

RESOLUTION NO. 15-25

**A RESOLUTION OF THE COUNCIL OF THE CITY OF RICHMOND,
CALIFORNIA ADOPTING UPDATES TO THE CITY OF RICHMOND'S
FINANCIAL POLICIES AND ADOPTING THE UNCLAIMED FUNDS POLICY**

WHEREAS, the City of Richmond (the "City") is a charter city that operates under the Council-Manager form of government for the purposes of providing a full range of municipal services including police and fire protection; construction and maintenance of highways, streets and infrastructure; library services; storm water and municipal sewer systems; a wastewater treatment facility; and the administration of recreational activities and cultural events; and

WHEREAS, the City also operates the Richmond Memorial Convention Center and the Port of Richmond; and

WHEREAS, the City of Richmond (the "City") is required to maintain and periodically update the City's Financial Policies consistent with the standards set forth by the California Government Code, Government Finance Officers Association (the "GFOA") recommended best practices, and standards set forth by the California Municipal Treasurers Association (the "CMTA") Certification Program; and

WHEREAS, the City has reviewed the City's Financial Policies as attached hereto as Exhibit A, that includes the Guiding Fiscal Policy, OPEB Funding Policy, Pension Funding Policy, Cash Reserve Policy, Debt Policy, Grant Management Policy, Investment Policy, Unclaimed Funds Policy, Purchasing Policy, Employee Meal and Food Policy, Travel Expense Policy and Procedure, FasTrak Policy and Procedures, and Accounts Payable ACH Policy; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Richmond, California, hereby adopts updates to the City's existing OPEB Funding, Pension Funding, Travel Expense Policy and Procedure, Debt Policy, and Grants Management Policy.

BE IT FURTHER RESOLVED that the City Council of the City of Richmond, California, hereby adopts the City's new Unclaimed Funds policy.

BE IT FURTHER RESOLVED that a copy of the updated and new City of Richmond policies are attached hereto as Exhibit A.

I certify that the foregoing resolution was passed and adopted by the City Council of the City of Richmond at a regular meeting thereof held on February 18, 2025, by the following vote:

AYES: Councilmembers Bana, Brown, Jimenez, Robinson,
Wilson, Vice Mayor Zepeda, and Mayor Martinez.

NOES: None.

ABSTENTIONS: None.

ABSENT: None.

PAMELA CHRISTIAN
CLERK OF THE CITY OF RICHMOND
(SEAL)

Approved:

EDUARDO MARTINEZ
Mayor

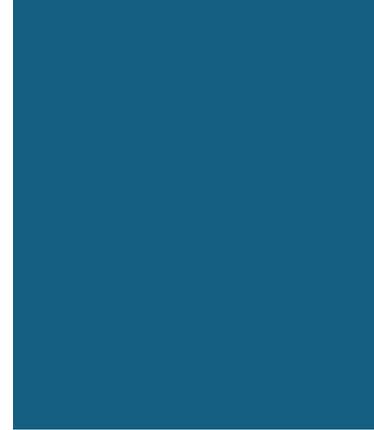
Approved as to form:

DAVE ALESHIRE
City Attorney

State of California }
County of Contra Costa } : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. 15-25**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on February 18, 2025.


Pamela Christian
Pamela Christian, Clerk of the City of Richmond



City of Richmond Financial Policies

Updated February 2025

Table of Contents

| | |
|---|------------|
| GUIDING FISCAL POLICY | 2 |
| OPEB FUNDING POLICY..... | 11 |
| PENSION FUNDING POLICY | 15 |
| CASH RESERVE POLICY | 17 |
| DEBT POLICY..... | 19 |
| GRANT MANAGEMENT POLICY | 36 |
| INVESTMENT POLICY..... | 43 |
| UNCLAIMED FUNDS POLICY | 52 |
| PURCHASING POLICY..... | 58 |
| EMPLOYEE MEAL AND FOOD POLICY..... | 100 |
| TRAVEL EXPENSE POLICY AND PROCEDURE..... | 102 |
| FASTRAK POLICY & PROCEDURES..... | 111 |
| ACCOUNTS PAYABLE ACH POLICY..... | 113 |
| GLOSSARY | 115 |

POLICY: Guiding Fiscal Policy

ESTABLISHED: April 20, 2021

RESOLUTION NO.: None

I. Guiding Fiscal Policy

- A. Budget development by the City Manager will be guided by a long-term financial plan developed in consultation with City Council, the Mayor and other key stakeholders and adopted by City Council.
- B. If a department is projected to overspend by 1 percent of their total annual budget based on year-to-date performance as of the quarterly report, then the City should take corrective action to balance the budget.
- C. The City will, to the extent possible, avoid using non-recurring revenues to fund ongoing programs or services. Non-recurring revenues are the portion of the government's revenues that are not predictable to any degree and cannot be reasonably expected to continue year to year. Non-recurring revenue can also include settlements that are one-time payment.
- D. Recurring revenues are the portion of the government's revenues that can reasonably be expected to continue year to year, with some degree of predictability. Some revenue sources may have both non-recurring and recurring components. The goal of the City will be to provide transparency as to what portion of the revenue stream is reasonably expected to be collected each year.
- E. The City will establish a baseline estimate of what portion of the Documentary Transfer Tax is considered recurring by calculating the mean monthly amount collected since the increase to the rate was approved by voters in 2018. The average amount of tax collected from this source will be recalculated in April of each year to incorporate new data and the new average will be adopted as the baseline amount budgeted for the new fiscal year. This amount will be recalculated in January and adjustments will be included with the midyear budget update to City Council. Any excess tax collected through this source—amounts collected above the baseline—may be considered non-recurring revenue in that year and the City Council will prioritize how these funds are spent. The Council should prioritize and consider using recurring revenue to address recurring expenditures. Non-recurring revenue sources should not be used to fund recurring expenditures.
- F. Capital asset acquisitions will not be treated as recurring expenditures.

- G. If the City anticipates a General Fund deficit, new unrestricted funds must be considered first to support ongoing programs and close the deficit before funding new ones.
- H. The use of unencumbered prior-year balances in all funds as well as other non-recurring revenues shall be scrutinized and carefully limited to be used primarily for non-recurring expenditures. Non-recurring expenditures are defined as those that have a clearly recognized termination date connected to the completion of the identified purpose of the expenditure, even if the expenditure crosses multiple fiscal years.
- I. The City Council must approve any changes to position control irrespective of the impact to the City's operating budget.

II. Special Revenue Funds and Enterprise Funds

- A. Special revenue fund administrators must regularly evaluate and manage the balances within the fund to ensure that they are spent timely to achieve the fund's intent.
- B. Each enterprise fund shall reflect the true cost of operation, including direct and indirect costs of services provided by the General Fund.
- C. Enterprise funds should derive most of their revenues from charges, user fees and interest. Functions that are funded using enterprise funds should strive to be 100 percent self-supporting through annual reviews of their fee structures, charges for services, and other operating revenues and expenditures.
- D. It shall be the goal of all special revenue and enterprise funds to fully reimburse the General Fund for all direct expenditures and related costs provided to support their programs. Related cost reimbursements shall be calculated using the most current Cost Allocation Plan rate, unless otherwise restricted by an ordinance or policy that has been approved by the City Council. In the event that a fund does not fully reimburse the General Fund, any remaining subsidy shall be reported annually through the budget process.

III. Reserve Policies

- A. The City's goal shall be to achieve 21 percent of its operating General Fund expenditures as a minimum reserve policy. The City must balance the need for adequate reserves with its responsibility to provide services to the residents of Richmond. In years when the City forecasts that total General Fund revenues will be less than the current year's revenues, or anytime significant service reductions, such as layoffs or furloughs, are contemplated due to adverse financial conditions, use of the General Fund reserve must be considered to maintain existing services. Use of General Fund reserves must be authorized by City Council resolution explaining the need for use.

- B. Prior-year funds and surpluses will revert to their original funding sources with the exception of cost-recovery funds that will be permitted to maintain a reserve balance of 10 percent of the actual expenditures from the previous fiscal year. Those funds reverting to the General Fund will be allocated to the unassigned fund balance.
- C. In fiscal years where it becomes necessary for the City to use monies in the Reserve Fund such that the Reserve Fund balance drops below the twenty-one percent level, the City will initiate action in the subsequent year to replenish the Reserve Fund to the level of twenty-one percent of General Fund expenditures. If use of Reserve Fund monies is less than one percent of General Fund receipts, the City shall attempt to replenish the twenty-one percent balance in the subsequent fiscal year. If use of Reserve Fund monies is more than one percent of General Fund revenue, the City shall attempt to replenish the twenty-one percent balance by one percent per year over a period of years as necessary to restore the Reserve Fund balance to the level of twenty-one percent of General Fund expenditures.
- D. Risk Management Internal Service Fund reserves should be maintained at a level that adequately cover the City's self-insurance indemnity risk exposure to City property, liability, health benefits and workers compensation obligations.
- E. Reserve policies for equipment replacement internal service funds (e.g., Police CAD, Police RMS and Equipment Replacement) will be incorporate into the annual budget based on projected remaining useful lives of underlying assets (based on years and usage) and, to the extent that such funds include operating costs, will also include a goal to achieve a planned operating reserve of not less than 10 percent of operating and maintenance costs. The goal of achieving a 10 percent reserve, however, will not supersede the budgetary needs of providing city services and workforce needs.
- F. Enterprise fund administrators for the Port, Marina and KCRT enterprise funds are encouraged to establish a reserve policy for their funds where permitted and appropriate. These policies should set a target minimum reserve level that accounts for the unique characteristics and risks to the fund. The policies should also establish the appropriate uses of the reserves and set a timeframe both for meeting reserve targets if they have not yet been achieved and for replenishing reserves should they fall below the target minimum level.

IV. Encumbrances

- A. Once funds have been encumbered, they cannot be expended for anything other than what was authorized under the original encumbering authority, which could include a purchase order, contract, authority for expenditure, or travel authority. This policy does not prohibit the use of change order capacity which would allow purchase orders to be amended as long as the purpose of the encumbrance has not changed from what was originally authorized. City departments may disencumber and re-encumber funds within the same fiscal year.

- B. City departments may not increase a prior-year encumbrance, but they may disencumber one. Notwithstanding this Policy, prior-year encumbrances for capital projects may be increased if there is more money left on the contract. Only the City Council may reprogram prior-year disencumbered funds. At the end of a fiscal year, all unencumbered funds will revert to their respective fund balance , if the originating source is the General fund, to the unassigned fund balance.
- C. If funds are not disencumbered, they will continue to be regarded as obligated balances, thereby reducing the available unobligated account balances. Consequently, the timely disencumbrance of funds is necessary to reflect an accurate and updated status on the availability of funds. As a rule, any encumbered funds that remain unspent at the end of the fiscal year shall be unencumbered . An exception to this policy applies to encumbrances for commodities procurements, which include supplies or equipment. These encumbered funds shall be unencumbered and revert to fund balance if they remain unspent for a period longer than three years.

The City Manager is authorized to implement this Policy and to ensure funds are disencumbered at the appropriate time.

V. Fund Balances/Accounting

- A. The General Fund is the only fund in the City permitted to have a positive unassigned fund balance. Fund balances in any other fund outside of the General Fund should be earmarked monies either as restricted, committed, or assigned based upon the authority under which such categorizations have been given by Government Accounting Standards Board (GASB).
- B. New and expanded unrestricted revenue sources should be first applied to support existing obligations prior to funding new programs.
- C. Unrestricted General Fund revenue streams shall not be designated as restricted or special revenue funds. This in no way precludes the City from making appropriations from unrestricted revenues to achieve specific policy goals either as part of the budget process or during the fiscal year.
- D. Other than in the General Fund, unspent General Fund monies that were assigned to a specific purpose that are no longer applicable should not be reported as assigned fund balance, but rather, should be included in the unassigned fund balance of the General Fund by reporting those amounts as due to the General Fund. Fund balances will include amounts designated as “due to the General Fund” and “due from the General Fund” in budget reports accounting for the flow of funds.

VI. Fiscal Sustainability Planning

- A. Service level or work force reductions based solely on anticipated or current budget deficits cannot be adopted by City Council until all other sources of funds including reserves and other fund balances have been considered to cover budget gaps.
- B. Multi-year General Fund operating cost projections, which forecast revenues and expenditures, shall be prepared and updated each year, or as necessary, to identify and evaluate the financial condition of the City over a four-year period, at a minimum. This forecast shall be reported to the City Council as part of the annual budget development process. Projections shall be developed using available data, historical trends, and an evaluation of anticipated future impacts to revenues and expenditures. Departments shall prepare a forecast for each major special fund and special fund facing structural imbalance that they administer and present it with their annual budget request.
- C. When initiating multi-year projects or adding new items to the budget with future-year expenditure requirements, the City shall consider its ability to continue to pay these future year expenses.
- D. The City will pursue federal, state, and private grants but will carefully analyze the need for, and availability of, required financial support of these programs beyond grant funding. City Council will determine whether grant funding supplants or augments current funding for programs. Any such financial support must be reported at the time that the City considers accepting the grant. Financial support includes, but is not limited to, an obligation for a current or ongoing City match and a need to maintain a service level following the termination of the grant.
- E. The City will continuously seek new revenues and pursue a diverse revenue base in order to limit the impact to the City from short-term fluctuations in any one revenue source. The City must consider taxes that are not regressive.

VII. Debt Management

- A. Short-term debt in the form of Tax and Revenue Anticipation Notes will be considered as a viable option to support ongoing operations.
- B. Long-term debt will not be used to support ongoing operations.
- C. Capital leases may be used as a mid-term borrowing arrangement for fleet, equipment, and technology uses to the extent that the imputed interest rate in any such capital lease is competitive with existing long-term borrowing rates, considers potential maintenance cost savings for assets under the capital lease, and that such costs are incorporated into the long-range financial forecast.
- D. Long-term borrowing (three years or more) for capital facilities will be considered as an appropriate method of financial facilities that benefit more than one generation of users and to the extent that existing reserves or other one-time resources are not available.

- E. The City will no longer be permitted to use interest rate swaps when issuing debt.
- F. The City's finance department present value analysis must identify the economic effect of any proposed refunding and shall periodically evaluate potential savings to the City from financing outstanding debt (Refundings). Savings will be analyzed on a present value basis with the goal of achieving a Present Value Savings of three percent of the refunded par amount for any one refunding transaction. The Finance Director may recommend a refunding that has economic benefit, but does not meet the Present Value Savings Goal of three percent; however, the Director must present to the Mayor and City Council the reasons for advocating for the refunding explaining the benefits and the costs.
- G. The use of variable interest rate debt instruments should be analyzed as part of a strategy that benefits from the out-performance of the variable rate market to fixed rate debt, and to determine the appropriate level of risk exposure for the City to accept.

VIII. Private Developments

Private development of residential, commercial and/or industrial properties shall pay all contractual obligations for capital or other improvements that are necessary to serve the development and should not be subsidized by public funds except in cases where there is a direct financial benefit to the City that is at least fiscally proportional to the subsidy being offered to the developer. Should a development not move forward, in addition to any other contractual requirements owed to the City, the developer must reimburse the City for the amount of the subsidy provided to the developer.

IX. Capital and Technology Projects

A. Objectives and Project Prioritization

1. A minimum five-year capital improvement plan will be developed as part of the budget process to identify capital projects based on a system of prioritization and considering funding resources that are available.
2. City Council will determine how capital projects are prioritized.
3. The City shall identify projects for funding on an annual basis through a systematic and transparent process that is consistent with the City's annual budget development process and that reflects the prioritization criteria detailed in Project Prioritization Criteria as detailed in number 4.
4. Project Prioritization Criteria – projects should meet one of the standards under each subheading and the criteria apply not only to projects in the 5-year capital plan, but also for projects applied for through the grant process.

- a) Resilience and Sustainability
 - (1) Project improves the health of the community and natural environment through sustainable designs with improved water resources and regional air quality and reduced greenhouse gas emission that contributes to climate change, open space and land for preservation, habitat protection and biological diversity, and enhanced urban runoff management.
 - (2) Project facilitates multiple transportation options (including walkability, bicycles, and public transportation) and reduces the need for auto-dependency
 - (3) Project promotes infill development, where appropriate.
 - (4) Project incorporates design that meets or exceeds recognized Federal and State standards in the field of energy efficiency, such as State of California Title 24 Energy Efficiency Standards, or LEED building standards.
 - (5) Project results in greener neighborhoods and reduces or avoids the potential public exposure to pollutants, contamination and other hazards to public health and environment.
- b) Impact to City Operations, Asset Condition, Annual Recurring Costs and Asset Longevity
 - (1) Project is necessary to meet the basic level of service needs.
 - (2) Project avoids potential infrastructure failure.
 - (3) Project minimizes maintenance needs by improving infrastructure and/or reducing future costs.
 - (4) Project delay would create significant future costs, or negative community impacts.
- c) Equitable Community Investment and Economic Sustainability
 - (1) Project contributes toward economic development and revitalization efforts.
 - (2) Project will benefit underserved communities including those with low- income households, low community engagement, limited or no access to the internet, and low mobility or access to transportation systems.
 - (3) Project benefits communities that have the highest population served per acre.
- d) Project Readiness
 - (1) Project is ready to enter the phase corresponding to the funding requested (e.g., a design-build project with a completed environmental document will rank higher than a design-build project without a complete environmental document).

- (2) Project shall be ranked based upon the delivery method. Projects that can be delivered most expeditiously shall be preferred.
- e) Funding Availability
 - (1) Projects that have higher leveraging of City funds against external funds (grant funds or cost sharing from outside entities) will receive greater priority.
 - (2) Project rank is increased based on assessment of the amount of funding needed to complete the current project phase and the entire project.
- f) Multiple Category Benefit and Bundling Opportunities
 - 1) Project reduces construction costs and community disruption by potentially bundling with adjacent projects.
 - 2) Project provides for partnering or bundling opportunities with other local, state, or federal agencies (e.g., leverages shared resources).
 - 3) Completion of the project sooner may provide significant financial benefits.

5. Cost Estimates

- a) Cost estimating is an iterative process that should be done at significant milestones during the development of capital and technology improvement projects. Cost estimating should develop a greater degree of detail and accuracy at each milestone and provide a major budgetary control mechanism on every project.
- b) For purposes of initial scoping, preliminary cost estimates may be based on industry standards or existing practices.
- c) Once a project has been funded, cost estimates should be prepared after each applicable phase, such as space planning, preliminary design, conceptual design, final design (just prior to bid initiation), and on change orders during construction or implementation.
- d) Cost estimates should be as complete as possible based on the information available at milestones and should address such areas as CEQA or NEPA compliance, land acquisition, grant funding requirements, design, construction, furniture, fixtures and equipment, software and hardware, contingency funding, costs associated with staffing, maintenance and other additional incremental costs that may be incurred once the project is complete.

6. Funding Requirements

- a) Total requested funding should identify the total amount needed to complete the project, potential sources of funding including any applicable restrictions, options for phased implementation, and a timeline with milestones and the corresponding funding needed to accomplish each milestone.
- b) The funding requirement should include the estimated amount needed to fund ongoing maintenance, programming, and operating needs of the project.

POLICY: OPEB Funding Policy

ESTABLISHED: April 20, 2021

RESOLUTION NO.: 65-23; **DATE:** June 27, 2023

X. OPEB Funding Policy

A. Introduction

The purpose of this Statement of Benefits Plan Funding Policy (“Policy”) is to establish a methodology for funding benefit obligations accruing under the City of Richmond Other Post Employment Benefit Plans (the “Plans”). It is anticipated that current assets plus future assets from employer contributions, employee contributions, and investment earnings should be sufficient to fund the Plans benefits. The Policy is intended to reflect a reasonable, conservative approach with each generation of ratepayers financing, to the greatest extent possible, the cost of retiree healthcare benefits being accrued. This Policy recognizes that there will be investment marketplace volatility and that actual economic and demographic experience will differ from assumed experience. Accordingly, this Policy is intended to provide flexibility to smooth such volatility and experience in a reasonable, systematic, and financially sound manner. Further, it is the intent that this Policy comply with all applicable laws, rules and regulations (collectively “Laws”). In the event that this Policy conflicts with any such Law, the applicable Law shall prevail.

B. General Information

The City of Richmond (the “City”) currently manages two separate trust accounts in regard to Other Post Employment Benefits (“OPEB”). As of January 17, 2017, the Richmond Police Officers Association (“RPOA”) and the City implemented a new contract to create a separate OPEB trust for RPOA members and future retirees. The City OPEB plan is administered by Public Agency Retirement Services (PARS) and the RPOA OPEB plan is administered by California Public Employees Retirement System (“CalPERS”).

C. Policy Funding Objectives

The primary funding objectives of this Policy, in order of importance, are to:

1. Provide sufficient assets to permit the payment of all benefits under the Plans.
2. Maintain equity among generations of ratepayers by:
 - a) Establishing improvement, on a projected basis, in the Plan’s Funded Ratio, as defined in the Glossary, such that it approaches 100% over a given period of time;

- b) Amortizing the Unfunded Actuarial Accrued Liability, as defined in the Glossary, over fixed periods, specified below.
3. Minimize the volatility of the employer's annual contributions by smoothing investment gains and losses over a period of years. Smoothing investment returns over a period of years recognizes that investment performance will fluctuate, and only by coincidence will it exactly equal the assumed rate of return for any given year. It is anticipated that this approach may reduce volatility within the calculation of the Unfunded Actuarial Accrued Liability and the actuarially determined contribution rate.

