

Employee Compensation and Benefits

Employee Compensation

Employees are compensated based on job classification, which is a group of positions sufficiently similar with respect to their duties and responsibilities that: (a) the same descriptive title may be used to designate the positions allocated to the class; (b) the scope and level of duties and responsibilities are similar; (c) the same qualifications and tests of fitness may be required of all incumbents; and (d) the same salary rate or range can apply with equity under substantially the same working conditions. Salaries and wages are paid over twenty-four periods each fiscal year.

Compensation packages include the following benefits: medical plan, dental plan, vision plan, cafeteria plan, life insurance, disability insurance, flexible benefits plan, employee assistance program, and professional development.

Employees are represented by the following bargaining units: Service Employees International Union (SEIU) Local 1021; International Federation of Professional and Technical Employees (IFPTE) Local 21; Richmond Police Officers Association (RPOA); Richmond Police Management Association (RPMA); International Association of Fire Fighters (IAFF) – Local 188; and Richmond Fire Management Association (RFMA). Memorandums of Understanding (MOUs) between the City of Richmond and bargaining units explain employee compensation as stipulated. They are available on the City's website at: <http://www.ci.richmond.ca.us/60/Human-Resources>.

Pension Plans

The City contributes to the California Public Employees' Retirement System ("PERS") as well as three separate City-administered, single-employer, defined-benefit pension plans – the General Pension Plan, the Police and Firemen's Pension Plan and the Garfield Pension Plan.

California Public Employees' Retirement System

The City contributes to PERS, an agent, multiple-employer, public employee, defined benefit, pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report can be found on the CalPERS website.

Employee Compensation and Benefits

Funding Policy. Miscellaneous Plan participants are required to contribute 8% of their annual covered salary, while Safety Plan participants are required to contribute 12% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City as employer is required to contribute actuarially determined rates each fiscal year for police, fire, and miscellaneous employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

Other City Pension Plans

General Pension Plan. The General Pension Plan funds retirement and other benefits payable to 17 retirees who are not covered by PERS. The General Pension Plan is closed to new membership, and all of its current members are retired. Benefits are funded from the assets of the General Pension Plan and from related investment earnings. The City is required under its charter to contribute the remaining amounts necessary to fund the General Pension Plan using the Entry Age Normal Cost actuarial cost method as specified by ordinance.

Police and Firemen's Pension Plan. The Police and Firemen's Pension Plan is a defined benefit pension plan covering 44 police and fire personnel employed by the City prior to October 1964. The Police and Firemen's Pension Plan is closed to new membership, and all of its current members are retired. Funding for the Police and Firemen's Pension Plan is provided from the Secured Pension Override Special Revenue Fund. Employees eligible under the Police and Firemen's Pension Plan were vested after five years of service, and members were allowed normal retirement benefits after 25 or more continuous years of service. The City is required under its charter to contribute the remaining amounts necessary to fund the Police and Firemen's Pension Plan using the Entry Age Normal Cost actuarial cost method as specified by ordinance.

Garfield Pension Plan. The City maintains the Garfield Pension Plan to fund defined retirement and other benefits due to a retired Chief of Police of the City, pursuant to a contractual agreement. Retirement and other benefits are paid from the assets of the Garfield Pension Plan and from related investment earnings.

Postretirement Health Care Benefits

In addition to the retirement and pension benefits described above, the City provides postretirement health care benefits ("OPEB Obligations"), in accordance with City ordinances, to all employees who retire from the City on or after attaining retirement age (50 for police and fire employees, and 55 for all other employees) and who have at least ten years of service. In order to qualify for postemployment medical and dental benefits and employee must retire from the City and maintain enrollment in one of the City's eligible health plans. The City pays a portion of the CalPERS premiums for retirees and their dependents that vary by employment classification.

Employee Compensation and Benefits

Workers' Compensation

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees, natural disasters, and inverse condemnation. The City began self-insuring its workers' compensation in 1976. The City has chosen to establish risk financing internal service funds where assets are accumulated for claim settlements associated with the above risks of loss up to certain limits. Excess coverage for the above-mentioned risk categories excluding wrongful termination, sexual harassment, and inverse condemnation is provided by policies with various commercial insurance carriers. In April 2009 the City joined California State Association of Counties Excess Insurance Authority (CSAC EIA) for workers' compensation insurance. Self-insurance and insurance company limits for workers' compensation are as follows:

	Self- Insurance / Deductible	Coverage Limit	Insurance Carrier
Excess Workers' Compensation	\$750,000 per claim	Statutory limit	Various

Financial Policies

Reserve Policy of the City of Richmond

Reserve Policy of the City of Richmond Established by the Finance Department Fiscal Year 2015-16

Policy Guidelines

Municipal governments provide a wide range of services that have an impact on public safety and quality of life for community members. Prudent use of resources helps determine how effectively these services are provided on an ongoing basis. In addition to managing revenues and expenditures, it is also the municipal finance official's responsibility to focus on the General Fund balance and cash reserves.

The City shall maintain year end contingency reserve balances in the General Fund, including PERS savings reserves but excluding departmental carryover, of minimum 7 % of the next year's budgeted General Fund expenditures. This is the minimum needed to maintain the City's creditworthiness and to adequately provide for economic and legislative uncertainties, cash flow needs and contingencies. City Council approval is required before any withdrawals from the reserve fund. The Council shall have the discretion to use the reserve for one time emergencies only and not to be used for ongoing expenses. As the City experiences net revenue gains in future years, the reserve balance must grow back to 7% of total expenditures, following the stabilization policy, in order to allow the City to build up its capacity to handle future short term economic downturns or emergencies without cutting services.

A policy based upon a percentage assures that the reserve will remain a prudent cushion as the City's budgets grow over time.

Pension Stabilization Fund

As covenanted by the City, the Trustee for the 2005 pension obligation bonds has established a special fund called the "Pension Stabilization Fund". On or before June 30 of each fiscal year, commencing in Fiscal Year 2005-06, the City shall deposit into the Pension Stabilization Fund the amounts as set forth in the Indenture of the 2005 Pension Obligation Bonds which represent the amount by which the total amount of principal and interest on the Series 2005 Bonds for such fiscal year is less than the amount which would have been paid with respect to PERS Obligation had the Series 2005 Bonds not been issued. The Pension Stabilization Fund is funded from the savings achieved from issuing the 2005 Pension Funding Bonds. As described in the Trust Indenture of the 2005 Pension Obligation Bonds, these funds can be used for the following purposes:

- Pay Principal, Accreted Value of or Interest on 2005 Pension Obligation Bonds
- Transfer to City for payment of
 - Pension costs of the City's CalPERS pension programs
 - Capital project costs
 - Retiree health care costs

Financial Policies



CITY OF RICHMOND INVESTMENT POLICY FY16-17

I. Mission Statement

It is the policy of the City of Richmond (City) to invest public funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

II. Policy

The investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually by the Council and any modification made thereto must be approved by the City Council.

III. Delegation of Authority

Management responsibility for the investment program is hereby delegated to the Director of Finance who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, and their procedures in the absence of the Director of Finance.

IV. Scope

This Statement addresses the investment policy for the City's pooled funds. The pooled funds include the General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal service, Trust & Agency, Redevelopment and any other Fund authorized by the City Council which are accounted for in the City of Richmond Comprehensive Annual Financial Report (CAFR).

The investment policy for bond and note proceeds is contained in the bond documents approved by the City Council at the time of the issuance of the debt; provided, that to the extent not inconsistent with such bond documents, bond or note proceeds and in accordance with the Government Code, sections 53601(l) and 5922(d), may be invested in (i) Guaranteed Investment Contracts or other debt issuance proceeds with an investment provider rated in a category of "A" or better and with downgrade protection or (ii) Investment instruments described herein.

The investment policy for the Police and Fire Pension Fund and the General Pension Fund are contained in the City Charter.

Financial Policies



V. Objectives

The City's investment activities are designed to accurately monitor and forecast expenditures and revenues in order to:

1. Invest up to 100% of all idle funds.
2. Guarantee that funds are always available when needed.
3. Manage the portfolio in order to take advantage of changing economic conditions that can aid in increasing the total return on the City's portfolio.
4. Safety. The primary duty and responsibility of the Treasurer is to protect, preserve and maintain cash and investments placed in his/her trust on behalf of the citizens of the community. To attain this objective, the City will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.
5. Liquidity. An adequate percentage of the portfolio should be maintained in liquid short-term securities that can be converted to cash if necessary to meet disbursement requirements. Since all cost requirements cannot be anticipated, investment in securities with active secondary or resale markets is highly recommended. Emphasis should be on marketable securities with low sensitivity market risks.
6. Yield. Yield, sometimes referred to as "rate of return," is the potential dollar earnings investment can provide. Yield should become a consideration only after the basic requirements of safety and liquidity have been met with measurement of investment risk and the cash flow needs.

VI. Ethics and Guidelines

1. The City adheres to the guidance provided by the "prudent investor standard". "A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in a similar situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity."
2. All participants in the investment process shall act as custodians of public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

¹As defined in the California Debt Advisory Commission's October 1996 document: *Local Agency Investment Guidelines: Recommendations for Implementing Recent Statutory Changes to the California Government Code Sections 16429.1 and 53600 through 53684.*

Financial Policies

Debt Policy of the City of Richmond

Debt Policy of the City of Richmond Established by the Finance Department

Fiscal Year 2015-16

Scope and Application

This Debt Policy, established by and for the Finance Department, pertains to financings under the jurisdiction of the City of Richmond Finance Department, the Richmond Housing Authority, the Successor Agency to the Richmond Community Redevelopment Agency, the Richmond Joint Powers Financing Authority and the City itself. This Policy is intended to guide the Finance Department in its debt issuance in the course of its customary practices. From time to time, certain circumstances arise which could cause the Finance Department to deviate from the policies herein.

This Policy and any subsequent amendments hereto shall be on file with Finance Department, contained on the City's website, with copies delivered to the City Clerk, the City Council and the Chair of the Finance Committee of the City Council.

Mission of the Finance Department Treasury Division

Issue and manage short and long-term financings (bonds, TRANs, etc), both for capital improvement and operating needs, by balancing market and credit risk with satisfactory economic benefits and proper fiscal controls.

I. Debt Management Objectives

- Maintain cost-effective access to the capital markets through prudent policies.
- Maintain moderate debt and debt service payments with effective planning and coordination with City departments.
- Meet significant capital demands through debt financing and alternate financing mechanisms such as public/private partnerships.
- Achieve the highest possible credit ratings within the context of the City's capital needs and financing capabilities.

II. Types and Purposes of Debt

The Finance Department may utilize several types of municipal debt obligations to finance long-term capital projects. Long-term debt is only issued to finance the acquisition and/or construction of capital improvements unless otherwise decreed by court order or adjudicated settlement. Long-term debt financing shall never be used to fund operating or maintenance costs.

Assessment Bonds Proceeds from Assessment Bonds may be used to finance local public improvements, provided that said improvements benefit the parcels of land to be assessed. Local streets, street lights, landscaping, sidewalks and

Financial Policies

Debt Policy of the City of Richmond

sanitary sewers are some examples of local improvements commonly financed by assessment bonds.

General Obligation Bonds General Obligation Bonds may only be issued with two-thirds approval of a popular vote. The California State Constitution (Article XVI, Section 18) limits the use of the proceeds from GO Bonds to “the acquisition or improvement of real property.” Libraries, parks and public safety facilities are all types of facilities that could be financed with GO Bonds.

Pension Obligation Bonds Pension Obligation Bonds are issued to finance all or part of the unfunded pension liabilities of the City. Typically, these bonds are issued at a lower rate of return than was being paid to the Pension System Administrator, and in this way, provide an economic benefit to the City.

Enterprise Revenue Bonds Enterprise Revenue Bonds finance facilities for a revenue producing enterprise, and are payable from revenue sources within that enterprise. The Convention Center, KCRT Cable Television and Municipal Sewer are examples of revenue producing enterprises within the City.

Lease Revenue Bonds Lease Revenue Bonds are typically issued by the Joint Powers Financing Authority (JPFA) of the City, on behalf of the City. The site on which the project is being built is leased to the JPFA and then the capital project being financed along with the site is leased back to the City. Alternatively, a different asset is leased to the JPFA and leased back, with the proceeds of the bonds being used for some other capital improvements (this is known as an “asset transfer” financing). The lease payments from the City are subsequently collected by the JPFA and used to fund the debt service payments. Internally, costs of particular projects can be allocated to the budgets of one or more departments, but the City’s general fund is liable to pay lease payments. Some other agencies that may issue these type of bonds are the Redevelopment Agency and the Parking Authority.

Financing Leases The City may finance a capital asset by leasing it directly from the vendor or leasing company, with the lessor receiving a portion of each rental payment as tax-exempt interest.

Other JPFA Conduit Financings In addition to Lease Revenue Bonds, the JPFA can assist in financing a wide variety of projects by issuing bonds secured by loan agreements, installment sale agreements, underlying assessment or Mello-Roos obligations and similar instruments. Such instruments can also be used to pool various financing projects into one JPFA bond issue.

Mello-Roos Bonds The City may issue bonds through a Community Facilities District (CFD). These bonds must be approved by a two-thirds vote of the registered voters within the district (unless there are fewer than 12 registered voters, in which case the vote is by the landowners), and are secured by a special

Financial Policies

Debt Policy of the City of Richmond

tax on the real property within the district. The bonds may be issued to finance facilities or provide services, although the facilities do not need to be physically located within the district.

Tax Allocation Bonds Using tax increment funds as a pledge for repayment, the Redevelopment Agency may issue Tax Allocation Bonds. Careful consideration must be taken by the Redevelopment Agency when issuing these bonds, to ensure that the revenue source is not already pledged to some other encumbrance, such as HUD loans.

Refunding Obligations Pursuant to the Government Code and various other financing statutes applicable in particular situations, the City Council is authorized to provide for the issuance of bonds for the purpose of refunding any long-term obligation of the City. Absent any significant non-economic factors, a refunding should produce minimum net debt service savings (net of reserve fund earnings and other offsets) of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue's True Interest Cost (TIC) as the discount rate, unless the Finance Director determines that a lower savings percentage is acceptable for issues or maturities with short maturity dates.

Tax and Revenue Participation Notes Tax and Revenue Anticipation Notes (TRANs) are routinely issued by the City to fund cash flow deficits in a fiscal year. TRAN proceeds may be used and expended for any purpose, including operating expenses, capital expenditure, repayment of indebtedness and investment and reinvestment.

Pursuant to Treasury Regulations, TRAN proceeds may be invested at an unrestricted yield if TRANs are issued in an amount not to exceed the maximum anticipated cumulative cash flow deficit over 13 months plus the lesser of either (i) a reasonable working capital reserve or (ii) 5% of the prior fiscal year's expenditures paid out of current revenues. The policy of the Finance Department is that TRANs shall only be issued in such amount as to satisfy said Treasury Regulations.

Other Obligations There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to non-enterprise revenue bonds, bond anticipation notes, grant anticipation notes and judgment or settlement obligation bonds.

III. Debt Approval Procedures

A. Reviewed by City Council Finance Committee All long-term financing proposed transactions for capital improvements shall be reviewed by the City Council Finance Committee (CCFC). For matters related to the CCFC, "long-

Financial Policies

Debt Policy of the City of Richmond

term financing” means financing which constitutes an obligation beyond one fiscal year.

1. The City Council should not authorize the issuance of any long-term financing until the CCFC completes its review of the proposed transaction and submits its recommendation to the City Council.
2. Proposed transactions to the CCFC should be reviewed prior to submission by the Finance Director, City Manager and City Attorney.
3. Upon approval of the CCFC, the proposed transaction shall then be presented to the full City Council.
4. In the absence of a quorum of the Finance Committee, the Finance Director has the authority to present the proposed transaction to the City Council without prior review of the CCFC.

