



DATE: December 11, 2017

TO: Transportation Authority of Marin Board of Commissioners

FROM: Dianne Steinhauser, Executive Director
Li Zhang, Chief Financial Officer

SUBJECT: Acceptance of Revisions to the TAM Financial Management and Accounting Procedures (Action) - Agenda Item No. 6b

RECOMMENDATION:

The TAM Board reviews and accepts the following recommended revisions to the TAM Financial Management and Accounting Procedures:

- Deletion of the Corte Madera Creek Bridge Fund on Page 2
- Increase of the meal reimbursement allowance on Page 6

BACKGROUND:

The TAM Financial Management and Accounting Procedures was originally developed and approved by the Board in June 2008. The policy has served TAM well and provided clear guidelines for all TAM financial activities. Periodic review of the policy has been conducted to ensure all components meet the requirement of current regulations/laws and to keep policies with current standards.

DISCUSSION/ANALYSIS:

Staff conducted a full review of the policy in November 2017 and would like to recommend the following two revisions to the current policy:

Deletion of the Corte Madera Creek Bridge Fund on Page 2

This fund accounts for a portion of the revenues and expenditures for the Central Marin Ferry Connection Project. As part of the Highway 101 Gap Closure Project implementation, the project sponsor, the Department of Transportation (Caltrans), needed to obtain a permit from the Bay Conservation and Development Commission (BCDC) to conduct some work within BCDC's jurisdiction. BCDC determined that the project had unavoidable impacts to resources under its purview and required certain mitigations as a condition to the issuance of a permit. A contribution in the amount of \$400,000 was made by Caltrans and deposited in this special fund as required by BCDC. The project was completed in May 2016 and all funds were fully spent by June 30, 2016. Therefore, staff is recommending the deletion of this special fund from the Financial Management and Accounting Procedures.

Increase of the meal reimbursement allowance on Page 6

The meal reimbursement allowance in the Financial Management and Accounting Procedures is \$10.00 for breakfast, \$15.00 for lunch, and \$25.00 for dinner. The allowance hasn't reviewed and increased since the initial adoption of the policy in June 2008. Due to cost increase over the years and the high-cost of many of the business travel destinations, staff recommends that the TAM Board approves the increase of the meal reimbursement allowance to \$15 for breakfast, \$20 for lunch, and \$35 for dinner. Receipts are required for all meal reimbursements and alcohol consumptions are not allowed.

FISCAL CONSIDERATION:

The increase of the meal reimbursement allowance has very minimal impact on the agency's financial picture.

NEXT STEPS:

New Revisions will be effective once approved by the TAM Board.

ATTACHMENTS:

