


**EAST BAY REGIONAL PARK DISTRICT
BOARD FINANCE COMMITTEE
AGENDA STAFF REPORT**

DATE	November 25, 2024
TITLE	Recommendation to the Board of Directors to Approve the 2025 Proposed Operating, Project & Program Budget
DIVISION	Finance and Management Services
FROM	Deborah Spaulding, Assistant General Manager of Finance and Management Services
APPROVED	Sabrina Landreth, General Manager 

RECOMMENDATION

The General Manager recommends that the Board Finance Committee review the 2025 Proposed Budget and direct staff to prepare the information for consideration by the full Board of Directors at the December 3 and December 17, 2024 Board Meetings. The two volumes of the Park District's Proposed Budget are:

- The Operating Budget, including the General Manager's message, overview of funds, financial summaries by fund, and budgets by division, including performance measures.
- The Project & Program Budget, which provides details on projects and programs.

Both volumes are posted on the Park District website at: <https://www.ebparks.org/public-info/budget>

BACKGROUND

The Park District's budget development process begins in August with an analysis of the economic conditions expected in the coming year. The Park District uses an external consultant, Beacon Economics, to develop property tax revenue projections, as property tax revenues are the most significant revenue source for the Park District, comprising 90% of General Fund revenue. The Beacon report was brought to the Finance Committee as an informational item in September. For the 2025-26 fiscal year, Beacon's baseline forecast predicts a moderate increase in assessed valuation (AV) in both counties. For Alameda County, Beacon's baseline forecast is for AV growth to be 4.54%, while Contra Costa County's AV increase is expected to be 3.54%. The combined two-county projection is for growth of 4.14% in 2025-26 and a similar increase is projected for fiscal year 2026-27.

On the expenditure side, the Proposed Operating Budget takes direction from the priorities articulated by the Board of Directors and feedback received from the public. Earlier this year, a series of Board Study Sessions were held to provide context for budget development. The first study session included presentations from each Division's AGM, detailing current and future initiatives and each division's workplan. In subsequent discussions, the Board Members expressed their own priorities and interests. Additionally, the Park District conducted a Scientific Community Survey of East Bay residents, to gather insights on the needs of park visitors and current interests of the community. Using all these factors and inputs, decisions are made regarding what budget requests should be brought forward in the Proposed Budget for consideration by the Board of Directors.

Below are some of the themes you will see articulated throughout the 2025 Proposed Budget. These themes are responsive to the Board’s priorities and feedback from the community:

- Increased commitment to trail development and maintenance.
- Continuing strategic land acquisition and opening new parklands.
- Cultural and environmental resource conservation.
- Continued emphasis on diversity, equity and inclusion.
- Continued efforts toward fuel suppression and wildfire prevention.
- Modernize practices and utilize data and technology.
- Identify and secure grants for projects and programs.
- Improve infrastructure for park users and in response to climate change.

ANALYSIS

Overview of All Budgeted Funds

The Park District’s 2025 Budget totals \$317.8 million, including internal service fund charges but excluding transfers-out. This is \$2.3 million more than the prior year’s adopted budget. The 2025 Budget is balanced when taking into account the planned use of fund balance for the General Fund, Special Revenues Funds, Capital Projects Funds, Internal Service Funds, and Debt Service Funds. The table below provides a summary of the 2025 proposed budget by fund type in comparison to the prior year.

A summary of each fund group is included below. A detailed explanation of General Fund revenues and expenditures is included later in this report.

Appropriations	General Fund	Special Revenue Funds	Debt Service Funds	Internal Service Funds	Projects Funds	Total All Funds
2025	\$ 216,459,261	\$ 9,618,418	\$ 17,607,980	\$ 34,568,862	\$ 39,573,894	\$317,828,414
2024	\$ 201,685,648	\$ 8,939,062	\$ 39,093,630	\$ 34,269,907	\$ 32,045,198	\$ 316,033,444
\$ Change	\$ 14,773,613	\$ 679,356	\$(21,485,650)	\$ 298,955	\$ 7,528,696	\$ 1,794,970
% of Total	68.1%	3.0%	5.5%	10.9%	12.5%	100%

Special Revenue Funds account for funds held by the Park District that are legally required to be expended for specific purposes, including Assessment Districts and Zones of Benefit, Measure FF funds, private donations, mitigation funds, tipping fees, Measure WW local grant funds and the East Contra Costa County Habitat Conservancy Fund. In 2025, expenditures total \$9.6 million in Special Revenue Funds.

