

SECTION 12

FINANCE AND ACCOUNTING

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COUNCIL POLICY 12.1

POLICY TITLE: AUTHORIZATION TO DRAW MONEY FROM CITY TREASURY AND SIGN CHECKS

POLICY STATEMENT: The City Manager or Acting City Manager and the City Finance Director-City Treasurer or Acting Finance Director are designated as the proper City officers to draw money from the City Treasury and are authorized to sign checks upon the active and inactive bank accounts of the City of Santa Cruz.

AUTHORIZATION: Council Policy Manual Update of November 17, 1998 Resolution No. NS-24,072

COUNCIL POLICY 12.2

POLICY TITLE: CITY GRANT RECIPIENTS — CITY ACCESSIBILITY TO RECORDS

POLICY STATEMENT: Any group which receives a grant from the City of Santa Cruz must provide the City access to records and documents required for auditing purposes when requested. This provision will be written into the contract and access to these records must be given prior to the release of any grant funds.

AUTHORIZATION: Council Policy Manual Update of November 17, 1998

COUNCIL POLICY 12.4

POLICY TITLE: CITY-SPONSORED ACTIVITIES — FINANCIAL IMPACT

POLICY STATEMENT: Events and activities sponsored by city departments or city advisory bodies must be reviewed by the City Council if, in the opinion of the City Manager, these activities create a substantial financial impact upon the city.

AUTHORIZATION: Council Policy Manual Update of November 17, 1998

COUNCIL POLICY 12.5

POLICY TITLE: TRANSIENT OCCUPANCY TAX

POLICY STATEMENT: It is the policy of the City Council that a portion of the Transient Occupancy Tax revenues be allocated to that agency declared to be the official visitor-serving agency of the city. Accordingly, the city's budget shall each fiscal year, provide a contribution to that agency, a portion of the current year's Transient Occupancy Tax receipts. Said contribution to be decided by the Council with input from that agency.

AUTHORIZATION: Council Policy Manual Update of November 17, 1998

COUNCIL POLICY 12.6

POLICY TITLE: APPROPRIATION CONTROL/TRANSFERS OF APPROPRIATIONS

POLICY STATEMENT: The following policy establishes appropriation control at the Department level. More general language regarding appropriation control is found in the City Charter. More specific detail is found in Administrative Procedure Order Section I, #9 (APO I-9).

1. Transfers Within Major Expense Categories.

- A. Each department's 51000 series (Personnel Services) is controlled by the overall appropriation total with some exceptions, as described in APO I-9.
- B. Each department's 52000 series (Services), 53000 series (Supplies), and 54000 series (Other Materials and Services) are controlled by the overall total appropriation for these three series combined, with some exceptions, as described in APO I-9.
- C. Capital Outlay (57000 series) is controlled by object.
- D. Capital improvement projects are controlled by project total.

2. Transfers Between Major Expense Categories.

- A. Transfers of up to \$50,000 between major expense categories must be approved by the City Manager.
- B. Transfers of more than \$50,000 between major expense categories must be approved by City Council.

3. Transfers Between Activities Within Department.

- A. Transfers of up to \$50,000 between activities within a department, in the same fund and in the same major expense category, may be approved by the Finance Director.
- B. Transfers of more than \$50,000 between activities within a department, in the same fund and in the same major expense category, may be approved by the City Manager.

4. Transfers Between Funds. Transfers between funds must be approved by City Council.

AUTHORIZATION: Council Policy Manual Update of November 17, 1998; Revised October 10, 2006

COUNCIL POLICY 12.7

POLICY TITLE: CITY OF SANTA CRUZ STATEMENT OF INVESTMENT AND PORTFOLIO POLICY

The revised Statement of Investment and Portfolio Policy incorporates the most recently published recommendations of the Professional and Technical Committee of the California Municipal Treasurer's Association, the California Association of County Treasurers and Tax Collectors, and the California Society of Municipal Finance Officers. The attached policy was approved by Council on June 24, 2014.