B. Approval by the City Council All long-term financing transactions shall be adopted by the City Council and approved by the City Manager (in the case of City or City agency financings) or the Executive Director of the Redevelopment Agency (in the case of Redevelopment Agency financings). The City Council shall comply with all public hearing requirements applicable to the specific type of bond being approved.

IV. Debt Limitations

There is no statutory restriction on the amount of Lease Revenue Bonds or COPs that can be outstanding at any given time. However, it is the policy of the City of Richmond that net debt service payments funded from General Fund sources shall be no greater than 10% of current General Fund revenues. Payments on bonds that are tied to a specified revenue stream other than General Fund sources (e.g. enterprise revenue bonds, tax allocation bonds and assessment bonds) are not subject to this 10% limit. Each proposed financing will be individually assessed by the Finance Department and subject to the approval policies contained herein.

The City also issues debt funded by revenues of Business-type activities, also known as Enterprise Funds. Any debt secured by revenues of an Enterprise Fund shall maintain a coverage ratio equal to 125% of net revenues of the Enterprise Fund.

V. Methods of Sale

The Finance Director shall review each transaction on a case-by-case basis to determine the most appropriate method of sale.

A. Competitive Sale In a competitive sale, bids for the purchase of the bonds are opened at a specified place and time and are awarded to the underwriter (or syndicate) whose conforming bid represents the lowest true interest cost to the City (TIC). The City may take bids in person, by facsimile, or by electronic means.

Financial Policies

Debt Policy of the City of Richmond

1. Bond sales shall be advertised as broadly as possible, including advertising in an industry newspaper. The financial advisors for each transaction shall undertake to market the bonds to prospective bidders and investors as relevant.
2. Terms of the bonds shall be amendable as late as possible and ideally until at least 1:00 p.m. Pacific Time the day prior to the day bids are to be received.
3. Bond sales shall be cancelable at any time prior to the time bids are to be received.
4. Upon award to the bidder whose conforming bid represents the lowest true interest cost, the City may restructure the bonds in accordance with the Official Notice of Sale.
 - i. The City shall reserve the unfettered right to reject all bids or waive bid irregularities.
 - ii. The Finance Director, or his designee shall award any bonds sold via competitive sale.

B. Negotiated Sale In a negotiated sale, the City chooses the initial buyer of the bonds in advance of the sale date. The initial buyer is usually an investment banking firm, or a syndicate of investment banking firms interested in reoffering the bonds to investors through an underwriting process. This type of sale allows the City to discuss different financing techniques with the underwriter in advance of the sale date, and is particularly appropriate for complex bond structures, difficult credit situations (such as non-rated assessment or Mello-Roos Bonds, and refundings).

C. Private Placement Also referred to as a direct placement, private placement is a variation of a negotiated sale. Instead of retaining the services of an investment banking firm to underwrite the securities, the City will sell the bonds directly to a limited number of investors. The City may use a placement agent to assist it in identifying likely investors.

VI. Debt Structuring Practices

A. Standard Terms The following terms shall be applied to the City's transactions as appropriate. Individual terms may change as dictated by the marketplace or the unique qualities of the transaction.

1. All Bonds
 - i. Term 30 years is standard, but up to 35 years may be acceptable, depending on cash flow assumptions, construction timeline and remaining useful life of the asset being financed.
 - ii. Maximum Yield not to exceed 12% for tax-exempt financings
 - iii. Maximum Premium case by case, as recommended by Financial

Financial Policies

Debt Policy of the City of Richmond

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| iv. Maximum Discount | Advisor.
case by case, as recommended by Financial Advisor. |
| v. Payment Dates - Fixed | After considering cash flow needs, the Finance Director will determine the occurrence of all new debt service payments. |
| vi. Coupons | August and February.
fixed rate or variable |
| vii. Call Provisions | shortest possible optional call consistent with optimal pricing. |
| viii. Structure of Debt | prefer level debt service, but shall be determined on a case-by-case basis, at the discretion of the Finance Director. |
| ix. Debt Service Reserve | lesser of 10% principal amount, 125% average annual debt service, 100% maximum annual debt service or surety bond. |
| x. Capitalized Interest | sized through substantial completion plus a minimum of six months unless other assets are available to be pledged, unless otherwise limited under Federal Tax Law. Liquidated damages of construction contract must include amount of daily debt service. |
| xi. Net Funding | the project and capitalized interest funds may be net funded if investments are secured upon issuance of bonds. |
| xii. Reimbursement Resolution | Must be adopted by the City Council if the the project hard costs are advanced by the the General Fund prior to the bond sale. |
| xiii. Good Faith Deposit | determined on a case-by-case basis by the Finance Director. |
| xiv. Budgeting Debt Service | budget shall be for gross debt service. |
2. Variable Rate Bonds The City may elect to issue any bonds as variable rate bonds, which are broadly defined to mean daily, weekly, monthly, semi-annual or auction rate.
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| i. Purpose | reduction of net borrowing cost; match of assets and liabilities. |
| ii. Max Portfolio Allocation | no more than 20% of the City's outstanding debt portfolio shall be in unhedged short-term paper consistent with policies for underlying debt types. |
| iii. Term | consistent with policies for underlying |

Financial Policies

Debt Policy of the City of Richmond

	debt types
iv. Maximum Yield	not to exceed 12%
v. Monitoring	the Finance Department shall monitor all variable rate bonds on a monthly basis and shall determine, from time to time, whether to change modes and/or replace a broker/dealer or remarketing agent.
vi. Budgeting	the Finance Department will recommend that annual debt service on any variable rate bonds be budgeted at 1.5 times the rolling 3-year average of the Bond Market Association index, or another relevant index of time frame.
viii. Liquidity	a liquidity facility shall be obtained, either externally or internally, for all short-term indebtedness containing a put feature.
ix. Mode	all bonds issued as variable rate bonds shall be issued as "multi-modal" bonds.
x. Good Faith Deposit	determined on a case-by-case basis by the Finance Director.
xi. Budgeting Debt Service	budget shall be 3-year BMA rolling average times 1.5 as well as ongoing fees associated with floating rate bonds.

VII. Derivatives Policy

Derivative products and other financial instruments can be beneficial interest rate management tools that can assist the City as part of its overall debt and investment management program, but need to be monitored very closely. Derivative products may be used by the City to reduce risk exposures or reduce interest costs, but may not be used for speculative purposes. The City maintains a separate policy regarding its use of derivative products.

VIII. Permitted Investments

All investments of bond proceeds shall adhere to the City's Investment Policy, approved periodically by the City Council, as outlined in Appendix A. With the exception of guaranteed investment contracts, investments shall not allow security types or credit standards less than those of the City's Investment Policy.

1. City of Richmond Investment Policy: attached hereto in Appendix A.
2. Investment Agreements (IAs)
 - i. Purpose
 - a) maximize interest earnings, thereby reducing net borrowing cost, b) match of assets and liabilities and/or c) hedging.

Financial Policies

Debt Policy of the City of Richmond

- ii. Counterparty minimum rating of AA- from S&P or Aa3 from Moody's.
- iii. Mandatory Termination limited to credit-related events and non-payment.
- iv. Cure Provisions timelines on City's obligations to cure must provide for appropriate legislative action.
- v. City's Priority of Payment termination payments – subordinate to related debt payments.
- vi. Procurement/Award award based on best bid as defined in bid form after limited negotiation of terms.
- vii. Term not in excess of the term of the bonds.

IX. Professional Assistance

- A. Financial Advisors** The City shall utilize the services of independent financial advisor(s) on debt financing when deemed prudent by the Finance Director. The City may utilize an RFP-selected pool of such financial advisors to mitigate time constraints and reduce overhead costs of the City in procuring such services. Services shall be documented by contract and compensation shall be capped.
- B. Underwriters** In the case of a competitive sale, the City will award the bonds to the underwriting firm whose bid results in the lowest True Interest Cost. In the case of a negotiated sale, the Finance Director will determine the best method of selection, taking into consideration all factors involved in each particular sale.
- C. Bond Counsel** The Finance Department, in consultation with the City Attorney's Office, shall select bond counsel for each transaction.
- D. Broker-Dealers and Remarketing Agents** For all variable rate bonds, the Finance Director shall select broker-dealers or remarketing agents for each transaction. The City shall monitor performance on a monthly basis. The City may replace a remarketing agent or broker-dealer with notice at any time.
- E. Trustees** Selected for each transaction by RFP, unless use of current trustee is deemed practical by the Finance Director. The Trustee (or applicable holding company) shall have a combined capital and surplus of at least \$50,000,000 and be subject to supervision or examination by federal or state authority.
- F. Rebate Consultant** Selected by RFP for all bonds for a set term with 1-year extensions.
- G. Financial Printer** Selected for each issue by RFP.

Financial Policies

Debt Policy of the City of Richmond

- H. Auction Agents** Selected for each relevant issue by RFP issued by the Finance Department or its agent and subject to negotiation of terms.
- I. Liquidity Providers** Selected for each relevant issue by RFP issued by the Finance Department or its agent and subject to negotiation of terms.
- J. Investment Agreement Counterparties** Selected by bid in compliance with Federal Tax Law Requirements in accordance with relevant bond documents and the City's Investment Policy.
 - 1. In general, uncollateralized Investment Agreements shall be executed with counterparties rated at least AAA with collateral required upon downgrade below AAA.
 - 2. Repurchase Agreements or Forward Delivery Agreements shall be executed with counterparties rated at least AA (by at least one of the major rating agencies) with downgrade provisions requiring assignment or collateral should the rating fall below A- or A3 by Standard and Poor's or Moody's Investor Services respectively.
- X. Ongoing Debt Administration**
 - A. Continuing Disclosure** It is the goal of the Finance Department to be as transparent as possible.
 - 1. **Annual Report** The City will covenant to provide its annual disclosure report no later than 270 days following the end of the fiscal year. However, the City will use its best efforts to issue the Annual Report as soon as practical following the issuance of the City's annual Comprehensive Annual Financial Report (CAFR). The City use its best efforts to issue the Annual Report electronically and to post the Annual Report on its web site. The Annual Report will also be on file with the City Clerk.
 - 2. **Material Event** The City will issue a material event notice in accordance with the provisions of SEC Rule 15c2-12. Prior to the issuance of any material event, the Finance Director will convene a meeting of the Mayor, City Manager, City Attorney and policymakers or outside professionals as appropriate, to discuss the materiality of any event and the process for equal, timely and appropriate disclosure to the marketplace.
 - 3. **Post-Issuance Compliance on Build America Bonds** The City will adhere to the instructions contained in Appendix A regarding required post-issuance activities when Build America Bonds have been issued.

Upon recommendation of the Finance Director, the City may retain a firm to assist it in maintaining compliance with all continuing disclosure requirements.

Financial Policies

Debt Policy of the City of Richmond

- B. Arbitrage Rebate Compliance** The City shall calculate arbitrage annually in each year that the related construction fund (or equivalent) has had an outstanding balance. Thereafter, the City shall calculate arbitrage on the fifth anniversary of the bond issuance in accordance with IRS recommended practices.
- C. Insurance Certifications** the City (through its Risk Manager) shall provide annual insurance certification to the Trustee and Bond Insurer, if required under the legal documents for each issue.
- D. Ratings** The policy of the Finance Department is to secure underlying ratings on all newly issued obligations from at least one national rating agency.
1. **Annual Meeting** The Finance Department shall meet with each rating agency that rates City debt issues at least annually unless such meeting is declined by the respective rating agency.
 2. **Reporting** The Finance Department shall ensure prompt delivery to each of the rating agencies of the following public documents:
 - i. Annual CAFRs
 - ii. Annual proposed budgets
 3. **Other Reporting** Certificates of Substantial Completion on projects financed with long term obligations shall be delivered to the rating agencies and Bond Insurer, as relevant.
 4. **Citywide Ratings Notification** Any changes in ratings will be promptly noticed to the Mayor, the Chair of the Finance Committee, and the City Council.

Financial Policies

Debt Policy of the City of Richmond

CITY OF RICHMOND POST-ISSUANCE TAX COMPLIANCE PROCEDURES FOR TAX-EXEMPT BONDS

The purpose of these Post-Issuance Tax Compliance Procedures is to describe policies and procedures in connection with tax-exempt bonds ("Bonds") issued by the City of Richmond (the "Issuer") so as to ensure that the Issuer complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds.

General

Ultimate responsibility for all matters relating to Issuer financings and refinancings rests with the Finance Director of the Issuer (the "Administrator").

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Administrator and other appropriate Issuer personnel shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for the appropriate tax status. Those requirements and procedures shall be documented in the Issuer's resolution(s), Tax Certificate(s) and / or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The Administrator and other appropriate Issuer personnel also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with future contracts with respect to the use of Bond-financed assets.

Whenever necessary or appropriate, the Issuer shall engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

Role of the Issuer as Bond Issuer

Unless otherwise provided by Issuer resolutions, unexpended Bond proceeds shall be held by the [TRUSTEE] (the "Trustee") on behalf of the Issuer, and the investment of

Financial Policies

Debt Policy of the City of Richmond

Bond proceeds shall be managed by the Trustee. The Trustee shall prepare regular, periodic statements to the Issuer regarding the investments and transactions involving Bond proceeds which the Administrator shall maintain in the records of the Issuer.

If a Issuer resolution provides for Bond proceeds to be administered by a trustee, the trustee shall provide regular, periodic (monthly) statements regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

Unless a Tax Certificate documents that bond counsel has advised that arbitrage rebate will not be applicable to an issue of Bonds:

- the Issuer shall engage the services of a Rebate Service Provider, and the Issuer or the Bond trustee shall deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider on a prompt basis;
- upon request, the Administrator and other appropriate Issuer personnel shall provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider; and
- the Administrator and other appropriate Issuer personnel shall monitor efforts of the Rebate Service Provider and assure payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed.

The Issuer shall retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements".

Use of Bond Proceeds

The Administrator and other appropriate Issuer personnel shall:

- monitor the use of Bond proceeds and the use of Bond-financed assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds (and in some cases beyond the term of the Bonds) to ensure compliance with covenants and restrictions set forth in applicable Issuer resolutions and Tax Certificates;
- maintain records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds;
- Employ appropriate internal controls and redundancy of review to ensure all approved contracts and expenditures are consistent with the terms of the bond sale and ballot language by following the Issuer's established work flow procedures;

Financial Policies

Debt Policy of the City of Richmond

- consult with Bond Counsel and other professional expert advisers in the review of any contracts or arrangements involving use of Bond-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable Issuer resolutions and Tax Certificates;
- maintain records for any contracts or arrangements involving the use of Bond-financed facilities as might be necessary or appropriate to document compliance with all covenants and restrictions set forth in applicable Issuer resolutions and Tax Certificates; and
- meet at least annually with personnel responsible for Bond-financed assets to identify and discuss any existing or planned use of Bond-financed assets to ensure that those uses are consistent with all covenants and restrictions set forth in applicable Issuer resolutions and Tax Certificates.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirements

Unless otherwise specified in applicable Issuer resolutions or Tax Certificates, the Issuer shall maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the Issuer at or in connection with closing of the issue of Bonds;
- a copy of all material documents relating to capital expenditures financed by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds;
- Copies of transmittals of all approved contracts and payments showing the chain of review for compliance;
- a copy of all contracts and arrangements involving use of Bond-financed assets for other than public school purposes; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.

Financial Policies

Debt Policy of the City of Richmond

City of Richmond Post-Issuance Tax Compliance Procedures For Tax-Exempt and Build America Bonds

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt bonds and “Build America Bonds” (“Bonds”) issued by the City of Richmond, the Richmond Joint Powers Authority, the Richmond Community Redevelopment Agency, and RHA Properties (together, the “City”) so as to ensure that the City complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt or build America bond status of the Bonds.

General

Ultimate responsibility for all matters relating to City financings and refinancings [other than Tax and Revenue Anticipation Notes (“TRANs”)] rests with the Finance Director/Treasurer.

