



EAST BAY REGIONAL PARK DISTRICT
BOARD FINANCE COMMITTEE
AGENDA STATEMENT
MEETING DATE –Wednesday, October 24, 2018

SUBJECT: 2019 Proposed General Fund Budget

Report by: Pam Burnor, Budget Manager
Debra Auker, CFO, Assistant General Manager

ATTACHMENT: 2019 General Fund Budget Summary

RECOMMENDATION: None. This is an informational item only.

The purpose of this item is to brief the Board Finance Committee on the status of the budget process and provide an overview of the 2019 Proposed General Fund budget.

The budget process begins in the Spring of each year with the Board of Directors Workshops. The Board member priority items discussed at these workshops are considered as the budget is developed. Budget development also includes review of the current and future economic conditions that will affect the Park District in the coming years.

Based on these considerations the 2019 Proposed Budget includes the following:

- Staffing for parklands that are scheduled to open during the coming year, known as pipeline positions.
- Funding for vegetation management of hazardous fuels in the wildland urban interface for fire prevention.
- Commitment to the Park District's public safety program related to staffing, equipment and technology.
- Stewardship funding for biomonitoring and permitting related to restoration projects, routine maintenance, and vegetation/grassland management.
- Continued educational and recreational outreach to underserved groups.
- Funding for long-term liabilities, including pensions, environmental remediation, infrastructure repair and replacement.

GENERAL FUND – OPERATING BUDGET
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The 2019 Proposed General Fund budget is balanced with approximately \$160.4 million in budgeted revenue and transfers in (9.0% increase from 2018) and \$157.4 million in appropriations and transfers out (7.2% increase from 2018). A summary of the 2019 proposed General Fund budget, with a comparison to the 2018 adopted budget is provided as an attachment to this report. Currently, the General Fund revenues and transfers in are projected to exceed

expenditures and transfers out in 2019. However, planned General Fund expenditures will likely increase once the Police Association budget has been finalized.

I. 2019 Proposed General Fund Revenue Budget Compared to 2018 Adopted Budget:

- a. Property tax revenue is budgeted at \$143.9 million which represents an increase of \$11.4 million or 8.6% over the 2018 budgeted amount. The property tax revenue projection for 2019 is a conservative estimate and assumes that the significant increases realized over the past several years will begin to level off.
- b. Other revenue sources are budgeted to increase by nearly \$1.8 million. \$1.4 million of this increase is related to increased investment earnings. Multiple budgets related to charges for services were also increased, to reflect prior-year actuals.

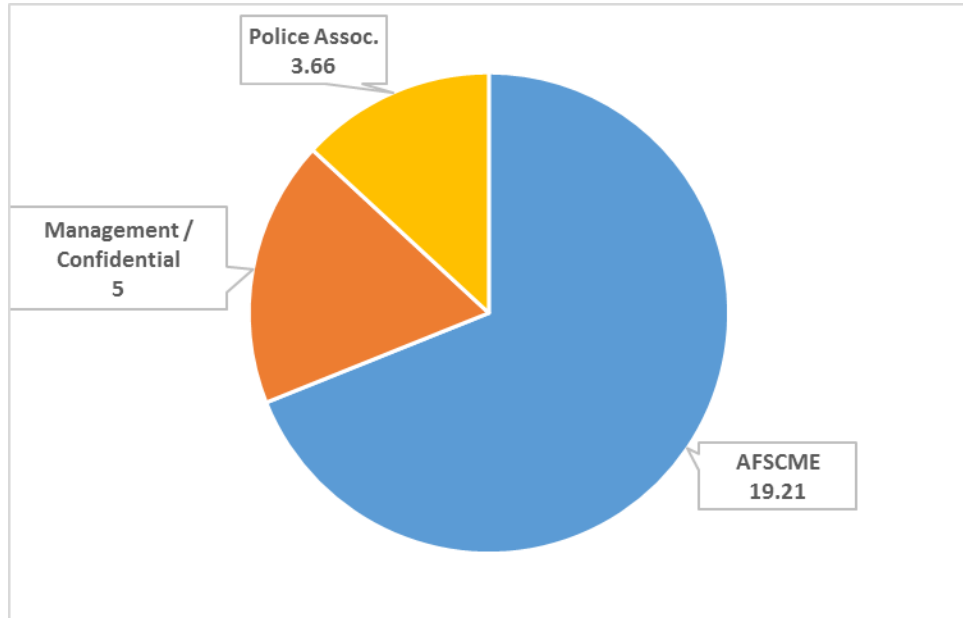
2. 2019 Proposed General Fund Appropriations Compared to 2018 Adopted Appropriations:

- a. Salary and benefits are budgeted at \$106.0 million, a \$5.3 million or 5.2% increase from the prior year adopted budget).
 - i. The 2019 budget includes the cost of living allowance (COLA) and benefit changes resulting from the new 2018 AFSCME labor agreement, and the increases approved for unrepresented employees. As previously mentioned, the outcome of the Police Association (PA) contract is in progress, therefore additional personnel costs are anticipated which will increase General Fund appropriations once approved by the Board of Directors.
 - ii. Salary and benefit growth also reflects an increase in the number of full-time equivalent positions (FTEs), with a cost of approximately \$3 million. Of these additional positions, 8.76 FTE’s were approved ‘pipeline’ positions, necessary to service new park lands open to the public. Additional descriptions regarding new position additions from all funds is outlined in more detail below:

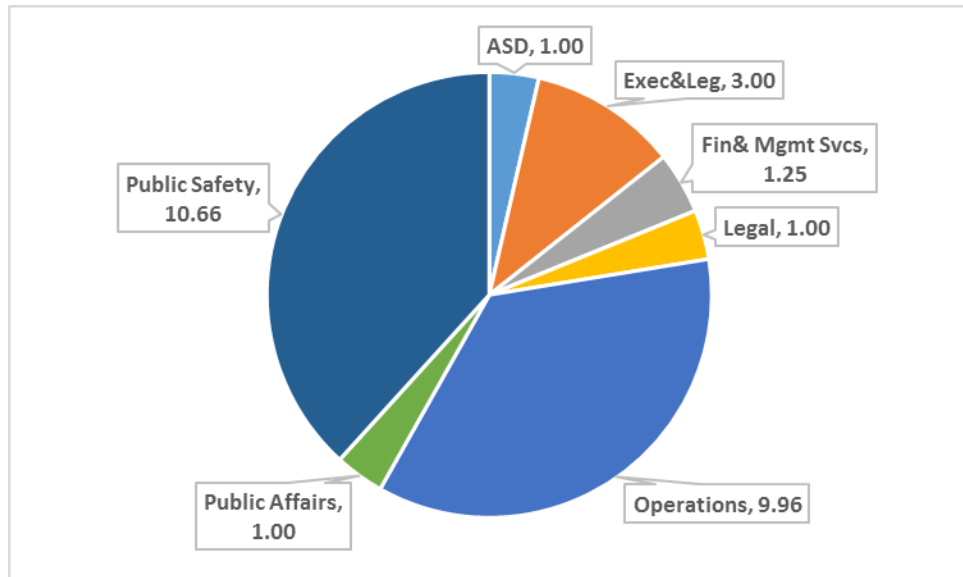
New ‘Pipeline’ personnel and operating expenses are recommended for the following areas:

Proposed “Pipeline” Staffing	FTE
General Fund	
Dumbarton Quarry Campground	4.21
Eastshore State Park	1.7
Lone Tree Point	0.5
Multiple locations new Rangeland Specialist	1.0
Oyster Bay	1.15
Las Trampas-Podva	0.10
Point Isabel	0.10
Total Proposed 2018 Pipeline Staffing	8.76

2019 FTE Additions by Bargaining Group:



2019 FTE Additions by Division:



- b. Supplies budgets increased 4.5% (\$392,000), including \$150,000 for animal-proof, branded trash cans and a \$100,000 increase for Climate Smart Initiatives.
- c. Services budgets increased 11.9% (\$2 million), including \$204,500 towards a trails crew and \$175,000 for ongoing biomonitoring.
- d. The capital outlay/equipment budget totals \$1.2million, a small decrease from 2018. Included in the 2019 capital outlay/equipment budget is funding for ten additions to

the vehicle fleet and a one-time budget request for \$300,000 to catch up on deferred fleet replacements.