D. Funding Guidelines

This Policy establishes guidelines for setting the employer contribution rate.

1. Actuarial Valuations

The Plan's actuary shall conduct an actuarial valuation biennially, based on actual Plans data, to determine funding progress as well as employer contributions for the following two fiscal years.

2. Actuarially Determined Contribution Rate

- a) The actuarial valuation report shall include calculation of a recommended Actuarially Determined Contribution (ADC) rate. The ADC is intended to fund new OPEB liabilities as they are earned each year (the Normal Cost) plus an amortization of the existing Unfunded Actuarial Accrued Liability (UAAL).

- b) The UAAL amortization component shall consist of:

- (1) The initial UAAL amortized as a level dollar amount over a fixed 20-year period.

- (2) Future unexpected changes in plan liabilities or assets at each valuation date shall each be amortized in "layers" as level dollar amounts over separate, fixed 20-year periods.

- c) The ADC shall be reduced by the expected employee contributions to arrive at a net Actuarially Determined Employer Contribution (ADEC) rate. This target contribution rate may be expressed as a dollar amount or as a percent of payroll.

- d) The ADEC shall be further reduced by the amount of annual retiree benefits payments (Implicit Subsidy and/or Explicit Subsidy payments) which are paid from the City's general assets but not reimbursed by the OPEB trusts.

3. Funding Policy Contribution Rate

Coordination of the Plan's Funding and Investment Policies will attempt to minimize the volatility of the employer's contribution.

- a) The City shall seek to contribute the Actuarially Determined Contribution rate annually, though it maintains the flexibility to reduce contributions when fiscally necessary.
- b) The City shall place 10% of year-end operating surplus (Total Actual Revenues minus Total Actual Expenditures, including Transfers In and Transfers Out) in the General Fund in excess of the City's Cash Reserve Policy into the Trusts.
- c) For the purposes of the ADC calculation, investment return assumptions shall be evaluated by an independent investment advisor on a regular basis (at a minimum of every two years) and should reflect the nature of the investments held in the Plans, and the historical and projected return rates anticipated for the investments.

E. Assumption Guidelines

- 1. The actuarial assumptions are adopted by the City in an effort to align the funding of the Plans with actual demographic, healthcare and economic experience, thus providing stability to the contribution rate over time. It is expected that actual experience will deviate from the actuarial assumptions and Experience Gains and Losses will occur. These gains (or losses) will reduce (or increase) future contributions.
- 2. Actuarial Assumptions are generally grouped into two major categories:
 - a) Demographic assumptions -- which include withdrawal (termination), retirement, disability, and mortality rates, as well as assumptions regarding beneficiaries.
 - b) Economic assumptions -- which include inflation, healthcare inflation and investment return.
- 3. As part of the annual OPEB valuation process, the actuary shall also provide advice to the City and recommend non-pension assumptions, such as increases in healthcare costs.

F. Transparency and Reporting

Funding of the City's OPEB should be transparent to all parties including City employees, retirees, recognized employee organizations, the City Council and Richmond residents. In order to achieve this transparency, the following information shall be available:

- a) Copies of the actuarial valuations for the City's OPEB plans shall be made available to the City Council.
- b) The City's Annual Comprehensive Financial Report (ACFR) shall be published on its website. This report includes information on the City's OPEB plans, contributions to the OPEB Trusts, and the funded status of the plans.
- c) The City's annual operating budget shall include appropriations for contributions to the OPEB Trusts and pay-go costs.

G. Review Funding Policy

Funding OPEB requires a long-term plan. The City shall review this policy annually and make changes as necessary. Annually checking the actuarial valuations to determine if changes to this policy are necessary to ensure adequate resources are being accumulated to fund OPEB.

All aspects of this Policy and the individual factors in the calculation of the annual employer contribution rate which is the result of the above process are subject to the review and approval of the Board and are subject to change, in whole and in part, if deemed appropriate and in the best interests of the Plan sponsor and participants.

POLICY: Pension Funding Policy

ESTABLISHED: October 17, 2023

RESOLUTION NO.: [104-23](#); **DATE:** October 17, 2023

XI. Pension Funding Policy

A. Introduction

The following policy has been developed in response to significant annual pension cost increases as a result of current and retired employees living longer, lower than anticipated investment returns by CalPERS over the last several years, reduction in Discount Rate and CalPERS adopted policies that require all cities to payback all Unfunded Actuarial Liability (“UAL”) over thirty years for unfunded liability prior to June 30, 2019 valuations and over twenty years for any new unfunded liability. This policy will formalize a funding mechanism to be used at the City’s discretion to help offset future pension cost increases.

B. General Information

The City of Richmond (the “City”) approved a new contract to create a combo Section 115 Trust account on July 19, 2022, for pension prefunding. The combo Section 115 Trust account is administered by Public Agency Retirement Services (“PARS”) and allows the City to prefund Pension and Other Post-Employment Benefits (“OPEB”). The funds that are contributed to the Trust account can only be used to pay Pension and OPEB; the City can utilize these funds to pay for such costs during fiscal emergencies.

C. Policy Funding Objectives

The primary funding objectives of this Policy are to:

1. Address the increasing annual employer required UAL contributions due to variances in actual experience versus CalPERS actuarial assumptions including investment returns.
2. Prefunding the Trust Fund account can help the City improve its UAL funding ratio faster.
3. Provide budgetary flexibility during challenging budget years or to “smooth” payment spikes that could cause financial stress on the City.

D. Funding Guidelines

This Policy establishes guidelines for setting the employer contribution to pre-fund rising pension costs.

1. The City shall continue to make annual UAL prepayment to CalPERS in the beginning of each Fiscal Year, resulting in an estimated 3.4 percent discount compared to paying the UAL monthly. The City shall place the prepayment savings into the Trust account.
2. The City shall place 10 percent of each year-end operating surplus (Total Actual Revenues minus Total Actual Expenditures, including Transfers In and Transfers Out) in the General Fund in excess of the City's Minimum Reserve Policy into the Trust.

E. Review of Funding Policy

Funding Pension requires a long-term plan. The City will review this policy annually and make changes as necessary. Annually checking the CalPERS actuarial valuations to determine if changes to this policy are necessary to ensure adequate resources are being accumulated to fund Pension.

POLICY: Cash Reserve Policy

ESTABLISHED: June 7, 2023

RESOLUTION NO.: 64-23; **DATE:** June 27, 2023

XII. Cash Reserve Policy

A. Overview

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 maintain cash reserves. In particular, to maintain operations in case of any significant event that could cause disruptions in cash flow, such as an economic downturn or natural disaster.

The City of Richmond endeavors to maintain adequate reserves in its General Fund as a matter of fiscal prudence and sound financial management: This policy will guide the City in:

- Planning for contingencies and unexpected events;
- Ensuring cash availability to stabilize cash flow;
- Maintaining creditworthiness;
- Long-range financial planning; and
- Deciding when to use reserves and how to replenish reserves should they fall below the minimum threshold

B. Policy Guidelines

For purposes of this policy document, cash reserves refer to the sum of the Committed, Assigned, and Unassigned portions of the fund balance in the General Fund. The Governmental Accounting Standards Board Statement No. 54 (GASB 54) defines five distinct classifications of fund balances, applicable to governmental funds only, as follows:

| <u>CLASSIFICATION</u> | <u>NATURE OF DESIGNATION</u> |
|-----------------------|--|
| Non-Spendable | Cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact |
| Restricted | Restricted either externally imposed or imposed by law through constitutional provisions or enabling legislation |
| Committed | Reserved for specific purposes pursuant to constraints imposed by formal action of the City Council |
| Assigned | Reserved by the City Council or City Manager for specific purposes, but neither restricted nor committed |
| Unassigned | Residual balance not classified in any of the above categories and has not been restricted, committed, nor assigned to specific purposes |

The City shall maintain year end contingency reserve balances in the General Fund of a minimum of twenty one percent (21%) of next year's budgeted General Fund expenditures including transfers out. 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. A policy based upon percentage assures that the reserve will remain a prudent cushion as the City's budgets grow over time.

City Council approval is required before any withdrawals from the reserve fund. The City Council shall have the discretion to use the reserve for one-time emergencies only and not to be used for ongoing expenditures. As the City experiences net revenue gains in future years, the reserve balance must grow back to a minimum of twenty one percent (21%) of total expenditures, in order to allow the City to build up its capacity to handle future short term economic downturns or emergencies with minimal to no impact to City services.

The Director of Finance will review the Cash Reserve Policy annually in connection with the City's annual budget process to ensure that the City is in compliance with the policy. Additionally, the City Manager will review the policy at regular intervals and will make recommendations for modification as deemed appropriate.

POLICY: Debt Policy

ESTABLISHED BY: October 17, 2023

RESOLUTION NO.: 103-23; **DATE:** October 17, 2023

XIII. Debt Policy

A. Introduction

The City of Richmond (the City), through the Finance Department, executes debt instruments, administers debt proceeds, manages ongoing disclosure and debt compliance, and makes debt service payments, while acting with prudence and diligence and attention to prevailing economic conditions. The City believes that debt is an equitable means of financing capital projects and represents an important means of meeting fiscal responsibilities.

The Debt Policy primarily addresses debt instruments/securities issued by the City in public or private bond markets. This is consistent with Government Finance Officers Association (GFOA) guidelines, and rating agency guidelines. The debt policies pertain to debt that is typically incurred when capital is raised in the public or private markets, including borrowings from sophisticated qualified institutional buyers, to meet the City's funding needs. Such debt constitutes obligations whereby a third-party has provided funds, which is evidenced by the formal execution of a bond or certificate (or a similar instrument) and is held by the third-party until it is repaid.

The Debt Policy does not cover other obligations such as contracts payable, notes payable, arbitrage liability, or net pension liability, pension unfunded accrued actuarial liability and Other Post-Employment Benefits (OPEB) unfunded accrued actuarial liability. The City's Annual Comprehensive Financial Report (ACFR) provides a complete list of outstanding long-term obligations. The sections in the ACFR listing the long-term obligations are: Governmental Activities Long-Term Debt Obligations; Business Type Activities Long-Term Debt Obligations; Special Assessment Debt without City Commitment; and Conduit Debt. Consistent with Governmental Accounting Standards Board (GASB) standards, the net pension liability and OPEB-related obligations are reflected in the Notes section of the ACFR.

The Debt Policy outlines the City's procedures and goals for the use of debt to finance City needs. This Debt Policy is enacted in an effort to standardize and plan the issuance and management of debt by the City. While the Debt Policy serves as a guideline for general use, from time to time, however, compelling or extraordinary circumstances may arise that require the City Council, at the recommendation of the Finance Department, to deviate from this policy.

B. Policy Purpose

The purpose of this Debt Policy is to set forth the principles and objectives that should guide the City's decisions to issue debt and establishes guidelines for responsibly managing debt. The core objectives of this policy include the following:

1. Establish guidelines for the use of various categories of debt
2. Create procedures and policies that minimize the City's debt service and issuance costs.
3. Maintain access to cost-effective borrowing.
4. Ensure full and timely repayment of debt.
5. Achieve and maintain the highest practical credit ratings of the various bond and credit types as well as the City's overall credit rating.
6. Ensure financial controls are in place with respect to proceeds of debt issuances.
7. Ensure compliance with covenants contained in financing documents and compliance with applicable state and federal laws and regulations.
8. Promote the City's best interests and protect the City's financial stability when deciding whether to approve debt.
9. Provide full and complete financial disclosure and reporting.

In meeting these objectives, the City also fulfills the requirements of California Government Code Section 8855 with respect to local debt policies.

An annual review of the Debt Policy will be performed and any changes to the policy will be brought forward for City Council consideration and approval. Further, in the event there are any material deviations or exceptions from the Debt Policy when a certain bond issue is structured, those exceptions will be discussed in the staff reports when the bond issue is docketed for City Council's consideration.

C. California Debt and Investment Advisory Commission (CDIAC) Reporting/Debt Policy Requirements

Effective January 1, 2017, Government Code Section 8855 was amended to require reporting to CDIAC both before and after the issuance of debt by or on behalf of local governments, including the City. Section 8855 also requires local governments to have a debt policy that includes the following (locations in this policy are identified parenthetically):

1. The purposes for which the debt proceeds may be used (Section: E)
2. The types of debt that may be issued (Section: E).
3. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable (Section: F.2).
4. Policy goals related to the issuer's planning goals and objectives (Section: F.1)
5. The internal control policies that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use (Section: G).

D. Scope of Application

This Debt Policy applies to debt issued by the City of Richmond, the Richmond Housing Authority, the Successor Agency to the Richmond Community Redevelopment Agency, and the Richmond Joint Powers Financing Authority; to debt the City issues on behalf of assessment districts and community facilities districts; and to debt the City issues on behalf of third parties where public benefit can be achieved i.e., conduit financing.

E. Types and Purposes of Debt

1. Long-Term Debt

Long-term debt may be issued only to serve a public purpose and may be used to finance the costs of acquiring or improving land, infrastructure, facilities, or equipment if it is appropriate to spread these costs over more than one budget year. Long-term debt may also be used to fund capitalized interest, costs of issuance, required reserves, and any other financing-related costs that may be legally capitalized. Long-term debt may not be used to fund City operating costs. The final maturity of long-term debt should not exceed 40 years. The following are the types of long-term debt that may be undertaken by the City:

- a) Special-Assessment Bonds. The Improvement Act of 1911 and the Improvement Bond Act of 1915 authorize the City to form assessment districts for imposing special-assessment liens on properties within the districts. Assessments on each property are calculated according to the “special benefit” the property receives from the local public improvements. Local public improvements examples include local streets, street lights, landscaping, sidewalks and sanitary sewers. The assessments are used to secure payment of bonds that amortize the local public improvement costs over a period of years. A majority of the property owners within the district must approve both the formation of the district and the issuance of the bonds. Approval occurs through submission of assessment ballots weighted according to the amount of each property’s proposed assessment.
- b) Special-Tax Revenue Bonds. Under the Mello-Roos Community Facilities District Act of 1982, codified at Governmental Code sections 53311 to 53368.3 (the “Mello-Roos Act”), the City may use special-tax bonds to finance the construction or acquisition of various public improvements. The Mello-Roos Act provides an efficient means of financing certain public capital facilities and services and promotes economic development in areas that lack sufficient infrastructure, such as infill or brownfield areas. Bonds may be issued to fund capital facilities so long as the estimated useful life of the facilities is at least five years. These bonds must be approved by at least two-thirds of the qualified electors within the Community Facilities District unless there are fewer than 12 qualified electors, in which case the vote is by the landowners.
- c) Marks-Roos Bonds. Under the Marks-Roos Local Bond Pooling Act of 1985, codified at Government Code sections 6500 to 6599.3 (the “Marks-Roos Act”), governmental entities, in consort with or as part of a jointpowers financing authority, may use a “pooled” financing technique for a broad array of public capital improvements.
- d) General Obligation Bonds. These bonds may be issued by governmental entities that have the legal authority to levy ad valorem property taxes and other charges at whatever rate and amount is necessary to pay the debt. Under article XVI, section 18 of the California Constitution, these bonds may only be issued for the acquisition or improvement of real property such as libraries, parks and public safety facilities. Twothirds voter approval is required.

- e) Tax-Allocation Bonds. Until January 2012, the City was authorized to issue tax-allocation bonds (“TABs”) that were secured by a pledge of tax-increment revenues from redevelopment project areas. Proceeds from TABs were used to revitalize blighted and economically depressed areas and promote economic growth. The City is no longer authorized to issue new-money TABs unless the City or its related financing authorities are aware of enforceable obligations that need to be met. Only refunding TABs are now authorized, and only the Successor Agency to the Richmond Community Redevelopment Agency may issue them.
- f) Certificates of Participation and Lease-Revenue Bonds. These debt instruments are secured by a lease-leaseback arrangement between the City and another public entity. The City uses its general operating revenues (which are not expressly pledged) to pay amounts owed under the lease. The payments are in turn used to pay debt service on lease-revenue bonds issued by a joint-powers financing authority or on certificates of participation executed and delivered by a trustee. Under this type of financing, a site, on which a capital project is being built, is leased to a joint-powers financing authority and subsequently the site and the capital project, are leased back to the City. In an alternative arrangement, a different asset is leased to the joint-powers financing authority and leased back, with the proceeds of the bonds being used for some other capital improvements (this is known as an "asset transfer" financing). Lease payments from the City are subsequently collected by the joint-powers financing authority 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. Voter approval is not required because these debt instruments are not subject to the debt limit in article XVI, section 18 of the California Constitution.
- g) Revenue Bonds. These bonds are payable from revenue generated by a City enterprise, such as the Port, KCRT Cable Television, and Water Resource Recovery. Because debt service on revenue bonds is paid solely from enterprise revenues and are not secured by any pledge of tax or general fund revenues, these bonds are not subject to the debt limit in article XVI, section 18 of the California Constitution. Revenue bonds are used for the improvements to the enterprise.
- h) Pension Obligation Bonds. Pension Obligation Bonds are issued to finance all or part of the unfunded pension liabilities of a pension plan. 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.

- i) State and Federal Loans or Other Similar Debt Instruments. State and federal loan proceeds are an important source of funds for capital projects in addition to bond proceeds. State Revolving Funds make low-cost loans available to local agencies to fund certain public infrastructure projects. Through these programs, various state agencies, such as the California State Water Resources Control Board, California Infrastructure and Economic Development Bank, and California Department of Resources Recycling and Recovery, as well as federal agencies such as the Department of Transportation and Environmental Protection Agency, offer local agencies loans to fund qualifying public infrastructure projects. Often the cost of borrowing through the loan programs is lower than the cost of issuing. Benefiting departments within the City will evaluate such programs in conjunction with the Finance Department on a case-by-case basis. City Council approval is required to apply for such loans.
- j) Conduit Debt. The City may agree to provide conduit financing for specific public purposes, such as financings for affordable rental housing and qualified 501c3 organizations. In a conduit financing, the debt is solely repaid with non-City revenues. No City funds will be pledged to the repayment of conduit debt and no appropriation of City funds will be made in the event of a default. All conduit financings must have at least one investment grade rating from a nationally recognized rating agency, or have a private placement investor committed to purchase the bonds.

2. Short-Term Debt

Short-term debt may be issued for any purpose for which long-term debt may be issued, including the payment of capitalized interest and other financing-related costs; it may also be used to address legitimate short-term cashflow requirements during a given fiscal year, so that the City may continue to fund the operating costs of providing necessary public services; and it may be used to bridge the gap in financing before long-term debt is issued to meet the ongoing capital needs of a project or series of projects. The City will not engage in short-term borrowing solely for the purpose of generating investment returns (arbitrage). Short term debt usually may not exceed five years.

- a) Tax and Revenue Anticipation Notes (“TRANS”). These are short-term notes used to cover cash shortfalls resulting from a mismatch between the timing of revenues and expenditures. The City may issue TRANS when needed to meet general fund cash-flow needs 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. 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. TRANS are secured by the property taxes and other revenues received later in the fiscal year. Voter approval is not required.
- b) Line of Credit. This is a contract between the issuer and a bank that provides a source of borrowed monies to the issuer in the event that monies available to pay debt service or to purchase a demand bond are insufficient for that purpose. The City may enter into agreements with commercial banks or other financial entities for purposes of acquiring a Line of Credit. Voter approval is not required.
- c) Lease-Purchase Financings. These financings may be used for the short-term financing of essential equipment or capital assets. The term of a lease purchase agreement is typically less than 10 years but may be as long as 15 years. Under this type of financing, the City and a lessor enter into a master lease agreement for the lease-purchase of equipment or capital assets up to a certain aggregate amount. The City and the lessor then enter into separate “schedules of property” or “lease schedules” for each lease purchase of equipment or capital asset, and the City Council annually budgets and appropriates an amount sufficient to pay rent for the equipment or capital asset under lease during that year; the failure to appropriate will result in termination of the lease-purchase agreement. Voter approval is not required.

3. Refunding Financing

The Finance Department will periodically review outstanding City Debt to identify refunding opportunities and evaluate the costs and benefits of restructuring or retiring outstanding obligations. Refunding will be considered (within federal tax-law constraints) when it will provide a net economic benefit or when it is needed to achieve City objectives relating to changes in covenants, call provisions, operational flexibility, tax status, the issuer, debt-service profile, etc. The City may purchase City Debt in the open market for the purpose of retiring the debt when doing so is cost effective.

- a) There are two types of refunding transactions: a current refunding occurs when outstanding bonds are paid off within 90 days after the proceeds of refunding bonds are deposited into an escrow account with the escrow agent (typically the same entity as the trustee); and an advance refunding occurs when outstanding bonds are paid off more than 90 days after proceeds of refunding bonds are deposited into an escrow account with the escrow agent. Federal tax law does not currently permit tax exempt advance refunding.
- b) In general, when the City undertakes a current refunding or an advance refunding for net economic benefit, the refunding should produce net present value debt service savings of at least 3%. This 3% threshold is a goal rather than a requirement, as the City may have reason to refund an issue that generates net-presentvalue savings of less than 3% (i.e., the refunding will eliminate unduly restrictive bond covenants or achieve a favorable restructuring of debt).

