

AGENDA  
REGULAR MEETING  
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, January 16, 2018

D. BUSINESS BEFORE THE BOARD

7. COMMITTEE REPORTS

- a. Finance Committee Minutes and Recommended Actions from the Meeting of November 20, 2017 (Wieskamp)

Attendees

Board: Directors Ayn Wieskamp, Whitney Dotson and Colin Coffey

Staff: Robert E. Doyle, Ana Alvarez, Debra Auker, Deborah Spaulding, Michelle Strawson O'Hara, Pam Burnor, Nadine Vargas, David Sumner, Connie Swisher, Jim O'Connor, Ren Bates, Carol Victor, Aaron Roth, Kristina Kelcher, Kip Walsh, Jeff Rasmussen, Dave Mason

Speakers: Monica Spyke with PFM Asset Management, LLC

Public: Rick Rickard

Committee Chair Ayn Wieskamp began the meeting at 12:32 PM with the introduction of Committee members.

**Agenda Item No. 1**

**General Fund Reserves Restricted to meet Resource Agency Endowment and Funding Requirements for Long-Term Management of Habitat Mitigation Lands**

General Manager Robert E. Doyle provided the committee with a brief history of the District's "Restricted Funds." These are funds that the District sets aside for an intended future use, as required by external parties such as a granting agency, or by legislation. District staff have been working with the California Department of Fish and Wildlife (CDFW) to establish a new restricted "Long-Term Mitigation Fund." Staff intends that the proposed Long-Term Mitigation Fund would meet all CDFW endowment obligations, eliminating the need to establish separate endowments for each individual project that the District undertakes.

Assistant District Counsel Kristina Kelchner stated the alternative funding approach is for endangered species permits with the State of California for the District's own projects. The funds would be restricted by an agreement between the District and the CDFW and would begin

at \$500,000, the amount estimated to be sufficient to cover District permit obligations for the next five to ten years. The agreement between the District and CDFW is based on the District's extensive natural resource expertise and established record of successful conservation land management. It is meant to be a reserve fund, and the funds would be held for enforcement purposes; for every permit, the District reserves at least five years of operating money to cover costs of fencing, grazing and to manage land for the benefit of species.

Committee chair Ayn Wieskamp asked for definition of "nonwasting". Assistant District Counsel Kelchner advised that nonwasting means the principle cannot be used; enough principle is set aside to generate interest to cover the cost of the project.

Committee member Colin Coffey requested clarification on the scope of projects that are generating the costs to be funded. Assistant District Counsel Kelchner explained the first project that the District expects this funding agreement to cover is the District's fuels management project. Future permits for trails, staging areas, and other District projects would also be funded under this Long-Term Mitigation Fund approach. For any project that is constructed in an area that impacts endangered species, the state requires the District to set aside a 3 to 1 compensatory mitigation. For example, if a District project impacts 12 acres, the District must conserve 36 acres that can never be developed. The long-term perpetual management cost of this land is what is being securitized with this nonwasting Long-Term Mitigation Fund.

**Recommendation: Motioned by Collin Coffey and seconded by Whitney Dotson that the Finance Committee recommends to the full Board of Directors acceptance of establishment of a Restricted Long-Term Mitigation Funds to meet the District's permitting requirements for perpetual management of long-term habitat mitigation.**

## **Agenda Item No. 2**

### **September 30, 2017 Investment Report and Portfolio Review**

Assistant Finance Officer Deborah Spaulding presented the September 30, 2017 Investment Report in accordance with State Law and the District's Investment Policy, and informed the Committee the total of the District's cash and investments as of September 30, 2017, was \$205,357,145, a decrease of \$43.0 million from last quarter, mainly due to the timing of receipt of property taxes.

- Bond funds managed by fiscal agents were an additional \$43.6 million.
- During the quarter ended September 30, 2017 the District earned \$756,116 in interest revenue and expended \$24,778 in investment management fees.

Graph handouts included comparative investment information, District's invested funds, information on securities held by PFM, District cash and investment by type along with Investment Performance Review by PFM.

AFO Spaulding introduced Ms. Monique Spyke, with PFM Asset Management LLC, the District's investment management firm.

PFM Spyke presented the investment results for the third quarter of 2017, giving an overview of the market environment. PFM expects the economy to continue with moderate growth, however, a rising interest rate environment is a challenge for government agencies to navigate. PFM will manage the portfolio duration close to the benchmark and continue to look for safety in adding to the portfolio returns.