3. 2019 General Fund Transfers Out to Other Funds:

Transfers out to fund long-term liabilities, projects, and debt service are approximately \$15 million, a \$2.2 million increase over 2018 transfers. The District has continued its commitment to increase the annual transfer for Fire Fuels/Vegetation Management program, which for 2019 will be \$900,000. The District will also transfer \$4.4 million to the Major Infrastructure Renovation and Replacement (MIRR or 553 Fund). Funding that is not used for operational costs, within the MIRR Fund, will be available to transfer to specific projects in the project funds. Transfers also include moving \$2 million to the EBRPD Pension Trust Fund. Other large projects funded with base and one-time General Fund transfers in 2019 include:

- a. Chabot Gun Club environmental remediation and clean-up - \$1.0 million
- b. Infrastructure Assessment (Anthony Chabot) - \$250,000
- c. Black Diamond Mine Safety Improvements - \$130,000
- d. Mitigation for Routine Maintenance- \$100,000

4. 2019 Proposed General Fund Operating Budget Highlights:

The District's budget strategy for budget request consideration has historically provided a 50/50 split between base (on-going) and one-time increases to the General Fund budget, equal to the anticipated revenue growth. Park District staff recognize the potential for a financial downturn in the near future. Therefore, for 2019, staff took a more conservative approach and split the approved budget increases to a 45/55 split. This adjustment to our budget strategy will provide a small reduction in long-term commitments and allow the District to use 2019 as a transition year in preparation for a coming economic slowdown.

- a. Approximately \$4.7 million in base budget requests are funded in the 2019 proposed General Fund budget, plus approximately \$6.8 million in one-time funding requests (including fund transfers).
- b. The proposed budget includes the following new requests:
 - i. Commitments per the AFSCME agreement for wages and uniforms.
 - ii. Increases for legal and insurance costs
 - iii. District-wide assessment of the IPM program
 - iv. Land use plan development for Deer Valley
 - v. Internal service staffing for Human Resources, Risk Management and Information Services
 - vi. Service cost increases for utilities, technology and rents

NEXT STEPS:

Nov. 20 th	Proposed Budget delivered to Board of Directors
Nov. 26 th , 7:00 pm	Proposed Budget presented to Park Advisory Committee
Nov. 28 th , 12:30 pm	Proposed Budget presented to Board Finance Committee
Dec. 4 th , 6:00 pm	Introduction of Proposed Budget to Board of Directors (1 st public hearing)
Dec 18 th , 1:00 pm	Adoption of 2019 Budget by Board of Directors (2 nd public hearing)

CONCLUSION:

The intent of this informational report is to provide a basic outline of the 2019 General Fund budget process to date. Minor modifications to this information may be required before the full proposed budget document is presented to the Board Finance Committee at the November meeting.

Compare 2019 General Fund Proposed Budget to 2018 General Fund Adopted Budget

Line	Sources Type	2019 GF Proposed Budget	2018 GF Adopted Budget	Change	% Change
1	Property Tax	\$ 143,900,000	\$ 132,500,000	\$ 11,400,000	8.6%
2	Charges for Services	10,688,065	10,325,350	362,715	3.5%
3	Property Usage	1,744,990	1,784,700	-39,710	-2.2%
4	Interest	2,550,000	1,150,000	1,400,000	121.7%
5	Inter-agency Agreements & Grants	489,220	482,720	6,500	1.3%
6	Misc Revenue	997,030	871,800	125,230	14.4%
7	Total Revenues	160,369,305	147,114,570	13,254,735	9.0%
8	Transfers In	6,000	6,000	0	
9	Total Sources	\$ 160,375,305	\$ 147,120,570	\$ 13,254,735	9.0%
	Uses Type				
10	Personnel Costs	\$106,099,227	\$100,812,900	\$5,286,327	5.2%
11	Supplies	9,143,333	8,751,370	391,963	4.5%
12	Services	19,203,622	17,160,730	2,042,892	11.9%
13	Capital Outlay/Equip	1,169,419	1,283,660	(114,241)	-8.9%
14	Interagency Agreements	232,000	232,000	-	0.0%
15	Intra-District Charges	6,601,210	5,928,410	672,800	11.3%
16	Total Expense	142,448,811	134,169,070	8,279,741	6.2%
17	Transfers Out	14,964,040	12,733,490	2,230,550	17.5%
18	Total Uses	\$ 157,412,851	\$ 146,902,560	\$ 10,510,291	7.2%



BOARD FINANCE COMMITTEE
AGENDA STATEMENT
MEETING DATE – Wednesday, October 24, 2018

SUBJECT: Update on 2019 Project Budget
Review and Approve Proposed Name and Description/Scope
Changes for Active Projects

Report Prepared by: Pam Burnor, Budget Manager
Nadine Vargas, Administrative Analyst II
Deborah Spaulding, Assistant Finance Officer

ATTACHMENTS: 2019 Proposed Project Scope and Title Changes

RECOMMENDATION: Review proposed project title and description changes and direct staff to forward to the Board of Directors as part of the Proposed Budget for approval.

DESCRIPTION:

The Finance Department prepares a Project Budget book as part of the annual budget adoption process. Previously, all active projects were displayed in the book using the same format, such that both large capital projects and smaller, non-capital projects were given equal space. However, over the past ten years, the number of projects in the District has grown immensely, to over 500 projects. This is an increasingly unwieldy number of projects for the average reader to comprehend.

For this reason and to improve transparency, the Project Budget has been revised this year, to better highlight approximately 150 of the District's largest and most significant projects, and to re-categorize smaller projects and on-going tasks into ten different "Program Initiatives." The intent of the Program Initiative groupings is to better reflect the District's funding commitments. When these projects are viewed in aggregate, as Program Initiatives, the reader can better understand how District funds are being allocated. The revised 2019 Project Budget will be brought to the Finance Committee in November for review.

As part of its annual Project Budget development process, the Finance Department works with department staff to review active projects. Often, project scopes are refined as work progresses, and clarification to the project description or even the project title, is necessary. The proposed changes to project titles and descriptions are included as Attachment A. Once approved, these changes will be incorporated into the District's financial system and the 2019 Proposed Budget document.

