbing the cost for electric, water and sewer.</i></p> <p><i>*Calculation is based on the "intracity" rate. According to Customer Service, this type of organization falls under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$6,039 in 2018.</i></p> <p><i>(Source: Customer Service)</i></p>	<p><b>\$ 3,021 Avg./Year</b>  <i>This does not include major repairs for HVAC replacement in 2018 (\$13,841), exterior re-paint in 2018 (\$12,526), and mold removal in 2015 (\$9,008).</i></p> <p><i>(Source: Facilities Management)</i></p> <p><i>The agreement requires the Lessor to provide major building maintenance and repairs in excess of \$500. IA's review of the Facility Work Order Report revealed work orders that were less than \$500.</i></p>	<p><b>\$ 0</b>                      The Head Start maintains</p> <p><i>(Source: Parks Management)</i></p>

**Review Summary**

1. The Head Start provides early childhood education for children ages 3 to 5 years of age for families that qualify by meeting the Federal Poverty Guidelines, or if they meet certain criteria.
2. The Head Start pays the COG for use of the facility \$3,397 per month (\$40,764 annually). Per the agreement, the amount shall increase by a prorated portion of any increase in funding received by Lessee from the US Department of Labor or other federal agency. Since inception, the amount has increased slightly by \$81. Based on review of 2016 and 2017 tax returns, the Head Start's contributions and grants have increased each year.
3. The written agreement between the COG and the Head Start expired in 2008.
4. The agreement requires the Lessee to pay for all the utilities each month; however, the COG is paying for electric, water and sewer. The current calculation (\$11,682 Avg. /Year) is based on an "intracity" rate; however, this type of organization would fall under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$6,039 in 2018.
5. The agreement requires the COG to provide major building maintenance and repairs in excess of \$500. The COG spent an average of \$3,021 per year on maintenance, not including major repairs. Also, the COG is providing building repairs for items less than \$500.
6. The current contract between the COG and the Head Start does not include standard contract clauses, such as a non-discrimination and right to audit clauses, as well as a requirement for Head Start to periodically report to the COG. Also, the contract does not specify the ownership of property such as furniture and personal property or does not specify dissolution terms.

## Hope's Door New Beginning (HDNB) - Resale Shop\*

120 Kinglsey Rd.

<p><b>Year Built:</b> 1960</p> <p><b>Building Size:</b> 7,200 sq. ft.</p> <p><b>Ownership:</b></p> <ul style="list-style-type: none"> <li>▪ Land – City of Garland (COG)</li> <li>▪ Buildings and Structures – COG</li> </ul> <p><i>(Source: Dallas County Appraisal District)</i></p>	
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Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
<ul style="list-style-type: none"> <li>• Resolution #9986 April 5, 2011</li> <li>• Contract – April 25, 2011</li> </ul>	5 Years	<ul style="list-style-type: none"> <li>• Resolution – Ronald Jones, Mayor</li> <li>• Contract – William Dollar, City Manager</li> </ul>	501c3

<b>Background</b>
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<b>Mission</b>	<p>The mission of the Hope's Door New Beginning Center is to offer intervention and prevention services to individuals and families affected by intimate partner and family violence and to provide education programs that enhance the community's capacity to respond.</p> <p><i>(Source: HNDB Website)</i></p>
<b>History</b>	<p>The Hope's Door, located in Plano, was established in 1985 as the result of a local needs assessment study commissioned by the Junior League of Plano. At that time, Collin County was the only densely populated area without a full-service shelter for victims of domestic violence.</p> <p>The New Beginning Center, located in Garland, was established in 1983 by the members of the Garland Service League and initially provided women's counseling services. The New Beginning Center emergency shelter opened in 1998, which also added a fully staffed 24-hour crisis hotline.</p> <p>Over time, both agencies were able to offer more extensive counseling services for adults, children, and adolescents, legal services, transitional housing, an education center, and a Battering Intervention and Prevention Program (BIPP). In 2016, the organizations merged to form Hope's Door New Beginning Center and continue to provide services in Dallas, Garland, Plano, and the surrounding cities in North Texas.</p> <p><i>(Source: HNDB Website)</i></p>

	Resolution #9986 authorized a lease between the COG and the New Beginning Center to lease a space from the COG to operate a non-profit resale store for donated items from the community to assist victims of family violence.
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**Review Summary**

1. During the audit, IA learned that the HDNB’s management made the decision to close the store due to decrease in sales, and the organization could no longer support the Garland location. The HDNB’s management requested to return the building back to the COG. Effective, March 29, 2019, the COG transitioned the building from the HDNB to the COG.
2. According to the COG Facilities Management, the condition of the building is in need of major repairs such as HVAC system replacement, roof replacement, foundation repairs, and potential upgrades to meet the Americans with Disabilities Act compliance standards.

