

MUNICIPALITY OF NORRISTON
A HOME RULE MUNICIPALITY
MONTGOMERY COUNTY, PENNSYLVANIA

ORDINANCE NO. 20-02

AN ORDINANCE OF THE MUNICIPALITY OF NORRISTOWN, MONTGOMERY COUNTY, PENNSYLVANIA, AMENDING SECTIONS 4-23 THROUGH 4-40 OF THE ADMINISTRATIVE CODE (ARTICLE VI "FISCAL AFFAIRS") OF THE NORRISTOWN MUNICIPAL CODE OF ORDINANCES TO PERMIT *INTER ALIA* INCREASED BIDDING THRESHOLDS AS PERMITTED BY PENNSYLVANIA LAW; ADOPTION OF FINANCIAL POLICIES BY RESOLUTION; CLARIFICATION OF CERTAIN ADMINISTRATIVE FINANCE FUNCTIONS; PROVIDING A SEVERABILITY CLAUSE; REPEALING ALL INCONSISTANT ORDINANCES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Municipality of Norristown is a Home Rule Municipality organized and operating in accordance with the Charter of the Municipality of Norristown as permitted by the Home Rule Charter and Optional Plans Law, 53 Pa. C.S. 2901 *et seq.*;

WHEREAS, in accordance with the Charter and Pennsylvania law, the Municipal Council has the authority to enact and amend at any time it deems proper the provisions of the Municipality's General Laws including its Administrative Code; and

WHEREAS, after review of its General Laws, particularly its existing fiscal affairs provisions, the Municipal Director of Finance has recommended revisions and changes to the existing law to be consistent with existing best practices and the Municipal Charter;

NOW, THEREFORE, be it **ORDAINED** that Norristown Municipal Council amends its General Laws as follows:

SECTION I. Chapter 4 titled "Administrative Code," Article VI titled "Fiscal Affairs," Sections 4-23 through 4-40 are hereby amended to state as follows:

§4-23. Preparation and presentation of budgets.

A. The municipal budgets shall be prepared at the direction of the Municipal Administrator with the assistance of the Director of Finance in accordance with the Home Rule Charter.

B. The Municipal Administrator shall present and the Council shall adopt a balanced operating plan and budget and a capital plan and budget which shall reflect policies and objectives established by the Council. It shall encompass all municipal funds and activities and specify a total of expenditures not to exceed estimated revenues from all sources to be received in the course of normal governmental activity. Available surplus from prior years may be included with estimated revenues.

§4-24. Content of budgets.

A. The financial planning and municipal budgets shall be in form and detail as the Council shall direct and at a minimum shall contain the following:

(1) An operating plan of revenue and expenditures for the next five years, which shall contain, at a minimum, the amounts to be apportioned for each activity, stated as personal services, contractual services, material, supplies, equipment and such additional classes as the Council may prescribe. The first year of the plan shall be in detail and shall constitute the operating budget. The next years of the plan shall be advisory for the purpose of long-range planning and may be stated in general categories only. Any proposed transfer between funds must comply with Section 710(A) of the Home Rule Charter. All appropriations for the operating budget shall lapse at the end of the fiscal year.

(2) A capital plan for the next five or more fiscal years, which shall contain, as a minimum, all proposed capital improvements, identified by project, the year of acquisition or construction, proposed funding and the impact upon the operating expenses, debt structure and borrowing limitations of the borough. The first year of the plan shall be in detail and shall constitute the capital budget. The remaining years of the plan, except when capital expenditures are approved, shall be advisory for the purpose of long-range planning and may be stated in general categories only. The capital budget may be financed from appropriations of current revenues or moneys borrowed as authorized by the Home Rule Charter or general law. All appropriations for the capital budget shall lapse at the end of the fiscal year, but sufficient amounts to complete projects in progress may be appropriated for the following year.

B. The financial plans and budgets required herein shall include an explanation in terms of programs, projects and services to be provided and the funding thereof.

C. The budgets shall be presented and published in a simplified, plain-language format, identified and labeled so as to be clear and understandable.

§4-25. Submission of budgets.

A. The Municipal Administrator shall present to the Council at a regular Council meeting, duly advertised, the proposed plans and budgets and an accompanying budget message not later than 75 days prior to the end of the fiscal year.

