



FORT ORD REUSE AUTHORITY

920 2nd Avenue, Suite A, Marina, CA 93933

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FINANCE COMMITTEE MEETING

3:30 p.m. Monday, April 11, 2016

920 2nd Avenue, Suite A, Marina CA 93933 (Conference Room)

To: FORA FINANCE COMMITTEE
Councilmember Gail Morton, City of Marina – Chair
Mayor Pro Tem Ian Oglesby, City of Seaside
Councilmember Casey Lucius, City of Pacific Grove
Nick Chiulos, County of Monterey
Andre Lewis, CSUMB
Vice Mayor Alan Haffa, City of Monterey

Re: **FORA Finance Committee Meeting/Agenda**

AGENDA

1. Roll Call
2. Acknowledgements, Announcements, and Correspondence
3. Public Comment Period
Members of the audience wishing to address the FORA Finance Committee on matters within the jurisdiction of FORA, but not on this agenda, may do so during the Public Comment Period for up to three minutes. Specific agenda item comments are heard at the time the matter is considered.
4. February 1, 2016 Minutes ACTION
5. FY 16-17 Preliminary Budget ACTION
Review and discussion; budget format/schedules
6. Next Meeting Date ACTION
Confirm April 25, 2016
7. Adjournment



FORT ORD REUSE AUTHORITY FINANCE COMMITTEE MEETING MINUTES

Monday, February 1, 2016 | FORA Conference Room
920 2nd Avenue, Suite A, Marina CA 93933

1. **CALL TO ORDER**

Chair Morton called the meeting to order at 3:35 p.m. The following were present:

Members:

Gail Morton, City of Marina (Chair)
Casey Lucius, City of Pacific Grove
Andre Lewis, CSUMB
Nick Chiulos, Monterey County

Public:

Bob Shaffer
Jane Haines

FORA Staff:

Michael Houlemard
Ivana Bednarik
Marcela Fridrich
Jonathan Brinkmann
Mary Israel
Peter Said

Absent:

Ian Oglesby, City of Seaside

2. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE** – Finance Committee (FC)

members acknowledged the upcoming retirement of Ivana Bednarik from position of FORA Controller. Chair Morton and FC Members thanked Ivana for her service and support provided for the past 20+ years; noted Ivana's effectiveness in communicating with Finance Committee and Board on our budget and audits; and congratulated her on her retirement.

3. **PUBLIC COMMENT PERIOD** – Jane Haines objected to the committee proceeding on Agenda item 5a asserting

the item was not properly noticed as the posted agenda noticed business item 5a as FY 15-16 Mid-Year Budget review without any reference to prevailing wage monitoring costs being included for consideration by the FC; and that identifying prevailing wage items in attachments was not sufficient for the public to understand how this would be addressed. Ms. Haines also objected to FORA expending any funds on prevailing wage compliance/enforcement reciting the provisions of Labor Code Section 1776(e) in support of her assertion that FORA lacks authority to enforce/monitor prevailing wage compliance.

4. **DECEMBER 8, 2015 MINUTES** - Adopted: Motion - Lucius, Second - Lewis. Passed. Ayes; Morton, Lucius, Lewis, Chiulos. Noes; None.

5. **BUSINESS ITEMS**

a) **FY 15-16 Mid-Year Budget** – FC members received the draft Mid-Year budget prior to the meeting. Ivana Bednarik introduced the item by summarizing major revenue and expenses variances. FC members discussed the mid-year adjustments in detail, focusing on fund ending balances, building removal funding, and FORA reserve account. FC asked staff about fund availability for additional expenditures in the current year and next FY. Chair Morton reiterated that the FC charge relative to prevailing wage enforcement was limited to a determination of fund resources up to \$250,000 and it is the Board's decision how to spend those funds. The committee did not consider the draft budget proposing expenditures for Prevailing Wage monitoring expenses and suggested this be provided as an exhibit to any prevailing wage proposal brought to the Board by staff. After deliberation motion to accept the FY 15-16 Mid-Year revision with proposed budget changes: Motion - Lucius, Second - Lewis. Passed. Ayes; Morton, Lucius, Lewis, Chiulos. Noes; None.

b) **FORA Transition/ Financial Issues** – FC Members received a detailed Memorandum prepared by Steve Endsley prior to the meeting. Executive Officer Houlemard introduced the item and provided a power point presentation outlining major FORA transition/sunset issues and related deadlines as FC had requested. FC members indicated that this information/presentation was very valuable, they discussed several items including dissolution alternatives and requested the presentation be provided to the Executive and Administrative Committee at the earliest and to the full FORA Board at its May 2016 meeting.

c) **On-Line payments / 1st Capital Bank** – Motion to approve the updated electronic bill pay list: Motion - Lucius, Second - Lewis. Passed. Ayes; Lucius, Lewis, Morton, Chiulos. Noes; None.

d) **2016 Meeting Calendars** – Motion to approve the proposed 2016 meeting calendar: Motion - Chiulos, Second - Lucius. Passed. Ayes; Chuilos, Lucius, Morton, Lewis. Noes; None.

