



FORT ORD REUSE AUTHORITY

REGULAR MEETING FORT ORD REUSE AUTHORITY (FORA) FINANCE COMMITTEE

Tuesday, February 28, 2017 at 3:00 p.m.
920 2nd Avenue, Suite A, Marina CA 93933 (FORA Conference Room)

AGENDA

1. CALL TO ORDER/ESTABLISHMENT OF QUORUM
2. PLEDGE OF ALLEGIANCE
3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE
4. PUBLIC COMMENT PERIOD

Members of the public wishing to address the Committee on matters within its jurisdiction, but not on this agenda, may do so for up to 3 minutes and will not receive Committee action. Whenever possible, written correspondence should be submitted to the Committee in advance of the meeting, to provide adequate time for its consideration.

5. APPROVAL OF MEETING MINUTES **ACTION**
 - a. December 2, 2016

6. BUSINESS ITEMS

Business items are for Committee discussion, debate, direction to staff, and/or action. Comments from the public are not to exceed 3 minutes or as otherwise determined by the Chair.

- a. FY 16-17 Mid-Year Budget **INFORMATION/ACTION**
Mid-year adjustments, review and discussion.
Consider Recommending FORA Board budget approval.
- b. Auditor Selection **INFORMATION/ACTION**
- c. 2017 Meeting Calendar **ACTION**

7. ITEMS FROM MEMBERS

Receive communication from Committee members as it pertains to future agenda items.

8. ADJOURNMENT

NEXT MEETING: TBD

For information regarding items on this agenda or to request disability related modifications and/or accommodations please contact the FORA office at (831)883-3672, 48 hours prior to the meeting. Agendas are available on the FORA website at www.fora.org.



**FORT ORD REUSE AUTHORITY
FINANCE COMMITTEE MEETING MINUTES**

3:00 p.m., December 2, 2016 | FORA's Conference Room
920 2nd Avenue, Suite A, Marina CA 93933

1. CALL TO ORDER

Chair Morton called the meeting to order at 3:00 PM.

Members Present:

Gail Morton, City of Marina (Chair)
Ian Oglesby, City of Seaside
Alan Haffa, City of Monterey
Nick Chiulos, County of Monterey
Andre Lewis, CSUMB

Members Absent:

Casey Lucius, City of Pacific Grove

2. PLEDGE OF ALLEGIANCE - Pledge of Allegiance was led by Chair Morton

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE - None

4. APPROVAL OF MEETING MINUTES - Adopted: Motion Lewis, Second Oglesby. Passed. Ayes; Morton, Lewis, Oglesby, Chiulos, Haffa. Noes; None.

5. PUBLIC COMMENT PERIOD

Doug Yount requested that the Audit Report note an outstanding and disputed item that may be an obligation.

6. BUSINESS ITEMS

FY 15-16 Annual Financial Statements (Audit Report)

Auditor Moss, Levy & Hartzheim representative Hadley Hui, Audit Partner-in-charge (Auditor) in attendance by telephone. Chair Morton introduced Auditor. The Auditor issued the same opinion as in prior year audit - a modified opinion on the Proprietary Funds (Preston Park) because FORA (through Alliance) has not recorded the value of Preston Park land, buildings and depreciation and an unmodified opinion on the governmental activities and each governmental fund of FORA. With the sale of Preston Park and the closure of the Proprietary Fund, Auditor noted that the coming (FY 16-17) year financial will consist of one opinion for the governmental activities and funds. Auditor discussed the increase in FORA's Net Position due to the sale of Preston Park. Auditor reviewed various notes to the Basic Financial Statements. Auditor reviewed the Single Audit Report and that findings were repeat findings related to Preston Park. Auditor reports that FORA has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on its major federal programs for the fiscal year. FC recommended that the FORA Board accept the FY 15-16 Audit Report as presented. Motion to accept: Oglesby, Second Lewis. Passed. Ayes; Morton, Oglesby, Lewis, Haffa, Chiulos. Noes; None.

