



FAIRFAX COUNTY PARK AUTHORITY



M E M O R A N D U M

TO: Chairman and Members
Park Authority Board

VIA: Kirk W. Kincannon, Director

FROM: Cindy Messinger, Deputy Director/CFO

DATE: July 17, 2014

Agenda

Administration, Management and Budget Committee

Wednesday, July 23, 2014 – 5 p.m.

Boardroom – Herrity Building

Chairman: Ken Quincy

Vice Chair: Harold L. Strickland

Members: Edward R. Batten, Sr., Richard C. (Rip) Sullivan, Jr., Michael Thompson, Jr.

1. FY 2014 Changes to the Fairfax County Purchasing Resolution (*This item is going to the Board on July 23, 2014.*) – Information*
2. Revision to Policy 405 Revenue Funds Fiscal Planning (*This item is going to the Board on July 23, 2014.*) – Action*
3. Financial Management Principles – Park Revenue Funds (*This item is going to the Board on July 23, 2014.*) – Action*
4. FY 2015 Fiscal Calendar (*This item is going to the Board on July 23, 2014.*) – Information*
5. Budget FY15-17 Development and Strategy Process – Discussion
6. Update – Bylaws Revision

*Enclosures



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Board Agenda Item
July 9, 2013

INFORMATION – 1

FY 2014 Changes to the Fairfax County Purchasing Resolution

On July 1, 2014, the Board of Supervisors approved the 2014 Fairfax County Purchasing Resolution. These proposed changes incorporate modifications resulting from legislation enacted during the 2014 session of the Virginia General Assembly affecting the Virginia Public Procurement Act and administrative changes recommended by staff. The Code of Virginia and Administrative changes incorporated into the Fairfax County Purchasing Resolution is summarized in the Board of Supervisors' July 1, 2014, Action Item (Attachment I). As an administrative efficiency, the Fairfax County Purchasing Resolution is not attached, but can be found on the County's web site at: <http://www.fairfaxcounty.gov/dpsm/purchres.pdf> .

The agreement between the Park Authority and the Board of Supervisors stipulates that the Park Authority will comply with the County's purchasing and bidding policies and procedures. In that regard, the Park Authority follows the policies and practices contained in the Fairfax County Purchasing Resolution.

ENCLOSED DOCUMENTS:

Attachment 1: Board of Supervisors' July 1, 2014, Action Item on Board of Supervisors' Approval of Changes to the Fairfax County Purchasing Resolution

STAFF:

Kirk W. Kincannon, Director

Cindy Messinger, Deputy Director/CFO

Sara Baldwin, Deputy Director/COO

David Bowden, Director, Planning and Development Division

Janet Burns, Senior Fiscal Administrator, Financial Management Branch

Sue Schaben, Purchasing Manager, Financial Management Branch

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Board Agenda Item
July 1, 2014

ACTION -

Changes to the Fairfax County Purchasing Resolution

ISSUE:

Board of Supervisors' approval of changes to the Fairfax County Purchasing Resolution.

RECOMMENDATION:

The County Executive recommends that the Board of Supervisors approve the changes outlined below to the Fairfax County Purchasing Resolution, to become effective on July 1, 2014.

TIMING:

Routine.

BACKGROUND:

The Board of Supervisors adopted the current version of the Fairfax County Purchasing Resolution on July 9, 2013. During the 2014 session of the General Assembly, one bill was approved relating to procurement and/or contracts; however, this bill did not modify a mandatory section of the Virginia Public Procurement Act (VPPA). In 2014, legislative action in the area of contracts and procurement was limited. The General Assembly continued most bills until 2015 pending completion of a study of the VPPA that was initiated as a result of House Bill 2079 (2013). The purpose of the study is to allow the House Committee on General Laws and the Senate Committee on General Laws and Technology to identify weaknesses and other problems in the VPPA and recommend improvements.

This year, staff recommends seven administrative amendments to the Purchasing Resolution (below). These amendments are a combination of changes from the 2014 General Assembly session and non-mandatory changes that were approved in earlier years. The threshold increases described below were enacted by the General Assembly in 2011 and implemented at the state level in the same year. The Code of Virginia provides localities with the flexibility to adopt alternative procurement procedures and policies that conform with the competitive principles of the VPPA. This authority permitted the County to defer adoption of the higher formal procurement thresholds until all policy, training, and system controls were in place.