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2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
101200	Park Operations	Black Diamond	Mining Museum	Develop Mining Museum	Develop museum to archive Black Diamond Mine memorabilia and artifacts.	N/A
104805	Interpretation/Recre	Big Break	Delta Science Ctr Construction		Complete the development and installation of exhibits: Develop, design, fabricate and install new "Blue Wall" exhibit. Complete the Delta History exhibit. Translate existing Radio Frequency Identification (RFID) of biological information segments into Spanish and create 10 additional Radio Frequency Identification (RFID) of biological information segments in both English & Spanish. Translate Delta Stories video clips Into Spanish.	Complete the development and installation of exhibits: Develop, design, fabricate and install new "Blue Wall" and welcome / introduction exhibits. Complete the Delta History and Delta Atlas exhibits. Translate existing Radio Frequency Identification (RFID) of biological information segments into Spanish and create additional Radio Frequency Identification (RFID) of biological information segments in both English & Spanish. Translate Delta Stories video clips Into Spanish.
115800	Design & Construction	Claremont Canyon Preserve	Construct Staging Area	Restore and Prepare Site	Develop trailhead staging area access to the Claremont Canyon to Tilden trail.	Repair landslide, if feasible, for access to future trail system with North to South and East to West connections in a route that is compatible with protection of rare species. Maintain until stable.
120300	Design & Construction	District Wide	Build Maintenance Shop	Replace Equip Maintenance Shop	Reconstruct South County equipment/vehicle maintenance shop.	Replace the existing South County Equipment Shop located at Lake Chabot with a new four-bay capacity structure to support maintenance operations for the southwest region.
131300	Trails	San Pablo Bay	Develop Lonetree Trail and Shr	Develop Lonetree Trail	Improvements to the shoreline protection, replacement of 300 linear feet of cyclone fence, if funds allow, remediation of shoreline soil at Lone Tree Point, and engineering & environmental studies for the construction of Lone Tree Point segment of San Francisco Bay Trail near San Pablo Regional Shoreline.	Design and engineering, environmental studies, permitting and construction of the Lone Tree Point segment of the San Francisco Bay Trail including park entrance and staging area improvements.
133300	Design & Construction	Black Diamond Preserve	Install Exhibit at Visitor Ctr	Develop Coal Mine Exhibit	Fabrication and construction of the Mines exhibit, replicating a circa 1870 mining experience with audio visual elements.	Develop an immersive late 1800s mining exhibit and visitor experience for the Black Diamond Mine tour.
134600	Design & Constructio	Pleasanton Ridge	Construct Garms Staging Area	Develop Garms Staging Area	Road improvements, including signal light and left turn lane, and staging area with parking, picnic area, vault toilets, and access trails designed and built by District in coordination with City of Pleasanton.	Develop staging area at the Garms Property. The project will include signal modifications and a left turn lane along Foothill Road, a staging area with parking, picnic areas, flush toilets, an ADA accessible loop-trail and permitting approximately seven miles of additional trails.
142400	Design & Constructio	Oyster Bay	Improve Public Access & Picnic	Develop Access and Picnic Area	Develop recreation use areas and park entry roadway, from Davis Street, connecting to new parking area with picnic and restroom. Import and place of clean fill soil to enhance the landfill cap, as required for regulatory permit compliance, and to establish final vegetative cover. Hire consultants to identify permits needed for bay fill along channel slopes to protect against sea level rise and required mitigation.	Develop recreation use areas, including disc golf area, park access from Davis Street connecting to new parking area with picnic and restroom. Establish final vegetative cover and bay fill along channel slopes to protect against sea level rise and meet required mitigation.

2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
146700	Design & Constructio	Point Pinole	Develop Interpretive Center	Develop Visitor Center	Prepare study: Develop a project program, site analysis study, concept design presentation and construction estimate for a visitor center facility.	Develop new visitor center. Feasibility study to determine facility siting, building program and estimated project budget cost is 100% complete. Next phase includes further project development, conceptual design and construction estimate.
147700	Design & Constructio	Ardenwood Historic Farm	Upgrade Electrical System		Prepare construction documents to implement the 2013 Electrical Master Plan. PG&E to install new service near Ridgewood Drive with adequate capacity for future changes to the park and separate utility metering for concession building at Deer Park Station area.	Prepare construction documents to implement the 2013 Electrical Master Plan. Phase I: PG&E installed new service near Ridgewood Drive with adequate capacity for future changes to the park, separate utility metering for Deer Park concession building and Patterson House. Phase II: Wire Patterson House to new Phase I utility meter.
147800	Design & Constructio	Coyote Hills/Linear Park	Design Visitor Center	Replace Visitor Center	Replace the aging visitor center with a state of the art facility to interpret the significant cultural and natural resources of the area.	Replace the aging visitor center with a state of the art facility to interpret the significant culture and natural resources of the area. Current phase is a feasibility study to determine facility siting, building program and project budget cost.
148100	Design & Construction	Mission Peak Regional Preserve	Expand Staging Area		Design expansion of Stanford staging area parking.	Expansion of the Stanford Avenue Staging Area to include additional parking and new restrooms.
149300	Design & Constructio	Coyote Hills/Linear Park	Dumbarton Quarry Transition	Develop Dumbarton Quarry Campground	Provide design plan review; work with consultant on detail plan development to meet District's standards and comply with city and utility agency permit requirements. New park development to include: day use area with playground and picnic; family campground with RV and tent sites with pamenities that include an amphitheater, restrooms, showers, camp store and kiosk. Utility development to include water, sewer, electrical and local area wireless computer networking technology (WiFi).	Develop a new family campground at the Dumbarton Quarry site. The project is being designed and constructed by Dumbarton Quarry Associates (DQA) through a partnership agreement with the District. New 50 acre park campground to include: day use area with playground and picnic; family campground with RV and tent sites; amphitheater, restrooms, showers, camp store and kiosk. District responsible for utility costs which includes water, sewer, electrical and local area wireless computer networking technology (WiFi).
150800	Stewardship	Sibley Volcanic Regional Preserve	Restore McCosker Creek		Funds will be used for District Land Use Plan Amendment and California Environmental Quality Act (CEQA) document, permitting, creek restoration and park facilities construction (such as parking and roadway improvements, camping and interpretive facilities, including restroom and utility improvements, and trail system expansion), design review, and construction management.	2018 Sibley Land Use Plan Amendment Phase I improvements in the McCosker sub-area include: creek and habitat restoration; improvements to an existing staging area and roadways, including 3 new bridges; development of a camping/interpretive area with restrooms, nature trail and regional trail connections, parking, a water line, water tank, and water treatment system; and development of a picnic area.

2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
151800	Design & Constructio	Pleasanton Ridge	Build Tyler Staging Area	Develop Tyler Staging Area	Construct an entrance drive, emergency turnaround on Foothill Rd., bioswales for stormwater treatment, a 92-car parking area, equestrian parking, circulation controls (fencing, gates and signage), a 2-unit vault-style restroom, trailhead connections, landscaping and picnic sites.	Develop staging area that will include parking (including horse trailers), a picnic site, vault toilets, landscape screening, a gated entry, and an emergency vehicle turnaround. The project also includes permitting six miles of trails.
152100	Trails	Oyster Bay	Design Bicycle Skills Area		Preliminary design of bicycle skills area as identified in the Oyster Bay land use plan.	Design and build a bicycle skills area as identified in the Oyster Bay Land Use Plan.
152300	Design & Construction	Las Trampas	Replace Water Tank		Replace existing water tank and distribution piping.	Replace leaking 60,000-gallon wood water tank with a steel tank, and replace distribution piping.
153400	Design & Constructio	Coyote Hills/Linear Park	Construct Service Yard	Develop Service Yard	Construct a new service yard which will support the architectural design, hiring contractors, building materials, permits, and inspections.	Develop new service yard adjacent to Dumbarton Quarry Campground that will serve both Coyote Hills Park and Dumbarton Quarry Campground.
153900	Design & Construction	Dry Creek/Pioneer	Replace Five Bridges		Replace five narrow trail bridges crossings on the Dry Creek Trail. The project will replace four existing narrow bridges with new prefabricated narrow trail bridges. In addition, the project will replace one small bridge with a ford crossing. The five bridges are very old and past their service life, one bridge has been pulled out of service due to safety concerns.	Remove 5 wood pedestrian bridges. Replace 4 bridges that cross Dry Creek with new fiberglass bridges, and replace the north bridge with a natural stone ford crossing a small tributary to Dry Creek.
154000	Trails	Point Molate	Extend Bay Trail		Construct 2.5 miles of the San Francisco Bay Trail. The trail is located on the San Pablo Peninsula between Stenmark Drive and the northern terminus of the City of Richmond's Point Molate depot area.	Construct 2.5 miles of the San Francisco Bay Trail along the San Pablo Peninsula between Stenmark Drive and the northern terminus of the City of Richmond's Point Molate Depot Property.
154200	Design & Constructio	Robert Crown Beach	Assess and Demo McKay Bldgs		Conducted an assessment to determine if existing buildings located on the recently acquired McKay Avenue property in the city of Alameda should be repurposed or demolished. Based on the results of the assessment, District staff will prepare permit and bid documents for the demolition of existing buildings. Bid and Award demolition Contract.	Building assessments and Phase 1 demolition are complete. Project includes master planning for the expansion of Crown Memorial State Beach at the recently acquired parcel along McKay Avenue and near Crab Cove.
154300	Design & Constructio	Martin Luther King Jr	Improve Public Access	Develop Tidewater Day Use Area	Improvements to the Tidewater site, including preservation of existing metal building, expanded public access, managed meadow, installation of restrooms and additional parking.	Develop new Tidewater Day Use Area to include expanded public access, managed meadow, restrooms, additional parking, and connections to the San Francisco Bay Trail and Bay Water Trail.
154400	Design & Construction	Shadow Cliffs	Build Interpretive Pavilion	Develop Interpretive Pavilion	Construct an approximately 1,000 square foot pavilion to provide a shaded, non-enclosed area for up to 30 children to gather prior to participating in a nature walk. The facility will include shaded area for the public to view interpretive panels.	