7. NEXT MEETING DATE - The next meeting was set for January 23, 2017 at 3:30 PM.

8. ADJOURNMENT – Meeting adjourned at 3:31 PM.

FORT ORD REUSE AUTHORITY - REVISED FY 16-17 ANNUAL BUDGET - ALL FUNDS COMBINED

| CATEGORIES | FY 16-17 APPROVED | FY 16-17 Variances <i>Incr (decrease) projected</i> | FY 16-17 REVISED | NOTES |
|-----------------------------------------|----------------------|---------------------------------------------------------------|----------------------|-------------------------------------------------------------------------------------------------------------|
| REVENUES | | | | |
| Membership Dues | \$ 261,000 | \$ 70,000 | \$ 331,000 | MCWD |
| Franchise Fees - MCWD | 265,000 | 350,000 | 615,000 | MCWD |
| Federal Grants | 995,933 | (73,523) | 922,410 | ESCA |
| Development Fees | 6,739,869 | (1,500,000) | 5,239,869 | Marina Heights not as projected |
| Land Sale Proceeds | 480,187 | (480,187) | - | Ord Market sale delayed |
| Rent Proceeds | 29,500 | 20,500 | 50,000 | Ord Market sale delayed |
| Property Taxes | 1,722,472 | - | 1,722,472 | |
| Reimbursement Agreements | 25,000 | (25,000) | - | Offsets actual expenditure |
| Investment/Interest Income | 105,000 | - | 105,000 | |
| TOTAL REVENUES | 10,623,961 | (1,638,210) | 8,985,751 | |
| EXPENDITURES | | | | |
| Salaries & Benefits | 2,953,810 | 2,163 | 2,955,973 | Additional \$100K funding of UAL offset by error in budgeting |
| Supplies & Services | 398,055 | 15,250 | 413,305 | Grant Scope Negotiations and Legislative Issues |
| Contractual Services | 1,966,000 | (33,187) | 1,932,813 | Board approved RFP for solicitation of engineering services and timing of projects |
| Capital Projects (CIP) | 11,067,978 | (7,186,304) | 3,881,674 | HCP set aside not an expenditure but a fund balance commitment and deferral of projects to subsequent years |
| TOTAL EXPENDITURES | 16,385,843 | (7,202,078) | 9,183,765 | |
| REVENUES OVER (UNDER) EXPENDITURES | | | | |
| Surplus (Deficit) | (5,761,882) | 5,563,868 | (198,014) | |
| FUND BALANCES | | | | |
| Beginning | 40,989,569 | - | 40,989,569 | Per Audited Financial Statements |
| Ending | \$ 35,227,687 | \$ 5,563,869 | \$ 40,791,556 | Ending Fund Balance |
| Committed/Assigned Fund Balance: | | | | |
| CalPers Termination | \$ 5,300,000 | 1,000,000 | \$ 6,300,000 | Increase Reserve |
| Operations | 4,700,000 | - | 4,700,000 | |
| Habitat Management | 9,803,000 | 1,582,440 | 11,385,440 | |
| Building Removal | 6,589,000 | 500,000 | 7,089,000 | Timing of project |
| Capital Improvement Program | 4,300,289 | 4,342,122 | 8,642,411 | |
| Unassigned Fund Balance | 4,535,398 | (1,860,693) | 2,674,705 | |
| Total Fund Balance | 35,227,687 | 5,563,869 | 40,791,556 | |

FORT ORD REUSE AUTHORITY - REVISED FY 16-17 ANNUAL BUDGET - BY FUND

| CATEGORY | SPECIAL REVENUE FUNDS (SRF) | | | | TOTAL ANNUAL BUDGET |
|-------------------------------------------|-----------------------------|-------------------|----------------------|----------------|---------------------|
| | GENERAL FUND | LEASES LAND SALE | Developer / CFD Fees | ARMY ESCA | |
| REVENUES | | | | | |
| Membership Dues | 331,000 | | | | 331,000 |
| Franchise Fees - MCWD | 615,000 | | | | 615,000 |
| Federal Grants | | | | 922,410 | 922,410 |
| Development Fees | | | 5,239,869 | | 5,239,869 |
| Land Sale Proceeds | | - | | | - |
| Rental/Lease Revenues | 50,000 | | | | 50,000 |
| Property Tax Payments | 1,300,000 | | 422,472 | | 1,722,472 |
| Reimbursement Agreements | - | | | | - |
| Investment/Interest Income | 85,000 | | 20,000 | | 105,000 |
| Other Income | - | - | - | - | - |
| Total Revenues | 2,381,000 | - | 5,682,341 | 922,410 | 8,985,751 |
| EXPENDITURES | | | | | |
| Salaries & Benefits | 1,943,628 | - | 635,817 | 376,528 | 2,955,973 |
| Supplies & Services | 250,399 | - | 96,152 | 66,754 | 413,305 |
| Contractual Services | 1,100,731 | 138,151 | 214,803 | 479,128 | 1,932,813 |
| Capital Projects | - | 500,000 | 3,381,674 | - | 3,881,674 |
| Total Expenditures | 3,294,758 | 638,151 | 4,328,446 | 922,410 | 9,183,765 |
| REVENUES OVER (UNDER) EXPENDITURES | (913,758) | (638,151) | 1,353,895 | - | (198,014) |
| FUND BALANCE-BEGINNING 7/1/16 | 14,588,462 | 11,829,557 | 14,571,550 | - | 40,989,569 |
| FUND BALANCE-ENDING 6/30/17 | 13,674,705 | 11,191,406 | 15,925,445 | - | 40,791,556 |
| Committed/Assigned Fund Balance: | | | | | |
| CalPers Termination | 6,300,000 | - | - | - | 6,300,000 |
| Operations | 4,700,000 | - | - | - | 4,700,000 |
| Habitat Management | - | - | 11,385,440 | - | 11,385,440 |
| Building Removal | - | 7,089,000 | - | - | 7,089,000 |
| Capital Improvement Program | - | 4,102,406 | 4,540,005 | - | 8,642,411 |
| Unassigned Fund Balance | 2,674,705 | - | - | - | 2,674,705 |
| Total Fund Balance | 13,674,705 | 11,191,406 | 15,925,445 | - | 40,791,556 |