6. **ITEMS FROM MEMBERS** - None

7. **ADJOURNMENT** - Meeting adjourned at 5:15 PM.

Minutes prepared by Marcela Fridrich with input of FC members.

FORT ORD REUSE AUTHORITY - FY 16-17 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	261,000	-	-	-	261,000
Franchise Fees - MCWD	265,000	-	-	-	265,000
Federal Grants	-	-	-	983,306	983,306
Development Fees	-	-	11,036,000	-	11,036,000
Land Sale Proceeds	-	5,232,819	-	-	5,232,819
Rental/Lease Revenues	29,500	-	-	-	29,500
Property Tax Payments	1,300,000	-	494,910	-	1,794,910
Reimbursement Agreements	25,000	-	-	-	25,000
Investment/Interest Income	80,000	-	30,000	-	110,000
Other Income	-	-	-	-	-
Total Revenues	1,960,500	5,232,819	11,560,910	983,306	19,737,536
EXPENDITURES					
Salaries & Benefits	1,865,942	-	627,011	378,394	2,871,347
Supplies & Services	251,385	-	88,453	51,912	391,750
Contractual Services	1,252,000	2,000	209,000	553,000	2,016,000
Capital Projects	-	8,736,000	8,157,048	-	16,893,048
Debt Service	-	-	-	-	-
Total Expenditures	3,369,327	8,738,000	9,081,512	983,306	22,172,145
REVENUES OVER (UNDER) EXPENDITURES	(1,408,827)	(3,505,181)	2,479,398	-	(2,434,610)
OTHER FINANCING SOURCES (USES)					
Transfer In/(Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
REVENUES & OTHER SOURCES OVER (UNDER)	(1,408,827)	(3,505,181)	2,479,398	-	(2,434,610)
FUND BALANCE-BEGINNING 7/1/16	12,302,667	11,290,018	1,299,090	-	24,891,775
FUND BALANCE-ENDING 6/30/17	10,893,841	7,784,837	3,778,488	-	22,457,166

FUND GLOSSARY

General Fund	Accounts for general financial resources
Lease/Land Sale Proceeds Fund	Land sale proceeds finance CIP (building removal),
CFD Tax/Developer Fees	CFD tax/Developer fees finance CIP (CEQA mitigations)
EDA/BR Plan Grant	Finances the Building Removal Business Plan, requires 25% local match
ET/ESCA Army Grant	Finances the munitions and explosives cleanup activities
	ET/ESCA fund balance: FORA's share of unspent Army grant (for Program Management and Regulatory Response costs) is held in a separate bank account and, for financial/budgeting purposes, recognized when earned. Estim. balance

