

LIVERMORE AREA RECREATION AND PARK DISTRICT
FINANCE COMMITTEE

DRAFT MINUTES

Tuesday, February 22, 2022
1:00 PM

NOTICE: Coronavirus COVID-19

In accordance with Governor Newsom's Executive Orders, members of the Livermore Area Recreation and Park District Finance Committee and staff participated in this meeting via Zoom teleconference. In the interest of maintaining appropriate social distancing, members of the public also participated in this meeting electronically.

Committee Members Present: James Boswell, Philip Pierpont

LARPD Staff Present: Mat Fuzie, Fred Haldeman, Jeffrey Schneider, Jill Kirk, David Weisgerber, Julie Dreher, Nancy Blair, Pamela Healy, Michelle Newbould, Megan Shannon, Robert Sanchez, Jessie Masingale, Patrick Lucky

Others Present: None

1. **Call to Order:** Committee Chair Boswell called the meeting to order at 1:00 p.m.
2. **Public Comment:** There were no comments from the public.
3. **Discussion and Possible Action Regarding Teleconference During a Proclaimed State of Emergency:** This was approved unanimously.

Resolution: Moved by Director Pierpont, seconded by Chair Boswell, approved Resolution No. 2736-d, determining to conduct meetings of the LARPD Finance Committee using teleconferencing pursuant to Government Code 54953 as amended by AB 361 for the period February 22, 2022 to March 23, 2022.

4. **Approval of the Minutes of the Finance Committee Meetings held on January 24, 2022:** The meeting minutes of January 24, 2022 were approved unanimously, as submitted.
5. **Mid-Year Budget Review – 18-month Plan:** GM Mat Fuzie began the discussion remarking that overall, we are doing better than budgeted. Business Services Manager Jeffrey Schneider acknowledged the efforts of everyone who contributed to this plan. He added that today, staff is asking the Finance Committee to either agree to recommend that the Board of Directors approve the proposed FY21-22 Mid-Year Operating Budget and the FY21-22 through FY22-23 CIP Budget or provide guidance for recommended changes. He also presented the first pass of the FY 22-23 Preliminary Budget plan , requesting the Committee's comments and suggestions.
Mid-Year Budget: BSM Schneider shared his desktop to review the presentation (attached).

- The proposed Mid-Year Budget for FY21-22 shows a net contribution of \$2,467,539, which is \$1,035,960 above the Approved Budget of \$1,432,179. The primary driver of this change is the receipt of the State of California COVID Relief Funds of \$1,223,460 in December. A change in accounting for PG&E on-bill-financing is adding \$157,631 in expenses, which explains the majority of the remaining difference versus the Approved Budget.

Director Pierpont commented that in the past he found that projections were very realistic and conservative and did not reflect an “aspirational” budget. He asked if that was still the case. BSM Schneider responded that the current Mid-Year Budget proposal is based on what we know and are comfortable with, confirming that it is not aspirational and is clearly achievable.

Director Boswell commented that he also appreciated the level of detail and effort that went into preparing this presentation. He noted there is nothing that is alarming, nothing that stands out, everything looks reasonable. He added that moving line items makes the report more readable (for example: debt service numbers are clearer).

FY 22/23 Preliminary Budget: BSM Schneider moved on to the FY 22/23 Preliminary Budget. This preliminary plan reflects all the following:

- Net Operating Results that are \$213k positive.
- Property taxes growing at 3% (in line with recent experience)
- Parcel taxes will increase 2% (the maximum allowed by legislation)
- An 11% increase in revenue from operations that will result from significant planning and creative ideas from staff.
- Plans to rebuild staffing levels in support of new programs
- Cost increases for salaries and benefits (COLA, ACERA contribution rate increase, 457 match)
- Workers’ Compensation (5% increase, July 2022) and Health Benefits (5% increase, Feb. 2023)
- A \$319k increase for maintenance of structures and grounds reflecting preliminary plans to add third-party services for mowing and related work in neighborhood parks
- \$200k for Election fees for 2022 (open seats on the Board of Directors)

Director Boswell commented that it is important to get staff who are managing programs involved with the planning. GM Fuzie responded that he would like staff in their program areas to speak to these items, so the Board can understand the projections better.

CIP Budget FY21-22 through FY22-23: BSM Schneider shared CIP Project Financials (page 16). The CIP Budget reflects limited AB1600 funds availability for the near-term. He explained that most of the spending associated to the last half of FY21-22 is for the Pump Track, the remainder is the Joe Michell building spend. We are within plan. He noted the General Fund spend for CIP is expected to be about \$2.2 million for FY22-23 due in large part to the \$1.6million required to replace the two synthetic turf fields at Robertson Park, and a \$335k renovation effort at the Rodeo Stadium, and noted that planned spending does not rely on

our use of reserves. It was noted that most of the items that are funded on the sheet are deferred maintenance.