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Finance Director and other appropriate City personnel shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for the appropriate tax status. Those requirements and procedures shall be documented in a City resolution(s), Tax Certificate(s) and / or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The Finance Director and other appropriate City personnel also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with future contracts with respect to the use of Bond-financed assets and future contracts with respect to the use of output or throughput of Bond-financed assets.

Financial Policies

Debt Policy of the City of Richmond

Whenever necessary or appropriate, the City shall engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

Role of the City as Bond Issuer

Unless otherwise provided by City resolutions, unexpended Bond proceeds shall be held by the Trustee, and the investment of Bond proceeds shall be managed by the Finance Director. The Trustee shall maintain records and shall prepare regular, periodic statements to the City regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

Unless a Tax Certificate documents that bond counsel has advised that arbitrage rebate will not be applicable to an issue of Bonds:

- the City shall engage the services of a Rebate Service Provider, and the City or the Bond trustee shall deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider on a prompt basis;
- upon request, the Finance Director and other appropriate City personnel shall provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- the Finance Director and other appropriate City personnel shall monitor efforts of the Rebate Service Provider and assure payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed; and
- during the construction period of each capital project financed in whole or in part by Bonds, the Finance Director and other appropriate City personnel shall monitor the investment and expenditure of Bond proceeds and shall consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds.

The City shall retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements".

Use of Bond Proceeds

The Finance Director and other appropriate City personnel shall:

- monitor the use of Bond proceeds, the use of Bond-financed assets (e.g., facilities, furnishings or equipment) and the use of output or throughput of Bond-financed assets

Financial Policies

Debt Policy of the City of Richmond

throughout the term of the Bonds (and in some cases beyond the term of the Bonds) to ensure compliance with covenants and restrictions set forth in applicable County resolutions and Tax Certificates;

- maintain records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds;
- consult with Bond Counsel and other professional expert advisers in the review of any contracts or arrangements involving use of Bond-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable City resolutions and Tax Certificates;
- maintain records for any contracts or arrangements involving the use of Bond-financed facilities as might be necessary or appropriate to document compliance with all covenants and restrictions set forth in applicable City resolutions and Tax Certificates;
- meet at least annually with personnel responsible for Bond-financed assets to identify and discuss any existing or planned use of Bond-financed, assets or output or throughput of Bond-financed assets, to ensure that those uses are consistent with all covenants and restrictions set forth in applicable City resolutions and Tax Certificates.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirements

Unless otherwise specified in applicable City resolutions or Tax Certificates, the City shall maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the City at or in connection with closing of the issue of Bonds;
- a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds;
- a copy of all contracts and arrangements involving private use of Bond-financed assets or for the private use of output or throughput of Bond-financed assets; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.

Financial Policies

Swap Policy of the City of Richmond

Interest Rate Swap Policy of the City of Richmond Established by the Finance Department

Fiscal Year 2015-16

Scope and Authority

This Interest Rate Swap Policy (the Policy), established by and for the Finance Department, is designed to provide procedural direction to the City of Richmond Finance Department, the Richmond Housing Authority, the Richmond Community Redevelopment Agency, the Richmond Joint Powers Finance Authority and the City itself regarding the utilization, execution, and management of interest rate swaps and related instruments (collectively, "interest rate swaps"). While adherence to this Policy is required in applicable circumstances, it is recognized that changes in the capital markets, agency programs, and other unforeseen circumstances may from time to time produce situations that are not covered by this Policy, and will require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate. Periodically, but at least annually, the City will review the Policy and shall make modifications as appropriate due to changes in the business environments or market conditions.

The City of Richmond is authorized under California Government Code Section 5922 to enter into interest rate swaps to reduce the amount and duration of rate, spread, or similar risk when used in combination with the issuance of bonds.

This Policy and any subsequent amendments hereto shall be on file with Finance Department, contained on the City's website, with copies delivered to the City Clerk, the City Council and the Chair of the Finance Committee of the City Council.

Mission of the Finance Department Treasury Division

Issue and manage short and long-term financings (bonds, TRANs, etc), both for capital improvement and operating needs, by balancing market and credit risk with satisfactory economic benefits and proper fiscal controls.

I. Interest Rate Swap Objectives

- Reduce or manage exposure to changes in interest rates on a particular financial transaction or in the context of the management of interest rate risk derived from the City's overall asset/liability balance consistent with prudent debt and risk guidelines.
- Result in a lower net cost of borrowing with respect to the City's debt or achieve a higher net rate of return on investments made in connection with, or incidental to the issuance, or carrying of the City's debt obligations or other City investments.
- Manage variable interest rate exposure consistent with prudent debt practices.

Page 1 of 8

FY2016-17 Budget

Financial Policies

Swap Policy of the City of Richmond

- Enhance investment returns within prudent risk guidelines.
- Manage exposure to changing market conditions in advance of anticipated bond issues (through the use of anticipatory hedging instruments).
- Achieve more flexibility in meeting overall financial objectives than can be achieved in conventional markets.

II. Permitted Instruments

The City may utilize the following financial products on a current, or forward basis, after identifying the objectives to be realized and assessing the attendant risks.

- Interest rate swaps, including (i) pay fixed/receive floating swaps (fixed rate swaps), (ii) receive floating/pay fixed swaps (floating rate swaps) and (iii) pay floating/receive floating swaps (basis swaps). Swaps may include option features, such as for the extension, cancellation, or index conversion of the swap.
- Interest rate caps, floors, and collars.
- Stand-alone options to enter into swaps (swaptions) on a particular date, series of dates, or during a particular period of time in the future.

III. Conditions for the Use of Interest Rate Swaps

Each Agreement and Transaction will be entered into not for purpose of speculation, but solely in connection with the financing activities of the City.

- A. General Usage** Interest rate swaps may be used to lock-in a fixed rate or, alternatively, to create additional variable rate exposure. Interest rate swaps may be used to produce interest rate savings, limit or hedge variable rate payments, alter the pattern of debt service payments, or for asset/liability matching purposes.
- B. Liquidity Considerations** The impact on the cost and availability of letters of credit and liquidity support for both new and existing variable rate programs shall be considered when evaluating the issuance of new variable rate bonds which are to be swapped to a fixed rate liquidity support. Due to the limited supply of letter of credit or liquidity facility support in connection with variable rate bonds, higher overall costs may result.
- C. Call Option Value Considerations** When considering the relative advantage of a fixed rate swap to fixed rate bonds, the value of the call option that would typically be purchased for the fixed rate bonds shall be compared to the incremental present value of the savings from using a swap. This shall be done to ensure the benefit from use of the swap will provide sufficient compensation to offset the expected value of any foregone future refunding savings.

Financial Policies

Swap Policy of the City of Richmond

IV. Interest Rate Swap Features

A. Interest Rate Swap Agreement Each interest rate swap executed by the City shall contain terms and conditions as set forth in an International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, including any Schedules to the Master Agreement, Confirmations and Credit Support Annexes, or other comparable agreement widely used by recognized derivatives dealers. The swap agreements between the City and each qualified swap Counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions and provisions as the Finance Director deems necessary or desirable.

The City may use law firms and financial advisory firm(s) with recognized experience in derivatives transactions to assist in preparation of the swap documents.

B. Interest Rate Swap Counterparties The City will do business only with qualified swap counterparties. Qualified counterparties are institutions whose long-term credit rating or whose obligations are guaranteed by a financial institution whose long term credit rating are at the time the swap is entered into at least as high as "A" or "A2" or equivalent and that have a demonstrated record of successfully executing swap transactions. The City will structure interest rate swap agreements to protect itself from credit deterioration of counterparties, including the use of ratings-based termination events, credit support annexes or other forms of credit enhancement. Such protection shall include any terms and conditions which the City deems necessary or appropriate to protect its interests.

C. Term and Notional Amount The City shall determine the appropriate term and size for an interest rate swap agreement on a case-by-case basis. In connection with the issuance or carrying of bonds, the outstanding notional amount of a swap agreement should relate to the amortization of the related existing or anticipated debt of the City. While entering into a swap with a term less than the associated bonds may be appropriate, if the intent is to "roll over" the swap, the City will be subject to the uncertainties of entering into a new swap at then prevailing market conditions.

D. Collateral Requirements Terms imposing collateral requirements based on credit ratings of the counterparty, requiring collateralization or other forms of credit enhancements to secure any or all swap payment obligations may be included as part of any swap agreement. The collateral requirements will be determined in consultation with counsel and the financial advisor and/or swap advisor, and may require the counterparty to post securities, surety bonds, letters of credit or other credit enhancement if the highest credit rating of the counterparty, its parent, or guarantor is or falls below a rating of "AA-" or "Aa3". Additional collateral for further decreases in credit ratings of each

Financial Policies

Swap Policy of the City of Richmond

counterparty shall be posted by each counterparty in accordance with the provisions contained in the CSA or other collateral support agreement of the Agreement.

Threshold collateral amounts shall be determined on a case-by-case basis. Reasonable threshold limits will be established for the initial deposit and for increments of collateral posting thereafter. Collateral shall be deposited with a third party trustee or as mutually agreed upon between the City and the counterparty. A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of the swap agreement with each swap counterparty. The market value of the collateral shall be determined on a monthly basis, or more frequently if the City determines it is in its best interest given the specific nature of the swap(s) and/or collateral security.

- E. Security and Source of Repayment** Generally, the same security and source of repayment (pledged revenues) will secure the interest rate swaps as is used to secure the bonds that are hedged or carried by the swap, if any. The costs and benefits of subordinating the payments under the swap and/or termination payment shall be considered.
- F. Cancellation Provisions** The benefit of purchasing the right to cancel the interest rate swap at no cost (par call) after a specified period of time, generally 5 to 10 years shall be evaluated. If the cancellation option is cost efficient relative to the cost of obtaining a bond call option for a similar starting period, it will be purchased. A par call termination provision mitigates some risks of the swap, by allowing a no-cost termination anytime after the exercise date.
- G. Prohibited Interest Rate Swap Features** The City will not use interest rate swaps that (i) are speculative or create extraordinary leverage or risk, (ii) lack adequate liquidity to terminate without incurring a significant bid/ask spread, (iii) provide insufficient price transparency to allow reasonable valuation, or (iv) are used as investments.

V. Evaluation of Proposed Transactions

The City's staff shall undertake an evaluation of any proposed transaction. This will include, but not be limited to, consideration of the following:

- Assessment of all inherent risks of the transaction including, but not limited to those outlined below (see **Interest Rate Swap Risks**)
- Alternative financing options and a comprehensive evaluation of the potential risks and expected benefits of the interest rate swap relative to such other options.

Financial Policies

Swap Policy of the City of Richmond

- Security and source of payments, for both scheduled and termination payments, and the integration of the swap into the City's debt program.
- Procurement process and the suitability of the contemplated counterparties to the swap, taking into account any existing exposure to such counterparties.
- Impact on City's credit and liquidity profile and how other financial arrangements, existing or expected, may be impacted by the swap.
- Analysis of impact on the City's net variable rate interest exposure from the contemplated transaction and any potential budgetary impact.
- Cost and availability of on-going resources for the effective operations and risk management of the swap.
- Tax, accounting, or other compliance requirements relative to other options.
- If the transaction includes option components, analysis of circumstances under which the option will likely, or not likely, be exercised and the consequences of each outcome.
- Volatility Exposure (as outlined herein) for each counterparty for all existing and any proposed transactions.

IV. Interest Rate Swap Risks

Before proceeding with a swap transaction, the City must reasonably conclude that the expected benefits of the transaction outweigh the expected risks, that the risks are within acceptable levels, and that the contemplated transaction does not impose risks that threaten the City's ability to perform its core functions. The transaction must be reasonable in relation to the City's overall financial condition and capitalization.

The City shall, with its advisors and legal counsel, structure swap transactions with terms and provisions that will help mitigate such risks to the extent practicable and cost-effective. The City shall have a plan for the on-going monitoring and risk management of swap transactions.

A. Counterparty Risk The failure of the counterparty to make required payments or otherwise comply with the terms of the swap agreement. If the swap is terminated prior to its scheduled final cash flow date and the City's swap position has increased in value, the City will be owed a termination amount and therefore will have credit exposure to its counterparty for collection of any such amount.

I. Assessment The City will monitor counterparty exposure levels, ratings thresholds, and collateralization requirements.

B. Termination Risk The risk that an interest rate swap agreement must be terminated prior to its stated final cash flow date, and that the City cannot obtain a replacement transaction with substantially similar term, including because of deterioration of the City's own credit. In such a circumstance, the City could owe, or be owed, a termination payment.

Financial Policies

Swap Policy of the City of Richmond

- I. Assessment** The City will compute, at least annually, the termination exposure for all existing and proposed swaps at market value and under an expected worse-case scenario. A contingency plan will be annually updated specifying to finance a termination payment and/or replace the hedge.
- C. Collateral Posting Risk** The risk that the City will be required to secure its payment obligations under the swap. Posted collateral would not be available for the City's expenditure or reserve balance needs, potentially adversely impacting credit ratings and overall liquidity and budgetary efforts.
 - I. Assessment** The City will review, on a case by case basis, the possible risk associated with posting collateral, taking into consideration any earnings potential on posted collateral.
- D. Basis Risk** The risk of a mismatch between actual variable rate debt service and variable rate indices used to determine swap payments.
 - I. Assessment** On an annual basis the City will review historical trading differentials between the variable rate bonds and the indices.
- E. Tax Risk** The risk created by potential tax events that could affect sufficiency of swap payments.
 - I. Assessment** The City will review all tax events in proposed swap agreements and evaluate the impact of potential changes in tax law on LIBOR indexed swaps.
- F. Rollover Risk** The risk of a mismatch of the maturity of the swap and the maturity of the underlying bonds.
 - I. Assessment** The City will determine, in accordance with its Debt Policy, the capacity to issue variable rate bonds that may be outstanding after the maturity of a fixed rate swap.
- G. Liquidity Risk** In connection with a swap strategy which includes issuance of floating rate bonds that, absent the swap strategy would have been issued as fixed rate bonds, the risk that the City cannot secure a cost-effective renewal of a letter or line of credit or suffers a failed auction or remarketing with respect to the floating-rate bonds.
 - I. Assessment** The City will evaluate the expected availability of liquidity support for hedged (swapped) and unswapped variable rate debt.
- H. Credit Risk** The risk of an event occurring that modifies the credit quality or credit rating of the issuer of its counterparty.

Financial Policies

Swap Policy of the City of Richmond

I. Assessment The City will monitor the ratings of counterparties, insurers, and guarantors.

V. Counterparty Credit Exposure

The City will manage its counterparty credit exposure (i.e., amounts which would become due to the City if the swaps with a particular counterparty were to terminate early pursuant to a default or other similar event) through diversification and active trade management. In order to manage the City's exposure, the City shall annually calculate and review the current market evaluation of all outstanding swaps, subtotaled by counterparty and by security and source of payment (as applicable). In addition, for each counterparty, the City will review the then current long-term credit ratings and the ratings outlook, including the date of the last rating update. The calculation of termination exposure per counterparty will be on a net basis by taking into consideration multiple transactions, some of which may offset the overall exposure to the City.

In addition, the City shall annually estimate the interest rate volatility risk ("Volatility Exposure") of the City's swap portfolio. The purpose of the Volatility Exposure is to measure what impact a significant change in interest rates would have on the City's swap portfolio. Volatility Exposure will be calculated assuming (i) an upward shift of 150 basis points in the yield curve and (ii) a downward shift of 150 basis points in the yield curve. The assumed shift will be reviewed periodically to ensure that they remain appropriate.

