

























The Park District must target sustainable growth when determining how many new staff positions (full-time equivalents-FTE's) to add each year. These are ongoing, base budget increases and must be reviewed with careful consideration. In the past three budget cycles the Park District has added over 63.5 FTE's for a total of 824 authorized positions, 720 permanent and 104 seasonal.

**Authorized Positions Added During the Annual Budget Process**

Budget Year	Represented Employees	Unrepresented Employees	Seasonal/Temp Employees	Total FTE's Added
2018	12.84	3.0	6.78	22.62
2017	15.05	1.0	5.29	21.34
2016	13.96	3.0	2.58	19.54

Forecasts of the Park District's future staffing requirements for planned park, trail, and facility openings (Pipeline) indicate that the Park District's planned growth of opening parks and facilities estimate that increase in annual operating expenses will total approximately \$8.1 million over the next 5 years. The Park District will need to confirm whether these expenses can be accommodated within our projected future revenue increases.

**2. Other Operating Costs:**

Other operating costs make up eighteen percent (18%) of the District-wide operating budget in 2018. These costs include supplies, utilities, repairs, maintenance, contract services and insurance. The other categories of costs include 7% towards debt service on capital bonds, 5% for capital, and 15% for other costs, including Measure WWV local grant contributions.

The Park District protects against financial instability by closely monitoring the ongoing, base budget of operating the Park District. The Park District is committed to a continuous level of service; therefore, must plan for the regular ups and downs that occur in our volatile economy.

(Additional detail regarding the Park District's financial forecast may be found in the 2018 Adopted Budget. <http://www.ebparks.org/about/budget>)

**C. 2017 Year-End/One-time Funding & 2018 Mid-Year Budget Review:**

The Park District is ending the 2017 budget year 'in the black' as planned, with preliminary General Fund revenue exceeding expenditures. The variance above the target fund balance (set by Board policy) is based on the annual audit results, and it is expected that there will be several million dollars of one-time funding available for replenishment of reserves and appropriation for one-time uses.

This positive year-end budget result was due largely to three factors:

1. Staff keeping within to their monthly expense budgets and ending the year at or under budget.
2. Approximately 3.7% savings in personnel costs due to staff turnover, vacancies and retirements.
3. Property tax revenues exceeding budgets by 4.2% (\$5.2 million), mainly due to former redevelopment successor agency receipts.

These results are preliminary and subject to refinement when the 2017 audit is completed. Final amounts will be reported to the Board as part of the acceptance of the Annual Audit in July of this year. Nearly all of these funds are considered “one-time” sources. Therefore, while these opportunity funds can be committed to one-time projects or expenditures only, they are unsuitable to appropriate for increasing permanent staffing or other ongoing base-budget expenditures.

The General Fund’s Fund Balance Policy directs that, following year-end, the amount of General Fund fund balance in excess of the target amount as established by the Chief Financial Officer (CFO) first be directed toward replenishing depleted reserve funds, including legal and election reserves, and then toward fully funding the Infrastructure Renovation and Replacement Fund (553).

Once the reserves are replenished, the mid-year process includes a review of strategic and emergent financial needs across the Park District, including current operating accounts that are going over budget; implementation of regulatory requirements; major one-time purchases; funding to complete projects in process; funding needed for major program priorities like of safe and healthy forests, environmental stewardship and completing land use plans; and expenditures to ‘buy down’ debt or reduce future operating costs. A number of issues are currently under discussion by staff in consideration for mid-year budget adjustments. An early draft list for consideration of one-time appropriations at mid-year 2018 and/or 2019 may include some of the following:

1. Additional funding for safe and healthy forest management.
2. Implementation of the compensation and classification study by setting aside up to \$1 million per the new Memorandum of Understanding with AFSCME Local 2428.
3. Environmental mitigation, including clean up at Anthony Chabot Marksmanship Range.
4. A District-wide office space needs assessment including, office space renovations at Peralta Oaks Administrative Building and service yard improvements for field staff to address the lack of space for growth in the Park District workforce.
5. Continuing to set aside annual funding for the Major Infrastructure Renovation and Replacement Program (Fund 553), including improvements to facilities, utilities, structures, and paved roads and trails.

**D. 2019 Budget Strategy:**

The early strategy for 2019 related to the General Fund base budget is to continue our current service levels, assess critical needs related to growth in staff capacity, implement commitments to represented employees, fund ongoing equipment replacements, maintenance and infrastructure repair at sustainable levels, and fund new “Pipeline” operating expenses as can be accommodated within the Park District’s financial capability.

Staff will introduce policies and strategies for long-range planning of the base budget and projects funded from the General Fund. As noted above, the impacts of updating the employee labor agreements (MOUs) must be included in the overall budget strategy in addition to other ongoing needs.

A recommendation for an annual contribution to the Major Infrastructure Renovation and Replacement Program (Fund 553) will be discussed balancing other needs. Current information suggests an annual amount estimated between \$8.0 and \$10.0 million/year as base appropriation would be prudent. As of the 2018 Budget, the base (ongoing) contribution is \$2 million and an additional \$500,000 for paving. Non-recurring appropriations are approved as available in the annual budget and at mid-year.

The Safe and Healthy Forests Program, also known as the Fire Hazard Reduction/Vegetation Management program, funded by Measure CC, FEMA grants and General Fund appropriations, is expected to continue utilizing most non-FEMA project funding sources annually. In 2018, \$800,000 in annual General Fund base budget funding, with a desire to increase the funding by a minimum of \$100,000 each year, was committed to the program. The Park District has been successful to date, in securing the FEMA funding, although it is currently not completely relieved of all threats of litigation. The Park District has also applied to receive additional FEMA allocations and has been able to secure \$ 2.9 million in addition to the \$4.0 million originally allocated to the Park District. Staff will review the overall projected costs for this program and confirm the Park District's long-term strategy with the Board.

Environmental remediation has become a funding priority especially as it relates to the cleanup of the Anthony Chabot Marksmanship Range which closed in 2016. Beginning in 2016 the Park District began to fund the estimated \$5-10 million cleanup. In the 2018, the Park District contributed \$1 million as a base budget appropriation for a total of \$4.3 budgeted to date.

In order to reduce the risk of long term volatility in PERS pension rates and proactively prefunded pension costs, the Park District established an irrevocable pension trust in 2017 and is committed to making contributions in accordance with actuarial recommendations when possible over the next 10 years. In 2017, the Park District contributed \$3.5 million and appropriated \$2 million in 2018. Future annual contributions are estimated at \$2 million to \$500,000.

Fortunately, the availability of other major funding including Measure WW, Measure CC, Habitat Conservancy, grants, donations and other non-General Fund sources is resulting in significant opportunities for the Park District to continue to acquire, protect and preserve important parkland, trails and habitat to meet the long-term needs of our region and to establish new park sites per the updated Master Plan. During the economic downturn, the Park District was able to acquire lands at favorable rates and more recently the Park District has worked in partnership with the ECCC HCP to acquire many properties in east Contra Costa County. Many of these newly acquired properties have been placed into land bank status until the Park District can begin to plan, permit, develop, and selectively open properties to public use, as the Park District can afford the annual operational costs.

The balance of this packet provides the Board with reference information on the Park District's capital resources by funding source and includes summary reports, budget history, and remaining balances, generally as of year-end 2017.



## **II. CAPITAL FUNDING OVERVIEW**

### **A. Funding Sources**

The Park District is fortunate to have several types of funding for capital projects and programs. Best financial practices direct agencies to utilize the most restricted funding available for any given project, reserving more flexible funding sources for application to other critical needs. The general hierarchy of funding options is to use funding provided from outside sources, then restricted and designated (committed) funds, and discretionary funds last (i.e. General Fund). A list of the Park District's funding sources for capital needs, in order of preferred use, is provided below:

#### **1. Grant: Project Specific Funding**

Source: Federal and State grants, East Contra Costa County Habitat Conservation Plan (ECCC HCP).

Justification: Funding is provided for specific projects and has strict timelines attached, therefore this funding source is to be depleted first, along with any matching funds (often General Fund) required by the grant.

#### **2. Grant/Endowments: Type of Work Specific Funding**

Source: State grants, special interests, Regional Parks Foundation, ECCC HCP, FEMA, and interest earned on permanent endowments.

Justification: Funding is provided for specific types of work and has stated expectation attached. This funding is to be used as the primary source for such types of work.

#### **3. Resource Enhancement Mitigation Funds**

Source: Developers/donors, environmental programs. The Park District is currently holding \$4 million in mitigation funds for various purposes including specific area acquisitions, resource and habitat projects.

Justification: Funds are restricted and associated with mitigation agreements. These funds are to be used when applicable per the mitigation agreements.

#### **4. Special Revenue Funds**

Source: Landscape & Lighting Assessment Park Districts (\$3.0 million), Zones of Benefit (approx. \$890,000), Tipping Fees for Coyote Hills (approx. \$850,000), Funds associated with agreements from other governments, gift funds, as well as future Community Facilities Park District funding.

Justification: Funding is provided for specific purpose and has spending rules attached. Some funds have spending timelines and must be used in defined areas. These types of funds are typically earmarked for operating or capital costs.

#### **5. Measure AA Bonds**

Source: The Park District has over \$8 million in remaining unappropriated Measure AA taxable bond proceeds for acquisition and development projects after the proposed adjustment (*the Local Grant Program for Measure AA is closed*).

Justification: The AA tax measure was approved by the voters of the Park District in 1988. The last series of AA bonds was issued in 2006. Since these remaining proceeds are from taxable



proceeds there is no spending timeline requirement, however they may only be used for capital acquisition and development purposes. The Board holds the discretion to amend the work plan and expend any remaining AA funds on any capital development or acquisition project within the Park District.

#### **6. Measure WW Bonds**

Source: The Park District's 75% share of the total \$500 million in Measure WW authorized by the voters amounts to \$375 million, for both acquisition and development combined. Of the Park District's amount, \$96.1 million has been appropriated, and approximately \$278.9 million remains unappropriated and available to commit to acquisition and development projects. Measure WW tax-exempt bond proceeds, once issued, are subject to a three-year expenditure plan; therefore, timely use of the proceeds is important.

Justification: The tax measure was approved by the voters of the Park District in 2008. The first two series of WW bonds were issued in 2009 and 2013, raising total proceeds of \$164 million for both Local Grants and Park District projects. In 2017, the Park District issued an additional \$80 million in proceeds and refunded \$50.4 million from the 2009 issue. To retain the Park District's good financial status with regulators, the Park District needs to continue progress toward expending outstanding bond proceeds.

#### **7. Measure CC Excise Tax**

Source: Annually the Park District receives and appropriates approx. \$3.1 million for capital and operating projects specific to the CC area. The Park District also has \$1,090,055 remaining as contingency funds in reserve (the remainder of the total 10% contingency \$4.7 million). The Park District is on target in spending the annual appropriations. Staff continues to focus on completing the 1.5-year expenditure plan.

Justification: The special excise tax was approved by voters in Alameda and Contra Costa counties within the Measure CC boundaries in 2004. The tax will sunset in 2020 and the Board recommends extending this funding source in 2018.

#### **8. 2012 Promissory Notes**

Source: The entire principal balance of \$25 million has been appropriated for in-park service yard improvements, the replacement of the Public Safety Headquarters, and Equipment Maintenance Shop at Lake Chabot.

Justification: In 2012, the Park District issued \$25 million in long-term Promissory Notes to be repaid over 25 years with General Fund sources. These note funds were earmarked for capital improvements to Park District staff facilities, such as service yards, offices and visitor centers which are not eligible for bond financing from Measure AA or WW.

#### **9. East Contra Costa County Habitat Conservancy Program (ECCC HCP)**

Source: The Park District's participation in the East Contra Costa County Habitat Conservation Plan (ECCC HCP) continues to provide a major source of funding for joint acquisitions in East County. The Park District currently has approximately \$1.7 million in a Special Revenue fund set aside for the management of certain properties purchased with ECCC HCP assistance.

### **10. Funds Committed for Land Acquisition**

Source: The Park District's Committed Land Acquisition fund is from General Funds, held as committed fund balance in the Project funds.

Justification: These funds carry over from year to year and have been reserved by the Board for use as a last resort for critical projects or matching funds when there is no other available source. As of 12/31/2017, this fund retained a balance of \$6.8 million.