Administrative Changes

1. Formal solicitation threshold: The General Assembly passed SB1107 in 2011, a non-mandatory bill that increased the small purchase threshold from \$50,000 to \$100,000 for goods and non-professional services. The same bill increased the small purchase threshold from \$50,000 to \$60,000 for professional services. Subsequent to this change, the County will have the same thresholds the state implemented in 2011.
2. Public posting requirement (emergency and sole source contracts): The public posting requirement for emergency and sole source contracts is increased to \$100,000 in accordance with SB 1107.
3. Drug-free workplace contract provision: The threshold for requiring a drug-free workplace contract provision is increased from \$50,000 to \$100,000.
4. State Corporation Commission (SCC) authorization: The threshold for contractors to obtain a SCC authorization is increased from \$50,000 to \$100,000.
5. Design-Build Contracts: The requirement for post project review by the Design-Build/Construction Management Review Board is removed. The Review Board was eliminated by the General Assembly in 2011. All other references to the Review Board were previously removed from the Purchasing Resolution.
6. Construction Prequalification: A provision to limit the remedy available to a contractor denied prequalification is added to the Purchasing Resolution. The change will limit relief to restoration of eligibility, consistent with the VPPA.
7. Article 6, Supply Management: Text changes to clarify the consumable and fixed assets, as well as, surplus property duties of the Purchasing Agent for Fairfax County Government and Fairfax County Public Schools.

The text changes proposed in the Resolution are presented in “track changes” format and legislative references are provided in the right margin in Attachment I. These changes have been coordinated with the Department of Public Works and Environmental Services, the Department of Housing and Community Development, the Fairfax County Park Authority, the Department of Transportation, Fairfax County Public Schools, and the Office of the County Attorney.

FISCAL IMPACT:

None.

Board Agenda Item
July 1, 2014

ENCLOSED DOCUMENTS:

Attachment I - Revised Fairfax County Purchasing Resolution

STAFF:

Susan Datta, Chief Financial Officer

Cathy A. Muse, Director, Department of Purchasing and Supply Management

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Board Agenda Item
July 23, 2014

ACTION

Revision to Policy 405 - Revenue Funds Fiscal Planning

ISSUE:

The existing Revenue Funds Fiscal Planning Policy was impacted by the recent changes to the names of the two revenue funds.

RECOMMENDATION:

The Park Authority Director recommends approval of the revisions to Policy 405 Revenue Funds Fiscal Planning to reflect the recent fund name changes.

TIMING:

Board action is requested on July 23, 2014, in order to make the changes in the Policy Manual prior to the August recess.

BACKGROUND:

The Revenue Funds Fiscal Planning Policy which was last reviewed and adopted on June 26, 2013, as a part of the comprehensive Policy Manual Review, was impacted by the recent changes of the names of the two revenue funds effective the start of FY2015. The two fund name changes were approved by the Park Authority Board on July 9, 2014, and the policy has simply been revised to update those new fund titles. The supporting documentation, number 2 (Financial Management Plan) is currently being updated and will come to the Board in September for their review and approval. Once approved, the policy will be amended administratively.

FISCAL IMPACT:

None

ENCLOSED DOCUMENTS:

Attachment 1: Policy 405 Revenue Funds Fiscal Planning with Revision Mark up

Board Agenda Item
July 23, 2014

STAFF:

Kirk W. Kincannon, Director
Cindy Messinger, Deputy Director/CFO
Sara Baldwin, Deputy Director/COO
Janet Burns, Senior Fiscal Manager

	<h2>FAIRFAX COUNTY PARK AUTHORITY POLICY MANUAL</h2>
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Policy 405	Title: Revenue Funds Fiscal Planning
Date Approved: 7/23/2014	Last reviewed: 6/26/2013
Objective: Administer the Park Authority with its funding and procedural capabilities in accordance with the needs of our residents, and ensure a highly trained staff and volunteer workforce.	