B. The Municipal Administrator's budget message shall explain the programs to be undertaken and their financial implications. It shall describe the important features of the budgets; indicate any major changes from the current year in financial policies, expenditures and revenues, together with the reasons for such changes; summarize the

municipality's financial position; include the tax levies necessary to produce anticipated revenues; and include such other material as the Municipal Administrator deems desirable.

§4-26. Budget review.

A. The Council shall review the proposed financial plans and municipal budgets with the Municipal Administrator and others as it may deem appropriate.

B. The budgets, as submitted and adopted, must be balanced. The Council may reduce or increase any item or items in the Municipal administrator's budgets by a vote of a majority of the Council.

§4-27. Adoption of budgets.

A. Advertising and public hearings. After the Municipal Administrator's budget message is given to the Council and after the completion of changes directed by the Council, if any, the Council shall cause the final approved budgets to be published in one or more newspapers of general circulation within the borough, including the following:

- (1) A summary of the proposed budgets.
- (2) The times and places where copies of the proposed budgets shall be available for inspection.
- (3) Notice of a public meeting, with the date, time and place specified, at which said budgets will be considered by the Council. At such public meeting, the public shall be afforded the opportunity to comment.

B. Adoption.

- (1) Final action shall not be taken on the proposed budgets until after a minimum of seven days' public notice.
- (2) Final adoption of the budgets shall be completed by the Council by the 30th day prior to the end of the fiscal year in which such budgets shall apply.
- (3) The budgets, as adopted, shall be balanced and shall become effective on the first day of the ensuing fiscal year.
- (4) Any ordinance pertaining to taxes pursuant to the budgets shall be adopted prior to the adoption of the budgets.

§4-28. Budget amendments.

A. The Council may amend the operating and capital budgets by:

(1) Making supplemental appropriations when the Municipal Administrator or Council state the reasons for doing so and the Municipal Administrator certifies that funds in excess of those previously estimated are available for such appropriation.

(2) Reducing appropriations when the Municipal Administrator or Council have reason to believe revenues will be insufficient to meet the amounts previously appropriated.

(3) Making emergency appropriations and providing for the funding thereof in accordance with the Home Rule Charter.

B. The Municipal Administrator may transfer funds within departments and shall promptly report such transfers to Council.

§4-29. Classification of accounts.

The Council shall establish a classification of accounts or funds to be used in all financial plans, budgets and reports, consistent with all applicable laws and sound financial administration.

§4-30. Budget formats.

A. The operating budgets, preliminary and formal, shall be prepared as described in §4-24 of this Administrative Code.

B. The capital program and capital budgets shall be stated by project.

§4-31. Annual financial statements.

A. The Department of Finance shall prepare the annual financial statements within 90 days following the end of the fiscal year and the audited financial statements shall be provided by the Municipal-approved auditor within 180 days of the end of the fiscal year. Such statements shall be prepared in accordance and consistent with the classification of accounts established by Council pursuant to §4-29 of this Administrative Code.

B. Financial reporting required under the Home Rule Charter and general law, including but not limited to financial reports to the Pennsylvania Department of

Community and Economic Development, shall be prepared and filed in accordance with the applicable provisions of such laws.

§4-32. Recording financial transactions.

A. To meet the financial requirements as defined in this article, the statutory financial reporting requirements of the Commonwealth of Pennsylvania and the monthly end financial reporting requirements of the municipality, accounting transactions will be recorded and financial statements shall be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB).

B. It shall be the responsibility of the Director of Finance to prepare and maintain the records of account.

C. The Director of Finance shall be responsible for preparing internal financial statements in a form prescribed by the Council and in accordance with good financial reporting practices and this Administrative Code.

§4-33. Investments.

The Director of Finance, together with the Municipal Administrator, shall have the authority to invest, redeem and reinvest funds available but not immediately required for municipal operations, within the limits of programs approved by the Council. Such investment shall be limited to authorized investments for municipal funds as set forth in the applicable provisions of general law. It shall be the responsibility of the Director of Finance, together with the Municipal Administrator, to maximize investment revenues consistent with applicable laws and minimum investment risks.

§4-34. Disbursements.

A. No payment of any funds shall be made unless budgeted and appropriated by the Council.

B. All checks, drafts or other orders of payment, except checks drawn upon the payroll fund, shall bear the signatures of the Municipal Administrator and the Director of Finance or his/her designee. A facsimile signature may be used for the Municipal Administrator with his/her written approval. A facsimile signature may not be used by the Director of Finance.