TAM Financial Management and Accounting Procedures with Revisions Highlighted

TRANSPORTATION AUTHORITY OF MARIN

Financial Management and Accounting Procedures

Originally Adopted June 2008

1st Revision December 2010

2nd Revision June 2011

3rd Revision January 2012

4th Revision April 2016

5th Revision December 2017

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TABLE OF CONTENT

SECTION 1. GENERAL INFORMATION 1

A. ORGANIZATION BACKGROUND..... 1

B. BASIS OF ACCOUNTING 1

C. GOVERNMENTAL FUNDS..... 2

D. FUND BALANCE 3

E. INTERNAL CONTROL..... 4

F. RECORDS AND REPORTS 4

SECTION 2. REVENUES 4

A. GRANTS..... 4

B. FEES AND CHARGES..... 4

C. LOANS 4

D. INVOICING AND ACCOUNTS RECEIVABLE..... 4

E. RECEIPTS..... 4

SECTION 3. EXPENDITURES 5

A. STAFF REIMBURSEMENT 5

B. CELL PHONE POLICY..... 7

C. INVOICES PROCESS 8

SECTION 4. FIXED ASSETS 9

A. GENERAL..... 9

B. CAPITALIZATION 9

C. NON CAPITALIZED ITEMS 10

D. INVENTORY NUMBERING..... 10

E. ANNUAL PHYSICAL INVENTORY..... 10

F. EQUIPMENT CLASSIFICATION..... 10

SECTION 5. INDIRECT COST ALLOCATION PROPOSAL 10

SECTION 6. REQUISITION, PURCHASING AND CONTRACTING PROCEDURES ... 10

A. RESPONSIBILITY AND CONTROL..... 11

B. REQUISITION, PURCHASING AND CONTRACTING PROCEDURES..... 11

C. CONTRACT PREPARATION AND ADMINISTRATION..... 14

SECTION 7. BUDGET ADMINISTRATION..... 14

A. ANNUAL BUDGET, NOTICE, HEARING, AND ADOPTION..... 14

B. PROGRAM/PROJECT BUDGETS..... 14

C. BUDGET AMENDMENT..... 15

SECTION 1. GENERAL INFORMATION

A. Organization Background

On March 2, 2004, the Marin County Board of Supervisors created the Transportation Authority of Marin (TAM) by Resolution No. 2004-21, pursuant to Section 180050 of the California Public Utilities Code ("PUC"). As required by California PUC Section 180051(a) and California Government Code Section 65089(a), a majority of City and Town Councils of Marin County, representing a majority of the incorporated population of Marin, have also concurred on the membership of TAM and designated TAM as the Congestion Management Agency (CMA) for Marin County.

TAM's responsibilities include the development and administration of the Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004. With the passage of Measure A, TAM now manages the implementation of the transportation projects and programs financed by the ½-cent, 20-year sales tax. TAM also administers the expenditure plan for Measure B, the \$10 Vehicle Registration Fee, approved by Marin voters in 2010. As the designated CMA for Marin County, TAM also provides countywide planning and programming for transportation related needs. TAM plays a leading role in the planning, financing and implementation of transportation projects and programs in Marin County. The TAM sixteen member governing board is comprised of representatives from each of the cities and towns in Marin County, and all five members of the County Board of Supervisors. A Technical Advisory Committee (TAC), made up of Public Works staff, other local government staff and representatives of diverse public and multi-modal interests prioritize infrastructure improvements under the Major Roads element of the local transportation sales tax Measure A, as well as recommends the appropriate deployment of crossing guards under the Measure A Safe Access to Schools element. A twelve member Citizens' Oversight Committee, made up of five representatives from the five planning areas and seven representatives from diverse interest groups in Marin County, report directly to the public on all issues related to the Expenditure Plan and sales tax use. A Bicycle-Pedestrian Advisory Committee advises on the prioritization of Transportation Development Act Article 3 funds programmed to projects, as well as regional bicycle pedestrian program funds.

B. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when "measurable and available." TAM considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as

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other financing sources.

Those revenues susceptible to accrual are sales taxes, grants and interest revenues. Charges for services are not susceptible to accrual because they are not measurable until received in cash. Non-exchange transactions, in which TAM gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TAM may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. TAM's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

C. Governmental Funds

TAM currently has five governmental funds, as listed below:

Operating Fund

This fund accounts for revenues and expenditures for TAM's congestion management activities, primarily the local planning and programming work elements. Major revenue sources for this fund are various regional and state programmed revenues with the exception of Transportation Funds for Clean Air (TFCA).

BAAQMD/TFCA Fund

This fund accounts for revenues and expenditures for the TFCA capital grant TAM receives from the Bay Area Air Quality Management District (BAAQMD). The purpose of the TFCA grant is to fund capital improvements that can contribute to the improvement of air quality, and studies related to the monitoring of air quality control. A discrete amount of TFCA is available for management of the local program.

Measure A Half-cent Transportation Sales Tax Fund

This fund accounts for revenues and expenditures for the projects and programs set forth by the voters in TAM's Transportation Sales Tax Expenditure Plan, approved by Marin voters in November 2004, and further described in the TAM Measure A Strategic Plan, initially adopted in June 2006.

Corte Madera Creek Bridge Fund

~~This fund accounts for a portion of the revenues and expenditures for the Central Marin Ferry Connection Project. As part of the Highway 101 Gap Closure Project implementation, the project sponsor, the Department of Transportation (Caltrans), needed to obtain a permit from the Bay Conservation and Development Commission (BCDC) to conduct some work within BCDC's jurisdiction. BCDC determined that the project had unavoidable impacts to resources under its purview and required certain mitigations as a condition to the issuance of a permit. A contribution in the amount of \$400,000 was made by Caltrans and deposited in this special fund as required by BCDC. This funding is reserved for the Central Marin Ferry Connection Project, which is expected to enhance public access to the San Francisco shoreline. This fund was transferred from the Marin~~

~~Department of Public Works to TAM in FY 2006-2007 and will be fully spent and closed by June 30, 2016.~~

Measure B \$10 Vehicle Registration Fee Fund

This fund accounts for revenues and expenditures for the projects and programs set forth by the voters in the Measure B Vehicle Registration Fee Expenditure Plan, approved by Marin voters in November 2010, and further described in the TAM Measure B Strategic Plan, initially adopted in July 2011.

