



Board Policy No. 324

Revenues and Grants

ADOPTED: 04/1992

RECENT AMENDMENT: 9/14/22

SEE ALSO: N/A

SUBJECT CATEGORY: SECTION 300, FINANCE

SUBSECTION: OPERATING BUDGET, RESERVES, REVENUE AND CAPITAL

CONTROL DEPARTMENT: FINANCE

I. PURPOSE

This purpose of this policy is to document the requirements for acquiring, administering, and expending revenues and grants. The District's primary sources of revenue are all either sales taxes, parcel and property taxes, or inter-governmental grants and payments. It is essential that the District follow the proper application, reporting, accounting, and expenditure eligibility requirements of its revenue and grant funds.

II. PERSONS AFFECTED

The Finance Department has primary responsibility for the processing of revenues and grants, but all departments are affected by this policy. Staff of any department working on projects or initiatives funded by specific revenue sources must be aware of the requirements and restrictions of that funding source.

III. DEFINITIONS

None

IV. POLICY

A. One-Time Revenues:

The District shall avoid dependence on bond financing to fund on-going operations. One-time revenues shall be used only for one-time expenses or to fund District Reserves, or to repay outstanding debt. When fund balances are greater than budget estimates, it should be considered one-time resources and shall not be used to fund on-going expenses.

B. Investments:

Investments made by the District are covered under Board Policy No. 349. If a revenue or grant has specific investment requirements, they will take precedence over District policies if there is a conflict.

C. Inter-Governmental Grants:

Inter-governmental grants shall be used for only the projects or initiatives covered in the scope of the grant. Capital grants in particular shall be used to finance only those capital improvements consistent with District plans. Current District plans that apply are the Capital Improvement Plan (CIP), Short-Range Transit Plan, Clean Corridors Plan, Major Corridors Plan, Zero Emission Bus Transition Plan, and/or Facilities Utilization Plan as approved or amended by the Board of Directors. All grant applications should be consistent with the District's Strategic Plan.

D. Board Approved Grant Applications:

To ensure that grant funding is consistent with the priorities and financial capabilities of the District, the Board of Directors must approve all grant applications through the agenda process, except for projects in the current CIP or annual Capital Budget which the Board has already approved or grant applications that require specific Board action. Staff reports for grant applications must include a discussion of what project alternatives staff considered for the grant funds. Staff will inform the Board of all grants the District applied for and received quarterly in the General Manager's Report.

E. Grant Management:

The Chief Financial Officer and the Grant Manager shall maintain a system of grant control to ensure that the District maintains a proper grant inventory and associated information records. The system should establish a strategy to align the short-term and long-term capital priority process with grant cycles.

F. Current Expenditures are Budgeted with Current Revenues:

The District shall not budget recurring expenses in excess of revenues it expects in the same fiscal year. Any increase in expenditures or decrease in revenues that results in a budget imbalance will require cost cutting and/or revenue enhancement. The District shall avoid the use of one-time funding for ongoing operations.

G. Revenue Projections:

The District shall use an objective and analytical process to make revenue projections. In cases of economic uncertainty, conservative projections will be utilized. It is fiscally prudent to budget revenues conservatively, using the lower end of the expected range.

H. Maintain a Diversified and Stable Revenue Base:

To the extent possible, the District shall pursue a diverse and stable revenue base. It is in the District's best interest to have economic development policies that encourage a more diverse revenue base.

I. Pass-Through Funding Agreements:

The following rules shall guide the Board in entering into pass-through agreements:

1. Agreements for the pass-through of funding for projects or programs may be considered for State and Local funds rather than Federal Transit Administration funds to limit administrative burden.
2. Federal Transit Administration funds can be considered in special cases with limited funding options, but only upon staff confirmation that the sub-recipient agency is fully able to comply with federal regulations.
3. Projects covered shall not compete with or oppose existing or planned District projects. Services covered shall not be operated by others if the District can operate the service.
4. To limit District liability, pass-through funding for projects and programs will only be considered on a case-by-case basis for government agencies such as cities and counties. Non-profit and private organizations are not eligible for pass-through funding.
5. The District shall request up to 10% of the funding to offset the administrative costs of the agreement.
6. Staff will provide consideration for administration of the pass-through funding by other governmental agencies with existing resources and systems in place, such as Alameda County Transportation Commission or Contra Costa Transportation Authority.
7. Staff shall provide a legal analysis of pass-through agreements prior to submission for Board approval. All agreements shall contain non-negotiable terms that indemnify the District from: all legal liabilities associated with the project; covering project cost overruns; and providing funding in lieu of the stated funding source.
8. Staff shall provide assurances to the Board that the responsibilities associated with administering the agreement are within the capability of current resources.

V. AUTHORITY

A. Board Authority

The Board of Directors has the authority to:

- Approve applications for revenues and grants. All applications must go through the regular agenda process prior to submittal except for projects in the current CIP or annual

Capital Budget which the Board has already approved, or grant applications requiring specific Board action.

- Approve the signing of pass-through funding agreements.

B. General Manager's Authority

- The General Manager has the authority to sign and execute grant applications and funding agreements approved by the Board of Directors, and to assign signature authority to specific staff as necessary and prudent.
- The General Manager shall ensure that all grant applications go through the Board agenda process prior to submittal as defined in Administrative Regulation 101A.

VI. ATTACHMENTS

None