4. Other Debt

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

F. Integration with Planning Goals and Objectives

1. Policy Goals Related to Planning Goals and Objectives. The City is committed to long-term capital and financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. This Debt Policy, in conjunction with the City's Swap Policy, Reserve Policy, Capital Improvement Plan, Five-Year Revenue and Expenditure Forecast, Investment Policy and the Cash Reserve Policy, serves as an important tool that supports the use of the City's resources to meet its financial commitments and to maintain sound financial management practices. The City intends to issue debt for the public purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's annual operating and capital budgets. This Debt Policy will help ensure that debt is issued and managed in a manner that protects the public interest.

2. Relationship of Debt to Capital Improvement Plan and Budget. The City's Capital Improvement Plan sets priorities for projects and funding while the Debt Policy provides policy direction and limitations for proposed financings undertaken to implement the Capital Improvement Plan. Debt issuances will be integrated with the goals of the capital improvement plan and capital budget by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City's public purposes, and that the long-term repayment obligation is sustainable from a budgetary perspective. The City will seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from the general fund. Debt issuances for capital projects will be incorporated into the Capital Improvement Plan at the time the plan is recommended for City Council approval.

The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities, due to normal wear and tear, through the expenditure of available operating revenues. The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear, unless a specific revenue source has been identified for this purpose.

G. Internal Control Policies

When issuing debt, in addition to complying with the terms of this Debt Policy, the City shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Without limiting the foregoing, the City will periodically review the requirements of and will remain in compliance with the following:

1. Federal securities law, including any continuing disclosure undertakings entered into by the City in accordance with Securities and Exchange Commission Rule 15c2-12;
2. Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance; The City's investment policy as it relates to the use and investment of bond proceeds; and
3. Government Code section 8855(k) and the annual reporting requirements therein. Proceeds of debt will be held either: (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon order of the City with the submission of one or more written requisitions by the Finance Department; or (b) by the City, to be held and accounted for in a separate fund or account.

Timely authorizations and processing of transactions will be undertaken and expenditures will be carefully documented by the City to ensure proceeds are utilized for the intended use. Regular budget and schedule progress updates will be required by the Finance Department to track the status of debt-funded projects.

H. Debt Approval Procedures

1. Reviewed by City Council. All proposed long-term financing transactions for capital improvements shall be reviewed by the City Council. For matters related to the City Council approval process, "long-term financing" means financing which constitutes an obligation beyond one fiscal year.
2. Proposed transactions submitted for City Council approval should be reviewed prior to submission by the Finance Director, City Manager and City Attorney.
3. Upon approval by the Finance Director, City Manager and City Attorney, the proposed transaction shall then be presented to the full City Council.
4. Approval by the City Council. All long-term financing transactions over \$10,000 should be agendized as *action* items and shall be approved and adopted by the City Council. The City Council shall comply with all public hearing requirements applicable to the specific type of bond being approved.

I. Debt Limitations

There is no statutory restriction on the amount of Lease Revenue Bonds or Certifications of Participation 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. 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 (defined as the ratio of revenues subject to the bondholders' pledge over aggregate debt service on bonds secured by the pledged revenues of the Enterprise Fund) that equals or exceeds the minimum coverage required by the rate covenant in the financing documents.

J. Methods of Sale

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

1. 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 (TIC) to the City. The City may take bids in person, by facsimile, or by electronic means.
 - a) Bond sales shall be advertised as broadly as possible, including advertising in an industry newspaper. The financial advisors for each transaction shall undertake to provide information on the bonds to prospective bidders and investors as relevant.
 - b) 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.
 - c) Bond sales shall be cancelable at any time prior to the time bids are to be received.
 - d) Upon award to the bidder whose conforming bid represents the lowest true interest cost (TIC), the City may restructure the bonds in accordance with the Official Notice of Sale.
 - (1) The City shall reserve the unfettered right to reject all bids or waive bid irregularities.
 - (2) The Finance Department shall award any bonds sold via competitive sale.
2. 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).
3. 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 bonds, 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.

K. Debt Structuring Practices

1. 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.

2. All Bonds

- a) 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.
- b) Maximum Yield – as set by State law.
- c) Maximum Premium - case by case, as recommended by the City's Municipal Advisor.
- d) Maximum Discount - case by case, as recommended by the City's Municipal Advisor.
- e) Payment Dates - fixed after considering cash flow needs, the Finance Department will determine the occurrence of all new debt service payments.
- f) Coupons - fixed rate or variable rate.
- g) Call Provisions - shortest possible optional call consistent with optimal pricing.
- h) Structure of Debt - prefer level debt service but shall be determined on a case-by-case basis, at the discretion of the Finance Department
- i) Debt Service Reserve – case by case, as recommended by the City's Municipal Advisor and/or the underwriter.
- j) Capitalized Interest – may be sized through substantial completion plus a minimum of six months unless other assets are available to be pledged or otherwise limited under Federal Tax Law. Liquidated damages of construction contract must include amount of daily debt service.
- k) Net Funding - the project and capitalized interest funds may be net funded if investments are secured upon issuance of bonds.
- l) Reimbursement Resolution - must be adopted by the City Council if the project hard costs are advanced by the General Fund prior to the bond sale.
- m) Good Faith Deposit - determined on a case-by-case basis by the Finance Department.

3. 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 bonds.

- a) Purpose - reduction of net borrowing cost; match of assets and liabilities.
- b) Maximum 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.
- c) Term - consistent with policies for underlying debt types.
- d) Maximum Yield – as set by State Law.

- e) 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.
- f) Budgeting Debt Service - the Finance Department will recommend that annual debt service on any variable rate bonds be budgeted at 1.5 times SIFMA Municipal Swap Index (or another relevant index or successor index to SIFMA) as of the last Wednesday in February in the year in which the budget is being prepared. The Finance Department will also include in the budget any ongoing fees associated with floating rate bonds.
- g) Liquidity - a liquidity facility shall be obtained, either externally or internally, for all short-term indebtedness containing a put feature.
- h) Mode - all bonds issued as variable rate bonds shall be issued as "multi-modal" bonds.
- i) Good Faith Deposit - determined on a case-by-case basis by the Finance Department.

L. Derivatives (Swap) Policy

Derivative products, or swaps, are financial instruments whose value depends on (is derived from) the value of one or more separate assets or indices of asset values. As used in public finance, derivatives may take the form of interest rate swaps, futures and options contract, options on swaps and other hedging mechanisms such as rate locks. GFOA recommends state and local governments to exercise caution in the use of derivative instruments. The City no longer has swaps in its debt portfolio. To reduce risk exposure associated with swaps, the City adopted a guiding fiscal policy on April 20, 2021, which states that the City will no longer be permitted to use interest rate swaps when issuing debt.

M. Permitted Investments

All investments of bond proceeds shall adhere to the City's Investment Policy, approved annually by the City Council. 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:
2. Investment Agreements
 - a) Purpose - a) maximize interest earnings, thereby reducing net borrowing cost, and b) match of assets and liabilities.
 - b) Counterparty - minimum rating of AA- from S&P or Aa3 from Moody's.
 - c) Mandatory Termination - limited to credit-related events and nonpayment.
 - d) Cure Provisions - timelines on City's obligations to cure must provide for appropriate legislative action.
 - e) City's Priority of Payment - termination payments - subordinate to related debt payments.
 - f) Procurement/Award - award based on best bid as defined in bid form after limited negotiation of terms.
 - g) Term - not in excess of the term of the bonds.

N. Professional Assistance

1. Municipal Advisors. The City shall utilize the services of independent municipal advisor(s) on debt financing when deemed prudent by the Finance Director. All such municipal advisors should be registered with the Securities and Exchange Commission and hold the Municipal Securities Rulemaking Board Series 50 designation. The City may utilize an RFP-selected pool of such municipal 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.
2. 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, and shall recommend the best qualified underwriter to the City Council.
3. Bond Counsel. The Finance Department, in consultation with the City Attorney's Office, shall recommend the bond counsel for each transaction to the City Council.
4. Broker-Dealers and Remarketing Agents. For all variable rate bonds, the Finance Director shall recommend broker-dealers or remarketing agents for each transaction to the City Council. The City shall monitor performance on a monthly basis. The City may replace a remarketing agent or broker-dealer with notice at any time.

5. Disclosure Counsel. The Finance Department, in consultation with the City Attorney's Office, shall recommend the disclosure counsel for each transaction to the City Council.
6. Trustees. Selected for each transaction by RFP, unless use of current trustee (particularly for parity obligations) is deemed practical by the Finance Director. The Trustee (or applicable holding company) shall have a combined capital and surplus of at least \$500,000,000 and be subject to supervision or examination by federal or state authority.
7. Rebate Consultant. Selected by RFP for all bonds for a set term with 1-year extensions.
8. Financial Printer. Selected for each issue by RFP.
9. Auction Agents. Selected for each relevant issue by RFP issued by the Finance Department or its agent and subject to negotiation of terms.
10. Placement Agents. Selected for each relevant issue by RFP issued by the Finance Department or its agent and subject to negotiation of terms.
11. Liquidity Providers. Selected for each relevant issue by RFP issued by the Finance Department or its agent and subject to negotiation of terms.
12. 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.
 - a) In general, uncollateralized Investment Agreements shall be executed with counterparties rated at least AAA with collateral required upon downgrade below AAA.
 - b) 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.

O. Ongoing Debt Administration

1. Continuing Disclosure. It is the goal of the Finance Department to be as transparent as possible and comply with its obligations under continuing disclosure undertakings executed by the City in connection with its outstanding bonds.

2. 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 Financial Report (ACFR). The City shall use its best efforts to issue the Annual Report electronically on the Electronic Municipal Market Access (EMMA) system or any other successor thereto as designated by the United States Securities and Exchange Commission (SEC) or the Municipal Securities Rulemaking Board (MSRB), and to post the Annual Report on its web site. The Annual Report will also be on file with the City Clerk.
3. Material Event. The City will issue a notice of occurrence of a material event (as defined in Appendix C) in accordance with the provisions of SEC Rule 15c2-12. Prior to the issuance of any material event, the Finance Director will consult with the Mayor, City Manager, City Attorney and policymakers or outside professionals as appropriate, to discuss the materiality of any event and the process for accurate, timely and appropriate disclosure to the marketplace.
4. Post-Issuance Compliance on Build America Bonds. The City will adhere to the instructions contained in Appendix B regarding required post-issuance activities when Build America Bonds have been issued. Upon recommendation of the Finance Department, the City may retain a firm to assist it in maintaining compliance with all continuing disclosure requirements.
5. 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.
6. 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.
7. Ratings. The policy of the Finance Department is to secure underlying ratings on all newly issued obligations from at least one national rating agency.
 - a) Citywide Ratings Notification. Any changes in ratings will be promptly noticed to the City Council.
 - b) 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.
 - c) Annual Reporting. The Finance Department shall ensure prompt delivery to each of the rating agencies of the following public documents:
 - (1) Annual Comprehensive Financial Reports (ACFR's)
 - (2) Adopted budgets

- (3) Other Reporting Certificates of Substantial Completion. On projects financed with long term obligations Certificates of Substantial Completion shall be delivered to the rating agencies and Bond Insurer, as relevant.
8. Voluntary Disclosures. The Finance Director may determine to file voluntary disclosure or information that is not required under any continuing disclosure undertaking. The City shall have no obligation to update any voluntary disclosure or information.
9. Record Retention. At a minimum, the following documentation shall be retained for the term of each issuance of bonds, including any refunding bonds, plus five years, or longer if contemplated by a tax certificate for a specific issuance of bonds.
 - a) Continuing disclosure undertaking;
 - b) Annual Reports, including any EMMA transmittal letters and filing receipts;
 - c) Material Event Notices, including any EMMA transmittal letters and filing receipts;
 - d) CDIAC transmittal letters and filing receipts, including those related to filing of Annual Debt Transaction Reports (ADTRs), pursuant to Senate Bill 1029 (Chapter 207, Statutes of 2016);
 - e) Rating Agency reports; and
 - f) Such other information as the Finance Director determines necessary or useful in accordance with the continuing disclosure undertakings.

POLICY: Grants Management

ESTABLISHED: September 20, 2022

RESOLUTION NO.: N0. 128-22; **DATE:** September 20, 2022

XIV. Grant Management Policy

A. Overview

The City of Richmond continues its practice of taking advantage of granting opportunities to support operations, programs, and capital improvement projects. Major sources of grant awards are federal, state, local agencies, and private organizations. A grant's scope is determined by the policy goals of the grantor, and the grantee is obligated to provide deliverables based on the terms and conditions of the grant. Grants differ based on the funding source, scope of work, requirements, and timelines. This policy provides a general guidance to managing grants which may not be pertinent to manage all grants awarded to the City.

B. Goal

The purpose of the Grants Management Policy is to develop, implement, and maintain meaningful grant oversight and coordination for the City Council thereby increasing grant-related revenue, limiting the City Council's exposure to grant-related legal liability, and improving the efficiency and impact of programs and services funded through grants.

C. Pre-Application Evaluation

City staff will continuously identify grants in all functional areas in general but specifically in funding capital projects. City staff must review grant requirements to validate the feasibility of undertaking the responsibility of grant deliverables and the alignment of the scope with the City's and the community's mission before applying, accepting, and committing to any grant opportunity.

1. Short Term Revenues vs. Long Term Costs

Special attention must be paid to evaluate if a grant opportunity is viable to the City and that one time or short-term grant revenues are not adding to the fiscal burden of unprecedented permanent or long-term expenditures. For example, a grant funded project may require the City to hire additional staff, in this situation it is necessary to review the grant to assure that the City is clear about the requirement of additional staff, temporary or permanent. If permanent staff is required, the long-term labor cost must be evaluated and analyzed before applying for the grant. The viability consideration is not limited to labor cost; it must be evaluated for all types of costs such as ongoing operations and maintenance.

2. Required Resources

A grant opportunity must be evaluated based on required resources versus available resources in the City before moving forward with the application process. This applies to resources such as: staff support, local funding match, or in-kind match.

- a) If a funding match is required by a grantor, the funding source must be approved by the City Manager in writing before submitting the grant application.

3. Indirect Costs

During the grant application process the City staff shall include the cost of administering the grant program when possible and wherever it is allowable by the grantor in the grant terms and conditions. For example, some grantors may have a fixed percentage for indirect costs that can be reimbursed.

4. Cost Benefits Analysis

The overall cost benefit analysis is required to confirm that the grant is in alignment with the City's general mission and strategic goals and is in the best interest of the residents of the City.

5. Public Private Partnership

In a situation where the City is working in partnership with another organization (local or public) the solicitation process must be transparent. City Council approval is required prior to submitting the grant application. If the pre-approval step is missed in such partnership, there must be an explanation provided to the City Council upon the grant acceptance (see section 4.b.).

D. Grant Cycle

1. Grant Application

Department staff is required to follow the grantors' determined application processes. Department staff seeking and administering the grant are responsible for compiling the grant application, and the Finance department shall provide certain information that is required to be submitted with the proposal.

- a) If a local funding match is required for a grant, refer to the section 3.b. of this document.
 - b) The Finance department must be notified upon submission of a grant application within ten (10) business days.
2. Grant Award

Grant award is the notification that is provided to the applicant upon the acceptance of the grant application. The notification must be in writing and/or it can also be in a grant agreement format.
3. Council Approval

Each grant must be formally accepted by the City Council before moving to the execution phase. Department staff are responsible for preparing the City Council agenda item. The recommended action must include the words “accept and appropriate” in the agenda report to ensure budget appropriation for execution. Some grants may require City Council authorization before a grant application is submitted and, in that case, recommended action may include the language about the acceptance and appropriation of funds upon grant award.
4. Grant Set-Up

Department staff is responsible for submitting grant documents to the Finance department within ten (10) business days to be set up in the City’s financial system, which may require creating special account strings to fully track the related activity. Required documents are:

 - a) Grant Award Letter/Agreement
 - b) Approved Council Minutes, and/or Resolutions
 - c) Completed Grant Information Form (see attached form)
 - d) Appropriate Grant Funds
5. Grant Execution

It is the Department staff’s responsibility to deliver agreed upon deliverables, generate status reports, exercise careful examination of the costs being incurred, and file for reimbursements from grantor in a timely fashion. The Finance department assists as needed in terms of setting up account strings, budgets, and preparing monthly reports etc. Department staff shall maintain a comprehensive project file for the record and send all documents to grants@ci.richmond.ca.us for record keeping in the financial system.
6. Grant Compliance

It is the Department staff’s responsibility to meet all grant requirements and take appropriate steps to ensure grant compliance by adhering to all applicable Federal, State, and local regulations. This includes collecting all necessary documentation from the pre-award phase through closeout, ensuring appropriate procurement steps are taken for any subawards,

compliance with sam.gov debarment and suspension checks, and all other award requirements.

7. Reimbursements/Reporting

Department staff shall submit reimbursements and other periodic reports in a timely manner depending upon the grantor specified timeline. The majority of grants are on a reimbursement basis. Therefore, the City covers the expenditures from the cash reserve before the grant funds are reimbursed, which limits the City's ability to fund other operations and city services. It is crucial that the reimbursement requests are submitted to the grantor in a timely manner to alleviate undue burden from the City's cash reserves. Department staff shall forward all the filed reimbursement requests to grants@ci.richmond.ca.us at the time of submission to the grantor.

8. Close-Out

Department staff are responsible for following the specified close out procedure provided by the grantor. Grant funded project files and records are required to be maintained for five years or the retention limit the grantor has provided which may exceed five years. Final close out reports shall be sent to the Finance department within ten (10) business days.

E. Record Keeping

Department staff must maintain all documents (purchasing, bidding, and communications with the grantor) even after the grant completion. Department staff shall also forward all documents to the Finance department (grants@ci.richmond.ca.us) for saving and retention in the financial system (currently Project Master in Tyler MUNIS) to ensure city-wide availability as needed. This is primarily for audit purposes.

F. Audits

Appropriate audit facilitator is determined depending on the nature of the audit including the Annual Single Audit. The Finance department facilitates all financial audits and may reach out to Department staff for assistance if warranted.



G. Roles and Responsibilities

1. City Council
 - a) Provides policy guidance to City staff to seek grants in certain categories and authorizes staff to apply for grants, and upon grant award, accepts and appropriates funds.
2. City Manager's Office
 - a) Executes grant agreements and directs/assigns staff to seek and execute grants.
3. Finance Department
 - a) Provides guidance to Department staff about tracking costs appropriately.
 - b) Sets up account strings in the financial system.
 - c) Assists in day-to-day financial operations.

 - d) Generates periodic reports stating sources and uses of the grant funds.
 - e) Maintains project master in the financial system.
 - f) Maintains the City's general information regarding tax ID and tax-exempt status letter.
 - g) Maintains the City's accounts with federal grant portals such as www.grant.gov, www.sam.gov, etc.
 - h) Maintains the City's CAGE code and Unique Identifier Number, formerly known as DUNS number.
 - i) Generates Schedule of Expenditures of Federal Awards (SEFA) annually after fiscal close.
 - j) Facilitates financial audits.
 - k) Provides training on grants management and financial systems to improve the grants program.

4. Department Staff

- a) Applies for the grant.
- b) Takes awarded grant to the City Council for approval (Council action must read “Accept and appropriate funds...”).
- c) Prepares budget amendments based on the City Council approval.
- d) Executes the grant.
- e) Delivers the grant deliverables under the terms and conditions.
- f) Monitors costs and makes sure the costs are allowable and within the grant award.
- g) Communicates and reports to the grantor/s regarding status, periodic, and close out reports, and any other communication regarding modifications to the scope or changes in timeline.
- h) Follows the procurement and other City policies in the process of issuing contracts. This includes ensuring all contract provisions outlined on pages 24-25 of City of Richmond’s Purchasing Policy (AP 522) are followed and passed down as applicable to all subrecipients and contractors. Note that suspension and debarment check is required and the department must “Verify that a vendor is not debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. Confirm and document that vendors are not on the federal government’s Excluded Party list found at www.sam.gov.” This verification must occur prior to the execution of subawards. **For more information, please refer to the Finance Department’s Sam.gov Debarment Check Guidelines document.**
- i) Maintains complete project file during and after beyond project completion.
- j) Assists finance/audit coordinator as needed during audit/s.

