

DATE: May 23, 2016

TO: Watershed Conservation Authority Governing Board

FROM: Salian Garcia, Fiscal Manager

THROUGH: Mark Stanley, Executive Officer

SUBJECT: Item 14: Consideration of a resolution approving the preliminary budget for FY 16/17.

RECOMMENDATION: The Staff recommends the WCA Governing Board to approve the preliminary budget for Fiscal Year 2016/2017.

BACKGROUND: In accordance with the provisions of the Joint Powers Agreement, adoption of the WCA budget by the WCA Governing Board is required. The attached budget (Exhibit A) includes four expenditure components: Administrative, Personnel, Operations, and Grants and Special Projects in the total amount of \$6,436,748.

ADMINISTRATIVE

Revenue available for administrative expenditures totals \$35,500, consisting of JPA member contributions and is unchanged from previous years. Projected administrative expenditures total \$184,850. The difference of \$149,350 is anticipated to be funded by the WCA Billable Rate Structure Plan and overhead allocation charged against eligible grants and project funds. The current Plan is under review to ensure administrative costs are appropriately captured in the rates. The updated Plan will be presented in at the next WCA board meeting in June. Planned administrative expenditures for FY 16/17 will increase by only 2% from the previous year due to a combination of anticipated increases for fiscal services provided by the Los Angeles County Auditor Controller's office and for insurance/insurance bond expenses. These increased expenses are slightly offset by line-item budget decreases, including strategic planning. The Auditor Controller's Office is expecting the budget for their labor charges to be \$65,000 due to their cost of living increases. The remaining contractual value assigned to the funding opportunities categories has a not-to-exceed amount of \$33,000 for FY 16/17. Other changes from FY 15/16 budget to FY 16/17 budget include minor planned changes in the areas of wireless phones and security as the result of anticipated cost-savings. Budgeted expenditures for general legal services plan to be utilized on an as needed basis as has been historically done through the services provided by the Law Office of Laurie Collins.

PERSONNEL

Expenditures for personnel come solely from grant and special project revenue. Anticipated personnel expenses for FY 16/17 are budgeted at \$520,189, which include salaries, benefits, employer taxes, and accruals for employee leave. The WCA added the two FY15/16 budgeted full-time positions during the fiscal year, increasing the staff to seven full-time employees. The final FY 15/16 budget included a new position of Project Manager III; however, the vacancy was instead filled with a Project Manager I. Additionally, there was a replacement position hired at a lower entry compensation rate. This resulted FY 15/16 coming under budget 23%. The FY 16/17 includes a 2% Cost of Living Adjustment increase for

all employees as well as merit increases for three employees, resulting in a year-to-year budget increase of \$4,410.

Salaries reflect a year-to-year budgetary decrease of \$8,768 for the aforementioned reasons. The employee handbook allows for a 2% merit increase for new hires upon completion of the introductory period of employment and upon a satisfactory employee evaluation of performance. The Authority also budgeted for a promotion/merit increase from PMI to PM III. All other positions have been budgeted for a Cost of Living Adjustment (COLA) of 2%, which is based on the Consumer Price Index (CPI) change for the Los Angeles Metropolitan Area between December 2014 and December 2015. The WCA has plans to hire a consultant in FY 16/17 to evaluate the employee compensation plan and policies, and to establish a procedure for merit and COLA increases in order to retain and reward employee performance and ensure competitiveness in the marketplace. This plan will be brought before the Governing Board for review and approval.

Benefits reflect an increase of \$14,287 from year-to-year due to a combination of two full time employee positions being added with benefits and the Authority expectation to contract with CalPERS for its health plan. As a participant, the Authority is mandated to provide a monthly employer contribution of at minimum \$128 per active employee. WCA has budgeted the confirmed 9% increase for dental and 3% increase for vision for FY 16/17, and it has budgeted for a 10% increase in its health coverage for potential increases during the renewal period mid-year. No other changes have been made to employee benefits.

