



## **BOARD FINANCE COMMITTEE**

EAST BAY REGIONAL PARK DISTRICT  
2950 Peralta Oaks Court  
Oakland, CA

**Wednesday, November 19, 2014  
12:45 p.m., Board Room**

The following agenda items are listed for Committee consideration. In accordance with the Board Operating Guidelines, no official action of the Board will be taken at this meeting; rather, the Committee's purpose shall be to review the listed items and to consider developing recommendations to the Board of Directors.

### **AGENDA**

<b><u>STATUS</u></b>	<b><u>TIME</u></b>	<b><u>ITEM</u></b>	<b><u>Page #</u></b>	<b><u>STAFF</u></b>
(R)	12:45 p.m.	1. Third Quarter 2014 General Fund and Other Governmental Funds Financial Reports	1-5	Spaulding
(R)	1:00 p.m.	2. East Bay Regional Park District 2015 Proposed Budget	6-10	Burnor
(R)	2:15 p.m.	3. 2015 Article XIII B California Appropriation Limit (Gann Limit)	11	Burnor
(D)	2:30 p.m.	4. Future Agenda Items		Auker
	2:40 p.m.	5. Public Comment		

(R) Recommendation for future Board consideration    (I) Information    (D) Discussion

2014 Meeting Dates (all meetings are on the 4<sup>th</sup> Wednesday of the month unless otherwise noted):  
There is no meeting in December 2014.

### **BOARD FINANCE COMMITTEE MEMBERS:**

Ted Radke-Chair, Doug Siden, Whitney Dotson, Ayn Wieskamp-alternate

#### Distribution/Agenda

Ayn Wieskamp  
Carol Severin  
John Sutter  
Beverly Lane  
Norman LaForce  
Afton Crooks  
Yolanda Barial

#### Distribution/Packet

Robert Doyle  
Carol Victor  
Deborah Spaulding  
Meadow D'Arcy  
Sharon Corkin  
Allen Pulido  
Kristina Kelchner

Dave Collins  
Sukari Beshears  
Pam Burnor  
Tyrone Davis  
Sharon McAleavea  
Kim Balingit

Jim O'Connor  
Debra Auker  
David Sumner  
Cliff Rocha  
Bruce Kern  
Mimi Waluch

AGENDA  
REGULAR MEETING  
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, December 16, 2014

C. BUSINESS BEFORE THE BOARD

7. CONSENT CALENDAR

- a. Finance Committee Minutes and Recommended Actions from the November 19, 2014 (Siden)

Attendees

Board: Directors Doug Siden, Whitney Dotson and Ayn Wieskamp (Alternate)

Staff: Dave Collins, Debra Aufer, Deborah Spaulding, David Sumner, Kim Balingit, Pam Burnor, Nadine Vargas, Jim O'Connor, Meadow D'Arcy, Mark Ragatz, Bob Nisbet, Carol Victor, Kelly Barrington

Public: Bruce Kern – PAC, Beverly Lane - Board

Committee member Doug Siden began the meeting at 12:50 PM with the introduction of committee members.

**Agenda Item No. 1**

**Third Quarter 2014 General Fund and Other Governmental Funds Financial Reports**

Assistant Finance Officer (AFO) Deborah Spaulding reported on the General Fund and Other Governmental Funds Financial reports, noting that this new quarterly financial reporting combines budget and expenditure information in a single report.

As of September 30, 2014, the District's financial activities are as expected when compared to prior year and to the current year budget.

**General Fund Revenues & Expenditures as of September 30, 2014**

Both revenues and actual expenditures are on track for the year.

<b>General Fund</b> <i>(in millions)</i>	Budget 2014	Actual thru 9/30/14	variance	% of Budget Complete
Revenue	\$ 111.1	\$ 61.0	\$ 50.1	54.9%
Expenditures	\$ 127.8	\$ 92.7	\$ 35.9	72.5%
net change in Fund Balance	\$ (16.7)	\$ (31.7)	\$ 15.0	

Attachments to the report provide additional information on the past five years of revenues and expenditures, and comments on areas with revenues or expenditures 10% higher or lower than prior year, along with summarized financial information for all other governmental funds.

AFO Spaulding reported on the status of the General Fund Unassigned Fund Balance and reviewed the table below. The table shows that the target Unassigned Fund Balance is \$35.5 million and the estimated ending fund balance based on the budget is \$36.6 million. It was noted that the estimated fund balance number is for budget comparison purposes only and will not be updated to reflect actual year-end results until after completion of the CAFR in the second quarter 2015.