Grant Information Form

| | |
|---|--|
| Project Title <input style="width: 90%;" type="text"/> | City Project Code <input style="width: 90%;" type="text"/> <small>(Assigned by Finance)</small> |
| Scope of Work <input style="width: 100%; height: 30px;" type="text"/> | |
| Award Amount <input style="width: 150px;" type="text"/> | City Match Select One <input style="width: 100px;" type="text"/> |
| Grant Basis Select One <input style="width: 200px;" type="text"/> | If Yes, Match Amount <input style="width: 100px;" type="text"/> |
| Grantor Agency Information | |
| Agency Type Select One <input style="width: 100px;" type="text"/> | CFDA # (Fed) <input style="width: 100px;" type="text"/> |
| Funding Through Select One <input style="width: 150px;" type="text"/> | Agency Grant # <input style="width: 100px;" type="text"/> |
| Agency <input style="width: 250px;" type="text"/> | Pass-through Agency <input style="width: 150px;" type="text"/> |
| | Sub Agency <input style="width: 150px;" type="text"/> |
| Agency Program <input style="width: 100%;" type="text"/> | |
| Grant Period | |
| Reporting Frequency Select One <input style="width: 100px;" type="text"/> | Award Date <input style="width: 100px;" type="text"/> |
| Final Report <input style="width: 100px;" type="text"/> | Start Date <input style="width: 100px;" type="text"/> |
| | End Date <input style="width: 100px;" type="text"/> |
| | Report 1 <input style="width: 100px;" type="text"/> |
| | Report 2 <input style="width: 100px;" type="text"/> |
| | Report 3 <input style="width: 100px;" type="text"/> |
| Agency Contact | City Contact (Project Manager) |
| Name <input style="width: 90%;" type="text"/> | Name <input style="width: 90%;" type="text"/> |
| Title <input style="width: 90%;" type="text"/> | Department <input style="width: 90%;" type="text"/> |
| Phone <input style="width: 90%;" type="text"/> | Phone <input style="width: 90%;" type="text"/> |
| Email <input style="width: 90%;" type="text"/> | Email <input style="width: 90%;" type="text"/> |
| Grant Budget | Match Source (If Required) |
| Fund <input style="width: 100px;" type="text"/> | Fund <input style="width: 100px;" type="text"/> |
| Org <input style="width: 100px;" type="text"/> | Org <input style="width: 100px;" type="text"/> |
| Object Code <input style="width: 100px;" type="text"/> | Fixed Asset Select One <input style="width: 100px;" type="text"/> |
| Budget Amount | If Yes, Description of Fixed Asset |
| (Revenue) <input style="width: 100px;" type="text"/> | <input style="width: 100%; height: 100px;" type="text"/> |
| Expenditure <input style="width: 100px;" type="text"/> | |
| Net <input style="width: 100px;" type="text"/> | \$ 0 |
| Other Notes | |
| <input style="width: 100%; height: 100%;" type="text"/> | |
| Required Documents: 1-Completed Grant Information Form, 2-Grant Award Letter/Agreement, 3-Approved City Council Minutes | |

POLICY: Investment Policy

ESTABLISHED: October 17, 2023

RESOLUTION NO.: 145-24; **DATE:** December 3, 2024

XV. Investment Policy

A. Mission Statement

It is the policy of the City of Richmond (City) to invest public funds in a manner which prioritizes safety and liquidity over yield while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

B. Scope

This investment policy covers the City's pooled funds which include the General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal service, Trust & Agency, Redevelopment/Successor Agency and any other Funds investment activities under the direction of the City.

The investment of bond and note proceeds will be in accordance with policy contained in the relevant bond documents approved by the City Council at the time of the issuance of the debt. To the extent not inconsistent with such bond documents, bond or note proceeds and in accordance with Government Code, sections 53601(l) and 5922(d), proceeds 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

C. Objectives

The City's investment activities are designed to accurately monitor and forecast expenditures and revenues to ensure funds are always available when needed. The portfolio will be managed to take advantage of changing economic conditions that can aid in increasing the total return on the City's portfolio. The City will invest up to 100% of all idle funds.

The primary objectives of the investment activities, in priority order shall be:

1. **Safety.** Safety of principle is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio. To attain this objective, the City will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.
2. **Liquidity.** An adequate percentage of the portfolio will remain sufficiently liquid in short-term securities to enable the City to meet its cash flow 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.
3. **Yield.** The investment portfolio of the City should be designed with the objective of attaining a market rate of return, also known as the yield, on its investments. Yield should be considered only after safety and liquidity objectives have been met and measured against cash flow needs.

D. Delegation of Authority

Management responsibility for the investment program is hereby delegated to the Director of Finance, acting in their capacity as Treasurer, or the Accounting Manager as designee who shall be responsible for all transactions undertaken and shall monitor and review all investments for consistency with this investment policy. The Director of Finance or their designee shall establish a system of controls to regulate the activities of subordinate officials, and their procedures in the absence of the Director of Finance.

E. Prudence

The standard of prudence to be used in the management of the City's investment portfolio shall be the "prudent person" standard. The "prudent person" standard states that, "Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The City holds to the "prudent investor standard" as set forth in Section 53600.3 of the Government Code. in that all investments placed shall be made with a degree of judgment and care, The prudent investor standard states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

F. Ethics and Conflict of Interest

1. 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.
2. In a diversified portfolio it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall portfolio investment return provided that adequate diversification has been implemented. Each issuer shall be limited in terms of their percentage of the portfolio, to minimize risk exposure.
3. In accordance with California Government Code Sections 89502 and 89503, officers and employees of the City shall refrain from any activity that could conflict with the proper execution of the investment program or that could impair their ability to make impartial investment decisions. All investment personnel shall comply with the reporting requirements of the Political Reform Act, to include the annual filing of their Statement of Economic Interest.

G. Authorized Broker/Dealers

The Director of Finance will maintain a list of broker/dealers authorized to provide investment services. The broker/dealers will be selected by credit worthiness that is authorized to provide investment services in the State of California. These may include "primary" dealers or "regional" dealers that qualify under Securities and Exchange Commission Rule 15c3-1 (uniform net capital rule).

H. Authorized Investments and Maximum Maturities

With the above objectives and criteria in mind, the City of Richmond may invest in the following instruments with a rating of "A" or higher (when applicable) that have maturities of five (5) years or less at the time of purchase, unless otherwise stated below:

1. Government Bonds and Notes- Maximum of 100% invested no longer than 5 years.
 - a) United States Treasury Notes, Bonds, Bills, or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for the payment of principal and interest; and
 - b) Treasury notes or bonds of the State of California; and
 - c) Bonds, Notes, Warrants or other evidence of indebtedness of Any local agency within California with a minimum rating threshold of an "A".

2. **Bonds and Notes of Federally Sponsored Agencies** - Maximum of 100% invested no longer than 5 years, such as the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, or any other instruments issued by a federal agency, or a United States government sponsored enterprise.
3. **Bankers' Acceptance** Bills of exchange or time drafts drawn on and accepted by a commercial bank insured by the FDIC, with a rating category of at least A-1 or the equivalent by a nationally recognized statistical rating organization (NRSRO). Purchases in this category may not exceed 180 days maturity or 40% of the City's investment portfolio as provided by Government Code Section 53601(f)g.
4. **Negotiable Certificates of Deposit** issued by a Federal and State chartered bank or a Federal and State Savings and Loan Association or by any state licensed branch of a foreign bank. Purchases are not to exceed 30% of invested idle funds.
5. **Repurchase Agreements** Repurchase agreements are agreements between the local agency and seller for the local agency to purchase government securities to be resold back to the seller at a specific date and for a specific amount and are authorized by Government Code Section 53601(j). Although the legal maximum maturity on these investments is 360 days, repurchase agreements are generally shortterm investments varying from one day to two weeks. Investments in repurchase agreements must be collateralized, and collateral required for repurchase agreements is limited to Treasury and Agency securities. In order to anticipate market changes and provide a level of security for all funds, the required collateralization level is 102% of the market value of principal and accrued interest.
6. **Collateralize Bank Deposits** As authorized in Government Code Section 53601(n), notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits.
7. **Local Agency Investment Fund (LAIF)** - maximum of \$75 million The City may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law but not to exceed the aggregate limit set by the City of 100%.
8. **CalTRUST** a Joint Powers Authority created by public agencies to provide a convenient method for public agencies to pool their assets for investment purposes, not to exceed the aggregate limit set by the City of 100%. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers.

9. **Medium Term Notes** with a maximum of five years maturity issued by corporations organized and operating within the United States. Such securities must be rated in a rating category of "A" or better by a nationally recognized rating service. Purchases may not exceed 30% of invested idle funds in any single institution.
10. **Commercial Paper** of "prime quality" of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investor Service, Inc., or Standard & Poor's Corporation. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and have total assets in excess of five hundred million dollars (\$500,000,000) and having an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by Moody's Investors Service, Inc., or Standard & Poor's. Eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 25% of the City's surplus money that may be invested pursuant to this section
11. **Money Market Funds** are eligible for investment if the companies providing the mutual funds invest only in instruments authorized by Government Code, Sections 53601 and 53630. To be an eligible money market investment under this section:
 - The money market shall have attained the highest ranking, or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations and shall maintain these ratings for the duration of the investment.
 - Retain an investment advisor registered with the Securities and Exchange Commission (SEC) with not less than five (5) years' experience investing in securities and obligations.
 - The fund shall have a minimum of \$500 million to total asset size of portfolio at time of investment and should not drop below this threshold.
 - The purchase price of the share of beneficial interest shall not include any commission that these companies charge.
 - Purchases shall not exceed 20 percent of the City's idle funds.
12. **Public Bank Obligations** As authorized in Government Code Section 53601(r), 53635(c), and 57603 local agencies may invest in commercial paper, debt securities or other obligations of a public bank. The maximum remaining maturity is limited to five years.

Summary of Maximum Percentage Limitations of Investments, by Investment Type

The following summary of maximum percentage limits, by instrument, is established for the City's total pooled fund's portfolio:

| <u>Investment Type:</u> | <u>Percentage</u> |
|--|------------------------------|
| U.S. Treasury Bills, Notes, and Bonds | 0 to 100% |
| U.S. Government Agency Obligations | 0 to 100% |
| Bankers' Acceptance | 0 to 40% |
| Negotiable Certificates of Deposit Local | 0 to 30% |
| Repurchase Agreements | 0 to 100% |
| Local Agency Investment Fund (LAIF) | 0 to 100% (Max \$75 million) |
| CalTRUST(Joint Powers Authority) | 0 to 100% |
| Medium Term Notes | 0 to 30% |
| Commercial Paper | 0 to 25% |
| Money Market Funds | 0 to 20% |
| Collateralized Bank Deposits | 0 to 100% |
| Public Bank Obligations | 0 to 100% |

I. Reporting and Review of the Investment Portfolio

The Director of Finance shall report monthly on the City's pooled and Bond funds to the City Manager and City Council and shall report quarterly on other investments, such as pension funds. The following elements will be part of the investment report:

1. Type of investment
2. Institution/Issuer
3. Date of maturity
4. Cost of security (par amount) and dollar amount in all securities
5. Description of the funds, investments and programs managed by contracts
6. Current market value of securities
7. Rate of return
8. Statement of compliance to meet pool expenditure requirements for the next six months
9. If, in any case, pool expenditures are not met, an explanation of why sufficient monies will not be available.

J. Investment Pools

Government sponsored investment pools (Pools) are permitted under California Government Code Section 53601 et seq. and an excellent short-term investment option for cash management facilities. These pools can provide safety, liquidity and yield in a single diversified investment. However, thoughtful investigation and due diligence are required both initially at the time of purchase and ongoing analysis to determine that the investment pool is being managed in a manner consistent with the objectives of the Policy.

State of California's Local Agency Investment Fund (LAIF) is an example of a Pool. The City may invest in the LAIF established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law under California Government Code Section 16429.1, Each agency is limited to an investment of \$75 million per account currently, but subject to change.

K. Collateralization

Collateral for Certificates of Deposit (CD) and Negotiated Certificates of Deposit (NCD) must comply with Government Code, Chapter 4, Bank Deposit law Section 16500 et seq. and the Savings and Loan and Credit Union Deposit Law Government Code Section 16600 et seq. In addition, if the CD is not FDIC insured or goes over the FDIC \$250,000 limit, collateral is required to equal 100 percent of the principal of either U.S. Treasury securities or Federal Agency securities.

Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted, within the parameters and constraints of the Policy.

L. Safekeeping and Custody

Securities purchased from broker/dealers shall be held in third party safekeeping by the trust department of the City's bank or other designated third party, in the City's name and control. The basic premise underlying the City's investment philosophy is and will continue to be to ensure that money is always safe and available when needed. All trades executed by a dealer will settle delivery vs. payment (DVP) through the City's safekeeping agent. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

M. Diversification and Risk Tolerance

The City of Richmond recognizes diversification is an investment strategy that will mitigate risk in the investment portfolio. Portfolio diversification is employed as a way to control risk. The City's investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks regarding specific investment types. Within investment types, the City shall also maintain a mix of securities to avoid concentrations with individual financial institutions, geographic areas, industry types and maturities. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. The Treasurer shall periodically establish guidelines and strategies to control risks of default, market price changes, and illiquidity.

N. Internal Control

The Treasurer or designee shall maintain a system of internal controls designed to ensure compliance with the Investment Policy and to prevent losses due to fraud, employee error, and misrepresentations by third parties or unanticipated changes in financial markets.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Director of Finance with the following:

audited financial statements, proof of FINRA certification, and proof of state registration, completed broker/dealer questionnaire, and certification of having read the City's investment policy.

A bi-annual review of the financial condition and registrations of qualified bidders will be conducted by the Director of Finance. The bidding process shall be conducted every four years. The current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.

O. Performance Standards

1. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.
2. The investment performance objective for the portfolio shall be to earn a total rate of return over a market cycle which is approximately equal to the return on a market benchmark Index of similar securities, as determined by the Director of Finance.

P. Investment Policy Adoption

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.

Q. Interest Earnings

All moneys earned and collected from investments authorized in this policy shall be allocated quarterly to pooled funds based on the daily cash balance in each fund as a percentage of the entire pooled portfolio. Should any fund not have a daily cash balance at the end of a quarter, it will receive none of the moneys earned and collected from the pooled investments. Furthermore, should any fund have a temporary negative daily cash balance at the end of a quarter, the negative amounts will be reallocated to provide earnings to the funds with a positive daily cash balance.

R. Restrictions

1. The City will not invest any funds in inverse floaters, range notes, or interest only STRIPS (Separate Trading of Registered Interest and Principal of Securities) that are derived from a pool of mortgages.
2. The City will not invest any funds in any security that could result in zero interest accrual if held to maturity. This limitation does not apply to investments in shares of beneficial interest (money market mutual funds) that are authorized elsewhere in the Investment Policy.
3. The City will not invest in companies involved in the manufacturing of tobacco and tobacco-related products such as cigarettes, cigars, pipe tobacco, chewing tobacco, etc.
4. The City will not invest in companies that develop and manufacturer commodities that facilitate violence, war, oppression, and apartheid.
5. The City will not invest in companies that develop and manufacture arms and weapons.
6. The City will not invest in companies that develop and manufacturer commodities involved in border and mass surveillance industries.
7. The City will not invest in companies involved in mass incarceration and detention industries, nor those companies that use prison labor to manufacture products.
8. In accordance with the Slavery Era Insurance Ordinance 14-05 N.S. Section 2.29.030 Social Disclosure on Gains from Slavery effective July 1, 2005, the City will not invest any funds in international financial instruments that benefited from slavery. The City Council prohibits, by social investment policy, such investments and reserves the absolute right to divest from such investments with the cost of divestment being borne by the contracting institution.
9. In accordance with Resolution 38-13 effective May 7, 2013 the City declared it a policy of the City of Richmond to not invest in Fossil Fuel companies and urges the Board and Management of the City's Pension funds to divest from publicly-traded Fossil Fuel Companies.
10. In accordance with the Sanctuary City Ordinance 12-18 N.S. Section 4 Prohibition on Investments effective June 5, 2018, the City shall not make any investments in stocks, bonds, securities, or other obligations issued by any provider of Data Broker or Extreme Vetting services to United States Immigration and Customs Enforcement (ICE).

POLICY: Unclaimed Funds Policy

ESTABLISHED: New

RESOLUTION NO.: Not Applicable; **DATE:** Not Applicable

XVI. Unclaimed Funds

The City of Richmond will account for unclaimed funds in a manner which follows Government Code Sections 50050 through 50057. Funds that remain unclaimed for at least three (3) years will become the property of the City of Richmond after the procedures identified herein have been followed.

A. Purpose

The purpose of this policy is to establish guidelines for the proper disposition of and accounting for unclaimed funds. In accordance with the California Government Code Sections 50050 through 50057, money that is not the property of the City of Richmond (City) that remains unclaimed for a period of three years will become the property of the City after certain notice procedures are followed.

B. Definitions and Details

1. Definitions

- a) Unclaimed Funds - Consists of funds which are not the property of the City but remain in the City Treasury for three (3) or more years without a claim being filed by the legal owner(s). Unclaimed funds do not include individual items of less than \$15.00, any amounts in which the depositor's name is unknown, or restitution to victims.
- b) Warrant – Instrument issued to pay for goods and/or services rendered, issue refunds, etc. (i.e. a check).
- c) Stale Dated – A check that is older than six (6) months.
- d) Escheat – refers to state escheat laws that require agencies to transfer unclaimed property or funds to the state after three years and reasonable efforts to locate the property owner.

2. Guidelines

The City of Richmond has established the policy to hold unclaimed Payroll, Accounts Payable, General Liability, and Worker Compensation checks rather than escheating the unclaimed funds to the State of California.

This unclaimed funds policy applies to all outstanding Payroll, Accounts Payable, General Liability, and Workers Compensation checks abandoned three years after the issue date.

3. Procedures: Items over \$15.00

- a) Quarterly during the bank reconciliation process, the outstanding warrant register will be reviewed for items six (6) months and older. For warrants six months and older, a letter (Exhibit A) and affidavit of unclaimed monies claim form (Exhibit B) will be mailed to the address on record for the issued warrant, and the warrant will be identified as stale dated.
- b) Every June 30th and December 31st, (final evaluation dates) all remaining outstanding warrants will be evaluated. Any warrants issued more than 12 months prior to evaluation date will receive a second letter and affidavit form. If no response is received within 30 days the warrant will be identified as unclaimed. Unclaimed warrants shall be cancelled and voided in the system. A journal entry shall be prepared to record the total amount of unclaimed checks in a holding account called "Aged Unclaimed Warrants".
- c) A list of stale date warrants containing the warrant number, issue date, amount, and payee shall be maintained by the Finance Department. If a cancelled warrant is presented, or the payee files a claim after cancellation, the warrant shall be reissued by debiting the "Aged Unclaimed Warrants" account, and the original warrant shall be removed from the stale dated list.
- d) Also, on June 30th and December 31st, the stale dated list shall be evaluated to determine which warrants are more than 3 years old from the date of issue. Warrants that are more than 3 years old will be handled as follows:
 - (1) A notice must be published once a week for two consecutive weeks in a newspaper of general circulation in the City of Richmond stating the payee, the amount, the fund in which the money is held, and that it is proposed that the money will become the property of the City of Richmond on a specific date (not less than 45 nor more than 60 days after the first publication) in accordance with Government Code Section 50051. See Exhibit C for example.
 - (2) Upon or prior to publication, a party of interest may file a claim (Exhibit B) for the funds with the Finance Director. The claim must contain the claimant's name, address, amount, tax identification number, and grounds for claim prior to the date the funds become property of the City of Richmond. The Finance Director can request additional information to help substantiate the claim.

- d) At the expiration of the three-year period, money representing restitution collected on behalf of victims shall be deposited into a Restitution Fund or used by the City of Richmond for the purpose of victim services in accordance with Government Code Section 50050. The City must document that it has made a reasonable effort to locate and notify the victim to whom the restitution is owed.

Exhibit A

Sample notification letter to be mailed

mm, dd, yyyy

Vendor Name

Address

City, State, Zip Code

Vendor # 1693

Re: Un-cashed check

The City of Richmond issued **check #10007826** on **5/31/2001** in the amount of **\$500.00**.

A review of the records indicates that this check is still outstanding and has not been cashed. By completing the attached affidavit of unclaimed monies claim form you are acknowledging that the above mentioned check was not received or was lost and has not been presented for payment by the payee, therefore requesting a re-issuance. Please return the completed affidavit of unclaimed monies claim form to:

**City of Richmond
Finance Department / Accounts Payable
450 Civic Center Plaza
P.O. Box 4046
Richmond CA 94804-0046**

If you have this check, please return it for reissuance; do not cash the check, as it will no longer be honored by the City bank.

If you have any questions please feel free to contact **Accounts Payable** at **510-620-6740** or by email at **accounts_payable@ci.richmond.ca.us**

Sincerely,
Accounts Payable

Exhibit B
City of Richmond
Affidavit of Unclaimed Monies

I, _____, hereby declare that I am the depositor of the unclaimed money, their heir, beneficiary, or duly appointed representative of check number _____, issued by the City of Richmond, in the amount of \$_____ (“unclaimed monies”), dated _____ and the name of the Payee shown is _____.

Indicate below what happened to the original check– mark on the box and explain.

- The above check was not received.
- The above check was destroyed by _____.
- The above check was lost by me on _____.
- Other _____.
- The above check is attached. The check was not cashed within six months and has become stale dated.
- The above check was not received, deposited, or cashed, however there are no outstanding payments due to me from the City of Richmond.

I have an interest in the unclaimed monies, am entitled to the full amount thereof, request that a replacement check be issued to me, and agree that if the above warrant is received I will promptly return it to the City of Richmond Finance Department.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

EXECUTED AT _____, on DATE

Print Name

Daytime Phone Number

Signature

Address

City

State

Zip Code

Exhibit C

Sample Notice to be Published in Local Newspaper

Notice is hereby given that the City of Richmond is holding funds for the below listed individual(s). If said funds are not claimed by **mm, dd, yyyy**, these funds will become the property of the City of Richmond in accordance with California Government Code Sections 50050 – 50057. These funds may be released to the depositor, their heir, beneficiary, or duly appointed representative provided a claim form has been completed with the necessary information.

The Affidavit of Unclaimed Money Claim form is available at the City of Richmond, Finance Department, 450 Civic Center Plaza, Richmond, CA 94804, on the City’s website (<http://www.cityofrichmond.ca.us>), or by calling **[Name], 925-671-####**. Required claim information includes name, address, phone number, tax identification number or social security number, amount of claim, and grounds on which the claim is founded. Once a claim is submitted, the **Director of Finance** will determine what, if any, additional information is necessary.

| <i>Name</i> | <i>Transaction Date</i> | <i>Dollar Amount</i> |
|--------------------|--------------------------------|-----------------------------|
| Vendor A | | |
| Vendor B | | |
| Vendor C | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

POLICY: Purchasing Policy

ESTABLISHED: October 25, 2011

RESOLUTION NO.: Not Applicable; **DATE:** Not Applicable

XVII. Purchasing Policy

A. Section I - General

1. Purpose

To establish the manner by which all City procurement is to be conducted as well as to ensure City compliance with applicable laws relating to the expenditure of public funds.