### **11. Major Infrastructure Renovation and Replacement (Fund 553)**

Source: Park District staff facilities and infrastructure are not generally eligible uses for bonds or grant funds; therefore, the construction and replacement of staff facilities must be undertaken with General Fund resources. As of 2017, this fund has an estimated balance of \$8.6 million.

Justification: In 2012, the Board approved the renovation and replacement program with an estimated target to fund the program with a minimum of \$9 million annually. This amount is to be updated and refined based on the asset management and replacement cost study that started in 2014. These funds will be supplemented with other eligible funding sources available for improvements to Park District facilities and infrastructure.

### **12. General Fund-Opportunity Funds**

Source: The Park District intentionally engages in conservative annual budgeting practices to yield positive financial results at the end of each year. This provides an annual opportunity to address long-term and one-time needs that cannot be funded on an annual, base-budget basis. Although there can be significant volatility in the amount of opportunity funds made available each year, in most years the actual General Fund revenues exceed actual expenditures by between 4% and 6% of budget.

Justification: Park District General Fund revenues are generated mainly from general property taxes and can be spent at the discretion of the Board, meaning there are no strings attached or restrictions from other parties. These funds do not have spending timelines and can be used for both operations and capital, and are the most flexible/versatile of all the funding sources. Each year, as part of the Mid-year Budget Review, the prior year's financial results are presented and recommendations made for the use of any opportunity funds (budget savings) or one-time funds received.

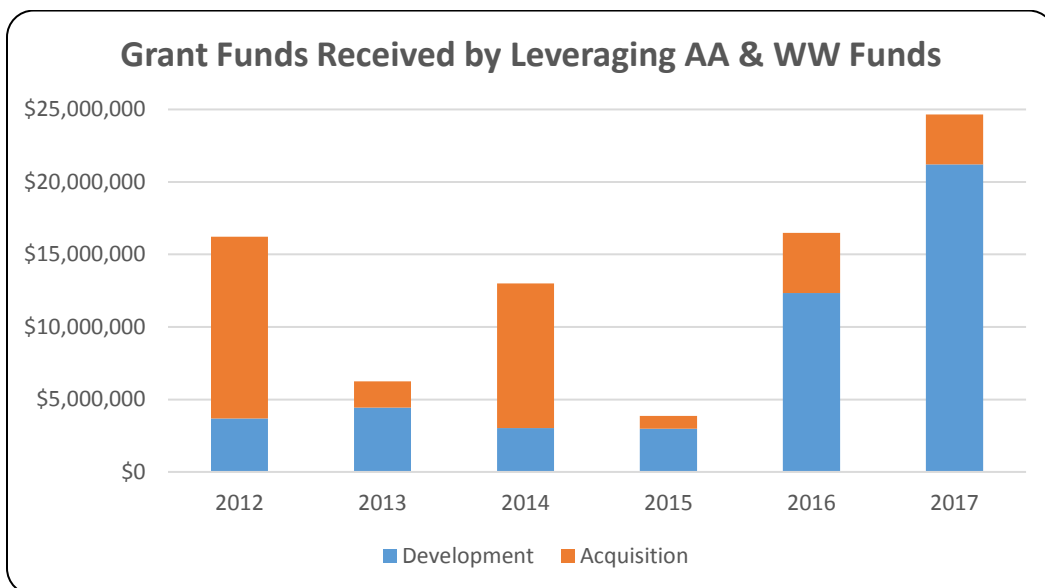
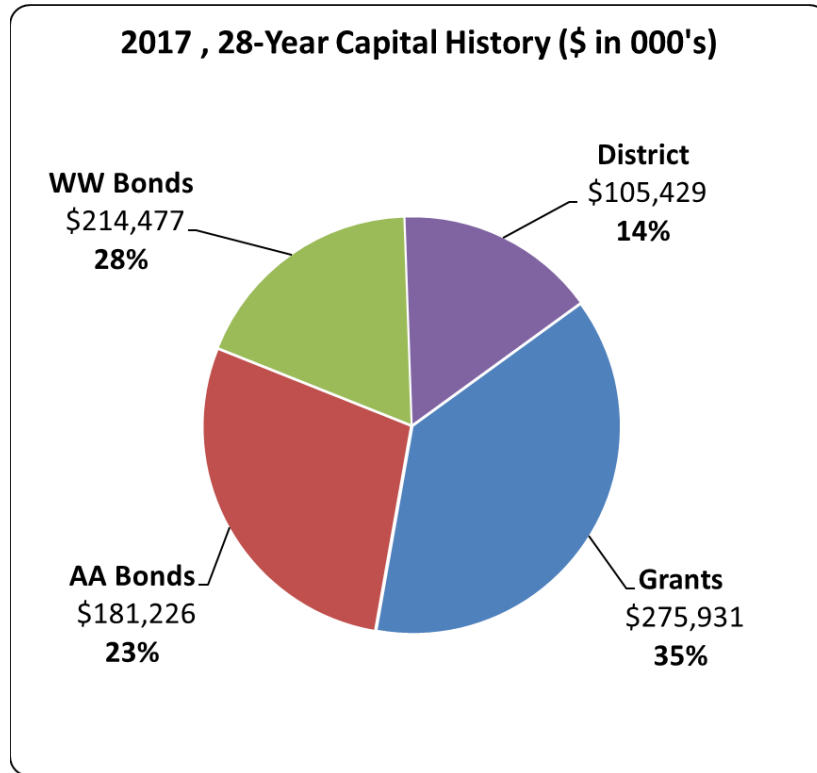
### **13. General Fund-Base Budget Appropriations**

Source: The Park District adopts an annual budget in December. The majority of all administration and operations costs are funded by general property taxes in the General Fund. Most all salaries and benefits for Park District employees (over 824 FTE's) are paid by these funds. The Base Budget revenues for the coming year are calculated in August and then the allowable growth of the Park District is calculated to balance expenditure needs with the available funding to construct a balanced budget for each year.

Justification: The Base Budget begins by calculating the current costs of providing the same level of service as the prior year and then adding in mandated and required costs. The base budget operational costs must be calculated prior to budgeting for additions to service levels, one-time costs or capital. Items considered as additions to the base include: staffing, ongoing supplies and services, replacing annual costs of vehicles, etc.

**B. 28 Year Capital Funding History**

Since 1988, the Park District has appropriated over \$777 million in funds for land acquisition, development, resource, and infrastructure projects from all sources. The cumulative totals for appropriations by category are shown in the chart below. Grants include approximately \$143 million for acquisition and \$132 million for development projects. Acquisition and Development Grants received through 2017 are listed in Exhibit 1a and Exhibit 1b: Grant Funds Received. (pp. 45-54) and a summary chart by year is shown below.



<b>Grants Funds Received by Matching or Leveraged by AA &amp; WW Funding</b>			
<b>Year</b>	<b>Total</b>	<b>Acquisition</b>	<b>Development</b>
2017	24,642,114	3,428,730	21,213,384
2016	16,494,876	4,153,336	12,341,540
2015	3,860,506	877,500	2,983,006
2014	12,993,097	9,970,000	3,023,097
2013	6,243,398	1,800,900	4,442,498
2012	6,366,507	5,674,505	692,002
2011	20,033,359	9,332,022	10,701,337
2010	16,225,551	12,542,959	3,682,592
2009	6,845,035	5,374,000	1,471,035
2008	4,126,998	1,600,000	2,526,998
2007	1,670,965	755,000	915,965
2006	984,187	478,744	505,443
2005	4,047,014	1,420,000	2,627,014
2004	5,580,681	200,000	5,380,681
2003	20,029,030	11,031,136	8,997,894
2002	13,666,277	2,290,250	11,376,027
2001	5,008,268	1,945,000	3,063,268
2000	15,149,744	4,183,790	10,965,954
1999	3,466,722	550,000	2,916,722
1998	30,962,285	26,774,496	4,187,789
1997	1,887,150	1,758,000	129,150
1996	5,706,825	4,569,000	1,137,825
1995	1,525,615	823,786	701,829
1994	6,402,072	1,825,463	4,576,609
1993	7,688,943	4,830,449	2,858,494
1992	9,595,749	7,781,731	1,814,018
1991	10,450,805	8,917,587	1,533,218
1990	5,628,846	3,303,525	2,325,321
1989	7,951,792	5,058,957	2,892,835
1988	696,680	194,463	502,217
<b>GRAND TOTAL</b>	<b>\$275,931,091</b>	<b>\$143,445,329</b>	<b>\$132,485,762</b>

### **C. Current Project Appropriations**

The Park District's 2018 Projects Budget consists of 492 active project appropriations which are formally authorized and listed in detailed format in the Park District's 2018 Adopted Budget. Cumulative project appropriations to active projects from all sources total \$320.5 million, of which \$203.7 million has been expended in prior years, leaving \$116.8 million from all sources to expend in 2018 and future years. [Exhibit 2a: Active Projects-2018 Budget](#) (pp. 71-86) shows this detail, sorted by park. All project fund appropriations continue from year to year until expended or modified by Board action. This schedule includes all project appropriations, regardless of classification (Acquisition, Development, Maintenance, or Other). [Exhibit 2b: Active Projects by Department](#) (p. 87) summarizes the number of projects and appropriation amounts by responsible department. The schedule of appropriated projects does not include Measure WW or AA funds that are allocated in the measure, but have not yet been appropriated to specific projects.

In preparation for the 2019 budget, staff is now beginning the annual project closure process, during which completed projects are inactivated, accounts reconciled, and variances from budget are corrected through administrative adjustment or Board action as appropriate. This process will unencumber, transfer or appropriate funds to correct the few projects over budget that may have occurred. To the extent that a net amount of funding is disencumbered through this process, funds are returned to the originating source fund for future re-appropriation by the Board.

### **III. MEASURE CC**

The current Measure CC tax receipts provide a consistent \$3.1 million per year in ongoing funding to support priority projects and operations in the Measure CC area through the year 2020, when the authority approved by voters in 2004 expires after the 15-year authorization. The Board supports the extension of Measure CC and has directed staff to prepare for a November 2018 election, which if approved by the voters would extend the tax for an additional 20 years.

Measure CC funds, with the exception of the 10% of proceeds reserved for unknown events and opportunities, are appropriated annually and spent on projects as designated in the Project Commitment Schedule presented to voters. Because Measure CC revenues are generated annually, the authorized projects have been scheduled to be undertaken throughout the life of the measure.

The Project Schedule is reviewed annually and recommendations are made to the Board regarding proposed appropriations for the coming year. These recommendations include adjustments to timing or approach that are determined to be necessary to accommodate changing conditions or to meet funding limitations. This schedule is brought to the Board at this workshop to provide an opportunity for the full Board to review and comment on the proposal for the coming year, prior to preparation of the required annual report for formal Board action and submittal of the tax information to the counties.

#### **A. Status of Projects/Completion of Projects**

The full Measure CC project list detail and preliminary 2019 budget is included in as [Exhibit 3: Measure CC Status Report](#) (pp. 89-109) in this packet. In summary:

##### **1. Funding Status**

As of 2017, out of the total \$46.7 million in project appropriations on the Measure CC list, \$42.3 million has been appropriated, of which approximately \$32.7 million has been expended and \$9.6 million remains unexpended.

##### **2. Completed Projects**

The Park District has completed 33 of the 82 projects listed in the Measure CC Expenditure Plan at a total cost of \$5.7 million.

##### **3. Operational projects**

Fifteen (15) current projects provide annual “operational” funds that pay for staff expenses associated with parks, including the Crab Cove Visitor Center year-round operation and McLaughlin/Eastshore State Park operations, maintenance and public safety. These will generally continue through 2020. Approximately \$1.3 million is proposed as an appropriation for the preliminary 2019 Expenditure Plan.

***It is important to note that, three of the operational projects are in need of additional funds, totaling approximately \$428,000, in order to continue funding staff at Point Pinole Regional Shoreline, Alameda Point and the Crab Cove Visitor Center through 2020. Staff proposes funding these needs from accumulated interest and tax revenues in excess of expectations which are projected to total over \$1.3 million.***

**4. On-Track Projects**

Thirty-four (34) projects in the amount of \$19.2 million, including 3 projects funded with Measure CC reserves are in process, and planned to be completed over the remaining three years. Current appropriations have not committed all the project funds in these areas. Approximately \$1.0 million is proposed as an appropriation for the preliminary 2019 Expenditure Plan.