<b>Budgetary General Fund Unassigned Fund Balance</b>			
	Beginning Unassigned Fund Balance (1/1/14)		\$ 44,514,739
	Release of the Committed Fund Balance (1/1/14)		9,000,000
	2014 Budgeted Revenue		111,058,800
	2014 Budgeted Expenditure (Adopted)		(120,003,900)
	Move tipping fees to special revenue fund		(1,883,000)
	Various Budget Increases approved by Board		(5,989,628)
	<b>Estimated Ending Budgetary Fund Balance (12/31/14)</b>		<b>\$ 36,697,011</b>
	<b>Estimated Excess (deficit) over 32% Reserve</b>		\$ 1,158,195
	Reserve Target per Policy * (32% of annual revenue)		\$ 35,538,816
* The Fund Balance Reserve Policy states that 32% of annual revenue is the minimum reserve to be maintained by the District to provide emergency funding in the event of a disaster, temporary revenue shortfall, or other qualified circumstance.			
Use of the funds requires Board of Director approval.			

**Recommendation: Motioned by Ayn Wieskamp and Seconded by Whitney Dotson that the Finance Committee recommends to the full Board of Directors for approval the Third Quarter 2014 General Fund and Other Governmental Funds Financial Reports. Motion approved.**

## **Agenda Item No. 2** **East Bay Regional Park District 2015 Proposed Budget**

Budget Manager Pam Burnor presented the EBRPD 2015 Proposed Budget Volumes 1 and 2 and stated that the 2015 proposed budget materials provided an overview of the 2015 proposed budget, on which the Committee's recommendation to the full Board for approval of the 2015 operating and project budgets was sought.

The 2015 District proposed budget is balanced when taking into account planned use of fund balance. The General Fund is balanced and allows for the replenishment of certain contingency reserves.

### **2015 Proposed Budget Summary**

- The District's total 2015 budget revenue (not including transfers in or use of fund balance/net assets) is \$173 million, compared to \$156.3 million in 2014. This represents a 10.7% increase, with the majority of the increase attributed to increase property taxes.
- The District's total 2015 appropriations (not including transfers out) are \$194.4 million, compared to \$191.8 million in 2014, a 1.4% increase. Total uses, including transfers out, are \$222.9 million compared to \$211.3 million in 2014, a 5.5% increase.

### **Changes to Full Time Equivalents (FTE's)**

The 2015 authorized FTE schedule includes an addition of 24.89 FTE's when compared to 2014. The 2015 FTE's, ongoing and one-time, total 762.15. The summaries of positions are:

- Increase of 21.158 regular and 3.732 limited term employees:
  - 12.075 ASCFME employees, 1 confidential employee, 3 management employees, 3.11 sworn police employees, 2 non-sworn police employees and 3.75 seasonal/temporary staff.

### **General Fund**

#### **Increases in General Fund Revenue**

- 2015 General Fund budgeted revenue is \$121.9 million compared to \$111 million in 2014 - a 9.9% increase, the majority of which is related to property tax revenue. A significant portion of this increase is a one-time effect due to 'catch-up' provisions allowing tax officials to reinstate assessed values and therefore property tax rates to pre-recession levels. Future annual increases of this magnitude are not anticipated.
- General Fund transfers in total \$45,000 with funding from the Coyote Hills/Linear Park Fund and several permanent funds, to be used toward 2015 operating costs.

#### **General Fund Appropriations**

- 2015 General Fund appropriations total \$114.3 million, compared to \$108.8 million in 2014, a 5.1% increase. The increase is comprised of personnel costs, supplies, services and a one-time increase for fleet replacement.

- Personnel cost increased by \$4.9 million due to the increase in wages and benefits included in the AFSCME and Police Association contracts, plus the addition of permanent and one-time FTE's.

**General Fund One-Time Budget Requests** - One-time appropriations requested in the 2015 General Fund preliminary budget, funded with the use of the one-time funding sources and excess unassigned fund balance include:

- One time uses:
  - \$2.4 million to annual design and construction, \$1.4 million to debt service, \$500,000 to Major Infrastructure Renovation and Replacement Fund, \$423,000 to rolling stock purchases, \$350,000 to Mission Peak staging area, \$150,000 financial system upgrade, \$130,000 to mine shaft safety at Black Diamond, and \$100,000 for the concessionaire transition at Willow Park Golf Course.

### **Other Funds**

- The largest changes in special revenue funds include:
  - 2015 resources exceeded 2014 budget primarily due to the property usage revenue anticipated from Coyote Hills-Dumbarton Quarry Fund (tipping fees). These fees were recorded as General Fund revenue prior to 2014.
- Debt service funds revenue and expenditures increased due to required payments for Measure AA and Measure WW Bonds.
- The decrease in the internal service fund compared to 2014 is due to the one-time \$6 million transfer to the Major Infrastructure Renovation and Replacement Fund in 2014.

