

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, December 4, , 2018

C. BUSINESS BEFORE THE BOARD

7.. COMMITTEE REPORTS

- a. Finance Committee Minutes and Recommended Actions from the Meeting of October 24, 2018 (Corbett)

Attendees

Board: Ellen Corbett, Dee Rosario and Colin Coffey

Staff: Robert E. Doyle, Debra Auker, Jim O'Connor, Deborah Spaulding, Michelle Strawson O'Hara, Kim Balingit, David Sumner, Pam Burnor, Grace Mulvihill, Nadine Vargas, Kelly Barrington, Anne Kassebaum, Bob Nisbet, Matt Graul, Mimi Waluch, Ren Bates, Jeff Rasmussen, Ruby Tumber

Speakers: None

Public: Chris Newey, AFSCME President

Committee Chair Ellen Corbett began the meeting at 12:30 p.m. with the introduction of Committee members.

Agenda Item No. 1
2019 Proposed General Fund Budget

Assistant General Manager/Chief Finance Officer Debra Auker introduced the preliminary 2019 General Fund Budget and reviewed the budget process with the Committee.

Committee member Dee Rosario asked if the three percent limit on growth for new budget requests, is based on the total budget or the Operations budget. AGM/CFO Auker replied the three percent limit refers to the operating budget by division.

Budget Manager Pam Burnor presented a review on the status of the 2019 budget process and provided an overview of the 2019 Proposed General Fund Budget. The 2019 Proposed General Fund Budget is balanced with approximately \$160.4 million in budgeted revenue and appropriations (9.0% increase from 2018).

2019 Proposed General Fund Revenue Budget as Compared to 2018 Adopted Budget:

- 2019 property tax budgeted revenue is \$11.4 million higher than 2018 budget revenue, an 8.6% increase.
- Other General Fund revenue sources increased \$1.8 million, the majority due to increased interest and investment revenues.

Committee member Rosario inquired if the personnel budget includes funding to implement the Class and Comp study. Budget Manager Burnor stated funds have been budgeted.

2019 Proposed General Fund Appropriation as Compared to the 2018 Adopted Appropriations

- **Personnel:** 2019 salary and benefits are approximately 5.2% above the 2018 budgeted amount. The increase is due to: 1) cost of living allowance (COLA) and benefit changes resulting from the newly adopted 2017 AFSCME agreement and other labor agreements, and 2) the addition of 27.87 full time equivalent (FTE) positions.

Committee chair Ellen Corbet requested information on the FTEs at Dumbarton Campground. Budget Manager Burnor detailed the FTEs: two Park Ranger's II, 0.25 Heavy Equipment Operator, one Park Service attendant, and 0.96 of a Police Officer

- **Supplies:** The Supplies budget increased 4.5%. in part related to a budget to purchase new animal-proof branded trash cans.
- **Services:** Services budget increased 11.9%
- **Capital Equipment:** Capital equipment budget decreased to \$1.2 million.

2019 General Fund Transfers Out to Other Funds

Annual transfers out to projects and debt service are approximately \$15 million, a \$2.2 million increase over 2018, which includes the following:

- Major Infrastructures Renovation and Replacement Fund at \$4.4 million
- EBRPD Pension Trust Fund at \$2 million
- Chabot Gun Club environmental clean-up at \$1 million
- Fire Fuels/Vegetation Management program at \$900,000
- Infrastructure Assessment (Anthony Chabot) at \$250,000
- Black Diamond Mine Safety Improvements at \$130,000

Committee member Rosario asked for clarification on the limited duration Park Supervisor II position added under Parklands. Budget Manager Burnor informed the Committee of the plan to add an Park Supervisor to concentrate on Safety and Security projects associated with land acquisitions.

Committee member Rosario asked if a Park Supervisor is budgeted for the trail crew. Assistant General Manager of Operations Jim O'Connor explained, an existing vacant position, the AWP Supervisor, will be reassigned into MAST to be the full-time position managing the trail crew.

Committee member Colin Coffey inquired how the District accounts for grant revenues and the impact on the District's budget. AGM/CFO Auker summarized when staff brings a grant application (over \$25,000) to the Board, the accompanying resolution gives staff the authority, if the grant is received, to budget the revenue and expenditure for that grant. AGM/CFO Auker added once the District officially receives the grant, it is budgeted. The District does not budget grants until the staff receives authorization from the granting agency.