**Recommendation: Motioned by Whitney Dotson and seconded by Collin Coffey that the Finance Committee recommends to the full Board of Directors acceptance of the September 30, 2017 Investment Report. Motion Approved.**

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

#### **Amendment to Cooperative Funding Agreement with LARPD for Pavement Maintenance of the Sycamore Grove Trail**

Assistant Finance Officer Jeff Rasmussen requested an amendment to the Cooperative Funding Agreement with Livermore Area Recreation and Park District (LARPD) for pavement maintenance. Staff requests to amend the agreement to remove the annual \$50,000 maximum reimbursement and allow for LARPD to submit requests for reimbursement up to the full \$500,000 previously agreed upon. The amendment will provide the resources to complete Sycamore Grove Trail reconstruction.

General Manager Doyle added that LARPD will provide plans before the Districts releases funds. The current agreement is based on reimbursement up to the amount LARPD spends.

**Recommendation: Motioned by Whitney Dotson and seconded by Colin Coffey that the Finance Committee recommends to the full Board of Directors acceptance of proposed amendment to LARPD Cooperative Agreement. Motioned Approved.**

### **Agenda Item No. 4**

#### **2018 Projects Budget Review of Active Projects with Changes to Description or Scope**

Administrative Analyst II Nadine Vargas reported the Finance Department annually updates the five-year expenditure plans for each project to clarify the scope of active projects and incorporates changes into the Proposed Budget. Due to the long-term nature of some projects, it is common to have modifications to the original plans and scope of the project. Handouts included 2018 Proposed Project Scope and Title Changes.

Committee member Coffey asked for confirmation that the descriptive changes are just name changes and no funds are attached. Administrative Analyst II Vargas advised that is correct.

Committee chair Wieskamp asked what funds were being spent at Mission Clay. General Manager Doyle responded Mission Clay is an acquisition effort and staff is working with property owner, developers and planners for a staging area.

**Recommendation: Motioned by Whitney Dotson and seconded by Colin Coffey that the Finance Committee recommends to the full Board of Directors acceptance of proposed project and title changes as part of the Proposed Budget. Motioned Approved.**

### **Agenda Item No. 5**

#### **East Bay Regional Park District 2018 Proposed Budget**

Budget Manager Pam Burnor presented the EBRPD 2018 Proposed Budget Volumes 1 and 2 and stated that the 2018 proposed budget materials provided an overview of the 2018 proposed budget and that the Committee's recommendation to the full Board for approval of the 2018 operating and project budgets were sought.

The 2018 Proposed Budget is balanced when taking into account the planned use of fund balance. The General Fund budget is balanced with sufficient revenue to cover expenditures and fund transfers.

#### **2018 Proposed Budget Summary**

- The District's total 2018 budgeted resources (including inter-fund transfers) is \$219.8 million, compared to \$210.2 million in 2017.
- The District's 2018 appropriations (including transfers) total \$255.3 million, compared to \$231.0 million in 2017, and represents a 10.5% increase.
- Projected District operating costs have increased to \$190.4 million in 2018 from \$167.7 million in 2017 (a 13.5% increase). This increase is a result of increased wages, benefits, supplies and services and the remaining payments for the Measure WW Local Grants Program.

The 2018 Proposed Budget funds the addition of 22.62 FTE's when compared to 2017. The 2018 total authorized staffing is 828.8 FTE's. The increased staffing for 2018 includes:

- 11.85 ASCFME positions, 3.0 management/confidential positions, .99 sworn police positions and 6.78 seasonal/temporary staff.

#### **General Fund**

##### **General Fund Revenue**

- 2018 General Fund budgeted revenue is \$147.1 million compared to \$136.4 million in 2017. This represents a 7.9% increase and is mostly due to increased property tax revenue.

##### **General Fund Appropriations**

- 2018 General Fund appropriations total \$146.9 million, compared to \$136.3 million in 2017, a 7.8% increase. The increase is comprised of personnel costs.
- Personnel costs increased by \$10.7 million due to the addition of 22.62 positions, increases in wages and benefits provided for in the AFSCME and Police Association contracts and increased pension costs.

**General Fund One-Time Budget Requests** – One time appropriations requested in the 2018 General Fund preliminary budget, which will be funded with the use of the one-time funding sources and excess unassigned fund balance include:

- One-time uses:
  - \$5.6 million to replace Public Safety Helicopter, \$2 million contribution to Pension Trust Fund, \$1.1 million to replace four Fire Apparatus, \$600,000 to Point Pinole Service Yard, \$418,400 for Tilden Pond Debris Removal, \$400,000 for the McKay Building, \$400,000 for Fleet Replacements, \$400,000 to complete Del Valle Service Yard, \$278,000 for Albany Beach Restoration, \$250,000 for Visitor Center Exhibits, \$200,000 for Sanitation Truck and \$200,000 to upgrade dump truck.

