

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS
EAST BAY REGIONAL PARK DISTRICT

Tuesday, June 19, 2018

D. BUSINESS BEFORE THE BOARD

7. COMMITTEE REPORTS

- g. Finance Committee Minutes and Recommended Actions from the Meeting of April 25, 2018 (Corbett)

Attendees

Board: Directors Ellen Corbett, Colin Coffey and Dee Rosario

Staff: Robert E. Doyle, Ana Alvarez, Debra Auker, Carol Victor, Erich Pfuehler, Deborah Spaulding, Michelle Strawson O'Hara, Pam Burnor, David Sumner, Julian Schirmer, Kristina Kelchner, Jeff Rasmussen, Ren Bates, Meadow D'Arcy, Connie Swisher

Speakers: NBS, Tim Seufert, Managing Director
Meyers Nave, Sky Woodruff, Principal

Public: Rick Rickard

Committee Chair Ellen Corbett began the meeting at 12:40 PM with the introduction of Committee members.

Agenda Item No. 1
Policy for Acceptance of Donations and Gifts

Budget Manager Pam Burnor presented the policy for Acceptance of Donation and Gifts. The policy is intended to provide guidance for individuals, community groups or businesses who wish to directly donate to the East Bay Regional Park District, rather than through the Regional Parks Foundation. The policy also establishes standards for the District employees and elected officials regarding acceptance of gifts during the performance of Park District business. In addition, the policy includes definitions of what constitutes a gift or donation.

Budget Manager Burnor reported in detail the distinction between "restricted" and "unrestricted" donations. Burnor concluded her report pointing out that acceptance of a donation will not increase budget appropriations.

Committee chair Corbett asked how item value is determined. Assistant General Manager/Chief Finance Officer Debra Auker responded value is determined through an appraisal process.

Recommendation: Motioned by Dee Rosario and seconded by Colin Coffee that the Finance Committee recommends to the full Board of Directors acceptance of the policy for Acceptance of Donations and Gifts. Motioned Approved.

Agenda Item No. 2

Procedure to Accept and Budget Donations from the Regional Park Foundation

Budget Manager Burnor presented a brief description of the Regional Parks Foundation (RPF). The Park District at times accepts donations from the Foundation, however, Board action is required to appropriate those funds and increase Park District budgets. Access to the donated funds can be delayed while staff prepares and presents budget amendments to the Park District Board of Directors.

The proposed procedure would streamline the process and allow the District's Budget Manager to adjust budgets as RPF donations are approved throughout the fiscal year. The two components are:

- Funding requests up to \$50,000 – The Park District Board of Directors adopts a resolution each year authorizing the Budget Manager to amend both revenue and appropriations for each approved RPF request. An annual report describing these donations will be provided to the Board Finance Committee and Board of Directors.
- Funding request greater than \$50,000 – The Park District Board of Directors will accept donations by separate resolutions and authorize an amendment to both revenue and appropriations as documentation of the donation.

Budget Manager Burnor concluded the new procedure is intended to increase transparency related to gifts and donations provided through the Regional Park Foundation, and facilitate use of the RPF funds.

Committee member Coffey inquired about different funding levels. Budget Manager Burnor explained individual requests up to \$50,000 would be allowed to proceed, given the blanket authorization from the annual Board resolution. Requests greater than \$50,000 would come to the full Board of Directors as an individual resolution.

Foundation Director Juliana Schirmer indicated that annually the Foundation Board of Directors meets with the District's General Manager to ensure that the RPF is in alignment with the District funding priorities. The requests go through the Foundation Board of Directors.

Committee chair Corbett asked if there is a different level of review based on the two funding request forms. Foundation Director Schirmer advised not a different level of review however, the distinction is requests under \$10,000, RPF can pay directly as it is not a Capital Asset for the District. Anything \$10,000-50,000 three formal bids are required and requests above \$50,000 would go through full Board of Directors approval process.

Committee chair Corbett expressed concern regarding the possibility of bypassing a budget process that previously was formally with the Board and asked what procedures have been implemented to eliminate multiple requests just under \$50,000 to bypass the Board approval process. AGM/CFO Auker confirmed that the resolution should not allow for this. Staff will bring an annual report for Board review, so at that time dollar amounts can be reviewed. AGM/CFO Auker added going forward staff will provide information on the number and types of requests the District receives annually.

Committee chair Corbett request that during annual report staff specifically look at the issue of multiple request and determine if there should be an overall cap.

