

DATE: May 17, 2018

TO: Watershed Conservation Authority Governing Board

FROM: Salian Garcia, Fiscal Manager

THROUGH: Mark Stanley, Executive Officer

SUBJECT: Item 12: Consideration of a resolution approving the preliminary budget for FY 18/19.

RECOMMENDATION: The Staff recommends the WCA Governing Board to approve the preliminary budget for Fiscal Year 2018/2019.

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 \$10,404,650.

ADMINISTRATIVE

Annual JPA Contribution Revenue related to Administrative Expenses, as allowed in JPA agreement and unchanged since 2003, equals \$35,500 (\$10,000 RMC¹/\$25,500 LACFCD). Projected administrative expenditures total \$178,880. The difference of \$143,380 is anticipated to be funded by the WCA Billable Rate Structure Plan and overhead allocation charged against eligible grants, project, and contracted funding. Should the Preliminary Budget for FY 2018/19 be approved, the Plan will be updated and presented at the next board meeting.

Planned administrative expenditures for FY 18/19 will decrease by approximately 1% from the previous year due a combination of anticipated increases in Funding Opportunities and Information Technologies, offset by lower projections in Strategic Planning, Legal Services, and Grant Writing line items. Budgeted FY 18/19 General Administrative Expenditures is primarily related to LA County Auditor Controller Services and Audit (\$70,400), Funding Opportunities (\$37,300), Information Technology (\$20,000), and as-needed Legal Services (\$15,000).

PERSONNEL

Personnel expenses for FY 18/19 are budgeted at \$603,716 which include salaries, benefits, employer taxes, payroll fees, a merit pool, and accruals for employee leave. The WCA filled one of two FY 17/18 budgeted full-time positions during the fiscal year. The final FY 17/18 budget included filling the Project Manager III vacancy; however, the vacancy was instead filled with a Project Manager II. Also, there was a Project Manager I vacancy which was filled with an Associate Project Manager, subsequently increasing the staff to eight employees (seven full-time and one part-time). Additionally, the new employees were hired at a lower entry compensation rate.

¹ Exclusive of RMC Property Management Contribution

Salaries reflect a year-to-year budgetary decrease of \$20,463 and overall Personnel decrease of \$31,974 for the aforementioned reasons. The employee handbook allows an up to 2% merit increase for new hires upon completion of at least six months of employment and upon a satisfactory evaluation of performance. All positions have been budgeted for a Cost of Living Adjustment (COLA) of 2%.

Though the Authority did not switch to the CalPERS health program during FY 17/18, the Authority continues to budget for the program should the mid-year rate schedule is more cost-effective than those offered under the existing provider. Dental and vision has historically been increased by 9% and 3%, respectively, each year, therefore WCA budgeted these increases for FY 18/19, 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 from leases, filming, citations and other sources including annual RMC JPA property management contribution of \$40,000, totals \$398,662 reflecting a year-to-year increase of \$58,500. 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. Because 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 its properties. Both the Duck Farm and South Gate properties produce more revenue than is needed to cover its current 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 18/19 total \$305,510, resulting in a difference of \$93,152 that will be utilized to partially offset Administrative Expenses. The FY 18/19 projected budget reflects a year-to-year budget increase of \$10,636 over FY 17/18 budgeted levels. The increase is primarily due to expected replacement of water tanks and/or liners and higher anticipated general liability and umbrella insurance premiums.

- Expenditures for general liability and umbrella insurance has been calculated as an average of the increase from past several years, which based on historical data.
- 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. However, this line item has been increased for planned ADA improvements, asbestos and seismic testing and any repairs/improvements to remedy any associated recommended repairs.

CAPITAL OUTLAY- GRANTS AND SPECIAL PROJECTS

The WCA anticipates that it will utilize approximately \$9.751 million of its grants and special project funding in FY 18/19, plus available funding on hand being carried from the previous 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.

The WCA currently has over 35 grants or contracts from a variety of agencies including the RMC, US Forest Service, 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 seven. 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 criteria on how much is expected to be received and utilized during the fiscal year.

Budgeted revenue for FY 18/19 from grants and special projects is expected to total \$10,404,650 with \$9,750,706 being allocated to capital activity. This includes grants related to three large-scale projects and two anticipated acquisitions that are projected to be at least 75% spent and reimbursed next year. The remaining \$653,944 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**.

