

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	Consider Adoption of FORA FY 2018-19 Annual Budget – 2 nd Vote	
Meeting Date:	June 8, 2018	INFORMATION/ACTION
Agenda Number:	8a	

RECOMMENDATION: SECOND VOTE

- i. Adopt FY 2018-19 Annual Budget ACTION
- ii. Consider approval of staff proposed compensation and benefit adjustments ACTION

BACKGROUND:

The FORA Annual Budget is typically presented to the Board in May of each year. Prior to the budget being presented to the Board, the budget is first reviewed by the Finance Committee (FC). After completing their deliberations, the FC makes recommendations to the Board regarding budget matters, including the presentation format and fund availability for programmed projects, staffing, consultant support and obligations. Prior to Board consideration of those recommendations, the Executive Committee (EC), who is charged to provide Board recommendation regarding employment and personnel matters, considers staff proposed adjustments specific to staffing and/or benefit. On May 2, the FC reviewed the draft budget and the EC reviewed the compensation adjustment recommendations. At the May 11, 2018 Board meeting, on motion by Board member Gunter, second by Board member Edelen and carried 12 to 1, the Board moved to adopt the fiscal year 2018-19 annual budget and the proposed staff compensation and benefits adjustments. The motion did not receive a unanimous vote and requires a second vote.

DISCUSSION:

This fiscal year budget was prepared in conjunction with the FY 18-19 CIP Budget. The CIP Budget will be presented in Business Item 8b.

The proposed budget charts with fund balance notes as directed by the FC are:

- Attachment A** depicts the budget by individual funds
- Attachment B** illustrates the combined funds overall budget as compared to FY 17-18 projected Budget.
- Attachment C** itemizes expenditures and compares to projected FY 17-18 expenditures.
- Attachment D** provides background/analysis of proposed Salary/Benefits adjustment

Significant budget impacts areas are discussed below.

The following summarizes the FY 18-19 (**Attachment A**) draft annual budget figures:

REVENUES

- \$310,928 MEMBERSHIP DUES

In addition to State law stipulated fixed membership dues of \$224,000, FORA collects dues from Marina Coast Water District (MCWD) under contract terms.

- \$721,557 FRANCHISE FEES

This amount represents MCWD's projected FY 18-19 payments to FORA from water and sewer operations on Fort Ord and associated fees.

- \$1,129,167 ENVIRONMENTAL SERVICES COOPERATIVE AGREEMENT

FORA retains funds for ESCA remediation program completion, including remaining Economic Development Conveyance (EDC) property transfers. The draft annual budget includes the FY 18-19 ESCA regulatory response and management/related expenses.

- \$10,734,756 DEVELOPMENT FEES

This reflects jurisdictional forecasts included in the CIP FY 18-19 budget.

- \$0 LAND SALE PROCEEDS

There are no land sale revenue anticipated in the FY 18-19 CIP budget.

- \$50,000 RENTAL PROCEEDS

Rental payments from leasing projects on the Former Fort Ord, including Ord Market, Las Animas Concrete, etc.

- \$2,974,613 PROPERTY TAX

Projected property tax revenue exceeding \$1.3 million is committed to funding the CIP.

- \$161,490 INVESTMENT/INTEREST INCOME

Anticipated income from FORA bank accounts and certificates of deposit (CD) including the Habitat Management CD.

EXPENDITURES

- \$2,902,432 SALARIES AND BENEFITS (Attachments C, D show breakdown)

Of the \$2.9M in salaries and benefits, \$519,825 is funded by ESCA. Proposed budget amount includes:

- 1) 3.0% COLA for eligible personnel. Fiscal impact up to \$69,000.
Eligibility: Must be full time, employed with FORA for the past 12 months.
- 2) Retention benefit - In light of FORA's nearing sunset date, staff recommends a pool of funds to provide for employee retention, special assignments, and coverage for employee losses.

- 3) Staff Health Insurance Benefit. No change from approved FY 17-18 Budget.
Staff recommends extension of these benefit for FY18-19.
- 4) Staffing. Fiscal impact up to \$100,000 in wages and benefits.
Staff recommends the addition an additional staff position and a reclassification.

