

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, May 4, 2010

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C. BUSINESS BEFORE THE BOARD

Z. BOARD COMMITTEE REPORTS

- a. Finance Committee Minutes and Recommended Actions from the March 24, 2010 Meeting (Severin)

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Attendees

Board Committee: Director John Sutter, Acting Chair Person, Ayn Wieskamp, Whitney Dotson, Acting Member

Staff: Pat O'Brien, Dave Collins, Cinde Rubaloff, David Sumner, Pam Burnor, Carol Victor, Anne Scheer,

Public: Dan Walters, PAC Member
Brenda Wood, AFSCME

I.) 2009 Budget to Actual Results, (Unaudited)

Budget Manager Pam Burnor presented a report detailing the year-end unaudited results of the District's 2009 revenue and expenditure activity compared to budget.

General Fund revenue meets budget, and expenditures are less than appropriations. The result, as recorded as of 3/9/2010, is that actual revenue exceeds actual expenditures by \$11 million. All 2009 year-end entries have not been posted. Outstanding adjustments are not expected to materially change the outcome for 2009, and final audit adjustments will be posted by the end of April.

Budget Manager Burnor then recapped the "smoothing" plan previously discussed with the Board, in which the \$11 million increase in fund balance is proposed as a budgetary source to be used to mitigate the impacts of the projected reduction in revenue for the next 3 to 5 years. Per discussion with the Board at the Board Workshop, staff will be exploring use of the one-time increase in fund balance to offset the anticipated decline in property tax revenues in the 2011, 2012, and 2013 budget years. This approach will help mitigate the continuing need for substantial annual reductions in General Fund expenditures, the largest portion of which is personnel costs, during this period of reduced revenues.

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Budget Manager Burnor presented details of actual revenue compared to budget by category and actual expenditures compared to appropriations, as well as 2009 expenditure variance of 11% compared to 2008 expenditure variance of 5.2%.

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Budget Manager Burnor referenced bar graphs that compared 2009 General Fund actual revenue compared to budget. The bar graphs reflect that actual revenue slightly exceeded budget. She also referred the Committee to a bar chart displaying 2009 Percent of Division Budget Remaining at Year End. The Legal department had 33.2% budget remaining. Director John Sutter questioned the high number. Budget Manager Burnor responded that the Legal Division has some unpredictable legal expenditures. AGM Dave Collins explained that the legal department budgets a high number as a cushion to cover unexpected legal claims. Staff is investigating establishing a designated fund balance to absorb some of the unusual expenditures. This will keep their general day to day operating expenses at a normal level. CFO Cinde Rubaloff noted that if something unusual happens, the expenditure will come out of the designated fund balance.

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Director Sutter questioned why Legal Department had revenue budget of \$50,000 and actual of \$230,778. CFO Rubaloff responded that the District received a 2009 reimbursement for an insurance claim paid in a prior year.

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Director Sutter wanted to know why the Public Safety Division had budgeted revenue of \$1.7 million and actual of \$2.3 million. Budget Manager Burnor responded that the excess is related to fire mutual aid for which we booked two years of revenue in 2009. 2008 revenue was not received in time to record it in 2008, so it was deferred to 2009. 2009 revenue was received in time to record in 2009.

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Director Sutter asked about the difference for the Finance & Management Services Division budget of \$40,143 and actual of \$140,295. Budget Manager Burnor responded that we have changed some of our transaction reporting and staff will get back to him. CFO Rubaloff added that a part of the Management Services revenue relates to communication lease revenue from Nextel for equipment located at Peralta Oaks.

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Director Sutter requested that future reporting include the name of the special revenue funds rather than just the fund numbers on the backup schedules. CFO Rubaloff agreed for staff to incorporate those changes into the next report.

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Budget Manager Burnor also mentioned that, in general, special revenue funds' 2009 revenues are slightly above budget and expenditures are slightly below budget.

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Director Sutter questioned Mitigation Fund 257 and the difference between budgeted revenue of \$100,000 and actual of \$259,885. AGM Collins responded that mitigation funding is difficult to anticipate as far as what we will receive. An example is the Eastshore Project. There was a general agreement among the group that footnotes should be added to the report in the future to explain large differences.

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Director Sutter questioned Fund 270 and the difference between budgeted revenue of \$1.3 million and actual of \$9,654. CFO Rubaloff answered that 2009 budgeted activity in the new Measure WW local grants program didn't actually occur during 2009; the District will begin reimbursing the local agencies for their expenditures during 2010.

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AGM Collins concluded that last year, 11% of the General Fund 2009 appropriations remained unexpended and unencumbered. The 2009 revenue exceeds the 2009 budget by \$524,000. This resulted in an \$11 million increase in General Fund fund balance as of 12/31/09. He recapped the concept of "smoothing" - spreading the \$11 million over the next 3 to 5 years to mitigate the projected decline in property tax revenue. He displayed a graph demonstrating that by using the \$11 million as a budgetary source for the next 3 years, the District may be able to maintain 2010 appropriation levels without additional drastic reductions, until the time the property tax revenue is forecasted to rebound.