C. All checks, drafts or other orders of payment against the payroll fund shall bear the signature of the Municipal Administrator and the Director of Finance or their designees.

§4-35. Contracts.

The Municipal Administrator, where funds are available, shall have the power to make contracts for purchases pursuant to the thresholds in this article and employment of personnel and make expenditures pursuant to the authorization for such expenditures in the current fiscal budget and this Administrative Code. No obligation shall be made or incurred until such time as the Director of Finance shall certify to the Municipal Administrator that sufficient unencumbered funds are available for expenditures as authorized by the budget.

A. Contracts in excess of \$21,000.

- (1) Except as hereinafter mentioned, all contracts for purchases and/or expenditures in excess of \$21,000 shall be made to the lowest responsible bidder after due advertising. All such bids shall be advertised in one newspaper of general circulation in the Municipality at least two times, at intervals of not less than three days. The first advertisement shall be published no more than 45 days and the second advertisement not less than 10 days prior to the date fixed for the opening of bids. Advertisements for contracts or purchases shall also be posted in a conspicuous place within the Municipality. Advertisements for contracts or purchases shall contain the date, time and location for opening of bids and shall state the amount of the performance bond required to be posted with the Municipality.
- (2) All bids shall be opened at a time and place as the Municipal Administrator may designate. Such bid opening shall be open to the public and shall be attended by at least two of the following named Municipal officials: the Municipal Administrator, the Director of Finance, or a Municipal department head or their designees. If for some reason the bids are not opened at the scheduled meeting, the time, date and place for the subsequent opening of bids shall be announced at the time of the originally scheduled bid opening.
- (3) If the bid prices received are within the budget authorization, the Municipal Administrator, may recommend Council award the contract to the lowest responsible bidder or, in his/her sole discretion, may reject all bids. In making a recommendation to Council to award contracts, the Municipal Administrator may take into consideration such factors as availability, cost and quality of the product/service. If the bid prices are in excess of the amounts authorized by the Council in the budget, the contract shall not be awarded, and the Municipal Administrator shall seek the advice of the Council on how to proceed with the bid.
- (4) A bid performance bond or certified check guaranteeing performance, in the amount of 10% of the bid, must be submitted with all bids for contracts. The successful bidder shall be required to furnish a bid performance bond with suitable security in the amount of 50% of the contract to guarantee the work to be done on

the contract The successful bidder shall be required to post such other bonds, security, proof of financial responsibility or other guarantees as the Municipal Administrator deems appropriate to the performance of the contract. In exceptional circumstances, the Municipal Administrator, for good cause shown, may waive the bid bond or performance bond required set forth in this section.

(5) Contracts not requiring advertising or bidding.

(a) Contracts involving expenditures of over \$21,000 which shall not require advertising or bidding are as follows:

[1] Contracts for labor or services rendered by any person in his/her capacity as an officer or employee of the Municipality.

[2] Contracts relating to the acquisition of real property.

[3] Contracts for professional or unique services or supplies.

[4] Contracts for particular types, models or pieces of equipment which are patented or copyrighted products which the Municipal Administrator, with the consent of Council, deem necessary.

[5] Contracts for emergency repair of public works of the Municipality.

[6] Contracts with other government entities, authorities, agencies, or political subdivisions.

[7] Contracts for purchase/materials and other expenditures where prices and/or bids are obtained through state-approved agencies and procedures.

(b) In making contracts of the above nature, the Municipal Administrator shall use due diligence and proper management effort to obtain the necessary product/service for a reasonable price.

(6) All contracts in excess of \$21,000 shall be in writing and shall be awarded by the Municipal Council, and the contract document shall be executed by Municipal Administrator.

(7) All contract change orders exceeding fifteen (15) percent of the contract price must be approved by the Municipal Council and executed by the Municipal Administrator. No person shall use multiple change orders to evade change order limitations.

