

SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
POLICIES & PROCEDURES MANUAL

POLICY 51.090 - BUDGET AMENDMENTS

Date: July 2021
Revision No.: 3
Supersedes: December 2, 2008
First Adopted: February 1997

POLICY:

It is the policy of the Department to allow for amendments to its operating and capital improvement budgets to accommodate modifications to memoranda of understanding, acceptance of federal, state, or local grants, revisions to currently funded programs or other revisions as approved by the General Manager and/or the Water Board.

The Department shall therefore amend its annual budget in accordance with the section entitled, "Procedures."

RESPONSIBILITY:

Administrative amendments that comply with the provisions of Paragraph I, Administrative Amendments, are initiated by the division director, reviewed by the Director of Finance, approved by the General Manager, and returned to the Director of Finance for processing.

Capital improvement budget amendments that comply with the provisions of Paragraph II, Capital Improvement Budget Amendments, are initiated by the division director, reviewed by the Director of Finance, approved by the General Manager, and returned to the Director of Finance for processing.

Legislative amendments that comply with the provisions of Paragraph III, Legislative Amendments, are initiated by the division director, reviewed by the Director of Finance, and approved by the General Manager for placement on the Water Board agenda.

PROCEDURE:

I. ADMINISTRATIVE AMENDMENTS.

- A. Administrative amendments may be approved at the General Manager level, provided they meet the following requirements:

1. The amendment occurs within the same fund's, division's or section's budget;
2. The amendment does not increase a fund's, division's or section's total budget allocation;
3. The amendment does not increase salary or fringe benefit accounts;
4. The amendment does not increase the Department's construction budget;
5. The amendment does not violate the Department's purchasing policy limits; and
6. The amendment does not exceed \$25,000.

Any amendments that do not meet all of the preceding requirements must be presented to the Water Board for approval.

B. The division director, or designee, shall initiate an amendment request to the General Manager, forwarding it first through the Director of Finance (along with a budget amendment form) providing the following minimum information:

1. Account from which the funds will be transferred;
2. Account into which the funds will be transferred;
3. Total dollar amount of the transferred funds, including tax;
4. Thorough justification and supporting documentation; and
5. Signature of the initiating division director.

C. The Director of Finance will determine the following:

1. Availability of funds;
2. Validity of account numbers;
3. Sufficient justification has been submitted; and
4. Approval level of authority required.

D. The Director of Finance will approve and forward the amendment request and budget amendment form to the General Manager for review and approval.

E. After General Manager approval, the amendment request and budget amendment form will be returned to the Director of Finance for processing. The approved budget amendment form

will be returned to the initiating division director as confirmation that the amendment has been made.

- F. The Director of Finance will report these budget amendments to the Water Board as an information item on a quarterly basis.

II. CAPITAL IMPROVEMENT BUDGET AMENDMENTS.

- A. These amendments may be approved at the General Manager level, provided they meet the following requirements:
1. The amendment does not increase the respective division's overall capital improvement budget;
 2. The amendment involves only those projects previously approved by the Water Board during the budget approval process;
 3. Project substitution amendments involve only those projects identified on the unfunded "Optional Projects" list in the division's approved capital improvement budget;
 4. Substitutions between approved and unfunded optional projects occur within the same funding group:
 - a. New plant and facilities
 - b. Rehabilitation of existing facilities
 - c. Facilities funded by other sources; e.g., Caltrans
 5. The General Manager will report these amendments to the Water Board as an information item on a quarterly basis.
- B. The division director, or designee, shall initiate an amendment request to the General Manager, forwarding it first through the Director of Finance, providing the following minimum information:
1. Identification of the unfunded construction project and verification of its approval by the Water Board as "optional" during the current budget approval process.
 2. Thorough written justification as to the project's rise in priority level, causing the reallocation of funds from another project.
 3. Verification that the project substitution is within the same funding group.
 4. Amount of funds to be reallocated to the optional project.

- C. After approval, the Director of Finance will initial the amendment request before forwarding it for General Manager approval.