Example of Counterparty Credit Exposure Information (Illustration Purposes Only)

Counterparty	S&P (Date) Moody's (Date)	Outlook	Market Value of Transactions	Volatility Exposures Market Value
Provider A	A+ (1/1/04) A2 (1/1/05)	Stable Negative	\$3 million	VolExp _{up} \$4 million VolExp _{down} -\$1 million

A. Exposure Review of Existing Swaps While collateralization reduces credit risk, collateralization introduces other risks, principally legal and operational. In order to manage these other risks, the City shall limit the amount of exposure to any one counterparty, regardless of the counterparty credit ratings and threshold levels. Credit exposure may be reduced, for example, through a swap termination, in whole or in part, or a restructuring of the swap to an on-market rate with a smaller notional amount accompanied by a cash payment to the City, which could then be used to redeem underlying debt obligations. These counterparty credit risk guidelines will not mandate or otherwise force automatic termination by the City or the counterparty.

Financial Policies

Swap Policy of the City of Richmond

B. Exposure Review of Proposed Swaps Prior to entering into a new swap transaction, the City, as part of its evaluation of the proposed transaction, will compute the Volatility Exposure by treating the proposed swap transaction as an outstanding swap. Such provisions will act only as guidelines in making a determination as to whether or not a proposed transaction should be executed given certain levels of existing and projected net termination exposure to a specific counterparty. These guidelines are not intended to require retroactively additional collateral posting for existing transactions.

VI. Ongoing Risk Management and Reporting Requirements

A. Active Management The City will seek to maximize the benefits and minimize the risks it carries by actively managing its interest rate swap program. This will entail monitoring the adequacy of posted collateral, compliance with accounting requirements, and periodic monitoring of market conditions for emergent opportunities and risks. Active management may require modifications of existing positions including, for example:

- Early Termination;
- Shortening or lengthening the term;
- Sale or purchase of options;
- Basis conversion

B. On-going Reporting A report providing the status of all interest rate swap agreements entered into by the City will be prepared no less frequently than annually and shall include the following:

- A description of all outstanding interest rate swap agreements, including project and bonds series, type of swap, rates paid and received by the City, total notional amount, average life of each swap agreement, and remaining term of each swap agreement.
- Highlights of all material changes to swap agreements or new swap agreements entered into by the City since the immediately preceding report.
- Market value of each of the City's interest rate swap agreements.
- The credit rating of each swap counterparty and credit enhancer insuring swap payments, if any.
- Listing of any credit enhancement, liquidity facility or reserves and accounting of all costs and expenses associated with the credit enhancement, liquidity facility or reserves.
- The mark to market value for each transaction and the aggregate for each counterparty.

Financial Policies

Grant Management Policy

City of Richmond

FY2012-13 GRANT MANAGEMENT POLICY

OVERVIEW

With state-takeaways and continued decreases in key General Fund revenues, grant revenues have become an even more important part of the City's overall resource picture, especially in funding capital improvements. Although grant programs themselves are being reduced and becoming more competitive, actively seeking out grant revenues that assist in achieving identified City goals and objectives should nonetheless play a key role in the City's overall financial health strategies.

The purpose of this policy is to set forth an overall framework for guiding the City's use and management of grant resources.

GOALS

1. Set forth the importance of grant programs in accomplishing City goals and objectives.
2. Establish general concepts and framework for seeking and managing grant programs.
3. Identify roles and responsibilities in managing grant programs.
4. Establish criteria for evaluating the benefits and costs of grant programs.
5. Set forth the City's policy in complying with Single Audit Act requirements.

GENERAL CONCEPTS AND FRAMEWORK

1. The City will aggressively pursue grant funding from federal, state and other sources, consistent with identified City goals and objectives.
2. Aside from entitlement grants, the City should focus its efforts on securing grants for capital improvements. This approach will allow the City to compete for projects that might not otherwise be affordable, while maintaining financial independence should future grant sources diminish. Grants for operating purposes may be considered on a case-by-case basis after careful consideration of the benefits of the program and the ongoing impacts on the City if grant funding is no longer available.
3. The City should extensively analyze grants that fund "pilot" operating programs or short-term staffing enhancements to existing programs. Taking on these programs could ultimately aggravate the City's fiscal position should the desire for the program remain once the grant funding is no longer available.

Financial Policies

Grant Management Policy

4. The City will only seek grants when sufficient staff resources are available to effectively administer the program in compliance with grant requirements and successfully perform the grant work scope and provide necessary matching requirements (both cash and in-kind matches).
5. Indirect costs of administering grant programs will be recovered to the maximum extent feasible.
6. Operating departments have the primary responsibility for seeking out grant opportunities, for preparing effective grant applications and for successfully managing grant programs after they have been awarded.
7. Operating departments should develop a simple system that tracks grant funding availability in their functional areas. Using this system, all capital improvement plan budget requests will evaluate and document the ability of grants to assist in funding the project.

ROLES AND RESPONSIBILITIES

City Council

Approves all grant applications in excess of \$5,000 and delegates receipt and contract execution to the City Manager if delegation is allowed by the grantor agency.

City Manager or Designee

Receives grants and executes related contract documents when delegated to do so by the Council.

Finance Director/Finance Department

1. Develops, recommends and maintains grant management policies.
2. Provides technical assistance to operating departments in preparing grant applications, submitting reports, maintaining records and responding to any audit or information requests from granting agencies.
3. Coordinates preparation and distribution of single audit reports.
4. Maintains master file of all grant award documents.
5. Monitors and assists as needed with operating departments on grant-related tasks:
 - a. Maintains financial and other records in accordance with grant requirements.
 - b. Monitors grant expenditures and receipt of revenues.
 - b- i. All departments receiving grant funds shall follow the City of Richmond Policy for Receipt and Control of City Funds as laid out in [Administrative Procedure \(AP\) 502](#).

Financial Policies

Grant Management Policy

- b-ii. All income including Program Income resulting from a grant funded project or program shall be managed and maintained per the terms of the award letter, grant agreement, contract or other document from the granting agency.
- b-iii. Cash on hand shall be used first before requesting additional funds unless permitted under the terms of the grant agreement.
- b-iv. Review advances and disbursements quarterly to determine interest earned. Disbursement of interest must be made to the granting agency unless otherwise stated in the agreement.
- b-v. All receivables have to be reconciled quarterly by the Senior Accountant and approved by the Finance Manager.
- b.-vi. Unless otherwise prohibited by the grant agreement, cash on hand shall be invested in an interest bearing account until required for disbursement.
- c. Completes and submits required reports, including requests for funds.
- d. Coordinates on-site management reviews by the grantor agency during the grant term.
- e. Ensures compliance with grant requirements, paying special attention to those areas where the grantor's administrative procedures are different from the City's.
- f. A copy of the reports submitted shall be maintained by the preparer and scanned copies of the report will be sent to Finance Department. This report will be saved in the grant section of the accounting software menu.
 - f-i Departments receiving grants are responsible for providing financial reports required by the grantor.
 - f-ii Reports prepared shall be forwarded by the preparer to the Finance Director or his designee for review and approval prior to submission to the grantor.

Operating Departments

1. On an ongoing basis, maintains information regarding grant availability within their functional areas of responsibility.
2. Evaluates benefits and costs of specific grant programs on a case-by-case basis:
 - a. Purpose of the grant program and its compatibility with identified City goals and objectives.
 - b. Additional staffing, office space, facilities, supplies or equipment that will be required if the grant is awarded.
 - c. Ongoing impacts of the grant program after it is completed.
 - d. Responsibilities of other departments and impacts on them in preparing the grant application or performing work scope if the grant is approved.
 - e. Amount of indirect costs to be recovered from the grant.

Financial Policies

Grant Management Policy

- f. Total program costs, including portion funded through grant revenues and any required City contribution, both through a cash match or in-kind match.
 - g. Source of funding for any required City share.
 - h. Compliance and audit requirements, paying special attention to those areas where the grantor's administrative procedures are different than the City's.
3. Prepares grant applications.
 - a. Works with the grantor agency in identifying special program requirements and developing strategies for preparing a successful grant application.
 - b. Completes grant application documents.
 - c. Coordinates with affected departments as necessary.
 - d. For grants in excess of \$5,000, prepares a Council agenda report requesting authorization to seek grant funding. This report should describe the grant program's conformance with this policy, including the results of the cost/benefit analysis.
 - e. For grants of \$5,000 or less, submits the grant application, subject to the following conditions:
 - It will not add regular staffing.
 - Any matching funds or in-kind contributions are already available within existing resources, and no additional appropriation of unreserved, undesignated fund balance or working capital is required.
 - At the conclusion of the grant, there will be no ongoing commitments or obligations to continue the program.
 - The purpose of the grant program is clearly consistent with current City plans, policies and goals.
 4. Administers grant programs if awarded.
 - a. For grants in excess of \$5,000, prepares a City Council agenda report accepting grant award, including grant summary form budget amendment request and any other required City forms or documents; and coordinate execution of grant documents by the City Manager and return executed documents to grantor agency.
 - b. For grants of \$5,000 or less, executes and return grant documents to grantor agency.
 - c. Notifies affected departments of grant award.
 - d. Maintains financial and other records in accordance with grant requirements.
 - e. Completes and submits required reports, including requests for funds.
 - f. Monitors grant expenditures and receipt of revenues.
 - g. Coordinates on-site management reviews by the grantor agency during the grant term.
 - h. Ensures compliance with grant requirements, paying special attention to those areas where the grantor's administrative procedures are different than the City's.
 - i. Performs the grant work scope.

Financial Policies

Grant Management Policy

5. Completes grant closeout.
 - a. Completes the grant work scope.
 - b. Notifies affected departments that the project is completed and schedules a "close-out" meeting if necessary to resolve any final procedural issues.
 - c. Ensures final receipt of grant revenues.
 - d. Prepares and submits any required grant close-out documents.
 - e. Reviews grant file for completeness.
 - f. Retains all necessary program and financial records for the period of time required by grantor agency.
 - g. Coordinates any on-site management reviews or audits after the grant is completed.
 - h. Resolves any audit findings.
 - i. Ensures that the City's policy regarding single audit act requirements is implemented as discussed below.

Other Departments

Provides assistance to the managing department as identified during the grant application and award process.

SINGLE AUDIT ACT REQUIREMENTS

Background

The City is subject to the financial and compliance requirements of the Single Audit Act of 1984, which is applicable to all local and state governments expending more than \$500,000 in federal financial assistance during a fiscal year. The purpose of the Act is to:

1. Improve the financial management and accountability of state and local governments with respect to federal financial assistance programs.
2. Establish uniform requirements for audits of federal grants.
3. Promote efficient and effective use of audit resources.
4. Assure that federal departments and agencies rely upon and use audit work performed during a single audit rather than performing the audit work themselves.

Under this Act, federal grants are under an inclusive single audit program that is incorporated into the City's annual audit and financial report preparation process. During the audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

City's Policy Regarding the Single Audit Approach

For federal grants included in the scope of the City's single audit approach, it is the City's policy that all financial and compliance issues have been met through the single audit, and follow-up audits to determine these issues are not necessary unless specifically related to findings or recommendations

Financial Policies

Grant Management Policy

included in the single audit report. As noted above, the purpose of the Act is to establish uniform audit requirements, promote efficient use of audit resources, and assure that federal agencies rely upon audit work already completed; its purpose is *not* to audit local agencies twice. Accordingly, the City will strongly resist any efforts by federal agencies to duplicate audit work already performed in complying with Act requirements. As such, whenever federal grantor agencies request final audits, the managing department should notify the Department of Finance in order to ensure a consistent response to these types of requests.

Other Regulations

All grants are subject to Federal, State and Local Regulations. These regulations may be updated from time to time by the Federal or State government. The applicable guidelines will vary depending upon the grant awarded. The following are regulations that provide guidelines for grant administration and followed by the City:

- A. Office of Management and Budget (OMB)
 - a. Circular A-21 – cost principles for determining cost applicable to grants, contracts and other agreements with educational institutions.
 - b. Circular A-87 – establishes principles and standards for determining cost for Federal awards carried through grants, cost reimbursement contracts and other agreements with State and local governments.
 - c. Circular A-102 – establishes consistency and uniformity among Federal agencies in the management of grants. This included the adoption of government-wide common rule for terms and conditions on grants.
 - d. Circular A-110 – uniform administrative requirements for grants and agreements with Institutions of Higher Education, Hospitals and other non-profit organizations.
 - e. Circular A-122 – establishes cost principles for determining cost of grants, contracts and other agreements with non-profit organizations.
- B. Federal Acquisition Regulation (FAR) subpart 31.2 – defines allowable and unallowable costs regarding contracts with commercial organizations.
- C. 45 Code of Federal Regulation (CFR) 74 – establishes uniform administrative requirements to determine cost applicable to research and development under grants and contracts with hospitals.

ATTACHMENTS

- a. **Grant Information Form**
- b. **Fixed Asset Procedure**
- c. **Grant Internal Control Procedure**
- d. **SEFA Preparation Procedure**
- e. **Administrative Procedure (AP) 502**

Financial Policies

GRANT INFORMATION FORM

General Information

Grant Title _____

Grant Award Number _____

Amount of Grant Award _____

Description of grant & scope _____

Will this grant require city match? Yes _____ No _____

If yes, define the match and amount _____

Name of Granting Agency _____

Type of agency, please check one: Federal _____ State _____ Other _____

If Federal pass-through, name the Federal Agency _____

Catalog of Federal Domestic Assistance Number (CFDA) _____

Pass-through entity number _____

Name of Agency Contact & position title _____

Telephone number & email address _____

Responsible City of Richmond Department _____

Department Contact, name and position title _____

Telephone number and e-mail address _____

City Council Resolution number _____ Date approved _____

Award period: Start date _____ End date _____

Basis of grant cash draws, check one? Advance _____ Reimbursement _____

If advance, what is this grant's policy in drawing advance? _____

Will this grant purchase fixed asset? Yes _____ No _____

If yes, provide brief description of fixed asset. _____

Financial Policies

Grant Budget

<i>Fund</i> _____	<i>Org number</i> _____			
<u>Description</u>	<u>Object #</u>	<u>Match</u>	<u>Grant Portion</u>	<u>Total Cost</u>
Revenue		\$ _____	\$ _____	\$ _____
Staffing		_____	_____	_____
Contract Services		_____	_____	_____
Supplies & other operating exp		_____	_____	_____
Indirect cost @ _____% of Direct Costs		_____	_____	_____
Purchase of fixed asset		_____	_____	_____
Capital Outlay(other than fixed asset)		_____	_____	_____
 Grand Total		\$ _____	\$ _____	\$ _____

Is budget amendment required? Yes _____ No _____
 If yes, attached the budget form.

Comments (please note significant or unusual compliance requirements)

Prepared by _____ Date _____

Please scan and send the following:

- Grant application
- Award Letter
- Grant agreement
- City Council Resolution
- Staff Report

\\c:\richmond.ca.us\sl1\MyFiles1\Finance\valentC\My Documents\Grant Policy\Clean copy for meeting\Grant Information Form.xlsx\form updated 3.6.13 8:41:28 AM

Financial Policies

PROCEDURE FOR HANDLING FIXED ASSETS FUNDED BY FEDERAL GRANTS.

Compliance requirement for equipment management:

"Title to equipment acquired by non-Federal entity with Federal awards vests with the non-Federal entity. Equipment means tangible nonexpendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. However, consistent with a non-Federal entity's policy, lower limits may be established."

"Common Rule A-102 and OMB Circular A-110 require that federally funded equipment be used in the program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment be taken at least one every two years and reconciled with the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment adequately maintained. When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for Federal program, It may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return."

Rules for real property

"...The non-Federal entity may not dispose of nor encumber the title of real property without the prior consent of the awarding agency."

Record keeping procedure

Project Managers:

- a. All project managers who handle federal grant will determine if the purpose of the grant includes the purchase, construction, or other forms of acquisition of fixed asset or equipment.
- b. If yes, the detailed information of the fixed asset/equipment should be sent to the Grant Manager and Accountant II in charge of fixed assets. The information provided by the project manager should include but not limited to:
 1. Amount of asset acquired
 2. Name, address and contact person for the Federal Agency giving the grant
 3. Fund where the asset should be recorded
 4. Location of equipment/asset
 5. Useful life of the asset
 6. Purpose of the asset
 7. Limitation on the use of the asset
 8. Limitation on the disposition of the asset
 9. Complete asset information form.
 10. Department in charge of the asset will report to Federal Agency before the asset is disposed.
 11. Department in charge of the asset will maintain a list of controllable asset funded by Federal funds. These are assets with value of \$5,000 or more.

