

REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, September 15, 2015

C. BUSINESS BEFORE THE BOARD

CONSENT CALENDAR

Finance Committee Minutes and Recommended Actions from the
July 22, 2015 (Lane)

Attendees

Board: Directors Beverly Lane, Ayn Wieskamp, Dennis Waespi

Staff: Robert E. Doyle, Dave Collins, Debra Auker, Pam Burnor, David Sumner,
Meadow D'Arcy, Jamie LeBow, Matt Graul, Mark Pearson, Mark Ragatz,
Bob Nisbet

Speakers: Marty Dirks, Milliman
John Swedensky, CalPERS

Committee chair Beverly Lane began the meeting at 12:35 PM with the introduction of committee members.

Agenda Item No. 1

Other Post Employment Benefit (OPEB)-CERBT Trust Annual Investment Performance Report

CFO Debra Auker introduced the annual OPEB (Retiree Medical Benefits) report, which included beginning asset balances, contributions, payments and ending asset balances, the fees, and retirement plan asset allocation strategy and comparison to benchmark.

Beginning asset balance (cash basis):	\$ 31,039,676
Employer contributions	4,299,677
Asset earnings (including unrealized gains/losses)	1,676,700
Retiree distributions	-1,580,681
Fees:	
CERBT	-40,615
Bartel actuary services	0.00
Ending asset balance	<u>\$ 35,394,757</u>

She then introduced California Employer's Retiree Benefit Trust Fund (CERBT) OPEB plan administrator, John Swedensky.

Mr. Swedensky provided an overview of CERTB-CalPERS as trust administrator:

- **Valuation Summary**

The total actuarial accrued liability is \$54.2 or \$71.9 million. The annual required contribution is \$4.9 million. The District participates in the asset allocation investment Strategy No. One, which allows for a greater rate of return. Currently, the Trust short term discount rate is reported at 6.75%, but with the expectation of earning up to 7.28% on the long term.

- **Account Summary**

As of 12/31/14, the District's initial contribution transferred from the prior trust provider was \$23 million with additional contributions of \$12.4 million. Disbursements were at \$3.9 million; as of 5/31/15, the District had \$38.2 million in assets in trust fund. The overall gain was \$6.8 million, at an average annualized internal rate of return of 8.68%.

Committee chair Beverly Lane asked for clarification of the discount rate. Mr. Swedensky replied the discount rate is a cash flow projection used by actuaries. Actuaries determine how much money is needed if someone is to retire in 20 years and then discounts back into today's dollars the amount that needs to be set aside in order to pay the retiree once retired.

Committee chair Lane asked if the 995 total active retiree number includes everyone that currently works for the District. CFO Auker replied it is based on 2013 numbers which includes all active employees that are eligible for this benefit (627 active employees and 368 retirees), adding that 368 retirees are currently receiving benefits. CFO Auker noted an employee has to be vested 10 years with the District in order to receive benefits.

Committee member Dennis Waespi commented that CERBT is invested in strategy one, and asked of the three strategies available, what percentage of agencies that CalPERS represent are in the three categories. Mr. Swedensky responded of the 462 employers currently under contract with CalPERS 342 are in strategy one; the breakdown between categories two and three is 60/40.

- **Financial Reporting Updates**

The OPEB accounting standard changes:

- GASBE 68 – new standard is to require posting the entire net OPEB liability on the balance sheet.

Committee member Dennis Waespi requested information on CalPERS rate of investment return compared to PARS or other competitors in the same time period. Mr. Swedensky advised it is a difficult question to answer as CalPERS does not invest in the same way, however

to compare results over the past five years, CalPERS has outperformed. He added that as it pertains to benchmarks he can point to any time period and CalPERS is meeting or beating benchmarks 95% of the time

RECOMMENDATION: None, this is an information item only.

Agenda Item No. 2

East Bay Regional Park District Retirement Plans (formerly Transamerica).

CFO Debra Auker shared that the following report is related to the District's closed plan formerly referred to as the Transamerica Plan Retirement Plan.

CFO Auker reported that annual the Finance Committee is required, per the investment policy, to receive a report on the investment activity to the EBRPD Retirement Plan. The 2014 report provided information on beginning assets, contributions, distributions and ending assets, as well as details of fees paid.

Beginning asset balance at market value (MV)	\$37,930,977
Employer contributions	2,266,024
Asset earnings (including unrealized gains/losses)	2,767,095
Retiree distributions	-3,504,561
Fees	-104,108
Ending Asset balance (MV)	<u>\$37,355,427</u>

This report included a graph representing the EBRPD Retirement Plan 2004 as well as actual returns compared to benchmarks.

CFO Auker introduced Marty Dirks of Milliman, Inc. to discuss 2014 investment performance and future strategies.

Mr. Dirks reported on the 2014 investment return highlighting that all asset categories met benchmark with the exception of Domestic Equity (during January 2104 plan assets were rebalanced, eliminating the investment in WMC Quality Growth, replacing it with Vanguard Total Stock Market Index Fund). Total portfolio returned 7.8% for the year; fund is up 2.3%. The plan is ahead of schedule.