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

CATEGORIES	FY 15-16 <u>APPROVED</u>	FY 15-16 <u>MID-YEAR</u>	FY 15-16 <u>Variiances</u> <i>Incr (decrease) projected</i>	FY 16-17 <u>PRELIMINARY</u>	NOTES <i>BUDGET Presented before completion of Salary and CIP Studies</i>
REVENUES					
Membership Dues	\$ 261,000	\$ 261,000	\$ -	\$ 261,000	
Franchise Fees - MCWD	265,000	265,000	-	265,000	
Federal Grants	1,074,156	850,156	(224,000)	983,306	
In-kind Local Match	28,000	-	(28,000)	-	
PLL Insurance Payments	360,000	\$ 360,000	-	-	FY 15-16 final year of two year reimbursement
Development Fees	5,585,000	\$ 5,585,000	-	11,036,000	Based on current estimate by Jurisdictions
Land Sale Proceeds	485,000	32,706,165	32,221,165	5,232,819	Based on current estimate by Jurisdictions
Rent Proceeds	45,000	\$ 45,000	-	29,500	Possible sale of Ord Market
Property Taxes	1,679,468	\$ 1,679,468	-	1,794,910	Reflects valuation adjustments
Reimbursement Agreements	25,000	\$ 25,000	-	25,000	Reimbursements by agencies for ESCA property access/deed requirements
Loan Proceeds	3,000,000	-	(3,000,000)	-	I-bank financings not required in FY 15-16
Investment/Interest Income	270,000	110,000	(160,000)	110,000	
Other Revenues	-	700,000	700,000	-	
TOTAL REVENUES	<u>13,077,624</u>	<u>42,586,788</u>	<u>29,509,165</u>	<u>19,737,536</u>	<i>Decreased revenues in FY 15-16 - Marina Preston Park sale in prior year</i>
EXPENDITURES					
Salaries & Benefits	2,902,169	2,893,338	(8,831)	2,871,347	Decreased due FY15-16 payoff of CalPers Side Fund
Supplies & Services	225,700	236,200	10,500	391,750	FORA office - full year effective 5/1/16
Contractual Services	1,938,947	1,826,447	(112,500)	2,016,000	PLL Insurance purchased in FY 14-15, Legal fees/BRP consulting increased
Capital Projects (CIP)	11,498,103	11,655,103	157,000	16,893,048	FY 16-17 CIP Budget not available at this time
Debt Service (P+I)	67,500	17,984,924	17,917,424	-	Preston Park sold FY15-16, no other existing debt service requirements
TOTAL EXPENDITURES	<u>16,632,419</u>	<u>34,596,012</u>	<u>17,963,593</u>	<u>22,172,145</u>	<i>Decreased expenses in FY 16-17 due to sale of Preston Park and loan pay-off in prior year</i>
NET REVENUES					
Surplus (Deficit)	(3,554,795)	7,990,776	11,545,572	(2,434,610)	
FUND BALANCES					
Beginning	26,132,159	16,900,999	(9,231,160)	24,891,775	
Ending	\$ 22,577,364	\$ 24,891,775	2,314,411	\$ 22,457,166	Ending Fund Balance/FORA Reserve
				<u>10,000,000</u>	<u>FORA RESERVE ACCOUNT (recommended)</u>
					<i>To be invested in a separate, interest bearing account</i>
				5,300,000	Designated: CalPERS pension liability (Including termination liability at 2020)
				4,700,000	Undesignated: Operating obligations through 2020 (<i>future designations are subject to Board's approval</i>)