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

## Landmark Society 393 Sixth Street

**Year Built:** 1901

**Building Size:** Approx. 2,160 sq. ft.

**Ownership:**

- Land – City of Garland (COG)
- Buildings and Structures (premises) – COG
- Exhibit and Display Materials – Landmark Society (Society)
- Other such as equipment, fixtures and personal property associated with the premises – COG

*(Source: Dallas County Appraisal District, the contract between COG and the Landmark Society, and COG Facilities Management)*



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

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

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

transferred to the City of Garland, Texas, or to the City's designate as a successor organization."

**Annual Costs Absorbed by the COG**

<b>COG's Costs</b>	<b>Utilities</b> \$7,154* Avg./Year  <i>*Calculation is based on the "intracity" rate. According to Customer Service, this type of organization falls under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$5,251 in 2018. (Source: Customer Service)</i>	<b>Maintenance</b> \$1,698 Avg./Year <i>(Source: Facilities Management)</i>	<b>Landscaping</b> \$2,697 Avg./Year <i>(Source: Parks Management)</i>	<b>Information Technology (IT)</b> \$ 1,081 Avg./Year to replace hardware only. <i>(Source: IT)</i>	<b>Other</b> \$102K Annually  <i>Includes one full time* and one part time employee, and funding for the Heritage celebration (\$10K). (Source: Budget)</i>  <i>*According to the Heritage Crossing Coord., approx. 50% of his/her time is dedicated to the Society, and the remaining is spent on COG priorities.</i>
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**Review Summary**

1. The Society preserves historical information and upon requests, communicates historical elements to departments such as the City Secretary Office, the Engineering Department, and the Office of Strategic Initiatives.
2. The Society is open to the public on Saturdays from 10 AM – 2PM, and by appointment on weekdays to host groups and school field trips. The Society, in conjunction with the COG, entertained two group visits in 2017 and seven in 2018.
3. The Society provides assistance during events such as the Garland Heritage Celebration and Christmas on the Square.
4. The COG is currently meeting its obligations as outlined in the contract by providing utilities, landscaping, maintenance and assistance with special events such as the Garland Heritage Celebration.
5. IA was precluded from inspecting the Society's obligations as it pertains to inventory and revenue, due to:
  - The Society only providing limited information (i.e., the total number of items in the collection) regarding the inventory of historical items.
  - The Society only providing 'Financial Summary' forms, and not the accounting records. The 'Financial Summary' forms provided were the same as the ones presented to the Garland Cultural Arts Commission for grant purposes, and do not contain the level of detail and supporting documentation needed to assess revenue sources.
6. The Society does not maintain liability insurance for rental activities as required in the contract.
7. The current contract between the COG and the Society does not include standard contract clauses, such as right to audit clause, and a requirement for the Society to periodically report to the COG and maintain general liability insurance.
8. The COG spends approximately \$115K per year for maintenance, utilities, salaries and benefits in order to maintain and operate the premises.

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

## Loving Garden Green Naaman School Rd and Brand Rd.

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

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

	<ul style="list-style-type: none"> <li>- Improvements are not removed as required (under Section 7 - Terms and Conditions); or interfere with the City’s rights in Real Property; or constitute a danger to the public.</li> <li>- The Licensee fails to comply with terms and conditions of the License Agreement.</li> <li>- After 30 calendar days prior written notice to Licensee, the City requires that the License Agreement be terminated without cause.</li> <li>• Termination by Abandonment – If Licensee abandons or fails to maintain the Licensed Property, and the CGM receives no substantive response within 30 calendar days following written notification to Licensee, then the City may remove all Improvements at the Licensee’s expense. All improvements not removed are deemed property of the City.</li> </ul> <p><i>(Source: Community Garden License Agreement)</i></p>
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<b>Dissolution</b>	Not specified in the contract
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**Annual Absorbed Costs by the COG**

<b>COG’s Costs</b>	<b>Utilities</b> \$0 LGG pays <i>(Source: Customer Service)</i>	<b>Maintenance</b> \$0 LGG maintains <i>(Source: Facilities Management)</i>	<b>Landscaping</b> \$0 LGG maintains <i>(Source: Parks Management)</i>
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**Review Summary**

1. The LGG provides gardening educational opportunities to Garland area schools and donates produce to food banks such as the Good Samaritans of Garland.
2. The LGG does not maintain liability insurance, but requires the growers to sign a release of claims form.
3. The current contract between the COG and the LGG does not include standard contract clauses, such as right to audit, non-discrimination, and a requirement for the LGG to obtain approval from the COG to make improvements or modifications.