Debt Service Funds are utilized to account for the Park District’s obligation to pay principal, interest and administrative costs on outstanding long-term debt. Included in this fund group are the new 2024 Promissory Notes, the 2012 Promissory Notes, and the 2009, 2013, 2017 and 2022 Measure WW bonds. Total expenditures in the Debt Service Funds for 2025 will be \$17.6, significantly less than the amount budgeted in 2024, due to lower required debt service for Measure WW bonds.

Internal Service Funds account for shared Park District activities, including the Workers’ Compensation Fund, Major Infrastructure Renovation and Replacement Fund (MIRR), Equipment Replacement Fund, General Liability Fund and Employee Benefits Fund. The total budget for 2025 is \$34.6 million, not including transfers out. This includes an increase of \$0.3 million over 2024 primarily driven by higher insurance cost, including those associated with the anticipated new Point Molate acquisition. Fund Balance of \$2.3 million is allocated for Major Infrastructure Renovation and Replacement and \$0.3 million for Major Equipment Replacement.

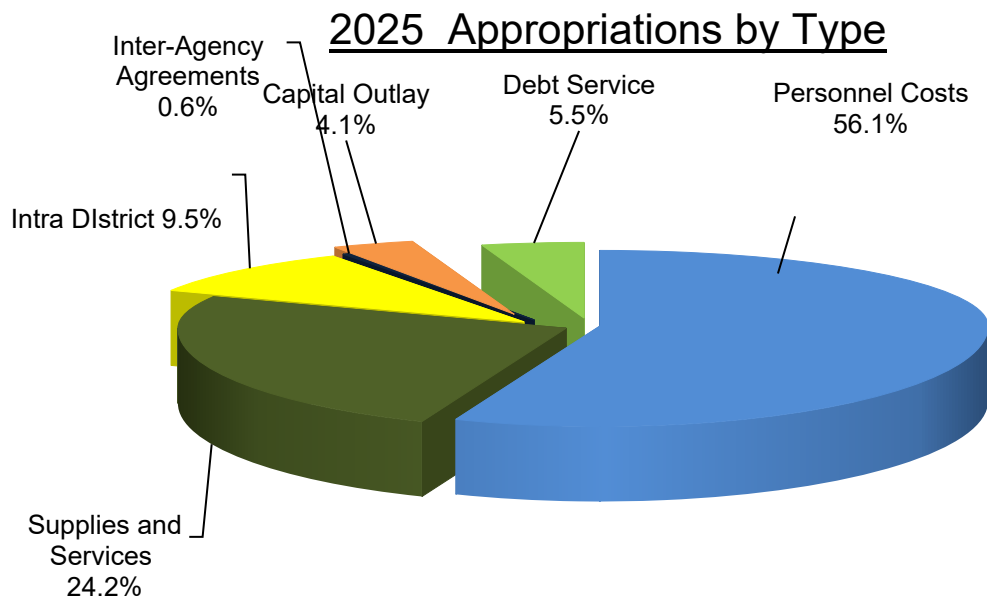
One of the Internal Service Funds is for Equipment Replacement. This year’s budget proposes over \$3 million for vehicle replacements and new equipment to facilitate efficiency in Operations, including

small Bobcat loaders for Contra Costa Trails and Point Pinole, a Mini Skid-Steer for Hayward Shoreline, and a new Mower at Dumbarton Quarry.

Project Funds include appropriations for capital and non-capital projects funded from Measure WW and Promissory Note bond proceeds, Measure FF, MIRR, Special Revenues, and the General Fund. The 2025 budget of \$39.6 million is \$7.5 million higher than the 2024 budget. All new project funding is listed in Attachment C. The difference between the amount appropriated to projects in Attachment C and the amount budgeted in Project Funds for 2025 is due to current year personnel costs expected to be charged to projects budgeted in prior years. Detailed information on individual projects is included in the second volume of the budget, the Proposed 2025 Project and Program Budget.

The chart below illustrates the allocation of all funds' 2025 budgeted costs by expenditure type. Some significant differences between the current year and prior year budget include:

- 9.1% increase in personnel costs, primarily related to increased wage and benefit costs.
- 11.5% increase in supplies and services, primarily related to increased costs for software licenses and data / network services.
- 0.6% increase in intra-district charges, related to increased costs for insurance.
- 5.7% increase in inter-agency agreements, for membership dues for the Hayward Shoreline JPA.
- 4.4% increase in capital outlay, related to increased project appropriations in 2025.
- -55.0% decrease in debt service, as per debt service requirements for existing bonded debt.



