



Midpeninsula Regional
Open Space District

R-13-92
Meeting 13-32
November 13, 2013

AGENDA ITEM 5

AGENDA ITEM

Adoption of Board Policy on Budget and Expenditure Authority

GENERAL MANAGER'S RECOMMENDATION *SM*

Adopt the proposed Board Policy on Budget and Expenditure Authority to formalize the budget authorities that are delegated to the General Manager consistent with prior Board discussion and approval of budget authorities.

SUMMARY

On September 25, 2013, the Board approved changes to streamline the Midyear Action Plan and Budget Process, including associated budget authorities to delegate certain budget and expenditure authorities to the General Manager (R-13-86). Staff is returning to the Board at this time with a proposed Board policy on Budget and Expenditure Authority to formalize the budget authorities that the Board delegated to the General Manager, per Board discussion at the September 25 meeting.

DISCUSSION

As part of the Fiscal Year (FY) 2012-13 Midyear Action Plan and Budget, the Board directed staff to review the annual budget cycle and reports, with special attention to the Midyear process, to identify appropriate adjustments to the frequency and level of detail of reporting cycles (R-12-121). At the September 25, 2013 regular meeting, the Board approved changes to streamline the Midyear Action Plan and Budget process, including changes to the General Manager's budget and expenditure authority to enable him to more efficiently and effectively manage the District's budget (R-13-86). Staff is now returning to the Board with a proposed Board Policy to formalize the budget authorities that are delegated to the General Manager, which the Board previously reviewed and approved on September 25. No substantive changes were made to the previously Board-approved language.

As a reminder, and as noted in the September 25 Board report, the District's governing legislation Public Resources Code (PRC) 5500 states that the General Manager shall prepare and submit the District's annual budget to the Board of Directors for approval. Beyond that requirement, the District's General Counsel did confirm that the Board may determine the level of budget authority to grant to the General Manager.

The attached proposed Board Policy remains consistent with PRC 5500, sets clearly the level of budget authority granted to the General Manager, and remains consistent with current government best practices (refer to R-13-86 for comparative analysis of twelve local government agencies).

FISCAL IMPACT

None.

BOARD COMMITTEE REVIEW

The Action Plan and Budget Committee reviewed the proposed budget authority changes on May 31, 2013 and September 4, 2013. The full Board reviewed the proposed budget authority changes on September 25, 2013.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. No additional notice is required.

CEQA COMPLIANCE

Approval of Board policy is not considered a project under the California Environmental Quality Act and no environmental review is required.

NEXT STEPS

Upon Board approval, the Board Policy on Budget and Expenditure Authority will be added to the Board Policy Manual.

Attachment(s)

1. Budget and Expenditure Authority Board Policy

Prepared and Reviewed by:
Kate Drayson, Administrative Services Manager

Midpeninsula Regional Open Space District

Board Policy Manual

Budget and Expenditure Authority	Policy 3.04 Chapter 3 - Fiscal Management
Effective Date: 09/25/13	Revised Date: N/A
Approved by Board Action: Report R-13-86	
Prior Versions: N/A	

Purpose

The purpose of this Board policy is to delegate budget authorities to the General Manager so that he/she can efficiently and effectively administer the District's mission and annual action plan.

Definitions

Account Structure

The District's financial account structure has three levels of budget accounts:

- *Level 1: Budget Categories* – The District budget is divided into five budget categories: Salaries and Benefits, Services and Supplies, Land and Associated Costs, Capital and Fixed Assets, and Debt Service.
- *Level 2: Account Families* – The District budget contains numerous line item accounts which are organized into groupings of similar expense types within a budget category such as Contract Services, Utilities, or Structures and Improvements.
- *Level 3: Line Item Account* – A single account with a designated account number within an account category. Examples include: Planning Consultant, Electricity, and Signs.

Positions

- *Permanent Position* – a full- or part-time position that is approved by the Board of Directors for the current and subsequent fiscal years with no end date.
- *Temporary Position* – a position that is authorized for a specific period of time and for a specific purpose.

Policy

- I. The General Manager may approve expenditure overages in Budget Categories, Account Families, Line-Item Accounts, or Departments as long as they are offset by savings in other areas, with the following restrictions:
 - A. The General Manager may not approve any expenditure that permanently increases the District's budget; any permanent budget increase must be approved by the Board of Directors.

- B. The General Manager may authorize temporary positions, as needed, as long as expenses remain within the adopted budget. The Board must approve the addition of any new permanent positions.
- II. The General Manager must report overages greater than 5% in the following Account Families to the Board:
- 5300 – Election Expenses/Annexation
 - 5500 – Special Agreements
 - 6000 – Insurance
 - 6300 – Travel Expenses
 - 6600 – Personnel Development
- III. The General Manager has the discretion to at any time notify the Board of any expenditure.
- IV. The General Manager may not approve any overages that cause expenditures to exceed the adopted budget in the categories below; any increases to the total budgets for these categories must be approved by the Board of Directors.
- Operating Budget
 - Capital Budget
 - Land Acquisition
 - Debt Service
 - Special Funds (e.g., Hawthorns)
- V. The General Manager may delegate his/her expenditure approval authority through an Administrative Policy that sets out specific limits by position, consistent with the parameters and financial controls outlined above.