2. Policy

When authorized to procure material or service, all City employees shall follow this policy to correctly and ethically process a procurement need and ensure the efficient use of public funds. All City rules, regulations, laws, resolutions and the City Purchasing Ordinance are incorporated herein by reference see the following chapters of the Municipal Code and the procurement standards in 2 CFR 200.317:

Chapter 2.52 – Contracting and Purchasing Procedures

Chapter 2.50 – Richmond Business Opportunity Ordinance

Chapter 2.56 – Local Employment Program

Chapter 2.65 – Ban the Box Ordinance

Chapter 2.28 – Nondiscrimination Clauses

3. Overview

The City's Purchasing Ordinance and Procurement Policy are in place as your guideline to ensure materials and services are purchased in a legal and cost-effective manner. Keep in mind that services generally have some risk associated with them and typically require insurance documentation and a City Contract Agreement.

Most services will require a standard City agreement which can be found on the City's Intranet. Each agreement must be approved as to form by the City Attorney's Office.

The purchasing functions are decentralized, with each Department/Division responsible for compliance with City policies and procedures. Purchasing responsibility and authority shall be delegated to the lowest possible level consistent with good business practice and sound financial management policy to the extent practical.

The following apply to all purchases made by the City of Richmond:

- a) No purchase will be approved or undertaken unless an appropriation has been established, through either the adopted annual budget or City Council approval of additional appropriations. It is the responsibility of the Department/Division to maintain budget control of their individual budgets. Ultimate responsibility for the individual budget rests with the Department Director.
- b) Certain purchases are unique in nature and do not lend themselves to the process of competitive bidding. Therefore, these items are excluded from the competitive bidding and purchase order requirements. These items include, but are not limited to, County Services, debt service payments, and ongoing expenses for utilities or services (such as telephones, electricity, etc.)
- c) No City employee shall have a direct or indirect financial interest in any contract or purchase of goods or services entered into by the City, or shall derive any personal benefit from the City's purchase of goods or services.
- d) No City employee shall use the City's purchasing procedures to obtain property for personal use, by misrepresenting to vendors for the purpose of obtaining price discounts for personal purchases.
- e) No City employee shall draft or cause to be drafted any specifications for bids in such a way as to intentionally limit the bidding directly or indirectly to any one bidder.

4. Solicitation Thresholds

The dollar limits for purchases are established by ordinance or resolution. Purchases shall not be split to avoid the required procedures or certain dollar limits. In summary, requisitioners are responsible to obtain quotes/bids as indicated below:

- Less than \$3,000 – Solicit One Written Quote
- Between \$3,000 - \$5,000 – Solicit Two Written Quotes
- Between \$5,000 - \$50,000 – Solicit Three Written Quotes
- Over \$50,000 – Formal Sealed Bids/Proposals are Required

Formal procedures are used when the value of the purchase/service is estimated to be \$50,000 or greater. Informal procedures are used when the estimated value of the purchase/service is less than \$50,000.

Formal purchases may be solicited by either an Invitation For Bid (IFB), a Request For Proposals (RFP), or by a Request For Qualifications (RFQ).

Informal purchases may be solicited by either a Request For Quote or a Request for Proposal (RFP).

5. Issuing the Quote/BID/RFP/RFQ

Since all solicitations over \$3,000 require competitive quotes, the issuing department shall submit the solicitation to the Purchasing Division to post to the City's BidsOnline System. The City utilizes this online registration and bidding system to notify businesses of various bid opportunities, news, and updates. The electronic bidding system provides an easy and accessible way to bid documents. Registered companies will receive customized emails notifying them of specific bids and they will have the ability to search for bids, and download documents. This will ensure maximum exposure and competition. Also submit to Purchasing a list of potential firms to receive notice of the solicitation.

a) Exceptions: The informal/formal bid process may be bypassed in the following three instances:

(1) In emergency situations to preserve life, health or property, the appropriate Department Head may dispense with obtaining quotes/bids/proposals to obtain materials/services necessary in dealing with the emergency. The Emergency Justification Form must be approved by the Finance Director and City Manager prior to any purchase. If the purchase exceeds \$10,000, immediately following the emergency, the appropriate Department Head shall prepare an agenda report to Council explaining the emergency and the items purchased. Emergency procurements should be made only to preserve life, health or property.

- Upon a natural disaster
- To correct or forestall a shutdown
- To maintain essential public services
- Other unforeseeable events
- NOT because of poor planning

(2) When one known supplier is available, the Department Head may complete the Sole Source Form. A sole source is the only possible source, not a preferred source. The Sole Source Form must be approved by the Finance Director. If the purchase is under \$10,000 the City Manager must also approve the Sole Source. If the purchase exceeds \$10,000, an agenda report for Council approval requesting an exception from the solicitation process and requesting awarding the purchase to the "Sole Source vendor" must be prepared.

- (3) When there exists other governmental contracts that are competitively bid (such as State Contracts, DGS, WSCA, Sourcewell, OMNIA Partners, NJPA, etc.) that the City is eligible to use.

6. Procurement/Payment Methods

- a) Purchase Order: The Finance Department has designated the purchase order as the primary and preferable procurement and payment method. The Purchase Order (PO) is the main source of encumbering and procuring services and materials. The PO is used to communicate to a vendor the City's terms and conditions, authorizes an encumbrance of City funds and is a contractual agreement to order goods and services. The PO is used to process payment and track expenditures in the City's Financial System (MUNIS).

Important to our procurement process is the system of encumbrance accounting, which helps departments and Finance control department spending by knowing what amounts have been committed prior to the actual invoicing and payment of services. When a department makes a verbal commitment with a vendor and does not issue a purchase requisition and a purchase order is not created, it circumvents the entire budgetary control process. Verbal commitments with a vendor and the absence of a purchase order is not an acceptable practice. Obtaining a purchase order from the Purchasing Division is the main method of encumbering City funds.

Accounts Payable will pay approved vendor invoices with an appropriate and valid purchase order number issued from the Purchasing Division. Invoices without an authorized purchase order may be returned to the vendor unpaid.

- b) Credit/Procurement Card (CAL-Card): The CAL-Card is used as a purchase and payment method used to procure budgeted low value goods, typically up to \$3,000. It may be used for higher value purchases on an approved basis. Cardholder and cardholder's approving official are responsible for proper use of the CAL-Card program. See the CAL-Card Handbook, posted on the City's intranet, for policies and procedures.
- c) Direct Pay (Green Stamp): Green stamps are used as a limited payment method typically used for utilities, trust accounts, and one-time payments. Direct pay is not to be used for payment of services or routine/reoccurring payment of goods. The use of a direct pay must be approved by the Finance Director or his/her designee and shall be limited to the following areas:

- (1) Utility payments, i.e. electricity, gas, water, sewer, etc.
 - (2) Trust Accounts
 - (3) One time vendors – The one-time vendor should be used for any vendor that will be utilized one time during a calendar year with an aggregate payment of less than \$600.00 per calendar year. A vendor number will need to be created for payment. The issuing Department/Division will need to obtain a completed IRS form W-9 from the vendor.
 - (4) Legitimate “emergency” needs, must have the Finance Director’s approval.
- d) Electronic Funds Transfer (EFT): EFT is used as a limited payment method for transactions with large dollar amounts which are time sensitive. Types of payments which are routinely processed by means of an EFT are debt service payments, the purchase of securities, and medical benefits etc.

B. Section II – General Supplies, Materials, and Equipment

1. Purpose

Provide guidelines for the purchase of general supplies, materials and equipment. Supplies, materials and equipment shall consist of any and all articles or things which shall be furnished to or used by any department.

In instances where goods and services are purchased together from one vendor, this section shall only apply if the predominant portion of the purchase is goods. (For example, a purchase of equipment for \$2,000 with a \$300 installation fee would be covered under this section of the policy. A repair of equipment with \$2,000 in labor and \$300 in parts would be covered under Section III General Trade Services).

2. Informal/Unsealed Quotes < \$50,000.00

Material/supply purchases exceeding \$10,000 must be awarded by the City Council.

Informal bidding should be used to assure the most competitive price is received for an item, while avoiding the additional time and expense involved in formal bidding.

The Department/Division should make every reasonable attempt to obtain at least three quotes for all purchases between \$5,000-\$50,000. However, it is understood that at times it is neither practical nor cost effective to continue soliciting quotes until three quotes are received. In the event that three viable quotes are not received, the division shall document what steps were taken to obtain quotes, any vendors contacted that declined to bid, and, if applicable, why it is not practical to receive three quotes.

- a) Documentation: Quotes received must be documented to the satisfaction of the Finance Department. Ideally, documentation should include the name of the company bidding, the person giving the quote, items being quoted, the date and time of the contact, the amount quoted and any other relevant information.
- b) Evaluating Quotes: The Department/Division shall evaluate the informal quotes received and determine the lowest most responsible quote. When evaluating quotes, please verify that like items are being evaluated (apples to apples). The City reserves the right to accept the quote which is in the best interest of the City.
- c) Purchase Order: A purchase requisition detailing the vendor name, address, item(s) being purchased, total price including tax and shipping, and budget account to be charged shall be prepared in the MUNIS Financial System. A copy of the quotes/quote summary shall be attached to the purchase requisition. The Purchasing Division will review/approve the purchase requisition and convert the requisition to a Purchase Order.

3. Formal/Sealed BIDS > \$50,000.00

Material/supply purchases exceeding \$10,000 must be awarded by the City Council.

Formal bidding should be used to assure all possible vendors are given the opportunity to bid on major City purchases, thereby assuring the City that it has received the most competitive price. The formal process generally takes more time and expense than informal bidding.

The initiating Department/Division shall be responsible for completion of the formal bid process.

- a) Bid Package: The initiating department shall prepare a bid form including detailed specifications for the item to be purchased. The following format is suggested for competitive bids.
 - (1) Submission of Bids – Include date, time, location and bid number. Include a detailed list of the information the bid or proposal should contain. The public notice shall state the method of submission, either paper bids to the City Clerk’s office or electronic bids through the City’s electronic bidding system.
 - (2) Questions – List the name, address, and telephone number of the person to be contacted concerning questions about the project.
 - (3) Background – Provide as much background as necessary to give the bidder an understanding of the environment in which the job will be performed and to which the job relates.

- (4) Scope of work – Describe in detail the requirements for the job and detail specifications.
 - (5) Desired project schedule – be as specific as possible.
 - (6) Minimum and desirable qualifications – Be as specific as possible.
 - (7) Performance Bond – Whether a performance bond is required and if so, the amount and form of bidders security.
- b) Notice inviting Bids: The initiating department shall also prepare a notice inviting bids that includes the following:
- (1) A general description of the item to be purchased.
 - (2) A statement indicating where bid package, specifications and bonding requirements can be obtained.
 - (3) A statement specifying the time place for the opening of the bid.
- c) Bid Opening:
- (1) Sealed paper bids shall be submitted to the City Clerk’s office or electronically through the City’s electronic bidding system.
 - (2) Paper bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the Invitation to Bid.
 - (3) Electronic bid submission will remain unopened until the closing date and time. Said submission shall not be viewed by the public or City staff until the closing date and time.
 - (4) Any bid received after the time specified in the notice shall be rejected.
 - (5) When bidder’s security is required, it will be announced in the public notice inviting bids. The amount shall be determined at the time of preparation of the bid. It shall be in the form of cash, certified or cashier’s check, certificate of deposit in City of Richmond’s name, or bid bond made payable to the City of Richmond. When a bidder’s security is required, a bid shall not be considered unless one of the aforementioned forms of security accompanies the bid.
- d) Rejection of Bids: The City reserves the right to reject any and all bids, to accept or reject any one or more items of a bid, or to waive any irregularities or informalities in the bids or the bidding process if to do so is deemed to best serve the interest of the City.
- e) Determining Lowest Responsible Bidder: Award to bid shall be to the lowest responsive and responsible bidder. The City reserves the right to accept that bid which is in the best interest of the City. When selecting the recommended bidder the Department/Division Head will take into consideration:
- (1) Price

- (2) Ability, capacity, and skill, warrantee
 - (3) Ability to meet time requirements
 - (4) Character, integrity, and reputation
 - (5) Previous vendor experience
 - (6) Financial resources available for contract performance
 - (7) Ability to provide future maintenance and service, if necessary
- f) Awarding the Bid: Once the bids have been evaluated, the Department Head/Division Head shall prepare an agenda report to Council recommending the most responsive and responsible bidder. The Council shall then award the bid in a public meeting.

All contracts exceeding \$10,000 must be awarded by the City Council. Otherwise:

- Such purchases are void and not considered an obligation of the City.
 - Invoices may be returned to the contractor/service provider unpaid.
 - The person ordering the unauthorized purchase may be held personally liable for the costs of the contract.
- g) Purchase Order: A purchase requisition detailing the vendor name, address, item being purchased, total price including tax and shipping, and budget account to be charged shall be prepared in the MUNIS Financial System. A copy of the bid/bid summary shall be attached to the purchase requisition. The Purchasing Division will review/approve the purchase requisition and convert the requisition to a Purchase Order.
- h) Change Orders for Product: The Purchasing Division is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.
- i) Change Orders for Services: The City Manager is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.

C. Section III – General Trade Services

1. Purpose

Provide guidelines for the purchase of trade contractual services. Trade services shall mean the repair, rental or maintenance of equipment, machinery and other City-owned or operated property. Included within this term are services necessary for the routine operation, repair or maintenance of existing buildings or improvements. **The term does not include services rendered**

by professionals and other services which are unique in nature and not subject to competition.

In instances where goods and trade services are purchased together from one contractor/service provider, this section shall only apply if the predominant portion of the purchase is services. (For example, a repair of equipment with \$2,000 in labor and \$300 in parts would be covered under this section of the policy. A purchase of equipment for \$2,000 with a \$300 installation fee would be covered under Section II- General Supplies, Materials and Equipment).

2. Informal/Unsealed Quotes < \$50,000.00

Trade services exceeding \$10,000 must be awarded by the City Council.

Informal bidding should be used to assure the most competitive price is received for an item, while avoiding the additional time and expense involved in formal bidding.

The Department/Division shall strive to, whenever possible, solicit at least three quotes in writing. It is important that the specifications are accurate and comprehensive.

- a) Documentation: Quotes received must be documented to the satisfaction of the Finance Department. Ideally, documentation should include the name of the company bidding, the person giving the quote, services being purchased, the date and time of the contact, the amount quoted and any other relevant information.
- b) Evaluating Quote: The Department/ Division shall evaluate the informal quotes received and determine the lowest most responsible quote. The City reserves the right to accept that quote which is in the best interest of the City.

When selecting the recommended bidder the Department / Division Head will take into consideration:

- Price
 - Ability, capacity, and skill.
 - Ability to meet time requirements.
 - Character, integrity, and reputation.
 - Previous contractor/service provider experience.
 - Financial resources available for contract performance.
 - Ability to provide future maintenance and service, if necessary.
- c) Contract and Purchase Order:

- (1) A contract shall be prepared detailing the consultant's name, service being purchased, total price of the service being purchased. The consultant shall sign three original copies.
 - (2) The issuing Department/Division will obtain a completed IRS form W-9 from the consultant.
 - (3) Proof of insurance in accordance with the contract shall be obtained. This includes an insurance certificate and an additional ensured endorsement.
 - (4) If the vendor is located in, or perform services within city limits or if vendor delivers products in company owned vehicles, a Business License is required. Visit the City's website www.ci.richmond.ca.us/businesslicense if you want more information.
 - (5) The contract shall be entered in the MUNIS Financial System. A copy of the contract together with the proof of insurance, business license, and evidence of the competitive solicitation, minutes and legal opinion shall be attached in the contract module.
 - (6) A purchase requisition shall be prepared in the MUNIS Financial System.
 - (7) The City Clerk, City Attorney, and Mayor/City Manager shall sign the three original copies of the contract.
 - (8) One original copy of the executed contract shall be returned to the contractor/service provider, the issuing Department shall keep the second copy and the third copy shall remain in the City Clerk's Office.
- d) Renewals: Contracts for ongoing services may include annual renewal provisions for up to three additional years. However, all contracts that exceed \$10,000 in overall contract amount must be approved by the City Council. Cost increases related to such renewals shall not exceed the Consumer Price Index (CPI) adjustments unless approved in advance by the Finance Director.
- e) Change Orders for Product: The Purchasing Division is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.
- f) Change Orders for Services: The City Manager is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.

3. Formal/Sealed BIDS > \$50,000.00

Trade services contracts exceeding \$10,000.00 must be awarded by the City Council.

Formal bidding should be used to assure all possible contractor/service providers are given the opportunity to bid on major City contracts, thereby assuring the City that it has received the most competitive price. The formal process generally takes more time and expense than informal bidding.

The initiating Department/Division shall be responsible for completion of the formal bid process. However, the process shall be coordinated with the City Clerk's Office and the Purchasing Division. Formal Sealed bids must be publicly opened in the City Clerk's Office.

- a) Bid Package: The initiating department shall prepare a bid package including detail specifications for the services to be purchased. The following format is suggested for competitive bids/proposals:
- (1) Submission of bids (or proposals) – Include date, time, and location. Include a detail list of the information the bid or proposal should contain. State the method of submission, either paper bids to the City Clerk's Office or electronic bids through the City's electronic bidding system. Formal sealed proposals are not required to have a public bid opening.
 - (2) Questions – List the name, address, and telephone number of the person to be contacted concerning questions about the project.
 - (3) Background – Provide as much background as necessary to give the bidder an understanding of the environment in which the job will be performed and to which the job relates.
 - (4) Scope of work – Describes in detail the requirement for the job and detail specification.
 - (5) Desired project schedule – Be as specific as possible.
 - (6) Minimum and desirable qualifications – Be as specific as possible.
 - (7) Performance Bond – Whether a performance bond is required and if so, the amount and form of bidders security.
 - (8) Sample Contract – A sample of the contract that is expected to be used should be included in the bid package.
- b) Notice Inviting Bids: The initiating department shall also prepare a notice inviting bids that includes the following:
- (1) A general description of the services to be purchased.
 - (2) A statement indicating where bid forms, specifications and bonding requirements can be obtained.

- (3) A statement specifying the time and place for the opening of the bids.
- c) Bid Opening:
- (1) Sealed paper bids shall be submitted to the City Clerk's office or electronically through the City's electronic bidding system.
 - (2) Paper bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the Invitation to Bid.
 - (3) Electronic bid submission will remain unopened until the closing date and time. Said submission shall not be viewed by the public or City staff until the closing date and time.
 - (4) Any bid received after the time specified in the notice shall be rejected.
 - (5) When bidder's security is required, it will be announced in the public notice inviting bids. The amount shall be determined at the time of preparation of the bid. It shall be in the form of cash, certified or cashier's check, certificate of deposit in City of Richmond's name, or bid bond made payable to the City of Richmond. When a bidder's security is required, a bid shall not be considered unless one of the aforementioned forms of security accompanies the bid.
- d) Rejection of Bids/Proposals: The City reserves the right to reject any and all bids, to accept or reject any one item of a bid, or to waive any irregularities or informalities in the bids or the bidding process if to do so is deemed to best serve the interest of the City.
- e) Determining Lowest Responsive and Responsible Bidder: Award of bid shall be to the lowest responsive and responsible bidder. The City reserves the right to accept that bid which is in the best interest of the City. When selecting the recommended bidder the City staff will take into consideration:
- (1) Price
 - (2) Ability, capacity, and skill.
 - (3) Ability to meet time requirements.
 - (4) Character, integrity, and reputation.
 - (5) Previous contractor/service provider experience.
 - (6) Financial resources available for contract performance.
 - (7) Ability to provide future maintenance and service, if necessary
- f) On-Call (Ongoing) Professional Services

- (1) In some instances it is in the best interest of the City to have on-call contracts with multiple consultants for the same or very similar services. (I.e. services that can be defined as to scope of work but not as to require events such as soils testing, contract building inspection services, architectural services, etc.) These services would best be handled by establishing an eligibility list and by entering into annual on-call professional service contracts.
 - (2) The process for selecting firms for annual ongoing professional service contracts shall be generally the same as for other professional services contracts. However, multiple firms may be awarded an on-call contract based on the RFP/RFQ process and may be placed on the eligibility list. Additional firms/individuals may also be awarded contracts and placed on the eligibility list at a later date, using the RFP/RFQ process without impacting contracts currently in place.
 - (3) As events occur and need arises, work may be assigned to the consultants on the eligibility list. The Department Head shall solicit proposals from the consultants on the eligibility list or shall make a reasonable attempt to rotate work between consultants subject to availability and special needs.
- g) Contract and Purchase Order:
- (1) A contract shall be prepared detailing the consultant's name, service being purchased, and total price of the service being purchased. The consultant shall sign three original copies.
 - (2) The issuing Department/Division will obtain a completed IRS form W-9 from the consultant.
 - (3) Proof of insurance in accordance with the contract shall be obtained. This includes an insurance certificate and an additional ensured endorsement.
 - (4) If the vendor is located in or perform services within city limits or if vendor delivers products in company owned vehicles, a Business License is required. Visit the City's website www.ci.richmond.ca.us/businesslicense if you want more information.
 - (5) The contract shall be entered in the MUNIS Financial System. A copy of the contract together with the proof of insurance, evidence of the competitive solicitation, minutes and legal opinion shall be attached in the contract module.
 - (6) A purchase requisition shall be prepared in the MUNIS Financial System.
 - (7) The City Clerk, City Attorney, and Mayor/City Manager shall sign the three original copies of the contract.