OPERATIONS

Revenue available for operational expenditures totals \$307,063, reflecting a year-to-year increase of \$6,183. Revenue includes lease revenue generated from WCA owned properties, a property management contribution from the RMC, and a small amount of anticipated citation, filming, and miscellaneous revenue. Lease revenue is expected to remain fairly constant with slight anticipated increases being passed along to tenants/residences who had or will have a lease renewal during the upcoming fiscal year. Lease revenue has historically been budgeted at 95% of the total lease revenue to allow for potential tenant turnover and the cost and time needed for the WCA to locate a new tenant. However, the lease for the nursery on the Duck Farm property is budgeted at 65% of its total lease revenue due to its bankruptcy status. Projected propane and electricity revenue from tenants have been broken out as separate line items as they were previously defined as "Other Miscellaneous Revenue." Because citation and filming revenue is difficult to anticipate, no significant increases are anticipated in this area. It is important to note that WCA relies heavily on its lease revenue to cover maintenance expenditures at all of its properties. Both the Duck Farm and South Gate properties produce more revenue than is needed to cover its expenditures, which allows funds to be transferred and used at other properties that generate insufficient revenue to cover their respective expenditures.

Planned operational expenditures for FY 16/17 total \$277,102, which shows a year-to-year budget increase of \$7,437. The increase is minimal due to a combination of cost savings and higher anticipated expenditures in several categories.

- Expenditures for general liability and umbrella insurance in FY 15/16 were higher than budgeted amounts due to industry increases and the unexpected elimination of a government discount. The WCA coordinates with its broker to seek out the most advantageous and cost effective insurance companies though the WCA has seen increases in insurance every year. As a result, the budget

for insurance costs has been calculated as an average of the increase from past several years, which based on historical data, should be sufficient to cover any increases in the next fiscal year.

- Utility categories have been shifted to allow for electricity and propane costs to be broken out separately for ease of tracking and to ensure proportionate revenue recovery from tenants for these utilities is achieved. Costs for these items were previously included in the other utilities line item.
- Due to the Fair Wage Act of 2016, WCA budgeted for scheduled increase in minimum wage for certain contracted services, such as janitorial services.
- Deferred maintenance contingency has historically been budgeted at 5% of lease revenue that allows the WCA to expend these funds on potential unplanned maintenance repairs that may need to be completed on tenant leased properties.

CAPITAL OUTLAY- GRANTS AND SPECIAL PROJECTS

The WCA anticipates that it will utilize approximately \$2.7 million of its grants and special project funding in FY 16/17. The WCA currently has over 30 grants or contracts from a variety of agencies including the RMC, the San Gabriel River Discovery Center, County of Los Angeles, and other local city and non-profit agencies and a myriad of programs and revenue pools from which those projects are funded. Some of WCA's projects are funded by more than one grant source, such as the Duck Farm which currently has six. The timeline and stipulations as to how the funds are spent are dictated by the granting agency. Staff is responsible for ensuring the timeliness of delivery of the project in accordance with the established timeline, and ensuring that budgeted targets have been met and are in accordance with allowable costs. Though the totality of grants and project funds granted exceed what is budgeted for in this fiscal year, WCA projects revenue and expenditures based on the aforementioned criteria on how much is expected to be received and utilized during the fiscal year. WCA historically analyzes and separates grant and project funds into two categories: 1) funds utilized by staff to complete project tasks, project management and administrative support, and 2) consultant and capital expenditures.

Budgeted revenue for FY 16/17 from grants and special projects is expected to total \$6,131,198 with \$5,454,607 being allocated to capital activity. This includes two large grants that are projected to be at least 75% spent and reimbursed next year. The remaining \$676,591 is allocated to cover personnel expenses and administrative overhead as permitted by the grant and project agreements and in accordance with the WCA's Billable Rate Plan.

The preliminary budget is attached as **Exhibit A**.

Staff expects to include a budgetary presentation to the Board at the June Board meeting that will provide an overview of accomplishments made during the previous fiscal year and strategic plans for the upcoming fiscal year alongside the presentation of the final budget.