Budget Manager Burnor concluded her report by thanking all District staff, especially Nadine Vargas and Debra Auker, for their assistance in completing the 2015 Proposed Budget.

CFO Debra Auker highlighted a number of pages in the 2015 Proposed Budget for the committee members. CFO Auker reviewed Total Resources, funding types, how the budget is put together, list of base line budget increases, summary of one-time appropriations, FTE's, history of spending, Special Fund Revenue Fund, Division summaries, the reorganization of Land Division with Planning and Stewardship and, finally, noted that throughout the budget there is statistical and economical information that will be updated for the Adopted Budget.

Committee member Wieskamp questioned the grazing agreements and asked how increased revenues are predicted when California is in the second year of a drought. CFO Auker replied the projection for next year is reflective of what the District is trending even for this year, which is coming in higher than projected.

Committee member Siden asked for and received clarification on the "Cajun Zydeco Supply Services", and if this event was winding down. CFO Auker answered that this is an event that was never properly budgeted (in prior years used other funds) and never put in as an ongoing event. It has not generated the revenue as in the past. Operations AGM Jim O'Connor added that the event was previously being funded through the Ardenwood budget. This event is now a line item in the 2015 budget; it will be funded for one year and then reevaluated, since the trend has been lower in participation in recent years.

Committee member Whitney Dotson asked if the North Richmond Shoreline Festival is funded. AGM O'Connor replied yes.

Committee member Siden noted from General Managers comments, that with the proposed FTE's the total number of District staff will be the "highest in the history of the District". AGM Collins confirmed these numbers.

Committee member Dotson asked what the percentage of increase is over last year. AGM Collins replied approx. 3.5% increase.

Committee member Siden questioned why the rate in Fund 220 (Two County Lighting and Landscape District Fund) has remained the same for years. CFO Auker advised District is not overspending in that funding source. AGM Collins added that the Lighting and Landscape assessments are 'grandfathered' due to the passage of Prop 218 and are therefore fixed on a per-parcel basis, cannot be indexed to inflation and only increase when new parcels are developed – typically at a rate of 1%/year or less.

Committee member Siden asked if the Acquisition, Development and Stewardship reorganization will be completed by end of year. Acquisition, Development and Stewardship AGM Bob Nisbet commented the goal is to have majority of changes done in 2015 and present accurate accounting of the reorganization in the 2016 budget.

Committee members Siden, Wieskamp and Dotson praised staff for all their work on the budget.

**Recommendation: Motioned by Whitney Dotson and seconded by Ayn Wieskamp that the finance committee recommends to the full Board of Directors to review and accept the 2015 Proposed Budget. Motion approved.**

### **Agenda Item No. 3**

#### **2015 Article XIII B California Appropriation Limit (Gann Limit)**

Budget Manager Burnor reviewed with the committee the process of calculating the Gann Limit.

She shared that Article XIII B of the California State Constitution established a formula to calculate a limit on public agency appropriations of taxes as follows:

- The appropriation limit applies to maximum appropriations to be charged against property tax. Only the General Fund is subjected to the appropriation limit.
- The limit is increased each year by the cost of living factor and the population change factor (the annual increase factor).
- The appropriation limit is compared to the appropriation to be paid with property tax. The 2015 appropriation limit is \$332 million, compared to the appropriations subject to limit, which is \$109 million.

Committee member Wieskamp asked for explanation on the logic of this appropriation limit. CFO Auker advised that before Proposition 13 all entities were setting their own tax rates. Proposition 4 amended the State constitution and was a way to limit the growth of appropriations at the state level to ensure that each agency's expenditure growth rate was not excessive when compared to the growth factors of the community served. The initiative also requires state and local governments to return any funds to taxpayers in excess of the amount appropriated for a given fiscal year. The State of California Department of Finance sets the population growth for every jurisdiction and per capita growth (this is where the factors come from); it is a State required calculation. The District serves a very large, growing, and economically diverse community in the east bay and; therefore, the factors evaluated under this statute have resulted in a Gann limit that far exceeds the actual revenue receipts and expenditure budgets of the District. The appropriations for the District, subject to the limit, are well below the established amount; however, the District must still comply with the statute and include evidence of compliance with the Gann limit with the annual budget.

**Recommendation: Motioned by Ayn Wieskamp and seconded by Whitney Dotson that the finance committee recommends to the full Board of Directors to review and include this information in the 2015 Proposed Budget.**

**Agenda Item No. 5**  
**Public Comment**

There were no public comments.

CFO Auker reminded the Board finance committee and staff that there will be no Finance Committee meeting in December.

Committee Chair Siden adjourned the meeting at 1:45 pm.

Respectfully Submitted,

Connie Swisher  
Finance Department

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