Purpose: This policy provides the fundamental information and guidance related to the Park Authority Board's fiduciary responsibility for the oversight of the operating Trust Funds to include the Park Authority's Revenue **and Operating** Fund 80000 and **Park Capital** Improvement Fund 80300.

Policy Statement: The Authority shall ensure that budgeting and financial reporting procedures conform to the procedures used by the County, in accordance with the Memorandum of Understanding between the Board of Supervisors and the Park Authority. The Park Authority Board has fiduciary responsibility under the law to charge fees, appropriate, manage and expend operating **R**evue **F**unds. These two **revenue** funds have Bond Indenture requirements and Generally Accepted Accounting Principles (GAAP) obligations that must be sustained. The Financial Management Principles which provide the Board the basis for policy decisions affecting these Funds. The Park Authority's financial and business management strategies are outlined in a series of interrelated plans that are reviewed annually and typically utilize a minimum of three years.

References:

1. Memorandum of Understanding with the Board of Supervisors
[Links\Memorandum of Understanding.doc](#)

Supporting Documentation:

1. Park Authorities Act (15.2-5710) pages A1 – A12, <http://www.fairfaxcounty.gov/parks/parkpolicy/park-policy-manual.pdf>
2. Financial Management Principles – Park Revenue Funds – with the FY 2012-FY2014 Financial Management Plan
<http://www.fairfaxcounty.gov/parks/archives/091411amb-pkg.pdf>
2. Fairfax County Park Authority Financial Sustainability Plan, Action – 3,
<http://www.fairfaxcounty.gov/parks/archives/12-14-11-pkg.pdf>

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Board Agenda Item
July 23, 2014

ACTION

Financial Management Principles – Park Revenue Funds

ISSUE:

Approval of Financial Management Principles for the Park Revenue Funds.

RECOMMENDATION:

The Park Authority Director recommends Approval of the Financial Management Principles for the Park Revenue Funds.

TIMING:

Board action is requested on July 23, 2014, in order to align recent Board approved revenue funds related name and structure changes and guide the completion of the FY 2015 –FY 2017 Park Revenue and Operating Fund Financial Management Plan.

BACKGROUND:

In 1995 following formal actions approving the Facilities Revenue Bonds, Series 1995 (Golf Development Bonds), the Park Authority initiated an annual practice to develop and update a Revenue Funds Financial Management Plan which was intended to form a comprehensive, systematic approach to analyzing and developing revenue and expense projections for driving short and long term decisions and fund management. Aside from the projections, the center piece of this annual plan was the policy level Financial Management Principles which are the basis and guidance for staff and Board decisions on matters pertaining to the Revenue Funds.

The Financial Management Principles were adopted by the Board in FY 1994 and were last amended in FY 2011 to align with the development and implementation of the Agency's Financial Sustainability Plan. The Financial Management Principles have been updated with the July 9, 2014, Board approval of fund and reserve name changes, redefinition, the establishment of criteria for use and setting a minimum balance for inclusion in the FY 2015- FY 2017 Park Revenue and Operating Fund Financial Management Plan to the Board in September. Attachment 1 represents a mark-up copy of the Financial Management Principles and Attachment 2 represents a revised version of the Financial Management Principles.

Board Agenda Item
July 23, 2014

FISCAL IMPACT:
None

ENCLOSED DOCUMENTS:

Attachment 1: Financial Management Principles – Park Authority Revenue Funds
(Mark-up version)

Attachment 2: Financial Management Principles – Park Authority Revenue Funds

STAFF:

Kirk W. Kincannon, Director

Cindy Messinger, Deputy Director/CFO

Sara Baldwin, Deputy Director/COO

Janet Burns, Senior Fiscal Administrator

Financial Management Principles

Park Authority Revenue *and Operating* Fund – Mark Up Version

The Park Authority Board (*PAB*) and staff have fiduciary responsibility for the Park Revenue *and Operating* Fund. The Financial Management Principles will form the basis for policy decisions affecting the Fund.