Recommendation: Motioned by Dee Rosario and seconded by Colin Coffey (with the understanding that motion includes both approval of the procedure as presented and the implementing resolution) that the Finance Committee recommends to the full Board of Directors acceptance of the procedure “Regional Parks Foundation Donation Budget Adjustment Up to \$50,000” and the associated Board resolution permitting staff to amend the budget, as these donations are received. Motion Approved.

Agenda Item No. 3

Fourth Quarter 2017 General Fund and Other Governmental Funds Unaudited Financial Reports

Assistant Finance Officer Michelle Strawson O’Hara reported on the General Fund and Other Governmental Funds Finance reports. As of December 31, 2017, the District’s financial activities are as expected when compared to prior year and to the current year budget.

General Fund Revenue & Expenditures as of December 31, 2017

General Fund	Budget 2017	Actual thru 12/31/17	variance	% of Budget Complete
Revenue*	\$ 140,592,367	\$ 147,476,010	\$ (6,883,643)	104.9%
Expenditures*	147,024,886	137,921,791	9,103,095	93.8%
net change in Fund Balance	\$ (6,432,519)	\$ 9,554,219	\$ 15,986,738	

* includes transfers

The report attachments provided additional information on General Fund Reserves and Expenditures, commenting on areas with revenues and expenditures 10% higher or lower than prior year and summarizing financial information for all other governmental funds.

AFO Strawson O'Hara continued to report on the status of the General Fund Unassigned Fund Balance. The target Unassigned Fund Balance is \$47.1 million and the estimated ending fund balance based on budget is \$ 56.6 million with a remaining excess over 32% reserve at \$9,443,512.

Committee chair Corbett inquired on the procedure taken to determine where excess reserve funds are allocated. AGM/CFO Auker advised staff analysis funds and brings an annual mid-year review to the Finance Committee with a recommendation on where excess funds could be allocated.

Committee member Rosario requested a chart itemizing where excess reserve funds are spent. AGM/CFO Auker agreed a detailed spreadsheet will be provided to the committee.

Recommendation: This item is for information only.

Agenda Item No. 4

Job Order Contracting Program – Status Update

Capital Program Manager Ren Bates reported on the status of the Job Order Contracting Program (JOC) approved by the Board in November 2015. In November 2017, the Board of Directors awarded six separate \$1 million job order contracts. Currently, ten job orders are in various states of progress; seven job orders are in the initial phase of job walk and cost proposal and three job orders are currently under construction. The Finance Committee received handouts describing all projects and the contractors associated with each.

Capital Program Manager Bates reviewed the job order list, explaining each job contract and the projects that have been completed.

Committee member Rosario requested additional information on the Wildcat Canyon Fuels Management project. Capital Program Manager Bates explained the project is removing brush in the area.

Committee member Coffey inquired on terms and length of contracts. Capital Program Manager Bates responded contracts are for a one-year term and the year begins upon first notice to proceed with work.

Committee member Coffey asked if contractors adhere to the prevailing wage laws. District Council Carol Victor replied yes, the District requires prevailing wage and certified payroll reports on each job, adding that contracts meet all legal requirements and the guarantee on prevailing wage.

Capital Program Manager Bates concluded his presentation by stating that the JOC program is working well, is a beneficial tool to the District, and has generated considerable time savings and reduced contracting.

Recommendation: This item is for information only.

Agenda Item No. 5

Issuance of a Letter of Credit in the Amount of \$2,142,180.60 in Favor of the California Department of Fish & Wildlife for the Incidental Take Permit for the Fire Fuels Management Program

Assistant Finance Officer Jeff Rasmussen gave the Finance Committee background on the District's funding of the Federal Emergency Management Agency (FEMA) Fire Fuels Management Program and funding received.

AFO Spaulding provided an update of the Issuance of a Letter of Credit in Favor of the California Department of Fish & Wildlife (CDFW) for the Incidental Take Permit for the Fire Fuels Management Program. The Park District has complied with all pre-requisite environmental review and permit conditions.

A summary of the initial proposed agreement is provided:

- The initial restricted fund balance will be \$500,000, funded from General Fund Unassigned Fund Balance
- The fund will not be used for land management, but will be reserve/restricted fund that CDFW can call on for enforcement of the District's permit obligations.
- The District would be entitled to notice and an opportunity to cure any violations before CDFW would call on the funds.
- The initial restricted fund balance amount of \$500,000, is sufficient to cover District permit obligations for the next five to ten years.
- If CDFW were to call on the fund for enforcement of permit obligations, the District would be required to replenish the funds in the same budget year.

