



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: November 5, 2013

ITEM NUMBER:

**SUBJECT:** Refund Policy Update

**DATE:** October 21, 2013

**FROM:** FINANCE DEPARTMENT

**PRESENTATION BY:** STEPHEN DUNIVENT, INTERIM FINANCE & I.T. DIRECTOR

**FOR FURTHER INFORMATION CONTACT:** STEPHEN DUNIVENT 714.754.5243

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## **RECOMMENDATION:**

Approve the attached updated Refund Policy increasing the dollar amount threshold for administrative approval of refunds to \$15,000.

## **BACKGROUND:**

In the course of doing business with the city, individuals and businesses make deposits with the city to cover the cost of services requested. For example, deposits are taken on encroachment permits, development project processing fees, mitigated negative declarations, etc. When the work is complete and the cost is less than the deposit, the deposit is refunded to the depositor. Current policy is for the City Finance Director to approve refunds of up to \$2,500 and the CEO to approve refunds of up to \$5,000. Refunds over \$5,000 or more require City Council approval.

## **ANALYSIS:**

During calendar year 2012 there were twelve refunds ranging from \$5,280 to \$17,171 that required City Council approval. During calendar year 2013 through November there will have been seven refunds ranging from \$5,000 to \$26,937 requiring City Council approval. Each of these requires preparation of a council agenda report, review and potential discussion at the council meeting. In comparison, the CEO is authorized to make purchases of up to \$50,000, an amount considerably more than the limit allowed for approval of refunds.

In the interest of streamlining processes and improving service, staff recommends increasing the dollar thresholds for administrative approval of refunds. With the updated procedure the Finance Director would be authorized to approve refunds of \$5,000 or less and the CEO would be authorized approve refunds of \$15,000 or less. With this updated procedure, 80% of the refunds that previously had to be agendized would now be approved administratively. The current departmental research, analysis, calculations,

financial and administrative review would still be made to ensure the refund is correct and properly prepared.

**ALTERNATIVES CONSIDERED:**

There are several alternatives to this proposal. One option is to leave the process as is and continue to include all refunds of more than \$5,000 on the City Council agenda. Another option is to reduce the current dollar thresholds and bring more refunds to the Council for approval. Finally, the recommended dollar thresholds could be set higher consistent with the purchasing thresholds.

**FISCAL REVIEW:**

The recommended refund policy update increasing the refund thresholds to \$5,000 and \$15,000 as described above would be a reasonable step to streamline and accelerate the refund process while still maintaining existing internal controls.

**LEGAL REVIEW:**

The City Attorney has reviewed the policy and approved it as to form.

**CONCLUSION:**

Staff recommends the approval of the attached updated Refund Policy increasing the dollar amount threshold for administrative approval to \$15,000.

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Stephen Dunivent  
Interim Finance Director

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Thomas Hatch  
CEO

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Thomas Duarte  
City Attorney

Attachments:      [1. Council Policy 100-1 – Red-Lined](#)  
                            [2. Council Policy 100-1 - Final](#)