WATERSHED CONSERVATION AUTHORITY
 CONSOLIDATED BUDGET FISCAL YEAR 2018 - 2019

	Budget FYE 2018	Actual as of 04/19/18	Additional Projected through 06/30/18	Forecasted FYE 2018	Budget FYE 2019	\$ Change Budget '18 vs. Budget '19
Revenues						
General Administrative & Operating Revenue						
JPA Contributions						
LA County Flood Control District	25,500	25,500	-	25,500	25,500	0
Rivers and Mountains Conservancy	10,000	9,999	-	9,999	10,000	0
Lease Revenue	251,481	207,527	49,400	256,927	265,976	14,495
Property Management Contribution	40,000	40,000	-	40,000	40,000	0
Fees-Citation	23,681	23,681	-	23,681	13,775	(9,906)
Fees- Filming/Permits	2,000	2,375	-	2,375	2,000	0
Other Miscellaneous Revenue	23,000	25,954	900	26,854	76,911	53,911
Subtotal-General Administrative & Operating	375,662	335,036	50,300	385,336	434,162	58,500
Grants and Special Projects Revenue						
Grant-Rivers & Mountains Conservancy ^{1,5}	2,192,629	25,438	82,274	107,712	3,530,846	1,338,217
Grant-LA County Flood Control District ^{1,6}	280,000	-	-	-	-	(280,000)
Grant-SEP ^{2,6}	7,625	3,397	500	3,897	-	(7,625)
Grant-Federal Funds ^{1,6,7}	3,810,937	227,904	17,968	245,872	539,112	(3,271,825)
Grant-Other State Funds ^{4,6}	2,159,143	-	86,757	86,757	715,178	(1,443,965)
Grant-Other County & Local Funds ^{2,6}	1,814,863	10,590	48,415	59,005	5,575,845	3,760,982
Grant-Public Foundations ^{3,6}	131,451	-	-	-	-	(131,451)
Other-Consultant Contracts ^{3,6,8}	382,637	104,665	102,825	207,490	43,669	(338,968)
Subtotal-Grants and Special Projects	10,779,285	371,994	338,739	710,733	10,404,650	(374,635)
Total Revenue	11,154,947	707,030	389,039	1,096,069	10,838,812	(316,135)
Expenses						
General Administrative Expenses						
Fiscal Services Auditor-Controller	65,000	33,356	31,644	65,000	65,000	-
Funding Opportunities	35,949	19,222	13,730	32,952	37,300	1,351
Legal Services	20,000	613	5,000	5,613	15,000	(5,000)
Information Technologies	15,000	13,846	3,135	16,981	20,000	5,000
Strategic Planning	10,000	500	-	500	5,000	(5,000)
Grant Writing	4,000	-	-	-	2,000	(2,000)
Travel	5,000	956	600	1,556	5,000	-
Financial Audit Services	5,400	-	5,400	5,400	5,400	-
Insurance/Insurance Bond	6,000	7,487	-	7,487	8,000	2,000
Training/Conferences	5,000	2,226	-	2,226	5,000	-
Meeting Supplies	500	86	100	186	500	-
Other/Not Classified	2,000	1,815	-	1,815	2,000	-
Wireless Phones	750	980	593	1,573	1,080	330
Personnel Services	3,750	3,042	579	3,621	3,750	-
Office Supplies	500	620	-	620	500	-
Postage	500	-	-	-	250	(250)
Printer Supplies	500	-	-	-	500	-
Equipment & Software	500	1,821	-	1,821	1,500	1,000
Dues & Subscriptions	600	1,005	-	1,005	1,100	500
Subtotal-General Administrative	180,949	87,575	60,781	148,357	178,880	(2,069)
Personnel						
Salaries	421,031	229,534	59,240	288,774	400,562	(20,469)
Merit Pool	30,123	951	-	951	32,157	
Benefits	134,025	43,358	8,330	51,688	125,206	(8,819)
Benefits Plan Provider Admin Cost	1,066	757	253	1,010	1,066	-
Employer Taxes	47,404	21,882	5,540	27,422	44,587	(2,817)
Subtotal-Personnel	633,649	296,482	73,363	369,845	603,578	(32,105)
General Operational Expenses						
Insurance	19,002	15,408	-	15,408	19,007	5
Security	3,400	3,115	167	3,282	3,492	92
Building Maintenance and Repair	20,500	6,493	8,300	14,793	20,500	-
Grounds Maintenance and Repair	10,300	2,137	4,000	6,137	10,300	-
Electricity	15,720	11,806	3,456	15,262	15,840	120
Propane	5,800	6,116	-	6,116	6,000	200
Other Utilities	900	758	150	908	900	-
Waste Removal	7,723	6,751	1,106	7,857	8,117	394
Water System Operation/Irrigation	39,772	26,001	9,266	35,267	55,958	16,186
Property Management	19,544	8,486	5,850	14,336	19,450	(94)
Deferred Maintenance Contingency	31,052	-	13,375	13,375	31,593	541
Janitorial Services	9,600	7,945	1,589	9,534	9,792	192
Ranger Services	92,000	46,023	45,977	92,000	92,000	-
Weed Abatement	19,000	-	3,000	3,000	12,000	(7,000)
Property Tax	561	500	-	500	561	-
Legal Services	-	-	-	-	-	-
Subtotal-General Operational	294,874	141,539	96,235	237,774	305,510	10,636
Grants and Special Projects Total Expense-Capital Outlay						
Grant-Rivers & Mountains Conservancy	2,021,799	113,466	121,625	235,091	3,136,621	1,114,822
Grant-LA County Flood Control District	264,039	-	-	-	80,000	(184,039)
Grant-SEP	-	15	-	15	-	-
Grant-Federal Funds	3,883,134	176,930	500	177,430	405,087	(3,478,047)
Grant-Other State Funds	2,019,084	16,604	17,100	33,704	1,946,187	(72,897)
Grant-Other County & Local Funds	1,653,670	84,667	25,099	109,766	4,073,236	2,419,566
Grant-Public Foundations	119,851	31	60,868	60,899	109,713	(10,138)
Other-Consultant Contracts	123,781	4,057	94,584	98,641	-	(123,781)
Other-Mitigation Revenue	-	-	-	-	-	0
Other-Donations	-	-	-	-	-	0
Other-Miscellaneous	-	-	-	-	-	0
Carryover	-	-	-	-	-	0
Subtotal-Grants and Special Projects	10,085,358	395,770	319,776	715,546	9,750,844	(334,514)
Total Expense	11,194,830	921,366	550,156	1,471,522	10,838,812	(358,052)
Change in Net Position Before Transfers	(39,883)	(214,336)	(161,118)	(375,453)	(0)	

