

AGENDA  
REGULAR MEETING  
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, December 15, 2009

C. BUSINESS BEFORE THE BOARD

8. BOARD COMMITTEE REPORTS

- c. Finance Committee Minutes and Recommended Actions from  
the October 28, 2009 Meeting (Lane)

Attendees

Board: Director Beverly Lane (Chair), Ayn Wieskamp, Doug Siden

Staff: Dave Collins, Cinde Rubaloff, David Sumner, Pam Burnor,  
Carol Victor, Susan Gonzales, John Escobar

Public: Bick Hooper, PAC

I. 2010 Preliminary Operating Budget

AGM Dave Collins gave a general overview of the budget process. He also reported that CFO Cinde Rubaloff and Budget Manager Pam Burnor are making changes to our accounting system that will enhance the overall budgeting process.

Items of consideration in the budgeting process included:

- A reduction in property tax revenues.
- The General Manager invoked a 7% General Fund appropriation reduction in the 2010 budget.
- All divisions except Operations have provided specific reductions of 7%.
- Operations FTEs do not have specific frozen positions, but the appropriations for the staffing are at 94%, or 6% below, what is required to fund all staff. This means that the Operations Department will achieve a reduction in staff through attrition.
- The General Manager has committed that reduced staffing will be by attrition.
- The General Manager will be imposing a general hiring freeze and will evaluate with Human Resources and AGM's.
- The budget reflects reduction of all General Fund discretionary funding.

Director Lane questioned the property tax reduction. There was general discussion and general agreement that for tax year 2009/10 there will be a reduction of 8% in General

Fund property tax revenue. Additionally, in tax years 2010/11/12 there will be a property tax reduction ranging from 6.3% - 7.8%.

Director Wieskamp questioned the status of the Port of Oakland. AGM John Escobar reported that District staff is working with Port of Oakland staff, meeting on a weekly basis. District staff feels that we can expect to receive a contract of \$1.3 million for 2010. The District is reviewing possible physical changes to the park, which will result from lower levels of staffing.

Director Lane wanted to know about BCDC's involvement with the Port of Oakland. AGM Escobar reported that BCDC's permit for the previous Port development of container shipping, Port facilities, and dredging of deep water channels required that the Port provide the community with a park that included at least one security officer and a park agency to manage the park.

Budget Manager Burnor reported on the preliminary operating budget, which incorporates a number of structural changes as required for the budget to conform to the CAFR changes.

Additionally, the Risk Department is no longer split between the General Fund and the internal service funds. The Risk Department is now reported entirely in the Workers' Compensation Fund and the General Liability Fund.

The Clerk of the Board and the Grants departments have been given new department numbers within the Finance and Management Services Division.

Non-departmental General Fund charges, previously reported in department 9110, have been allocated to the new Employee Benefits internal service fund or the appropriate General Fund departments, and Non-departmental appropriations have been eliminated in the General Fund.

Intra-governmental (which title has subsequently been changed to "Intra-district") charges have been consistently instituted to provide resources to cover the cost of benefits provided by the internal service funds. Costs of internal service fund services are allocated and appropriated to benefiting General Fund Divisions.

Finally, the funding of the Two-County Landscape and Lighting District (LLD) reflects the matching of the total assessment revenue and appropriation amounts in Fund 220. Previously, General Fund had transferred in additional resources and 100% of the LLD costs were coded in Fund 220. Going forward, the total appropriation in fund 220 will not exceed total assessment revenue. Instead of doing a General Fund transfer to Fund 220 to support appropriations in excess of assessment revenue, the excess appropriations will be reported directly in the General Fund.

Director Lane inquired about the funding for trails, stating that it was her understanding that when trails expenses exceed budget that the difference is made up from the

General Fund. Budget Manager Burnor responded that was correct, but with the new 220 fund change, all excess expenditures will be budgeted and coded to the General Fund.