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2.) Preliminary Financial Reports for the Fourth Quarter 2009 (Unaudited)

CFO Rubaloff discussed the fact that beginning in 2009 the quarterly unaudited financial statements information was presented in two separate reports. Prior to 2009, the quarterly unaudited financial reports included both budget to actual comparison and current year's prior year comparison. In 2009 these comparisons were separated and are now presented in two independent reports. The actual information contained in each report is the same, but the focus is different. CFO Rubaloff asked if the Committee members preferred to maintain the separate reports, or if it was confusing and a return to the combined report would be more beneficial. There was agreement that two separate reports were beneficial.

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CFO Rubaloff reported that property taxes decreased by \$2.6 million (or 2.6%) from the prior year. Interest revenue decreased by \$2.0 million (or 37.3%) from the prior year. Interest rates were at almost record lows during most of 2009. Charges for services revenue increased by \$234,000, or 2.3%, over the prior year. This revenue stream increased due to increases in multiple areas, most significantly in fishing, parking kiosks, and camping. Miscellaneous revenue decreased by \$276,000 (or 13.2%) from the prior year. In 2008, there was the unusual receipt of the Cosco Busan reimbursement.

CFO Rubaloff reported on General Fund expenditures that were \$4.3 million lower than in 2008 (or an 8.1% reduction) from the prior year. This reduction was the result of the General Manager's direction to end the year with a 5% positive variance. The largest reductions were made in overtime, temporary help and supplies and services.

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CFO Rubaloff reported that supplies and services expenditures decreased by \$2.4 million (or 12%) from the prior year. Decreases from the prior year were concentrated in:

1. Election costs (\$1.3 million).
2. Fuel costs (\$300,000).
3. Legal Division services (\$400,000).
4. Public Affairs Division services (\$300,000).

CFO Rubaloff continued that capital outlay expenditures decreased \$1.4 million (or 58%) from the prior year. This decrease was due to the change in the District's capitalization policy, which raised the threshold for equipment capitalization from \$5,000 to \$25,000. Rolling stock (i.e. vehicles) costing less than \$25,000 are now coded to supplies.

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CFO Rubaloff reviewed the Statement of Contingency Activity and Ending Balances. The statements provide information related to items funded through budget transfers from the three contingency accounts: Board-General, General Manager, and Maintenance and Operations. These accounts are budgeted into a general account and then transferred, based upon District policy, to specific operating accounts for unanticipated expenditures. CFO Rubaloff reported that the Statement of Contingency Activity is not a required report and asked the Committee members if they found the report to be useful. Directors Sutter and Wieskamp responded that they liked having the information available and knowing how the funds are being used, and it was agreed to continue providing the Statement of Contingency Activity.

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CFO Rubaloff reported that normally the Finance Committee would be requested to recommend the quarterly financial reports to the Board for approval. Because we are at year end, the Board will receive the 2009 Comprehensive Annual Financial Report (CAFR) for acceptance rather than the 4th Quarter Unaudited Financial Statements. The 2009 draft CAFR will be presented to the Finance Committee in May, and proceed to the Board in June.

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Director John Sutter questioned the Special Revenue Funds and the reported 2009 Revenue Under Expenditures by (\$295,926). CFO Rubaloff reported that Special Revenue Funds are comprised of Zones of Benefits, Two County Trail Funds, Measure CC, mitigation, gifts, and the local Grant Program. Director Sutter wanted to know if the General Fund subsidizes the net loss. CFO Rubaloff answered that the General Fund does not subsidize the net loss and that many of the funds have fund balances. This is the first year that the General Fund is not transferring in funds to the Two County Trail Funds.

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3.) Update on Request for Proposal General Banking Services

CFO Rubaloff reported that the District has worked with Bank of America for many years. Our current agreement with Bank of America expires in 2010. Thus we are initiating the formal Request for Proposal (RFP) process to evaluate the services and costs of other banking institutions.

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CFO Rubaloff noted that the District issued an RFP in March and conducted a mandatory pre-bid conference on March 19th. Proposals are due from banks on April 16th. After review, finalist banks will be invited for interviews in May. Final selection will be the middle of May. The May Finance Committee agenda will include information about the selected bank. Authority to enter into a contract for banking services will be requested from the Board in June, with implementation scheduled to begin in July and to be completed in August.

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CFO Cinde Rubaloff reported that the District considered creditworthiness of institutions before sending them RFP.

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Bank selection will focus on the following factors:

1. Strength and stability of the bank
2. Availability of required services
3. Customer service approach
4. Public sector experience
5. Experience of assigned relationship team
6. Cost of services
7. Completeness of responses to RFP
8. Community involvement
9. Other factors

CFO Rubaloff added that the District has not done a bank RFP for many years. The RFP process will create competition for District business and motivate our current bank to come up with better pricing.

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Public Comments:

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PAC Member Dan Walters asked about on the status of the funding of WW local projects. AGM Collins responded that the District has not received many reimbursement requests for the \$27 million approved projects from 2009. The District did not have any disbursements in 2009, but they are being to be submitted during 2010. Director Whitney Dotson inquired for which projects the City of Richmond has requested funding. AGM Collins responded that the City of Richmond had submitted a number of items and about half were not complete and returned for further clarification.

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Meeting was adjourned at 1:45PM.

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