

AMP follows these general procedures in establishing the budgetary data reflected in the financial statements:

1. Staff shall conduct an Annual Planning Workshop to consider activities that have been completed, activities that are in progress, and activities that must be undertaken to accomplish goals and objectives;
2. Staff shall conduct a Budget Planning Workshop to present a) specific work plans to be implemented in upcoming fiscal years to accomplish goals and objectives, b) draft revenue and expense projections, and c) financial impacts of the planned activity;
3. Staff shall submit to the Board a proposed operating budget for the fiscal year commencing the following July 1 which includes proposed expenditures and the means of financing them;
4. Ratepayer comments are solicited during regular Public Utilities Board meetings;
5. The budget is enacted through adoption of a resolution;
6. The General Manager shall be authorized to implement and manage the budget subject to the constraints inherent in or implied in the Budget Policy;
7. The General Manager shall be authorized to transfer budgeted amounts between divisions, sections, cost codes, and capital work activities, up to \$100,000 per transfer request. The General Manager may delegate this authority to the Assistant General Managers and Supervisors up to \$50,000 and \$10,000 respectively; however, any revisions that increase total expenditures must be approved by the Board; and new projects/capital work greater than \$75,000 must be approved by the Board.
8. Expenditures may not legally exceed budgeted appropriations at the fund level without Board approval;
9. Unexpended appropriations lapse at fiscal year-end and must be reappropriated in the following year;
10. Formal budgetary integration is employed as a management control device during the year;
11. Budgets are adopted on a basis consistent with generally accepted accounting principles (except that AMP budgets capital asset outlays as current year expenditures); and
12. AMP may budget debt principal repayments, reserve funding, capital projects, and other activities requiring cash outlays, as current year expenditures.

During development of the budget, staff shall give consideration to the following information and shall balance the needs of each operating unit:

1. Customer activity including usage estimates by major categories;
2. Revenue estimates and rate adjustment impacts;
3. Staffing level, pay scale adjustment, benefits, overtime percentage, fund allocation;

4. Cost of planned service contracts, new service requirements, planned City allocations, and any planned marketing activity including revenue reduction activity;
5. Material for Inventory, material issued from inventory, and close-out of continuing work;
6. Non-operating adjustments including reserves, debt service, City Transfers, interest, etc.;
7. Capital Equipment planned to be purchased during the fiscal year;
8. Capital Project work planned to be performed during the fiscal year;
9. Mandated reporting and compliance costs; and
10. Power purchase and reserve funding needs.

FINANCIAL IMPACT

None.

LINK TO STRATEGIC PLAN AND METRICS

Business Resiliency: AMP must maintain its competitiveness and financial performance by utilizing its sustainable resources and through operational excellence.

Optimizing AMP's resources, organization, and business processes is fundamental to meeting our customers' needs and maintaining our value in the community. Maintain rates at 15 percent or more below PG&E and 10 percent or more below local CCAs

EXHIBIT

- A. Resolution Approving a Budget Policy for Alameda Municipal Power with an effective date of July 1, 2021.

CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER

RESOLUTION NO. _____

**APPROVING A BUDGET POLICY FOR ALAMEDA MUNICIPAL POWER WITH AN
EFFECTIVE DATE OF JULY 1, 2021**

WHEREAS, the Public Utilities Board hereby finds that the following policy provides reasonable guidelines for the preparation of the fiscal year budget; and

WHEREAS, the Public Utilities Board desires to have thoughtful consideration and comment given to planned activities for the fiscal year by both the public and staff; and,

WHEREAS, it is the objective of the Public Utilities Board to reasonably determine the expected revenue and expenses for the fiscal year.

NOW THEREFORE BE IT RESOLVED that the Public Utilities Board hereby approves the following Budget Policy [to be effective July 1, 2021](#):

A. Objectives

A basic premise underlying Alameda Municipal Power's Budget Policy shall be to ensure that thoughtful consideration is given to planned activity, comments are solicited from both the Public and the Board, reasonable determination of revenue and expenses is undertaken by staff, and that budgetary integration is employed as a management control device within the accounting system.

Every two years, staff shall appropriately amend the Budget Policy and present the policy to the Board for their review and adoption during the budget approval period.

B. Budget Criteria

Alameda Municipal Power (AMP) shall follow these general procedures in establishing the budgetary data reflected in the financial statements:

1. Staff shall conduct an Annual Planning Workshop to consider activities that have been completed, activities that are in progress, and activities that must be undertaken to accomplish goals and objectives;
2. Staff shall conduct a Board Planning Workshop on finance & budget to present a) specific work plans to be implemented in upcoming fiscal years to accomplish goals and objectives, b) draft revenue and expense projections, and c) financial impacts of the planned activity;

3. Staff shall submit to the Board a proposed operating budget for the fiscal year commencing the following July 1 which includes proposed expenditures and the means of financing them;
4. Ratepayer comments will be solicited during regular Board meetings;
5. The budget shall be legally enacted through passage of a resolution by the Board;
6. The General Manager shall be authorized to implement and manage the budget subject to the constraints inherent in or implied by the Budget Policy;
7. The General Manager shall be authorized to transfer budgeted amounts between divisions, sections, cost codes, and capital work activities, up to \$100,000 per transfer request. The General Manager may delegate this authority to the Assistant General Managers and Supervisors up to \$50,000 and \$10,000 respectively;
8. The General Manager shall assure that expenditures do not exceed budgeted appropriations at the fund level without prior Board approval;
9. The General Manager shall assure that new projects/Capital Work greater than \$75,000 are approved by the Board and shall not be substituted with budgeted projects/Capital work.
10. Unexpended appropriations shall lapse at fiscal year-end and may be reappropriated in the following year if needed;
11. Formal budgetary integration shall be employed as a management control device during the fiscal year;
12. Budgets shall be adopted on a basis that is consistent with generally accepted accounting principles (except that AMP budgets capital asset outlays as current year expenditures); and,
13. AMP may budget debt principal repayments, reserve funding, capital projects, and other activities requiring cash outlays, as current year expenditures.

C. Budget Development Guidelines

During development of the budget, staff shall give consideration to the following information and shall balance the needs of each operating unit:

1. Customer activity including sales estimates by major categories;
2. Revenue estimates and rate adjustment impacts;
3. Staffing level, pay scale adjustment, benefits, overtime percentage, fund allocation;
4. Cost of planned service contracts, new service requirements, planned City allocations, and any planned marketing activity including revenue reduction activity;

5. Material for Inventory, material issued from inventory, and close-out of continuing work;
6. Non-operating adjustments including reserves, debt service, City Transfers, interest, etc.;
7. Capital Equipment planned to be purchased during the fiscal year;
8. Capital Project work planned to be performed during the fiscal year;
9. Mandated reporting and compliance costs; and
10. Power purchase and reserve funding needs.

D. Reports of Budget Activities

Staff shall report to the Board monthly on the status of Budget activity in the Financial & Operating Report.

Approved as to Form

By: /S/
Alan M. Cohen
Assistant City Attorney