

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, August 9, 2016

D. BUSINESS BEFORE THE BOARD

7. BOARD COMMITTEE REPORTS

- b. Finance Committee Minutes and Recommended Actions from the May 25, 2016 (Waespi)

Attendees

Board: Directors Dennis Waespi, Ayn Wieskamp,

Staff: Robert E. Doyle, Debra Auker, Bill Zenoni, Deborah Spaulding, Ana M. Alvarez, Pam Burnor, David Sumner, Kim Balingit, Nadine Vargas, Meadow D'Arcy, Jeff Rasmussen, Jim O'Connor, Carol Victor, Anna Fong, Paul Ferrario, Janet Lam, Jamie LeBow; Alicia Gonzales

Speakers: John Bartel and Doug Pryor with Bartel and Associates

Public: Rick Richard - PAC

Committee chair Dennis Waespi began the meeting at 12:40 PM with the introduction of committee members. Committee member Diane Burgis was out ill.

Agenda Item No. 1
Update on CalPERS Pension Actuarial Issues

AGM, Finance and Management Services Debra Auker introduced John Bartel and Doug Pryor with Bartel and Associates, the firm that provides actuarial information about the District's Pension Plans, including the requirements to implement GASB 67 and 68 for the CalPERS and EBRPD Retirement Plans. Additionally, Bartel and Associates provides annual updates on the status of the District's CalPERS retirement plans.

CalPERS Actuarial Issues – 6/30/14 Valuation for Miscellaneous and Public Safety Plans

John Bartel reported on the CalPERS Actuarial Issues – 6/30/14 Valuation for Miscellaneous and Public Safety Plans.

- The District's unfunded pension liabilities have decreased since the last review. The unfunded liability of the Miscellaneous Plan, based upon market value (MV) of assets, was \$66 million as of 6/30/14, down from \$68.9 million as of 6/30/13. The unfunded liability

of the Safety Plan, based upon MV of assets, was \$11.5 million as of 6/30/14, compared to \$13.7 million at 6/30/13.

- The 2015/16 employer pension contribution rate for miscellaneous employees is 22.5% and will increase to 23.7% in 2016/17. The employer rate for safety employees is 26% and will increase to 28% in 2016/17.
- Miscellaneous plan projected pay off of unfunded liability is late 2030; Safety plan projected pay off of unfunded liability is early 2040 at which point the District would continue contributions for normal cost.

Bartel discussed the impact of the new Governmental Accounting Standard Board reporting requirement (GASB 68) on the District's financial statements for the fiscal year ended December 31, 2015; the net pension liability will be shown on the District's balance sheet whereas in the past it was not shown.

CalPERS Changes

- Policy changes – no asset smoothing
- Assumption changes – anticipate future mortality improvement
- Risk pool changes – all risk pools combined into one Miscellaneous and one Safety Plan

General Manager Robert E. Doyle thanked Mr. John Bartel for a thorough report.

Recommendation: None. This is an informational item only.

Agenda Item No. 2

2016 Risk Management Annual Report

Acting Risk Manager Paul Ferrario provided an overview on the worker's compensation program and advised the Finance Committee that the District has been experiencing a downward trend in the frequency of reported work injuries in the last decade. Claim frequency was slightly up from the prior year at 115 reported claims. However, this is a 29% decline in reported claims when compared to claims reported ten years ago.

The challenge to the worker's compensation exposure is controlling escalating medical costs through management of expenses and proactive settlements. Insurance costs are continuing to trend upward, with the overall cost for the July 2016 through June 2017 policy year up \$48,600 (3.7% from current rates).

- The District's current worker's compensation policy is self-funded up to \$350,000, (claims over \$350,000 are directed to excess carrier). The excess insurance, however is getting increasingly more expensive.

Committee member Ayn Wieskamp thanked Paul Ferrario for his diligence in getting the best rates available for the best coverage.

Committee chair Waespi shared that when he was a Supervisor with the District, his department benefited from the "Light Duty Program" implemented by the Risk Department.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommend to the full Board of Directors renewal of the existing insurance programs of workers' compensation excess insurance at \$473,000, property insurance at \$443,000, general liability insurance at \$317,000, watercraft insurance at \$2,700, aviation insurance at \$100,000, crime insurance at \$3,800, cyber liability coverage at \$1,630 and new this year social engineering insurance at \$570. Motion Approved.

Agenda Item No. 3 **2016 Completed Project Closures**

Administrative Analyst Nadine Vargas presented the annual formal closures of completed projects in the District's financial records. Project closure information was solicited from project managers. Before closure was completed, projects with revenue surplus or shortages were trued up, and the balance of excess funding will be returned to the original source. The most restricted project resources were used first and in the following order: grants, then bonds, then General Fund.