- (8) One original copy of the executed contract shall be returned to the contractor/service provider, the issuing Department shall keep the second copy and the third copy shall remain in the City Clerk's Office.
- h) Renewals: Contracts for ongoing services may include annual renewal provisions for up to three years. However, all contracts that exceed \$10,000 in overall contract amount must be approved by the City Council. Cost increases related to such renewals shall not exceed the Consumer Price Index (CPI) adjustments unless approved in advance by the Finance Director.
- i) Change Orders for Product: The Purchasing Division is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.
- j) Change Orders for Services: The City Manager is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.

D. Section IV – Professional Services

1. Purpose

Provide guidelines for the purchase of professional services. Professional services are those activities performed by a consultant or firm who possesses a high degree or expertise in a particular profession. This would generally include (but not be limited to) architectural, landscape architectural, engineering, environmental, land surveying, construction project management, accounting/auditing, financial, legal, and other administrative services.

2. Informal Request for Proposal or Request for Qualifications <\$50,000.00

Professional service contracts exceeding \$10,000 must be awarded by the City Council.

An informal Request for Proposal (RFP) or a Request for Qualifications (RFQ) process shall be used for any solicitation under \$50,000. These professional service agreements shall have sufficient documentation of background analysis to support the contract. Informal solicitations should be used to assure quality services are received for a reasonable price.

The Department/Division shall strive, whenever possible, to solicit at least three qualifications/proposals in writing. It is important that the specifications are accurate and comprehensive.

Informal Request for Proposal or Request for Qualifications:

- a) Documentation – Informal quotations must be documented to the satisfaction of the Finance Department. Documents should include:
- (1) The name of the company
 - (2) The person giving the quote
 - (3) The date and time the quotes were received
 - (4) Understanding of the required scope of services.
 - (5) Specialized experience of the firm and its personnel relative to the required services.
 - (6) References who can be contacted to verify past record of performance, i.e., completion of quality product, in a timely manner, and within budget constraints.
 - (7) The capacity of the firm to perform the subject project within a required timeframe.
- (8) Estimated price
- b) Evaluating Informal RFP/RFQ: The Department/Division Head or designee(s) shall select the consultant which, in their evaluation process, is the most qualified to perform the work. The evaluation and selection process shall be based upon the following considerations:
- (1) General quality and responsiveness to the request, including but not limited to:
 - Responsiveness to the terms, conditions, and items of performance;
 - Grasp of the problem, work to be performed, and approach to be used
 - (2) Organization and personnel making the proposal;
 - Evidence of good organizational management practices.
 - Qualification of the personnel.
 - Specialized experience of the firm and its personnel relative to the required services.
 - References who can be contacted to verify past record of performance (i.e., completion of a quality product in a timely manner and within budget constraints).
 - Previous consultant experience
 - The final condition of the firm
 - Capacity of the firm to perform the subject project within a required timeframe

- (3) If appropriate, the price, in any of the following formats, may be considered.
 - Total price and price breakdown
 - Price range
 - Cost schedule
- c) Negotiation: The Department Head or designee(s) shall discuss with the highest ranked firm(s) the requirements of the project, the scope of services needed to meet the requirements, and negotiate a reasonable fee/contract for the established work assignment.
- d) Contract and Purchase Order:
 - (1) A contract shall be prepared detailing the consultant's name, service being purchased, and total price of the service being purchased. The consultant shall sign three original copies.

- (2) The issuing Department/Division will obtain a completed IRS form W-9 from the consultant.
 - (3) Proof of insurance in accordance with the contract shall be obtained. This includes an insurance certificate and an additional ensured endorsement.
 - (4) If the vendor is located in, or perform services within city limits or if vendor delivers products in company owned vehicles, a Business License is required. Visit the City's website www.ci.richmond.ca.us/businesslicense if you want more information.
 - (5) The contract shall be entered in the MUNIS Financial System. A copy of the contract together with the proof of insurance, evidence of the competitive solicitation, minutes and legal opinion shall be attached in the contract module.
 - (6) A purchase requisition shall be prepared in the MUNIS Financial System.
 - (7) The City Clerk, City Attorney, and Mayor/City Manager shall sign the three original copies of the contract.
 - (8) One original copy of the executed contract shall be returned to the contractor/service provider, the issuing Department shall keep the second copy and the third copy shall remain in the City Clerk's Office.
- e) Renewals: Contracts for ongoing services may include annual renewal provisions for up to three additional years. However, all contracts that exceed \$10,000 in overall contract amount must be approved by the City Council. Cost increases related to such renewals shall not exceed the Consumer Price Index (CPI) adjustments unless approved in advance by the Finance Director.
 - f) Change Orders for Product: The Purchasing Division is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.
 - g) Change Orders for Services: The City Manager is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.
3. Formal Request for Proposal or Request for Qualifications > \$50,000.00
Professional service contracts exceeding \$10,000 must be awarded by the City Council.

A Formal sealed Request for Proposal (RFP) or a Request for Qualifications (RFQ) process shall be used, for any solicitation exceeding \$50,000, thereby assuring the City that it has engaged the most qualified consultant available for the engagement. The formal solicitation process generally takes more time and expense than informal solicitations of qualifications.

The Formal Request for Proposal or Request for Qualifications shall include:

- a) Developing the RFP or RFQ: Because RFP's and RFQ's ask for a subjective product, they should contain the greatest detail possible, and may include the following:
 - (1) A precise description of the problem or objective
 - (2) The services to be performed
 - (3) The product to be provided
 - (4) The anticipated time schedule for:
 - Submittal of RFP/RFQ (date and time)
 - Any pre-proposal conference (date, time and location)
 - Review and evaluation of the proposals
 - Award of the contract
 - Commencement of the work on the project
 - Completion date
 - (5) Evaluation factors and the relative importance of each
 - (6) Expectations or limitations on the part of the City
 - The format, form and quantity of any expected reports
 - The extent/nature of assistance/cooperation available from the City
 - (7) Expected content of the RFP/RFQ, including:
 - The overall description of techniques to be used
 - Listing of similar services provided to other clients
 - Listing of available references to contact
 - Description and qualifications of assigned lead and supporting personnel
 - Time and staff expected to be expended
 - Facilities and equipment to be used
 - Portion of contract to be performed by sub-contractors
 - Subcontractors / Sub consultants qualifications
 - Cost, in summary and total, and desired method of payment. The RFP/RFQ for services may, but is not required to; state the amount budgeted for the service.
 - (8) Contractual requirements including, but not limited to:
 - Prohibition against assignment
 - Indemnification
 - Insurance requirements
 - Warranties

- Compliance with federal, state and City laws, rules and regulations
- Compliance with any grant related regulations
- Sample contract

b) Issuing the RFP/RFQ

- (1) To ensure maximum exposure and competition, the issuing department shall submit the RFP/RFQ documents to the Purchasing Division to post to the City's BidsOnline System. Also submit to Purchasing a list of potential firms to receive the RFP/RFQ.
- (2) A reasonable length of time between solicitations and closing dates must be allowed to provide potential respondents time for preparation in accordance with the complexity, the size of the project, and the scope of the advertising.
- (3) City staff may conduct conferences to explain the requirements of the project. A sufficient amount of time should be allowed after the RFP/RFQ has been issued to allow potential respondents to become familiar with the project. Any clarification or changes required to the RFP/RFQ, as a result of the conference, shall be added as a written amendment. A summary of the conference shall be provided to all prospective respondents receiving the request.
- (4) Amendments should be used to make any changes in quantities descriptions, schedules, or to correct defects or ambiguities in the original RFP/RFQ. Amendments are provided to ensure that all potential respondents are furnished with the same information with which to prepare proposals. Amendments to the RFP/RFQ shall be identified as such and shall require acknowledgment as such by firms receiving the RFP/RFQ within a reasonable time period before the closing date. If the time and date established for the receipt of proposals does not allow sufficient time for consideration and changes, the time and date will be modified by amendment.

c) Proposal Opening:

- (1) Proposal shall be submitted electronically through the BidsOnline System, to the issuing Department or to the City Clerk's office and shall be clearly identified with the Proposal number on the envelope.
- (2) Any proposal received after the time specified in the RFP/RFQ shall be returned unopened.

- (3) Respondents may modify or withdraw their proposals prior to the established closing date and time, without penalty. However, any modifications submitted after the established closing date and time will not be accepted. Such modifications will be returned to the respondent, unopened.
 - (4) Proposals and modifications shall be shown only to the evaluation committee personnel, the City Clerk or his/her designee, the Department Head and the Finance Department until a recommendation is made to Council or all proposals have been rejected.
- d) Rejection of Proposals: The City reserves the right to reject any and all proposals, to accept or reject any one or more items of a proposal, or to waive any irregularities or informalities in the proposal or the RFP/RFQ process if to do so is deemed to best serve the interests of the City.
- e) Evaluation Factors and Method:
- (1) Because unique services are requested, cost is not considered the primary selection criteria.
 - General quality and responsiveness of the proposal, including but not limited to:
 - Responsiveness to the terms, conditions, and items of performance;
 - Completeness and thoroughness of the proposal;
 - Grasp of the problem, work to be performed, and approach to be used.
 - Organization and personnel making the proposal:
 - Evidence of good organizational and management practices.
 - Qualification of the personnel.
 - Specialized experience of the firm and its personnel relative to the required services.
 - References who can be contacted to verify past record of performance, i.e., completion of a quality product, in a timely manner, and within budget constraints.
 - The financial condition of the firm.
 - Capacity of the firm to perform the subject project within a required time frame
 - If appropriate, the price, in any of the following formats, may be considered.
 - Total price and price breakdown.
 - Price range.
 - Cost schedule.

- (2) A Selection Committee shall be formed to evaluate the submitted data and determine the consultants that should receive further consideration. The Committee shall be appointed by the issuing department and may consist of more than one department. For example one or more people from the issuing department, one person from Finance, one person from the City Attorney's office, an expert in the field or one or more employees from another department.
 - (3) The Selection Committee may choose to interview all of the responding consultants, only the top few ranking consultants or to not perform interviews.
 - (4) After the interviews (if applicable), the Selection Committee shall rank the consultants based on their proposals, interviews, and references.
- f) On-Call (Ongoing) Professional Services
- (1) In some instances it is in the best interest of the City to have on-call contracts with multiple consultants for the same or very similar services (i.e. services that can be defined as to scope of work but not as to required events such as soils testing, contract building inspection services, architectural services, etc.) These services would best be handled by establishing an eligibility list and by entering into annual on-call professional service contracts.
 - (2) The process for selecting firms for annual ongoing professional service contracts shall be generally the same as for other professional services contracts. However, multiple firms may be awarded an on-call contract based on the RFP/RFQ process and may be placed on the eligibility list. Additional firms/individuals may also be awarded contracts and placed on the eligibility list at a later date, using the RFP/RFQ process without impacting contracts currently in place.
 - (3) As events occur and need arises, work may be assigned to the consultants on the eligibility list. The Department Head shall make a reasonable attempt to rotate work between consultants subject to availability and special needs or by soliciting proposals from the consultants on the eligibility list.
- g) Negotiation: The Department Head or designee(s) shall discuss with the highest ranked firm(s) the requirements of the project, the scope of services needed to meet the requirements, and negotiate a reasonable fee/contract for the established work assignment.

h) Awarding the Contract:

The Department Head/Division Head shall prepare an agenda report to City Council recommending the most responsive consultant. The Council shall then award the contract in a public meeting. All contracts exceeding \$10,000 must be awarded by the City Council. Otherwise:

- (1) Such purchases are void and not considered an obligation of the City.
- (2) Invoices may be returned to the contractor/service provider unpaid.
- (3) The person ordering the unauthorized purchase may be held personally liable for the costs of the contract.

i) Contract and Purchase Order:

- (1) A contract shall be prepared detailing the consultant's name, service being purchased, and total price of the service being purchased. The consultant shall sign three original copies.
- (2) The issuing Department/Division will obtain a completed IRS form W-9 from the consultant.
- (3) Proof of insurance in accordance with the contract shall be obtained.
- (4) If the vendor is located in, or perform services within city limits or if vendor delivers products in company owned vehicles, a Business License is required. Visit the City's website www.ci.richmond.ca.us/businesslicense if you want more information.
- (5) The contract shall be entered in the MUNIS Financial System. A copy of the contract together with the proof of insurance, evidence of the competitive solicitation, minutes and legal opinion shall be attached in the contract module.
- (6) A purchase requisition shall be prepared in the MUNIS Financial System.
- (7) The City Clerk, City Attorney, and Mayor/City Manager shall sign the three original copies of the contract.
- (8) One original copy of the executed contract shall be returned to the contractor/service provider, the issuing Department shall keep the second copy and the third copy shall remain in the City Clerk's Office.

- j) Renewals: Contracts for ongoing services may include annual renewal provisions for up to three additional years. However, all contracts that exceed \$10,000 in overall contract amount must be approved by the City Council. Cost increases related to such renewals shall not exceed the Consumer Price Index (CPI) adjustments unless approved in advance by the Finance Director.
- k) Change Orders for Product: The Purchasing Division is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.
- l) Change Orders for Services: The City Manager is authorized to issue change orders for changes or additions to the original purchase that result in less than \$10,000 aggregate change in purchase price. Change orders in excess of the \$10,000 aggregate change in purchase price shall be brought to the City Council for approval.

E. Section V – Procurement During a Proclaimed Emergency or Disaster

1. Purpose

This Policy modifies the City’s normal purchasing practices (pursuant to Municipal Code-Chapter 2.52 – Contracting and Purchasing Procedures) to assure that, in both emergency and exigent circumstances caused by a proclaimed disaster or emergency, the City is able to acquire the goods and services required to address an immediate threat to life safety, public health, or to eliminate or reduce an immediate threat of significant damage to improved public and private property through cost-effective measures while still maintaining an effective purchasing process and complying with applicable local and state purchasing laws. Where the City is included in a major disaster or emergency declared by the President of the United States, this Policy also assures that City procurements comply with Federal regulations applicable to FEMA disaster grant reimbursement as defined in Title 2 of the Code of Federal Regulations, Part 200 (2CFR Part 200).

Notwithstanding the terms of this policy, nothing contained herein shall conflict with Federal procurement regulations as currently defined in 2 CFR Part 200.

2. Definitions

“Proclaimed Emergency or Disaster” exists if

- 1. The Governor has declared a state of emergency for an area which includes the geographic territory of the City; or
- 2. The City Manager, Police Chief, or Public Works Director of the City has declared an emergency in the City;

“Exigent Circumstances” are situations in which

- 1. A disaster or emergency has been proclaimed, and

2. The public need for goods and services required to address immediate threats to life safety, public health, or to eliminate or reduce an immediate threat of significant damage to improved public and private property through cost-effective measures will not permit competitive solicitation.

“Purchase(s)” as defined in this policy means the purchase(s), rental(s) or lease(s) of goods or services related to a Proclaimed Emergency or Disaster.

“Simplified Acquisition Threshold” means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods, as set forth in Title 2 of the Code of Federal Regulations, Part 200, as it may be amended from time to time. Simplified Acquisition Procedures are described in Federal Acquisition Regulations (FAR) Part 13.

3. Delegations of Purchasing Authority in Exigent Circumstances

If the City Manager or his/her designee determines that goods and services must be procured before the Elected governing board is able to assemble and approve purchases, the City Manager has authority, subject to the limitations set forth in sub-paragraphs (a) and (b), to approve the immediate rental or purchase of any equipment, supplies, services or other items necessary to respond to an immediate threat to life safety, public health, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures

(a) Limits of Single Purchase Authority. The City Manager, shall have the authority to make individual purchases up to a maximum of \$150,000 without prior City Council approval.

(b) Limits of Aggregate Purchase Authority. The City Manager shall have the authority to make aggregate purchases up to a maximum of \$1,000,000 without prior City Council approval.

All procurements that exceed the City Council’s approval threshold of \$10,000 shall be presented to City Council for ratification as soon as possible.

Delegation for purchasing authority to EOC Director or the Finance Director

The EOC Director, or the Finance Director, shall be designees of the City Manager at any time that the City Manager is not available to approve purchases as allowed in this section.

Sub-delegation of Purchasing Authority to Department Heads

If neither the City Manager nor the EOC Director or Finance Director is available, the police department watch commander, duty fire battalion chief, and/or duty public works department director have authority to rent or purchase from the nearest available source any equipment, supplies, services,

or other items necessary for his or her department to respond to an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures, up to a maximum of \$150,000.

Administrative Procedures/Reporting Requirements

- As soon as possible after purchases are made under this section, the City Manager, EOC Director, Finance Director or department head shall submit to the Purchasing Division a requisition and a notation that the commodity has been ordered on an emergency basis from the vendor designated.
- If the City Manager/EOC Director/Finance Director is unavailable, and the delay in getting his/her signature would imperil life safety, public health or improved property, the police department watch commander, duty fire battalion chief, and/or duty public works department director or his/her designee may approve the emergency purchase of \$150,000 or more.
- The Purchasing Division shall have the authority to approve all disaster related purchases under \$150,000.
- The Purchasing Division will expedite the verification of funds available and complete the preparation of the purchase order

4. Procurement Procedures in Exigent Circumstances

Upon receipt of requisitions under Section V, the Purchasing Division shall prepare purchase orders for the emergency equipment, supplies, services or other items in accordance with the requirements of this section.

Exempt Purchases

Purchases up to \$150,000 shall not be required to be formally bid. Purchases greater than \$150,000 may be made following the procedures specified in this section. The signature(s) of the City Manager, Purchasing Division and/or Department Head are still required as provided in Section V.

Justification of Sole Source or No-bid Contracts

Where exigent circumstances require immediate procurement from the nearest available source,

- (a) the Procurement Officer shall use the "Justification Form For Emergency or Sole Source or No-Bid Purchase."
- (b) Procurement should be limited to that portion of the work that must be performed immediately, allowing subsequent procurement by competitive proposals of the remainder of the work.
- (c) Emergency Sole Source or No Bid acquisitions shall be necessary for one of the following reasons:

- (i) Placement of emergency protective measures
- (ii) Procurement of scarce commodities, goods, or services
- (iii) Acquisition or rental of emergency equipment
- (iv) Emergency consulting services
- (v) Emergency road clearance
- (vi) Other emergency requirements.

Provision for Alternate Bid Solicitation Procedures

The City's normal requirements for sealed bids shall not apply to acquisitions under Section V. However, the Procurement Officer shall conduct telephonic or other electronic bid solicitation from potential vendors or suppliers, in an effort to obtain multiple competitive proposals when and if time allows in light of the exigent circumstances; however, all quotations must be fully documented as to the details of the purchase and contain a scope of work if at all possible and a not-to-exceed contract limit.

Locations of Postings for Requests for Proposals or Solicitation of Bids

The Procurement Officer may modify normal requirements for public posting of requests for proposals or solicitation of bids. Notices soliciting bids or requests for proposals shall be posted at the Emergency Operations Center or Alternate Emergency Operations Center, if the Primary Emergency Operations Center is not being used.

Length of Time for Posting Requests for Proposals or Solicitation of Bids

The Procurement Officer may shorten the normal bid period from 14 days to 24 hours as needed to deal with the emergency circumstances and to expedite the award of contracts for emergency equipment, goods, or services. The Procurement Officer should seek to assure that the shortened bid period allows multiple suppliers to submit bids.

Number of Bids Required

Solicited bids that are non-responsive do not count towards the minimum number of bids required when there is a declared emergency or disaster in the Jurisdiction. All such no-bids must be documented as to time, date and person or company contacted, with a reason for the no-bid, if possible.

F. Section VI – Purchases with Federal Grant Funds

The following section is being added to the Purchasing Policy to establish standards for the procurement of supplies, equipment, real property and other services as required by 2 CFR 200.317 through 200.326 to comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards commonly called “Uniform Guidance”.

- **When using federal grant funds, follow applicable state statutes and rules and local policies only to the extent that those statutes, rules, and policies do not conflict with the Uniform Administrative Requirements (UAR) outlined below. 2 CFR 200.318(a)**

- **Contract performance and payments must be monitored during the course of the contract. 2 CFR 200.318(b).**
- **Written standards of conduct and Conflict of Interest:**
 - No employee, officer, or agent must participate in the selection, award, or administration of a contract supported by a federal award if he or she [the employee, officer, or agent], any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ
 - the employee, officer, or agent;
 - an immediate family member of the employee, officer, or agent; or
 - the partner of the employee, officer, or agent
 has a financial or other interest in or will receive a tangible personal benefit from a firm considered for the contract. Officers, employees, and agents must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. 2 CFR 200.318(c)(1)
- **Before starting a procurement process:**
 - Review all proposed procurements to avoid unnecessary/duplicative purchases of equipment, supplies, and services. Consider whether it will save money/time to consolidate procurements; if so, consolidate. If relevant, consider whether a lease or a purchase is the most economical approach (and document how you came to your decision). 2 CFR 200.318(d).
 - Look for state or local intergovernmental agreements (such as competitive bidding group purchasing programs, state term contracts, GSA contracts, or formal intergovernmental agreements—but get awarding agency approval before using one of those agreements. 2 CFR 200.318(e).