**FC acknowledges funding availability for all items and EC recommends item 1*

- \$536,025 SUPPLIES AND SERVICES (Attachment C)

This expense category is increased \$60,725 from prior year. Significant increases are:

- 1) \$28,600 – Vehicle Expenses – Staff has budgeted purchase of a used 4-wheel vehicle for use on construction sites: Surplus II, South Boundary Road, Eucalyptus Road, General Jim Moore Boulevard, and Stockade.
- 2) \$6,000 – IT/Computer Support – field computer, off-site internet, and AutoCAD
- 3) \$10,000 – Record Archiving – archiving of engineering drawings and documents.
- 4) \$6,000 – Training & Seminars – training and employee transitions.
- 5) \$6,700 – Insurance – general liability and property insurance increases.

- \$2,112,350 IN CONTRACTUAL SERVICES (Attachment C)

Contractual services increased \$656,800 from the previous FY. In addition to FORA's recurring consulting expenses such as the Annual Auditor, Public Information, Human Resources, and Legislative consultants, the budget includes increased and or significant costs for:

- 1) \$475,000 – FORA Sunset/Transition for Local Agency Formation Commission application and indemnification set aside fund, consultant fees (e.g. CEQA, financial, employee transition and legal).
- 2) \$50,000 – Authority Counsel – Review of contracts, bid documents, and procurement process.
- 3) \$110,000 – Legal/Litigation Fees and Special Practice – Easements, Right of Way, Permitting and legal advice.
- 4) \$20,000 – Economic Development – consist of \$5K for local support and an increase of \$15K toward CSUMB and related sponsorship.

- \$29,701,327 IN CAPITAL PROJECTS (Attachments B, C)

The upcoming budget includes \$9.6 for the completion of the FORA building removal obligations and includes \$2M increase in the engineer's estimate for Marina Stockade removal. The budget includes mandated/obligatory expenditures such as habitat management and UC Natural Reserve annual cost. Other capital projects are development fee collection dependent. The FY 18-19 CIP budget provides itemization and timing of capital projects.

OTHER/ACCOUNTING ENTRIES/FUND DESIGNATIONS

- 1) Maintain \$6.7 million Reserve - \$5.7M to be invested in an irrevocable Section 115 Trust and \$1.0M in reserve.
- 2) Maintain \$4.7 million Reserve for operating funds.
- 3) Transfer of funds \$1,325,00 from Lease and Land Sale to CFD/Tax Developer Fee Fund (\$1,050,000) and General Fund (\$275,000).

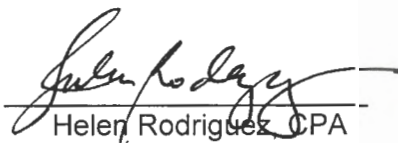
ENDING BALANCE/FORA RESERVE

It is anticipated that the combined fund balance at the end of the FY 18-19 will be more than \$28.7 million. To address the FORA sunset financial obligations, the Board has designated \$6.7 million for CalPERS pension liabilities, \$4.7 million balance for operating obligations through FORA 2020 sunset; specific future designations/ spending of this \$4.7 million balance must be approved by the FORA Board. The set aside of \$17.1 million for Habitat Conservation reflects FORA Board policy of reserving 30.2 percent of the CFD fee collections for this purpose.

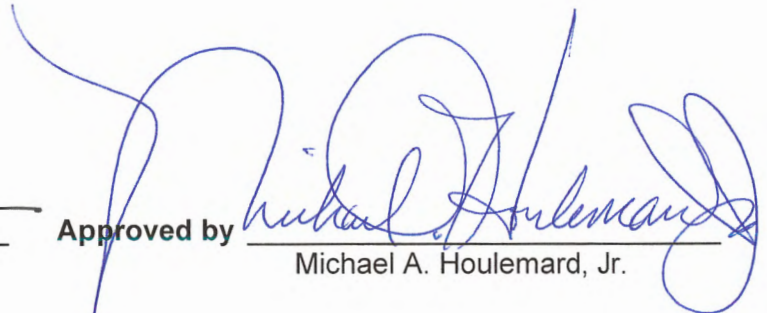
COORDINATION:

Finance Committee, Executive Committee, FORA Annual Auditor.