D. Fund Balance

Fund balance is essentially the difference between the assets and liabilities reported in all TAM's funds. There are five separate components of fund balance, each of which identifies that extent to which TAM is bound to honor constraints on the specific purposes for which TAM's funds can be spent. Each of TAM's funds identified in Section C. Government funds may have all or only some of the five components of the fund balance. The five components that are defined by GSAB Statement No. 54 are:

Non-spendable Fund Balance

This is the portion of a fund balance that includes amounts that cannot be spent because they are either (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment. This category was traditionally reported as a "reserved" fund balance under the old standard.

Restricted Fund Balance

This is the portion of a fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. This category was traditionally reported as a "reserved" fund balance under the old standard.

Committed Fund Balance

This is the portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, and remains binding unless removed in the same manner. This category was traditionally reported as a "designated" fund balance under the old standard.

Assigned Fund Balance

This is the portion of a fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent needs to be established at either the highest level of decision making, or by an official designated for that purpose. This category was traditionally reported as an "undesignated" fund balance under the old standard.

Un-assigned Fund Balance

This is the portion of a fund balance that includes amounts that do not fall into one of the above four categories. The General Fund is the only fund that should report this category of fund balance. This category was traditionally reported as an "undesignated" fund

balance under the old standard.

E. Internal Control

TAM shall organize and assign work duties and responsibilities so that no single employee performs a complete accounting cycle. In addition, established procedures shall require proper authorizations by designated officials for all actions taken.

F. Records and Reports

TAM shall keep and maintain complete and accurate financial records and prepare required reports in accordance with the uniform system of accounts and records, adopted by the Controller of the State of California.

SECTION 2. REVENUES

A. Grants

It shall be the responsibility of each grant manager to prepare applications for applicable federal, state and regional funding grants and to make new and additional applications from time to time, as appropriate.

B. Fees and Charges

Moderate fees are assessed to Cities/Towns and the County of Marin based on population and lane mileage maintained in each jurisdiction. The purpose of the fee is to cover some of the transportation planning, programming and funding assistance TAM provides to the local jurisdictions. TAM reserves the right to assess the fee charged and adjust the fee according to service level and inflation factors. The Board shall retain approval authority with respect to the establishment and amount of fee.

C. Loans

TAM may acquire the funds necessary to meet cash flow needs of various projects/programs by means of loans from either public or private entities. All loans shall be approved by the TAM Board.

D. Invoicing and Accounts Receivable

Unless otherwise stipulated by contract or necessity, TAM shall maintain its accounts receivable and invoice the accounts on a monthly or quarterly basis. The TAM Board shall approve all amounts determined to be uncollectible and written off.

E. Receipts

The Accounting and Administrative Specialist is responsible for keeping tracking of all account receivables and run monthly report from the MIP system. All cash receipts shall be processed in accordance with the following procedures:

E1. *Mail Receipts*

1. Checks received by mail shall be recorded into the check log sheet by the Administrative Assistant and immediately channeled to the Accounting and Administrative Specialist after that. Supporting documentation accompanying a check or warrant shall be stamped with the date of receipt.

2. The check shall be logged into the MIP financial system with the segment codes. Supporting documentation accompanying a check or warrant shall be scanned and attached to the account receivable transaction.
3. Printout of the MIP cash transaction as well as photocopy of the check will be channeled to the Chief Financial Officer for review.
4. If the check cannot be scanned or taken to the Bank of Marin for deposit the same day it is received, it will be locked in a safe box either in the office of the Chief Financial Officer or in a safe box in the Accounting and Administrative Specialist's work space. At no time shall cash or checks be left unattended in an unsecured location.

E2. EFT (Electronic Funds Transfer) payments

1. EFT payments received should be immediately recorded into MIP by the Accounting and Administrative Specialist once the email notification or bank transaction report is received. Correct segment codes should be assigned. Supporting documentation accompanying the EFT should be scanned and attached to the MIP transaction.
2. Printout of the MIP EFT transaction as well as photocopy of the check will be channeled to the Chief Financial Officer for review.