<http://www.cityofsantacruz.com/home/showdocument?id=38399>

AUTHORIZATION: Council Policy Manual Update of November 17, 1998; Amended by motion June 10, 2014.

COUNCIL POLICY 12.8

POLICY TITLE: PUBLIC TRUST FUND

POLICY STATEMENT:

1. This policy is adopted with the understanding that the 3-year Capital Improvement Program currently being developed by the City includes high-priority, unfunded projects with a price tag far in excess of the amount to be maintained in the Public Trust Fund. In the unlikely event that the City in the future does not have such high-priority CIP projects exceeding the City's ability to fund them, this policy shall be reconsidered.
2. The principal of the Public Trust Fund shall be preserved and maintained as part of a program to meet the extensive capital improvement needs of the City.
3. Interest earnings from the Trust Fund may be used on an annual basis, may be accumulated from year to year to fund objectives that require such accumulations, may be utilized to retire indebtedness to accomplish larger objectives, or may be used in combinations of these alternatives.
4. Neither the principal nor the interest of the Public Trust Fund shall be used to meet operational needs with regularly recurring annual costs.
5. Future proceeds from the sale of, or income from the use of, the City's Skypark property shall be placed in the Public Trust Fund. The Council shall determine whether the proceeds from the sale of other property should go into the Public Trust Fund.
6. The only exception to the policy of preserving and maintaining the principal of the Trust Fund shall be in cases where use of the principal, or part of the principal, can serve to leverage a substantial contribution of funds from a non-General Fund source to complete an unfunded project of high priority in the City's Capital Improvement Program (CIP). In such cases, the principal of the Trust Fund may be utilized, after other alternatives are explored. The Council shall make every effort to replenish the principal of the Trust Fund.
7. Discussions for the Public Trust Fund shall be held annually on a calendar-year basis.

AUTHORIZATION: Council Policy Manual Update of November 17, 1998

COUNCIL POLICY 12.9

POLICY TITLE: WAIVER, PAYMENT OF FEES AND SPONSOR STATUS FOR SPECIAL EVENTS

POLICY STATEMENT: The City Council will not waive General Fund fees or pay for Enterprise Fund fees for external special events. The City Council may financially sponsor a special event that is deemed to serve a significant public interest. If the City Council makes such a determination, funds will be appropriated for this purpose.

The City of Santa Cruz may lend its name to a special event as a sponsor or co-sponsor only if the City is a material supporter through substantial funding or substantial in-kind donations, including staff time. This policy will not apply to staff-affiliated educational or training events that support the City's direct operations or events already included in departmental budgets.

AUTHORIZATION: Council Policy Manual Update of July 8, 2003; Amended by motion April 23, 2013 and April 1, 2014

COUNCIL POLICY 12.10

POLICY TITLE: DONATIONS AND CONTRIBUTIONS

POLICY STATEMENT: From time to time, the City receives donations and contributions to support City projects and programs. This policy establishes the procedures for accepting such donations.

I. Authority to Accept Donations.

A. For monetary donations less than \$50,000 per individual donation, including cash donations from non-profit organizations established to support City projects and programs, the City Manager shall have the administrative authority to accept and appropriate such donation to be used for the donor's intended purpose, for projects and programs previously approved by the City Council. No formal acceptance by the City Council is necessary.

B. For non-monetary donations, the Department Head shall have the administrative authority to accept such donation to be used for the donor's intended purpose, for projects and programs previously approved by the City Council. If the value of the donation is greater than \$50,000, the department shall give the Council an information report describing the donation and its use.

C. The Department Head shall have the authority to approve the use of monetary donations received and spent by non-profit organizations established to support City projects and programs previously approved by the City Council.

D. Monetary donations greater than \$50,000 per individual donation, and any donation for a project or program that is not part of a department's ongoing operations, or that has not otherwise been approved by the City Council, shall be placed on a City Council agenda for review.

II. It shall be the responsibility of the receiving department to send a thank you letter to the donor and to ensure that the donation is used only for its intended official City use.

III. Departments shall prepare an annual report with information about donations received. More specific detail is found in Administrative Procedure Order I-76.