***It is important to note that, three of the on-track projects have had challenges, including Miller Knox rail removal, and Point Molate Shoreline restoration and trail improvements.***

**5. Reserve Fund**

At the 2015 Workshop the Board discussed the criteria, and suggested uses for the \$4.7 million, 10% reserve. During 2015 & 2016 the Board approved appropriations of these funds as follows:

- a) \$1,106,245 to the Atlas Road Bridge and Public Access project.
- b) \$1 million for the Pt. Pinole Visitor Center, initial funding.
- c) \$1.5 million to the Bay Trail, Doolittle Drive section, initial funding.
- d) **\$1,090,055 unallocated balance for future high priority opportunities. Staff will return to the Board for formal appropriation of these remaining reserve funds. The Board requested that the staff clearly highlight any requests for the future use of Measure CC reserves.**

***Possible use of future Measure CC reserves could include the Expansion of Public Access at the MLK Shoreline Tidewater Boating Center, and San Francisco Bay Trail improvements at Golden Gate Fields and Doolittle Drive.***

- B. Preliminary 2019 Budget and Five-Year Expenditure Plan:** The preliminary 2019 Measure CC budget appropriations are listed in the [Exhibit 3: Measure CC Status Report](#), (pp. 89-109). Staff has been developing specific strategies to effectively complete these Measure CC projects in the three years remaining in the program. The 2019 annual budget and tax report for Measure CC will be brought before the Board for approval prior to the counties' August filing deadline.

**C. Extension of Measure CC:** As noted above, the Board has directed staff to seek voter approval for an “extension” of Measure CC in November 2018. This initiative is underway and the Board will be making a number of decisions to meet the necessary deadlines, including:

***1. Completion of the current Measure CC Expenditure Plan***

The current CC program is in progress, with projects still in process. A significant effort has been made to demonstrate the Park District’s progress toward completion and educating the public on the benefits provided by the current CC program.

***2. Community Survey Results and Stakeholder Advisory Group Meetings***

The Park District engaged the public in several ways including holding three community meetings and creating a stakeholder advisory committee which met five times over several months. A voter survey, covering the Measure CC area, has been completed testing specific project themes, language and arguments to assist the Park District in shaping a project list and election materials. These results have been presented at the April 2018 Board Legislative Committee.

***3. Development of a new Commitment List***

A draft Commitment List was created and accepted by the Board of Directors on January 16, 2018. The draft plan included projects in the following categories and was the result of several stakeholder outreach meetings:

1. Public Safety and Wildfire Protection
2. Environmental Conservation / Stewardship
3. Facility Improvements
4. Environmental Education
5. Green Transportation and Regional Trails
6. On-Going Maintenance Staff

***4. Election***

The Board will take action May 1, 2018 to initiate the formation of a Community Facilities District (CFD) as a funding mechanism for the extension of Measure CC and on June 5, 2018 to place the new initiative to extend the current measure on the November 2018 General election.



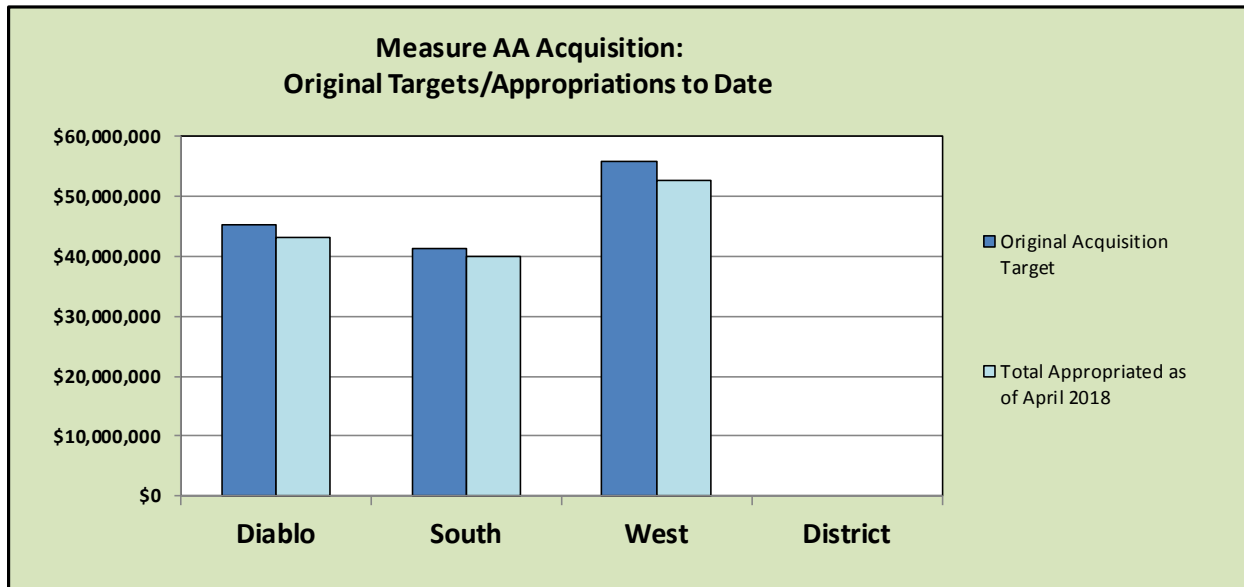
#### IV. MEASURE AA

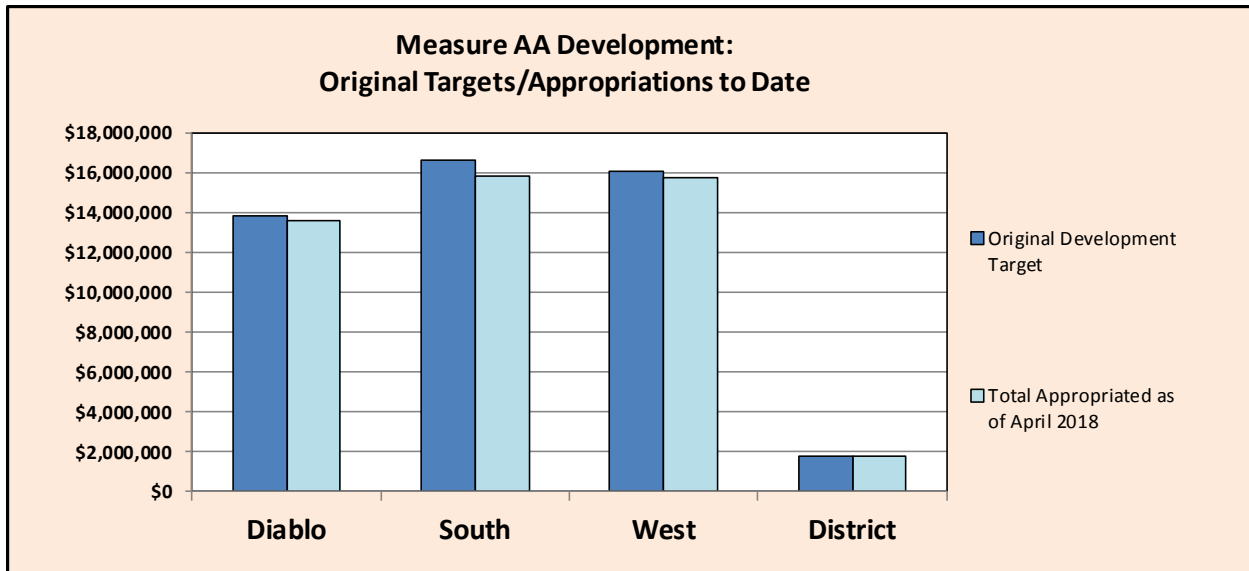
The Park District has been moving toward closure of the AA program, originally approved by voters in 1988. As of April 18, 2018, the Park District has appropriated a total of \$182.7 million in Measure AA principal and interest to Park District projects. As shown in the table [Measure AA Unappropriated Remaining Funds](#) on page 26, there is approximately \$8.1 million remaining in the program that has been allocated to project areas but is not yet appropriated for expenditure. Interest earned on these bond funds has been appropriated for either projects or administrative costs. The appropriation of the Park District's portion of the Measure AA program is 98% complete. Local Grant Program (LGP) appropriations are in addition to the above amounts; however, the LGP program is now complete and closed, and all funding has been disbursed to local agencies.

***The Measure AA program continues to wind down, and where feasible, staff seeks to use any eligible remaining AA funding prior to tapping the Measure WW allocations.***

##### A. Metropolitan Area Allocations

Measure AA funding was allocated on the basis of the Metropolitan Area population balance in 1988. The metro area appropriations for expenditure all balance within 1% of their original percentage targets. The charts below list the dollar targets and appropriations to date, by acquisition and development amounts, for each metro area.





### **B. Measure AA Interest**

Interest earned on the Measure AA balance has been split between acquisition and development in the same 75%/25% proportions as the original measure and has been appropriated similarly to the three metro areas. The total net interest earned to date has been \$27.3 million, and \$27.3 million has been appropriated to projects or administrative costs. This leaves no remaining unappropriated interest earned. Very little interest is currently being earned on the remaining balance.

*In 2012, the Board concurred that continuing to report and track the minor available interest amounts subdivided by the six categories was not workable, and would therefore consider the remaining interest balance as a whole for appropriation to one or more eligible acquisition or development projects anywhere in the AA project area.*

### **C. Measure AA - Cash Flow and Spend-down**

The Park District has been working for several years to conclude the AA program, fully utilize the remaining funds and complete and close the AA projects. As of 2009, the full \$225 million in bonds authorized under Measure AA had been issued. As of 2012, all of the tax-exempt bond principal from that final issue has been expended. The remaining funds held by the trustee are a combination of taxable bonds and interest to be earned and appropriated.

As approved in 2016, the Measure AA remaining cash held by the trustee has been reconciled to the project data base to confirm funding for all appropriations and unappropriated balances. The reconciliation required a budget adjustment to Measure AA interest funded projects and funding source revisions which were reconciled to the audited bank balance in 2016.

*The current balance of AA funds held by the trustee is \$13.3 million, of which approximately \$5.2 million is budgeted in active projects but has not been reimbursed from proceeds, leaving \$8.1 unappropriated and available for future projects.*

The table below, [Measure AA Unappropriated Remaining Funds](#) lists the remaining unappropriated funds by metro area. The details of remaining unappropriated funds by allocation area and metro area is shown in [Exhibit 4a: Measure AA Unappropriated Funds by Metro Area](#) (p. 111).

A significant portion of the remaining AA unappropriated principal can be attributed to a few project areas where progress has been impeded due to circumstances beyond the Park District's control. Because of the character of the taxable bonds, there is not a requirement to expend the funds within a three-year period, but these projects should continue to be monitored and the associated funds considered for re-direction if the projects ultimately prove unattainable so that the Measure AA program can be concluded in a timely manner.

**Measure AA Unappropriated Remaining Funds**

<b>REMAINING UN-APPROPRIATED ALLOCATION</b>			
<i>as of 4/18/2018</i>			
<b>Metro Area</b>	<b>Total Available</b>	<b>Available Acq</b>	<b>Available Dev</b>
Diablo	2,501,945	2,265,626	236,320
South	2,292,323	1,498,477	793,845
West	3,300,377	3,014,481	285,896
District	-	-	-
<b>Total</b>	<b>\$8,094,645</b>	<b>\$6,778,584</b>	<b>\$1,316,061</b>

These unappropriated funds are available for future appropriations. Staff will continue to research ways to consolidate, reconcile and/or recommend spend-down of remainder AA funds as opportunities occur.

To provide flexibility, in October 2011, the Board authorized the consolidation of acquisition and development allocations with less than \$150,000 remaining into single, metro-area acquisition and development designations. In 2018, the remaining \$2,786 in the Las Trampas Acquisition Area and the \$7,397 in the Pleasanton Ridge to Las Trampas Trail Development area will be adjusted. To date, the total amount consolidated has been approximately \$4.6 million. As of April 18, 2018, \$3.1 million from these consolidated metro accounts have been appropriated to twenty projects, the detail of which is shown in [Exhibit 4b: Use of Consolidated AA Fund Accounts](#) (p. 113).