2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
154500	Trails	Tassajara Creek Trail	Develop Trail to Mt Diablo		Build one segment of the trail using gravel, hire consultants to conducted environmental studies, design and engineer two additional trail segments. Some of the work will be done in-house. The is to connect the City of Dublin to Mt. Diablo.	Build segments of the Tassajara Creek Trail. Conduct environmental studies, design, and engineer a paved trail segment from the current terminus to Wallis Ranch and a gravel segment from Wallis Ranch to Windemere Parkway.
154700	Environmental	Deer Valley Preserve	Restore Horse Valley Wetland		Restore Horse Valley Channel and construct vernal pools to improve the ecological health and habitat functions of Horse Valley.	Remove an existing paved road, realign a channel, repair a damaged stock pond, construct vernal pools and seasonal wetlands for habitat for special status species, and construct a maintenance access road.
155100	Design & Constructio	District Wide	Improve Public Safety Building		This project will renovate the Public Safety Headquarters in Lake Chabot Regional Park. The renovations include door and window replacement, HVAC system analysis and upgrade, installation of drop ceiling in some offices, interior painting of offices and hallways, exterior painting, installation of gutters and exterior facade installation. This work will be coordinated by the Project Management unit, utilizing an architectural consultant as needed. Construction, as currently planned, will utilize a Job Order Contract Contractor already under contract with the District.	Improve the Public Safety Headquarters at Lake Chabot Regional Park. The improvements include replacing existing windows, reconfiguring locker rooms to maximize efficiency, installing new lockers, and painting the exterior.
155200	Design & Constructio	Las Trampas	Install Modular Building	Demolition of Holly Court Buildings	Install modular building for use as offices in the park. Scope includes: demolition of 5 existing buildings, tree removal, assessment of concrete building slabs for re-use, install modular building, connect utilities, install new prefab metal garage for stewardship boat storage, tenant improvements to interior of modular for office space use, installation of parking spaces, install gravel pad for cleaning off boats, and install back-up water tank for new building. This work will be coordinated by the Project anagement unit, utilizing an architectural consultant as needed. Construction currently planned will utilize a Job Order Contract consultant currently in contract with the District.	Demolish five of eight buildings on Holly Court that are vacant and in disrepair. The work will include abatement, utility disconnection, and demolition. These buildings were built in 1956 as part of the Nike Ajax Base SF-25.
155400	Trails	Iron Horse Trail	Study Trail Connector	Build Trail, Marsh Dr. to Benicia Bridge	Iron Horse Trail Waterbird connector feasibility study. This project will provide valuable utility location information, opportunities, constructions and alignment of the Iron horse Trail between its terminus at Marsh Road to Waterbird Marsh Regional Preserve, enabling the District to close a critical gap in the Iron Horse Trail.	Build the Iron Horse Trail from its current terminus at Marsh Drive through Waterbird Marsh Regional Preserve and connect to the San Francisco Bay Trail across the Benicia Bridge in Martinez, CA.

2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
156100	Design & Constructio	Deer Valley	Repair Star Residence		Repair building residence that was damaged by a fallen oak tree limb. The funds will cover the cost of reconstructing the building and removal of the tree.	Repair the Star Residence on landbank property within the future Deer Valley Regional Preserve, due to fallen oak tree limb. This incident resulted in structural damage to the building and roof. Insurance will cover the costs of rebuilding the residence to its condition prior to the accident. Repairs will include Contra Costa County code upgrades.
156200	Park Operations	Garin	Improve Walpert Ridge		No description as of 9-25-18	Grade 7 miles of trail and gravel. Install two water meters and waterlines for the grazing program, and one water meter for the Meincke residence. Install one vault toilet along Ukraina Loop Trail.
156500	Design & Construction	District Wide	Comply w Dam Safety Regulation		Hire a consultant to prepare state-mandated inundation maps and emergency action plans for the potential failure of the dams at Lake Temescal and Lake Anza. The failing spillway gate at Lake Anza will be replaced.	Prepare Inundation Maps (IM) and Emergency Action Plans (EAP) for Temescal Lake Dam and Tilden Park Dam (Lake Anza) and replace the spillway gate at Tilden Park Dam.
157500	Design & Constructio	Little Hills	Renovate Restroom		Emergency plumbing repairs, abatement, site clean-up, and building reconstruction to the restroom at the Little Hills Picnic Ranch following damage caused by fire.	Repair men's and women's restrooms, a bridal suite and a storage room that were damaged by a fire. Insurance will cover the cost to reconstruct the building including required Contra Costa County code upgrades.
172900	Design & Construction	Miller-Knox	Improve Shoreline Access		Remove railroad track and grade railroad right of way to provide for SF Bay Trail along shoreline. Continue renovation of the meadow areas focusing on the meadow around the northeastern portion of the lagoon.	Remove railroad track and grade railroad right of way to provide for SF Bay Trail along shoreline including paving, benches, and other amenities. Continue renovation of the meadow areas focusing on the meadow around the northeastern portion of the lagoon, including irrigation upgrades and reseeding or sodding the meadow area.
173500	Design & Constructio	Point Pinole	Build Service Yard	Develop Service Yard	Prepare design and construction documents and build a new service yard. The yard is to include an office and vehicle storage building, trash gondola, paved parking area and perimeter chain link fence.	Develop a new service yard consisting of park operations offices, garage, trash dumpster gondola and fenced service yard. Project includes design, construction documents and construction. Furniture, Fixtures & Equipment not included in project.
173800	Design & Construction	Botanic Garden (was Tilden)	Analyze & Prep Design Botanic	Renovate Visitor Center	Prepare study: Develop a project program, site analysis study, concept design presentation and construction estimate for a new botanic garden visitor center facility.	
173900	Design & Constructio	TNC EEC	Analyze and Prep EEC	Renovate Environ Educ Ctr	Perform phase I site analysis and develop schematic design for Environmental Education Center improvements.	Develop a feasibility study to determine whether to renovate or replace the existing Tilden Environmental Education Center (EEC). Study to include existing building and site assessment, building program, conceptual design options and project budget.
174000	Office Services	District Wide	Improve Elevator Safety		Replace elevator control unit and controllers at the main office building.	Replace elevator control unit, controllers and elevator jack at the main office building.