SECTION 3. EXPENDITURES

A. Staff Reimbursement

A1. Definitions

Eligible claimants for reimbursement of authorized expenses include TAM Board Members and contract employees. Authorized expenses means those expenses as described in this procedure incurred by eligible claimants directly connected with authorized TAM business, travel, meetings, conferences, and training eligible for reimbursement. Authorized TAM business, travel, conferences, meetings, and training means any activities which have received specific authorization as described in this policy.

A2. Authorized expenses

The following expenses shall be eligible for reimbursement in connection with authorized TAM business, travel, conferences, meetings and training.

1. Mileage – Mileage is defined as the use of a private automobile for TAM business, travel, offsite meetings, conferences and training. Mileage reimbursement is meant to cover only those miles incurred above and beyond the employee's normal commute from home to his/her regular work location. Along with the mileage reimbursement, the employee must provide a map log showing the total mileage for the trip, less the normal commute distance to and/or from work if applicable. If the travel time falls on a weekend and/or holiday, the mileage may be measured between employee's

home location and the site of business travel. The rate of reimbursement shall be the rate in effect at the time as established by the Internal Revenue Service. TAM contract employees or officials who receive an automobile allowance are not eligible for mileage reimbursement.

All contract employees or officials using a private automobile for authorized TAM business are required to have automobile insurance in compliance with State law. Employee's or official's own insurance company shall be responsible for responding to any claim made against the employee or official in connection with the driving of a private automobile on TAM business.

2. Air travel – Air travel is defined as air transportation in connection with authorized TAM business, travel, meetings, conferences and training. Governmental or group rates offered by the meeting or conference organizers shall be used when possible. In all other cases, economy or coach fares will be the rate eligible for reimbursement.

3. Lodging – Lodging is defined as overnight lodging in connection with authorized TAM business, travel, out-of-region meetings, conferences and training. Where the conference, training, or out-of-region business meeting is held in a hotel, the group rate at the establishment, when available, shall be eligible for reimbursement. In other instances, claimants shall seek reasonable, economical, comfortable, safe and secure lodging, which shall be eligible for reimbursement. Government rates shall be utilized when available. The Executive Director or his/her designee reserves the right to determine which lodging is reasonable, economical, comfortable, safe and secure, following guidelines of the U.S. General Services Administration (GSA).

4. Meals – Meals are defined as those meals in connection with authorized TAM business, meetings, conferences and training. Reimbursement rates shall be for actual expenditures ~~(receipts required)~~ in an amount not to exceed \$70 for three meals in a day, with \$150.00 for breakfast, \$205.00 for lunch and \$325.00 for dinner. In the case that employee is eligible for reimbursement for all three meals during the day, the reimbursement is only subject to the daily limit. Receipts are required for all meal reimbursement requests. -as amended from time to time by the TAM Board. Staff can also claim up to \$5 without receipt for all services fees/tips, including but not limited to baggage carriers, bellhops, skycaps, hotel maids, waiters/waitresses, taxi and limousine drivers. Reimbursement for expenses higher than the established rates for banquet meals at authorized conferences, professional meetings or training, or special events or functions may be eligible for reimbursement, to be determined on a case-by-case basis. Expenses associated with the consumption of alcohol are not eligible for reimbursement.

5. Conference and Training Fees – Defined as fees required for registration and related costs for authorized TAM conferences and training.

6. Miscellaneous – The following miscellaneous expenses are also eligible for reimbursement:

- Transit fares, bridge tolls (in excess of daily commute rate when applicable), travel to and from the airports or conference/meetings and parking for authorized TAM business, travel, meetings, conferences and training.

- Food, beverages (non-alcoholic) and kitchen supplies in support of authorized TAM business or meetings;
- TAM business related Internet access charges and printing and copying charges incurred while at an authorized TAM meeting (off-site), conference, training or special event or function;
- Memberships in relevant professional organizations as approved by the Executive Director or his/her designee;
- Any other authorized TAM business expenses less than \$50, as approved in advance by the Executive Director or his/her designee.

A3. *Expense Reimbursement Procedure*

1. Within Region Cost Reimbursement:

No advance approval is required for within regional reimbursement, provided that expenses are reasonable, TAM business related, and covered under A2. Authorized Expenses.

A Within Region Reimbursement Form along with original receipts is required for all claims. Some requests such as mileage and bridge toll paid with FasTrak do not require submittal of receipts. Some requests, such as reimbursement of expenses to provide food and beverages at TAM meetings are required to have approval in advance by the functional manager who directed that these be provided.