Director Lane wanted to know about the process for determining which trails are funded by the LLD. AGM Escobar responded that the Central Contra Costa County Regional Trails Work Group is 100% funded in Fund 220. The Interpretive Services Unit manages large trail systems in parks, and consequently has the highest percentage of employees outside of the trails group that are funded by Fund 220. Operations has attempted to mirror where the work is occurring on trails by the percentage of positions within an individual unit, which are funded in Fund 220.

Budget Manager Burnor then reported that we are participants in the California Community JPA, which provides for the securitization of the 2010 ERAF take away by the State. The District will sell its receivable from the State to the JPA for 100% of its value. This mechanism allows the District to receive our full property tax payment without any reductions.

Assuming that the bond sale is successful, the District will have the cash to repay the CalPERS safety pension plan side fund loan of approximately \$9.2 million, thus saving \$700,000 in 2010 interest expense. Budget Manager Burnor informed the committee that the preliminary General Fund operating budget reflects the \$700,000 reduction in interest expense. If for some reason the CalPERS loan is not repaid, the General Fund budget for interest expense will increase.

Director Lane wanted to know if the repayment would eliminate the District's designated fund balance for economic uncertainties. AGM Collins answered that it would not. The CalPERS payment will be made from the General Fund undesignated fund balance, leaving intact the \$9.6 fund balance designated for economic uncertainty. He also stated that an analysis had been done related to cash flow needs and future uncertainties, and it was determined that the fund balance remaining after the loan repayment will be large enough to provide the District with adequate flexibility in the case that we encounter unanticipated adverse situations in the future.

Budget Manager Burnor provided a handout of the updates to the 2010 General Fund operating budget that eliminated the General Fund shortfall of \$216,979 between sources and uses. The changes included:

- transfers out of the Ardenwood Coyote Hills 254 fund into the 101 general fund will increase by \$17,000,
- \$84,000 increase in Quarry Lakes revenue, and
- Contra Costa property tax revenue increase of \$150,000.

Budget Manager Burnor reported that there are some de minimus pipeline items in the 2010 budget. There are incremental FTE positions of .05 Park Ranger II, .05 Trades Person and .10 Police Officer, to service the Wild Cat Creek to San Pablo Bay Trail operation. They are funded with Measure CC monies.

Budget Manager Burnor then noted that she received requests from the Land Division to appropriate Measure AA & WW bonds in anticipation for land acquisitions expenditures.

AGM Collins reported that the AGMs requested \$600,000 for appropriations to cover regulatory projects and safety gear.

Director Lane wanted to know if we were providing signage covering CC projects. AGM Collins responded that it is his impression that we are providing signage. There was general discussion and AGM Collins concluded that there would be further review.

Director Lane inquired about the status of the Mobile Visitor Center. AGM Collins responded that it is his belief that it has been ordered and under construction. There was general discussion.

Director Wieskamp asked if we were opening phase one of Vargas Plateau and whether we have the necessary personnel. AGM Collins responded that we do not have any additional personnel. There was general discussion.

PAC member Bick Hooper commented on the 2010 proposed budget coming in at 7% below 2009 budget. He wanted to know the status of 2009 budget reductions. CFO Rubaloff responded that the GM had instructed that the General Fund demonstrate a variance between actual 2009 expenditures and appropriations of 5%. There was discussion and Bick Hooper responded that it was accurate to conclude that 2010 budget will be 2% below this year's actual expenditures.

Director Siden raised the issue that the Operations Division had chosen not to pre-designate specific positions for salary savings but would rather to use attrition. He reported that at a meeting with Human Resources Manager Susan Gonzales, it was indicated that the seasonal hiring may have to wait until Operations Division determines how many vacant positions and salary savings are required and the impact on seasonal hires. HR Manager Gonzales responded that HR was not certain how this effected temporary hiring. If the Operations Division does not achieve the required salary savings, they might not be able to backfill with temporary hires. She reported that the internship program, which is in the HR budget, was included in 2010, and is not impacted by the hiring freeze. She summarized that we won't be doing as much hiring as we have in the past.