Any amendments that do not meet **all the preceding** requirements or **involve capital projects not previously approved during the budget approval process**, must be presented to the Water Board for approval.

III. LEGISLATIVE AMENDMENTS.

- A. These budget amendments require the approval of the Water Board:

1. Supplemental amendments that increase a fund's, division's or section's total budget allocation.
2. Amendments that transfer funds from reserves to operating or construction budgets.
3. Amendments that increase the Department's capital improvement budget.
4. Amendments that increase salary or fringe benefit accounts.
5. Any amendment in excess of \$25,000.

- B. The division director, or designee, shall initiate a staff report to the General Manager, forwarding it first through the Director of Finance, providing the following minimum information:

1. Account from which the funds will be transferred;
2. Account into which the funds will be transferred;
3. Total dollar amount of the transferred funds, including tax;
4. Thorough justification and supporting documentation; and
5. Signature of the initiating division director.

- C. The Director of Finance will determine the following:

1. Availability of funds;

2. Validity of account numbers; and
 3. Sufficient justification for the amendment.
- D. Should the review determine that additional information is necessary, the Director of Finance will contact the initiating director and arrange for same.
- E. Upon approval, the Director of Finance will initial the staff report before forwarding it to the General Manager for approval and placement onto the Water Board agenda.

IV. SEWER FUND; RIX TERTIARY TREATMENT FACILITY AMENDMENTS:

Amendments to the Sewer Fund RIX Tertiary Treatment Facility budget must have approval of the Colton/San Bernardino Tertiary Treatment and Water Reclamation Authority Board, in accordance with their adopted budget amendment policy.

Policy Review

Established:	<u>2/1997</u>
Revision Board Approved:	<u>3/2/1999</u>
Revision Board Approved:	<u>12/2/2008</u>
No changes:	<u>7/2018</u>
No changes:	<u>7/2019</u>
No changes:	<u>7/2020</u>
Minor changes (HR) GM Approved:	<u>7/2021</u>

Sanchez_Ap

From: Sanchez_Ap
Sent: Thursday, December 04, 2008 3:02 PM
To: Aldstadt_St
Subject: FW: Policy 51.090 Revision 2
Attachments: image001.jpg; BUDGET AMENDMENTS Rev 2 Policy 51.090.doc

Hi Stacey,
There was confusion with the policy revision that went to the Board. Can the suggested administrative changes be made without going back to the Board for approval (see my email below)?

yes.
SMA
12/2/08

April Sanchez
Executive Secretary

Please consider the environment before printing this e-mail.

From: Bennett_Ka
Sent: Thursday, December 04, 2008 2:11 PM
To: Sanchez_Ap
Cc: Morrison_Sy
Subject: RE: Policy 51.090 Revision 2

good suggestions; thank you. Here is the final with changes... however (big HOWEVER), even though the changes do not structurally alter the process, are we permitted to make changes after the board has made its approval? Up to you...

Also, re II A.5: Yes the General Manager will report the CIP amendments to the board. But the content for her staff report will have to be gathered from finance, which will be worked out at the time the first one is done.

Kathie Bennett
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San Bernardino, California 92418
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From: Sanchez_Ap
Sent: Thursday, December 04, 2008 1:02 PM
To: Bennett_Ka
Cc: Morrison_Sy
Subject: Policy 51.090 Revision 2

Hi Kathie:

Regarding the subject policy revision:

- I think December 2, 2008 (the date of approval) should be used instead of November 10, 2008.
- To eliminate confusion, "staff report" should be replaced in Sections I and II by something like "request" or "memorandum" (Kathy has replaced with "amendment request" in attachment). The "staff report" was designed for submitting items to the General Manager for placement on the BOWC agenda.
- In Section I, the Finance Director reports the quarterly amendments to the Board; in Section II, the General Manager reports the amendments to the Board. Is this correct?
- Section III, Paragraph B, staff reports should be addressed to the General Manager, as stated in Paragraph E of same section.