### **Other Funds**

- No change from the 2018 budgeted revenue for special revenue funds. Total revenues and transfers-in are projected to total \$34.7 million in 2018.
- Debt Service Funds revenue and expenditures decreased and reflects the scheduled reduction in annual debt service payments on the Measure WW Series 2013A bonds beginning in 2018. However, the District completed sale of new Measure WW bonds, will result in a change in debt service schedule. Staff will provide projected changes to the Board on December 5, 2017 budget review.
- Internal Service Funds revenue and transfers-in are projected to be \$16.8 million (similar to 2017) while expenditures and transfer-out increased by \$8.5 million due mainly to replacement of District helicopter, Eagle 6.

AGM/CFO Debra Auker highlighted a number of items in the 2018 Proposed Budget for the Committee. AGM/CFO Auker reviewed total resources and funding types, discussed performance measures, reviewed base line budget increases, one-time appropriation requests, FTE's, and Division budget summaries.

Committee member Colin Coffey requested additional information on the Bay Trail from Hercules to Rodeo inquiring if there will be more activity in 2018 than is indicated in the proposed budget. Mr. Coffey also inquired if Clayton Ranch will have more activity than is reflected in the budget.

Committee member Wieskamp asked for confirmation that the Dumbarton Quarry fund is based on the current approved contract and does not include the ridge construction. AGM/CFO Auker confirmed.

**Recommendation: Motioned by Colin Coffey and seconded by Whitney Dotson that the Finance Committee recommends to the full Board of Directors review and acceptance of the 2018 Proposed Operating and Project Budgets. Motion approved.**

## **Agenda Item No. 6**

### **2018 Article XIII B California Appropriation Limit Review (Gann Limit)**

Budget Manager Burnor reviewed with the committee the process of calculating the Gann Limit; Article XIII B of the California State Constitution establishes a formula to calculate a limit on public agency appropriations of taxes:

- The appropriation limit applies to maximum appropriations to be charged against property tax. Only the General Fund is subject 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 the property tax. The 2018 appropriation limit is \$394 million, compared to the appropriations subject to limit, which is \$132 million, well below the appropriation limit for fiscal year.

## **Agenda Item No. 7**

### **Third Quarter 2017 General Fund and Other Governmental Funds Financial Reports**

Assistant Finance Officer Michelle Strawson O'Hara reported on the General Fund and Other Governmental Funds Finance reports. As of September 30, 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 September 30, 2017**

<b>General Fund</b>	<b>Budget</b>	<b>Actual</b>		<b>% of Budget</b>
	<b>2017</b>	<b>thru 9/30/17</b>	<b>variance</b>	<b>Complete</b>
Revenue*	\$ 136,783,118	\$ 74,604,481	\$ 62,178,636	54.5%
Expenditures*	145,175,668	102,669,419	42,506,249	70.7%
net change in Fund Balance	\$ (8,392,551)	\$ (28,064,938)	\$ (19,672,387)	

\* includes transfers

The report attachments provided additional information on General Fund Revenues 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 \$43.7 million and the estimated ending fund balance based on budget is \$49.5 million.

## **Revenues and Expenditures for Other Governmental Funds**

- Special Revenue Fund – revenues and expenditures are as expected for this point in the year.
- Project Funds – revenues are reflected at 94.0% of budget due to approval of the 2017 budget appropriations and related transfer-in which are recorded upon approval. Expenditures for the 3<sup>rd</sup> quarter include final payments to complete restoration of the Dotson Family Marsh, completion of the solar project at Shadow Cliffs and payment for the Bay Trail at Point Pinole.
- Debt Service Fund – revenues and expenditures are related to scheduled debt service payments for Measure AA and Measure WW bonds.

**Recommendation: Motioned by Colin Coffey and second by Whitney Dotson that the Finance Committee recommends to the full board of Directors acceptance of Third Quarter 2017 General Fund and Other Governmental Funds Financial Reports. Motion Approved.**

### **Agenda Item No. 8** **Open Forum for Public Comment**

No public.

### **Agenda Item No. 9** **Committee Comments**

None

Meeting adjourned 2:30 p.m.  
No December 2017 meeting.

Respectfully submitted,

Connie Swisher  
Finance