Prepared by


Helen Rodriguez CPA

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY - FY 18-19 PROPOSED ANNUAL BUDGET - BY FUND

CATEGORY	SPECIAL REVENUE FUNDS (SRF)				TOTAL ANNUAL BUDGET
	GENERAL FUND	LEASES/ LAND SALE	CFD/Tax Developer Fees	ARMY ESCA	
REVENUES					
Membership Dues	310,928	-	-	-	310,928
Franchise Fees - MCWD	721,557	-	-	-	721,557
Federal Grants	-	-	-	1,129,167	1,129,167
Development Fees	-	-	10,734,756	-	10,734,756
Land Sale Proceeds	-	-	-	-	-
Rental/Lease Revenues	50,000	-	-	-	50,000
Property Tax Payments	1,300,000	-	1,674,613	-	2,974,613
Reimbursement Agreements	5,000	-	-	-	5,000
Investment/Interest Income	120,000	-	41,490	-	161,490
Other Income	-	-	-	-	-
Total Revenues	2,507,485	-	12,450,859	1,129,167	16,087,511
EXPENDITURES					
Salaries & Benefits	1,826,795	102,209	453,603	519,825	2,902,432
Supplies & Services	328,123	12,974	126,595	68,333	536,025
Contractual Services	1,107,589	25,690	438,062	541,009	2,112,350
Capital Projects	-	9,520,871	20,180,456	-	29,701,327
Total Expenditures	3,262,507	9,661,744	21,198,716	1,129,167	35,252,134
REVENUES OVER (UNDER) EXPENDITURES	(755,022)	(9,661,744)	(8,747,857)	-	(19,164,623)
OTHER FINANCING SOURCES (USES)					
Transfer In/(Out)	275,000	(1,325,000)	1,050,000	-	-
Total Other Financing Sources (Uses)	275,000	(1,325,000)	1,050,000	-	-
REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES	(480,022)	(10,986,744)	(7,697,857)	-	(19,164,623)
FUND BALANCE-BEGINNING 7/1/18	11,904,456	11,185,029	24,844,821	-	47,934,306
FUND BALANCE-ENDING 6/30/18	11,424,434	198,285	17,146,964	-	28,769,683

Fund Balances

Committed/Assigned for:

CalPers Termination	\$ 6,700,000	\$ -	\$ -	\$ -	\$ 6,700,000
Operations	4,700,000	-	-	-	4,700,000
Habitat Management (HM/HCP)	-	-	17,113,239	-	17,113,239
Building Removal	-	-	-	-	-
CIP	-	198,285	33,725	-	232,010
Unassigned	24,434	-	-	-	24,434
Ending Fund Balance	11,424,434	198,285	17,146,964	-	28,769,683

FORT ORD REUSE AUTHORITY - FY 18-19 PROPOSED ANNUAL BUDGET - COMPARATIVE

CATEGORIES	FY 17-18 APPROVED MID-YEAR	FY 17-18 <u>Variances</u> <i>Projected thru 6/30/18</i>	FY 17-18 <u>PROJECTED</u>	FY 18-19 <u>PROPOSED</u>	NOTES
REVENUES					
Membership Dues	\$ 307,000	\$ 8,584	\$ 315,584	310,928	
Franchise Fees - MCWD	415,000	279,766	694,766	721,557	
Federal Grants	1,002,580	-	1,002,580	1,129,167	
Development Fees	6,118,763	-	6,118,763	10,734,756	
Land Sale Proceeds	-	-	-	-	
Rent Proceeds	50,000	-	50,000	50,000	
Property Taxes	2,310,835	-	2,310,835	2,974,613	
Reimbursement Agreements	5,000	-	5,000	5,000	
Investment/Interest Income	110,000	-	110,000	161,490	
TOTAL REVENUES	<u>10,319,178</u>	<u>288,350</u>	<u>10,607,528</u>	<u>16,087,511</u>	
EXPENDITURES					
Salaries & Benefits	3,845,250	-	3,845,250	2,902,432	
Supplies & Services	475,300	-	475,300	536,025	
Contractual Services	1,562,500	(107,000)	1,455,500	2,112,350	
Capital Projects (CIP)	13,043,796	(9,802,852)	3,240,944	29,701,327	
TOTAL EXPENDITURES	<u>18,926,846</u>	<u>(9,909,852)</u>	<u>9,016,994</u>	<u>35,252,134</u>	
REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES	(8,607,668)	10,198,202	1,590,534	(19,164,623)	<i>Use of Fund Balance</i>
FUND BALANCES					
Beginning	46,343,772	-	46,343,772	47,934,306	
Ending	\$ 37,736,104	\$ 10,198,202	\$ 47,934,306	28,769,683	Ending Fund Balance
Fund Balances					
<i>Committed/Assigned for:</i>					
CalPers Termination	\$ 6,700,000		\$ 6,700,000	6,700,000	
Operations	4,700,000		4,700,000	4,700,000	
Habitat Management (HM/HCP)	13,829,853		13,829,853	17,113,239	
Building Removal	3,339,000	3,309,056	6,648,056	-	
CIP	9,058,145	6,493,796	15,551,941	232,010	
Unassigned	<u>109,106</u>	<u>288,350</u>	<u>397,456</u>	<u>24,434</u>	
Ending Fund Balance	<u>\$ 37,736,104</u>	<u>\$ 10,091,202</u>	<u>\$ 47,827,306</u>	<u>28,769,683</u>	