Committee member Wieskamp asked how many participants in the plan.

AGM Dave Collins advised there are 199 in the General Employees Plan; 11 active employees. The Sworn Safety Plan has 29 participants and zero active employees. He reminded the committee the plans were closed in 2000/2001.

RECOMMENDATION: None, this is an information item only.

Agenda Item No. 3 **Proposed 2015 Mid-Year Budget Adjustments**

Budget Manager Pam Burnor reported that the District's 2014 General Fund ended with an excess of revenue over expenditures of \$9.5 million.

It was requested that these one-time resources, totaling \$_____, be considered for use for one-time appropriations. An evaluation of options was completed by staff, and it was recommended that the following items receive additional funding as a 2015 mid-year budget adjustment:

- 1 million to Legal Contingency Fund
- \$600,000 to Election Contingency Fund
- \$5 million to Infrastructure Renovation
- \$57,000 to sound study at Anthony Chabot
- \$140,000 to mine safety at Black Diamond
- \$123,000 to aircraft maintenance costs
- \$80,000 to Hazardous Tree replacement
- \$55,000 to GM Contingency Fund
- \$125,000 to water quality study
- \$75,000 to budget for blue green algae treatment and testing
- \$75,000 to biological monitoring
- \$30,000 to ACA professional services contract
- \$500,000 to Public Safety dispatch system
- \$30,000 to industrial firefighter training
- \$33,200 to Civicorp contract minimum wage
- \$150,000 Public Safety radio maintenance
- \$25,000 to consultant polling
- \$120,000 to security cameras
- \$50,000 to Borel property costs
- \$100,000 to modular building at South County Corp

Committee chair Lane requested information on where the majority of money was spent in the Legal Contingency Fund. Budget Manager Burnor replied the majority was on the Borel Trust. CFO Auker also advised a lot of the General Fund cost in 2014 was related to the Borel Trust.

Committee member Wieskamp requested staff add a footnote noting where the Legal Contingency monies were spent. AGM Collins confirmed the notes will be added. .

Committee member Wieskamp asked how often id Dispatch System replaced. AGM Collins responded approximately every 10 years.

Committee chair Lane commented on the airlines maintenance cost, asking if these are expected cost or not. CFO Auker replied cost is more this year due to both helicopters requiring maintenance in one year; usually helicopter maintenance is rotated each year. General Manager Robert E. Doyle added based on the number of flight hours both helicopters required maintenance within the same year.

Committee member Wieskamp inquired about Borel property cost and requested information. CFO Auker replied the additional cost has to do with fencing and maintaining the property in areas staff recognized additional work is needed.

Committee member Waespi asked if the additional consultant polling cost is for Measure CC. General Manager Doyle replied yes.

Budget Manager Burnor continued to report on the red

Burnor continued – so that list of 19 projects to be funded uses up another 1.7 Million, then we go on to are reapportionment that we want to do with some general fund monies that were set aside in 2008 for District wide improvements with the idea that we might have to fund the Public Safety building with General Fund money and since we don't have Measure CC bond funds not available to fund infrasture that is related to staff we want to use the general fund money that was set aside in 2008 and redistribute some of it for other project since we no longer need to use it for the Public Safety Headquarters.

We proposed to redistribute \$4.65 million. List items.

Pam, with at reapportionment, from that existing general fund source now we are going to move on to appropriating funds from other sources.

- Atlas Road Bridge it had over a \$6 million need of funding to complete the project and so it was determined that we would like to use the remaining development funds out of the point pinole allocation area with measure WW, that is almost \$3.4 million.
- And then a portion of the measure WW contingency \$2 million towards that end and
- Finally \$700,000 in Meausre CC Reserve, all to make up \$6.090 million plus the \$150,000 from the general fund on the previous page towards the Atlas Road Bridge.

GM so this is the same package recommended at the workshop now it's coming forward as a formal allocation.

Lane I think when we bring this to the Board we will need to pull the Bridge funds together with their sources.

Collins confirmed, GM with footnote that this was discussed at workshop, nothing has changed.

Pam in addition to the CC funds that were going to be used for the Atlas Road Bridge there were two other potential projects that were going to receive funding from Measure CC reserve and those were

Doolittle Trail along the MLK Shoreline to receive \$1.5 million

Point Pinole Visitor Center another \$1.5 million

Finally we are going to use \$1 million in Dumbarton Quarry tipping fees toward a new project that will be the service yard.

Dennis so according to this we will be using \$3.7 million from the Measure CC Reserve Fund and my question is how much money will be left in Measure CC Reserve.

Collins the total in CC reserve is 10% of the total CC amount. So once it is all said and done we will have about \$4.7 million in reserve, after these appropriations are made we will have \$390,000, we will exhaust the reserve that we have in CC to date.

Ayn said it might be confusing for some that we have two CC reserves here and we are topping it with Tipping fees. I would do a chart showing this is how we are spending CC reserve together even though we have already talked about it.

Ayn as you all know we are planning a solar project at Shadow Cliff and we have let the grass go so we would like suggest looking into shade structures.