Development Projects

Administrative Analyst Vargas proceeded to report on a total of thirty-five capital development projects which were recommended for closure. Based on the proposed closures, the net impact will be as follows:

- \$535,263.46 to General Fund
- \$255,335.43 to Major Infrastructure Renovation and Replacement Fund
- \$4,717.36 to Measure AA

Land-related Projects

A total of twenty-seven land-related projects were recommended for closure. The list included both acquisitions and safety/security-type projects. Based on proposed closures, the net impact will be as follows:

- \$.089 to General Fund
- \$55,536.97 to Measure AA allocation areas
- \$15,442.54 to Measure CC allocation areas
- \$145,027.25 to Measure WW allocation areas
- \$1,112.74 to Transfer between projects

Other Than Asset (OTA) related projects

A total of seventy-two OTA projects were recommended for closure. Adjustments are required for the following fund sources:

- \$255,753.85 return to General Fund
- \$1,625.00 return to Major Infrastructure Renovation and Replacement
- \$58,761.83 return to Measure CC
- \$3,352.00 return to Grant Fund

- \$6,824.98 return to Mitigation Fund
- \$459.00 return to Gift Fund

There were projects with excess totaling \$15,769.43; project managers requested transfer to support active projects.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends to the full Board of Directors approval to review proposed closures, budgetary adjustments. Motion approved.

Agenda Item No. 4 **2017 Budget Calendar**

Budget Manager Pam Burnor reported that the budget calendar is presented to the Finance Committee annually. The purpose of report is to provide the Finance Committee with an overview of the District's budget schedule anticipated for the 2017 budget process.

Board Workshops

The budget planning process began earlier this year, with the first Board Workshops in February and the last one in June to address capital, land acquisitions and trail projects.

Budget Preparation Activity Highlights, by month:

June – Verify the level, location and funding source of District employees.

July – Update Division/Department service objectives using performance measure reporting format. Determine need for current mid-year adjustments.

August – Finance distributes base budget to departments and instructions related to budget requests. Budget workshops are conducted to provide assistance to budget preparers.

September – Revenues are estimated to establish the base budget revenue available for appropriation in 2017. The General Manager and AGM Group discuss budget requests within the amount of the projected capacity for both the operation and capital budgets.

October to December – Present proposed budget to Finance Committee in November and to Board of Directors and public during two public sessions in December. Budget adopted after second public hearing.

February 2017 – hard copy budget documents, including Operating, Project and Budget Brief will be distributed to the Board and AGMs and the electronic version will be posted on the District's website at the same time.

Recommendation: None. This is an informational item only.

Agenda Item No. 5
March 31, 2016 Investment Report

Interim Chief Finance Officer Bill Zenoni presented the March 31, 2016 Investment Report and informed the Committee that the total of the District's cash and investments as of March 31, 2016 was \$289,900,367, a slight reduction from last quarter due to expenditure of bond proceeds.

- Pooled cash/investments managed by the CFO equated \$201.0 million, a \$57 million increase in cash/investments compared to December 31, 2015.
- The 2016 investment earnings budget total \$495,000.
- Banking and investment fees are consistent with prior years, totaling \$26,494.

Graph handouts included a pie chart of the District's cash and investments by type along with a bar graph of the mid-term securities investment maturities.

Committee chair Dennis Waespi asked what strategy is used to move investments into more long term duration. AGM Auker replied the strategy has to do with the yield curve and how the marketing is doing. We are working with our investment advisors to determine when we should move from our average 2 year maturity strategy.

Recommendation: Motioned by Ayn Wieskamp and seconded by Dennis Waespi that the Finance Committee recommends to the full Board of Directors acceptance of the March 31, 2016 Investment Report. Motion Approved.

Agenda Item No. 6
Payroll Debit Cards

Interim CFO Zenoni reported on a payroll pilot program for a select group of seasonal employees. Currently the District's approximately 700 employees receive bi-weekly pay with direct deposit to their bank account or receive a paper check. During the summer months, there are approximately 200 additional seasonal employees added to payroll.

A pilot payroll debit card program focusing on the seasonal staff in the Recreation Department will be implemented this summer. The pilot program will begin in July and continue through September. Those seasonal employees who do not wish to utilize direct deposit will have their bi-weekly pay deposited to an East Bay Regional Park District payroll debit card which they will be able to use just like any other Visa debit card – either for purchases or cash withdrawal with no cost to the District. Based upon the results of the pilot program, staff will evaluate the effectiveness of the debit card option and a decision will be made whether to expand this program to other District employees as an alternative to paper paychecks.

Committee chair Waespi inquired if the District, as a condition of employment, could require seasonal employees to have direct deposit. Interim CFO Zenoni advised the District has to offer an alternative to direct deposit.

Recommendation: This is an informational item.

Agenda Item No. 7

Contract with Willdan Financial Services for Arbitrage Reporting and Continuing Debt Disclosure

Assistant Finance Officer Deborah Spaulding reported that staff is working on a five year contract with Willdan Financial Services to continue to provide arbitrage reporting and continuing debt disclosure services. Willdan Financial Service will continue to handle the reporting to the IRS and the Securities and Exchange Commission. The cost of this contract is less than \$5,000 annually.

Recommendation: This item is informational only.

Agenda Item No. 8

Open Forum for Public Comment

None

Meeting adjourned 2:20 p.m. Next meeting is scheduled for June 22, 2016.

Respectfully submitted,

Connie Swisher
Finance