Accountant II in charge of fixed assets

Accountant II in charge of fixed asset duties include but not limited to:

1. Maintain inventory control of the fixed asset including:
 - a. Serial number, make, description, or other identifying marks.
 - b. Source of funding
 - c. Name of agency/office who holds the title to the asset

Financial Policies

- d. Acquisition date
 - e. Cost and percentage of Federal participation in the cost of the property.
 - f. Condition and use
 - g. Any ultimate disposition data including the disposition date and sale price of property.
2. Record the depreciation of the fixed asset in accordance with city's policies.
 3. Record the accounting journal in the disposition of the asset
 4. Adhere to the required internal control procedure on asset management.
 5. Make sure the carrying value of the asset is accurate, and reconciles with the value in the General Ledger.
 6. Record disposition or encumbrance of any equipment or real property acquired under Federal awards is in accordance with Federal requirements and that the awarding agency was compensated for its share of any property sold or converted to non-Federal use.
 7. The inventory will be carried out every odd year, example 2013, 2015. The Accountant II in charge of fixed asset will compile a list of assets funded by Federal grants and visit the location where the asset is located to verify existence and present condition.
 8. Maintain a list of controllable asset funded by Federal funds. These are assets with value of \$5,000 or more. This is to be compared to the list maintained by the Department in charge of the asset.

The inventory will be carried out every odd year, example 2013, 2015. The Accountant II in charge of fixed asset will compile a list of assets funded by Federal grants and visit the location where the asset is located to verify its existence and present condition. The inventory will be conducted in March and April of each odd year. A report on the condition will be submitted to the Finance Director for review.

Grant Manager

Every November and May of each year, Grant Manager will send e-mail to all project managers reminding them that all equipment/assets funded by Federal grants should be reported to the Accountant II for inventory purposes.

Implementation Date: 3-18-13

Approved by: 
James Goins, Finance Director

Accountant II: Crispin Nunez
Accounting Manager: Latha Ravinder
Grant Manager: Connie Valentine

Telephone Number: 510.620.6754
Telephone Number: 510.620.6739
Telephone Number: 510.620.6701

Financial Policies

Internal Control for Grants Received

The City of Richmond has established the following procedures for managing grants to ensure proper recording and adherence to grant requirements.

Recording Grant Awards

When a grant is awarded to the City, the Project Manager/department staff forwards the grant documents to the Grant Manager. The Department receiving the grant also prepares an agenda report to the City Council for the acceptance of the grant. This identifies how the grant is going to be spent. The Grant Manager creates a project number for each grant received. In the past, a hard copy of the grant agreement/award and City Council resolution were kept on file for each grant. Now, it is electronically attached to the project number in the accounting software of the City. The Grant Manager creates project numbers only if the grant has been accepted by the City Council and a budget has been established. This ensures that the transactions will be captured in the correct accounts and required expenditure matching is fully accounted for.

In MUNIS, the City's accounting software, the Grant Manager writes pertinent information in the project master menu. This includes data such as description of the project, name of project manager, reporting requirements, start and end date, fixed asset information and other federal required items such as the Catalog of Federal Domestic Assistance number (CFDA), State Identification Number (ID), etc.

Monitoring Grant Awards

Each Department prepares a monthly report to the City Manager and Finance Director. The Grant Manager prepares the status of each outstanding grant in the City. The report includes the name of grant, Project Manager, amount awarded, start/end date, current amount spent and reimbursements received. There is also Grant Cash Status Report that shows the anticipated reimbursements to be received in the near future, and if not, an explanation is included. The Grant Manager is in constant contact with the Project Managers to find out the current status of each grant. They discuss what activities are allowable and not allowable based on the expenditure and the specific grant agreement.

Procedures Installed

Fixed asset and Schedule of Expenditures of Federal Awards (SEFA) procedures were prepared; now being implemented by Finance Department and have been disseminated to all Project Managers.

Grant Reports

The Project Managers prepare their own reports. From time to time the Grant Manager assists in preparation of grant reports. The reports are based on time cards, invoices and payroll transactions printed from MUNIS. The summary of reports are reconciled to the total of each item submitted. When required, a copy of the detail transaction is scanned to the grantor. A spreadsheet is prepared and submitted to the grantor to facilitate presentation.

Financial Policies

City of Richmond, CA

PROCEDURE AND POLICY IN PREPARING SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS (SEFA)

The Schedule of Expenditure of Federal Awards (SEFA) is an essential document because it provides assurance to agencies which award financial assistance that their programs or grants were included in the audit. Any program or grant omitted from this schedule will be considered unaudited. This schedule should be prepared on the same basis of accounting as the financial statement. This means that for agencies with governmental funds, the expenditures are presented on the modified accrual basis; while for those with proprietary or fiduciary funds, the expenditures are presented on the full accrual basis. Cash basis is not permitted for SEFA reporting.

Office of Management and Budget (OMB) Circular A-133 requires the completion of SEFA and the inclusion of Catalog of Federal Domestic Assistance (CFDA). If the CFDA number is not available, the federal agency two-digit prefix number followed by a period and three zeros is used. Enclosed is Annex A which list Federal Agency's Two-Digit Prefix Numbers.

The Grant Manager will prepare the SEFA and submit it to the external auditor (Maze and Associates) for audit purposes. The SEFA will be prepared in the following manner:

- The list of all federal grants will be grouped by program. This will include awards directly received from federal agency and indirectly from State of California or other agency.
- The report will include receipt of loans, program income, and property valued at their fair market value upon receipt.
- Back-up documentation will be available for all grants.
- The names of project managers will be referenced in all grants just in case historical, detailed information is needed.
- The accounting software (MUNIS) of the City of Richmond will be used as the basis of reporting expenditure amounts in SEFA. The amounts from MUNIS will be reconciled with the amounts shown by project managers on their records.
- The following columns will be used in the presentation of the report.
 - a. Federal Agency Name
 - b. Federal Program Title
 - c. CFDA Number
 - d. Other identification Number
 - e. Amount of expenditures
- This report will be completed before the arrival of the external auditors (Maze & Associates) who will conduct the year-end audit.

Approved:



JAMES GOINS
Finance Director

Procedure prepared by:
Connie Valentine, Grant Manager
Telephone no. 510.620.6701
Connie_Valentine@ci.richmond.ca.us

Financial Policies

Annex A

FEDERAL AGENCY TWO-DIGIT PREFIX LIST

(Use the following list when developing a CFDA number for a grant that does not have an official CFDA number)

01 African Development Foundation	42 Library of Congress
02 Agency for International Development	43 National Aeronautics & Space Administration
03 Institute for Museum Services	44 National Credit Union Administration
04 Inter-American Foundation	46 National Labor Relations Board
05 National Endowment for the Arts	47 National Science Foundation
06 National Endowment for the Humanities	53 President's Comm on Employ. of the Handicapped
07 Office of National Drug Control Policy	57 Railroad Retirement Board
08 Peace Corps	58 Securities and Exchange Commission
09 Legal Services Corporation	59 Small Business Administration
10 Department of Agriculture	60 Smithsonian Institution
11 Department of Commerce	61 International Trade Commission
12 Department of Defense	62 Tennessee Valley Authority
13 Central Intelligence Agency	64 Department of Veterans Affairs
14 Department of Housing and Urban Development	66 Environmental Protection Agency
15 Department of Interior	68 National Gallery of Art
16 Department of Justice	70 Overseas Private Investment Corporation
17 Department of Labor	77 Nuclear Regulatory Commission
18 Federal Reserve System	78 Commodity Futures Trading Commission
19 Department of State	81 Department of Energy
20 Department of Transportation	82 United States Information Agency
21 Department of Treasury	83 Federal Emergency Management Agency
22 Postal Service	84 Department of Education
23 Appalachian Regional Commission	85 Scholarship Foundations
27 Office of Personnel Management	86 Pension Benefit Guaranty Corporation
29 Commission on Civil Rights	87 Consumer Product Safety Commission
30 Equal Employment Opportunity Commission	88 Architectural & Transportation Barriers
32 Federal Communications Commission	89 National Archives & Records Administration
33 Federal Maritime Commission	91 Miscellaneous Foundations & Commissions
34 Federal Mediation and Conciliation Service	92 National Council on Disability
36 Federal Trade Commission	93 Department of Health and Human Services
39 General Services Administration	94 Corporation for National Service
40 Government Printing Office	96 Social Security Administration
41 Interstate Commerce Commission	97 Department of Homeland Security

Budget Glossary

The glossary includes terms that will help you understand the technical language often used in a capital improvements program. Glossary terms are listed alphabetically under each alphabet letter, and include a brief description and an acronym, as applicable.

A

Accounting System: The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

Accounts Payable (A/P): Amounts owing to private persons, firms, or corporation for goods and services received.

Accounts Receivable (A/R): Amounts owing from private persons, firms or corporation for goods and services furnished.

Accrual Basis: The basis of accounting whereby revenues are recognized when earned and measurable regardless of when collected; and expenses are recorded on a matching basis when incurred. All proprietary and fiduciary funds use the accrual basis of accounting.

Accrue: To record revenues and expenditures (expenses) when they meet the recognition criteria of the fund type involved regardless of when the cash activity occurs.

Accrued Expenditures (Expenses): Expenses or expenditures that meet the appropriate recognition criteria of the fund type involved but have not been paid. Accrued expenditures are expected to be paid in a subsequent accounting period.

Accrued Revenues: Revenues that meet the appropriate recognition criteria of the fund type invoiced, but are not realized during the accounting period. Refer to accrual basis, accrual and modified accrual basis.

Actual: Actual refers to the expenditures and/or revenues realized in the past.

Adjusted Budget: The status of appropriations as of a specific date between July 1st, at the beginning of the fiscal period, and June 30th, at the end of the fiscal period. Includes the adopted budget, budget amendments, prior year encumbrances, approved project carry forwards from prior years, and transfers between accounts, divisions and departments.

Adopted Budget: Revenues and appropriations approved by the City Council immediately preceding the new fiscal period effective July 1st.

Budget Glossary

Agency/Department: A major unit of the municipal organization which is managed by an Agency/Department Director and comprised of a number of divisions which are functionally related to one another.

Allocation: The practice of spreading costs among various cost centers on some predetermined reasonable basis (e.g., percentages based on allocation plan) as opposed to distribution of expenses on a unit charge or direct identification basis.

Americans with Disabilities Act (ADA): Legislation passed in 1990 that prohibits discrimination against people with disabilities. Under this Act, discrimination against a disabled person is illegal in employment, transportation, public accommodations, communications and government activities. The law prohibits private employers, state and local governments, employment agencies and labor unions from discriminating against the disabled. Employers are required to make reasonable accommodations in order for the disabled person to perform their job function.

Annexation: A change in existing community boundaries resulting from the incorporation of additional land.

Appraisal: The process through which conclusions of property value are obtained; also refers to the report that sets forth the process of estimation and conclusion of value.

Appropriated Expenditure: In the Fiscal Year Budget, an amount set aside for a specific acquisition or purpose.

Appropriation: Is the legal authority authorized by the City Council to expend up to a certain amount of funds during a budget period. For the City, the adopted budget is the source of appropriations.

Appropriation limit: Imposed by Propositions 4 and 111, creates a restriction on the amount of revenue which can be appropriated in any fiscal year. The limit is based on actual appropriations, and is increased each year using the growth of population and inflation. Not all revenue are restricted by the limit; only those which are referred to as "proceeds of taxes."

Appropriation Resolution: The official enactment by the City Council to establish legal authority for City officials to obligate and expend funds.

Assets: The entries on a balance sheet showing all properties and claims against others that may be used directly or indirectly to cover liabilities.

Audit: Prepared by an independent Certified Public Accountant (CPA), the primary objective of an audit is to determine if the City's financial statements present fairly the City's financial position and results of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the City's internal controls as well as recommending improvements to the City's financial management practices.

Budget Glossary

B

Balance Sheet: A statement purporting to present the financial position of an entity by disclosing its assets, liabilities, and fund equities as of a specific date.

Baseline Schedule: This is the first schedule the project team gains from the Pre-Design Phase of the project based on knowledge about project context and requirements as well as historical data from previous projects. It is a fixed project schedule used in measuring project progress and contract performance. Any change caused by change in scope of the project invalidates the original schedule and necessitates a new baseline schedule.

Base Line Budget: Previous year adopted budget with adjustments or current salaries, benefits, indirect, internal service rates.

Bidder: An individual, partnership, firm, corporation, or joint venture, submitting a bid for a construction project.

Bid Items: Specific items of work, either materials, finished products, or bodies of work that a bidder bids a price on in their pursuit of a construction project; bid items are those items in a construction contract that will be paid for directly.

Bid Package: The package of materials that is given out to prospective bidders for their use in bidding on a construction project; the package includes a copy of the Invitation to Bid; various notices, forms and contract provisions, Proposal, Special Provisions, wage rates, Plan Set, permits/approvals, addenda, and subsurface boring logs (if any).

Biennial Budget: A biennial budget is one that lasts for two years, so any funding initiated by this budget is covered for a two-year period.

Bond (Debt Instrument): A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

Budget: A financial plan for a specific period of time (fiscal period) that matches all planned revenues and expenditures with various municipal services.

Budget Adjustment: A legal procedure utilized by City staff to revise a budget appropriation. City staff has the prerogative to adjust expenditures within departmental budgets. City Council approval is required for transfers between funds, and for additional appropriations from fund balance or new revenue sources.

Budget Calendar: The schedule of key dates or milestones that the City follows in the preparation, adoption and administration of the budget.

Budget Glossary

Budget Document: A financial and planning tool that reflects the proposed (and later adopted) revenues and appropriations for the City (including operating and capital), performance standards, targets, organizational structure and goals, along with historical financial information.

Budget Year: The fiscal year for which a budget is being considered.

Budgetary Amendments: The City Council has the sole responsibility for adopting the City's budget, and may amend or supplement the budget at any time after adoption by majority vote. The City Manager has the authority to approve administrative adjustments to the budget as long as those changes are between objects within the same expenditure category.

Budgetary Basis: The process by which budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council.

Budgetary Control: The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available resources.

C

California Department of Transportation (Caltrans): State agency that builds and maintains state highways and administers transportation programs within the state.

California Environmental Quality Act (CEQA): Is a statute that requires all jurisdictions in the State of California to evaluate the extent of environmental degradation posed by proposed development or project.

A 1970 law which requires those state agencies to regulate planning and development activity, with major consideration for environmental protection. The basic purposes of CEQA are to:

- Inform governmental decision-makers and the public about the potential significant environmental effects of a proposed planning or development activity;
- Identify ways environmental damage can be avoided or significantly reduced (mitigation);
- Prevent significant, avoidable environmental damage by requiring changes in projects through the use of alternative measures when those measures are feasible; and
- (Overriding consideration) Disclose to the public the reasons why a governmental agency approved a project in the manner the agency chose if significant environmental effects are involved.

Budget Glossary

California Public Utility Commission (CPUC): Regulates privately owned telecommunications, electric, natural gas, water, railroad, rail transit, and passenger transportation companies. The CPUC is responsible for assuring California utility customers have safe, reliable utility service at reasonable rates, protecting utility customers from fraud, and promoting the health of California's economy.

California Transportation Commission (CTC): Is a body established by Assembly Bill 402 (AB 402) and appointed by the Governor to advise and assist the Secretary of the Business, Transportation and Housing Agency and the Legislature in formulating and evaluating state policies and plans for transportation.

Capacity Enhancements: Are new facilities projects and operational improvements, which add through lanes.

Capital Assets: Assets of significant value and having a useful life of more than one year. Capital assets are also called fixed assets.