2. Out of Region Reimbursement:

All expenses described in this section must be included in TAM's Annual Budget. Attendance at out-of-region, TAM business related meetings, conferences and special events also must be specifically and separately approved in advance by the Executive Director or his/her designee.

An approved Out of Region Travel Authorization and Claim Form is required for all reimbursement claims. Each reimbursement request must be accompanied by the prior authorization and the original receipt(s) for the expenses being claimed. Failure to submit the necessary receipts may result in denial of the reimbursement claim.

3. Approval

All reimbursement requests submitted by TAM contract employees shall be reviewed for approval by the Executive Director or his/her designee. The Executive Director or his/her designee reserve the right to question and deny expense items that cannot be proved to be business-related or the cost amount is not reasonable. Reimbursement requests by the Executive Director shall be reviewed for approval by the Chair of the TAM Board.

4. Process

Once the reimbursement request is approved, the Accounting and Administrative Specialist and the Chief Financial Officer will process the request and a check will be issued within 15 days.

B. Cell Phone Policy

All managerial positions at TAM, are eligible to utilize the agency cellular phone service.

TAM is under a governmental agency plan with Verizon Wireless and all TAM business lines are under the Verizon plan to minimize the usage cost. A SMART phone will be provided to eligible employees. Employees have the option to select a SMART phone that meet their daily work needs. Cost of the phone shall not exceed \$300, not including applicable tax and fees. When deemed necessary, with the approval of the Executive Director and/or the Chief Financial Officer, a SMART phone more than \$300 can be purchased. An upgrade of the SMART phone device can be requested every two years if such upgrade is deemed necessary for work efficiency.

With the exception of the Executive Director, who is on a flat rate unlimited minutes plan, all other eligible TAM employees are under the consumption plan. A 6 cent per minute charge will be applied to all calls places during the peak hour period, which is 6am to 9pm, Monday to Friday. TAM cell phones must be used primarily for business purpose and personal usage is restricted. If the employee uses the TAM cell phone for non urgent personal use during the peak time period, he/she is required to note those usages on the monthly bill and reduce the costs of the calls from his/her monthly expense reimbursement request. The same requirement will be applicable if the employee use the agency phone for personal text/picture/video messaging and incur extra costs to the agency.

If deemed necessary, with the approval of the Executive Director and/or the Chief Financial Officer, a non-managerial employee can be reimbursed for using his/her personal cell phone for TAM business. Based on the necessary data and voice usages required, the employee can be reimbursed up to \$40 monthly. TAM reserves the right to evaluate the business usage as a share of the employee's overall data and voice usage and adjust the amount allowed annually.

C. Invoices Process

While processing invoices, TAM staff shall act according to the guidelines below. Invoices should be processed and paid within thirty days upon receiving, or according to the specific terms in the contract with the vendor, whichever is shorter.

- C1. Upon receipt of the invoice, the Administrative Assistant or the Accounting and Administrative Specialist should stamp "date received" and distribute the invoice to the project/contract manager for review and approval.*
- C2. The project/contract manger shall review the invoice for accuracy and make sure the charges are consistent with contract scope and requirements, and ensure the amount is within budget. The project/contract manager should then assign the appropriate segment codes to the invoice and enter it in to the Microix Workflow system. The project/contract manager should review and process the invoice within 14 business days upon receipt.*
- C3. The Accounting and Administrative Specialist shall approve the invoice authorized by the Project/Contract Manager in Microix Workflow and release it for the review and approval of the Chief Financial Officer. The Accounting and Administrative Specialist should approve the invoice in Macroix Workflow within 5 business days.*

C4. *The Chief Financial Officer reviews the invoice for completeness, accuracy, and verifies the segment codes. She/he then approves the invoice in Microix Workflow and releases it for posting into MIP by the Accounting and Administrative Specialist. The Chief Financial Officer should process the invoice within 7 business days.*

C5. *The Chief Financial Officer is authorized to sign all checks equal or under \$100,000. If the amount is more than \$100,000, signatures of both the Chief Financial officer and the Executive Director are required.*

C6. *A check will be cut and sent to the vendor after the approval of the Chief Financial Officer. In the case that the vendor chooses to use EFT, the payment will be sent to his/her designated bank directly.*

C7. *The Accounting and Administrative Specialist and/or the Chief Financial Officer should run monthly reports to review and validate all transactions, conduct bank reconciliation, and make timely adjustments if necessary.*