2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
175300	Environmental	Bay Point Shoreline	Improve Access Restore Habitat		Tidal marsh restoration and upland enhancement. Restoration will create tidal wetlands, seasonal wetland, transition zone and uplands. Public access improvements to trails, fishing access, drinking faucets, restroom upgrades and site security and safety features.	Implement improvements identified in the 2001 Land Use Plan. Co-equal goals of habitat restoration and public access are designed to be resilient to sea level rise. Habitat restoration improvements include marsh, wetland, and upland restoration that will provide habitat for special status species. Public access improvements include Harrier Trail improvements, staging area improvements, and water and sewer additions. Support planning efforts to develop the Great California Delta Trail.
175500	Maintenance	Shadow Cliffs	Replace Boat Concession Bldg		Replace the existing boat concession building and bait shop with a new Romtek prefabricated building.	Replace boat concession building to meet accessibility standards and provide storage area for boats, life jackets, and other rental equipment; and a separate battery charging room.
208900	Land	McLaughlin Eastshore	Oakland Army Base/Eastshore		Oakland Army Base property.	Lease under Base Realignment and Closure the 19.97± acre BRAC 1 parcel serving as a step towards acceptance of the property in the future under Public Benefit Conveyance as part of the future East Bay Gateway Regional Shoreline.
217701	Park Operations	Briones	Remington Ranch		Safety & security of acquired property towards site clean-up.	Safety & security of acquired property towards site clean-up and accessibility, via grading and road repair.
218600	Land	Iron Horse Regional Trail	Borel		Borel property acquisition.	Acquired 16.65 acres of real property by bequest from Armand Borel Trust for possible new agricultural park in Danville.
218601	Park Operations	Iron Horse Regional Trail	Borel		Safety and security phase of acquired Borel property to install fencing.	Safety and security phase of acquired Borel property to install fencing, building demolition, hazmat and other debris removal.
218700	Land	Point Molate	Finalize Chevron Easements		Finalize Chevron easements Bay Trail from Miller Knox to Wildcat Creek.	Acquire via donation from Chevron USA the Phase 2 recreational trail easement for extension of the SF Bay Trail along the Point San Pablo Peninsula. The Phase 1 recreational trail easement has already been donated/accepted.
218800	Land	Point Isabel	MEC Land Holdings Inc		MEC Land Holdings Inc property acquisition.	Exercise eminent domain authority to acquire fee title and a trail easement from Golden Gate Land Holdings LLC in support of the Albany Beach / SF Bay Trail Public Access and Restoration project.
226500	Land	San Francisco Bay Trail	Mt Zion Enterprises Inc.		Bell (Castro Point Ltd.) property acquisition.	Exercise eminent domain authority to acquire a 1,567-square-foot recreational trail and emergency vehicle and maintenance access easement located at Castro Point in Richmond, from Mt. Zion Enterprises Inc as a critical link for completing the planned extension of the SF Bay Trail along the Point San Pablo peninsula from Point Richmond to Richmond's Point Molate Beach Park.

2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
229900	Land	District Wide	Designated Acquisitions		Designated funding for future acquisitions. Measure AA funding is being	Designated funding from multiple sources to be transferred to individual acquisition project accounts for expenses associated with the acquisition of real property rights once those projects have received authorization to proceed from the Board of Directors.
230000	Land	District Wide	Future Preliminary Acquisition		Reconciled in 2018 to closely match bond balance.	Designated funding from multiple sources to be transferred to individual acquisition project accounts for expenditure on initial, due diligence expenses associated with the acquisition of real property rights.
230700	Land	Brushy Peak	Murray Township/Brushy Peak		Murray Township property acquisition.	Designated general funds obtained from property tax revenue earned in the Murray Township area of Livermore, which is located outside of the Measure WW acquisition project area, for use on expenses associated with the acquisition of real property rights in this area.
231100	Land	Sibley/Clarmnt Canyon/Hucklbry	Gateway Property		Gateway property acquisition.	Acceptance of the 387± "Western Hills Open Space Area" from developer Orinda Gateway for expansion of Sibley Volcanic Regional Preserve.
239600	Land	Black Diamond	SMD-Nortonville		SMD-Nortonville Road Acquisition.	Acquire 10.5± acres of real property, in partnership with the East Contra Costa County Habitat Conservancy, from Save Mount Diablo for protection of riparian habitat and the western entrance into Black Diamond Mines Regional Preserve.
240700	Land	Concord Hills (CNWS)	USA-Concord Naval Weapons Sta		USA Concord Naval Weapons Station acquisition.	Accept 2,500 ± acres of the inland area of the former Concord Naval Weapons Station under a Public Benefit Conveyance for creation/expansion of Concord Hills Regional Park.
242800	Land	Doolan Canyon	Gosselin-Rollins		Acquire Gosselin-Rollins property.	Acquire 1.5± acres in fee, a Recreational Trail Easement and an Emergency Vehicle and Maintenance Easement, in partnership with the Altamont Landfill Open Space Trust Fund, from Gosselin and Rollins in order to stage and access Doolan Canyon Regional Preserve from Collier Canyon Road.
242901	Park Operations	Morgan Territory	Viera		Viera property acquisition.	Safety & security phase of acquired property for fencing, clean-up, water development, and well-capping and tank-capping.
245401	Park Operations	Byron Vernal Pools	Casey		Acquire Casey property.	Safety and security phase of the newly acquired property. Funding will support hazmat clean-up, building demolition, well restoration, water distribution, weed abatement, fencing and gate improvements.
247200	Land	San Francisco Bay Trail	Oakland Inner Harbor		Acquire Oakland Inner Harbor property.	Executed an MOU with the U.S. Army Corps of Engineers for the transfer of 36.73± acres of submerged and semi-submerged real property along the Oakland Inner Harbor Tidal Canal to complete a gap in the SF Bay Trail along the Oakland Waterfront.

2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
247600	Land	Deer Valley	Roddy Tour Way		Acquire Roddy Trust property.	Acquired the 230± Roddy Golf Club property, in partnership with the East Contra Costa County Habitat Conservancy, from the Roddy Trust, to eliminate an inholding, protect habitat, and purchase a "ready-made" staging area.
250000	Land	District Wide	Future District Facilities		Future District Facilities	Designated funding from multiple sources to be transferred to individual project accounts for expenditure on costs associated with the acquisition of future District facilities.
500100	Design & Construction	Martin Luther King Jr	Construct Doolittle Trail	Develop Doolittle Trail	Construct coastal alignment of the SF Bay Trail from Swan Way to Shoreline Center on Doolittle Drive and retrofit boat launch ramp at Doolittle for ADA compliance.	Design, permitting, and construction of a half-mile of San Francisco Bay Trail and upgrades to a quarter-mile of existing trail and replacement of an existing boat ramp that does not meet current standards.
505800	Design & Construction	Del Valle	Renovate Water System		Water treatment plant repair.	Replace the water treatment plant and improve selected sections of distribution piping as described in the Del Valle Water System Study completed in August 2016. Planned improvements at the Park, including staff increases, and changes in regulatory requirements, will soon require significant changes to the treatment system.
509900	Design & Constructio	McLaughlin Eastshore	Develop Brickyard Cove		Phase I Improvements to the Brickyard will include a parking area; entry plaza including restrooms, signage, drinking fountains, bike parking and seating; picnic sites, trails, and planting. Phase II Improvements include reconfiguring the existing Sea Breeze location site by replacing the current structure and relocating closer to strawberry cove; formalizing the parking area; and installing park signage and creating a park entrance.	Improvements include a staging area; entry plaza including restrooms, signage, drinking fountains, bicycle parking and seating; picnic sites, trails, planting and irrigation. In 2013-14, the District developed a conceptual phasing plan for the Brickyard site improvements. This plan was developed to conform to the zoning designations and incorporate park improvements as called out in the Eastshore State Park General Plan.
511900	Design & Construction	Point Isabel	Repair Bridge Access	Repair Hoffman Ch. Bridge	Repair bridge to allow access for environmental clean-up.	Repair the Hoffman Channel Bridge to allow access for larger construction equipment to support restoration and site stabilization of the North Point area of the shoreline, a former landfill site.
517700	Stewardship	Tilden Park	Manage Aquatic Pest	Oxygenate Lake Anza	During the last two years, the District has had a number of harmful algal blooms (HAB) in addition to other water quality issues that have impacted recreational use and public health in a number of recreational water bodies. While the drought has likely increased the incidence of these HAB's, aging reservoirs and impounded bodies of water will continue to see an increase in HAB occurrences and other water quality issues, despite the potential wetter winters projected for 2016. Funds will be used for consultants to research recommended relevant treatments and research other contributing factors for a variety of aquatic pests that impact recreation, habitat and public health.	Install oxygen tank and distribution system at Lake Anza to help reduce the growth of cyanobacteria, also known as "blue green algae".