**WATERSHED CONSERVATION AUTHORITY
CONSOLIDATED BUDGET FISCAL YEAR 2016-2017**

	Budget FYE 2016	Forecasted FYE 2016	Budget FYE 2017	\$ Change Budget '16 vs. Budget '17
Revenues				
General Administrative & Operating Revenue				
JPA Contributions	35,500	35,500	35,500	0
Lease Revenue	244,380	307,480	231,843	(12,537)
Property Management Contribution	10,000	10,000	20,000	10,000
Fees-Citation	7,500	8,643	15,500	8,000
Fees- Filming	1,500	4,980	1,500	0
Other Miscellaneous Revenue	2,000	2,879	2,720	720
Subtotal-General Administrative & Operating	300,880	369,482	307,063	6,183
Grants and Special Projects Revenue				
Grant-Rivers & Mountains Conservancy	1,055,193	623,722	1,784,906	729,713
Grant-LA County Flood Control District	110,940	10,676	111,360	420
Grant-SEP	790,041	-	2,199,183	1,409,142
Grant-Other Federal, State, County & Local Funds	2,438,534	229,094	1,658,810	(779,724)
Other-Consultant Contracts	152,430	46,234	376,939	224,509
Other-Mitigation Revenue	-	-	-	0
Other-Donations	-	-	-	0
Other-Miscellaneous	142,452	-	-	(142,452)
Subtotal-Grants and Special Projects	4,689,590	909,727	6,131,198	1,441,608
Total Revenue	4,990,470	1,279,209	6,438,261	1,447,791
Expenses				
General Administrative Expenses				
Fiscal Services Auditor-Controller	53,000	53,000	65,000	12,000
Funding Opportunities	42,000	33,000	33,000	(9,000)
Legal Services	24,000	175	24,000	0
Information Technologies	15,000	8,419	15,000	0
Strategic Planning	12,000	-	10,000	(2,000)
Grant Writing	10,000	5,870	8,000	(2,000)
Travel	5,300	3,071	5,000	(300)
Financial Audit Services	5,000	4,783	8,000	3,000
Insurance/Insurance Bond	3,000	5,959	6,000	3,000
Training	3,000	-	3,000	0
Other/Not Classified	1,500	1,500	1,500	0
Wireless Phones	1,400	1,243	750	(650)
Personnel Services	3,500	3,136	3,500	0
Office Supplies	500	500	500	0
Postage	500	500	500	0
Printer Supplies	500	500	500	0
Equipment & Software	-	2,285	-	0
Dues & Subscriptions	800	600	600	(200)
Subtotal-General Administrative	181,000	124,541	184,850	3,850
Personnel				
Salaries	369,935	284,479	361,167	(8,768)
Benefits	104,262	85,953	118,549	14,287
Employer Taxes	41,582	25,117	40,473	(1,109)
Subtotal-Personnel	515,779	395,549	520,189	4,410
General Operational Expenses				
Insurance	17,550	15,036	17,100	(450)
Security	3,600	3,099	3,400	(200)
Building Maintenance and Repair	30,500	10,559	30,500	0
Grounds Maintenance and Repair	5,000	13,958	10,300	5,300
Electricity	15,403	17,618	15,720	317
Propane	5,500	6,359	5,500	0
Other Utilities	3,150	3,894	3,100	(50)
Waste Removal	5,500	4,656	4,650	(850)
Water System Operation/Irrigation	44,521	43,166	44,000	(521)
Property Management	10,000	8,967	11,950	1,950
Deferred Maintenance Contingency	10,941	6,040	10,992	51
Janitorial Services	7,000	21,260	8,340	1,340
Ranger Services	92,000	73,356	92,000	0
Weed Abatement	19,000	15,095	19,000	0
Property Tax	-	671	550	550
Subtotal-General Operational	269,665	243,734	277,102	7,437
Grants and Special Projects Total Expense-Capital Outlay				
Grant-Rivers & Mountains Conservancy	939,097	597,239	1,610,604	671,507
Grant-LA County Flood Control District	100,800	692	100,800	0
Grant-SEP	790,042	-	2,184,000	1,393,958
Grant-Other Federal, State, County & Local Funds	2,075,223	159,458	1,540,531	(534,692)
Other-Consultant Contracts	-	3,124	18,672	18,672
Other-Mitigation Revenue	-	-	-	0
Other-Donations	-	-	-	0
Other-Miscellaneous	118,864	-	-	(118,864)
Carryover	-	-	-	0
Subtotal-Grants and Special Projects	4,024,026	760,513	5,454,607	1,430,581
Total Expense	4,990,470	1,524,336	6,436,748	1,446,278
Change In Net Position Before Transfers	-	(245,128)	1,513	1,513
Transfers In		245,128		
Transfers Out				
Change In Net Position	-	0	1,513	1,513