Capital Budget: A plan of proposed capital expenditures and the means of financing them. The capital budget is enacted as part of the City's consolidated budget which includes both operating and capital outlays, and is based on a Capital Improvement Plan (CIP).

Capital Expenditure: An outlay that results in or contributes to the acquisition or construction of a capital asset.

Capital Improvement Plan (CIP): Is a long-range plan of proposed Capital Improvement Projects with single and multiple-year capital expenditures. The CIP is updated annually. Appropriations for each approved project are presented in the annual budget, with some projects spanning multiple fiscal years.

Capital Improvement Program or Capital Projects: A plan for capital expenditures for the acquisition, expansion or rehabilitation of an element of the City's physical plant to be incurred within a fixed period of several future years.

Capital Improvements: Are permanent additions to the City's assets, including the design, construction or purchase of land, buildings or facilities or major renovations of the same. They can be new improvements or existing infrastructure whose operation has been extended or enhanced as result of the project.

Capital Outlay: Expenditures relating to the purchase of equipment, facility modifications, land, and other fixed assets.

Capital Project Fund: Used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Capital Reinvestment Fund: General Fund monies expended on capital projects.

Budget Glossary

Carry forward: Appropriations brought forward from a previous fiscal year to continue or complete a specific project, program or activity.

Cash Basis: A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Categorical Exclusion: A category of project actions which a federal agency identifies in its National Environmental Policy Act (NEPA) procedures that do not individually or cumulatively have a significant effect on the environment.

Central Business District (CBD): Is the downtown core area of a city, generally an area of high land valuation, traffic flow, and concentration of retail, business offices, theaters, hotels, and service businesses.

Change Order: A written account of changes in quantities or work during the Construction Phase. Change orders must be approved at the appropriate level of authority as defined in the Change Order Management policy.

Circulation Mitigation: Developer impact fees for traffic and street improvements.

Clean Water Act: Legislation that provides statutory authority for the National Pollutant Discharge Elimination System (NPDES) program; Public law 92-500; 33 U.S.C. 1251 et seq. Also known as the Federal Water Pollution Control Act.

Close Out: The managerial process of finalizing the project. During this process, all physical work is completed, project records are filed, required closure notifications are distributed, and necessary or requested audits are conducted.

Commitment: Planned expenditures from the general ledger details are rolled-up in a commitment line item. City Council approved budget is based on a commitment item

Community Advisory Group (CAG): A Community Advisory Group is a committee, task force, or board made up of residents of a community with Superfund or other environmental problems. The Community Advisory Group enhances public participation in the cleanup process and other environmental decision-making by providing a public forum where community representatives can discuss their diverse interests, needs, and concerns.

Community Development Agency: Is responsible for maintaining the City's infrastructure system, utilities and community facilities, as well as providing the necessary improvements in order to accommodate long-term growth.

Community Facility District (CFD): Special taxes levied on property owners for capital improvements in their community.

Community Involvement Plan: A plan developed with support from Department of Transportation's (DOT) Community Relations staff, Communications staff and Public Affairs staff that forms the basis of project-related external communications with the public.

Budget Glossary

Comprehensive Annual Financial Report (CAFR): Official annual report of a government. In addition to a combined, combining (assembling of data for all funds within a type), and individual balance sheet, the following are also presented as appropriate: (1) statement of revenues, expenditures, and changes in fund balance (all funds); (2) statement of revenues, expenditures, and changes in fund balance, budget and actual (for general and special revenue funds); (3) statement of revenues, expenses, and changes in retained earnings (for proprietary funds); and (4) statement of changes in financial position (for proprietary funds).

Concept: Is a strategy for future improvements that will reduce congestion or maintain the existing level of service on a specific route.

Concurrency: A requirement that development and the extension of infrastructure occurs at the same time. This is used to prevent sprawling development in areas that do not have infrastructure in place, and to ease the financial burden on the localities that build it.

Condemnation: A judicial or administrative proceeding to exercise the power of eminent domain, through which a government agency takes private property for public use and compensates the owner.

Congestion: Is defined by Caltrans as reduced speeds of less than 35 mile per hour for longer than 15 minutes.

Congestion Management Plan: The monitoring and mitigation of increased congestion on regional routes and transit systems.

Congestion Management Program (CMP): Is an integrated approach to programming transportation improvements. This approach requires detailed consideration of the complex relationships among transportation, land use and air quality.

Congestion Management System (CMS): Is required by Inter modal Surface Transportation Efficiency Act (ISTEA) to be implemented by states to improve transportation planning.

Construction Contract: A signed, written agreement between the City and the Contractor that describes, among other things, what work will be done and when; who provides labor and materials; and how the Contractor will be paid.

Construction Phase: A specific phase of the project during which project design is implemented.

Consumer Price Index (CPI): A statistical description of price levels provided by the U.S. Department of Labor. The change in the index from year to year is used to measure the cost of living and economic inflation.

Contingency (Reserve): A budget reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for. Please see “Supplemental” portion of this Policy Budget for details on the City Council's reserve policies.

Contract Total: The sum of the total estimated costs from the list of Contractor bid items.

Budget Glossary

Contractor: The individual, partnership, firm, corporation, or joint venture, contracting with the City to do prescribed work as defined in the construction contract.

Contractual Services: Expenditures for services the City received from an outside company. Professional and technical services performed by non-City of Richmond (COR) staff is considered contractual services.

Coordination Meeting: A meeting conducted just prior to one of the following milestones: 30% PS&E, 70% PS&E, 95% PS&E. The purpose of a coordination meeting is open discussion of issues and comments related to a project's design, Plan Set, Specifications Package, and Engineer's Estimate.

Corridor: A major transportation route which can consist of one or more highways, arterial streets, transit lines, rail lines and/or bikeways.

Council of Governments (COG): Is a voluntary consortium of local government representatives, from contiguous communities, meeting on a regular basis, and formed to cooperate on common planning and solve common development problems of their area. COGs can function as the RTPAs and MPOs in urbanized areas.

County Road Engineer (CRE): Individual responsible for establishing and maintaining engineering standards, practices and professionalism for the Road Services Division, and approving and stamping final plans and record drawings.

Critical Area: Any of those areas that are subject to natural hazards or those land features that support unique, fragile or valuable natural resources including fishes, wildlife and other organisms and their habitat, and such resources that carry, hold or purify water in their natural state. Critical areas include: aquatic area, coal mine hazard area, critical aquifer recharge area, erosion hazard area, flood hazard area, landslide hazard area, seismic hazard area, steep slope hazard area, volcanic hazard area, wetlands, wildlife habitat conservation area, and wildlife habitat network.

D

Debt Service: Payment of interest and repayment of principal to holders of the City's debt instruments.

Debt Service Fund: This fund type is used to account for the payment and accumulation of resources related to general long-term debt principal and interest.

Dedicated Funds; Federal, state or local funds which can be used only for specific purposes or by specific agencies.

Deficit: 1) The excess of entity's liabilities over its assets (See Fund Balance). 2) The excess of expenditures or expenses over revenues during a single accounting period.

Budget Glossary

Demand Capacity Ratio (D/C): Is the relationship between the demands for vehicle trips on a facility versus the number of vehicle trips that can be accommodated on that facility.

Demonstration Funds (DEMO): Federal transportation acts sometime target specific projects in various states in addition to general programs for federal support. This funding category includes "demonstration" funding provided under the ISTEA, as well as "high priority project" funding provided under TEA-21. These projects for "demonstration" or "high priority project" funding often have special rules applying to their use.

Department/Agency: A major unit of the municipal organization which is managed by an Agency/Department Director and comprised of a number of divisions which are functionally related to one another.

Department of Transportation (DOT): A federal agency that implements the nation's overall transportation policy. The DOT establishes overall transportation policy for the United States. Under the DOT umbrella are 11 administrations whose jurisdictions include highway planning, development, and construction; urban mass transit; railroads; aviation; and the safety of ports, highways, and oil and gas pipelines. Decisions made by the department in conjunction with appropriate state and local officials can significantly affect other programs such as land planning, energy conservation, scarce resource utilization, and technological change.

Depreciation: 1) Expiration in the service life of capital assets attributable to wear and tear, deterioration and or action of the physical elements. 2) That portion of the cost of capital asset which is charged as an expense during a particular period.

Design Phase: A specific phase of the project when the concept is formulated into plans and specifications.

Development: Means the following activities: (1) the division of a parcel of land into two or more parcels; (2) the construction, reconstruction, conversion, structural alteration, relocation, enlargement, or demolition of a structure, excavation, landfill, or deposition; and (3) any use, or change in the use, of any structure, or land, or extension of use of land.

Disadvantaged Business Enterprise (DBE): A DBE is a for-profit small business concern that is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged. In the case of a corporation, 51 percent of the stock is owned by one or more such individuals; and, whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.

Disbursement: The expenditure of monies from an account.

Discretionary Funds: Federal, state and local funds which can be used for a variety of purposes are determined by local needs and priorities.

Budget Glossary

District System Management Plan (DSMP): Is a part of the system planning process and refers to a long-range plan for management of transportation systems in its jurisdiction.

Division: A unit of the municipal organization which reports to a department or agency.

Documentary Transfer Tax: This is a 0.7% tax on the fair market value that is imposed on the transfer or sale of real property.

E

Easement: A right to use the land of another for a specific purpose, sometimes referred to as a “deed restriction”. Easements may be purchased from the property owner or donated by the owner to an agency. The holder of an easement agrees to perform periodic inspections and to take the legal action, if necessary, to ensure that easement provisions are met.

Easement by Necessity: An easement allowed by law as necessary for the full enjoyment of a parcel of real estate; for example, a right of ingress and egress over a grantor's land.

Economic Development: Investment of resources to create financial self-sufficiency and prosperity in a community, including the industrial, commercial, and service sectors.

Educational Revenue Augmentation Fund (ERAF): In 1992, the State of California found itself in a serious deficit position. To meet its obligations to fund education at specified levels under Proposition 98, the state enacted legislation that shifted partial financial responsibility for funding education to local government (cities, counties and special districts). The state did this by instructing county auditors to shift the allocation of local property tax revenues from local government to “educational revenue augmentation funds” (ERAFs), directing that specified amounts of city, county and other local agency property taxes be deposited into these funds to support schools.

Eminent Domain: The right of a government or municipal quasi-public body to acquire property for public use through a court action called condemnation, in which the court decides that the use is a public use and determines the compensation to be paid to the owner.

Encroachment: A structure or part of a structure that occupies the property of another.

Encumbrance: Funds designated out of an appropriation to be spent on a specific purpose. The function of an encumbrance is to guarantee dollars will be available to pay bills when due.

Budget Glossary

Engineer's Estimate: A detailed construction cost estimate including a list of contractor bid items, estimated quantities and estimated unit prices, the Contract Total, sales tax, contingency costs, cost of work to be done by City crews, cost of work to be done by others, value of material furnished by City, estimated cost of incentives, and reimbursable. Engineer's Estimates are generally labeled as 70% Engineer's Estimate, 95% Engineer's Estimate, and 100% Engineer's Estimate.

Enterprise Fund: A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to ensure that the revenues are adequate to meet all necessary expenditures.

Environmental Impact Report (EIR): A study of all the factors which a land development or construction project would have on the environment in the area, including population, traffic, schools, fire protection, endangered species, archeological artifacts, and community beauty. Many states require such reports be submitted to local governments before the development or project can be approved, unless the governmental body finds there is no possible impact, which finding is called a "negative declaration."

Environmental Impact Statement (EIS): An environmental review document prepared in accordance with Environmental Protection Agency (EPA) and/or National Environmental Policy Act (NEPA) when the lead agency determines a proposal is likely to result in significant adverse environmental impacts.

Environmental Protection Agency (EPA): An independent federal agency, created in 1970, that sets and enforces rules and standards that protect the environment and control pollution.

Equal Employment Opportunity (EEO): EEO laws make it illegal for employers to discriminate against an employee or potential employee in certain workplaces.

Expense: Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest, or other charges.

E

Federal Emergency Management Agency (FEMA): The FEMA is the federal agency responsible for coordinating emergency planning, preparedness, risk reduction, response, and recovery. The agency works closely with state and local governments by funding emergency programs and providing technical guidance and training. These coordinated activities at the federal, state, and local levels ensure a broad-based emergency program to insure public safety and protect property.

Federal Highway Administration (FHWA): The federal agency responsible for the approval of transportation projects that affect the federal highway system. Administratively, FHWA is part of the DOT.

Budget Glossary

Federal Transportation Improvement Program (FTIP): Also referred to as the Transportation Improvement Program (TIP). This is a short-range action plan to the long-range Regional Transportation Plan (RTP). It identifies specifically what projects will be funded within the next 3 - 7 years.

Fiduciary Funds: Account for assets held in a trustee or agency capacity for others, and therefore cannot be used to support the government's own program.

Financial Plan: A parent document for the budget which establishes management policies, goals, and objectives for all programs within the City over a one-year period (see Budget).

Finding of No Significant Impact (FONSI): Is a document prepared by a federal agency showing why a proposed action would not have a significant impact on the environment and thus would not require preparation of an EIS. A FONSI is based on the results of an environmental assessment.

Fines and Forfeitures: Fines and Forfeitures consist primarily of fines for parking violations on the City's streets, Municipal Court fines and Library fines.

Fiscal Impact Analysis: The analysis of the estimated taxes that a development project would generate in comparison to the cost of providing municipal services demanded by that project.

Fiscal Year: The 12-month operating period of the government. For the City, this period begins July 1st and ends June 30th.

Fixed Assets: Assets of long-term nature such as land, buildings, machinery, furniture, and other equipment. The City has defined such assets as those with an expected life in excess of one year and an acquisition cost in excess of \$5,000.

Fixed Charges: Are items of expenditures for services rendered by internal operations of the City. Rental of City equipment, computer services, building rental, indirect operating expenses, and depreciation are examples of fixed charges.

Flood Control: The specific regulations and practices that reduce or prevent the damage caused by storm water runoff.

Franchise Fees: A .5% to 5% fee imposed on franchise revenue in accordance with franchise agreements with utility companies.

Freeway Capacity: Is the maximum sustained 15 minute rate of flow that can be accommodated by a uniform freeway segment under prevailing traffic and roadway conditions in a specified direction.

Fringe Benefits: These include employee retirement, social security, health, dental, life insurance, worker's compensation, uniforms, and deferred compensation plans.

Budget Glossary

Full-Time Equivalent (FTE): An FTE or full-time equivalent is defined as a staff year. For example, two employees who work one-half time are considered one full-time equivalent.

Functional Classification: Guided by federal legislation, refers to a process by which streets and highways are grouped into classes or systems, according to the character of the service that is provided, i.e., Principal Arterials, Minor Arterial Roads, Collector Roads, Local Roads.

Fund: A set of internal accounts that records revenue, expenditures, and obligations related to a specific purpose.

Fund Accounting: Governments use funds to account for activities within the entity.

Fund Balance: The net effect of assets less liabilities at any given point in time. The total fund balance includes a designated/reserved portion, usually for encumbrances, projects, or other prior commitments, as well as an undesignated/unreserved (i.e., "available") portion.

G

General Fund: The fund supported by taxes, fees and other revenues that may be used for any lawful purpose. The general fund accounts for all financial resources except those required to be accounted for in another fund.

General Ledger (GL): Central repository of the accounting information of an agency in which the summaries of all financial transactions (culled from subsidiary ledgers) during an accounting period are recorded. Includes revenue and expenditure transactions for all accounts within the agency.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

Governmental Funds: Account for activities that are primarily tax-supported operations or other mandatory payments.

Grant: A contribution by a government, other organization, or a private individual to support a particular function. Grants may be classified as either categorical or block, depending upon the amount of discretion allowed the grantee. Grants may be competitive or based on allocation.