Committee member Rosario questioned if the District sets aside money for future park openings. AGM/CFO Auker confirmed the District has a five-year projection and the District sets aside, on average, \$2 million per year.

Committee member Rosario voiced a concern regarding the length of time between internal audits of the District's concessionaires. AGM O'Connor informed the committee in addition to Audit Manager Sumner's periodic audits, Operations staff reviews concessionaire revenue reports on a regular basis. AGM O'Connor also stated the Operations division implemented a new process to bring this information to the Board Operations Committee meetings.

Budget Manager Burnor concluded her report by identifying the next steps in the budget process:

Nov 20	Proposed Budget delivered to Board of Directors
Nov 26	Proposed Budget presented to Park Advisory Committee
Nov 28	Proposed Budget presented to Board Finance Committee
Dec 4	Introduction of Proposed Budget to Board of Directors – first public hearing
Dec 18	Adoption of Proposed Budget by the Board of Directors – second public hearing

Public comment:

AFSCME 2428 President Chris Newey expressed that the District's process for reviewing full time employee budget requests with the union has not been adequate. The AFSCME 2428 requests more timely and comprehensive notifications on job descriptions for new classifications, and explanations of position changes from the departments requesting the change.

Mr. Newey reminded the Committee, the District has suspended Human Resource Policy 10 (Position Reclassification) due to the current Class and Comp Study, however there are position upgrades in the budget. Mr. Newey suggested any future suspension on Board adopted polices go in front of the Board, in a public meeting.

Committee Chair Corbett stated it is her understanding the committee will have complete information regarding full-time equivalent positions at the November Finance Committee meeting. Budget Manager Burnor replied yes, the Committee will see all positions. AGM/CFO Auker expressed understanding of the Union frustration and explained that the District's goal is to provide the Union with a thorough analysis of new positions being proposed or recommended, prior to the budget being brought to the Finance Committee.

Committee Chair Corbett asked staff to present more information on staff positions before the adoption of the final budget. Human Resource Chief Walsh agreed, noting any new classifications being added to the budget classification plan will come before the Finance Committee, presented

as a resolution before the Board, assuring the committee that management will go through discussions with the Union in time with the budget process.

Committee member Rosario emphasized if the Human Resource Department hasn't completed the positions process prior to adoption of budget, there should be language added to advise that the position is pending.

GM Doyle affirmed that Human Resources will not move forward on positions until they have fully completed the required process. The position will have a "placeholder" in the budget until all steps have been resolved.

Recommendation: None, this is an information item only.

Agenda Item No. 2

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

Assistant Finance Officer Deborah Spaulding reported the 2019 Budget Project Book has been revised to improve transparency and highlight approximately 120 of the District's largest and most significant projects. In addition, staff is updating project descriptions and titles. Handouts were provided stating suggested changes.

Committee member Coffey suggested to update the project title for Delta Science Center to Big Break Visitor Center.

Committee member Rosario mentioned a project he thought was complete: "Improve Elevator Safety No. 171". AGM/CFO Auker advised staff had to amend the project scope to replace the elevator jack and appropriate additional funding.

Committee Chair Corbett added her appreciation with the language changes being more reader friendly.

Recommendation: Motioned by Dee Rosario and seconded by Colin Coffey that the Finance Committee recommends to the full Board of Directors for approval of proposed project title and description changes as part of the Proposed Budget.

Agenda Item No. 3

Update on 2018 Internal Audit Projects

Audit Manager David Sumner updated the Finance Committee on the status of 2018 internal audit work plan accomplishments.

Audit Manager Sumner reported that during the period of January through August 2018, staff worked on 324 contracts and 12 projects that included:

- Review of Measure WW Grants
- Review of Subscription Expenses

Committee member Rosario requested the definition of “subscription”.

Audit Manager Sumner explained subscription are expenses for periodicals and software services.

- Review of Job Order Contracting (JOC) Program

Committee member Rosario requested further clarification of “strengthening internal controls” regarding the JOC program. Audit Manager Sumner specified assurances are needed that the project is following standards expected.