**EXHIBIT A
WATERSHED CONSERVATION AUTHORITY
EXPANDED BUDGET FISCAL YEAR 2016-2017**

Item 14

	General Fund	Operational Duck Farm	Operational Mt. Baldy	Operational Citrus Heights	Operational El Encanto	Operational Parque Dos Rios	Operational Walnut Creek	Payroll and Accrued Leave	Grant & Special Project	Preliminary Budget FY 2016-2017
Revenues										
General Administrative & Operating Revenue										
JPA Contributions	35,500	-	-	-	-	-	-	-	-	35,500
Lease Revenue	-	109,584	-	-	84,259	38,000	-	-	-	231,843
Property Management Contribution	-	6,000	3,750	250	6,000	750	3,250	-	-	20,000
Fees-Citation	-	-	8,000	-	7,500	-	-	-	-	15,500
Fees- Filming	-	-	-	-	1,500	-	-	-	-	1,500
Other Miscellaneous Revenue	-	720	-	-	2,000	-	-	-	-	2,720
Subtotal-General Administrative & Operating	35,500	116,304	11,750	250	101,259	38,750	3,250	-	-	307,063
Grants and Special Project Income										
Grant-Rivers & Mountains Conservancy	-	-	-	-	-	-	-	-	1,784,906	1,784,906
Grant-LA County Flood Control District	-	-	-	-	-	-	-	-	111,360	111,360
Grant-SEP	-	-	-	-	-	-	-	-	2,199,183	2,199,183
Grant-Other Federal, State, County & Local Funds	-	-	-	-	-	-	-	-	1,658,810	1,658,810
Other-Consultant Contracts	-	-	-	-	-	-	-	-	376,939	376,939
Other-Mitigation Revenue	-	-	-	-	-	-	-	-	-	-
Other-Donations	-	-	-	-	-	-	-	-	-	-
Other-Miscellaneous	-	-	-	-	-	-	-	-	-	-
Subtotal-Grants and Special Projects	-	-	-	-	-	-	-	-	6,131,198	6,131,198
Total Revenue	35,500	116,304	11,750	250	101,259	38,750	3,250	-	6,131,198	6,438,261
Expenses										
General Administrative Expenses										
Fiscal Services Auditor-Controller	65,000	-	-	-	-	-	-	-	-	65,000
Funding Opportunitites	33,000	-	-	-	-	-	-	-	-	33,000
Legal Services	24,000	-	-	-	-	-	-	-	-	24,000
Information Technologies	15,000	-	-	-	-	-	-	-	-	15,000
Strategic Planning	10,000	-	-	-	-	-	-	-	-	10,000
Grant Writing	8,000	-	-	-	-	-	-	-	-	8,000
Travel	5,000	-	-	-	-	-	-	-	-	5,000
Financial Audit Services	8,000	-	-	-	-	-	-	-	-	8,000
Insurance/Insurance Bond	6,000	-	-	-	-	-	-	-	-	6,000
Training	3,000	-	-	-	-	-	-	-	-	3,000
Other/Not Classified	1,500	-	-	-	-	-	-	-	-	1,500
Wireless Phones	750	-	-	-	-	-	-	-	-	750
Personnel Services	3,500	-	-	-	-	-	-	-	-	3,500
Office Supplies	500	-	-	-	-	-	-	-	-	500
Postage	500	-	-	-	-	-	-	-	-	500
Printer Supplies	500	-	-	-	-	-	-	-	-	500
Equipment & Software	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	600	-	-	-	-	-	-	-	-	600
Subtotal-General Administrative	184,850	-	-	-	-	-	-	-	-	184,850
Personnel										
Salaries	-	-	-	-	-	-	-	361,167	-	361,167
Benefits	-	-	-	-	-	-	-	118,549	-	118,549
Employer Taxes	-	-	-	-	-	-	-	40,473	-	40,473
Subtotal-Personnel	-	-	-	-	-	-	-	520,189	-	520,189