¹Labor Reimbursed at Salary & EB Only

⁵Eligible for Advances

²Labor Eligible to be Reimbursed at Admin & Billable Rate

⁶Payment by Reimbursement Only

³Labor Reimbursed at Consultant Rate

⁷Eligible for additional 10% for Indirect Costs

⁴Labor Reimbursed at Grantor Approved Compensation Rate

⁸Primarily SGRDCA, NET, & Los Alamitos

WATERSHED CONSERVATION AUTHORITY
EXPANDED BUDGET FISCAL YEAR 2018 - 2019

	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 2018-2019
Revenues										
General Administrative & Operating Revenue										
JPA Contributions	89,411	-	-	-	-	-	-	-	-	89,411
Lease Revenue	-	135,998	-	-	86,478	43,500	-	-	-	265,976
Property Management Contribution	-	12,000	7,500	500	12,000	1,500	6,500	-	-	40,000
Fees-Citation	-	1,000	4,775	-	8,000	-	-	-	-	13,775
Fees- Filming	-	-	500	-	1,500	-	-	-	-	2,000
Other Miscellaneous Revenue	-	1,000	-	-	22,000	-	-	-	-	23,000
Subtotal-General Administrative & Operating	89,411	149,998	12,775	500	129,978	45,000	6,500	-	-	434,162
Grants and Special Project Income										
Grant-Rivers & Mountains Conservancy	-	-	-	-	-	-	-	-	3,530,846	3,530,846
Grant-LA County Flood Control District	-	-	-	-	-	-	-	-	-	-
Grant-SEP	-	-	-	-	-	-	-	-	-	-
Grant-Federal Funds	-	-	-	-	-	-	-	-	539,112	539,112
Grant-Other State Funds	-	-	-	-	-	-	-	-	715,178	715,178
Grant-Other County & Local Funds	-	-	-	-	-	-	-	-	5,575,845	5,575,845
Grant-Public Foundations	-	-	-	-	-	-	-	-	-	-
Other-Consultant Contracts	-	-	-	-	-	-	-	-	43,669	43,669
Subtotal-Grants and Special Projects	-	-	-	-	-	-	-	-	10,404,650	10,404,650
Total Revenue	89,411	149,998	12,775	500	129,978	45,000	6,500	-	10,404,650	10,838,812
Expenses										
General Administrative Expenses										
Fiscal Services Auditor-Controller	65,000	-	-	-	-	-	-	-	-	65,000
Funding Opportunities	37,300	-	-	-	-	-	-	-	-	37,300
Legal Services	15,000	-	-	-	-	-	-	-	-	15,000
Information Technologies	20,000	-	-	-	-	-	-	-	-	20,000
Strategic Planning	5,000	-	-	-	-	-	-	-	-	5,000
Grant Writing	2,000	-	-	-	-	-	-	-	-	2,000
Travel	5,000	-	-	-	-	-	-	-	-	5,000
Financial Audit Services	5,400	-	-	-	-	-	-	-	-	5,400
Insurance/Insurance Bond	8,000	-	-	-	-	-	-	-	-	8,000
Training/Conferences	5,000	-	-	-	-	-	-	-	-	5,000
Meeting Supplies	500	-	-	-	-	-	-	-	-	500
Other/Not Classified	2,000	-	-	-	-	-	-	-	-	2,000
Wireless Phones	1,080	-	-	-	-	-	-	-	-	1,080
Personnel Services	3,750	-	-	-	-	-	-	-	-	3,750