General Manager Robert E. Doyle reminded the Finance Committee that the letter of credit is an insurance policy, as it is estimated to take another year to complete the conservation easements that are required. The District has agreed on the \$500,000 permanent restricted fund.

Committee member Rosario inquired if District is looking at other areas for easements.

AFO Rasmussen advised that Sunol Regional Preserve is a possible site.

Recommendation: This item is for information only.

Agenda Item No. 6

Formation of a Community Facilities District to Fund and Extension of Measure CC for Services, Maintenance and Improvements of Open Space

AFO Spaulding reported the District is beginning the process of forming a Community Facilities District (CFD) as a mechanism for the extension of Measure CC. This will be the third CFD formation for the District.

AFO Spaulding provided the Finance Committee with a brief background of the existing Measure CC program and explained how an extension of Measure CC would be facilitated by creation of the CFD structure.

AFO Spaulding described the CFD formation timeline and the documents that would be adopted by the Board on May 1st to initiate formation: 1) Resolution of Intention to Create a Community Facilities District and Authorize the Levy of Special Taxes; 2) Proposed Boundaries of the CFD; 3) Description of Services to be Funded by the CFD; and 4) Rate & Method of Apportionment. AFO Spaulding stated that the CFD rates will match the rates in the existing Measure CC: single family dwellings will pay \$12.00 annually, and multi-family units will pay \$8.28 annually. The District will continue the senior discount and will exempt non-residential public property, utility easement parcels, mobile and floating homes.

Committee member Rosario asked about the voting process for the CFD. AFO Spaulding stated that the Notice of Public Hearing would be placed in a newspaper of general circulation. Any resident or person with interest in the CFD could attend the public hearing on June 5th and provide comments. Unless there were a protest of 50% of eligible voters, the CFD would then continue to the general election on November 6th and would require a two-thirds majority vote of approval.

Committee chair Corbett asked for further explanation regarding the decision to use a CFD rather than other taxation methods, such as the Zone of Benefit. Sky Woodruff, Myers Nave replied the CFD allows the District to offer varying levels of taxation, just as in the existing Measure CC, and that the CFD provides the most solid legal framework of the options available.

Committee member Coffey stated that he had understood only school districts could discount parcel taxes for senior citizens. Woodruff responded that the program is set up as a rebate, so the District receives the funds and can choose to rebate them back to the property owners.

Committee chair Corbett asked when Board of Directors will approve the ballot statement and argument language. District Counsel Victor responded June 5, 2018

Committee chair Corbet inquired about the writing of the ballot statement.

GM Doyle advised staff is preparing ballot language with guidance from Legal Counsel, Legislation Assistant, Legislation Manager, General Manager and SRI George Manross.

AFO Spaulding concluded by detailing the steps in formation of CFD A/C-3:

- May 1, 2018 Board of Directors reviews and considered Resolution of Intention to form CFD
- May 15, 2018 Boundary Map recorded with Alameda and Contra Costa Counties
- May 29, 2018 Notice of Public Hearing in newspaper
- June 5, 2018 Board of Directors conducts Public Hearing
- August 17, 2018 Deadline for Clerk of the Board to provide Counties with signed Resolutions, Ballot Question, Primary Arguments and Impartial Analysis
- November 6, 2018 Election Day

- November 20, 2018 Board of Directors considers the Resolution and Adoption of ordinance levying Special Taxes within CFD A/C-3
- February 4, 2019 Notice of Special Tax Lien recorded in Alameda and Contra Costa Counties.

Recommendation: Motioned by Dee Rosario and seconded by Colin Coffey that the Finance Committee recommends to the full Board of Directors A) Approval of the Resolution of Intention to continue the Community Facilities District formation process for CFD A/C-3; B) Approval of the CFD A/C-2 Boundary Map, Description of Services, and Rate and Method of Apportionment (RMA); and, C) Establishment of June 5, 2018 as the public hearing date.

Agenda Item No 7
Open Forum for Public Comment

No Public comment.

Agenda Item No. 8
Committee Comments

Meeting adjourned at 2:30 p.m. The next Finance Committee meeting is scheduled for May 30, 2018.

Respectfully submitted,

Connie Swisher
Finance Department

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