GM agreed will have staff look into it. I believe Dave staff is looking at solar and shading issue.

Motioned Ayn, Seconded Dennis Motion Approved

Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends to the full Board of Directors for approval of the 2005 mid-year appropriation increase requests. Motion Approved.

Agenda Item No. 4

Proposed 2015 Major Infrastructure Renovation and Replacement Mid-Year Budget Adjustments.

Budget Manager Burnor reported on the status of Fund 553 and the appropriation of funds to renovation projects. Burnor reminded the committee Fund 553, the Infrastructure Renovation and Replacement Fund, was established by Board action in September 2012 to ensure continued public availability of existing Regional park facilities by planning and funding their eventual major renovation and/or replacement.

Staff reviewed the prior sources and uses of the fund and stated that the current balance available is

Pam Burnor reported this a review of 553 and what has occurred in that fund since it was created in 2012. Initially this fund was set up with an idea that we knew we had about \$357 million in infrastructure assets that we would have to be able to cover and replace if we needed to and we estimated at that time that it would cost us about \$9 million a year putting into a fund to keep up with the renovation and replacement of the infrasture. Towards that end we haven't always had enough funding of the \$9 million to put in it each year but based on what we had available in our budget we did make incremental deposits into the fund starting in 2012 with 2.9 million, 2 million in 20013, 8.5 million in 2014 and so far \$500,000 in 2015 for a total transfers in from the General Fund of \$13.9 million, we have used some of that funding already

Insert graph

Leaves us with an estimated balance of \$6.4 million left in the fund

Page 45 we have a list of all of the projects that have been funded with the 553 fund monies that have been transferred out.

Do you have any questions on the projects in this list.

Lane has a question on the Del Valle renovate water system cuause we have been talking about this for a long time. Are there political issues with the owner of the property or what is.

GM responded to the property issue, the issue is we are continuing to move forward on the water tanks, the water system hook up itself a series of lines there is not a legal partitioning of those water uses so what we are doing now is moving forward on the water tanks but eventually we are going to have to sort it out with Tranforth property owner. We are fixing the tanks that we control but the piping system and the agreement within the two property users it is a legal matter that is not yet sorted out.

Lane asked if there are any issues from getting water from East Bay MUD.

GM does not have that answer.

GM the pipe coming down the Danville side has been repaired several times. We are doing as is as far as meter.

Lane so that water is the tanks are used, we use the water for our service facility and does that water also go the staging area.

Mark Ragatz confirmed yes.

Debra – so these are the projects that have already been appropriated and on the next page we are making recommendation for 7 more.

Staff identified seven projects that needed funding from 553, there are three residences that needed replacement one at Anthony Chabot, one at Camp Arroyo and one at Vasco Hills. There is a plan to replace the main stairway at Diamond and they propose using \$208,000 from the fund for that project. It already has existing funding in it.

Lane asked and that is the main stairway.

Pam replied yes.

\$65,000 will be used for HVAC in 6 cabins in Camp Arroyo, \$200,000 will be going into the vault toilet replacement program District wide and \$250,000 for campground improvements District wide. Those would be available to receive any matching foundation grants.

So if those appropriations happen it would leave approx.. \$5.4 million in Fund 553 before the anticipated \$5 million transfer from the General Fund that we talked about in the previous item. There would be funding available after that transfer for us to consider other infrastructure that needs replacement or renovation in 2016 budget.

Lane make the point that as you are looking at these various needs and projects and doing priorities we need to keep in back of head the needs throughout the District because sometime you look at these things and there is nothing in some Wards and there are needs all over and we just wanted to bring that up.

Collins: we would hope that that means those Wards have new up to date facilities.

GM: good point Lane, well taken.

Ayn: can someone describe the residences please, there are three of them and all the same price, are they going to be built the same?

Ragatz: they will be a one bedroom one bath type cabin style.

Dennis is the \$200,000 for restroom replacement, is that specific or District wide.

GM District Wide.

Lane asked do we have any type of practice in place that the first restrooms that are to be replaced are within a certain distance of a staging area. Is that what we tend to do.

Ragatz said it is more the priority of where there is the heaviest use and what will save us the most in driver time.

Collins to lift it off of Pam's shoulders VFA provided very good information. Insert table. We are in the ballpark. Wanted to make sure Board the projection of what our liability will look like over time.

Debra Aufer - this the preliminary information just to give you a heads up. Rasmussen will come back with a full presentation on how this project is doing.

Motioned Dennis, approved by Ayn. Motion Approved.

Other than those appropriations we wanted to tell you the status of the current Asset Management Study

Agenda Item No. 5
Committee Member Comments

Lane – my only one has to do with putting the map into EEC and I understand the issue is getting ADA accessibility to the lower floor and so if we need money for that project is that money available.

GM – I spoke with Jeff LeBow and they are looking at what the fix would be and they are going to come back with a number and if it's something I can do within my contingency I move that forward, if it's something we have to bring back we should have a sense of that. They are working on it.

Agenda Item No. 6
Public Comment

No public comments.

Meeting adjourned 2:35 p.m.