

ARTICLE V – CHARTER

506. - Budget.

The Department of Public Utilities Manager shall formulate the proposed budget with the Board of Public Utilities for timely submission to the Council for adoption. The proposed budget shall include payments to be made to the County in lieu of the franchise fees and the taxes that would be normally assessed against privately owned gas and electric utilities. It shall also include a proposed Schedule of Funds which shall prescribe the necessary annual rates for funding from revenue the replacement reserves, extension reserves, and any other reserves required.

509. - Priority of Budgeted Expenditures.

In order that the Department of Public Utilities can plan and utilize its proceeds for the maintenance, improvement and extension of the utilities system before any part of such proceeds is diverted to general County purposes, all funds derived from the operation of the utilities shall be managed and expended in accordance with the following policies. From the proceeds of the operation of the Department:

1. There shall first be set aside the funds required for current operations.
2. There shall next be set aside the funds required to redeem and pay interest on any bond issue for the utility which shall become due and payable during the next fiscal year.
3. There shall next be provided an adequate reserve to finance replacements required by normal depreciation of the utility plant or equipment as provided in the Schedule of Funds. These reserves may not be used by the County for financing County operations.
4. There shall be paid to the General Fund those amounts set forth in the budget as payments to be made to the County in lieu of franchise fees and taxes that would be normally assessed against privately owned gas and electric utilities.
5. There shall next be a provision for additions and improvements foreseen as necessary to meet future requirements for the utility systems as provided in the Schedule of Funds.
6. All remaining operating profits shall be transferred to the County General Fund.

CHAPTER 40

Operating budget means a planning document including the schedule of funds and estimates of one or more years of proposed revenues and expenditures of the utilities systems and operation of the department including, but not limited to, commodities costs, salaries, maintenance, general and administrative expenses, materials and supplies, interest, payments in lieu of franchise fees and taxes normally assessed against privately owned gas and electric utilities, transactions required or governed by contracts to which the county is a party, including bond indentures, credit agreements and applicable stipulations, orders of any public commission or agency, and county ordinances, resolutions or motions.

Schedule of funds means a documented portion of the operating budget setting forth the manner in which operating revenues shall be placed in the replacement, additions and improvements, and other reserves as required by the Charter, bond ordinances and indentures adopted in accord with such bond ordinances, and the amounts to be placed in each fund.

Sec. 40-63. - Budget.

- (a) Generally. The board shall submit a proposed budget to the council for adoption in accordance with article V, sections 506 and 509 of the Charter. The annual budget shall be a complete financial plan for the ensuing fiscal year, consisting of an operating and a capital budget conforming to article V, section 509 of the Charter, and the items listed in subsection (c) of this section. Should the council fail to adopt the department's proposed budget on or before the start of the ensuing fiscal year, the latest approved budget of the department shall be the budget of the department until the council adopts a new budget for the ensuing fiscal year. Budget changes shall be recommended by the board to the council for consideration for approval.
- (b) Financial review. Prior to the end of the fiscal year, the board shall review the actual revenues and expenditures as submitted to it by the director and determine and recommend to the council the amounts to be classified as operating profit pursuant to article V, section 509 of the Charter. The amount recommended by the board to be classified as operating profits and any interest thereon shall be transferred, unencumbered at the end of the fiscal year, to the general fund. For revenue in excess of that budgeted as operating profits, the board may recommend such excess revenue for utility use. Excess revenue shall be deposited, with interest, in a separate account. No expenditures or transfers shall be made from this account until the recommendations of the board are acted upon by the council at a regular meeting. Final determination of the excess revenue shall be based upon the reconciliation of the department accounts according to the annual audit conducted by the independent certified public accountant. Any adjustment of the operating profit shall carry with it accrued interest thereon and must be acted upon by the council within 30 days of the audit completion and after consideration of the audit and board recommendations.
- (c) Budget items. The budget shall include, but not be limited to:
 - (1) A projection of revenues from commodity sales of each utility system by customer type, interest income, service fees and other sources;
 - (2) Reserve accounts required by the Charter, bond ordinances and bond indentures;
 - (3) A projection of normal expense for each utility system;
 - (4) A projection of funds required for each replacement and addition and improvement project and a statement of objectives and schedule for their completion;
 - (5) A projection of funds needed for contingencies;
 - (6) A schedule of funds in accordance with section 40-65;
 - (7) A capital-asset budget indicating new equipment associated with department projects;
 - (8) A projection of bond payments, redemptions and other transactions under the bond ordinance or indentures;
 - (9) A staffing schedule of the department showing the number of persons assigned to department projects and programs and changes therein for the fiscal year;
 - (10) A five-year plan update showing the status of the replacement and addition and improvement projects of the department;
 - (11) An amount for planning purposes for each fiscal year of at least five percent of the electric and gas utilities gross retail revenue and exclusive of that from the county and schools for commodities for their sole use, and an additional amount representing a percentage of the revenue from the Department of Energy, generated as a result of the Department of Energy/County Joint Power Pool Coordination Agreement, for transfer to the general fund as operating profits;

(12) The disposition of net county revenues, if any, generated as a result of economy energy sales, bulk power sales, or brokered power sales shall be governed by subsection (b) of this section.

- (d) Capital project program plan. In addition to items listed in subsection (c) of this section, the utilities board shall submit a capital project program plan which includes the following information concerning any planned capital project: program justification, funding sources, a proposed schedule and completion date, breakdown of elements into projected contracts with estimated costs; and other necessary financial information.
- (e) Plan approval. A capital project program plan approved by the council shall require no further council action aside from the normal consent calendar process except any contract costs or commitments which exceed, or are anticipated to exceed, the total original budget estimates.
- (f) Written notice. The utilities board shall provide notice, in writing, for its approval of any deviation from the capital project program plan to the council.

Sec. 40-65. - Schedule of funds.

The schedule of funds, and any amendment of the schedule, as proposed by the board, shall be referred to the council for consideration for adoption. The schedule of funds shall prescribe the necessary yearly funding of reserves for replacements, additions and improvements, and other reserves authorized by Charter, bond ordinances and bond indentures or other governing instrument and shall be consistent with the needs of the utilities systems. The replacement reserve shall cover (among other things) tools, equipment, vehicles and system replacements. The schedule of funds shall reflect separate reserve allocations for separate utility systems.