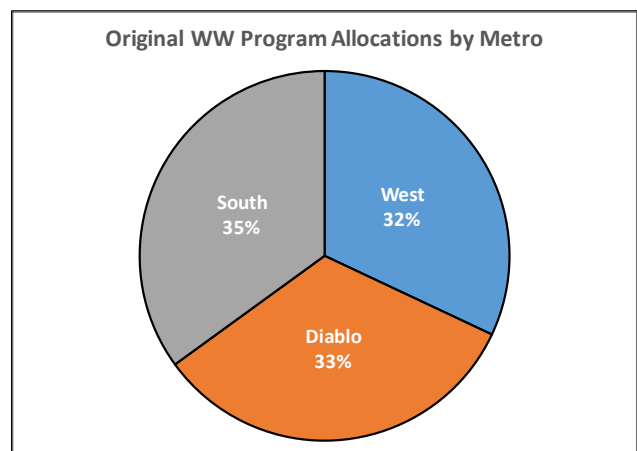
## V. MEASURE WW

### A. Initial Implementation and Bond Sales

The first series of bonds issued under the Measure WW authority were issued in mid-2009, the second series in mid-2013 and the most recent series in late 2017. The 2017 \$80 million series included \$30 million in Certified Green Bonds. The previous \$164 million in tax-exempt proceeds issued were sold at extremely low interest rates, with the 2017 series receiving a very competitive rate of 2.48%. The Park District also issued \$44.55 million in refunding bonds, with \$20 million as Certified Green Bonds, generating \$7.1 million in debt service savings. This current refunding in combination with the previous debt re-structure and \$20 million issue of Measure AA refunding bonds, has allowed the Park District to hold the combined 2017/18 debt service on both the AA and WW to \$2.10 per \$100,000 of assessed valuation (AV) and \$3.20 per \$100,000 the year before; well below the Park District's \$10 per \$100,000 of AV commitment to voters. The 2018/19 tax rate is also expected to meet this benchmark; however, it will go up to accommodate the 2017 bond debt service.

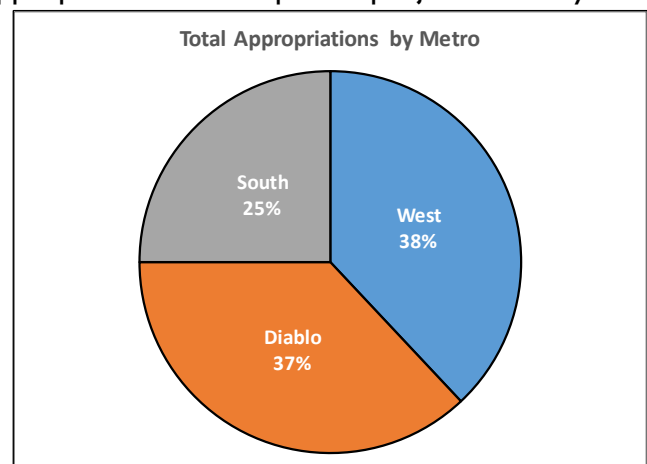
### B. Metropolitan Area Allocations

The \$375 million in Measure WW funding was allocated on the basis of the Metropolitan Area population balance as known in 2007. The original program allocations, by percentage, are shown in the chart to the right.

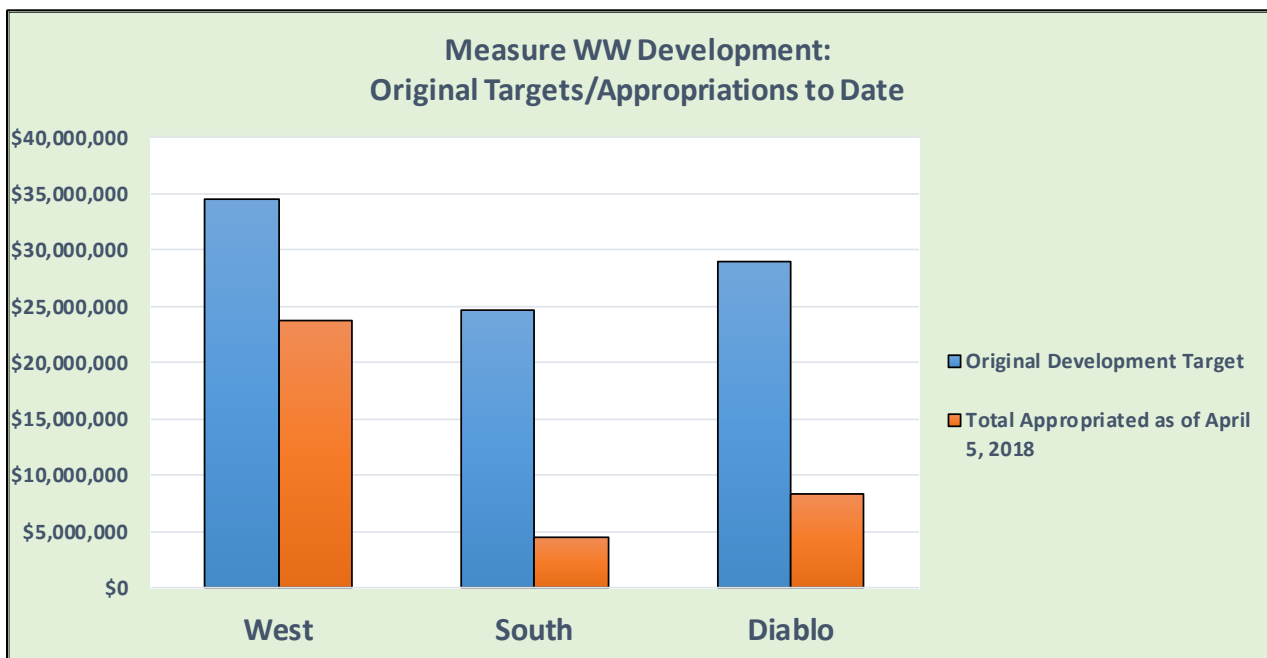
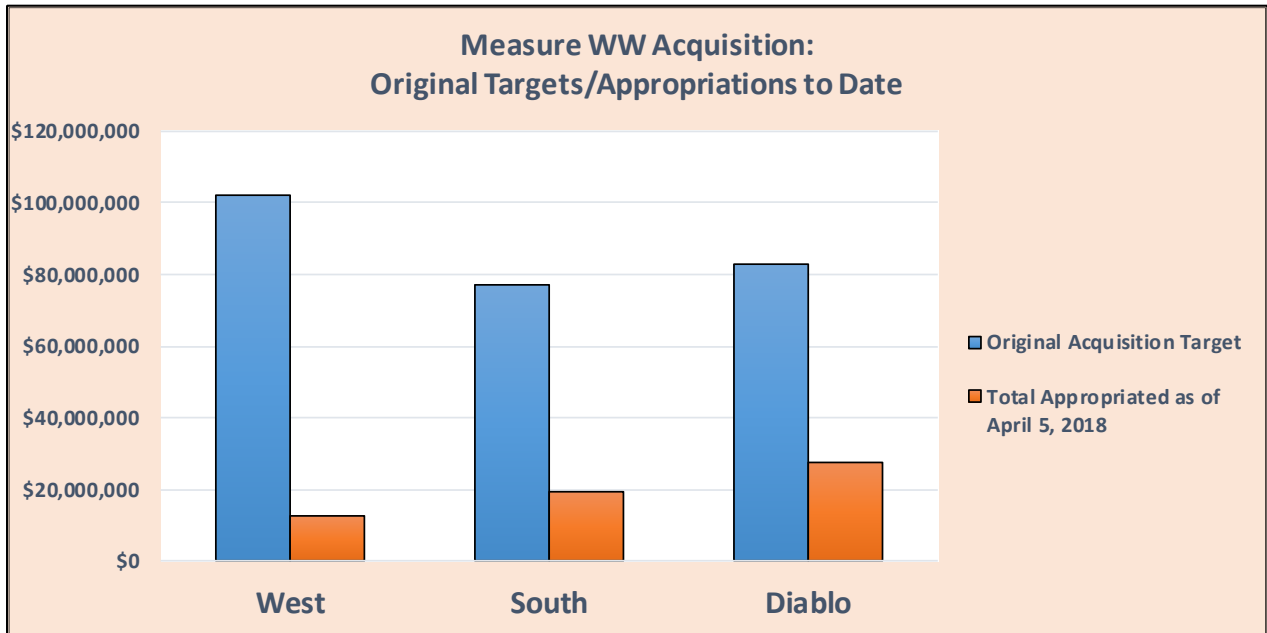


### C. Measure WW Appropriations for Park District Projects

\$96.1 million in appropriations have been approved by the Board of Directors for WW Acquisition projects (\$59.6 million) and WW Park District Development projects (\$36.5 million). Details of these appropriations are included in [Exhibit 5a: Measure WW Appropriations as of April 5, 2018](#) (pp. 115-124). In addition, \$37.1 million has been budgeted to the Land Acquisition "Designated Acquisitions" account, which is the holding account for projects in process that have not yet been transferred and received formal appropriations into separate project areas by the Board. Of the total appropriation of \$96.1 million, \$77.2 million has been expended on both acquisition and development projects to date, with the largest uses of WW being \$7 million for the Atlas Road Bridge creating a new access to Point Pinole Regional Shoreline, \$2.8 million for the Pinole Shores to Bay Front Park San Francisco Bay Trail, \$3.3 million for the Big Break Delta Science Center, \$4.1 million towards the purchase of the Roddy properties in Deer Valley, \$3.5 million for the Robertson property at Pleasanton Ridge, and \$3.0 million for the GSA property at Crown Beach.



The charts below display the Measure WW original targets and appropriations as of April 5, 2018, shown by metro area and by acquisition and development. At this stage of the measure, with only 25% of project allocations appropriated, it is premature to forecast a trend or to assign any significant meaning to the pattern of appropriations. With several recent acquisition opportunities in the Diablo area and the availability of matching funds from the East Contra Costa County Habitat Conservancy Plan (ECCC HCP), that area is responsible for 40% of the appropriations to date. These metrics will continue to be brought to the Board in future reports.



[Exhibit 5b: Measure WW Remaining Balances](#) (pp. 125-127) provides a summary of remaining unappropriated acquisition and development funds designated for each park under Measure WW. While dollars spent or amounts unappropriated can be useful, staff has provided a new [Exhibit 5c: Measure WW Status Report](#) (pp. 129-145) reflecting progress on the WW project descriptions presented to the voters in 2008. The report shows that six allocation areas have completed the majority of their commitments to voters. [Exhibit 5d: Measure WW Allocation Area Balances](#) (pp. 146-215) shows the allocation area detail. Staff will be presenting updates and information at the next two workshops related to current and future Park District Measure WW capital project and acquisition proposals. The status of Measure WW Land Acquisition priorities will be discussed at the July 11 Confidential Land Acquisition session.

#### **D. Measure WW Local Grant Program**

The Park District is entering its tenth and final year of the Measure WW Local Grant Program. The program is set to expire on December 31, 2018. Staff has received numerous extension requests from local agencies. Staff suggests authorizing a three-year extension through December 31, 2021. Staff will bring a formal request to the Board at this year's annual WW update to the Board in May 2018.

Through the end of the 2017 year, 234 projects valued at \$116.1 million or 93% of the total \$125 million program (including the Park District's administrative fee) have been approved and are being undertaken by local agencies. The full list of projects applied for, accepted and/or not approved (due to incomplete or insufficient applications) is attached as [Exhibit 5e: Measure WW Local Grant Projects by Agency](#) (pp. 216-230).

The 2018 grant application period is now complete. Agencies submitted 12 applications totaling \$6.8 million by the March 31 deadline. A list of 2018 applications received, by agency, is attached as [Exhibit 5f: Measure WW 2018 Local Grant Program Project Applications](#) (pp. 232-233). These applications are now being reviewed and, if found to be in good form, will be recommended for approval and appropriation of funds by the Board in May.

The Local Grant program now includes 160 completed projects and the application, review, and reimbursement process has proceeded smoothly. Approximately \$88.1 million has been reimbursed to local agencies during the first nine years of the program.