2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
518200	Design & Construction	Point Isabel	Abate Lead and Pave Trail	Restore and Stabilize Area	Grade v-ditch and pave around North of Point Isabel to prevent lead from capped battery dump from washing into the bay. Project includes adding fill, installing fencing or retaining wall, clearing existing drain inlet, pave entrance to the area, installing stairs or other crossing in the northern location, grading v-ditch as necessary, and pave the existing trail around the area.	Restoration and site stabilization at North Point area of the shoreline, a former landfill site.
519400	Interpretation/Recre	District Wide	Dubai Star Outreach Program		Funding will be used to support seasonal staffing for outdoor recreation activity programs. These programs will serve children and families from under-resourced communities. Fishing programs will continue primarily for Alameda residents, per terms of the grant. A fishing supplies trailer is being purchased in 2015 with grant funds.	
520300	Design & Constructio	Contra Loma	Rehab Boat Launch Facility		Rehabilitate fishing elements of the Contra Loma boat dock by paving parking lot, installing 4 restrooms and fish cleaning table and making ADA improvements.	Rehabilitate fishing elements of the Contra Loma boat dock by paving parking lot, replacing the existing boating dock and fishing pier, installing two two-stall restrooms, a fish cleaning table and making ADA improvements.
522400	Interpretation/Recre	Del Valle	Remodel Visitor Center		Remodel visitor center to expand into the concessionaire area for program opportunities. Funds will be used for contractor service, staff time, and installing three exterior interpretive exhibits (information kiosks).	Renovate and expand the existing Rocky Ridge Visitor Center. The facility will expand into the adjacent former concessionaire portion of the building. Project includes building renovation, ADA upgrades and new exhibits.
523000	Trails	San Francisco Bay Trail	Develop Oakland Shore Bay Trl		Conduct various studies needed to develop the Tidewater to 5th street section of the bay trail. The funding will be used to analyze connectivity options in this area, determine preferred alignment and engineering feasibility, and identify physical constraints. The ultimate goal is to improve public access by underrepresented groups by closing critical gaps in the Bay Trail in an economically depressed area of Oakland.	Design, engineer, and permit a .2-mile segment of the Bay Trail from the Tidewater Boating Facility to High Street.
523900	Park Operations	Las Trampas	Perform Orchard Study	Prune Orchard	Feasibility study of the walnut orchard at the Borel property.	A feasibility study was provided by free service through U.C. Cooperative Extension. Project funding will be used for initial pruning of the walnut orchard.
524500	Design & Construction	Del Valle	Repair Dog Run Trail		Emergency repair of landslide on the Dog Run Trail. The land slide poses an imminent threat to the utilities providing potable water to the park.	Stabilize bank where a portion of the Dog Run Trail has slid into the lake. Repairs will protect the trail and the utilities, including power to the raw water pumps, buried in the trail.

2019 Proposed Project Scope and Title Changes

Project	Dept	Park/Location	Project Title	Suggested Project Title	Existing Description	Suggested Change
524700	Land	San Francisco Bay Trail	Lease Crowley		Leasing former Crowley property from the Port of Oakland as part of the San Francisco Bay Trail. Details of negotiating agreement on file with Land Acquisition Department.	Long-term lease payments on 1.7± acres of real property from the Port/City of Oakland for development of passive waterfront pocket park for public access to Oakland Estuary and SF Bay Trail.
526300	Maintenance	East Contra Costa Trail	Rehab Marsh Creek Trail		Rehabilitate approximately 582,400 square feet of paved regional trails in eastern Contra Costa county along the Big Break Regional Trail in Oakley from its beginning on Big Break Road to its intersection with the Marsh Creek Regional Trail and the Marsh Creek Regional Trail from its beginning at the Big Break Regional Trail in Oakley to the end of the trail at Concord Avenue in Brentwood. The project includes the application of approximately 60,000 linear feet of hot crack fill, the removal and replacement of approximately 21,360 square feet of asphalt and the installation of 10,200 square feet of aggregate base shoulder backing. Approximately 582,400 square feet of the trail will be treated with a Type II slurry seal.	Rehabilitate approximately 582,400 square feet of paved regional trails in eastern Contra Costa county along the Big Break Regional Trail in Oakley from its beginning on Big Break Road to its intersection with the Marsh Creek Regional Trail and the Marsh Creek Regional Trail from its beginning at the Big Break Regional Trail in Oakley to the end of the trail at Concord Avenue in Brentwood. The project includes the application of approximately 60,000 linear feet of hot crack fill, the removal and replacement of approximately 21,360 square feet of asphalt and the installation of 10,200 square feet of aggregate base shoulder backing. Approximately 582,400 square feet of the trail will be treated with a Type II slurry seal. Repair Markley Creek crossing, type two slurry and seal coat up to 3.9 mi of Delta de Anza trail.
535100	Park Operations	District Wide	Renovate Play Areas District-Wide		Renovate and maintain various playgrounds throughout the District.	Resolve ongoing issues related to play areas District-wide.
552900	Maintenance	Del Valle	Improve Service Yard		Complete phase II of the Del Valle Service Yard upgrade project, including grading, paving and retention ponds for storm water runoff. Future phases (currently unfunded) will include new staff offices for Operations and additional storage upgrades and improvements.	
572100	Design & Construction	Miller-Knox	Remove Silt and Vegetation		Remove 16,000 cubic yards of silt and vegetation to keep the park lagoon healthy.	Dredge the existing lagoon to remove an estimated 10,000 cubic yards of sediment and dispose the material in the adjacent Bray Planning Area.
572200	Stewardship	Tilden Nature Area	Remove Debris and Silt		Remove silt and debris and rebuild silt dam at Tilden Nature Area Pond. Rebuild and develop new trail comprised of boardwalk and natural materials from historic "quail guzzler", through an interpretive area and north to Jewel Lake to enhance user experience while protecting aquatic and upland habitats and restoring three seasonal ponds.	Design and acquire regulatory permits to dredge a sediment basin in Wildcat Creek and restore interpretive ponds for wildlife and outdoor educational opportunities. Three man-made ponds will be restored to enhance wildlife habitat and provide educational opportunities for the public. An ADA compliant decomposed granite trail will be installed leading to a viewing deck overlooking one of the ponds. A small log amphitheater will look onto the viewing deck and provide a stage for the District's Interpretive Program.
572500	Recreation	Martin Luther King Jr	Recreation Program Outreach		Provide recreation programs for under-resourced audiences. Grant funding is used to support .25 FTE of Recreation Coordinator position.	Provide the resources to deliver outdoor recreation programs for under-resourced audiences.



EAST BAY REGIONAL PARK DISTRICT
BOARD FINANCE COMMITTEE
AGENDA STATEMENT
MEETING DATE –WEDNESDAY, OCTOBER 24, 2018

SUBJECT: Update on 2018 Internal Audit Projects
Report by: David Sumner, CIA, CFE, CGFM, Audit Manager

ATTACHMENT: None

RECOMMENDATION: This item is informational only.

DESCRIPTION:

The purpose of this report is to provide the Board Finance Committee with an update on the Internal Audit work completed through August 31, 2018, including projects reviewed, staffing and results of the audit recommendations.

Internal controls represent the policies, procedures, systems, and practices that District management establishes and enforces to ensure accomplishment of objectives and safeguarding of assets. Management is responsible for monitoring internal controls.

Internal Audit staff performs an appraisal function that assists management in design, implementation, and modification of the internal controls, through monitoring and evaluation of the District's system of internal control in conjunction with the audit of the District activities and related operations. They review financial transactions, cash handling practices, District-funded grants, concession agreements, and contracts.

Staffing: The Internal Audit Unit is currently comprised of an Audit Manager and one staff Accountant.