- Financial planning for the Park Revenue *and Operating* Fund will be consistent with the goals and objectives of the Authority and support the initiatives and strategies as reflected in the Authority's approved plans. Likewise, the Authority's goals and objectives which affect the Park Revenue *and Operating* Fund will be consistent with fund availability and financial projections.
- The Authority will develop a financial management plan for the Park Revenue *and Operating* Fund with a minimum of three out-year projections. The Plan will be updated at least annually and will be used as the basis for the development of budgets and revenue/fee schedules.
- The Park Authority budget process will be developed as a program-based budget, ensuring the highest possible accuracy of revenue projections and the review and evaluation of budget expenditure requirements. Annual budget plan submittals will meet all Fairfax County Department of Management and Budget requirements. All efforts will be made to optimize productivity for improved service delivery at the lowest possible cost levels to the fund.
- The annual operating budget will project and produce a positive cash balance for each fiscal year. A cost recovery ratio for the budget-planning year will be developed and integrated into the financial management plan.
- Management of the Park Revenue *and Operating* Fund for budgeting purposes will be at cost/profit center level so that each program and function is reviewed annually both for revenue projections and expenditure needs. Where possible, each cost center will produce net revenue and keep expenditures to the lowest possible levels.
- A Managed *Revenue and Operating Fund Stabilization* Reserve will be maintained at a sufficient level to allow for yearly cash flow requirements and to provide for financing unforeseen needs of an emergency nature *for use in addressing any net Revenue and Operating Fund shortfalls*. The cash flow portion of the reserve will be a minimum of ~~three~~ *five* percent of the approved annual expenditure budget minus debt *with use, in any given year of up to 50% of the balance with PAB approval*.

Additional emergency funding will be maintained in the Catastrophic Events project and in General Park Improvement Emergency sub-project. The emergency portion of the reserve will be at least two percent of the approved annual expenditure budget of the Park Revenue ~~and Operating~~ Fund. The Managed *Revenue and Operating Fund Stabilization* Reserve *and related Emergency projects* shall be adjusted annually at the time the budget is adopted *Carryover*.

- Net revenue generated from the fiscal year, above that needed *to pay debt service requirements* and sustain the reserves, will be committed as approved by the Park Authority Board. Funding priority will be given to the repair and renovation requirements of the Park Revenue *and Operating* Fund's facilities and for support of revenue generating programs. At the Board's direction, all, or a portion of the net revenue, will be appropriated annually to the Park Capital Improvement Fund or Revenue *Facilities Capital Sinking* Fund for future needs associated with the repair and renovation of Park Revenue *and Operating* Fund facilities and programs. Funding requirements will be reviewed and updated annually.
- These Financial Management Principles will be reviewed by the Park Authority Board annually.

Financial Management Principles

Park Authority Revenue and Operating Fund

The Park Authority Board (PAB) and staff have fiduciary responsibility for the Park Revenue and Operating Fund. The Financial Management Principles will form the basis for policy decisions affecting the Fund.

- Financial planning for the Park Revenue and Operating Fund will be consistent with the goals and objectives of the Authority and support the initiatives and strategies as reflected in the Authority's approved plans. Likewise, the Authority's goals and objectives which affect the Park Revenue and Operating Fund will be consistent with fund availability and financial projections.
- **The Authority will develop a financial management plan** for the Park Revenue and Operating Fund with a minimum of three out-year projections. The Plan will be updated at least annually and will be used as the basis for the development of budgets and revenue/fee schedules.
- The Park Authority budget process will ensure the highest possible accuracy of revenue projections and the review and evaluation of budget expenditure requirements. Annual budget plan submittals will meet all Fairfax County Department of Management and Budget requirements. All efforts will be made to optimize productivity for improved service delivery at the lowest possible cost levels to the fund.
- The annual operating budget will project and produce a positive cash balance for each fiscal year. A cost recovery ratio for the budget-planning year will be developed and integrated into the financial management plan.
- Management of the Park Revenue and Operating Fund for budgeting purposes will be at cost/profit center level so that each program and function is reviewed annually both for revenue projections and expenditure needs. Where possible, each cost center will produce net revenue and keep expenditures to the lowest possible levels.
- A Revenue and Operating Fund Stabilization Reserve will be maintained at a sufficient level to allow for yearly cash flow requirements and for use in addressing any net Revenue and Operating Fund shortfalls. The cash flow portion of the reserve will be a minimum of five percent of the approved annual expenditure budget minus debt with use, in any given year of up to 50% of the balance with PAB approval. Additional emergency funding will be maintained in the Catastrophic Events project and in General Park Improvement Emergency sub-project. The Revenue and Operating Fund

Stabilization Reserve and related Emergency projects shall be adjusted annually at Carryover.