Recommendation: Staff recommended that the Finance Committee recommend approval of the Mid-Year update to the FY 21-22 Operating Budget and CIP Plan for FY 21-22 through FY 22-23, when this is brought to the Board of Directors on March 9, 2022.

Action:

- The Finance Committee recommended approval of the Mid-Year update to the FY 21-22 Operating Budget and CIP Plan for FY 21-22 through FY 22-23, when this is brought to the BOD on March 9, 2022.
- The FY 22-23 Preliminary Budget presentation was informational only and no Committee action was taken at this time.

- 6. LARPD Revenue - Tax Base vs. Program Revenue (Discussion):** Director Boswell led the discussion, explaining that he felt the Board has the responsibility for strategic planning. He added there are revenue opportunities that could drive the Program side that we should be considering. He noted various changes happening in the marketplace, technology changes, new technology for kids in programs, etc., adding all this needs to be looked at and discussed.

Director Pierpont expressed that he views this item as a higher-level discussion. Addressing this issue could be as simple as asking what services we want to provide, what services or programs does our community want us to provide and how do we pay for it. He discussed the differences between known public revenue (tax dollars), potential public revenue (such as a Bond issue) and Program revenue that we know we will earn. He went on to highlight the potential revenue associated with assets we already own (for example: The Rodeo). Director Boswell agreed with this, saying we need to know what assets we currently have that we can leverage to increase revenue.

GM Fuzie agreed this is a larger discussion. We are very close to service-based budgeting, where costs and the value of each program are known and we can effectively and knowledgeably determine how much to invest in each program. GM Fuzie then asked where the Finance Committee wants to go with this discussion, as he feels this team has set a base for receiving good direction and acting upon it. Director Boswell responded that he plans to take this to the Board for further discussion. Director Pierpont added that our increased transparency with our numbers has led to being able to proactively move forward.

Action: No Committee action was taken; however, this topic will be brought to the Board for further discussion.

- 7. Board Recognition Event (Discussion):** GM Fuzie discussed the expectation of an annual recognition event to be held locally (to include meals, alcohol). In the past, there were more than 50 people invited, including the Board, Foundation, volunteers, and employees. The General Manager had the authority to approve the funding of the event and the expense was considerable. GM Fuzie expressed his preference that authority for such an expense should

more appropriately come from the Board and asked if anyone on the Committee would like to consider holding and authorizing financing for this event.

Committee members discussed the idea and agreed that while it's nice to recognize people, they were not in favor of hosting an event that was unstructured, where alcohol was served. They felt the full Board must ultimately make the decision; as trustees they have fiduciary responsibility.

GM Fuzie added there are other alternatives for holding a recognition event. He suggested that if the Board wants the event, it should be done the right way (with permits, etc.) He noted that prior to Covid, an appreciation event was held for volunteers in the RLCC Cresta Blanca ballroom. This event was coordinated by Community Outreach Supervisor David Weisgerber and was very well received.

The Committee agreed this discussion needs to be moved to the next Board agenda for approval and to allow the Board to decide what type of recognition event they want to do.

Action: The committee recommended this discussion be brought to the Board, with a request for a further defined scope and type of event, for further consideration and approval.

- 8. January Financial Results Review (Discussion):** The Committee reviewed and discussed the January 2022 Financial Results. BSM Schneider shared his screen to discuss the January Actuals. He explained that our on-going operations are favorable vs the Original FY21-22 Operating Budget though January's overall performance vs the Original FY22-23 Operating Budget is negative because of the recent Pension Obligation Bond (POB) Principal payment of \$660k. Schneider reminded the Committee that the POB had not been established prior to the adoption of the Original FY12-22 Budget and thus not reflected in it, while the proposed Mid-Year Update to the Budget will clearly reflect the impact of the POBs and the offsetting savings in ACERA Pension expenses.

Action: This was a discussion only and no Committee action was taken.

- 9. Changes to LARPD's Childcare Program Offerings (Discussion):** This item will go before the Board of Directors tomorrow (2/23/22). GM Fuzie referred the committee to the chart on page 3 of the attached Staff Report, showing revenue and expenses from FY 18-19 to the present. He indicated this program was considered an essential service to provide the Community and that he and Community Services Manager Kirk and her staff had responded constructively and creatively to the School District's plans, and that LARPD staff levels would not be impacted by those plans.

Director Pierpont stated that while he understood the logic of the school district and that the decision was based on economics, budget etc., he finds the school district plan frustrating as a parent. As he has also heard from several parents who will not have ESS at their site anymore, he felt compelled to bring that perspective forward. Committee members agreed that Staff have done an exceptional job dealing with the situation. GM Fuzie reminded the Committee this is to be a pilot program, that he does not see anything that precludes us from

having a solid partnership with school district. If this does not work out, we will go back and have further discussions to address any issues.

Action: This was a discussion only and no Committee action was taken.

10. Directors' Reports and Announcements: There were no reports or announcements.

11. Adjournment: The meeting was adjourned at 2:34 p.m.

/ph