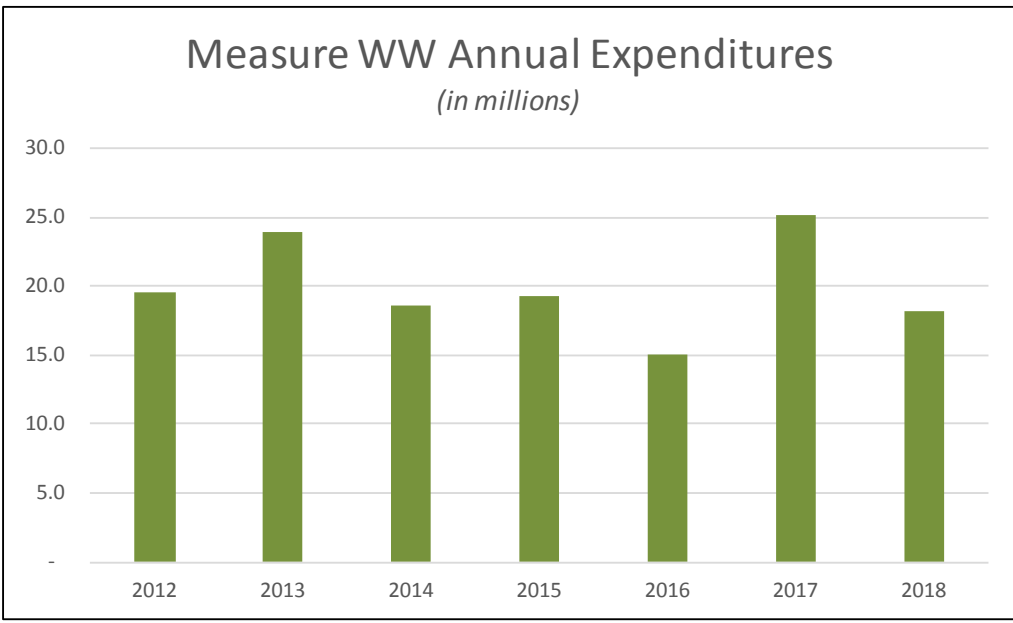
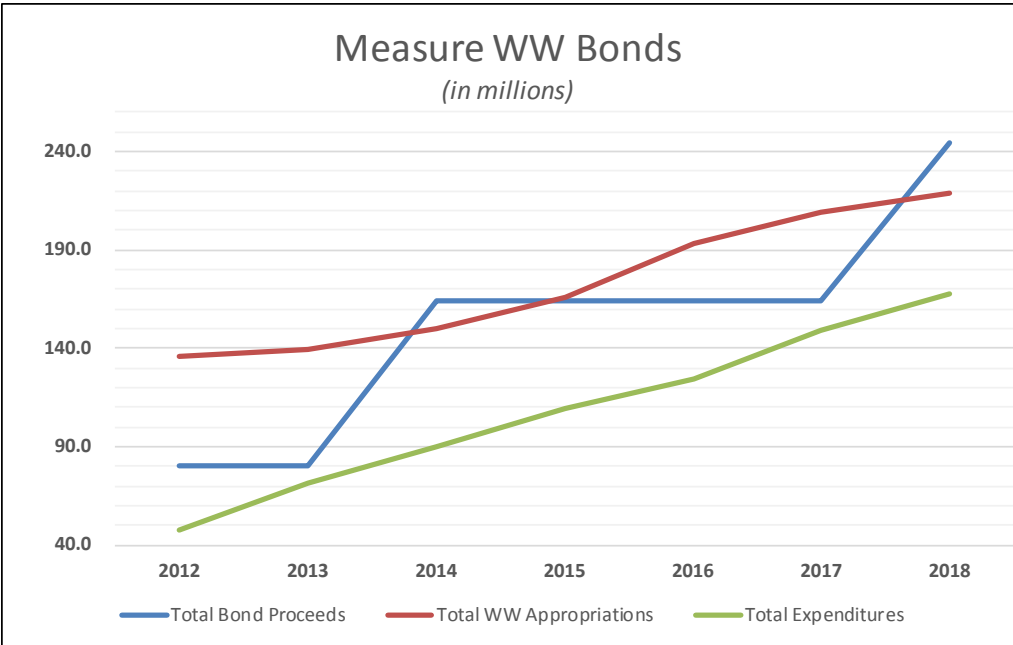
In 2017, the Board created a program similar to the local grants for the Urban Creeks Allocation Area, beginning with accepting grant applications for up to \$1.6 million of the total \$8 million for Urban Creeks. The first round of applications (3 received) totaling \$1,589,433 was approved by the Board in April 2018.

#### **E. Measure WW Cash Flow**

The Park District has issued \$244.4 million in Measure WW bonds to date. At this time, Measure WW appropriations, to Park District as well as Local Grant projects, total \$212.2 million. The review and appropriation of funding to additional local grant contracts is expected to add approximately \$6.8 million to this amount for a total appropriated amount of \$219 million. These appropriations are commitments of the Park District and the Measure WW

program to reimburse local agencies and this Park District with bond funds for eligible expenditures.

**These contractual promises (appropriations) of Measure WW funds are within the amount of the bond sale proceeds of \$244.4 million by approximately \$25.4 million. However, this is not an immediate concern because, of these appropriated amounts, only \$167.7 million has actually been expended or reimbursed to local agencies, leaving a sufficient balance in the fund to pay anticipated expenses and reimbursements for the next year. The tables below reflect the past five years of spending on the Measure WW program.**



**F. Measure WW Interest, Reserve, and Balance**

Measure WW proceeds are invested with the trustee and earning interest; as of 12/31/2017 \$1,047,506 in interest has been earned. \$200,000 has been appropriated for trustee fees.

**Interest:** The Board of Directors requested, during the establishment of Measure WW, that interest earned be allocated first to offset any changes in metro-area balance determined by the 2010 Census. Population information was received and compiled in 2011, and metro-area population balances did change as follows:

<u>Increase in Population</u>	<u>Decrease in Population</u>
<ul style="list-style-type: none"> <li>• Diablo Metro has <i>increased</i> by 1.2%</li> </ul>	<ul style="list-style-type: none"> <li>• South Metro has <i>decreased</i> by 0.3% (from 27.8% to 27.5%)</li> </ul>
	<ul style="list-style-type: none"> <li>• West Metro has decreased by 0.9% (from 39.2% to 38.3%)</li> </ul>

When applied to the full WW program, the 1.2% increase in population in Diablo Metro represents a total dollar increase of \$4.1 million in that metropolitan sector. Given that the low current rate of interest earnings would appear unlikely to exceed \$4.1 million in the next several years, the Board agreed that the full balance of interest earned to date, and for the foreseeable future, be allocated to the Diablo Metro area until the new target is met, or until the 2020 Census provides an updated target. This allocation will supersede and make unnecessary the prior practice under Measure AA of apportioning interest by the Metro Area percentages on an annual basis. The alternative strategy available, to reduce the previously established allocations in South and West Metro areas below those approved by the voters in 2008, was not deemed prudent or feasible.

**G. Reserve**

Measure WW includes a provision for a 7% or \$26.25 million reserve that was not specifically committed by project, park, metro area or acquisition/development. \$22.1 million remains in this general allocation available for unanticipated future project needs and opportunities. In 2015, these reserves were utilized for the first time for the following Board approved appropriations:

- \$1.5 million for the Point Pinole Atlas Road Bridge project (2015)
- \$857,540 for the Restore Dotson Family Marsh at Point Pinole (2015)
- \$1,600,333 for the San Francisco Bay Trail, Pinole Shores to Bay Front Park project (2016)
- \$200,000 for bond related administrative fees (2016)

During discussion by the Board at the 2015 Workshops, staff received guidance regarding the character of projects that the Board might consider for future use of the WW Reserve funds as follows:

- Use only for BIG projects (subject to definition)
- Use to complete major projects
- Set a minimum \$ amount (\$2 million?)



- Consider Metro Area balance
- Consider Demand
- Should be high profile projects
- Use for/consider as matching funds (grants)
- Use for public access

There was no consensus at the Workshop on establishing a formal policy; however, staff was asked to return to the Board to discuss specific proposals and alternatives that staff finds consistent with the Board's guidance before a request for a formal appropriation is made.

***Important projects that may qualify for the future use of Measure WW Reserves include additional funding for Garms Staging Area at Pleasanton Ridge, development of the GSA property at Crown Beach, and San Francisco Bay Trail improvements at Golden Gate Fields and Doolittle Drive. Staff will return to the Board at a future date to discuss these possible uses of Measure WW Reserves which has a current balance of \$22.1 million.***

#### **H. Measure WW Balance**

The District-wide Measure WW funding remaining available in the overall program, less appropriated funds, but inclusive of the reserve, totals \$278.9 million. Measure WW allocations are established by the expenditure plan adopted in 2008; however, the Board reserves the ability to modify the plan, apply the reserves, transfer funds between allocation areas and/or adjust the balance between acquisition and development uses.

Just as in Measure AA, the initial spending plan for Measure WW allocates seventy five percent (75%) of the project funding to park and open space acquisition projects (Acquisition), and twenty five percent (25%) to park, recreation and resource projects (Development). However, unlike Measure AA, under Measure WW the Board reserves the ability to modify the plan, apply the reserves, transfer funds between allocation areas and/or adjust the balance between acquisition and development uses. To date the Board has approved the use of Acquisition funds for the following Development projects:

- \$120,000, San Francisco Bay Trail Improvements at Pinole Shores to Bay Front Park
- \$862,071, Iron Horse Trail Improvements at Dublin/Pleasanton BART to Santa Rita
- \$400,000, Build East Bay Greenway, Coliseum BART to 85<sup>th</sup>
- \$392,684, Restore Albany Beach at McLaughlin Eastshore State Park

Consideration for the Board in using Acquisition funds for future Development projects include:

- Lack of availability of land acquisition targets in the area. Often in heavily urbanized areas, particularly along the shoreline, the availability of viable parks and open space properties is limited. Examples include Bay Water Trail sites at Point Pinole and Bay Point, wetland restorations and public access at McLaughlin Eastshore State Park or MLK Jr. Regional Shoreline.
- Availability of permanent easements. Often land rights for trails can be acquired from existing rights of way or by permanent recorded easements. The District also utilized long-term operating agreements, leases and license agreements with other agencies such

as cities, counties, water and flood control districts, etc. at little or no cost. Examples include extension of the Iron Horse Trail along the Walnut Creek Channel, the East Bay Greenway or the Marsh Creek Trail. While these agreements do provide access, they should not be considered permanent.

- Land Banked properties with priority development or restoration. The Park District has land banked properties, many acquired using outside funding. The Park District may have a strong need to open or restore these existing land banked properties, especially when they were acquired at a discount. Examples may include the Patterson property at Coyote Hills and Concord Hills.

### MEASURE WW: REMAINING BALANCES

#### REMAINING UN-APPROPRIATED ALLOCATION

Metro Area	Total Available	Available Acq	Available Dev
Diablo	\$87,922,973	\$67,368,476	\$20,554,497
South	\$79,012,792	\$62,013,243	\$16,999,549
West	\$89,840,801	\$72,517,231	\$17,323,570
<b>Total</b>	<b>\$256,776,566</b>	<b>\$201,898,950</b>	<b>\$54,877,616</b>

#### UN-APPROPRIATED INTEREST

*based on interest income as of 12/31/2017*

Metro Area	Total Available Interest	Available Acq Interest	Available Dev Interest
Diablo		\$1,047,506	
South			-
West			-
<b>Total</b>		<b>\$1,047,506</b>	

#### TOTAL UN-APPROPRIATED

Metro Area	Total Available	Total Available Acq	Total Available Dev
Diablo	\$88,970,479	\$67,368,476	\$20,554,497
South	\$79,012,792	\$62,013,243	\$16,999,549
West	\$89,840,801	\$72,517,231	\$17,323,570
<b>Total</b>	<b>\$257,824,072</b>	<b>\$201,898,950</b>	<b>\$54,877,616</b>

**7% RESERVE**

**\$22,092,127**

**TOTAL AMOUNT REMAINING  
IN MEASURE WW**

**\$279,916,199**



## **VI. GRANTS & MANAGEMENT SERVICES PROGRAM**

In 2015, the role of the Management Services and Grants Department was expanded to take on a more active role in implementing a variety of Park District's funding programs and projects. The Assistant Finance Officer position in Management Services oversees various capital programs, including projects funded by grants, Measure CC, Measure WW, and the Major Infrastructure Renovation and Replacement Fund 553. In addition, this position manages priority projects including the facility condition assessment/asset management system, Shadow Cliffs solar panel production guarantee analysis, District-wide energy efficiency project and the other park projects, as necessary. Additional details for these projects are listed below. In 2016, management of the Office Services Department (including Central Stores) was added to the unit.