# Preservation Society for Spring Creek Forest

(Spring Creek)

<p><b>Land Size:</b> 157 Acres</p> <p><b>Ownership:</b></p> <ul style="list-style-type: none"> <li>▪ Land – Dallas County</li> </ul> <p><i>(Source: COG Parks and Recreation Management)</i></p>	
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Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
Contract – September 6, 1989	92 Years	Jim Spore, City Manager	Not for profit

Background	
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<b>Mission</b>	<p>The purpose for which the Preservation Society of Spring Creek Forest is to educate the public about the Spring Creek Forest Preserve in Dallas County, Texas and to foster the preservation and protection of this cultural and natural treasure as a display for scientific and educational pursuits by the public, so long as such pursuits do not infringe upon or diminish the pristine-like integrity of this gallery forest.</p> <p><i>(Source: Preservation Society for Spring Creek Forest Bylaws)</i></p>
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<b>History</b>	<p>One day in 1980, Bobby Scott (Naturalist) took a walk in the woods and discovered the past – Spring Creek Forest. The pristine bottomland forest in the floodplain of Spring Creek was a haven of towering trees and unusual wildflowers on the edge of a dynamic North Garland community. Early settlers, who cut most of the timber around streambeds a century ago, left Spring Creek untouched. Mr. Scott knew that it was unique; and when he showed it to City officials in 1982, they agreed. With the help of Dallas County and the State of Texas, Garland began its efforts to protect the relic forest of Chinquapin, Bur, and Shumard oaks. Many of these trees, 100-300 years old, soared to heights of 100 feet on trunks four feet thick.</p> <p>Visitors today continue to express awe at the forest’s natural treasures. Gary Powell (formerly with the Texas Department of Water Resources) suggested that some of the rare plants in the forest that have never been screened could prove to contain bio-chemicals for lifesaving medicines. John White of The Nature Conservatory believes, “It is very unlikely that any other forest like the</p>
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	<p>one along Spring Creek exists in the nation.” Over 650 species of plants &amp; animals have been observed.  <i>(Source: Preservation Society for Spring Creek Forest Society website)</i></p> <p>In 1988, the COG and Dallas County entered into an Open Space Use Agreement to lease the Spring Creek Forest Preserve to the COG for a period of 99 years.  <i>(Source: Open Space Use Agreement between the COG and Dallas County)</i></p>		
<b>Board and Membership</b>	<p>The Preservation Society has 32 members including three Officers.  <i>(Source: President, the Society)</i></p>		
<b>Services Provided</b>	<ul style="list-style-type: none"> <li>• Provide guided nature walk tours of the Preserve</li> <li>• Assist Boy Scout troops with scout projects</li> <li>• Host an annual event for the Lilly Trout Bloom</li> <li>• Provide speakers throughout the year on various topics such as tree identity, wilderness first aid, and aquatic invasive species</li> <li>• Maintain a butterfly garden at the Spring Creek Preserve</li> <li>• Hold “work days” to clear the trails at the Preserve</li> </ul> <p><i>(Source: Preservation Society Calendar of Events 2017 – 2018)</i></p>		
<b>Organization’s Funding Source</b>	<ul style="list-style-type: none"> <li>• Membership Dues</li> <li>• Private donations</li> </ul> <p><i>(Source: President, the Society)</i></p>		
<b>Contract Requirements</b>			
<b>Organization’s Use &amp; Key Obligations</b>	<p>The agreement provides the Preservation Society with the responsibilities for preservation, pursuit of educational opportunities, research, development, and operations and maintenance associated with Spring Creek Forest. It also requires that:</p> <ul style="list-style-type: none"> <li>• The majority of the Preservation Society’s Board of Directors shall be Garland residents.</li> <li>• The Preservation Society shall obtain a minimum bond of \$25,000 for each officer, employee or member who is approved by the Board of Directors to receive or disburse funds greater than \$5,000 per year.</li> </ul> <p><i>(Source: Spring Creek Forest Use Agreement with the COG)</i></p>		
<b>COG’s Obligations</b>	Not specified in the contract		
<b>Consideration (Profit Sharing or Rent Paid to the COG)</b>	\$10.00 upon contract execution		
<b>Insurance</b>	Yes; however, the Society does not maintain general liability.	<b>COG Approval Required for Modifications</b>	Yes
<b>Indemnification Clause</b>	Yes	<b>Audit Clause</b>	Yes
<b>Non-Discrimination Clause</b>	Yes	<b>Reporting Frequency to the COG</b>	Yes (Upon Request)

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

## Opportunities for Improvements

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

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

## Recommendations

IA recommends the COG should:

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

**City Manager’s Response:**

Concur

**Action Plan:**

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

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

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

**Implementation Date:**

May 2020

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

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