Council Policy

AUTHORIZATION: Motion December 13, 2005 Revised November 14, 2006 FN 861 POL
Donations Policy 50K

COUNCIL POLICY 12.11

POLICY TITLE: GIFTS TO AN AGENCY REPORTING

POLICY STATEMENT: This policy is established to comply with revisions to Government Code Section 18944.2 of the Fair Political Practices Act. The Fair Political Practices Commission (FPPC) recently revised its regulations concerning the circumstances in which payments made to a state or local agency that would otherwise be considered a “gift to a public official” would now be reportable as “gifts to an agency.” Effective July 1, 2008, agencies must disclose such gifts to the agency, including monetary payments, loans, gifts or other transfers, provisions of goods or services, or other benefits to the agency within 30 days of their use by the official.

The regulation applies to public officials and agency heads as identified in the City’s Conflict of Interest Code. Payments that might otherwise be considered gifts to these officials and reportable on Statements of Economic Interests (FPPC Form 700), may now be considered gifts to the City under the following circumstances, and reportable on FPPC Form 801 instead:

- The gift must be made to the City directly and controlled by the City.
- The gift must be for official City business.
- The donor cannot designate the official, only the purpose, for which the gift is intended.
- The recipient must report the payment on Form 801 to the City Clerk within 30 days after the use of the payment.
- The Form 801 must be posted on the City’s website.
- Payments to local elected officers for travel, lodgings and meals are excepted, and should still be reported on FPPC Form 700.

AUTHORIZATION: Adopted by Council 11/25/08

COUNCIL POLICY 12.12

POLICY TITLE: ARANA GULCH PUBLIC TRUST FUND ACCOUNT

POLICY STATEMENT: Future proceeds from the sale of the property formerly known as “Broadway-Brommer Road Right of Way,” located between Frederick Street and Hagemann Gulch, shall be placed in an account of the Public Trust Fund for use on implementation of the Arana Gulch Master Plan, including Santa Cruz Tarplant habitat, riparian and coastal prairie habitat restoration and management.

AUTHORIZATION: Santa Cruz City Council Motion on November 8, 2011; effective only upon California Coastal Commission approval of the Arana Gulch Master Plan.

COUNCIL POLICY 12.14

POLICY TITLE: GENERAL FUND SURPLUS POLICY

POLICY STATEMENT: It is in the best interest of the citizens of Santa Cruz who rely upon the City for public access and services that the City should continue to prioritize allocation of General Fund resources towards critical, core municipal services that are in alignment with the City Council's goals. Therefore, the City Council shall authorize the establishment of the General Fund Surplus Policy to broadly define how future surpluses should be dedicated.

This policy shall be defined by the General Fund's Fiscal Year audited, final results and shall begin with Fiscal Year 2014. It shall create the following allocation of any annual surplus:

- 1) Any surplus shall be used to replenish any General Fund reserves up to their minimum level and to maintain a General Fund available Fund Balance for operational needs of 5% of the current fiscal year's Adopted Total General Fund Operating Expenditure Budget.
 - 2) Any remaining surplus in excess of \$100,000 shall be allocated to the following operational needs:
 - a. 30% will be transferred into the Capital Improvement Program to be allocated first to any unfunded facility, vehicle, and equipment capital projects, and then to any new facility, vehicle, and equipment capital projects; and
 - b. 20% will be transferred into the Capital Improvement Program to be allocated first to any unfunded infrastructure capital projects, and then to any new infrastructure capital projects. Priority will be given to those roadway improvements that are currently below a Pavement Condition Index of 70; and
 - c. 30% will be dedicated towards reduction of debt obligations in the following priority:
 - i. To pay down any General Fund internal loans payable to other City funds;
 - ii. To fund unfunded obligations in the retirement or health programs;
 - iii. To reduce any other outstanding debt obligations.
 - d. 20% may be used for ongoing increases in service levels and/or personnel cost increases within the City Council's Goals based upon on a maximum of 20% of the average surplus amount of the prior three fiscal years, with a minimum of 10% of the surplus committed towards employment cost increases.
- Circumstances where this policy may be postponed include:
- 1) If any one of the unforeseen and non-recurring events listed below occur that create significant financial difficulty for the City:
 - a. Sudden and unexpected significant facility or infrastructure failures that pose a safety risk to staff or the community;
 - b. Declaration of a State of Emergency by the Governor;