The Park District's Grants Program continues to be very active in applying for, securing, and managing contracts that provide funding for Park District projects. Highlights and challenges for 2017/18 include:

### **A. Grants Program**

The Grants Department monitors and manages 127 separate project contracts totaling \$85.4 million. [Exhibit 6a: 2018 Grants](#) (pp. 235-245) is the complete list of these projects, their funding sources, amounts, status and description.

### **B. Grant Funding Received**

During 2018 Grants staff invoiced, and the Park District received, approximately \$13.2 million in grant payments from 94 grant project transactions inclusive of all sources discussed above. [Exhibit 6b: Grant Funding Received](#) (pp. 246-251) lists this detail.

### **C. Grant Highlights**

#### ***1. 2017 Winter Storms***

Beginning in January 2017, the Park District experienced a series of storms that badly damaged a number of Park District facilities. Staff is pursuing funding from the Park District's insurance company, FEMA and CalOES to help recover costs of the storm damage. Staff is reporting approximately \$8 million in damage District-wide.

Insurance has already provided partial reimbursements for storm damage at Del Valle, Redwood Canyon Golf Course and Camp Arroyo. Staff will work to finalize these claims in the coming year. The District has received a received 10 project approvals from FEMA/Cal OES, including a major road failure at Rocky Ridge Road in Las Trampas. Staff will work with the General Manager's office to pursue these project approvals.

#### ***2. Safe and Healthy Forests - Fuels/Vegetation Management***

Federal Emergency Management Agency (FEMA) grants for fuels management now total \$6.9 million. This includes \$2,867,438 from a terminated City of Oakland Pre-Disaster Mitigation Grant and \$4,047,453 from the Hazard Mitigation Grant Program. In early 2018, the District filed a Notice of Interest to obtain another \$3 million from FEMA for the program.

Park District staff has complied with all the environmental review and permit conditions required before on the ground FEMA fuels work can begin. On the ground FEMA fuels work began on April 10, 2018.

### **3. Albany Beach Restoration and Bay Trail**

In addition to the CEQA and land acquisition challenge, this is a large complex project (Bay Trail, Beach Restoration and Shoreline Protection). To date, the project has attracted \$7 million in grants, including ACTA Measure B, US Fish and Wildlife Service, Urban Greening, Bay Area Air Quality Management District, SF Bay Trail and CA Coastal Conservancy funds. The Shoreline Protection project is complete, but additional funds from sources such as WW or CC contingency will be required to complete the SF Bay Trail and beach restoration.

## **D. Expanded Capital Finance Role**

The Management Services Department has taken the lead on two new key initiatives for the Park District: Implementation of the Strategic Energy Plan, including the installation and monitoring of the solar array at Shadow Cliffs Regional Recreation Area, and the Facilities Condition Assessment, including establishing funding strategies for facility and paving improvements District-wide.

### **1. Shadow Cliffs Solar Panel Project**

The project was completed in March 2017. Staff is in the process of auditing the solar production of the system. It appears to be producing the designed \$320,000 in solar credits, but it will require an analysis of the full year of records. The total cost of the project was \$6 million.

### **2. Energy Efficiency**

In 2014, the Board approved \$1.2 million for energy efficiency. In early 2016, the Park District hired a new electrician to implement over 800 energy efficiency projects District-wide. To date 404 energy efficiency project have been completed at a cost of \$609,072. In 2017, pump improvements were completed prior to the swim season at Cull Canyon, Camp Arroyo, Contra Loma, Roberts and Castle Rock. Having complete the high priority energy efficiency projects, staff will be meeting to assess the results and evaluate the needs and priority of the remaining projects.

### **3. Infrastructure and Facilities Condition Assessment**

In 2012, the Board established the Major Infrastructure Renovation and Replacement Program (Fund 553) to provide long term funding for major renovations and replacement of Park District infrastructure. In 2015, the Board authorize a facility assessment program, assessing approximately 20% of the Park District assets each year, thereby establishing a system whereby all Park District assets are accessed every five years. For complete details see the next section, **Major Infrastructure Renovation and Replacement (553)**.

### **4. Pavement Maintenance and Preservation Program**

In 2017, Management Services assisted in implementation of the paving program while MAST is going through a staff re-organization.

## **VII. MAJOR INFRASTRUCTURE RENOVATION AND REPLACEMENT (FUND 553)**

### **A. Background**

Over the last several decades, the Park District has developed, purchased, or inherited a significant inventory of structures for public use including roads, piers, dams, staff service facilities and offices. This “new” infrastructure was either in place upon acquisition (e.g.: Del Valle), repurposed from prior uses (e.g.: Coyote Hills, Tilden Yard, South County, and most residences), or funded primarily from one-time/opportunity fund sources including grants, state park bonds, mitigation, or Park District Measures AA, CC, and WW.

These facilities have generally been maintained by annual appropriations of funding for Operations and Maintenance; however, many facilities are now aging past their expected life, and the long-term major renovation and/or replacement cost of the assets has not been planned for or funded at a sustainable level in the annual budget. Based on the expectation that the Park District could be at risk experiencing an increasing number of failures of utilities, bridge and pier structures or be faced with the need to remove from service unserviceable or unsafe assets, or in some circumstances the closure of parks or the loss of public services, the Park District has taken action to 1) obtain an assessment of the status of Park District facilities and infrastructure and 2) develop a long-term strategy to fund needed improvements.

### **B. Establishment of Infrastructure Program and Fund (553)**

In 2012 the Board of Directors directed staff to establish a new internal service fund (Fund 553) to start a program to provide, over the long term, for the necessary major renovation and replacement of Park District infrastructure. This is an extension of similar actions in the early 1990’s, and again in the early 2000’s when the Board established the Major Equipment Replacement fund to plan for, fund, and manage the replacement of costly equipment and large rolling stock items. The Pavement Management System also has been used to assess, plan for and to the extent possible, slow the deterioration of the Park District’s paving inventory through regular treatment or renovation, and to plan and fund the eventual replacement of failed road and trail sections.

In order to develop an estimate of the financial liability posed to the Park District by the aging infrastructure, and the target annual funding appropriation that will be necessary to mitigate it, in 2012 staff assembled an initial inventory of paving, bridges/piers/docks, water utilities, and buildings/structures and used this information to estimate replacement costs and useful lives of the Park District’s assets. This process resulted in a preliminary estimated need to fund and between \$7.5 and \$9.5 million/year in renovation and replacement projects across the Park District. This funding assessment is related only to major physical assets, and does not include the regular Park District fleet of over 723 vehicles and minor equipment (movers, tractors) or the communications/radio systems used throughout the District.

### **C. Transition to a Formal Asset Management System**

In 2014, to provide a more exact analysis of the Park District’s assets, and refine the annual funding requirement, the Park District hired a consulting firm, VFA Inc. to purchase and implement an “asset management” software system, and to begin a formal inventory and

assessment of capital infrastructure. The Board directed that each year 20% of the Park District is inventoried and assessed. The program is in its fourth year and expects to have 80% of the District infrastructure inventoried and assessed by 2018 with completion in 2019.

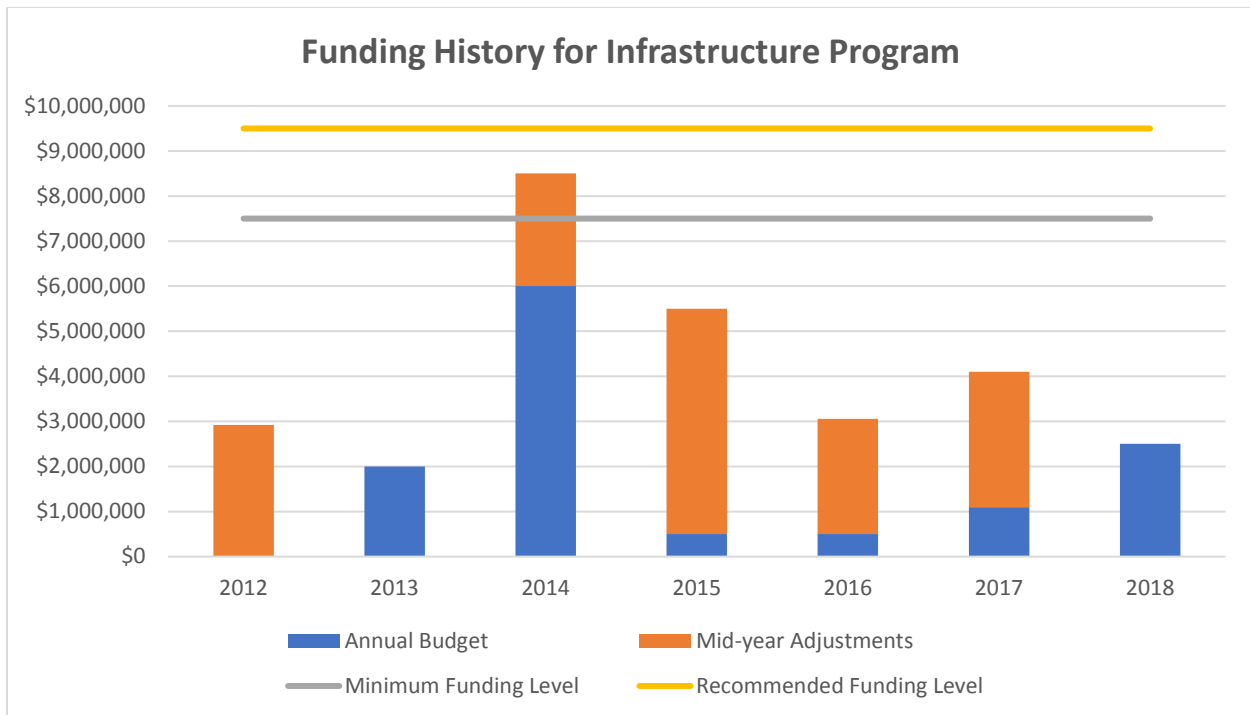
Inventoried and assessing/reassessing approximately 20% of the Park District's assets each year would establish a system whereby all Park District structures are assessed every five years. This information will provide an objective dollar cost estimate, and suggest an efficient strategy, for an annual work plan that will keep Park District facilities open, serviceable, and at the lowest long-term cost possible.

However, over the next few years this leaves the Park District in a transitional phase of identifying, selecting, planning and completing high priority projects to prevent immediate failure, while simultaneously working with VFA on the long-term schedule for the routine annual replacement of capital infrastructure. For this reason, staff will continue to make recommendations to the Board for both a continuing appropriation to Fund 553, as well as specific recommendations on several high-priority projects that will need to proceed each year until the Asset Management System becomes fully functional.

#### **D. Funding Sources and History**

While the Park District has been very successful at grant funding for new facilities from a variety of sources, very few grants will fund renovation or replacement of existing facilities. Therefore, this need requires the Park District to utilize General Fund sources for this purpose.

The Park District's annual General Fund budget is limited, and budget capacity is split between many high priorities: funding increased costs for current operations (COLA, benefits, inflation), growth of the Park District due to new facilities and lands (Pipeline), emergent needs due to changing public use (year-round, high usage), new regulatory requirements (permits) and many others. For this reason, year-end one-time opportunity funding has been the primary source for providing funding for this program to date. In 2015, for the first time, the Board authorized a \$500,000 annual appropriation to the base budget to initiate regular funding for the 553 program and an additional \$500,000 in the 2018 budget. Prior to 2015 all funding was considered to be "one-time" rather than on-going. See the table below [Funding History for Infrastructure Program](#).