FORT ORD REUSE AUTHORITY - FY 18-19 PROPOSED ANNUAL BUDGET - EXPENDITURE DETAIL

EXPENDITURE CATEGORIES	FY 17-18 Approved Mid-Year	FY 17-18 Variance Projected thru 6/30/18	Projected 6/30/18	FY 18-19 Preliminary	Change from Prior Year	NOTES
	16 positions + 1 intern	16 positions + 1 intern	16 positions + 1 intern	17 positions + 1 intern		"N" indicates a new expense in FY 18-19budget
<u>SALARIES AND BENEFITS (S & B)</u>						
SALARIES	1,911,684	-	1,911,684	2,038,161	126,477	3.0% COLA and Step, reclassification, new position
BENEFITS/HEALTH, RETIREMENT, OTHER	672,406	-	672,406	714,271	41,865	0.5% CalPers Employer portion increase, new position Retention, add'l assignment resulting from attrition due to sunset
TEMP HELP/VACATION CASH OUT/STIPENDS	100,000	-	100,000	150,000	50,000	
<i>SUBTOTAL S & B</i>	2,684,090	-	2,684,090	2,902,432	218,342	
<u>CalPERS UNFUNDED LIABILITIES (UAL)</u>						
SHARE OF RISK POOL UAL - PARTIAL PAYMENT	1,161,160	-	1,161,160	-	(1,161,160)	UAL funded FY 17-18, pending 8/18 Actuarial report
<i>SUBTOTAL PERS UAL</i>	1,161,160	-	1,161,160	-	(1,161,160)	
<u>TOTAL SALARIES , BENEFITS AND UAL</u>	3,845,250	-	3,845,250	2,902,432	(942,818)	
<u>SUPPLIES AND SERVICES</u>						
PUBLIC & LEGAL NOTICES	8,000	-	8,000	8,000	-	
COMMUNICATIONS	8,000	-	8,000	8,000	-	
DUES & SUBSCRIPTIONS	25,000	-	25,000	25,000	-	
PRINTING & COPY	13,000	-	13,000	13,000	-	
SUPPLIES	16,000	-	16,000	16,000	-	
EQUIPMENT & FURNITURE	25,000	-	25,000	25,000	-	
N VEHICLE AND MAINTENANCE	-	-	-	28,600	28,600	Purchase of 4-wheel vehicle for use on construction site
TRAVEL & LODGING	33,000	-	33,000	35,000	2,000	Anticipated increase
CONFERENCE, TRAINING & SEMINARS	19,000	-	19,000	25,000	6,000	Training and employee transition
MEETING EXPENSES	15,000	-	15,000	15,750	750	Anticipated 5% rate increase
TELEVISED MEETINGS	7,000	-	7,000	7,000	-	
BUILDING MAINTENANCE & SECURITY	10,000	-	10,000	10,000	-	
FORA OFFICES RENTAL	180,000	-	180,000	180,000	-	
UTILITIES	13,500	-	13,500	14,175	675	Anticipated 5% rate increase
INSURANCE	27,300	-	27,300	34,000	6,700	Anticipated increase
PAYROLL/ACCOUNTING SERVICES	7,500	-	7,500	7,500	-	
IT/COMPUTER SUPPORT	29,000	-	29,000	35,000	6,000	Field computer, offsite internet, and AutoCAD
RECORD ARCHIVING	1,000	-	1,000	11,000	10,000	archiving of engineer drawings and plan documents
PREVAILING WAGE TECH SUPPORT/SOFTWARE	10,000	-	10,000	10,000	-	
Community Outreach/Marketing	25,000	-	25,000	25,000	-	
OTHER (POSTAGE, BANK FEES, MISC)	3,000	-	3,000	3,000	-	
<u>TOTAL SUPPLIES AND SERVICES</u>	475,300	-	475,300	536,025	60,725	
<u>CONTRACTUAL SERVICES</u>						
AUTHORITY COUNSEL	200,000	-	200,000	250,000	50,000	Contract reviews
LEGAL/LITIGATION FEES	125,000	-	125,000	185,000	60,000	Bid documents, and procurement process
LEGAL FEES - SPECIAL PRACTICE	25,000	-	25,000	75,000	50,000	CEQA Counsel, ROW & Easement, Real Estate Transfer
AUDITORS	24,000	(7,000)	17,000	18,850	1,850	Anticipated increase, amended grant
SPECIAL COUNSEL (EDC-ESCA)	100,000	-	100,000	100,000	-	
ESCA/REGULATORY RESPONSE/ QUALITY						
ASSURANCE	460,000	-	460,000	460,000	-	
FINANCIAL CONSULTANT	25,000	-	25,000	25,000	-	
LEGISLATIVE SERVICES CONSULTANT	43,000	-	43,000	43,000	-	
PUBLIC INFORMATION/OUTREACH	20,000	-	20,000	20,000	-	
HCP CONSULTANTS	150,000	-	150,000	150,000	-	
FORA Sunset/Transition	50,000	(25,000)	25,000	500,000	475,000	LAFCO Application Fee and Indemnification Fund, Consultants (
REUSE PLAN IMPLEMENTATION	150,000	-	150,000	150,000	-	CEQA, Financial, Employee transition and Legal).
ECONOMIC DEVELOPMENT	85,500	-	85,500	105,500	20,000	\$15K CSUMB and \$5K local support
PW WAGE CONSULTANTS	75,000	(75,000)	-	-	-	
OTHER CONSULTING/CONTRACTUAL EXP	30,000	-	30,000	30,000	-	
<u>TOTAL CONTRACTUAL SERVICES</u>	1,562,500	(107,000)	1,455,500	2,112,350	656,850	
<u>CAPITAL PROJECTS</u>						
TRANSPORTATION/OTHER CIP PROJECTS	9,293,796	(6,493,796)	2,800,000	20,180,456	17,380,456	CIP Budget
BUILDING REMOVAL	3,750,000	(3,309,056)	440,944	9,520,871	9,079,927	CIP Budget
<u>TOTAL CAPITAL PROJECTS</u>	13,043,796	(9,802,852)	3,240,944	29,701,327	26,460,383	
<u>TOTAL EXPENDITURES</u>	18,926,846	(9,909,852)	9,016,994	35,252,134	26,235,140	