**EXHIBIT A
WATERSHED CONSERVATION AUTHORITY
EXPANDED BUDGET FISCAL YEAR 2016-2017**

Item 14

	General Fund	Operational Duck Farm	Operational Mt. Baldy	Operational Citrus Heights	Operational El Encanto	Operational Parque Dos Rios	Operational Walnut Creek	Payroll and Accrued Leave	Grant & Special Project	Preliminary Budget FY 2016-2017
General Operational Expenses										
Insurance	-	3,200	1,600	100	12,000	100	100	-	-	17,100
Security	-	1,600	-	-	1,800	-	-	-	-	3,400
Building Maintenance and Repair	-	5,500	-	-	25,000	-	-	-	-	30,500
Grounds Maintenance and Repair	-	2,000	4,000	-	2,000	2,000	300	-	-	10,300
Electricity	-	720	-	-	15,000	-	-	-	-	15,720
Propane	-	-	-	-	5,500	-	-	-	-	5,500
Other Utilities	-	-	-	-	3,100	-	-	-	-	3,100
Waste Removal	-	1,800	-	-	2,850	-	-	-	-	4,650
Water System Operation/Irrigation	-	12,000	-	-	32,000	-	-	-	-	44,000
Property Management	-	3,750	2,500	250	3,750	500	1,200	-	-	11,950
Deferred Maintenance Contingency	-	6,557	-	-	4,435	-	-	-	-	10,992
Janitorial Services	-	-	-	-	8,340	-	-	-	-	8,340
Ranger Services	-	15,000	25,000	-	40,000	2,000	10,000	-	-	92,000
Weed Abatement	-	12,000	-	-	4,000	-	3,000	-	-	19,000
Property Tax	-	-	550	-	-	-	-	-	-	550
Subtotal-General Operational	-	64,127	33,650	350	159,775	4,600	14,600	-	-	277,102
Grants and Special Project Total Expense-Capital Outlay										
Grant-Rivers & Mountains Conservancy	-	-	-	-	-	-	-	-	1,610,604	1,610,604
Grant-LA County Flood Control District	-	-	-	-	-	-	-	-	100,800	100,800
Grant-SEP	-	-	-	-	-	-	-	-	2,184,000	2,184,000
Grant-Other Federal, State, County & Local Funds	-	-	-	-	-	-	-	-	1,540,531	1,540,531
Other-Consultant Contracts	-	-	-	-	-	-	-	-	18,672	18,672
Other-Mitigation Revenue	-	-	-	-	-	-	-	-	-	-
Other-Donations	-	-	-	-	-	-	-	-	-	-
Other-Miscellaneous	-	-	-	-	-	-	-	-	-	-
Subtotal-Grants and Special Projects	-	-	-	-	-	-	-	-	5,454,607	5,454,607
Total Expense	184,850	64,127	33,650	350	159,775	4,600	14,600	520,189	5,454,607	6,436,748
Change In Net Position Before Transfers	(149,350)	52,177	(21,900)	(100)	(58,516)	34,150	(11,350)	(520,189)	676,592	1,514
Transfers In	149,350	-	21,900	100	58,516	-	11,350	-	-	241,216
Transfers Out	-	(52,177)	-	-	-	(34,150)	-	520,189	(676,592)	(242,730)
Change In Net Position	-	-	-	-	-	-	-	-	-	-

**WATERSHED CONSERVATION AUTHORITY
PERSONNEL BUDGET FISCAL YEAR 2016-2017**

	Budget FYE 2016	Actual as of 02/29/16	Additional Projected through 6/30/16	Forecasted FYE 2016 ³	Budget FYE 2017 ⁴	\$ Change Budget '16 vs. Budget '17
Expense Detail						
Salaries	\$369,935.00	\$185,559.00	\$98,920.00	\$284,479.00	\$361,167.00	(\$8,768.00)
Benefits	\$104,262.00	\$46,618.00	\$39,335.00	\$85,953.00	\$118,549.00	\$14,287.00
Employer Taxes	\$41,582.00	\$15,908.21	\$9,208.35	\$25,116.56	\$40,473.00	(\$1,109.00)
Personnel Subtotal	\$515,779.00	\$248,085.21	\$147,463.35	\$395,548.56	\$520,189.00	\$4,410.00
Total Expense	\$515,779.00	\$248,085.21	\$147,463.35	\$395,548.56	\$520,189.00	\$4,410.00