B. Contract equal to or less than \$21,000 the Municipal Administrator or his or her designee shall request written or telephone price quotations from at least three qualified and responsible contractors for all contracts that exceed \$11,300, but are not more \$21,000. In lieu of price quotations, a memorandum shall be kept on file showing that fewer than three qualified contractors exist in the market area within which it is practicable to obtain quotations. A written record of telephone price quotations shall be made and shall contain at least the date of the quotation, the name of the contractor and the contractor's representative, the construction, reconstruction, repair, maintenance or work which is subject to quotation and the price. Written price quotations, written records of telephonic price quotations and memoranda shall be retained by the Municipality for a period of three years. The Municipal Administrator shall establish a purchasing policy and procedures which provides for rules and regulations for the acquisition of goods, services and other contracts required by all departments of the Municipality.

C. Interest in contracts. Except as provided in the Home Rule Charter and herein, no Municipal official or employee shall be interested, directly or indirectly, in any purchase of contract made by the Municipality relating to the business of the Municipality.

D. No person, consultant, firm or corporation contracting with the Municipality for the purposes of rendering personal or professional services entering into contracts with the Municipality or involved in any financial transaction with the Municipality shall share with any Municipal official or employee any portion of the compensation or fees paid by the Municipality pursuant with any Municipal contract with the person, consultant, firm or corporation contracting with the Municipality.

E. Public capital improvement contracts. All contracts for construction of public capital improvements shall first be authorized by the Municipal Council by ordinance.

F. This section shall be deemed automatically amended at any time that the Commonwealth of Pennsylvania bidding requirements are amended under Act of Nov. 3, 2011 P.L. 367, No. 90, after the effective date of this section, and the contract thresholds set forth in the Pa. Department of Labor and Industry Bulletin shall be deemed the amounts controlling the enforcement of this section.

§4-36. Sale of municipal property.

A. The sale of real estate owned by the municipality shall be in compliance with the applicable provisions of general law.

B. The sale of property owned by the municipality shall be as provided in 53 P.S. § 46201(4), except that this procedure will only apply to property with a value in excess of \$2,000.

C. The Municipal Administrator shall have the authority to dispose of surplus personal property owned by the municipality with a value of less than \$2,000, in the manner most beneficial to the municipality with the prior approval of the Council.

§4-37. Account auditing.

The accounts of the municipality shall be audited annually by an independent auditor who shall be a certified public accountant registered in Pennsylvania or a firm of certified public accountants so registered. The independent auditor shall be appointed annually by resolution in accordance with Section 716 of the Home Rule Charter. Said auditor shall make an independent examination of all the accounts and related accounting records of the municipality for the fiscal year then closing. Such independent auditor shall have and possess all the powers and perform all the duties provided under the provisions of general law. The compensation of such appointed independent auditor shall be fixed by the Council in the budget.

§4-38. Bonding of employees.

A. The following officials and employees shall deliver a fidelity bond or bonds to the municipality with a surety or sureties approved by the Council, conditioned upon the faithful performance of their official duties and in such amounts as specified:

(1) The Director of Finance shall be bonded in an amount which is in conformity with the fidelity bond requirements for a Director of Finance under the applicable provisions of general law.

(2) All municipal employees shall be covered by a public employees' blanket bond.

B. All such bonds shall be approved by the Municipal Solicitor as to form and sufficiency. The municipality shall pay the costs of all such bonds.

§4-39. Financial policies.

To the extent that they are not inconsistent with the applicable provisions of the Home Rule Charter, this Administrative Code or general law, Council may, from time to time, adopt or amend by resolution financial policies which shall be followed in the administration of the fiscal affairs of the municipality.

§4-40. Fiscal Year.

A. The fiscal year of the Municipality of Norristown for the purposes of budgeting and taxation shall be from January 1 to December 31.

B. The first full fiscal year established by this provision shall begin January 1, 1991.

SECTION II: SEVERABILITY

In the event that any section, sentence, clause, or word of this Ordinance shall be declared illegal, invalid or unconstitutional by any Court of competent jurisdiction, such declaration shall not prevent, preclude or otherwise foreclose the validity of the remaining portions of this Ordinance.

SECTION III: REPEALER

All ordinances or resolutions or parts thereof inconsistent herewith or in conflict with any of the specific terms enacted hereby, to the extent of said inconsistencies or conflicts, are hereby specially repealed.

SECTION IV: EFFECTIVE DATE

This Ordinance shall take effect and be in force from and after its approval as required by the law.

ENACTED and ORDAINED this 18th day of February, 2020.

Norristown Municipal Council

By: Derrick D. Perry
Derrick D. Perry, President

Attest:

By: Crandall O. Jones
Crandall O. Jones, Municipal Administrator