ANNUAL FY 16-17 BUDGET - REVISED

ITEMIZED EXPENDITURES

| EXPENDITURE CATEGORIES | FY 16-17 APPROVED | Variance/s | FY 16-17 Proposed | NOTES |
|-----------------------------------------------------|----------------------|--------------------|----------------------|---------------------------------------------------------------------------------------|
| <u>SALARIES AND BENEFITS (S & B)</u> | | | | |
| SALARIES - Existing Staff (16 positions + 1 intern) | 1,776,107 | (10,330) | 1,765,777 | |
| BENEFITS/HEALTH, RETIREMENT, OTHER | 712,703 | (87,507) | 625,196 | Error in budgeting |
| TEMP HELP/VACTION CASH OUT/STIPENDS | 65,000 | - | 65,000 | |
| SUBTOTAL S & B | 2,553,810 | (97,837) | 2,455,973 | |
| <u>CalPERS UNFUNDED LIABILITIES (UAL)</u> | | | | |
| SHARE OF RISK POOL UAL - PARTIAL PAYMENT | 400,000 | 100,000 | 500,000 | Current valuation is \$669,843 Unfunded Liability as of 10/12/16 after funding \$400K |
| SUBTOTAL PERS UAL | 400,000 | 100,000 | 500,000 | |
| TOTAL SALARIES , BENEFITS AND UAL | 2,953,810 | 2,163 | 2,955,973 | |
| <u>SUPPLIES AND SERVICES</u> | | | | |
| PUBLIC & LEGAL NOTICES | 6,000 | - | 6,000 | |
| COMMUNICATIONS | 8,000 | - | 8,000 | |
| POSTAGE & DELIVERY | 1,500 | - | 1,500 | |
| DUES & SUBSCRIPTIONS | 8,855 | 2,250 | 11,105 | Dues & subscriptions inadvertently missed during budgeting |
| PRINTING & COPY | 8,000 | - | 8,000 | |
| SUPPLIES | 14,000 | 500 | 14,500 | |
| EQUIPMENT & FURNITURE | 15,500 | - | 15,500 | |
| TRAVEL & LODGING Including Meals | 22,500 | 11,500 | 34,000 | Grant Scope Negotiations and Legislative Issues |
| TRAINING & SEMINARS, REGISTRATION FEES | 17,500 | - | 17,500 | APA training/registration |
| MEETING EXPENSES | 13,500 | - | 13,500 | |
| TELEVISED MEETINGS | 7,000 | - | 7,000 | |
| BUILDING MAINTENANCE & SECURITY | 10,000 | - | 10,000 | |
| FORA OFFICES RENTAL | 180,000 | - | 180,000 | |
| UTILITES | 12,000 | - | 12,000 | |
| INSURANCE | 26,000 | - | 26,000 | |
| PAYROLL/ACCOUNTING SERVICES | 6,000 | 1,000 | 7,000 | New Special District Reporting Requirements |
| IT/COMPUTER SUPPORT | 29,000 | - | 29,000 | |
| PREVAILING WAGE TECH SUPPRT/SOFTWARE | 10,000 | - | 10,000 | |
| RECORD ARCHIVING | 1,000 | - | 1,000 | |
| OTHER (POSTAGE, BANK FEES, MISC) | 1,700 | - | 1,700 | |
| TOTAL SUPPLIES AND SERVICES | 398,055 | 15,250 | 413,305 | |
| <u>CONTRACTUAL SERVICES</u> | | | | |
| AUTHORITY COUNSEL | 200,000 | - | 200,000 | |
| LEGAL/LITIGATION FEES | 100,000 | - | 100,000 | |
| AUDITORS | 20,000 | 2,813 | 22,813 | Final FY 15-16 Audit Fee Per Engagement Letter/GASB 68 Reporting |
| FINANCIAL CONSULTANTS | 100,000 | - | 100,000 | |
| SPECIAL COUNSEL (EDC-ESCA PROPERTY) | 175,000 | (65,000) | 110,000 | Project moved to next fiscal year |
| PUBLIC INFORMATION/OUTREACH | 20,000 | 12,000 | 32,000 | Community Engagement and Public Information and Outreach (Video) |
| LEGISLATIVE SERVICES CONSULTANT | 43,000 | - | 43,000 | |
| OTHER CONSULTING/CONTRACTUAL EXP | 25,000 | - | 25,000 | |
| PREVAILING WAGE CONSULTANTS | 75,000 | (75,000) | - | Project moved to next fiscal year |
| FORA TRANSITION | 105,000 | (30,000) | 75,000 | |
| REUSE PLAN IMPLEMENTATION | 100,000 | - | 100,000 | |
| CIP/ARCHITECTS & ENGINEERS | 25,000 | 170,000 | 195,000 | Board approved RFP solicitation for engineering services |
| HABITAT MANAGEMENT/HCP ENDOWMENT | 150,000 | - | 150,000 | |
| CEQA CONSULTANTS | 300,000 | - | 300,000 | |
| ESCA/REGULATORY RESPONSE/QUALITY ASSURAN | 418,000 | (48,000) | 370,000 | |
| ECONOMIC DEVELOPMENT | 110,000 | - | 110,000 | |
| TOTAL CONTRACTUAL SERVICES | 1,966,000 | (33,187) | 1,932,813 | |
| <u>CAPITAL PROJECTS</u> | | | | |
| Refer to CIP 16-17 for project detail | | | | |
| TRANSPORTATION/OTHER CIP PROJECTS | 7,937,538 | (4,650,864) | 3,286,674 | Based on current project schedules and emergency care taker cost \$75K |
| HABITAT MANAGEMENT/HCP ENDOWMENT | 2,130,440 | (2,035,440) | 95,000 | HCP set aside is a commitment of fund balance not an expenditure |
| BUILDING REMOVAL | 1,000,000 | (500,000) | 500,000 | Reduced projection due to timing |
| TOTAL CAPITAL PROJECTS | 11,067,978 | (7,186,304) | 3,881,674 | |
| TOTAL EXPENDITURES | 16,385,843 | (7,202,078) | 9,183,765 | |