Projects: During January 2, 2018 through August 31, 2018, Internal Audit Unit staff have reviewed and approved 324 contracts, and completed 12 audit projects. A briefing of those projects is as follows:

1. **Review of Measure WW Grants:** Staff audited records retained by the Grants Department for projects completed and awaiting final payment. The audit scope included review of compliance with the grant agreement, and verification of the accuracy and completeness of the supporting reimbursement requests. Staff audited the following projects, found the records to be in good order and approved grantees' payment requests in accordance with the established procedures:

City of Brentwood, Sport Court Lighting Project: Grantee reported completion of their project and received \$93,567.71 as final reimbursement. Total Measure WW funds disbursed for this project were \$93,567.71.

City of San Ramon, Central Park Soccer Field Renovation Project: Grantee reported completion of their project and received \$132,000.00 as final reimbursement. Total Measure WW funds disbursed for this project were \$659,999.97.

City of Brentwood, City-wide Park Shade Improvement Project: Grantee reported completion of their project and received \$48,865.80 as final reimbursement. Total Measure WW funds disbursed for this project were \$48,865.80.

City of Piedmont, Hampton Park Improvement Project: Grantee reported completion of their project and received \$101,465.00 as final reimbursement. Total Measure WW funds disbursed for this project were \$507,325.00.

City of Pittsburg, Ambrose Park Phase I Project: Grantee reported completion of their project and received \$1,127,177.00 as final reimbursement. Total Measure WW funds disbursed for this project were \$1,127,177.00.

City of San Ramon, Bone Acres Park Playground Renovation Project: Grantee reported completion of their project and received \$61,959.38 as final reimbursement. Total Measure WW funds disbursed for this project were \$62,220.88.

City of Alameda, Estuary Park Project: Grantee reported completion of their project and received \$100,000.00 as final reimbursement. Total Measure WW funds disbursed for this project were \$500,000.00.

2. **Review of Subscription Expenses:** Total reported subscription expenditures has been steadily increasing in recent years. It went up from \$79,724 in 2015 to \$200,733 in 2017.

To assess propriety of subscription expenses as reported, and functionality of internal controls, we performed a limited review of the recorded transactions and supporting documents retained by Finance Department for the years 2015, 2016 and 2017.

We concluded that increase in reported subscription expenses was not merely consequence of normal growth of the activities, but included a few instances of misclassification of expenditures or input errors within the 18 items tested.

Internal Audit staff identified four transactions for a total of \$32,033 that could have been more properly coded to other services-account 6191, or legal services-account 6111.

We recommended that Departments and Accounts Payable staff review their practice of which items are most appropriately coded to subscriptions.

We noted that one of the main reasons for the increase in subscription expenditures was inclusion of subscription fees incurred due to the technological changes in telecommunications and information processing activities.

Our audit report discussion draft was issued on February 28, 2018.

3. **Review of Job Order Contracting (JOC) Program:** The District JOC Program was initiated in November 2015, with the services of the Gordian Group as a third-party administrator to provide JOC Program development, implementation and management services.

JOC is to be used for routine construction repair and maintenance projects. A group of competitively selected pre-approved contractors provide JOC services for prices established when the master contracts were approved by the Board of Directors. These master contracts are each for a twelve-month period and for a maximum cost. Typically, the District has approved contract up to \$1 million for each contractor.

Internal Audit Staff provided a limited review and examined financial records of the District's JOC Program from inception to October 2, 2017, to assess functionality of internal controls, and propriety of the JOC projects cost reporting and billings.

We concluded that internal controls were generally functional, but they should be further strengthened. We also found that JOC Program costs were properly reported.

We engaged an independent engineering firm to evaluate *Price Proposals* that District had received from two JOC contractors, based on the technical aspects of two completed projects that were tested in detail. They identified some quantitative and unit rate/prices variance, as compared to the projects' defining documents, and Construction Task Catalog; however, total variances noted were deemed to be within reasonable range of acceptance.

We recommended that District staff continue to provide a very detailed project scope for all JOC projects before they finalize the job task agreement with the JOC contractors. Also, District management should define an acceptable range for the variances between *Price Proposal* and actual unit of materials and labor as reported by JOC contractors, and define how to proceed if actual discrepancies noted exceed the acceptable range.

We reviewed the District's JOC Policy Guidelines, and concluded that in its current format it does not clearly delineate certain aspects of the JOC Program activities, and does not appear to adequately address performance of oversight activities, such as checks and balances, that promote safeguarding of assets.

In our opinion the current JOC Policy Guidelines should be:

- Simplified and segregated into two separate instruments. Policy (which requires Board approval) and Procedures (which requires General Manager's approval). This would

provide the District staff the ability to modify and update procedures as needed, without having to seek the Board's approval.

- Indicate financial criteria for selecting and prioritizing JOC projects.
- Mention Departments that are authorized to utilize the JOC Program.
- Continue to require a formal preliminary cost estimate prepared by the EBRPD staff, before the project is assigned to a JOC contractor.
- Accurately define meaning of Adjustment Factor.
- Assess or limit amount and number of non-priced items for each JOC project.
- District to approve or limit maximum amount of work that a JOC contractor may subcontract to others.
- Define all abbreviations used.
- Eliminate contradictions between narratives prepared by the Third-party administrator and the District, regarding approval of proposals
- Specify training requirements for District staff who will use the JOC Program.

We noted that currently the District has not assigned a reviewer to verify accuracy of the unit prices compiled and used by the third-party administrator for the District's project.

Since project costs and the 5% service fee paid to the JOC Program contractors and the third-party administrator are derived from unit prices that are compiled and determined by the third-party administrator; we recommended that EBRPD staff be assigned to review and verify accuracy of a sample unit prices used, on an annual basis.

Our audit report discussion draft was issued on May 11, 2018.

4. **Review of Purchase Card transactions:** The District's purchase card program was initiated in November 2000. Internal Audit has performed detailed review of the entire program twice previously, in 2004 and 2011.

In conjunction with continuous monitoring of the District payment processing practices, we reviewed reported transactions pertaining to purchase cards assigned to Public Affairs Division staff, for the period January 1, 2016 through December 31, 2017. Objectives of our review were to assess functionality of internal controls, identify weakness, and suggest modifications that could enhance safeguarding of assets.

We concluded that internal controls were overall functional; however, certain weaknesses should be rectified to ensure safeguarding of assets.

To safeguard financial resources that are entrusted to cardholders, if a vendor improperly charges a District purchase card, and/or a District cardholder deviates from established policies and uses the District's purchase card for a prohibited or personal expense; the amount of such a transaction is recorded in the *Disputed P-Card Charges Account*, where it remains until resolution of the disputed charges. Since this is a clearing account (i.e., whatever come into it eventually should go out) its balance should be zero, or reconcilable to zero, periodically.

Internal Audit staff noted several recorded transactions showing amounts that were owed to the District for vendor overcharges, cardholders' personal expenses, and miscoded transactions, that were not resolved timely. Notables were two vendor overcharges for \$1,700 and \$1,590, one miscoded transaction for \$1,105 and three instances of travel upgrade fees for \$59 each, and one instance of \$57.40 disallowed food and alcoholic beverage charges that had not yet been repaid to the District. Finance Department staff had contacted cardholders involved and attempted to resolve those disputed items, however, they remained outstanding at the time of the audit. We provided a list of these disputed transactions to the Finance Department, and recommended that they be reviewed on regular periodic intervals and resolved timely. *Finance staff have since resolved and settled all the disputed items noted above.*

Other matters of concern revealed during the audit were:

- In some cases, Approving Official's review of the transactions had not identified non-compliance with the established policies and procedures.
- Although Finance Department staff had identified majority of the discretionary personal charges, and had requested reimbursement from non-compliant cardholders, they had not succeeded in collecting timely reimbursement.
- Cardholders did not always follow the P-card policies and procedures. We noted two instances of shipment of purchased goods to other-than-District address, which is prohibited. Five instances of using EBRPD purchase cards for personal expenses, which were followed by a subsequent reimbursement to the District.