SECTION 4. FIXED ASSETS

A. General

Fixed Assets shall be defined as those items of tangible property which are of significant value or which have a useful life of at least one fiscal year. The primary purpose of accounting for fixed assets shall be as follows:

- A1. *To safeguard and track investments;*
- A2. *To assign custodial responsibility;*
- A3. *To aid in scheduling future asset retirement and acquisition;*
- A4. *To supply financial reporting data;*
- A5. *To assure compliance with applicable local, state and federal requirements*

B. Capitalization

Individual inventory records shall be established and maintained in accordance with the following capitalization policy:

Items of equipment shall include tangible property that is movable or detachable without causing impairment to the units to which they are attached and have a unit value of \$5,000 or more, and a useful life of one year or more.

Unit value shall be set at an amount equal to the original cost of acquisition, plus any costs associated with bringing the asset to an operating or useful condition. Such costs include, but are not necessarily limited to, taxes, freight, installation, testing and related costs. In cases where an asset has been acquired by gift or other means by which costs are not readily available, cost shall be established using an estimate of fair market value at the time of donation.

C. Non Capitalized Items

For purposes of administrative control, items that meet neither the value nor useful life criteria set forth in the above "Capitalization" paragraph, but have a useful life of one year or more and a value of \$100 or greater, shall be maintained on an inventory list as non-capitalized memorandum entries.

D. Inventory Numbering

All TAM owned equipment shall be tagged or marked with an inventory serial number for proper identification and control. If it is deemed inappropriate or impractical to affix such a tag to an inventory item(s), stenciling "TAM" in a prominent location shall mark each such inventory item.

E. Annual Physical Inventory

The Chief Financial Officer shall be responsible for conducting an annual physical inventory of all items in the possession of TAM at the close of each fiscal year. Said inventory shall be conducted as follows:

Equipment List: A list of all equipment in the fixed asset account group shall be prepared. The list shall be used to verify the existence and location of each item contained therein.

Verification Witness: A second employee, the attester, shall be selected to accompany the Chief Financial Officer in locating and verifying the presence of each item on the inventory list.

Documentation: Both the Chief Financial Officer and attester shall approve the annual physical inventory by attaching their signatures to the inventory list.

F. Equipment Classification

Equipment shall be classified as follows:

Office Furnishings: Desks, chairs, filing cabinets, tables, partitions, lamps, bookcases, sofas and similar items.

Office Equipment: Personal computers, calculators, copiers, tape recorders, cameras, video machines, fax machines, cellular phones, typewriters, word processors, printers, lettering machines, televisions, and similar items, slide projector and screen, and similar items.

SECTION 5. INDIRECT COST ALLOCATION PROPOSAL

In order to provide for the reasonable and consistent allocation or distribution of costs to its myriad funding programs, TAM shall develop and maintain an Indirect Cost Allocation Proposal and send to the California Department of Transportation for approval annually. This plan shall be designed in accordance with OMB Circular A 87 and set forth in writing.

SECTION 6. REQUISITION, PURCHASING AND CONTRACTING

PROCEDURES

A. Responsibility and Control

A1. General Responsibility

Except as otherwise specified, the Executive Director or the Chief Financial Officer is authorized to approve all purchases and shall be responsible for all purchases of and contract execution for materials, supplies, furnishings, equipment and services required by TAM in the performance of daily operations and in support of special circumstances and events such as, but not limited to any special workshops or events. The Executive Director or the Chief Financial Officer reserves the right to assign the purchase of everyday office supplies to his/her designee, such as the following office assistants: the administrative Assistant, the Accounting and Administrative Specialist or the Executive Assistant.

A2. Expenditure Control

Once the Board has adopted the Annual Budget, it shall be considered the controlling documentary plan of expenditures. As such, purchases and acquisitions shall be processed within the limitations established by the amount of budgeted resources allocated to each object classification by the Board.

B. Requisition, Purchasing and Contracting Procedures

B1. Purchase Orders and Requisition of Supplies

The following procedures will be used: First, check with the responsible office assistant to determine if the item needed is in stock. If the item is in stock, the responsible office assistant will obtain it and deliver it. If the item is not in stock, and is needed immediately, the responsible office assistant will order the necessary items in a manner and amount most cost-effective for the business conducted on the premises. The Chief Financial Officer will review the purchase of necessary general office supplies on a regular basis.