- Net revenue generated from the fiscal year, above that needed to pay debt service requirements and sustain the reserves, will be committed as approved by the Park Authority Board. Funding priority will be given to the repair and renovation requirements of the Park Revenue and Operating Fund's facilities and for support of revenue generating programs. At the Board's direction, all, or a portion of the net revenue, will be appropriated annually to the Park Improvement Fund or Revenue Facilities Capital Sinking Fund for future needs associated with the repair and renovation of Park Revenue and Operating Fund facilities and programs. Funding requirements will be reviewed and updated annually.
- These Financial Management Principles will be reviewed by the Park Authority Board annually.

PAB FY 2015 Financial Calendar

July 1, 2014 **FY 2015 Budget Year begins**

- July 09 Admin, Management and Budget Committee (AMB) reviews: FY 2014 Carryover Budget Review for 10001, 30010, 30400, 80000, 80300; PAB approves Funding and Project Name Changes, Reserve restructuring and related transfers
- July 23 PAB approves FY 2014 Carryover items and changes to the Purchasing Resolution; Funding, Policy and Bond Committee (FPB) reviews the FY2014 Financial Sustainability Plan Initiatives update and IFC/Park Authority Definitions; AMB reviews the Financial Management Principle Revisions and is provided the FY 2015 Financial Calendar
- July 29 BOS shares the FY 2014 Carryover package with the public
- Late August Committee of the Whole meeting to discuss budget reduction exercise (8/20 and/or 8/27)
- September BOS approves FY 2014 Carryover and dollars become available
- September 10 AMB reviews the FY 2016 Budget Submissions, FY 2016-FY 2018 Financial Management Plan and any FY 2015/2016 Budget Impacts
- September 23 PAB approves FY 2016 Budgets and FMP, FY 2015 Budget impact plan if needed
- October 8 PAB Reviews 2015 Fee Calendar; Planning and Development Committee reviews the FY 2016-FY2020 Capital Improvement Program
- October 22 Fee Calendar is provided to the PAB
- November 5 AMB, reviews First Quarter updates and Review of potential fee adjustments for FY 2015
- November 12 PAB receives First Quarter updates
- December 3 AMB reviews the Advertised Fee Proposal Package for FY2015 and confirms the public meeting date (typically late January);
- January 7, 2015 PAB reviews the Advertised Fee Proposal Package and approves the Public Meeting date for fees (January 28 proposed), receives the Annual Financial Report (CAFR) as of June 30, 2014, and Presentation of the Certificate of Achievement for Excellence in Financial Reporting
- February County Executive presents the FY 2016 Proposed Budget and CIP; FPB discussions begin with the PAB on the 2016 Bond
- February 26 AMB reviews Second Quarter updates and Third Quarter Budget items and the FY 2015 Fee Adjustment Package

As of July 23, 2014

PAB FY 2015 Financial Calendar

March 11	PAB reviews the Second Quarter updates, Third Quarter Budget items and the FY2015 Fee Adjustment Packages
March	Planning Commission hearings on FY 2016 – FY 2020 CIP
March	BOS meeting – Third Quarter Budget discussion PAB receives the FY 2015 Advertised Budget Plan Memorandum and approves the FY2015 Fee Adjustments
April	BOS Public hearings on proposed FY 2016 Budget
April	BOS FY2015 Third Quarter approved, FY 2016 Budget Mark up
April	BOS Formal Adoption of the FY2016 Budget
May	AMB reviews any policy changes if needed, FY2016 Adopted Budgets, FY2015 Third Quarter Updates and the Draft FY 2016 – FY 2018 Financial Management Plan
June 30	FY 2015 Closes