From 2012 through 2018 a total of nearly \$31.3 million has been transferred from the Park District’s General Fund to Fund 553. To date \$21.5 million has been appropriated to paving and individual project accounts, leaving approximately \$9.8 million available for appropriation to new projects. [Exhibit 7a: Major Infrastructure Renovation and Replacement Appropriations](#) (pp. 253-254) is the complete list of these projects, their description, location and budgets with a status update on each currently budgeted infrastructure project.

#### **E. Funding Strategy**

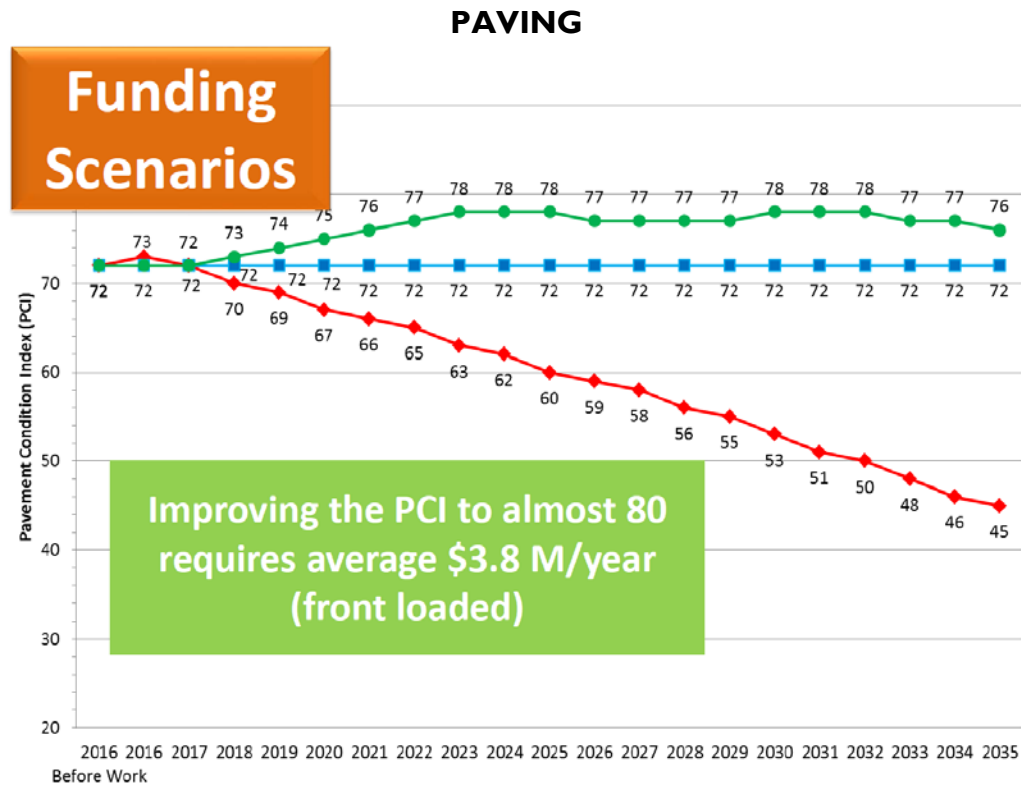
As noted above, the Park District has a practice of funding long-term liabilities and setting aside funds for future needs. Based on the assessment work being performed by staff and the VFA and paving consultants, the Park District will be establishing a funding policy, which include targets for annual appropriations that can be increased incrementally each year in order to fund the District-wide infrastructure program.

At the December 7, 2017 Board Executive Committee meeting, the current results of the pavement and facilities studies reported the average condition of Park District infrastructure and made recommendations as to how much funding would be necessary to 1) maintain assets in the current condition, 2) improve the asset conditions to reach established policy goals over time, and 3) identified funding amounts in which the current condition would degrade over time.



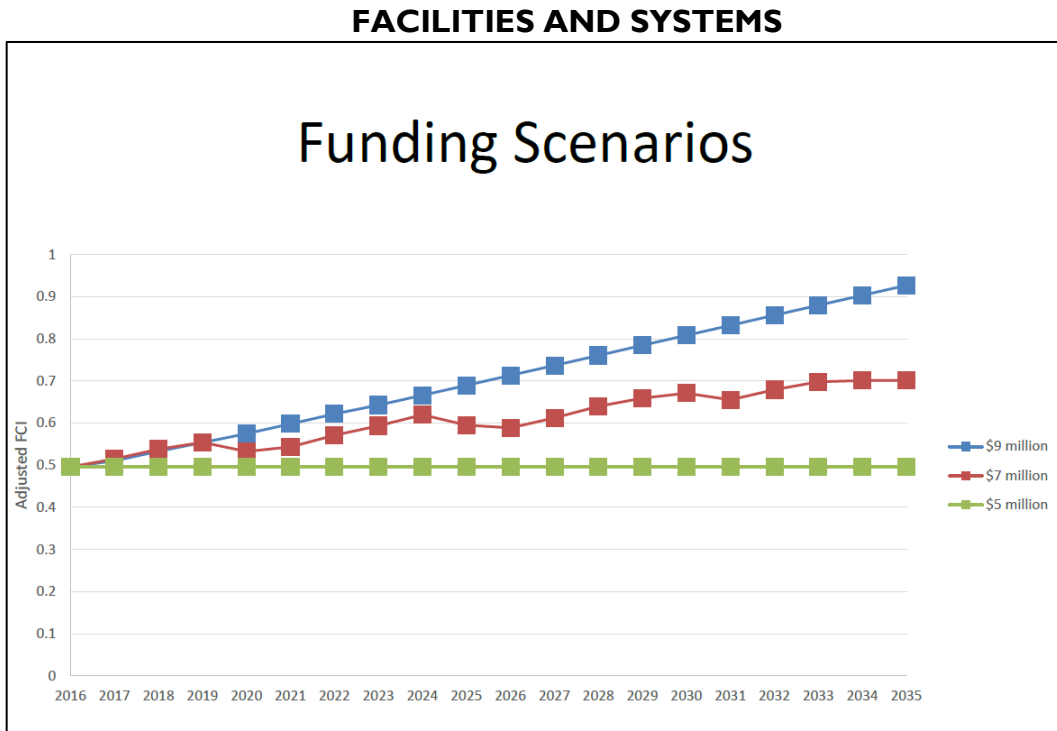
**I. Roads and Trails Infrastructure (Paving):**

The chart below shows the pavement condition index (PCI) using the different funding scenarios. The current PCI of the pavement is 76. With a contribution of only \$1.0 million per year the PCI is significantly reduced overtime. The consultant recommends that if the goal of the Park District is to improve PCI or continue at an average of \$3.8 or \$3.0 million, respectively, should be set aside annually for pavement maintenance.



**2. Facilities and Systems Infrastructure:**

The chart below shows the facility condition index (FCI) using the different funding scenarios. With a contribution of \$5.0 million per year being sufficient to maintain the current FCI of 51. However, the consultant recommends that if the Park District would like to establish a goal to reach a higher FCI, such as the best practice standard of a FCI of 72, then up to \$7.0 million should be set aside annually for facility maintenance.



Staff will bring these infrastructure funding policy discussions to the Board Finance Committee for further review.

## 2019 Infrastructure Priorities

The 2019 transitional Infrastructure Program may include recommendations for continuation of appropriation of funds in the following areas:

- Pavement Maintenance and Preservation Program - \$1 million minimum to an optimal \$3.8 million recommended in order to improve the District-wide paving condition index.
- Improvements to facilities identified in the asset assessment (VFA) study - \$5.0 million minimum to \$7.0 million as recommended to improve the District-wide facilities condition index.
- Urgent, high-priority projects identified in the asset assessment (VFA) study – amounts to be determined.
- High-priority projects such as improvements to service yards - amounts to be determined.

Examples of projects considered as District-wide major maintenance projects include the following systems:

- Bridges/Docks/Piers: Structural inspection work for in-water and over-water bridges, repairs to bridge access, improvements to floating docks and boardwalks.
- Utilities/Communications: Upgrading electrical systems, renovating water systems, replace water or sewer lines, restore wells, expanding fiber optic connectivity, HVAC and plumbing improvements.
- Buildings: Improving service yards, park offices, concession buildings, upgrades to park cabins, roof repairs, renovating stables, and Park District residences.

Additional background information on the Asset Inventory and Assessment project can be found at [Exhibit 7b: Major Infrastructure Assessment Presentation](#). (pp. 255-265).

## **VIII. 2012 PROMISSORY NOTES, FACILITY REPLACEMENT AND RENOVATION**

The Park District maintains more than 40 employee work sites. The Park District's inventory of staff-related work sites were constructed over the past 75 years as funding and opportunity permitted. A number of the facilities are aging and in some cases, decrepit, yet continue to serve as employee work spaces.

Over the past decade the Board has committed several million dollars to minor renovations and site improvements at many in-park service yards to bring a number of these facilities into good repair. In addition, the fire at the Tilden Equipment Shop served as the catalyst to both rebuild on-site to current standards, and to create new satellite equipment shop at Pacheco.

However, the financial inability to address the remaining backlog of facility needs resulted in the strategic effort to plan to replace and/or renovate several of the Park District's key field and administrative facilities.

In 2012, the Park District used the opportunity of low interest rates, the District's good bond rating, and the cash flow released from retirement of earlier bonds to issue \$25 million in new debt to fund a set of high priority replacement and renovation projects including several service yards, visitor centers, the Public Safety replacement building, and energy conservation improvements.

The 2012 Promissory Notes have now been fully appropriated to projects in two categories:

### **A. Service Yards**

The Maintenance and Skilled Trades (MAST) Department has completed nearly \$2 million in improvements service yards including \$1.2 million in Promissory Note funds, that were appropriated in 2014 to service yard improvements. Improvements include Garin and Del Valle service yard upgrades and improvements to the staff offices at Kennedy Grove, storage shed at Miller Knox and storage structure for Central Stores. Work related to this funding source has been completed and the projects will be closed.

As part of 2017 Board Workshop #2, staff proposed a long-range plan for improvements to services yards in addition to those funded with the 2012 Promissory Notes. The plan establishes four categories of service yards: a standard service yard (4,250 sf), a satellite office (1,500 sf), a garage/workshop (1,000 sf), and upgrading existing facilities. The long-range plan identified 10 parks in need of service yard improvements for a total of \$23 million.

### **B. Reconstruct Buildings District-wide**

The Park District is currently reviewing new options to move forward with a replacement Public Safety Headquarters and new Equipment Maintenance Shop and plans to use the balance of the 2012 Promissory Note Funds, approximately \$22.0 million for this future project. In the interim the Board committed to providing necessary improvements to the current facilities and authorized \$300,000 for improvements to the current Public Safety facility. This continues to be a high priority for the Park District.



## **IX. REVIEW OF OPERATING IMPACTS OF PROJECTS IN THE “PIPELINE”**

Each year staff provides a projection of the future operating costs that will be incurred by the Park District as land use plans, capital projects and trail connections are completed and put into operation. This multi-year list also includes facilities for which the Park District will accept operating responsibility through dedication, agreement or other means. These projected expenses are analyzed annually and used for budget planning purposes and will be considered as a high priority for appropriation in the coming year’s budget process. This year the preliminary Pipeline List includes an potential new funding for Park District operations in the amount of \$2.5 million for 2019 (\$504,577 in start-up costs and \$2 million in base budget increases). The entire five-year projected Pipeline list estimates a total of \$8.1 million of new funding requests (\$1.5 million in start-up costs and \$6.2 million in annual base budget increases). The Draft Pipeline List (2019-2023) as of March 2018 is attached as [Exhibit 8: Pipeline 2019-2023 Projects](#) (pp. 267-269).

The Pipeline list is sorted by the anticipated year of operation based on current project status and cost projections from operating Departments including Park Operations, Maintenance (MAST), Interpretative and Recreation, Police, Fire and Stewardship. Auxiliary human resources necessary for the Park District mission delivery, such as administrative and analytical support, supervisory/management and planning resources are not included in the Pipeline analysis. Projects may also be reviewed during and after the first year of operation to identify adjustments that may need to be made to correct the projected expenditures to actual experience. Any eligible funding sources for operations that are being considered for appropriation are listed; however, the default source is the General Fund. Staff positions are identified by Full Time Equivalent numbers (FTEs) proposed to be budgeted in the target year. Fractional FTEs are budgeted as an amount available for use to fund temporary employees or contractors and, once accumulated to .75 or 1.0 FTE, are made available for hire of a regular employee.