General Fund Budget

The Park District continues to evolve its budget development process to incorporate best practices and efficiencies. The 2025 Proposed General Fund budget is balanced and includes the expected use of fund balances from the current fiscal year as well as funding from projects that were closed and had their remaining funds returned to the initial funding source. In previous years, a Mid-Year Budget adjustment process has allocated funds that were remaining from the previous year. In 2023, this practice was discontinued to ensure that all budget decisions were being made during the annual budget development process.

This year's revenue budget includes approximately \$225.6 million in operating revenues, and an

additional \$13.5 million in use of fund balance. The expenditure budget appropriates approximately \$239.1 million including \$22.7 million of transfers out for projects and debt service. A summary of the 2025 Proposed General Fund Budget, with a comparison to the 2024 Adopted Budget is provided as an attachment to this report.

Property Tax revenue is budgeted at \$207.6 million, an increase of \$11.5 million or 5.9% over the 2024 budgeted amount. This increase is calculated using county assessor's data from both Alameda and Contra Costa counties and the "baseline" projection from Beacon Economics to project revenues for the second half of the year.

Charges for Services revenue is budgeted to increase by approximately \$300,000. The revenue increase comes primarily from Public Safety Services provided to East Bay MUD. This increase is offset by a reduction in certain fee revenues as per the Master Fee Schedule study that was recently completed, as well as reduced revenue expectations for certain parking and swimming facilities, and the completion of the reimbursement agreement with the Bay Area Toll Authority for Bridgeyard maintenance and operations.

Interest earnings are not budgeted. The Park District has discontinued the practice of budgeting investments due to the challenge of predicting revenues from this source which often includes unrealized gains and losses. However, the Park District continues to invest its pooled funds as in prior years, and revenues received from these investments are allocated proportionally across all funds.

As in the prior year, the Park District will draw funds from its Pension Trust to help stabilize rates and reduce its CalPERS Miscellaneous Plan pension costs. The budgeted amount of \$3 million is reflected in the category of Miscellaneous Revenue.

Budgeted revenue from the Regional Parks Foundation for general operating costs as well as grants directly to departments for programming is \$200,000 higher than the prior year.

On the expenditure side of the General Fund, salary and benefits total \$148.2 million, which is a net increase of \$13.1 million from the prior year's adopted budget. This increase is partly due to increased wages as per approved labor agreements, as well as to the addition of 16.73 budgeted full-time equivalent positions (FTE). Additional information about new budgeted FTE is included later in this report. Benefit expenditures also increased, particularly in medical costs, as Kaiser's health plan premiums will increase 9% in 2025. The budget for salaries and benefits will again include a 4% vacancy rate, which is a best practice used by many governments to compensate for salary savings that accrue when positions are unfilled for part of the year due to attrition, acting assignments, leaves of absence, etc. The vacancy rate has been budgeted across all departments as a separate budget line-item for transparency.

The 2025 General Fund Proposed Budget includes new appropriations for Supplies and Services, including \$140,000 for stewardship work on restoration projects; an additional \$250,000 for enterprise software placement as well as increases for costs of licensing software such as Microsoft Office, RIMS for Public Safety and overall network monitoring.

Intra-District Charges are proposed to increase by approximately \$182,000 in 2025. This increase is primarily related to increased costs for the General Liability Fund, where insurance costs have increased from the prior year.

General Fund transfers out to projects and debt service is proposed at \$22.7 million, a 16.3% increase from the 2024 Adopted Budget. Transfers to projects are funded partly through the use of available fund balance, as these are one-time costs which should be funded with one-time resources. More

information about the project budget is included in the section below, and a comprehensive list of all proposed projects is included as an attachment to this report.

Project & Program Budget – Volume 2

The Park District continues to allocate significant funding to its Capital Projects and Programs. This year the Project & Program Budget includes a new Five-Year Capital Improvement Plan, which highlights 72 high priority capital projects reflecting phases ranging from pre-design to construction. Anticipated future funding requirements for these projects are also included in the CIP. In the 2025 budget, additional funding is appropriated to 20 of the 72 projects. Project costs have continued to escalate in part related to inflationary pressures which have made existing planned projects more expensive than anticipated, as well as the need to fund repairs to aging infrastructure. and repair projects related to flooding and landslides that occurred in prior years.

