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BPC Policy No. 090

SUBJECT: TRANSFER BETWEEN OR WITHIN APPROPRIATED ITEMS IN BUDGET

PURPOSE: To establish a policy for the transfer of amounts between appropriated items in the budget in accordance with Section 86 of the San Diego Unified Port District Act (Act), as well as within appropriated items.

POLICY STATEMENT:

The Act requires the Board of Port Commissioners (Board) adopt an annual budget by ordinance. After the budget is adopted, circumstances may arise that require adjustments by way of transfers between appropriated items in the budget. The Act authorizes the Executive Director to request in writing to the Board for a transfer of amounts from one appropriated item to another in the budget. On the approval of the Board by a two-thirds vote, the Port Auditor will make the transfer. Furthermore, circumstances may arise that require adjustments by way of transfers within appropriated items in the budget. The Act does not set forth when such intra-item transfers require Board approval.

TRANSFER GUIDELINES:

1. Appropriated items are defined as broad categories of budgeted costs within each budget class as follows:

Ordinary Annual Expenses (Class):

Personnel Expenses (appropriated Item)

Non-Personnel Expenses (appropriated Item)

Expense Major Maintenance (appropriated Item)

Capital Outlay (Class):

Capital Improvement Program (CIP) (appropriated Item)

Technology Management Program (TMP) (appropriated Item)

Capital Major Maintenance (appropriated Item)

Equipment Outlay (appropriated Item)

*Clerk's Note: This document supersedes Clerk's Document No. 64142, and corrects the inadvertent omission of language approved by the Board on March 3, 2015.

Prior Indebtedness (Debt Service Principal) (Class)

The entire amount assigned to this class is the appropriated item.

2. The following rules shall be used to determine whether a transfer requires Board approval:

A. **Rules for All Transfers:**

- Individual transfer amounts may be made in a single transfer or multiple transfers if, in aggregate, they do not exceed the amount authorized.

B. **Rules for Transfers Between Appropriated Items or Classes:**

- A transfer between classes (e.g., amounts transferred between Ordinary Annual Expenses and Capital Outlay) requires Board approval.
- A transfer between appropriated items requires Board approval.

C. **Rules for Transfers Within Appropriated Items:**

- Applicable to all appropriated items except CIP, Expense Major Maintenance and Capital Major Maintenance:
 - Transfer of amounts within each appropriated item requires approval of the Executive Director.
- CIP (appropriated item):
 - Board approval is required for any transfers between CIP projects.
 - Transfer amounts between fiscal years within the 5-year CIP approved project budget, requires approval of the Executive Director with notification to the Board.
 - If the transfer amount exceeds the 5-year CIP approved project budget, Board approval is required.
- Capital or Expense Major Maintenance (appropriated items):
 - Transfer amounts to projects related to emergency, safety and health require approval of the Executive Director with notification to the Board.
 - All other transfers involving planned projects within Capital or Expense Major Maintenance require approval of the Executive Director for individual transfer amounts not in excess of \$175,000 with notification to the Board. If individual transfer amounts exceed \$175,000, Board approval is required.

Transfer amounts between projects within the approved MM program budget requires the approval of the Executive Director with notification to the Board.

If the transfer amount is greater than 10% of the 5-year MM approved project budget, Board approval is required.

...with a total project cost equal to or less than \$500,000 require approval...in aggregate exceeding \$1M annually.

- o All other transfers involving unplanned projects within Capital or Expense Major Maintenance require approval in compliance with BPC Policy No. 080 – Unplanned Work Consideration. Transfers involving unplanned projects with a total cost equal to or less than \$175,000 require approval of the Executive Director with notification to the Board. Board approval is required for transfers involving unplanned projects with total costs in excess of \$175,000, *or in aggregate exceeding \$500,000 per year.

3. To ensure compliance with auditing standards, when the Board approves a transfer, the Port Auditor shall make the Board-approved transfer with the understanding that if this activity becomes a part of the District's annual audit plan, it must be reviewed by a party independent of the Port Auditor.

RESOLUTION NUMBER AND DATE: 2015-138, dated October 21, 2015 (Supersedes BPC Policy No. 090, Resolution 2015-17, dated March 3, 2015; and Resolution 2013-109, dated June 11, 2013)

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