The Pipeline list is used as a starting point when drafting the budget for the coming year. If the financial capacity is available, Pipeline project budgets are identified as priorities for funding, but must be considered in the context of all budget requests before a draft budget is forwarded to the Board. When adopted, Pipeline budget staff and operating expenditures are considered ongoing or “base” and, if approved in the budget, are assumed to continue each year into the future; therefore, they represent a critical ongoing cost consideration for the Park District.

### **2019 Projects and Budget Considerations:**

The Pipeline projection for 2019 includes twelve projects which reflect a 2019 budget request total of 14.69 FTE increase over 2018 levels. If these projections are confirmed through the detailed submittals and reviews required for the 2019 budget process, the estimated 2019 funding need for wages, benefits, startup costs and ongoing services and supplies is estimated to be \$2.5 million. The source of this additional expense would be the General Fund and special revenues. Preliminary projections indicate that the expected growth in the Park District’s General Fund revenue should provide the capacity to fund this projected need.

***Staff will continue reviewing and refining the Pipeline list and will be clarifying the project descriptions and estimated costs as a part of the 2019 Budget process.***

**Staffing History:**

Over the past ten or more years, the opening of new facilities and the increasing size and complexity of Park District responsibilities required related increases in Park District staff. The table below summarizes these additions and reductions per adoption of the annual budget, by year and by Department with the bottom row reflecting current departmental and overall staffing levels. It is important to note that in 2008 and 2019 there was an increase of over 45 FTE's, thankfully the majority of these positions were held vacant as the District monitored the looming recession which required the elimination of 37 vacant positions. The District made it through the great recession without a single layoff.

Since 2005, the Park District's staffing levels have grown by about 147 positions overall or an average of 11 FTE's per year. This level of growth in staffing when compounded by increasing costs of wages and employee benefits is not sustainable to the District's base budget in the long term, and growth of future staffing and personnel costs must be carefully considered.

<b>STAFF IN FULL TIME EQUIVALENTS</b>									
<b>Year</b>	<b>Ops.</b>	<b>Maint.</b>	<b>Interp.</b>	<b>Police</b>	<b>Fire</b>	<b>Design</b>	<b>Stew.</b>	<b>Other</b>	<b>Total</b>
2018	5.750	0.100	5.430	2.990	1.950	0.000	1.750	1.000	<b>18.970</b>
2017	2.600	1.148	3.400	5.290	2.100	1.954	0.177	6.500	<b>23.169</b>
2016	2.350	2.030	5.050	3.100	0.410	1.216	2.323	3.013	<b>19.492</b>
2015	5.350	2.595	3.092	4.680	2.773	0.000	0.880	3.630	<b>23.000</b>
2014	3.870	2.470	(0.790)	0.650	0.900	0.000	0.000	4.390	<b>11.490</b>
2013	1.387	0.000	3.671	1.000	0.000	0.000	(0.185)	0.500	<b>6.373</b>
2012	7.780	1.000	3.982	0.000	1.000	(0.170)	0.185	1.501	<b>15.278</b>
2011	(16.235)	(2.470)	(2.747)	(8.680)	(4.000)	(1.997)	0.000	(1.000)	<b>(37.129)</b>
2010	(2.200)	0.140	2.003	(0.670)	0.000	0.000	(0.500)	0.000	<b>(1.227)</b>
2009	3.950	1.430	6.000	0.330	1.200	0.000	0.000	1.800	<b>14.710</b>
2008	6.700	5.820	2.750	2.700	4.910	1.530	1.950	4.523	<b>30.883</b>
2007	2.450	0.290	0.600	0.300	1.080	0.000	0.000	2.440	<b>7.160</b>
2006	4.530	0.400	3.100	0.600	1.000	0.750	2.500	2.000	<b>14.880</b>
2005	253.460	63.290	72.960	93.430	46.990	29.250	20.170	97.190	<b>676.740</b>
<b>Current Totals</b>	<b>281.742</b>	<b>78.243</b>	<b>108.501</b>	<b>105.72</b>	<b>60.31</b>	<b>32.53</b>	<b>29.25</b>	<b>127.49</b>	<b>823.79</b>

## **X. MAINTENANCE AND SKILLED TRADES (OPERATIONS DIVISION)**

The Maintenance and Skilled Trades (MAST) Department within the Operations Division, complements and coordinates the capital work done by the Acquisition, Stewardship and Development Division (ASD) by undertaking maintenance and renovation work that can be completed efficiently using District skilled trades staff or outside contractors. In addition, to the ongoing Major Maintenance Program, MAST has significant responsibilities for annual work on the District's Americans with Disabilities Act (ADA) compliance projects, the Pavement Preservation and Maintenance Program (PPMP) and is directly engaged in developing the Major Infrastructure Renovation and Replacement Program (Fund 553) in cooperation with the Finance & Management Services Division. Additionally, and in response to the Board's stated interests, MAST is in the process of developing a program for the replacement of the District's chemical toilet inventory with new lower maintenance higher volume vault toilets. The Board appropriated \$500,000 in 2017 to continue the implementation of the Vault Toilet Replacement Program with four to five new units to be installed in 2018. Other available funding for the installation of vault toilets include Measure CC for eligible parks, and the ADA program for partial funding related to ADA site work. CC funded vault installations were given higher priority in 2017 and MAST will seek to utilize any remaining CC funds assigned to MAST for this purpose in 2018.

### **A. Major Maintenance**

In the 2017 budget, funding for MAST staff responsible for the Major Maintenance program was moved into the Major Infrastructure Renovation and Replacement Fund (Fund 553). This move represented the next steps in the evolution of the "553 Program". In keeping with the stated goals of the 2018 MAST Strategic Reorganization, the Major Maintenance Program for 2018 has been folded into and budgeted as part of the larger 553 program. This has been accomplished through the creation of three new Departments within MAST that function in much the same way the former Major Maintenance program did. These new departments are for supplies and services only. No FTE's are assigned to any of the three new department numbers. Under this new model, the 553 funds are more readily available to more staff to accomplish Major Maintenance/Facilities, Paving, and Utility and Communications infrastructure projects District-wide.

A major goal of the District is to schedule and routinely fund the major maintenance of all District facilities and infrastructure on a regular/annual basis. The Maintenance Administrative Unit has historically been funded at approximately \$500,000 annually in department 5915 for Major Maintenance; and is assigned to complete work that is generally outside of the skill envelope of the regular Park/MAST staff, but usually under the threshold of an engineered and formally bid capital construction project. In 2018, two new Maintenance Administration Units were created under the 2018 MAST Strategic Reorganization and has \$2,250,000 in 553 funds available to accomplish work in three key areas. These areas include Facilities/Structures \$1.5 million, Paving \$500k, and Utilities and Communications infrastructure, \$250k. MAST also takes advantage of several other District funding sources to complete projects that are included in their annual work plan.



In 2017, the Unit proposed 49 Major Maintenance projects. 26 of these projects were deemed feasible after careful evaluation. Of the 26 projects, 17 were completed and nine (9) are in progress or have been reassigned to ASD or other departments for completion. The completed project list highlights include; the Del Valle Convenience Camp Cabins, Del Valle Service Yard Phase II, and the Sunol Visitors Center/Bat Exclusion project. [Exhibit 9a: 2017 Major Maintenance Completed Project Summary](#) (p. 271).

[Exhibit 9b: 2018 Major Maintenance Project Status Updates](#) (p. 273), lists the proposed 2018 projects that staff has assembled by selecting various projects from the District-wide Master Projects List, Maintenance Work Request list, the Capital Projects List, and VFA. This list includes 37 new projects, nine (9) projects carried over from 2017 that are in progress and five (5) that need to be scoped and or permitted.

### **B. Pavement Maintenance and Preservation Program (PMPP)**

In 2018, \$500,000 from Fund 553 was allocated to department 5913, Paving (new) to be used in conjunction with existing funds in OTA project #520700 (Maintain Paving District-wide) and Measure J funds in Contra Costa County. Five (5) large paving projects were completed in 2017 with total project expenditures equaling \$221k. The reduction in the number of completed paving projects is in large part due to the inability of the District to attract or hire MAST admin staff qualified to manage the contracts and budgets associated with large paving projects at the Administrative Analyst II level. As part of the 2018 MAST Strategic Reorganization, a recently promoted Project Coordinator is in the process of being trained to manage paving contracts and the department expects to see an increase in projects throughput once this employee is up to speed. Completed paving projects are listed in [Exhibit 9c: 2017 PMPP Completed Paving Projects](#) (p. 277).

Eleven (11) new paving projects have been proposed for 2018 at an estimated value of \$3.4 million. \$500,000 in 553 funding was appropriated for the PMPP Program in 2018 and allocated to department 5913. Additional funding for the 2018 proposed project list will come from other sources such as Measure J. Measure J projects will be given a higher priority due to annual programmatic deadlines. Proposed paving projects for 2018 are listed in [Exhibit 9d: 2018 PMPP Proposed Paving Projects](#) (p. 279).

### **C. Chemical to Vault Toilet Conversion**

The Board and staff have expressed continued interest, and public surveys have confirmed the desirability for the continued conversion of the District's chemical toilet inventory to low maintenance pre-cast vault units that are more attractive, more durable, and ultimately decrease the need for weekly pumping and servicing by the Sanitation Crew. Each single wooden chemical toilet replaced by a single vault toilet increases the average service interval by at least one month in most instances, but can increase the service interval by up to four months in others. A single vault unit holds, on average, 15 times the volume of a single chemical unit. In addition, both single and double vault units often replace multiple wooden and or fiberglass units that do not meet ADA standards. All newly installed vault units are ADA compliant, however not all are placed in locations that can be made fully ADA compliant.

There are currently 27 vault units on the priority replacement list that need to be purchased and installed at various locations District-wide. These proposed new vault units would replace 44 existing wooden chemical toilets and 13 ADA fiberglass models. Locations for the proposed installations are listed in [Exhibit 9e: Vault Toilet High Priorities](#) (pp. 281-282).

Utilizing an installation strategy developed in 2014, MAST staff has been able to purchase and install five (5) new Measure CC funded vault units in Anthony Chabot Park, (1 single) Tilden, (3 doubles) and Wildcat Canyon (1 single) in 2018. Additionally, one (1) new double unit was installed by MAST at Castle Ridge and a new single unit was installed at Hayward Shoreline's Winton Staging Area for a total of six (6) new units District Wide in 2018. Several vault toilet design and configuration options are available to the District and have been incorporated into the District's Standards Manual.

The Sanitation Crew created a high priority list for the replacement of chemical toilets with new vault units and has been working from that list since the late 90's. To date, 49 vault units have been installed with positive reviews by the public, and are currently in service in a in various locations and settings listed in [Exhibit 9f: Vault Toilets Completed](#) (pp. 284-285). The vault units are designed in way that mitigates the odor usually associated with the chemical units they replace, making them far more acceptable to park users.

The next tier of conversion priorities on the list of chemical to vault toilets should be purchased and installed only after the completion of the high priority list or as part of a larger program that could be developed as funding and additional staffing becomes available. [Exhibit 9g: Vault Toilets Medium-Low Priority](#) (p. 286-287).

**XI. CONCLUSION**

*The information presented to the Board at this Workshop will serve as the background for the remaining, project-specific discussions on Capital and Acquisition projects at the May and July Workshops, respectively. Board Members are invited to request updates on specific topics or projects in advance of the meetings, and staff will endeavor to compile the requested information for the discussions. In addition to the Workshops, updates may be provided at future Committee or Board meetings as convenient. The next two workshops are:*

**A. ACQUISITION, STEWARDSHIP AND DEVELOPMENT CAPITAL PROJECTS WORKSHOP, Monday, May 14, 2018:**

The Capital Projects/Trails Workshop will be held in the Peralta Oaks Board Room. Staff will present updates on active projects, highlight projects and issues of interest, and discuss the work plans and initiatives for the coming year.

**B. LAND ACQUISITION WORKSHOP, Wednesday, July 11, 2018:**

The Land Acquisition Workshop (Confidential Land Session) will be held in the Peralta Oaks Board Room, and includes an open-session overview of the full Land Acquisition program, and a confidential session to provide instructions to land negotiators.