1. Purchasing Guidelines

a) Documentation

(1) Keep records showing:

- Basis for vendor selection
- Documentation of lack of competition when competitive bids or offers are not obtained
- Why you chose a specific procurement method;
- The basis for your award (why did you select the contractor or vendor you selected? Why did you reject the others?);
- The basis for the contract price; and
- Any other significant decisions that were a part of the procurement process resources.

- b) **Award only to “responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement.”** In determining which contractors are responsible, you must consider “matters such as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.” 2 CFR 200.318(h). (Note: This means that your solicitation documents must ask for information that will allow you to assess whether a contractor is “responsible.”)
- c) **Keep records to detail the history of each procurement. These records must include, at least, records showing your rationale for (1) the method of procurement, (2) the selection of contract type, (3) contractor selection or rejection, and (4) the basis for the contract price.** 2 CFR 200.318(i)
- d) **Prohibit awarding time and materials type contracts unless (1) you have determined that no other contract is suitable and (2) the contract includes a ceiling price that the contractor exceeds at its own risk.** The UAR defines a time and materials type contract as “a contract whose cost to a non-Federal entity is the sum of: (1) the actual cost of materials; and (2) direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.” 2 CFR 200.318(j). For the purposes of this policy, the term “non-Federal Entity” means the City of Richmond and/or the Housing Authority for the City of Richmond.
- e) **Restricting competition.** The following actions on procurements funded with federal grants are prohibited:
- Allowing contractors that develop or draft specifications, requirements, statements of work, invitations for bids, or requests for proposals to compete for such procurements;
 - Placing unreasonable requirements on firms for them to qualify to do business (if you’re not sure if a requirement is unreasonable, ask the Federal awarding agency);
 - Requiring unnecessary experience or excessive bonding;
 - Permitting noncompetitive pricing practices between companies;
 - Awarding contracts to consultants on “retainer” contracts;
 - Permitting organizational conflicts of interest
 - Specifying a brand name product without permitting an equal product to be offered, and without describing the performance requirements that must be met for a product to qualify as an equal;
 - Acting arbitrarily in awarding contracts. 2 CFR 200.319(a)

- f) **Prohibit awards based on local geographic preferences, except where applicable Federal statutes expressly mandate or encourage geographic preference.** However, geographic location may be a selection criteria when awarding contracts for architectural or engineering services, provided that using such criteria “leaves an appropriate number of qualified firms” to compete for the work, “given the nature and size of the project.” 2 CFR 200.319(b).
- g) **All solicitations must identify (1) all requirements which the offerors must fulfill and (2) all other factors to be used in evaluating bids or proposals.** 2 CFR 200.319(c)
- h) **If you use prequalified lists of entities or products when procuring goods or services, make sure those lists are “current and include enough qualified sources to ensure maximum open and free competition,” and do not preclude other potential entities or products from participating in the solicitation.** 2 CFR 200.319(d).

2. Methods of Procurement to be followed

- a) **Procurement by sealed bids require formal advertising. Bids are publicly solicited (Post to the BidsOnline System) and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction.**
 - (1) In order for sealed bidding to be feasible, the following conditions should be present:
 - A complete, adequate, and realistic specification or purchase description is available;
 - Two or more responsible bidders are willing and able to compete effectively for the business; and
 - The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
 - (2) If sealed bids are used, the following requirements apply:
 - The invitation for bids must be publicly advertised, providing suppliers sufficient response time prior to the date set for opening the bids;
 - The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
 - The bids must be opened publicly at the time and place prescribed in the invitation for bids;

- A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - Any or all bids may be rejected if there is a sound documented reason. 2 CFR 200.320(c)
- (3) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
 - Proposals must be solicited from an adequate number of qualified sources;
 - The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
 - Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
 - The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort. 2 CFR 200.320(d)
- (4) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
- The item is available only from a single source;

- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The Federal awarding agency expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- After solicitation of a number of sources, competition is determined inadequate. 2 CFR 200.320(f)

- b) **Take certain steps to assure that minority firms and women's business enterprises are used when possible.** These steps are:
- (1) Place qualified small and minority businesses and women's business enterprises on solicitation lists;
 - (2) Assure that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;
 - (3) Divide total requirements into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises;
 - (4) Establish delivery schedules which encourage participation by small and minority businesses and women's business enterprises;
 - (5) Use the services and assistance of the Small Business Administration (<http://www.sba.gov>) and the Minority Business Development Agency of the Department of Commerce (<http://www.mbda.gov>); and
 - (6) Require prime contractors to take the same steps listed above. 2 CFR 200.321
- c) Contract cost and price
- (1) Perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold (\$150,000), including contract modifications. Make the Independent Cost Estimates (ICE) before receiving bids or proposals. 2 CFR 200.323(a)
 - (2) Negotiate profit as a separate element of the price (1) for each contract in which there is no price competition and (2) in all cases where cost analysis is performed. 2 CFR 200.323(b)
 - (3) A prohibition on using "cost plus a percentage of cost" or "percentage of construction cost" methods of contracting. 2 CFR 200.323(d)

3. Federal Awarding Agency Review

- a) The non-Federal entity must make available, upon request of the Federal awarding agency or passthrough entity, technical specifications on proposed procurements where the Federal awarding agency believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase. 2 CFR 200.324(a)

- b) The non-Federal entity must make available upon request, for the Federal awarding agency preprocurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:
 - (1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;
 - (2) The procurement is expected to exceed the Simplified Acquisition Threshold (\$150,000) and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
 - (3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
 - (4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
 - (5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold. 2 CFR 200.324(b)
- c) The non-Federal entity is exempt from the pre-procurement review in the above paragraph if the Federal awarding agency determines that its procurement systems comply with the standards of this part.
 - (1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;
 - (2) The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review. 2 CFR 200.324(c)

4. Bonding requirements

- a) For construction or facility improvement contracts or sub contracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency may accept the bonding policy and requirements of the local agency provided that the Federal awarding agency has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:
- (1) A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified. 2 CFR 200.325(a)
 - (2) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract. 2 CFR 200.325(b)
 - (3) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract. 2 CFR 200.325(c)

5. Contracting Provisions

Appendix II to Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

- a) **Remedies:** Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- b) **Termination:** All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
- c) **Equal Employment Opportunity:** Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964- 1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

- d) **Davis-Bacon Act, as amended:** (40 U.S.C. 3141- 3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act: (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.
- e) **Contract Work Hours and Safety Standards Act:** (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

- f) **Rights to Inventions Made Under a Contract or Agreement:** If the Federal award meets the definition of “funding agreement” under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.
- g) **Clean Air Act:** (42 U.S.C. 7401- 7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251- 1387), as amended - Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401- 7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251- 1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- h) **Debarment and Suspension:** (Executive Orders 12549 and 12689) – Verify that a vendor is not debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. Confirm and document that vendors are not on the federal government’s Excluded Party list found at www.sam.gov.
- i) **Byrd Anti-Lobbying Amendment:** (31 U.S.C. 1352) - Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not use, and has not used, Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

Attachment A

City of Richmond RFP/RFQ Evaluation Committee Guidelines (Sample Documents)

The Evaluation Committee (EC) has the authority to review and evaluate proposals received by the City in response to a specific Request for Proposals (RFP) or Request for Qualifications (RFQ) for the purpose of identifying the most competitive or best qualified proposal(s) from responsive and responsible offerors.

Proposed General guidelines:

1. Identifying Evaluation Committee Members. The members of the EC should be identified prior to the solicitation issuance. Members of the EC should have professional interest and expertise to evaluate proposals and make recommendations that could lead to the selection of one or more offeror(s) who will provide products/services to the City in an acceptable manner pursuant to the RFP/RFQ.

2. EC Member Participation Form. The Project Manager (PM) will send an Evaluation Committee Member Participation Form to the individual EC members and each member shall return an executed copy to the PM.

3. Preparing the Evaluation Rating Matrix (Attachment C). The EC will identify mandatory, non-mandatory requirements, in addition to establishing evaluation criteria and assigned weight. The evaluation criteria and assigned weight shall be consistent with the criteria defined in the RFP/RFQ.

4. Initial Review of Proposals. The PM will review received Proposals for compliance with the submittal criteria and content requirements. The EC will review Proposals that are deemed “responsive and responsible”. A responsive RFP/RFQ is one that meets all the terms, conditions and specification of the RFP/RFQ. A responsible RFP/RFQ is one where the proposer has the overall capability to satisfactorily perform the contract. “Non-Responsible” Proposals will not be evaluated and shall be rejected from any further consideration by the City.

5. Submitting Proposals to the EC. The EC members who have executed the Evaluation Committee Member Participation Form will be provided with all “responsive and responsible” Proposals and evaluation forms.

6. Independent and Individual Review. The EC shall review the received Proposals and independently score each Proposal. Scores shall be in accordance with the Evaluation Rating Matrix and shall represent each evaluator’s best objective judgment.

7. Convening EC Committee Meetings. The EC meeting(s) shall be convened by the PM on the date and time designated. Each member will bring his/her completed technical evaluation form. The EC members will discuss the individual scores and, as a result of the discussion, each member may adjust the member’s individual scoring up or down as appropriate. The PM shall

average the individual scores to determine the Offeror's score for that particular question/requirement.

8. Analyzing Cost Proposals. When applicable, the City may utilize lowest cost, lowest total cost, Total Cost of Ownership (TCO) or greatest savings to determine best offeror; provided, however, the City must abide by any statements within the RFP regarding cost evaluation.

9. Overall Scores Preceding Negotiations. The EC will identify which offeror(s) submitted the best ranked, responsive and responsible proposal(s) according to the evaluation and scoring by the EC. The Cost and Evaluation Rating Matrix summary or such other appropriate document should be used to determine the award recommendation and the offeror(s) that will participate in negotiations, if applicable.

10. Convening a Negotiation Team. If the EC elects to initiate negotiations, as approved by the PM, in order to ensure that the City is receiving the best value and/or the most cost-efficient goods and/or services, then a Negotiation Team (NT) will convene. The NT may include any or all members of the EC or other individuals as appropriate; provided, however, only the EC may rescore proposal revisions following negotiations. The NT will develop the Negotiation Plan and Negotiation Script.

11. Capturing Negotiation Results & Award Recommendation. If the City elects to negotiate with identified offerors, the offerors will each be asked to submit a Proposal Revision following each round of negotiations, which Proposal Revision will then augment the original RFP submission. Each Proposal Revision will be evaluated and re-scored by the EC utilizing the same evaluation criteria. Upon completion of negotiations, the PM will prepare the Evaluation and Selection Report and obtain EC's signatures approving the award recommendation.

12. Final Contract Award. Based on the recommendations contained in the Evaluation and Selection Report, the PM will prepare an Agenda Report to present to Council. Upon Council approval, the PM will process the contract to be executed by the offeror and the City.

13. Maintaining Agency Records. All evaluation/negotiation documents/forms completed by each evaluator and by the EC and NT will be collected by the PM and become part of the official records and subject to the Public Records Act and Record Retention Policy. The retention period for these documents is Audit plus four years.

Attachment B

EVALUATION COMMITTEE MEMBERS PARTICIPATION FORM

**(Solicitation Title)
REQUEST FOR PROPOSAL
(Sample Documents)**

You have been asked to participate in the evaluation of offers that have been received as the result of the competitive solicitation referenced above.

It is essential that the integrity of the evaluation process is maintained to ensure that each bidder or offeror is given fair and equal consideration. Your knowledge of and/or past or current association with particular firms and/or individuals must not influence your evaluation. The written responses to the solicitation and any subsequent respective clarifications and/or negotiations must stand alone, and you are required to be particularly objective and guard against any tendency to favor a particular firm or individual.

You are required to report to the Project Manager any actual or potential conflict of interest.

An additional consideration is the need to maintain confidentiality during the evaluation regarding the contents of the offerors' or bidders' responses, as well as the proceedings of the evaluation committee. Any inquiries regarding the evaluation of this particular solicitation must be directed to the Project Manager.

You are asked to read and sign the following statement:

I have read, understand, and agree to the above, and I will adhere to the policies presented. I do not know of any conflict of interest on my part, nor have I accepted any gratuities or favors from potential offerors or bidders, which would compromise my objectivity. I shall keep all evaluation proceedings in strict confidence prior to contract award. I will do my best to base my recommendation for contract award solely upon the evaluation criteria in the solicitation and each offeror's or bidder's response.

Committee Member Signature

Date

Print Name and Title of Committee Member

Date

ATTACHMENT C

City of Richmond RFP SCORE SHEET – Solicitation Title

(Sample Documents – Evaluation Criteria and assigned weight shall be consistent with the criteria defined in the RFP/RFQ)

Vendor _____

Evaluator Name _____

| <i>Evaluation Criteria</i> | <i>Maximum Points</i> | <i>Assigned Score</i> | <i>Comments</i> |
|--|-----------------------|-----------------------|-----------------|
| 1. <u>Qualifications of Firm</u> 1.1 Technical experience in performing work of a closely similar nature 1.2 Experience working with public agencies 1.3 Strength and stability of the firm 1.4 Strength, stability, experience and technical competence of subcontractors 1.5 Assessment by client references 1.6 Knowledge of applicable laws and regulations. | % | | |
| 2. <u>Staffing and Project Organization</u> 2.1 Qualifications of project staff 2.1.1 Key personnel 2.1.2 Project Manager 2.2 Key personnel’s level of involvement in performing related work cited in “Qualifications of the Firm” section 2.3 Logic of project organization 2.4 Adequacy of labor commitment; 2.5 Concurrence in the restrictions on changes in key personnel 2.6 Ability to deal with City staff | % | | |
| 3. <u>Work Plan/Methodology and Approach to Work</u> 3.1 Depth of Offeror’s understanding of City’s requirements and overall quality of work plan 3.2 Logic, clarity and specificity of work plan 3.3 Appropriateness of labor distribution among the tasks 3.4 Ability to meet the project deadline 3.5 Reasonableness of proposed schedule; 3.6 Utility of suggested technical or procedural innovations. 3.7 Approach and proposed methodology to project scope 3.8 Innovative approaches and internal measures for timely completion of project | % | | |
| 4. <u>Cost and Price</u> ASSIGN POINTS FOR COST | % | | |
| TOTAL WEIGHT MUST EQUAL: | 100 | | |
| 5. <u>Interviews/Presentation – (Optional)</u> 5.1 Quality and clarity of presentation 5.2 Ability of presenter to answer questions 5.3 Demonstrations (if required) 5.4 Demonstrated understanding of the project | % | | |

Scoring Mechanisms (SAMPLE)

For the evaluation criteria, the following scoring mechanism will be used. The points awarded for each criterion are determined by multiplying the weight by the assigned score.

Exceptional (Assigned Scores - 22 to 25) –

- The approach will yield a result that exceeds the Objectives qualitatively.
- The proposal offers an approach or features with little or no risk.
- The response covers areas not originally addressed within the RFP category and includes additional information and recommendations that would prove both valuable and beneficial to the City of Richmond.
- This response is considered an excellent approach demonstrating the Supplier's authoritative knowledge and understanding of the project.

Exceeds Objectives (Assigned Scores - 19 to 21) –

- A very good response that shows experience and knowledge within the category. The Supplier provides insight into their expertise, knowledge and understanding of the subject matter.
- The collective approach yields a qualitative benefit to the project that is beyond the minimum objectives.
- The approach being proposed or the majority of the features are acceptable or above the objectives set out in the RFP.
- The Supplier can easily implement additional features or options. A minimal number of resources will be required from the City of Richmond.

Meets Objectives (Assigned Scores - 14 to 18) –

- The approach or the majority of the features proposed meet the objectives.
- No apparent deficiencies noted. Some items could be improved upon but are still considered acceptable. To enhance them may require rework and resources from the Supplier and/or the City.
- The ranking should reflect some qualitative achievement(s) such as acceptable delivery timeframe, end-user training program, etc.

Fails to Meet Objectives (Assigned Scores - below 14)-

- The proposed approach or a majority of the features for the item are deficient. The approach taken is undesirable and correction would require a major and material change in the proposal.
- The correction of any deficiencies either collectively or individually, poses a serious problem in correction or has a "domino" effect on the other design features.

POLICY: Employee Meal and Food Policy

ESTABLISHED: October 25, 2011

RESOLUTION NO.: Not Applicable; **DATE:** Not Applicable

XVIII. Employee Meal and Food Policy

A. Purpose

To establish guidelines for the provision of food and refreshments for meetings, seminars and other authorized City of Richmond functions.

B. Policy

It is the policy of the City of Richmond that food and refreshments will not be provided for routine, regularly scheduled departmental meetings. Food includes meals, beverages, snacks, drinking water, etc. Under no circumstances is alcohol an allowable food expense.

City funds are not to be expended on events, milestones, parties or celebrations that are primarily personal in nature, where employees may choose to acknowledge or celebrate with other employees. These types of occasional short department celebrations are permitted, but the use of City funds is not allowed. Examples of these types of events include:

- Birthday celebrations
- Baby showers or new baby congratulations gifts
- Graduation gifts/acknowledgements
- Engagements or wedding showers, gifts or parties
- Holiday parties (Thanksgiving, Christmas, etc) and similar events

The following are allowed exceptions to this policy:

1. Meals/food purchases necessary for the City's convenience and provided on City premises where business is normally conducted. Examples include: Emergency situations such as natural disasters or significant public safety events, but may also include intra-departmental meetings or training sessions, where the meeting or training session continues during the meal period and the employees are not permitted to leave the premises of the meeting site. Meals should be provided only to facilitate the effective and efficient operations of the department involved.
2. Off-site business meals for a clear business reason. When submitted for reimbursement or paid with a CAL-Card, an itemized receipt is required along with documentation showing the business purpose, attendees (must include non-City participants), and location. Restaurant business meals solely between City employees are not reimbursable except when the business meal has been approved by the City Manager (City Manager must sign Food and Meals Expense Documentation Form AP521-1).

3. Refreshments for breaks and off-site lunches for Interview Panel which include external members.
4. Food for City Council Meetings and Advisory Committees.
5. Meetings with the public, including Community/Customer partnerships.
6. Lunches with Councilmembers are limited to Department Directors.
7. Food for City sponsored employee events.
8. Meal allowance for Local 1021 employees under MOU Section D1 and Local 21 employees under MOU Article 8, Section 72.
9. Meals/food during travel – Refer to AP 508 Travel Expense Policy and Procedure.
10. The City will centralize the purchase of coffee and soft drinks in bulk on a quarterly basis for the purpose of serving guests to the City. If the supply is depleted before the end of the quarter because of extensive employee use, then employees will have to supply their own beverages until the start of the new quarter when the supply will be replenished.

Requests for food other than meetings listed above must be approved, in writing, by the City Manager.

C. Required Documentation

Food purchased by the City in conjunction with its official business or for City sponsored events must include an itemized receipt along with documentation showing the purpose of business being conducted, and a list of attendees and affiliation. Meals should be appropriate and consistent with the maintenance of a reasonable living standard.

Please attach required documentation to Food and Meals Expense Documentation Form (AP 521-1).

D. Authorization

The Department Director shall provide approval for all food purchases for City sponsored functions prior to the cost being incurred.

POLICY: Travel Expense Policy and Procedure

ESTABLISHED: August 25, 1999

RESOLUTION NO.: Not Applicable; **DATE:** Not Applicable

XIX. Travel Expense Policy and Procedure

A. Purpose

To ensure that uniform and standard procedures are followed which are consistent, comprehensive and explicit for approving all expenditures and the reimbursements to City employees for travel and business expenses incurred in connection with service performed on behalf of the City of Richmond.

1. Authorization and Approval Levels

Before incurring any expense(s), preapproval is required and mandatory for all City of Richmond employees for the purpose of business travel, training and the travel associated with the training by submitting a completed Request for Travel/Training Form (AP 508-2) with all required approval signatures. An event (i.e., training, workshop, conference, etc.) informational brochure or flyer with detailed information must be attached to the Request for Travel/Training Form (AP 508-2).

a) Employees

Approvals are as follows:

- (1) Approval for travel/training in California (including within the local Bay Area) or Nevada is to be given by immediate supervisor and the Department Head.
- (2) Approval for travel/training outside of California and Nevada must be approved by the City Manager along with the approvals in (1) above.
- (3) Approval for international travel/training must be approved by City Council along with the above approvals in (1) and (2).

These approvals may be delegated to an authorized designee who shall be at the department or division director level or above. The Travel/Training Expense Report Form for Reimbursement (AP 508-1) and the International Travel/Training Expense Report Form for Reimbursement (AP 508-4), use of determined by ultimate destination of travel, will henceforward be referred to as the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4).

b) City Manager, City Attorney and City Clerk

Travel and/or training expenses for the City Manager, City Attorney and City Clerk are subject to the approval by the Mayor. City Council approval is required for international travel.

If an employee incurs a travel expense without prior authorization as set forth in this Travel Expense Policy and Procedure, and later seeks reimbursement for such expense, such expense may not be reimbursed unless employee demonstrates good cause, as determined by required approvers in the Request for Travel/Training Form (AP 508-2).

If an employee uses a City of Richmond issued credit card for any travel-related expenses, such expenses shall not be eligible for reimbursement.

2. Compliance Responsibility

All employees who attend trainings and/or travels on behalf of the City of Richmond are responsible for understanding and adhering to this policy. Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) will be periodically reviewed to determine compliance with City policy and procedure. The Accounts Payable Division is responsible for processing Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) for payment.