AGM Collins inquired if the Operations 2010 budget reduced their temporary wages. Budget Manager Burnor clarified that yes, the wages were reduced because it was an across the board 6% reduction for the General Fund. She reported that the Public Safety Division reduced the budgeted lifeguard hours.

Director Lane inquired if there were money saving discussions within divisions. CFO Rubaloff responded it was up to each division how they were going to come up with

their savings. Some divisions did it through vacant positions and some reduced supplies and services. There was general discussion and consensus that all divisions looked at many alternatives to reduce their overall expenditures.

CFO Rubaloff reviewed the schedules that make up the budget document and suggested the elimination of schedules that may no longer serve a useful purpose. There was general discussion and consensus that some of the schedules could be eliminated but first there must be further review.

AGM Collins reported that the 2010 preliminary budget presentation is informational only and there will be additional modifications made before the 2010 proposed budget is produced. The proposed budget will be reviewed by PAC in advance of the next scheduled Finance Committee meeting. The 2010 proposed budget will be formally presented to the Finance Committee at the November meeting.

**Recommendation:** None. This was an informational item only.

## 2. 3<sup>rd</sup> Quarterly Investment Report

CFO Rubaloff reported that as of September 30<sup>th</sup> the fair value of the District's cash and investments was \$2 million greater than the cost basis. The cost basis was \$161 million, compared to fair value of \$163 million. The cost basis, compared to last year at the same time, was \$9.5 million higher, which represented the amount of revenue over expenditures. CFO Rubaloff reported that our year- to- date interest revenue as of September 30, 2009 was \$2.8 million. Last year, year-to-date interest revenue at the end of the third quarter was almost \$2 million greater. The difference is due to the decline of interest rates. It is anticipated that the District will collect the 2009 budgeted revenue amount of \$3 million by the end of the year. CFO Rubaloff reported that we exceeded the investment return benchmarks, and that the District's investments were outperforming the standard returns in this current economic environment.

There was general discussion concerning the format of the investment report. There was consensus to eliminate the attachments of details and incorporate portfolio durations information on the report.

**Recommendation:** Moved by Director Siden and seconded by Director Wieskamp, the Committee unanimously accepted the September 30, 2009 Investment Report and recommended it be forwarded to the full Board for approval.,

## 3. 3<sup>rd</sup> Qtr Budget to Actual

CFO Rubaloff presented the Budget to Actual Report and there was general discussion concerning the report format. There was consensus to consolidate the report to include attachments only for summary by division.

CFO Rubaloff then reported on the budget to actual. The report compared the September 30, 2009 budget to actual to September 30, 2008 budget to actual, and both years are comparable.

Related to budgeted revenue, it is anticipated that by year end, the District will collect the 2009 budgeted revenue. There were discussions with various departments and adjustments have been made in 2010 budget to reflect a realistic revenue amount. CFO Rubaloff also reported that expenditures reflect the implementation of the GM direction that 2009 actual expenditures be 5% less than appropriations. She concluded that it appeared that all departments are on track and reducing their expenditures.

**Recommendation:** None. This was an informational item only.

#### 4. Measure WW 2009 Recap and Tax Rate Certification

AGM Collins reported that the CPA firm of Causey Demgen & Moore completed their certification as defined in Measure WW. There was general discussion concerning the steps followed to complete the certification and about the economic projections of property assessed valuations (AV) done by Beacon Economics. Their projection was the basis of the calculation required in Measure WW related to the goal of not exceeding the \$10/\$100,000 AV levy amount. This calculation was reviewed and certified by Causey Demgen & Moore. AGM Collins informed the Committee that the certification document was obtained as a debt issuance compliance document and not intended for the general public. It is presented to the Finance Committee as information that the District complied with the Measure WW requirements prior to debt issuance. AGM Collins will incorporate the certification into the Board packet as an attachment to the committee minutes.

**Recommendation:** None. This was an informational item only

#### 5. Public Comments

None to report.

Adjournment at 2:45PM