Park Infrastructure Improvement

The 2025 budget appropriates over \$8.5 million for projects that repair and improve existing assets, including increasing the project intended for Emergency Repairs to a total of \$1.5 million, that can be drawn upon in the event of a natural or man-made disaster. This budget appropriates a total of \$6 million for the Anthony Chabot Campground Sewer project and \$1 million for a project to renovate utilities at McKay Avenue for Crown Beach facilities. Additionally, \$500,000 is allocated for the Las Trampas Water Systems repair, \$222,000 to repair the Tilden Merry Go Round, and \$300,000 for the upgrade of the Briones Staging Area and Maud Whalen group campsite.

Trail Development and Repair

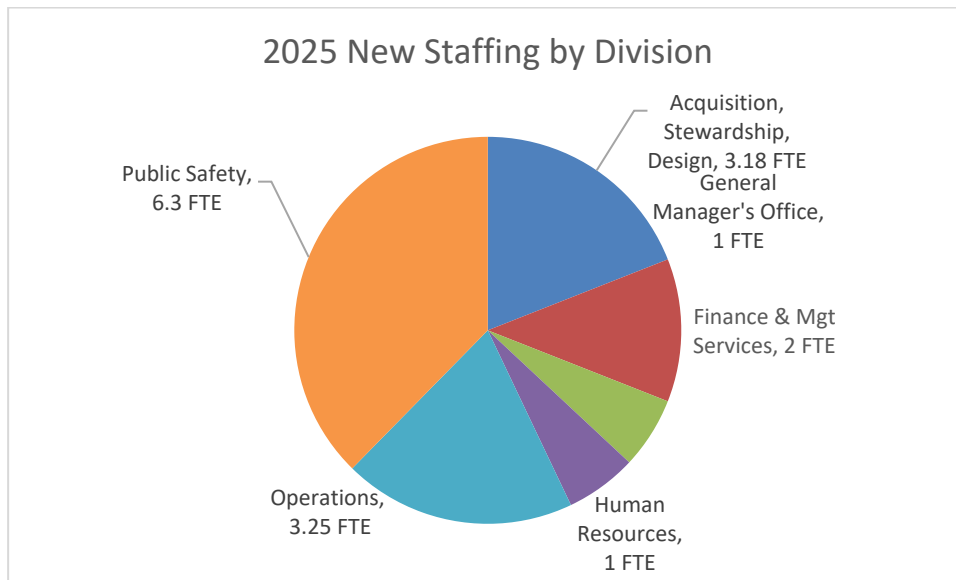
The Park District is working diligently to expand and improve its trail network, with many new trail projects underway. The 2025 budget allocates over \$2.5 million for trail projects. This year an additional \$1.6 million is allocated for replacing two pedestrian bridges on the Lafayette Moraga Trail. A \$300,000 appropriation is allocated to the Wildcat Bank Repair project at Tilden, to improve a section of trail that was damaged in prior year rainstorms. An additional \$200,000 is allocated to the Briones Trail Improvement project and \$450,000 is allocated for narrow-gauge trails at Pleasanton Ridge.

Cultural and Natural Resources Conservation

Part of the Park District's mission is to preserve the East Bay's cultural and environmental resources. In support of these goals, the Park District's 2025 budget allocates over \$1 million for projects that improve wildlife habitat, provide environmental restoration improvements, and preserve cultural resources. A \$200,000 appropriation is allocated to maintain our grazing ponds, which provide habitat for endemic and endangered species. The budget proposes \$100,000 for a habitat restoration project, \$45,000 is allocated for Golden Eagle monitoring and \$65,000 is allocated for a survey of Pallid Manzanita. Additionally, the budget allocates \$400,000 for the redesign of the Coyote Hills Visitor Center, to promote cultural conservation focusing on indigenous voices and leadership.

Authorized Staffing Changes

The 2025 Proposed Budget includes the addition of 16.73 full-time equivalent positions (FTEs). This increases the total Park District authorized staffing to over 995 FTE's. A detailed listing of the proposed 2025 staffing changes is provided on page B-39 of the Proposed Budget document. A breakdown of proposed FTE additions by Division is shown in the following chart.



FISCAL IMPACT

The two volumes of the Park District's 2025 Proposed Budget reflect expected revenues and expenditures for all of the activities that are expected to occur at the Park District in the coming year. It is a fiscally responsible spending plan for 2025, which allocates resources towards the Park District's highest priority goals, objectives and projects. The attachments listed below provide additional details regarding the proposed spending plan for the coming year.

ATTACHMENTS

- A. All Funds At-A-Glance
- B. Comparison of 2025 General Fund Budget to 2024 General Fund Budget
- C. Summary of 2025 Budgeted Project Allocations
- D. 2025- 2029 Capital Improvement Plan