Elected officials and employees required to file Form 700 should note that some expenditure reimbursements may be subject to reporting under the Political Reform Act and other laws. All documents regarding agency travel expenditures are public records subject to disclosure under the Public Records Act.

3. Policy Change and Disputes

Any dispute regarding interpretation of this policy and procedure, as well as any serious non-compliance with this policy and procedure, is to be referred to the appropriate approval authority as designated in this policy Section I-A Authorization and Approval Levels.

4. Reporting Requirements

All reimbursable expenses incurred for travel must be reported on the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) within ten (10) business days upon return from travel. The Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) must have original itemized receipts attached and a copy of the fully executed Request for Travel/Training Form (AP 508-2).

For credit card usage, the original itemized receipts and a copy of the fully executed Request for Travel/Training Form (AP 508-2) must be submitted with the monthly credit card reconciliation along with all other required documentation as outlined in the City of Richmond credit card policies and

procedures. For guidelines on City of Richmond credit card policies and procedures, please see the Finance Department's Credit Card manual provided to employees with credit card authorization.

B. Policy

The City of Richmond shall reimburse employees for reasonable and necessary travel expenditures incurred in the course of conducting the business of the City. When incurring expenses on behalf of the City, employees must recognize that the City is a public institution and that expenses involve the use of public funds. Adequate substantiation of expenditures is required. The nature and amount of expenses incurred may vary according to the objectives of the assignment, circumstances and location. Good judgment in the appraisal of the reasonableness of expenses is required by each individual incurring the expenses and the supervisory level approving the Request for Travel/Training Form (AP 508-2) and the Travel/Training Expense Report Form for Reimbursement (AP 508-1 and AP 508-4).

Non-business (personal) items are not reimbursable. Employees must pay for items separately and obtain an original itemized receipt for only business items expenses for the purpose of reimbursement. Business expenses, to the extent they are lavish or extravagant, as determined by the applicable approving authority, are not regarded as reasonable and are not reimbursable. If an employee uses a City of Richmond issued credit card for any travel/training related expenses, such expenses shall not be eligible for reimbursement. All reimbursable expenses paid with personal funds must be reported on the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) as outlined in Section I-D Reporting Requirements of this policy.

C. Travel Expenses

All requests to travel on City business outside the continental United States shall be approved in advance by resolution of the City Council. All requests to travel within the San Francisco Bay Area shall be approved by the appropriate department director. All requests to travel on City business within the State of California, but outside of the San Francisco Bay Area counties of Alameda, Contra Costa, Marin, Napa, Sacramento, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma, shall be approved in writing by the department director for staff within his or her department by submitting a Request for Travel/Training Form (AP 508-2). All requests to travel outside of the State of California or Nevada but within the continental United States, shall be approved by the City Manager's signature on the Request for Travel/Training Form (AP 508-2). The City Manager shall provide a written report to the City Council of all City travel outside of the State of California or Nevada, but within the continental United States upon request.

Travel expenses include air and ground transportation, City automobile usage, personal automobile usage, car rentals for business purposes, meals and tips, lodging, non-meal tips, telephone, fax, parking, tolls and other related expenses. Original itemized receipts are required for all expenses. For City of Richmond credit card usage during travel/training, original itemized receipts must be attached to a

copy of the fully executed Request for Travel/Training Form (AP 508-2) for submission with the monthly reconciliation. Original itemized receipts for reimbursement of personal funds used to pay for expenses during approved travel/training must be submitted with the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) within ten (10) business days upon return from travel. See Section I-D Reporting Requirements in this policy.

International expenses must be reported on the International Travel/Training Expense Report Form for Reimbursement (AP 508-4) with attachments of original itemized receipts for reimbursements of personal funds, a printout of the currency exchange rate that concurs with the date of the receipt, and a copy of a fully executed Request for Travel/Training Form (AP 508-2) within ten (10) business days upon return from travel. The currency rate is available at www.fiscal.treasury.gov.

1. Transportation

a) Air Travel

Air travel will be arranged and paid by the employee's department with the City of Richmond credit card. City-approved air travel shall be routed through the airport that is the most practical.

City departments shall make their own travel reservations in accordance with Section V Travel Advance of this policy. Every effort should be made to travel at the lowest cost. The class of air travel shall be coach only.

The class of ticket is to be utilized as issued. If a lesser cost ticket is substituted for any reason, the cost savings is to be remitted to the City.

b) Automobile Travel

With the approval of the department director, employees may drive their own car for their own convenience when a pool car is unavailable. Reimbursement for mileage driven may not exceed the cost of appropriate air fare and related ground transportation. Therefore, the employee should check the cost of air fare versus mileage at the current approved rate before deciding to drive. The current approved rate will be the prevailing IRS mileage allowance rate available at www.irs.gov or by contacting the Finance Department. For purposes of mileage reimbursement, a printout of an internet map from the employee's City of Richmond assignment site address or home address, whichever is the shortest distance, to the designation of the training round trip to determine number of miles must be attached and submitted with the Travel/Training Expense Report Form for Reimbursement Form (AP 508-1 or AP 508-4). If automobile travel is selected for the employee's convenience, the time beyond normal air travel is not chargeable to the City's time.

The City does not provide primary insurance to protect an employee who uses his/her privately-owned vehicle on City business. No employee shall operate his/her privately-owned vehicle on City business without

being in compliance with the provisions of the California Vehicle Code (CVC) §16050-16058 and meet the minimum requirements of California Insurance Code §11580. Employees shall have proof of financial responsibility in their possession at all times while operating his/her privately-owned vehicle on City business.

For some designated employees receiving a monthly auto allowance for use of their personal car for City business, reimbursement for mileage will only be made on that portion of the trip outside a 60 mile radius (120 miles total) of the employee's regular assignment site or home address, whichever is the shortest distance. Therefore, 120 miles should be deducted from the total miles driven per trip when calculating reimbursable mileage. Please refer to Policy Number AP 107 - "Policy on Driving on City Business and Use of City Vehicles."

c) Car Rental

When traveling, vehicles should be rented with the company offering the best price. Government rates may be available and should be requested when renting a vehicle. Only compact or mid-size vehicles should be rented. The rental of a vehicle should only be for the approved dates indicated on the Request for Travel/Training Form (AP 508-2).

Employees should purchase the Collision Damage Waiver (CDW) if their own personal insurance does not provide coverage. Employees should purchase additional liability, medical payments and uninsured motorist insurance offered by the rental agency. Employees are covered by Workers Compensation when traveling on business.

Original itemized receipts of all rentals of vehicles must be submitted within ten (10) business days upon return from travel and reported on a Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) along with a copy of a fully executed Request for Travel/Training Report Form (AP 508-2) when the expense was paid with personal funds. Original itemized receipt for payment with the City of Richmond credit card must be attached to the monthly credit card statement reconciliation along with a copy of a fully executed Request for Travel/Training Form (AP 508-2).

d) Public Ground Transportation

Taxi, airport limousine, bus, BART or other public transportation expenses incurred for a business-related purpose is reimbursable and must be submitted and reported on the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) with original itemized receipts attached. Payments made with the City of Richmond credit card must abide by reporting requirements outlined in Section I-D Reporting Requirements in this policy. Prudent business judgment should be applied in determining the means of public transportation to be used.

e) Parking and Tolls

Parking and tolls incurred for business trips are reimbursable.

2. Meals

Meal costs within the following guidelines, as well as normal gratuities and taxes, are reimbursable when incurred while on City business. Original itemized receipts are required for all meal expenses. If a meal expense is incurred for other persons for a business-related purpose, this should be reported as a business meeting expense as appropriate and the purpose and parties involved should be stated. Reimbursement for alcoholic beverages is prohibited. Request separate original itemized receipts for business items for reimbursement from expenses made for personal items. See the Employee Meal and Food Purchase Policy (AP 521). Separate original itemized receipts should also be requested for expenses paid with personal funds to be reimbursed from expenses paid with City of Richmond credit card.

Travelers are expected to consume any meals provided at the trainings, conference, seminar, etc. and employees will not be reimbursed for meals covered by the registration fee.

City of Richmond credit card usage or reimbursements for meal and incidental expense (M&IE) must not exceed the daily allowance as set forth from the U.S. General Services Administration (www.gsa.gov) for the San Francisco Area (highest rate), and must be reported and submitted on the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) or with monthly credit card reconciliation. The meal and incidental expense (M&IE) rate is effective each calendar year beginning January 1.

The rates are subject to change in accordance to U.S. General Services Administration per diem rates for San Francisco (highest rate) that are set each fiscal year and made available by October 1 of each year. Reimbursements are at the current fiscal year rate of the occurrence of the expense.

3. Lodging

Actual lodging expense for accommodations (in suitable quality facilities at the lowest price available) incurred for business purposes is reimbursable. Employees should inquire about and utilize any available discounts and group rates. The Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) is required as outlined in Section I-D Reporting Requirements for all lodging expenses to be reimbursed. The amount reported for lodging expenses should not include meals, personal telephone calls, etc., which should be listed separately in the appropriate sections on the employee's Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4).

Lodging should only be arranged by the department when:

- traveling outside of the Bay Area Counties as outlined above in Section III – Travel Expenses.

OR

- commuting to and from said training is unreasonable or a hardship as determined by Department Head.

Lodging must be approved before incurring the expense.

4. Non-meal Tips

Reasonable non-meal tips such as bellhop and shuttle driver are reimbursable and must be reported on the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4).

5. Telephone/ Fax/WIFI

All business communications such as telephone, fax, and/or WIFI use for work purposes are reimbursable.

6. Miscellaneous Travel Expenses

Expenses that are personal, such as toiletry articles, magazines, etc., are not reimbursable.

7. Business Meals

A business lunch or other meal is reimbursable if the meeting is for an actual business purpose with City tenants or potential tenants, suppliers, or other City business associates. It is the City's policy not to pay restaurant vendors directly for charges incurred by individual City employees. The City employees are responsible for paying the charges directly to restaurant vendors and to obtain reimbursement through the submission of the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) as outlined in this policy (Section I-D Reporting Requirements). Restaurant business meals solely between City employees are not reimbursable. Reimbursement for alcoholic beverages is prohibited. The same guidelines and reporting requirements are applicable when using the City of Richmond credit card for business meals. For more information, see Employee Meal and Food Purchase Policy (AP 521).

D. Employee Training Program

As outlined in the City's Training Policy (AP 309) and Section I-A Authorization and Approval Levels of this policy, attendance at conventions or seminars at the City's expense requires the prior approval on a Request for Travel/Training Form (AP 508-2). Travel expenses relating to employee training must be reasonable, as outlined in Section III Travel Expenses of this policy, including transportation, lodging, and meals not included in trainings, conferences, seminars, etc. The Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) for expenses and detailed explanation of the nature of the expenses are required to be submitted within ten (10) business days upon return from travel.

Payment of convention and seminar registration fees directly to the event sponsor, should be made in advance utilizing procedures as outlined in the following Section V Travel Advance. Also, whenever possible, discounted advance payments for related lodging should be sought and utilized.

E. Travel Advance

No blanket per diem will be issued.

The City of Richmond will pay in advance for registration, lodging, and/or airfares. All other expenses paid with the employee's personal funds will be reimbursed after the submittal of a Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) with the appropriate original itemized receipts and information attached.

F. Reporting and Reimbursement of Travel Expenses

All expenditures covered within this policy must be documented on a Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4), which is attached to this policy, in order to obtain reimbursement. This report is important for the employee's reimbursement of expenses and to provide adequate documentation of the expenses for City accounting purposes.

A Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) should be completed and submitted within ten (10) business days after return from any business trip in which expenses were incurred. The Accounts Payable Division will normally process reimbursements within fifteen (15) business days of submission, provided that the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) is submitted with appropriate documentation and approval. The Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) is a fillable form available online. The Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) should cover the travel period and not exceed ten (10) days for submission upon return from travel. Each page must be hand signed in ink by the employee submitting the report.

Each Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) must be submitted with required documentation. Amounts charged to the City credit card must be reported with the monthly credit card reconciliation. Original itemized receipts, a paid invoice, or other documentary evidence should disclose the amount, date, place, and nature of the expenditure and be attached to either the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) or the monthly credit card reconciliation.

1. Substantiation

Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) shall provide the funding accounting code(s) and the following information for the type of expenses incurred:

a) Travel

- (1) Date of departure and return.
- (2) Actual cost of each separate item to be reimbursed, except that incidental items of a similar nature (taxi, bus and BART fares) may be aggregated on a daily basis.
- (3) Cities or other locations visited.
- (4) Business purposes or nature of the business benefit expected, or business relationship of individuals visited.
- (5) Allocation of transportation and related costs for any portion of the trip that is clearly personal.

b) Requests for Travel/Training

All travel/training must be preapproved before incurring expenses by completing a Request for Travel/Training Form (AP 508-2), obtaining required approval signatures, and attaching any and all required documents.

A copy of the fully executed Request for Travel/Training Form (AP 508-2) must accompany the Travel/Training Expense Report Form for Reimbursement (AP 508-1 or AP 508-4) or the City of Richmond monthly credit card statement reconciliation along with all required documentation.

2. Failure to Comply with Procedures

Failure to comply with any component of the above policy and procedure may result in disciplinary action.

Under state law, use of public resources or falsifying expense reports is a violation of state law and/or this policy and may result in any or all of the following:

- (1) Loss of reimbursement privileges.
- (2) A demand for restitution to the City of Richmond.
- (3) Civil penalties of up to \$10,000 per day and three times the value of the resources used.
- (4) Prosecution for misuse of public resources.

G. Arizona Travel Ban – Resolution No 55-10

The City of Richmond established a policy to prevent City Funded travel to Arizona while on City business until SB 1070 passed into law in Arizona is repealed.

Exceptions to the travel prohibitions may be granted by **City Council**.

POLICY: FasTrak Policy & Procedures

ESTABLISHED: August 20, 2012

RESOLUTION NO.: Not Applicable; **DATE:** Not Applicable

XX. FasTrak Policy & Procedures

A. Purpose

City employees may be required to travel over Bay Area bridges to perform City business or to represent the City of Richmond. Beginning January 1, 2021, all Bay Area toll bridges switched to automatic toll collection. Drivers must have a FasTrak toll tag mounted to the vehicle's windshield to pay the lowest tolls at Bay Area bridges. Departments that travel over Bay Area bridges and wish to open a FasTrak account are required to obtain Director of Finance approval.

B. Policy

This policy provides direction on the procedure for opening a FasTrak account and obtaining toll tags to pay for tolls at Bay Area bridges. The City is allowing the use of FasTrak toll tags for City business in City Vehicles. Toll tags may not be obtained for non-City owned vehicles.

No City owned vehicle is exempt from toll fees, with the exception of Public Safety vehicles responding to an emergency situation. A personal transponder does not relieve the offending driver of any violations incurred to the City in the event that the FasTrak toll tag does not register 'Valid' when entering the toll area.

The ticketing agency for FasTrak traces offending vehicle ownership through the State vehicle registration system (administered by the Department of Motor Vehicles), and mails a Notice of Violation notification to the registered owner of the evading vehicle. In these cases, the offending driver will be traced through the City's car pool sign out or assignment sheets. The driver shall be held personally responsible for full payment of the violation.

City vehicles without toll tags will have a picture taken of the license plate and a bill will be forwarded to the City for payment. This is not the preferred method from the City's perspective since there is a 21 day window to make payments or a late fee will be assessed. This 21 day window includes mailing the bill, forwarding the bill to the appropriate department and paying the bill. In the event that the City receives a fine, it is the department's responsibility to pay the FasTrak fine within the 21 day window to avoid any additional fines. Setting up an account for use with FasTrak toll tags is the preferred method for crossing Bay Area bridges.

Process for Setting Up a FasTrak Account – The department must obtain Director of Finance approval to open a FasTrak account. When requesting approval, state:

- Business purpose to obtain the toll tags
- Cal-Card holder whose card will be linked to the FasTrak account and who will monitor the program to ensure that tolls are for a business purpose.
- Number of toll tags that will be obtained for the department.

A list of approvals will be maintained by the Purchasing Division in the Finance Department.

Personally Owned Vehicles – Only actual toll charge reimbursement can be requested on an Expense Report. A request for reimbursement may be submitted through a Travel Expense Report as outlined in Policy Number AP508, "Travel and Expense" or in Policy Number AP 510 "Petty Cash". Any late fees, fines, etc. will be the responsibility of the offending individual, not the City.

All departments shall ensure that a FasTrak toll tag is appropriately placed inside the vehicle if an employee is crossing Bay Area bridges for a business purpose.

POLICY: Accounts Payable ACH Policy

ESTABLISHED: June 12, 2023

RESOLUTION NO.: Not Applicable; **DATE:** Not Applicable

XXI. Accounts Payable ACH Policy

A. Purpose

To establish proper ACH procedures to ensure accuracy and safety to avoid fraudulent activity.

B. Policy

The Finance Department, Accounts Payable Division, is responsible for ensuring that ACH account change request, ACH set up request are verified and signed off by Manager/Supervisor before requesting purchasing to make changes.

C. Procedure

1. Accounts Payable

a) Verifying vendor request

- (1) Accounts Payable will ensure each request to update vendor information regarding ACH are legitimate by ensuring the email received is from proper vendor email address. This can be obtained by checking to see if the email address matches the email address in Munis or by verifying email address from older invoices for the vendor.
- (2) Once the initial review is done, AP will provide vendor with Direct deposit form to change or set up ACH payment method.
- (3) Vendor must mail the ACH form to Accounts Payable along with a voided check or voided deposit ticket. If those are not available a letter from their bank on their letterhead, which must include the name on the account, ABA routing number and account number as well as the bank representative contact information and signature.
- (4) The final step would be to hand over all the proper backup documents to the Accounting Manager/Supervisor and have them verify the change request. They will conduct a secondary check by calling the vendor with contact information in Munis to verify that the change was requested. After that information is verified by the Manager/Supervisor they will sign off and initial before handing over to Accounts Payable.

- (5) Once forms are received back and signed from Manager/Supervisor, AP will provide the ACH forms to purchasing to make the required changes. Purchasing will make sure that all changes are signed off by the Manager/Supervisor before making any changes.

XXII. Glossary

Actuarial Cost Method: The technique used to allocate costs to various time periods.

Actuarial Accrued Liability (AAL): The portion of the Present Value of Projected Benefits that is attributed to past years of service by the Actuarial Funding Method. The AAL serves as a funding target at any given point in time.

Actuarial Value of Assets: The smoothed value of assets used by the actuary in the actuarial valuation, for the purpose of reducing the impact of market fluctuations on the employer's contribution rate.

Agencies: Federal agency securities and/or Government-sponsored enterprises.

Annual Comprehensive Financial Report (ACFR): The official annual report for the government agency. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

Bankers' Acceptance (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Benchmark: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

Broker: A broker brings buyers and sellers together for a commission.

Certificate of deposit (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Data Broker: Means either 1) the collection of information, including personal information about consumers, from a wide variety of sources for the purpose of reselling such information to their customers, which include both private-sector businesses and government agencies; 2) the aggregation of data that was collected for another purpose from that for which it is ultimately used.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery versus Payment (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Diversification: Investment contained within the portfolio will be diversified by security type, institution and maturity.

Entry Age Method: An Actuarial Cost (or Funding) Method that determines the plan's Normal Cost as a level percentage of pay over the working lifetimes of plan members.

Experience Gains and Losses: The difference between the experience anticipated by the actuarial assumptions and the plan's actual experience during the period between valuations. If actual experience is financially more favorable to the Plan, it is a Gain, (e.g., higher investment return than expected). If actual experience is financially less favorable to the Plan, it is a Loss, (e.g., lower investment return than expected).

Extreme Vetting: Data mining, threat modeling, predictive risk analysis, or other similar services.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

Federal Home Loan Banks (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

Federal National Mortgage Association (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

Fossil Fuel: A fuel formed by natural processes, such as anaerobic decomposition of buried dead organisms, containing organic molecules originating in ancient photosynthesis that release energy in combustion such as: coal, oil, and gas reserves as measured by the gigatons of carbon dioxide that would be emitted if those reserves were extracted and burned.

Funded Ratio: A measure of the ratio of plan assets to the Actuarial Accrued Liability (funding target) of the Plan. Plan assets can be the Market Value of Assets or the Actuarial Value of Assets.

Government National Mortgage Association (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. The security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-through" is often used to describe Ginnie Maes.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government Investment Pool (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Market Value of Assets: The total fair value of fund assets as reported in the Plan's financial statements.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Normal Cost: The portion of the Present Value of Projected Benefits that is attributed to the current year by the Actuarial Funding Method. Also referred to as the Annual Benefit Cost.

Offer: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Bid.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

Prudent Person Rule: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state-the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This interest may be amortized yield to maturity on a bond or the current income return.

Sanctuary City: A municipal jurisdiction that limits its cooperation with the national government's effort to enforce immigration law.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Securities and Exchange Commission (SEC) Rule 15C3-1: See Uniform Net Capital Rule.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

Unfunded Actuarial Accrued Liability (UAAL): The portion of the Actuarial Accrued Liability not covered by plan assets. It is calculated by subtracting the Actuarial Value of Assets from the Actuarial Accrued Liability.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

United States Immigration and Customs Enforcement (ICE): A federal law enforcement agency under the U.S. Department of Homeland Security. ICE's stated mission is to protect America from the cross-border crime and illegal immigration that threaten national security and public safety.

Yield: The rate of annual income return on an investment, expressed as a percentage. (a) Income Yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.