**FORT ORD REUSE AUTHORITY FY 16-17 PROPOSED BENEFITS
ADJUSTMENT**

Health insurance/employer share premium increase

Health premium increased 4% from 2016

| <u>EE</u> | <u>EE+1</u> | <u>Family</u> | |
|-----------|-------------|---------------|-----------------------------------|
| 798 | 1,597 | 2,076 | 2016 premium |
| 830 | 1,661 | 2,159 | 2017 premium |
| 32 | 64 | 83 | <u>Increase in</u> premium |

Fiscal Impact FY 16-17

OPTIONS

a) Keep ER contribution constant until sunset/next review

| | | | | | |
|-------------|-----------|-----------|-----------|-------------------------------------------------|-------------|
| 2017 | 830 | 1,661 | 2,159 | Premium | |
| | 798 | 1,447 | 1,826 | Approved employer contribution | |
| | 32 | 214 | 333 | Employee contribution | |
| | 0 | 150 | 250 | Current employee contribution | |
| | 32 | 64 | 83 | <u>Increase in</u> employee contribution | None |

b) Keep EE payments constant until sunset/next review

| | | | | | |
|-------------|-----------|-----------|-----------|-------------------------------------------------|--------------|
| 2017 | 830 | 1,661 | 2,159 | Premium | |
| | 0 | 150 | 250 | EE contribution at 2016 Rate | |
| | 830 | 1,511 | 1,909 | Proposed employer contribution | |
| | 798 | 1,447 | 1,826 | Current employer contribution | |
| | 32 | 64 | 83 | <u>Increase in</u> employer contribution | 4,939 |

c) Both ER and EE contribution bare increase

| | | | | | |
|-------------|-----------|-----------|-----------|-------------------------------------------------|--------------|
| 2017 | 830 | 1,661 | 2,159 | Premium | |
| | 830 | 1,505 | 1,899 | Proposed employer contribution | |
| | 32 | 58 | 73 | <u>Increase in</u> employer contribution | 2,846 |
| | 0 | 6 | 10 | <u>Increase in</u> employee contribution | |
| | 32 | 64 | 83 | <u>Increase in</u> premium | |