If the item can be purchased through an existing "open" account, the responsible office assistant will place the order. If the item(s) must be ordered from another vendor, the Accounting and Administrative Specialist will prepare a purchase order for the item. It will be the responsibility of the Accounting and Administrative Specialist to maintain the purchase order number log which will include the following information: purchase order number, staff person requesting the item, description of the item(s), vendor, date purchased and received and purchase price. The purchase order will then be sent to the Chief Financial Officer for approval.

After the purchase is made, receipts and packing slips will be returned to the responsible office assistant. The responsible office assistant will inspect all merchandise. If the order is incomplete or unacceptable the responsible office assistant will take steps to clear up any discrepancies. The receipt will then be channeled to the Accounting and Administrative Specialist.

With the prior approval of the Executive Director or the Chief Financial Officer an employee may purchase the item and be reimbursed for the cost by including the item on his/her expense sheet.

B2. Bidding Procedures

Pursuant to Section 180154 of the California Public Utilities Code, any purchase of

services, supplies, equipment and materials in excess of ten thousand dollars (\$10,000) shall be awarded to the lowest responsible bidder after competitive bidding, except in an emergency declared by TAM. If, after rejecting bids received, TAM determines and declares that, in its opinion, and it finds that the service, supplies, equipment or materials may be purchased at a lower price in the open market, TAM may proceed to purchase these services, supplies, equipment or materials in the open market without further observance of provisions regarding contracts, bids or advertisements consistent with the contract procedures adopted by TAM.

For competitive bids, a Notice Inviting Bids will be prepared. The Notice and the Instructions to Bidders will be sent to vendors who have expressed an interest in being considered for competitive bids.

For purchases that are estimated to be \$10,000 or less, the Executive Director will make the award determination based on a combination of the lowest price and the quality of the product.

For purchases that are estimated to be over \$10,000 TAM staff will review the proposals, rank all the bids based on the price and quality of the product and make a recommendation to the TAM Board. The Board will review the staff recommendations and make a determination to award the contract. The Board may authorize the Executive Director to execute contracts that fall within an approved maximum bid.

In those instances where only one bidder responds to an RFP, an award can be made to that bidder if it meets the requirements of the RFP, or the requested item(s) may be re-advertised.

In those instances where a bidder has a particular product currently used by TAM, or where it is important to maintain consistency or a particular level of service, an award of a contract can be made to a designated single bidder.

Any requests to award on the basis of sole source shall be documented as to the circumstances that support the award.

B3. Professional Consultant Selection Procedure

The purpose of this policy is to establish an open, fair and competitive process for selection of qualified professional consultants to perform work for TAM. In general, for any contract expected to exceed \$25,000 the TAM Board will award the contract to the successful bidder. For contract of \$25,000 or less, the TAM Board has given the Executive Director the authority to award the contract.

For all work estimated to be more than \$25,000, a formal Requests for Proposals (RFP) or Requests for Qualifications (RFQ) is required, with the exception of professional engineering services related to a major capital project. For any engineering services costing in aggregate no more than \$100,000 per contract, TAM has the option of using a relatively simple and informal method of procurement. All RFPs/RFQs shall be submitted to the Executive Director for review and approval prior to distribution outside of TAM.

The RFP/RFQ will be issued to all qualified consultants, in TAM's Consultant File. The

RFP/RFQ will also be placed on the TAM web site.

TAM will take all reasonable steps to assure that disadvantaged business enterprises (DBE's) will have maximum opportunity to compete for and perform contracts.

B4. Consultant Mailing List

TAM will establish and maintain an up to date file of consultants or consulting firms who express an interest in being considered for retention by TAM. This file will contain the following:

- Name of firm or individual
- Address
- Telephone number
- Areas of expertise
- Contact person

B5. Evaluation of Proposals

A panel of persons technically competent to evaluate consultant proposals will be formed by the Executive Director or his/her designee. Proposal evaluation criteria will be established prior to the review of proposals. Members of the panel will evaluate each proposal independently for its responsiveness to the RFP and the evaluation criteria established for consultant selection. After independent review, the panel will meet to form a recommendation of firms to be interviewed, or if the interview is deemed unnecessary, a recommendation for selection. The evaluation panel's analysis of proposals will be documented.