Personnel Detail		FY 15/16 Wages	FY 16/17 Wages	Hrs	Total Annual	Benefits	Employer Taxes	Total Comp
Deputy Executive Director (FT) ¹	Active	35.89	36.61	2080	\$ 76,152	\$ 21,204	\$ 8,303	\$ 105,660
Fiscal Manager (FT) ^{1,2}	Active	26.45	27.51	2080	\$ 57,217	\$ 17,500	\$ 6,294	\$ 81,011
Project Manager III (FT) ⁵	Active	24.18	29.31	2080	\$ 60,965	\$ 18,762	\$ 6,775	\$ 86,502
Project Manager I (FT) ¹	Active	23.41	23.88	2080	\$ 49,665	\$ 16,373	\$ 5,548	\$ 71,585
Project Manager I (FT) ^{1,2}	Active	22.95	23.87	2080	\$ 49,645	\$ 16,370	\$ 5,546	\$ 71,561
Associate PM (FT) ¹	Active	17.85	18.21	2080	\$ 37,871	\$ 14,613	\$ 4,382	\$ 56,865
Admin Assistant (FT) ¹	Active	13.98	14.26	2080	\$ 29,653	\$ 13,728	\$ 3,624	\$ 47,005
TOTAL					\$ 361,167	\$ 118,549	\$ 40,473	\$ 520,189

Notes:

1- A 2% COLA adjustment is added to active employee salaries. Increase based on CPI U Dec 2014/15 change.

2- A 2% increase is added to the two positions that the WCA hired during FY 15/16. The employee handbook allows for a 2% increase following the introductory period of 6 months of employment upon a satisfactory employee review.

3 - Forecasted FY 2015/16 personnel expenditures less than FY 2015/16 budgeted due to timing of new hires taking place in December and January and one being hired as PMI instead of PMIII.

4 - FY15/16 and FY16/17 year over year budget change is essentially unchanged due to promotion and consideration of joining CalPERS healthcare program being partially offset by lower base wages for current staffing than budgeted in FY15/16. 2016 is below budget; however, FY 2017 will be higher than FY2017 due to larger staff and increased benefit costs

5 - Promotion/Merit increase based on exceptional employee performance. Promotion from PM I to PM III; Position will serve managerial responsibilities and is exempt classification.

May 23, 2016 - Item 14

RESOLUTION 2016-20

RESOLUTION OF THE WATERSHED CONSERVATION AUTHORITY APPROVING THE PRELIMINARY BUDGET FOR FY 16/17.

WHEREAS, The Watershed Conservation Authority has been established as a joint powers agency between the Rivers and Mountains Conservancy (RMC) and the Los Angeles County Flood Control District (District); and

WHEREAS, the Watershed Conservation Authority (WCA) has further been established to focus on projects which will provide open space, habitat restoration, and watershed improvement projects in both the San Gabriel and Lower Los Angeles Rivers watershed; and

WHEREAS, this action will approve the preliminary budget for FY 16/17; and

WHEREAS, the proposed action is exempt from the provisions of the California Environmental Quality Act; NOW

Therefore be it resolved that the WCA hereby:

1. **FINDS** that this action is consistent with the purposes and objectives of the WCA.
2. **FINDS** that the actions contemplated by this resolution are exempt from the environmental impact report requirements of the California Environmental Quality Act (CEQA).
3. **ADOPTS** the staff report dated May 23, 2016.
4. **APPROVES** the Watershed Conservation Authority preliminary budget for FY 16/17.

~ End of Resolution ~

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Motion _____ Second: _____

Ayes: _____ Nays: _____ Abstentions: _____

Passed and Adopted by the Board of the
WATERSHED CONSERVATION AUTHORITY
On May 23, 2016

Brian Mejia, Chairperson

ATTEST: _____
Terry Fujimoto
Deputy Attorney General