Office Supplies	500	-	-	-	-	-	-	-	-	500
Postage	250	-	-	-	-	-	-	-	-	250
Printer Supplies	500	-	-	-	-	-	-	-	-	500
Equipment & Software	1,500	-	-	-	-	-	-	-	-	1,500
Dues & Subscriptions	1,100	-	-	-	-	-	-	-	-	1,100
Subtotal-General Administrative	178,880	-	-	-	-	-	-	-	-	178,880
Personnel										
Salaries	-	-	-	-	-	-	-	400,562	-	400,562
Merit Pool	-	-	-	-	-	-	-	32,157	-	32,157
Benefits	-	-	-	-	-	-	-	125,206	-	125,206
Benefits Plan Provider Admin Cost	-	-	-	-	-	-	-	1,066	-	1,066
Employer Taxes	-	-	-	-	-	-	-	44,587	-	44,587
Subtotal-Personnel	-	-	-	-	-	-	-	603,578	-	603,578

**WATERSHED CONSERVATION AUTHORITY
EXPANDED BUDGET FISCAL YEAR 2018 - 2019**

	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 2018-2019
General Operational Expenses										
Insurance	-	4,025	1,421	12	13,489	50	10	-	-	19,007
Security	-	1,692	-	-	1,800	-	-	-	-	3,492
Building Maintenance and Repair	-	5,500	-	-	15,000	-	-	-	-	20,500
Grounds Maintenance and Repair	-	2,000	4,000	-	2,000	2,000	300	-	-	10,300
Electricity	-	840	-	-	15,000	-	-	-	-	15,840
Propane	-	-	-	-	6,000	-	-	-	-	6,000
Other Utilities	-	-	-	-	900	-	-	-	-	900
Waste Removal	-	2,232	-	-	5,885	-	-	-	-	8,117
Water System Operation/Irrigation	-	7,000	-	-	48,958	-	-	-	-	55,958
Property Management	-	6,000	4,000	250	6,700	1,500	1,000	-	-	19,450
Deferred Maintenance Contingency	-	7,042	-	-	24,551	-	-	-	-	31,593
Janitorial Services	-	-	-	-	9,792	-	-	-	-	9,792
Ranger Services	-	17,000	25,000	-	40,000	5,000	5,000	-	-	92,000
Weed Abatement	-	6,000	-	-	4,000	-	2,000	-	-	12,000
Property Tax	-	-	561	-	-	-	-	-	-	561
Legal Services	-	-	-	-	-	-	-	-	-	-
Subtotal-General Operational	-	59,331	34,982	262	194,075	8,550	8,310	-	-	305,510
Grants and Special Project Total Expense-Capital Outlay										
Grant-Rivers & Mountains Conservancy	-	-	-	-	-	-	-	-	3,136,621	3,136,621
Grant-LA County Flood Control District	-	-	-	-	-	-	-	-	80,000	80,000
Grant-SEP	-	-	-	-	-	-	-	-	-	-
Grant-Federal Funds	-	-	-	-	-	-	-	-	405,087	405,087
Grant-Other State Funds	-	-	-	-	-	-	-	-	1,946,187	1,946,187
Grant-Other County & Local Funds	-	-	-	-	-	-	-	-	4,073,236	4,073,236
Grant-Public Foundations	-	-	-	-	-	-	-	-	109,713	109,713
Other-Consultant Contracts	-	-	-	-	-	-	-	-	-	-
Subtotal-Grants and Special Projects	-	-	-	-	-	-	-	-	9,750,844	9,750,844
Total Expense	178,880	59,331	34,982	262	194,075	8,550	8,310	603,578	9,750,844	10,838,812

