POLICY AND PROCEDURE

Subject: Developer Deposits	Index: Finance
	Number: 201-14
Effective Date: April 1, 2009	Prepared By: Finance & Administrative Services
Supersedes: N/A	Approved By:

1.0   PURPOSE:

To establish Policies and Procedures to direct personnel in the use, monitoring, and oversight of Developer Deposit accounts.

2.0   ORGANIZATIONS AFFECTED:

All departments and divisions.

3.0   REFERENCES:

Project Accounting Labor and Overhead Chargebacks Policy and Procedure #201-1-17
Accounts Receivable Policy & Procedure #201-6

4.0   POLICY:

4.1   All labor and related overhead incurred by City personnel in Planning, Engineering, Building, and Park Planning for Developer Deposit activities is to be charged to the respective Developer Deposit account per Policy 201-1-17.

4.2   Developer Deposit accounts must be funded by the Developer. No labor or third-party expenditures may be authorized by the Project Manager in advance of funding by the Developer unless approved by the City Manager or Assistant City Manager per Section 6.4.1.

4.3   All third-party invoices and related overhead for services associated with Developer Deposit activities are to be processed immediately to the respective Developer Deposit account.

4.4   It is the responsibility of the Project Manager to determine and maintain appropriate minimum balances in each Developer Deposit account.

4.5 The Project Manager may only authorize expenses up to the available balance of the Developer Deposit account.

4.6 In the event the minimum balance of a Developer Deposit account is not maintained, a letter requesting fund replenishment shall immediately be sent to the Developer and all work on the project shall stop until such replenishment is deposited. It is the responsibility of the Project Manager to determine and maintain the appropriate minimum balance(s) of Developer Deposit accounts.

5.0 DEFINITIONS:

5.1 **Developer** – for purposes of this Policy & Procedure shall mean any individual or entity which engages City staff, directly or indirectly, for a project, study, or related development activity, which is not funded by the City.

5.2 **Developer Deposit** – money placed on deposit with the City for development purposes. The deposit can be utilized for a variety of activities, including planning services, permits, inspection, plan review, master plan or site-specific plan updates, design services, feasibility studies, and construction costs.

5.3 **Labor Chargeback** – the monthly process of charging labor, benefits excluding medical insurance, and overhead to Developer Deposit accounts. The Labor Chargeback process is completed by Finance as part of the normal month-end closing process.

5.4 **Activity Entry** – the process of entering hours into the EDEN Payroll module related to projects worked on by City staff.

6.0 PROCEDURE:

6.1 **Establishment of a Developer Deposit**

6.1.1 A Developer Deposit account shall be established for the prepayment of expenses related to development review, conceptual planning, or any other planning or reviews deemed necessary by the City.

6.1.2 The Finance Division shall be responsible for issuing a project number for each Developer Deposit account.

6.1.3 Planning, Engineering, or Park Planning shall determine the initial amount of the Developer Deposit. Additional deposits shall be requested to replenish the Developer Deposit account based on actual costs incurred or changes to the scope of services necessary to complete the project funded by the Developer Deposit.

6.1.4 Planning, Engineering, or Park Planning shall designate a Project Manager for each Developer Deposit account.

6.2 Charges to Developer Deposit Accounts

6.2.1 Planning, Engineering, and Park Planning personnel shall track and report all time devoted to a Developer Deposit. Time shall be entered through the "Activity Entry" form in the EDEN Systems Payroll module.

6.2.2 All vendor, subcontractor, or third-party invoices shall be reviewed by the Project Manager; approved by the authorized Division Manager or designee; coded to the appropriate Developer Deposit project number; and a Request For Payment shall be submitted to the Finance Division for payment.

6.2.3 Invoices must be reviewed, approved, and submitted to the Finance Division within 15 working days of receipt by the Division Manager or designee.

6.2.4 The Finance Division shall process the monthly Labor Chargeback during the month-end closing process. All City personnel labor, benefits, and related overhead shall be applied to each Developer Deposit account with City personnel hours charged during the preceding month.

6.3 Developer Deposit Account Tracking and Maintenance

6.3.1 Finance shall make a monthly report available for all Developer Deposit account balances.

6.3.2 The Project Manager is responsible for the review and oversight of the Developer Deposit account balances on a routine basis.

6.3.3 If additional funding is required, as determined by the Project Manager, the Project Manager or designee shall communicate with the Developer to request additional funds.

6.4 Insufficiently Funded Developer Deposit Accounts

6.4.1 No work may be authorized for Developer Deposit activity in advance of funding by the Developer without prior written approval from the City Manager or Assistant City Manager.

6.4.2 All activity related to a Developer Deposit account determined to be insufficiently funded, per the review under Section 6.3.2 above, must cease immediately.

6.4.3 No permits may be issued for a project or on a property with a negative Developer Deposit account balance.

6.4.4 Prior to a Notice of Public Hearing being published, projects shall be removed or postponed from the Planning Commission or City Council

Agendas which have negative or insufficient Developer deposit account balances.

6.4.5   Waiver for Sections 6.4.2 through 6.4.4 above must be granted in writing by the City Manager.

6.5 Developer Deposit Account Closure

6.5.1   The Project Manager or designee shall determine when a Developer Deposit account shall be closed. As part of the account closure process, the Project Manager or designee shall verify the Developer's mailing address.

6.5.2   The Project Manager or designee shall submit a Request For Payment to the Finance Division to close a Developer Deposit and refund any remaining funds back to the Developer.

6.5.3   The Finance Division shall verify that all invoices and labor has been posted to the Developer Deposit prior to issuing a refund check to the Developer.