Growth Management: The conscious public decision to restrain, accommodate or induce development in any geographic setting and at any governmental level. Growth management systems provide a means for governments to establish comprehensive goals and objectives designed to address the problems of growth through an integrated system of administrative, financial and regulatory programs.

Budget Glossary

H

High Occupancy Vehicle (HOV): Are a lane of freeway reserved for the use of vehicles with more than a preset number of occupants; such vehicles often include buses, taxis and carpools.

Highway Capacity Manual (HCM): Revised in 1994 by the Transportation Research Board of the National Research Council, the HCM presents various methodologies for analyzing the operation (see Level of Service) of transportation systems as freeways, arterial, transit, and pedestrian facilities.

I

Impact Fees: Costs imposed on new development to fund public facility improvements required by new development and ease fiscal burdens on localities.

Infrastructure: Those capital facilities and land assets under public ownership, or operated or maintained for public benefit, that are necessary to support development and redevelopment and to protect the public health, safety, and welfare. Infrastructure systems may include, but are not limited to, transportation, energy, telecommunications, farmland retention, water supply, wastewater disposal, storm water management, shore protection, open space and recreation, solid waste disposal, public health care, public education, higher education, arts, historic resources, public safety, justice, public administration, and public housing.

Initial Study: The preliminary analysis that the lead agency prepares in order to determine whether to prepare a negative declaration or an Environmental Impact Report (EIR) and, if necessary, to identify the impacts to be analyzed in the EIR. When the agency determines that an EIR is unnecessary, the study serves the purpose of providing documentation of the factual basis for concluding that a negative declaration will suffice.

Inspector: The Project Engineer's representative who inspects construction contract performance in detail, including how the approved design is implemented in the field.

Intelligent Transportation System (ITS): Applications of information technology to enhance transportation system management, e.g., real-time information about traffic incidents, routing alternatives and/or the guidance of vehicles through remotely-controlled equipment.

Inter-fund Transfers: The movement of monies between funds of the same governmental entity.

Intermodal Surface Transportation Efficiency Act (ISTEA): Federal legislation which provided for major restructuring of the federal funding program. Re-authorized as the Transportation Equity Act for the 21st Century (TEA-21).

Budget Glossary

Internal Service Charges: The charges to user departments for internal service provided by another government agency, such as fleet maintenance or insurance funded from a central pool.

Interregional Road System (IRRS): Is a series of Interregional state highway routes, outside the urbanized areas, that provide access to, and links between, the state's economic centers, major recreational areas, and urban and rural regions.

Interregional Transportation Strategic Plan (ITSP): Describes and communicates the framework in which the state will carry out its responsibilities for the Interregional Improvement Program (IIP). It also identifies how Caltrans will work with regional agencies to consult and seek consensus on the relative priority of improvements. The plan is evaluated in terms of its progress in carrying out its objectives, strategies and actions and updated accordingly on a biennial basis.

Investment: Securities and real estate purchased and held for the production of income in the form of interest, dividends, rental or base payments.

J

There are no terms at this time.

K

There are no terms at this time.

L

Land Use Planning: Generic term used to describe zoning results such as environmental impact, allowable development uses, historic/cultural preservation, etc.

Lead Agency: The agency or agencies that have taken the primary responsibility for preparing the environmental impact statement.

Legal Description: A method of describing a particular parcel of land in such a way that it uniquely describes the particular parcel and no other. A legal description may be a simple reference to a lot as shown on a subdivision plat, or be described by metes and bounds. To be adequate, it should be sufficient to locate the property without oral testimony.

Letter of Transmittal: The opening section of the budget, which provides the City Council and the public with a general summary of the most important aspects of the budget, changes from the previous fiscal years, and the views and recommendations of the City Administrator.

Budget Glossary

Level of Service (LOS): Is a qualitative measure describing operational conditions within a traffic stream; generally described in terms of such factors as speed and travel time, freedom to maneuver, traffic interruptions, comfort and convenience, and safety. LOS A represents free flow, and LOS F represents gridlock.

Liability: Debt or other legal obligation arising out of transaction in the past which must be liquidated, renewed or refunded at some future date; financial obligations entered in the balance sheet. Note: The term doesn't include encumbrances.

Licenses and Permits: Revenues under this category are from fees for business licenses, building regulation and planning permits. In Richmond, the Business License Tax is charged annually at different rates depending on the Business Tax Category. Licenses and Permits revenue comes from construction permits from the construction of sidewalks, driveways, sewer, grading and excavating, encroachment and obstruction.

Line Item Budget: A budget that lists detailed expenditure categories (salary, material, telephone service, travel, etc.) separately, along with the amount budgeted for each specified category. The City uses a line-item detail to maintain and record for financial reporting and control purpose. (See General Ledger Accounts & Commitment Item)

Local Agency Investment Fund (LAIF): Program established by the state to enable treasurers to place idle funds in a pool for investment. Each agency is currently limited to LAIF of an investment of \$20 million plus any bond proceeds.

Local and Regional Level of Service Standards: Identifies the level of service standards set by local and regional jurisdictions in general plans and congestion management programs.

Long Range Transportation Plan: A 15 to 20 year forecast plan that must consider a wide range of social, environmental, energy and economic factors. The plan addresses overall regional goals and how transportation can best meet those goals within financial limits.

M

Market Value: What a willing seller could reasonably expect to receive if he/she were to sell the property on the open market to a willing buyer.

Master Plan: A plan prepared to specify and coordinate the provision of one or more infrastructure systems and related services.

Maturities: The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

Measure Q - City Sales Tax: A one-half of one percent (1/2%) sales tax increment approved by Richmond voters in the November 2004 election. This increased the Richmond tax from 8.25% to 8.75%.

Budget Glossary

Memorandum of Understanding (MOU): A document that expresses mutual accord on an issue between two or more parties. Memoranda of understanding are generally recognized as binding, even if no legal claim could be based on the rights and obligations laid down in them. To be legally operative, a memorandum of understanding must (1) identify the contracting parties, (2) spell out the subject matter of the agreement and its objectives, (3) summarize the essential terms of the agreement, and (4) must be signed by the contracting parties.

Metropolitan Planning Organization (MPO): A federally required planning body responsible for the transportation planning and project selection in its region. The Governor designates an MPO in every urbanized area with a population of over 50,000 people.

Metropolitan Transportation Improvement Program (MTIP): A listing of highway and transit projects that the region hopes to fund.

Milestone: A tangible point in time that tells how far along a project is in the process.

Mission Statement: Provides policy guidance and direction for the highest priority objectives to be accomplished during the budget period. Over the last several years, the City Council has developed community goals and long-range vision for the City, which best summarize expectations of the community.

Mitigated Negative Declaration: Under the CEQA, if an initial study reveals substantial evidence that significant environmental effects might occur, the project proponent can modify the project so as to eliminate all such possible significant impacts or reduce them to a level of insignificance.

Mitigation: One or more of the following approaches to mitigate environmental impact(s) with an emphasis on attempting those measures in the sequence in which they are listed: (1) avoiding the impact altogether by not taking a certain action or parts of an action; (2) minimizing impacts by limiting the degree or magnitude of the action and its implementation; (3) rectifying the impact by repairing, rehabilitating, or restoring the impacted environment; (4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the action; and (5) compensating for the impact by replacing or providing substitute resources or environments.

Model, Mode Choice: Is a model used to forecast the proportion of total person trips on each of the available transportation modes.

Modified Accrual Basis: The basis of accounting under which expenditures, whether paid or unpaid, are formally recognized when incurred against the account, but revenues are recognized only when they become both measurable and available to finance expenditures of the current accounting period. All governmental funds use the modified accrual basis of accounting.

Municipal Bonds: Interest-bearing obligations issued by state or local governments to finance operating or capital costs. The principal characteristic that has traditionally set municipal bonds apart from other capital market securities is the exemption of interest income from Federal income tax.

Budget Glossary

N

National Environmental Policy Act (NEPA): Federal legislation that requires consideration of environmental consequences of a project before the project can begin. If a study indicates that there are undesirable environmental consequences of a proposed project, they requires either that consideration be given to "mitigating" measures built into the project that would lessen the environmental damage, or that alternatives (different ways of accomplishing the project goals) be considered that would be less damaging to the environment. NEPA applies to any major federal, state, county, city, or industrial projects that require a Federal permit or receive funding from a Federal agency.

National Highway System (NHS): Consists of 155,00 miles (plus or minus 15 percent) of the major roads in the U.S. Included will be all Interstate routes, a large percentage of urban and rural principal arterials, the defense strategic highway network, and strategic highway connectors.

National Pollutant Discharge Elimination System (NPDES): Two-phased surface water quality program authorized by Congress as part of the 1987 Clean Water Act.

Natural Diversity Information: Identifies special status of habitats and species found within 300 meters of centerline of the existing highway facility.

Negative Declaration: Under the CEQA, a Negative Declaration is prepared when, after completing an initial study, a lead agency determines that a project "would not have a significant effect on the environment".

Non-Attainment Area: An air basin that does not meet existing state or federal air quality standards.

Notice of Completion (NOC): The CEQA requires a notice to the public that a draft environmental impact report has been completed.

Notice of Determination (NOD): Under the CEQA, a Notice of Determination is filed by the lead environmental regulatory agency once it has decided to implement or approve a project for which it has approved a negative declaration.

Notice of Intent (NOI): Under NEPA, the first formal step in the environmental impact statement process, consisting of a notice with the following information: a description of the proposed action and alternatives; a description of the agency's proposed scoping process, including scoping meetings; and the name and address of the persons to contact within the lead agency regarding the environmental impact statement.

Notice of Preparation (NOP): The CEQA requires this notice to the public that an EIR will be prepared for a proposed development. It allows time for members of the community to submit their environmental concerns regarding a proposed development.

Budget Glossary

Notice to Proceed: A letter signed by the Project Engineer and issued to the Contractor granting notice that construction must begin within a designated period.

O

Objectives: Departmental statements describing significant activities to be accomplished during the fiscal year.

Obligation: The Federal government's legal commitment (promise) to pay or reimburse the states or other entities for the Federal share of a project's eligible costs.

Operating Budget: A financial plan for the provision of City services and basic governmental functions. The operating budget contains appropriations for such expenditures as personnel services, fringe benefits, commodities, services and minor capital expenses. It does not include Capital Improvement Plan expenditures.

Operations and Maintenance: Expenditures related to operating costs including supplies, commodities, contract services, materials, utilities and educational services.

Ordinance: A formal legislative enactment by the governing board (City Council) of a municipality. If it is not in conflict with any higher form of law, it has the full force and effect of law within the boundaries of the municipality to which it applies.

Outfall: The point where wastewater or drainage discharges from a sewer pipe, ditch, or other conveyance to a receiving body of water.

P

Performance Measures: Specific quantitative measures of work performed within an activity or program (e.g., total miles of streets cleaned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., reduced incidence of vandalism due to new street lighting program).

Permits/Approvals: Required permissions from regulatory agencies with jurisdiction over the work or location of the project.

Permitting Authority: The NPDES authorized state agency or EPA regional office that administers the NPDES program, issuing permits, providing compliance assistance, conducting inspections, and enforcing the NPDES program.

Personnel Services: Expenditures related to employee compensation including wages and salaries, fringe benefits, retirement, premiums, allowances and special/supplemental pay such as shift differentials.

Budget Glossary

Phase: Series of related activities during a project's lifecycle, usually culminating in the completion of a major deliverable.

Plat Map: A map of a town, section or subdivision indicating the location and boundaries of individual properties.

Pre-construction Conference (Precon): A meeting held with the Contractor and City of Richmond staff with the purpose of introducing all parties involved in project construction, identifying critical project issues, and answering Contractor questions. The meeting occurs between contract execution and Notice to Proceed.

Program: An activity, or division, within a department which furthers the objectives of the City Council, by providing services or a product.

Program Budget: Programs, and associated program codes, are created to articulate the programmatic functions performed by the City organization. The budget (both revenues and expenditures) can be described in programmatic terms. This enables the Mayor and City Council to view how much is being committed and/or spent to achieve their goals and objectives.

Programming: The designation of funds for transportation projects which when approved is included in the TIP.

Project: A temporary endeavor undertaken to create a unique product or service. It can be considered to be any series of activities and tasks that have: (1) A specific objective to be completed within certain specifications; (2) defined start and end dates; and (3) funding limits and consumed resources. Generally, this is a construction project but could be any undertaking requiring a joint effort wherein a scope, schedule, budget, and desired outcome has been defined.

Project Closeout Phase: A specific phase of the project when construction tasks are completed, contractual and administrative requirements are completed and the project files are archived.

Project Manager: The person responsible for leading the team; delivering the project within an approved scope, schedule and budget; conducting quality assurance of the project products; monitoring project progress; and overseeing the project from Pre-Design Phase through Project Close Out Phase.

Project Report: Is a conceptual engineering report that describes the work in more detail than the PSR.

Project Study Report (PSR): Is the pre-programming document required before a project may be included in the State Transportation Improvement Program (STIP).

Budget Glossary

Property Tax: A major portion of the revenues of the City is from property taxes. Property such as land, structures and improvements is subject to tax which is applied to a property's value. In 1978, Proposition 13 revised the calculation of the California property taxes by establishing a fixed rate of one percent of a property's value and thereby limiting the growth in assessed valuation to 2% per year. The exception to this is when property changes hands, in which case fair value becomes the basis of valuation. The City receives its share of property taxes during the months of December, April and June of each fiscal year at 55%, 40% and 5% of the total amount. Of the total property tax received, approximately 48% is General Fund, 16% is Sewer, 24% is Pension Tax Override and 12% is from Assessment Districts.

Proprietary Funds: Account for activities that are primarily funded by income from operations resulting from payments for goods and services provided to users.

PS&E: Plans, Specifications and Estimates

Punchlist: A list of items generated following the Final Inspection consisting of work the Contractor must complete before the project is considered complete and the Notice of Completion and Acceptance is issued.

Q

There are no terms at this time.

R

Ready-to-Ad: A document that confirms funds is available for construction; it is signed by the Finance Manager of the Capital Improvement Plan Unit and CRE and is required prior to advertisement of the project.

Recognized Obligation Payment Schedules (ROPS): A six month period schedule that sets forth the nature, amount, and source of payment for all enforceable obligations of the Successor Agency to the Redevelopment Agency.

Record of Decision (ROD): Under the NEPA, a public document that reflects the agency's final decision, rationale behind that decision, and commitments to monitoring and mitigation.

Redevelopment Agency: The governing body created to designate redevelopment project areas, supervise and coordinate planning for a project area, and implement the development program.

Redevelopment Plan: Plan for revitalization and redevelopment of land within the project area in order to eliminate blight and remedy the conditions that caused it.

Budget Glossary

Redevelopment Property Tax Trust Fund (RPTTP): A trust fund from the collection of the property tax revenues from the dissolved redevelopment agencies that's used to pay enforceable obligations.

Reimbursements: Payments remitted by another agency, department, or fund to help defray the costs of a particular service or activity for which some benefit was obtained by the reimbursing party. These amounts are recorded as expenditures, or expenses in the reimbursing fund and as a reduction of expenditures, or expenses, in the fund that is reimbursed.

Relocation: The effort to assist and facilitate re-housing of families and single persons, businesses or organizations that are displaced due to redevelopment activities.

Relocation Assistance: Relocation payments help to assist families, individuals, businesses, and non-profit organizations that are displaced as a result of redevelopment activities. This includes aid in finding a new location, payments to help cover moving costs, and additional payments for certain other costs.

Reserved Fund Balance: A portion of a fund's balance that is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Resolution: A special order of the City Council which requires less legal formality than an Ordinance in terms of public notice and the number of public readings prior to approval. A Resolution has lower legal standing than an Ordinance. The adopted operating budget is approved by Resolution and requires a majority vote of the City Council members present at the time of adoption.

Revenue: Funds that the City receives as income. It includes such items as taxes, licenses, user fees/charges for services, fines/penalties, grants, and internal revenue.

Revenue Estimates: A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.