**WATERSHED CONSERVATION AUTHORITY
PERSONNEL BUDGET FISCAL YEAR 2018 - 2019**

	Budget FYE 2018	Actual as of 04/19/18	Additional Projected through 06/30/18	Forecasted FYE 2018	Budget FYE 2019	\$ Change Budget '18 vs. Budget '19
Expense Detail						
Salaries	\$421,031	\$229,534	\$59,240	\$288,774	\$ 400,562	(\$20,469)
Merit Pool	\$30,123	\$951	\$0	\$951	\$32,157	\$2,034
Benefits	\$134,025	\$43,358	\$8,330	\$51,688	\$125,206	(\$8,819)
Fixed Fees	\$1,066	\$757	\$253	\$1,010	\$1,066	\$0
Employer Taxes	\$47,404	\$21,882	\$5,540	\$27,422	\$ 44,587	(\$2,817)
Personnel Subtotal	\$633,649	\$296,482	\$73,363	\$369,845	\$603,578	(\$30,071)
Total Expense	\$633,649	\$296,482	\$73,363	\$369,845	\$603,578	(\$30,071)

Personnel Detail		FY 17/18	FY 18/19	Hrs	Proposed FY18/19 Salary	Benefits	Employer Taxes	Total Comp
Deputy Executive Director (FT) 1	Active	37.33	38.08	2080	\$ 79,199	\$ 22,461	\$ 8,554	\$ 110,215
Fiscal Manager (PT) ¹	Active	28.05	28.61	520	\$ 14,878	\$ -	\$ 1,893	\$ 16,770
Project Manager III (FT)	Inactive	0.00	0.00	2080	\$ -	\$ -	\$ -	\$ -
Project Manager II (FT) ^{1,2}	Active	28.85	30.00	2080	\$ 62,400	\$ 19,040	\$ 6,751	\$ 88,190
Project Manager I (FT) ^{1,2}	Active	24.11	25.07	2080	\$ 52,155	\$ 17,510	\$ 5,738	\$ 75,403
Associate PM (FT) ^{1,2}	Active	20.50	21.32	2080	\$ 44,346	\$ 16,345	\$ 4,966	\$ 65,657
Associate PM (FT) ^{1,2}	Active	20.00	20.80	2080	\$ 43,264	\$ 16,184	\$ 4,859	\$ 64,307
Fiscal Analyst I (FT) ^{1,2}	Active	21.25	22.10	2080	\$ 45,968	\$ 16,587	\$ 5,127	\$ 67,682
Admin Assistant (FT) ¹	Active	14.82	15.12	2080	\$ 31,442	\$ 14,783	\$ 3,748	\$ 49,973
TOTAL					\$ 373,652	\$ 122,911	\$ 41,636	\$ 538,198

Notes:

- 1 - A 2% COLA adjustment is added to active employee salaries. Increase based on CPI U Dec 2016/17 change (3.6%), max 2%
- 2 - Eligible for up to 2% increase pending satisfactory completion of six-month review.

May 17, 2018 – Item 12

RESOLUTION 2018-10

**RESOLUTION OF THE WATERSHED CONSERVATION AUTHORITY APPROVING
THE PRELIMINARY BUDGET FOR FISCAL YEAR 2018/2019**

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 Fiscal Year 18/19; 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 17, 2018.
4. **APPROVES** the Watershed Conservation Authority preliminary budget for FY 18/19.

~ End of Resolution ~

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Motion _____ Second: _____

Ayes: _____ Nays: _____ Abstentions: _____

Resolution 2018-10

Passed and Adopted by the Board of the
WATERSHED CONSERVATION AUTHORITY
On May 17, 2018

M. Janet Chin, Governing Board Chair

ATTEST: _____
David Edsall, Jr.
Deputy Attorney General