- c. Unanticipated expenditures as a result of legislative changes from State/Federal governments in the current fiscal year;
- d. Acts of Terrorism declared by the Governor or the President of the United States;
- e. Acts of Nature which are infrequent in occurrence;
- f. Other catastrophic events which are infrequent in occurrence.

AUTHORIZATION: Adopted by motion September 9, 2014

COUNCIL POLICY 12.15

POLICY TITLE: ECONOMIC DEVELOPMENT STABILIZATION ARRANGEMENT

POLICY STATEMENT: It is in the best interest of the citizens of Santa Cruz who rely upon the City for public access and services that the City should continue to invest in economic development projects and initiatives to create jobs and provide tax revenue for the community.

Therefore, the City Council shall authorize the establishment of a continuing and non-lapsing Economic Development Stabilization Arrangement.

Stabilization Arrangement amount. The funding shall be built up over time through annual operating transfers from the General Fund. The amount of the transfer shall be equal to the sum of the calculated 1% point increase in the Transient Occupancy Tax effective July 1, 2013 and of the annual Redevelopment Property Tax Trust Fund distribution, less the General Fund's portion of the net annual operating costs of the economic development activities within the Economic Development Department.

Contributions and immediate funding of the System-Wide Stabilization Arrangement. The City shall authorize the City Manager to transfer the appropriate amount of funds calculated above in a reasonable period of time following the completion of the prior year's Comprehensive Annual Financial Report.

Conditions under which the System-Wide Stabilization Arrangement may be spent.

Appropriations shall require a resolution from the City Council. However, if there is an urgent and significant public benefit, the City Manager can authorize expenditures of up to 10% of this fund provided it is brought back to the Council at its next meeting for ratification.

Circumstances where the Stabilization Arrangement can be spent are:

- 1) As necessary to fund economic development project costs associated with but not limited to: infrastructure projects; business façade improvements; business retention incentives; business recruitment incentives; and grant funding.
- 2) As necessary to fund City of Santa Cruz staff costs to administer projects identified in circumstance 1 above.

Circumstances where this may be postponed include:

1) If any one of the unforeseen and non-recurring events listed below occur that create significant financial difficulty for the City:

- a. Sudden and unexpected significant facility or infrastructure failures that pose a safety risk to staff or the community;
- b. Declaration of a State of Emergency by the Governor;
- c. Unanticipated expenditures as a result of legislative changes from State/Federal governments in the current fiscal year;
- d. Acts of Terrorism declared by the Governor or the President of the United States;
- e. Acts of Nature which are infrequent in occurrence;
- f. Other catastrophic events which are infrequent in occurrence.

AUTHORIZATION: Adopted by motion September 9, 2014

COUNCIL POLICY 12.16

POLICY TITLE: CANNABIS BUSINESS TAX INCREMENT DESIGNATED FOR A CHILDREN'S FUND

POLICY STATEMENT: It is the policy of the City Council that when the City of Santa Cruz's Cannabis Business Tax rate is increased from seven percent (7%) to eight percent (8%), revenues from the additional one percent (1%) tax rate increase will be designated for the creation and funding of a dedicated Children's Fund. This Children's Fund will support enhancement and expansion of evidenced based programs to prioritize access to early childhood development, prevention, and vulnerable youth programs, without supplanting existing City of Santa Cruz services or investments.

The available funding will be calculated based on the prior year's audited financial statements. The specific allocation of funds will be determined by the City Council on an annual basis as part of the budget process. The City Council may designate a process for obtaining recommendations related to the use or award of the funds.

AUTHORIZATION: Adopted by Resolution No. NS-29,323 November 14, 2017