Right-of-Way (ROW): The right given by one landowner to another to pass over the land actually transferring ownership. ROW is granted by deed or easement, for construction and maintenance according to a designated use. This may include highways, streets, canals, ditches, or other uses.

Runoff: Drainage or flood discharge that leaves an area as surface flow or as pipeline flow.

S

Salaries and Benefits: An operating budget category which generally accounts for full-time and part-time salaries, overtime costs, and fringe benefits.

Budget Glossary

Sales and Use Tax: The current Sales Tax rate in Richmond is 8.75%. The City's share of this is 1% percent, with the State getting 6.25%. Sales tax revenue is influenced by different factors such as the number of retail outlets, the interest rates, disposable income, and the rate of inflation. Richmond also has revenue sharing agreements with the City of El Cerrito.

Schedule: The planned dates for performing activities and the planned dates for meeting milestones.

Secondary Access: A second means for vehicles to get into or leave a neighborhood or development. Having more than one means of access tends to distribute traffic more evenly, and is considered critical for emergency vehicle access.

Sewer: Any pipe or conduit used to collect and carry away sewage or storm water runoff from the generating source to the treatment plant or receiving stream.

Sewer Capital: Fees collected by the City for future expansion and capacity increases of the sewer and waste water systems.

Source of Revenue: Revenues are classified according to their source or point of origin.

Special Revenue Fund: Used to account for the proceeds of special revenue sources that are restricted by law (or administrative action) to expenditures for specific purposes.

Specifications Package: A packet of information made up of Standard Specifications and Special Provisions that forms the basis of the construction contract defining the work to be done, the material requirements, the construction requirements, the methods of measurement, and the methods of payment during construction. The Specifications Package is generally referred to as either 70% Spec Package, 95% Spec Package or 100% Spec Package.

State Transportation Improvement Program (STIP): The statewide CIP adopted biennially by the California Transportation Commission, which includes all major transportation projects funded by state or Federal funds.

Statement of Overriding Considerations: Provides an agency with a means to adopt a project with unmitigated significant environmental impacts. The CEQA requires the decision-maker to balance the benefits of a proposed project against its unavoidable environmental risks in determining whether to approve the project. If the benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered acceptable.

Storm Drain: An opening leading to an underground pipe or open ditch for carrying surface runoff, separate from the sanitary sewer or wastewater system.

Storm Drain Fund: Fees received from developers for storm drain facilities.

Budget Glossary

Stormwater: Precipitation that accumulates in natural and/or constructed storage and storm water systems during and immediately following a storm event.

Stormwater Pollution Prevention Plan (SWPPP): A plan to describe a process through which a facility thoroughly evaluates potential pollutant sources at a site and selects and implements appropriate measures designed to prevent or control the discharge of pollutants in storm water runoff.

Street, Arterial: A thoroughfare designed to carry vehicular traffic between neighborhoods and from surrounding areas into and out of the city.

Street, Collector: A street that directs neighborhood vehicular traffic to the arterial street system; it basically serves the surrounding neighborhoods, not the wider community.

Street, Local: A street that provides access to adjacent properties and allows for vehicular traffic circulation within a neighborhood.

Successor Agency: An agency that is authorized by law to accept and maintain the legal title, custody, and dominion of records that were created by the former redevelopment agencies.

Supplemental Appropriation: An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond the original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) in cases where the need for funds is too urgent to be postponed until enactment of the next regular appropriation bill.

Supplies and Services: This budget category accounts for all personnel, and capital outlay expenses.

Surface Runoff: The portion of rainfall that moves over the ground toward a lower elevation and does not infiltrate the soil.

Sustainable Development: Development with the goal of preserving environmental quality, natural resources and livability for present and future generations. Sustainable initiatives work to ensure efficient use of resources.

System Capacity: The ability of natural, infrastructure, social and economic systems to accommodate growth and development without degrading or exceeding the limits of those systems, as determined by a carrying capacity analysis.

Budget Glossary

I

Tax Allocation Bond: A bond or financial obligation issued by the agency in order to generate funds to implement the redevelopment plan. The bond is repaid with tax increments flowing to the agency as a result of actions of the agency to revitalize the project area.

Tax Increment: The increase in property taxes within the redevelopment project area that result from increases in the project area assessed value that exceeds the base year assessed value.

Transfer: A movement of budgetary or actual revenues or expenditures between organizational units, accounts, projects, programs or funds. Transfers between funds appear as an expenditure (“transfer out”) in one fund and revenue (“transfer in”) in the other. Transfers between fiscal years represent the carry forward of funds received in previous years to be expended in the new year and appear as revenue in the new year. Transfers between departments, funds or from one fiscal year to another must be approved by City Council.

Transfers In/Out: Payments from one fund to another fund, primarily for work or services provided.

Transient Occupancy Tax (TOT): The TOT at 10% is imposed on and paid by the hotel/motel lodgers who stay less than thirty days. The tax is collected and remitted by hotel/motel operators.

Triple Flip State: On July 1, 2004 the State began reducing the Sales Tax Allocation to Cities by .25%. The .25% reduction was used for security for the State’s “Economy Recovery Bonds”. This was replaced dollar-for-dollar by an allocation of local property tax from the County Educational Revenue Augmentation Fund (ERAF) funds paid to the Cities in two payments in January and May.

Trust and Agency Funds: Also known as Fiduciary Fund Types, these funds are used to account for assets held by the City in a trustee capacity or as an agent for private individuals, organizations, or other governmental agencies. The fiduciary funds used by the City include expendable trust and agency funds. Expendable trust funds are accounted for in the same manner as Governmental Funds (general, special revenues, debt service, and capital project funds). Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations.

U

Urban Transportation Planning System (UTPS): Is a tool for multi-modal transportation planning developed by the Urban Mass Transportation Administration (now the Federal Transit Administration) and the Federal Highway Administration. It is used for both long and short-range planning, particularly system analysis and covers both computerized and manual planning methods. UTPS consists of computer programs, attendant documentation, user guides and manuals that cover one or more of five analytical

Budget Glossary

categories: highway network analysis, transit network analysis, demand estimation, data capture and manipulation, and sketch planning.

Utilities: Generally referring to any outside service agency, including but not limited to, public and private utilities, public transportation agencies, postal services, emergency services, city agencies, and railroads.

Utility Users Tax (UUT): A 10% tax imposed on utility (telecommunication, gas, electricity, water and video) revenue.

V

Vehicle License Fee (VLF) Backfill: In FY2004, the State dropped the Motor VLF from 2% to .67%. In FY 2004 the State backfilled the fee reduction with other State funds. In fiscal year 2005, the backfill was replaced with an allocation of local property tax from County Educational Revenue Augmentation Fund (ERAF) funds that was paid to the Cities in two payments in January and May.

W

Working Capital: Also known as financial position in private sector accounting and in enterprise fund accounting in the public sector, working capital is the excess of current assets over current liabilities. For the enterprise funds, this term is used interchangeably with "fund balance", a comparable financial position concept in the governmental fund types.

X

There are no terms at this time.

Y

There are no terms at this time.

Z

Zero Base Budget: A process emphasizing management's responsibility to plan, budget, and evaluate. Zero-base budgeting provides for analysis of alternative methods of operation and various levels of effort. It places new programs on an equal footing with existing programs by requiring that program priorities be ranked, thereby providing a systematic basis for allocating resources.

Budget Glossary

List of Acronyms

ADA	Americans with Disabilities Act
A/P	Accounts Payable
A/R	Accounts Receivable
CAFR	Comprehensive Annual Financial Report
CAG	Community Advisory Group
CalPERS	California Public Employees' Retirement System
Caltrans	California Department of Transportation
CBD	Central Business District
CEQA	California Environmental Quality Act
CFD	Community Facility District
CIP	Capital Improvement Plan
CMP	Congestion Management Program
CMS	Congestion Management System
COG	Council of Governments
COR	City of Richmond
CPA	Certified Public Accountant
CPI	Consumer Price Index
CPUC	California Public Utility Commission
CRE	County Road Engineer
CTC	California Transportation Commission

Budget Glossary

DBE	Disadvantaged Business Enterprise
D/C	Demand Capacity Ratio
DEMO	Demonstration Funds
DSMP	District System Management Plan
DOT	Department of Transportation
EAP	Environmental Protection Agency
EEO	Equal Employment Opportunity
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
ERAF	Educational Revenue Augmentation Fund
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FONSI	Finding of No Significant Impact
FTE	Full-Time Equivalent
FTIP	Federal Transportation Improvement Program
GAAP	Generally Accepted Accounting Principles
GL	General Ledger
HCM	Highway Capacity Manual
HOV	High Occupancy Vehicle
HR	Human Resources
HUD	Federal Department of Housing and Urban Development

Budget Glossary

IRRS	Interregional Road System
ISTEA	Intermodal Surface Transportation Efficiency Act
IT	Information Technology
ITS	Intelligent Transportation System
ITSP	Interregional Transportation Strategic Plan
LAIF	Local Agency Investment Fund
LOS	Level of Service
LTFP	Long-term Financial Plan
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MTIP	Metropolitan Transportation Improvement Program
NEPA	National Environmental Policy Act
NHS	National Highway System
NOC	Notice of Completion
NOD	Notice of Determination
NOI	Notice of Intent
NOP	Notice of Preparation
NPDES	National Pollutant Discharge Elimination System
OPEB	Other Post-Employment Benefits
PAF	Personnel Action Form
PO	Purchase Order
PR	Purchase Requisition

Budget Glossary

Precon	Pre-construction Conference
PSR	Project Study Report
RFP	Request for Proposal
RFQ	Request for Qualification
ROD	Record of Decision
ROPS	Recognized Obligation Payment Schedules
ROW	Right-of-Way
RPTTP	Redevelopment Property Tax Trust Fund
SEC	Security and Exchange Commission
STIP	State Transportation Improvement Plan
SWPPP	Stormwater Pollution Prevention Plan
TIP	Transportation Improvement Program
TOT	Transient Occupancy Tax
UTPS	Urban Transportation Planning System
UUT	Utility Users Tax
VLf	Vehicle License Fee

Capital Improvement Plan Index by Project Name Fiscal Years 2016-17 to FY2020-21

13 th and Dunn Capacity Improvements	61
37 th Street Improvements	11
37 th Street Improvements “Map”	12
Carlson Boulevard Improvements	13
Carlson Boulevard Improvements “Map”	14
Cutting-Carlson Traffic Signal Safety Improvements	15
Cutting-Carlson Traffic Signal Safety Improvements “Map”	16
Deed Restricted Properties/Area T	101
Document Storage City-wide	131
Electrical Distribution System Upgrade	62
Electrical Meters Upgrade	91
Engineering (Microwave Transmission and Playback System)	137
Engineering (Microwave Transmission and Playback System) “Maps”	138
Fire Station 66 Roof Replacement	17
Fire Station 66 Roof Replacement “Map”	18
Fleet Replacement	125
Force Main System Assessment	63
Harbour Way Improvements	19
Harbour Way Improvements “Map”	20
Hazel Street Storm Drain Improvements	71
Hazel Street Storm Drain Improvements	72
I-80 Central Interchange	21
I-80 Central Interchange “Map”	22
Joint Powers Agreement (JPA) Sports Field Partnership	47
Joint Powers Agreement (JPA) Sports Field Partnership “Map”	48
Marina Bay Dredging	79
Marina Bay Trail – Cosco Busan	49
Marina Capital Improvements	80

FY2016-17 Budget

**Capital Improvement Plan
Index by Project Name
Fiscal Years 2016-17 to FY2020-21**

Martin Luther King J. Community Center	23
Mathieu Court Alley Greening/Emerald Alleys Program	24
Mathieu Court Alley Greening/Emerald Alleys Program “Map”	25
Metro Walk (Transit Village)	102
Metro Walk (Transit Village) “Map”	103
Miraflores	104
Miraflores “Map”	105
Miraflores Baxter Creek	106
Miraflores Baxter Creek	117
Miraflores Baxter Creek “Map”	108
Miraflores Baxter Creek “Map”	119
Miraflores Housing	109
Miraflores Housing “Map”	110
Multi-Media (Council Chamber and Media Center)	139
Multi-Media (Council Chamber and Media Center) “Map”	140
National Court Storm Drainage Improvements	73
National Court Storm Drainage Improvements	74
Point Potrero Marine Terminal (PPMT) Dock Repair	92
Point Potrero Marine Terminal (PPMT) Dredging	93
Police Equipment	85
Production (Studio and Truck Upgrades)	141
Pt. Molate Beach – Cosco Busan	50
Pt. Molate Beach – Cosco Busan “Map”	51
Railroad Crossing Improvements Quiet Zone	26
Richmond Greenway Ohlone Gap Closure	27
Richmond Greenway Ohlone Gap Closure “Map”	28
Richmond Parkway Interconnect Traffic System	29
Richmond Parkway Interconnect Traffic System “Map”	30
Safe Route to School Cycle 1	31
Safe Route to School Cycle 1 “Map”	32

FY2016-17 Budget

**Capital Improvement Plan
Index by Project Name
Fiscal Years 2016-17 to FY2020-21**

San Pablo Avenue Complete Street	33
San Pablo Avenue Complete Street “Map”	34
Sanitary Sewer Wet Weather Capacity Improvements	64
SF Bay Trail (Pt. Richmond to Pt. Molate)	37
SF Bay Trail (Pt. Richmond to Pt. Molate) “Map”	38
SF Bay Trail Goodrick Avenue	35
SF Bay Trail Goodrick Avenue “Map”	36
Shields-Reid Park	52
Shields-Reid Park “Map”	53
Signal Modification at Barrett Avenue I-80 WB Ramp	39
Signal Modification at Barrett Avenue I-80 WB Ramp “Map”	40
Street Paving	41
Terminal 2 Dock Removal	94
Terminal 2 Dock Removal “Map”	95
Terminal 2 Dredging	96
Terminal One	111
Terminal One “Map”	112
Traffic Safety Improvements	42
Unity Park	54
Unity Park “Map”	55
Wastewater Treatment Plant Critical Improvements	65
Wastewater Treatment Plant Critical Improvements “Map”	66

FY2016-17 Budget

CITY OF RICHMOND
 PROPOSED CAPITAL IMPROVEMENT PROJECT

FISCAL YEAR FY2016/17

Date Last Updated: _____

Project Summary:

CIP No.	<i>"Finance will assign"</i>	Total Estimated Capital Cost	
Project Manager		Estimated Start Date	
Dept/Division		Estimated Completion Date	
Department Priority		Project Status	<i>Proposed</i>
Project Name			
Abbreviated Project Description and Scope			
Project Description and Scope			
Related Projects		Project Type: On-going New	

Project Justification/Benefits:

a. Why is the project needed? (Include whether this investment responds to safety issues, legal mandates, etc.)
b. How will the proposed investment impact the City's performance measures? (Include whether the investment meets multiple department/program objectives and whether it is in line with the City's Strategic Goals.)
c. How does the proposed investment respond to Council priorities and/or public feedback?
d. What is the impact of not funding this project?
e. Environmental Impacts?

Cost Details:

COST TYPE	TOTAL	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21
Equipment						
Studies						
Design	-					
Design Administration	-					
Construction	-					
Construction Management	-					
Construction Admin						
Public Art (1.5%) over \$300,000	-					
Other:	-					
Contingency	-					
Total	-	-	-	-	-	-
POST CONSTRUCTION	TOTAL	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21
On-Going Maintenance Costs per Year	-	-	-	-	-	-

Budget Details:

FUND SOURCE	TOTAL	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21
	-					
	-					
Total	-	-	-	-	-	-

Performance Measures:

PERFORMANCE BENCHMARK	1-YR GOAL	1 ST QTR GOAL	2 ND QTR GOAL	3 RD QTR GOAL	4 TH QTR GOAL
Request for Proposal					
Study					
Survey					
Land Acquisition					
Equipment Purchase					
Equipment Installation					
Design Contract					
Design					
Construction Mgmt Contract					
Construction					
Other:					