STAFF COST OF LIVING ADJUSTMENT

Staff recommends the following:

Effective October 1, 2016, pursuant to independent human resources consultant and FC/EC recommendations, the FORA Board adjusted salary ranges to bring FORA employees to equity with other Monterey Bay Regional labor market agencies and affiliated jurisdictions. To sustain this equity, the preliminary budget includes scheduled salary step increases for eligible staff. Proposed Cost-of-Living adjustment (COLA) is provided.

Cost-of-Living-Adjustment 3.00%

CPI SF-Oakland-SJ report (available data thru 2/18): 3.56%
Effective date: July 1, 2018
Eligibility: Must be full-time, employed with FORA for the past 12 months.

COLA Proposed Budget by Jurisdictions FY 18-19

	%
City of Carmel	2.00
City of Del Rey Oaks	pending negotiations
City of Monterey	2.00
County of Monterey	3.00
City of Marina	2.50
City of Pacific Grove	-
City of Salinas	2.50
City of Sand City	pending negotiations
City of Seaside	2.00
MCWD	4.00
TAMC	3.00
LAFCO	3.00
CSUMB	3.00
Monterey One Water	2.90
MRWMD	3.00

FY 18-19 BUDGET IMPACT	
68,595	
\$ 59,364	Salary increase
	Benefits increase - impacts only
\$ 9,231	CalPers and Wcomp
\$ 2,833,837	Total S & B/No COLA
\$ 2,902,432	Total S & B/With COLA
\$ 68,595	Difference