Committee member Rosario asked if the general contractors supply a list of sub-contractors. Capitol Program Manager Ren Bates responded that the Job Order Contracting proposals do not require sub-contractors to be listed. This is a different process from the District’s standard design bid. The contractors at the time of selection for the JOC Program do not know the scope or specifications of projects. However, at the acceptance of the job order (project) the contractor supplies a list of sub-contractors.

Committee member Rosario appreciates the fact that District staff is reviewing the cost catalog.

Committee Chair Corbett inquired if the recommendations made in the internal audit report will be adopted to the JOC program. Audit Manager Sumner reminded the committee the internal audit report is informational only. Committee Chair Corbett expressed encouragement for the internal audit recommendations to be adopted into the JOC program.

Committee Chair Corbett asked how the construction management firm, The Gordian Group, Inc., is compensated. Audit Manager Sumner explained the District pays The Gordian Group, Inc. 5% of the total cost of work ordered, as license and development fees (not to exceed \$500,000 in a three-year period). The Gordian Group, Inc. has an on-site Construction Account Manager who performs agreed upon duties required for successful implementation and oversight of each project.

- Review of Purchase Card transactions
- Review of Ardenwood Concession – Palmdale Estate Events, Inc.

Committee member Rosario asked if concessionaire, Palmdale Estate Events, Inc. amended their record keeping. Business Services Manager Mimi Waluch replied yes, the concessionaire has hired an accountant. In addition, staff meets monthly with concessionaire to go over paperwork.

Committee member Coffey asked what the added value of concessionaires versus District staff providing services. Business Manager Waluch described the amount of manpower and expense of running a catering business.

Committee member Coffey inquired about tasks completed by Park District reservation staff at the Tilden Brazil Room. Business Manager Waluch stated event staff at the Brazil room do maintenance, set-up and breakdown of events. The reservation staff handles the contracts and bookings. District staff do not cook, decorate or supply flowers.

- Review of Sunol Regional Wilderness Cash Handling Procedures

Audit Manager Sumner concluded by advising the Committee the audit staff does an annual assessment and determines which concessionaires will be audited along with any requests from the Operations Division.

Recommendation: None, this is an informational item only.

Agenda Item No. 4 **Job Order Contracting Discussion**

Committee members requested this report be brought back at a later date.

Agenda Item No. 5 **Open Forum for Public Comment**

AFSCME 2428 president Newey brought the following concerns to the Committee's attention:

Job Order Contracting:

- AFSCME 2428 would like to review JOC policies and procedures before adoption.
- MOU currently states that JOC contracts would not perform staff work. JOC contracts are performing staff work: irrigation, installation, and fuel reduction.
- Some contracts extend into the winter months when a portion of workforce is laid off.
- Contracts performing work that AFSCME 2428 employees perform during these times should follow Article 5.3 of MOU, which AFSCME 2428 will enforce.
- No system is in place for maintenance and operations to report whether repairs are needed for JOC projects. Park staff may be completing JOC repairs because there is no directive to do otherwise.

Ardenwood Concessionaire

- Internal Audit report shows negative aspects of the Ardenwood concessionaire operations, including underreporting revenue.
- These issues should be taken into consideration when deciding if new District facilities require concessions or should be operated by District staff (Dumbarton campground and/or the Bridge Yard building).

GM Doyle advised the Committee that management will respond to the Union's requests.

Committee Chair Corbett asked whether recommendations made by the Audit Manager would be adopted. CFO Auker replied the Audit Manager provides the recommendations to the Design and Construction Division for action. Most recommendations are amendments to the policy, that staff will bring back to a future Committee meeting.

Public Comment on item not on the agenda:

AFSCME 2428 President Newey requested that management advise the Union on assessments, reports or studies being worked on concerning the campground at Dumbarton Quarry.

AFSCME 2428 President Newey also voiced concerns on the large number of vacancies in the Acquisition and Stewardship Department (ASD), commenting on the increased workload of current staff in ASD. The Union recommends filling these vacancies as soon as possible.

Agenda Item No. 6
Committee Comments

None

Meeting adjourned 3:05 p.m.
Next meeting scheduled for November 28, 2018

Respectfully submitted,

Connie Swisher
Finance