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

EXPENDITURE CATEGORIES	FY 115-16	FY 15-16	FY 15-16	FY 16-17	NOTES
	Approved	<i>Revised</i> Year	Mid- Anticip.Budget (Savings)/Excess	PRELIMINARY	
					"N" indicates a new expense in FY 16-17 budget
<u>SALARIES AND BENEFITS (S & B)</u>	15 positions	15 positions		16 positions	PW staff position added
SALARIES	1,659,616	1,611,366	(48,250)	1,776,107	
BENEFITS/HEALTH, RETIREMENT, OTHER	567,482	591,151	23,669	630,240	
TEMP HELP/VACTION CASH OUT/STIPENDS	65,000	65,000	-	65,000	
SUBTOTAL S & B	2,292,098	2,267,517	(24,581)	2,471,347	Proposed 3.0% COLA is included
<u>CalPERS UNFUNDED LIABILITIES (UAL)</u>					
SIDE FUND - PAYOFF	210,071	210,071	-	-	Side Fund paid off in FY 15-16
SHARE OF RISK POOL UAL - PARTIAL PAYMENT	400,000	400,000	-	400,000	\$1.2M UAL to be paid off in 3 annual payments to reduce termination liability, save interest.
SUBTOTAL PERS UAL	610,071	610,071	-	400,000	
<u>TOTAL SALARIES, BENEFITS AND UAL</u>	2,902,169	2,877,588	(24,581)	2,871,347	
<u>SUPPLIES AND SERVICES</u>					
PUBLIC & LEGAL NOTICES	6,000	6,000	-	6,000	Consistency determinations, HCP review notices
COMMUNICATIONS	8,000	8,000	-	8,000	
DUES & SUBSCRIPTIONS	7,000	7,000	-	7,550	
PRINTING & COPY	8,000	8,000	-	8,000	Annual report, RUDG, CIP
SUPPLIES	12,000	12,000	-	14,000	16 staff position
EQUIPMENT & FURNITURE	10,000	10,000	-	15,500	
TRAVEL, LODGING, REGISTRATION FEES	22,500	22,500	-	22,500	IEDC/ADC/CalEd/Legislative, Etc
TRAINING & SEMINARS	15,000	15,000	-	17,500	Training/professional development
MEETING EXPENSES	13,500	13,500	-	13,500	Conference room rental expenses
TELEVISED MEETINGS	7,000	7,000	-	7,000	
BUILDING MAINTENANCE & SECURITY	10,000	10,000	-	10,000	Common area maintenance/per MCWD lease agreement
FORA OFFICES RENTAL	30,000	30,000	-	180,000	FORA office rent to MCWD begins May 2016 (\$15K/mo)
UTILITES	12,000	12,000	-	12,000	
INSURANCE	24,000	24,000	-	26,000	
PAYROLL/ACCOUNTING SERVICES	5,000	5,000	-	6,000	Sec125 processing added
IT/COMPUTER SUPPORT	22,500	22,500	-	24,000	
RECORD ARCHIVING	10,000	15,500	5,500	1,000	Plan/equipment for electronic/on-line archiving
PREVAILING WAGE TECH SUPPORT/SOFTWARE	-	5,000	5,000	10,000	
OTHER (POSTAGE, BANK FEES, MISC)	3,200	3,200	-	3,200	Under \$2K/year items
<u>TOTAL SUPPLIES AND SERVICES</u>	225,700	236,200	10,500	391,750	
<u>CONTRACTUAL SERVICES</u>					
AUTHORITY COUNSEL	200,000	240,000	40,000	200,000	
LEGAL/LITIGATION FEES	100,000	100,000	-	100,000	Special Legal/exisitng litigation
LEGAL FEES - SPECIAL PRACTICE	25,000	25,000	-	-	
AUDITORS	20,000	20,000	-	20,000	Annual Audit, incl. Preston Park (final year)
SPECIAL COUNSEL (EDC-ESCA)	120,000	120,000	-	175,000	ESCA closure document review
ESCA/REGULATORY RESPONSE/QUALITY ASSURANCE	380,000	380,000	-	418,000	ESCA oversight
FINANCIAL CONSULTANT	100,000	100,000	-	100,000	Development fee formula
LEGISLATIVE SERVICES CONSULTANT	43,000	43,000	-	43,000	HCP, blight legislation, CCCVC
PUBLIC INFORMATION/OUTREACH	20,000	20,000	-	20,000	
HCP CONSULTANTS	150,000	150,000	-	150,000	To finish final EIS/EIR and HCP
N FORA Sunset/Transition	-	-	-	105,000	
REUSE PLAN IMPLEMENTATION	275,000	275,000	-	100,000	
GEOGRAPHIC INFORMATION	50,000	50,000	-	50,000	Ortho mapping survey, software, on-line tools
CEQA CONSULTANTS	300,000	125,000	(175,000)	300,000	To finish Post Reassessment items deferred to 16-17
PARKER FLATS BURN	18,000	18,000	-	-	CSUMB-FORA contract/post burn reporting requirements, completed
CIP/ARCHITECTS & ENGINEERS	25,000	25,000	-	25,000	On-call services (Water augmentation, roadway planning)
PROPERTY TAX SHARING/REUSE	37,947	37,947	-	-	Board determination to PW on 3/12/16
ECONOMIC DEVELOPMENT	50,000	50,000	-	110,000	Additional funding for agency collaboration
PW WAGE CONSULTANTS	-	12,500	12,500	75,000	
OTHER CONSULTING/CONTRACTUAL EXP	25,000	35,000	10,000	25,000	HR/PERS Actuary/miscellaneous services
TOTAL CONTRACTUAL SERVICES	1,938,947	1,826,447	(112,500)	2,016,000	
<u>CAPITAL PROJECTS</u>					Refer to CIP 15-16 for project detail
N TRANSPORTATION/OTHER CIP PROJECTS	2,830,000	2,987,000	157,000	3,000,000	
WATER AUGMENTATION	-	-	-	1,700,000	
HABITAT MANAGEMENT/HCP ENDOWMENT	1,848,103	1,848,103	-	3,457,048	HM set aside, UC Natural Reserve annual cost (\$94K)
BUILDING REMOVAL	6,820,000	6,820,000	-	8,736,000	FORA building removal obligation rolled over to FY 16-17
TOTAL CAPITAL PROJECTS	11,498,103	11,655,103	157,000	16,893,048	
<u>DEBT SERVICE (Principal and Interest)</u>					
PRESTON PARK LOAN DEBT SERVICE	-	167,541	167,541	-	
PRESTON PARK LOAN PAYOFF	-	17,817,383	17,817,383	-	
I-BANK LOAN DEBT SERVICE	67,500	-	(67,500)	-	Sold in FY 15-16
TOTAL DEBT SERVICE	67,500	17,984,924	17,917,424	-	
TOTAL EXPENDITURES	16,632,418	34,580,261	17,947,843	22,172,145	