Non-compliance with the established policy and procedures creates extra work for all the employees who are involved with the purchase cards use, control, transaction review, and payment processing.

We recommended that Approving Officials familiarize themselves with the purchase card program requirements; cardholders exert greater due diligence and use the cards in accordance with the established policies and procedures and for official business and permitted transactions only. The Finance Department has been providing an EBRPD protective sleeve for the EBRPD Purchase Cards when cards are issued to cardholders

and to current cardholders, to diminish likelihood of inadvertent use of the District purchase cards for personal purchase.

During review of Public Affairs Division purchase card transactions, we noted 27 internet and out-of-state purchases, where sales/use tax was not properly calculated, withheld and accounted for. Currently, District owes a total \$582.82 for sales/use tax, excluding penalty and accruable interest, for those transactions.

We recommended that Finance Department staff continue to scrutinize every invoice submitted for payment processing, and make sure applicable sales/use tax is accurately recorded along with the transaction into the District's Financial system.

The audit report discussion draft was issued on June 8, 2018.

5. **Review of Ardenwood Concession – Palmdale Estate Events, Inc.:** On October 4, 2016, Palmdale Estates Events, Inc. was granted a three-year concession to operate the Ardenwood Historic Farm's reserveable picnic and wedding areas. They are required to pay 5% of their gross receipts as concession fee, and contribute 10% of their gross receipts to the Ardenwood park maintenance fund. The Concessionaire paid \$22,750.32 in concession fees, and contributed \$32,914.98 to the maintenance fund for the year ended December 31, 2017.

Our objectives were to evaluate functionality of internal controls; verify Concessionaire's compliance with the financial aspects of the concession agreement; assess whether Concessionaire's gross receipts were properly accounted for, and concession fees and maintenance fund contributions were accurately calculated and timely remitted.

Based on the results of the tests performed, we concluded that the Concessionaire's internal controls were dysfunctional and unreliable; provisions of the concession agreement were not fully complied with; and gross receipts were not properly accounted for, and applicable concession fees and maintenance fund contributions were not remitted to the EBRPD timely.

The Concessionaire's records and accounting practices did not meet District's requirements. The Concessionaire had not retained and did not submit for our audit adequate and independently verifiable records that substantiate accuracy of their reported gross receipts, concession fee, and maintenance fund contributions that were remitted to the District.

- There was not an all-inclusive and readily traceable calendar of events available for the verification of their reported activities.
- Farmyard Café credit card settlement records were not available for our review.
- A tally of the Farmyard Café daily cash collections was not available for our review.

- A copy of the Concessionaire's 2017 Federal Income Tax Return was not provided for our review.
- The Concessionaire's 2017 Quarterly Sales Tax Returns provided for our review were incomplete.
- Cash collected at Farmyard Café was neither properly accounted for, nor deposited into the bank intact and in its entirety.
- Personal and unrelated businesses funds were deposited into the Concession's bank account.
- The Concessionaire's records were not reconciled to the Bank Statements periodically.
- The *Ardenwood Event Payment Log* for 2017 and 2018, that is used for keeping track of deposits for wedding venue and picnic sites, contained recording errors, transposed amounts and typos.

We recommended that Operations Division staff formally notify the Concessionaire about inadequate compliance with the *Concession Agreement* requirements; and encourage Concessionaire to improve compliance, implement a reliable system of internal control that allows for proper accounting and financial reporting, and consider engaging services of a professional bookkeeper.

Internal Audit staff also identified that Concessionaire had underpaid concession fees, by understating gross receipts for a total of \$52,038.68 in 2017. Concessionaire was often late in remitting concession fee and maintenance fund contributions, and did not observe month-end as the cut-off date for reporting of monthly gross receipts during first four months of 2017. Since there is a 10% late payment penalty for overdue amounts, based on the tabulation of the concessionaire remittances, we have calculated that cumulatively Concessionaire owes \$9,048.33 to District.

The Concessionaire is required to reimburse District for alarm, electric, sewer, and water services. Reportedly, Concessionaire has taken over the Bay Alarm accounts for Café and Beverage Stand. However, there appeared to be no clear understanding as to who is responsible to assess, bill, and collect fees for other utilities; and how applicable amounts payable by Concessionaire are to be determined.

We recommended that Operations Division and Finance Department staff collaborate and find ways for fair and equitable utilities cost recovery from Concessionaire, and make arrangement for timely billing and collection of the amounts due.

The Finance Department Accounts Receivable staff had miscoded two transactions that resulted in overstatement of concession fee by \$4,195.22 and understatement of maintenance fund by same amount. Finance Staff identified and made the correcting

adjustment prior to the audit work noted above. We recommended that staff continue to exercise due diligence in classification and recording of the fees paid by Concessionaire.

Since this report was issued, Operations Staff has met with Concessionaire more than four times to review accurate reporting and payment processing requirements. The Concessionaire has paid the outstanding amounts due to the District, including late fees.

The audit report discussion draft was issued on July 13, 2018.

6. **Review of Sunol Regional Wilderness Cash Handling Procedures:** Sunol Regional Wilderness (Park) is open year-round. It has a kiosk that collects parking, dog, horse, and camping fees and is open on weekends and major holidays only; and a visitor center, that sells snacks and booklets about Sunol area flora and fauna. For the year ended December 31, 2017, Park kiosk collected \$153,424 and Visitor Center collected \$2,024 as fees.

Our objectives were to assess functionality of internal controls; verify compliance with the District policies and procedures; and review safeguarding of assets. Based on the results of tests performed, we have concluded that internal controls should be further strengthened; and financial policies and procedures were not fully complied with. Although Visitor Center's cash collections were generally accounted for, their cash handling activities, reporting, and documentation should be improved, and the authorized amount of Visitor Center petty cash amount should be reduced.

The Sunol Visitor Center has a petty cash fund with authorized amount of \$1,100. Current and former fund custodians had not submitted a petty cash replenishment request to the Finance Department for almost three years, which violated the Petty Cash Usage and Reimbursement Procedure requiring the custodian to submit a replenishment request by January 10 of each year, and/or when 75% of petty cash fund was expended.

We recommended that the petty cash custodian promptly submit all unreplenished vouchers to the Finance Department, along with a formal request for the reduction of the petty cash authorized amount to \$300, and reassignment of the petty cash custodial responsibilities to a clerical staff position. *Operations Staff has complied with these recommendations.*

Cashiering activities at Sunol Visitor Center were performed by part-time Naturalist Student Interpretive Aides. During 2016 and 2017 there were numerous instances of improper handling and reporting of daily cash collections. Although amount of discrepancies was immaterial, they were cause for concern because of inordinate amount of the staff time that had to be spent researching and resolving each incident, to ensure safeguarding of assets.

We recommended that cash handling training be required for applicable staff, cashiering duties at Sunol Visitor Center be supervised more closely or reassigned to a full-time staff

member that regularly works at this location, and has time to enforce compliance with the financial policies and procedures and resolve problems that may be encountered.

The Park kiosk is staffed with a part-time gate attendant, who works on weekends and holidays only. When the sole gate attendant takes a break during their daily shift, or has an unplanned absence, the kiosk remains closed, and District incurs a loss of revenue. We also noted that Park Supervisor reviews daily revenue reports within 60 days of their preparation.

We recommended that management consider the cost/benefit of installing a Ventek machine (approximately \$27,000 cost, plus recurring transaction fees of approx. \$500 per year) for fee collection, to enhance amount of revenue earned. We also recommend that the Park Supervisor consider training another staff member to work as substitute kiosk gate attendant whenever circumstances warrant, and review the kiosk's daily revenue reports timely, to ensure safeguarding of assets.

The audit report discussion draft was issued on Aug. 21, 2018.

RECOMMENDATION: This item is informational only.