B6. Contract Negotiations

Based upon advice from the evaluation panel, the interview panel, and the reference checks, the Executive Director shall select one consultant for contract negotiations. If negotiations are successful, the Executive Director shall approve a specific contract if the cost of work is estimated at \$25,000 or less. If the cost of the work is more than \$25,000, the Executive Director will recommend a specific contract to the TAM Board for approval. If negotiations are unsuccessful, the consultant initially selected for contract negotiations shall be so advised and contract negotiations will begin with the next most qualified consultant. This process will continue until a contact has been successfully been agreed upon or the recruitment process may be terminated.

B7. Documentation and Files

Upon approval of a specific contract, files will be maintained to document the selection. Proposals will be kept on file as required by funding agencies or until the contract has been successfully completed, which ever is longer. When possible, electrical copies of the proposals should be requested and be filed on the agency's network.

B8. Sole Source Consultant Agreements

In those instances where only one consultant responds to an RFP an award can be made to that consultant if it meets the requirements of the RFP or the process may be re advertised.

In the instances where a particular consultant has a particular expertise, is performing related work for TAM, or has other advantages that would result in a more timely or cost

effective completion of the necessary work, an award of a contract can be made to that consultant. The reasons for such an award shall be documented. The TAM Board must approve any sole source contract award over \$25,000.

C. Contract Preparation and Administration

The purpose of this procedure is to establish an effective and efficient way to prepare and administer contracts and/or agreements between TAM and a third party.

It will be the responsibility of the Project Manager assigned to the project to prepare a draft contract using the standard TAM contract. The Executive Director shall review the draft contract/agreement.

It shall be the responsibility of the Project Manager to monitor the progress of the work as performed by the consultant. The Project Manager shall be responsible for reporting to the Executive Director any discrepancies that occur between the performance of the task and the requirements of the approved contract.

It shall be the responsibility of the Chief Financial Officer to monitor the fiscal arrangements of the contract. The Chief Financial Officer shall ensure that all appropriate fiscal reports are completed and maintained in accordance with the terms of the contract and acceptable accounting procedures. In addition, the Chief Financial Officer shall maintain the official signed contract and any support material. Such files shall be kept until the project has been audited.

SECTION 7. BUDGET ADMINISTRATION

A. Annual Budget, Notice, Hearing, and Adoption

Each year no later than the Authority's June meeting, the Board shall adopt by motion the Annual Budget(s) for the ensuing fiscal year. Approval of a majority of the Commissioners shall be required for adoption of the Annual Budget thereto. In accordance with the California Utilities Code Section 180108, notice of the time and place of a public hearing on the adoption of the Annual Budget shall be published pursuant to Section 6061 of the California Government Code not later than the 15th day prior to the date of the hearing. A preliminary proposed annual budget shall be available for public inspection at least 30 days prior to adoption.

B. Program/Project Budgets

In addition to the Annual Budget, the Board may, by motion, establish Program budgets at any time for the study, implementation, or construction of any program/project or any portion thereof authorized as a program/project pursuant to the Expenditure Plan and Ordinance. Each program/project budget shall include all program/project costs specifically defined, including but not limited to the following:

- B1. *Estimated administrative expenses (in excess of those budgeted in the Annual Budget) allocated to the Program during planning and construction;*
- B2. *Estimated costs of studies and planning for the project or program;*
- B3. *Estimated project cost, including the estimated costs of the engineering, right of*

way acquisition, utility relocation, and permits, and construction or implementation of the program/project

C. Budget Amendment

In the event that overall total expenditures for the annual budget have to increase due to special circumstances, prior approval from the Board is required. The Executive Director shall submit a detailed request and justification to the Board. The request shall include supporting documentation and recommendations regarding the means for financing.

In the event that total expenditures within one or more category(ies) (Administration, Professional Services, etc.) are projected to be greater than the budgetary authority, a transfer of budgeted funds may be processed as long as sufficient savings can be identified for transfers to the category(ies) in need. The Executive Director shall be authorized to approve budget transfers among categories if the dollar amount is equal or less than 5% of the total budget authority of the category from which funds will be reduced. Any transfer among categories that is greater than 5% of the total budget authority of the category from which funds will be reduced must receive prior approval from the Board. The Executive Director shall be authorized to approve all budget transfers among line items within the same category. Any transfer related to Measure A funding, which is generally treated as a loan between Strategies or Sub-Strategies shall be effectuated according to the Policy and Procedures specified in the Expenditure Plan and currently adopted Strategic Plan.

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