FORT ORD REUSE AUTHORITY FY 16-17 PROPOSED BENEFITS ADJUSTMENT

**Health Insurance
Mid-Year Budget FY 16-17**

Fiscal Impact

| | <u>7/1/16-12/31/16</u> | <u>1/1/17-6/30/17</u> | <u>Total</u> |
|----------------------|------------------------|-----------------------|----------------|
| Budgeted | | | |
| Active employees | 133,204 | 146,524 | 279,728 |
| Retirees/Survivor | 39,268 | 43,195 | 82,463 |
| Fiscal Impact | <u>172,472</u> | <u>189,719</u> | <u>362,191</u> |

| | No Change in Employer Contribution | | |
|----------------------|-------------------------------------------|------------------|----------------|
| | <i>Actual</i> | <i>Projected</i> | |
| Option 1 | | | |
| Current | | | |
| Active employees | \$ 110,988 | \$ 120,372 | \$ 231,360 |
| Retirees/Survivor | 17,553 | 15,001 | 32,554 |
| Fiscal Impact | <u>128,540</u> | <u>135,373</u> | <u>263,913</u> |

Employer Contributions

| | EE | EE+1 | EE+2 |
|--|-----------|-------------|-------------|
| | \$ 798 | \$ 1,447 | \$ 1,826 |

| | | | |
|----------------------------------------|---------------|---------------|---------------|
| Savings against original budget | <u>43,932</u> | <u>54,346</u> | <u>98,278</u> |
|----------------------------------------|---------------|---------------|---------------|

| | No Change in Employee Contribution | | |
|----------------------------------------|-------------------------------------------|------------------|----------------|
| | <i>Actual</i> | <i>Projected</i> | |
| Option 2 - Staff Recommendation | | | |
| Active employees | \$ 110,988 | \$ 125,311 | \$ 236,298 |
| Retirees/Survivor | 17,553 | 15,001 | 32,554 |
| Fiscal Impact | <u>128,540</u> | <u>140,312</u> | <u>268,852</u> |

| | | | |
|--|--------|----------|----------|
| | \$ 830 | \$ 1,505 | \$ 1,899 |
| | 4.0% | 4.0% | 4.0% |

| | | | |
|----------------------------------------|---------------|---------------|---------------|
| Savings against original budget | <u>43,932</u> | <u>49,408</u> | <u>93,339</u> |
|----------------------------------------|---------------|---------------|---------------|

| | | | |
|-------------------------------|---|-------|-------|
| Difference to Option 1 | - | 4,939 | 4,939 |
|-------------------------------|---|-------|-------|

| | | | |
|--|-------|-------|-------|
| | \$ 32 | \$ 58 | \$ 73 |
|--|-------|-------|-------|

| | 2% increase in ER and EE Contribution | | |
|----------------------|----------------------------------------------|------------------|----------------|
| | <i>Actual</i> | <i>Projected</i> | |
| Option 3 | | | |
| Active employees | \$ 110,988 | \$ 123,217 | \$ 234,205 |
| Retirees/Survivor | 17,553 | 15,001 | 32,554 |
| Fiscal Impact | <u>128,540</u> | <u>138,218</u> | <u>266,759</u> |

| | | | |
|--|--------|----------|----------|
| | \$ 814 | \$ 1,479 | \$ 1,868 |
| | 2% | 2% | 2% |

| | | | |
|----------------------------------------|---------------|---------------|---------------|
| Savings against original budget | <u>43,932</u> | <u>51,501</u> | <u>95,433</u> |
|----------------------------------------|---------------|---------------|---------------|

| | | | |
|-------------------------------|---|-------|-------|
| Difference to Option 1 | - | 2,846 | 2,846 |
|-------------------------------|---|-------|-------|

| | | | |
|--|-------|-------|-------|
| | \$ 16 | \$ 32 | \$ 42 |
|--|-------|-------|-------|

| | | | |
|-------------------------------|---|-------|-------|
| Difference to Option 2 | - | 2,093 | 2,093 |
|-------------------------------|---|-------|-------|

| | | | |
|--|-------|-------|-------|
| | \$ 16 | \$ 26 | \$ 31 |
|--|-------|-------|-------|