



Midpeninsula Regional
Open Space District

R-13-35
Meeting 13-07
March 13, 2013

AGENDA ITEM 5A

AGENDA ITEM

Adoption of the Midpeninsula Regional Open Space District Fiscal Year 2013-14 Action Plan and Budget

ACTION PLAN AND BUDGET COMMITTEE RECOMMENDATION

The Action Plan and Budget Committee (ABC) recommends:

1. The Board adopt the Midpeninsula Regional Open Space District Fiscal Year 2013-14 (FY2013-14) Action Plan and Budget recommended by the General Manager (Items 5B and 5C). Prior to adopting the Budget, the ABC recommends the Board carefully consider the addition of permanent positions.
2. Staff provide an annual status update on the balance and use of accumulated revenues from the Rancho San Antonio Agreement with Santa Clara County.

SUMMARY

The ABC and staff met four times in February and March 2013 to review the FY2013-14 Proposed Action Plan and Budget. Based on the Controller's projection of \$30.05 million in property tax revenue, combined with the recommended use of funds from the Rancho San Antonio Agreement with Santa Clara County for one-time expenses, the final budget being submitted to the full Board remains within the targets for both the Operating and Capital Budget guidelines. The action plan that accompanies the budget reflects the focus on implementation of the District Strategic Plan through development of the Vision Plan and the Capital Finance Project.

DISCUSSION

The ABC is tasked with reviewing the proposed annual District budget to ensure fiscal responsibility, while providing the financial resources required to accomplish the District's work program as described in the annual District Action Plan. In addition, the ABC reviews and ensures that the recommendations from the previous year have either been accomplished or deferred to the following year.

During February and March 2013, the ABC met four times with the General Manager, District Controller, department managers, and various staff. The District Controller is projecting \$30.05

million in property tax revenue for FY2013-14, an increase of 5.1% over the prior fiscal year, and has maintained the Operating Expense (OpEx) Guideline of 55% of property tax revenue (\$17.23 million) for FY2013-14. The proposed FY2013-14 operating budget is \$17.4 million which exceeds the 55% OpEx spending guideline by \$230,000. To offset this overage, the General Manager recommends the use of \$230,000 in funds from the Rancho San Antonio Agreement with Santa Clara County to cover one-time expenses related to air-monitoring and legal costs associated with the Lehigh project. This would allow the OpEx Budget to remain within the OpEx Guideline. The Capital Expenditure (CapEx) Guideline remains at 10.5% of property tax revenue and the four-year running average used to prepare this budget is 6.9%, well below the guideline.

At the February 27, 2013 Board Meeting, staff presented the Proposed FY2013-14 Budget of \$40,794,522 (Report R-13-27). Since then, an Assistant General Manager position (\$183,000) has been added at the Board's direction and at the March 7, 2013 ABC meeting, the General Counsel and General Manager requested an additional \$30,000 for expanded legal services from Liebert Cassidy Whitmore for enhanced labor relations and human resources advising. Offsetting these expenses, as noted above, is the recommended use of funds from the Rancho San Antonio Agreement for one-time expenses. These changes result in a final FY2013-14 District Budget of \$41,006,413.

On March 7, 2013, staff presented the ABC with the District's proposed FY2013-14 expenditure budget of \$41,006,413. The budget reflects continued implementation of the District Strategic Plan with a heavy focus on development of the Vision Plan and the Capital Finance Project; the second year of implementation of the Classification and Compensation Study recommendations; a 3% salary increase partially offset by a 2% reduction in District paid employee retirement contributions; and a proposed staffing increase of 4.0 positions, 2.5 of which are permanent. The ABC confirmed the District's ability to sustain the cost increases related to these changes by reviewing staff's five-year OpEx Forecast and the Controller's property tax revenue and cash flow projections.

In order to develop an action plan that realistically reflects organizational capacity, staff conducted a detailed analysis of the estimated staff time required for various activities, including core functions and key projects. As a part of this analysis, many projects impacting most or all departments were moved to the District-wide program to more accurately reflect the required staff resources. The result is 24 District-wide key projects and a significantly reduced number of departmental priority one projects.

While revenues are projected to experience annual increases for the foreseeable future, the Board must still carefully consider the addition of positions to ensure they are necessary and sustainable. As part of the ABC's review of the FY2013-14 Proposed Budget, the Committee reviewed the following proposed position additions:

- Assistant General Manager (1.0 permanent FTE) – After evaluating the District's aggressive workplan over the next few years, the Board recommended the addition of a second Assistant General Manager to support the General Manager and staff.

- Administrative Assistant (1.0 permanent FTE) – An Administrative Assistant would perform data entry in support of the new IAFS (Integrated Accounting and Finance Software system) and would be shared by the Planning and Natural Resources Departments
- Volunteer Program Lead (VPL) (0.5 permanent FTE) – This position would increase from part-time to full-time to support the District’s growing volunteer programs.
- Temporary GIS Intern (0.5 temporary FTE) – A temporary GIS Intern in the Planning Department would backfill permanent staff working on the Vision Plan project. This position is outside the OpEx guideline.
- Limited-Term Project Manager (1.0 temporary FTE) – A new position would work on various projects in the Operations Department, enabling the Planning Department to focus on the Vision Plan. This position would be charged to the capital budget.

After reviewing the budgetary impact of these position additions at its March 7, 2013 meeting, the ABC has confirmed the financial sustainability of the positions and recommends the Board approve them as part of the FY2013-14 Proposed Budget.

The ABC has reviewed the FY2013-14 Proposed District Action Plan and Budget and ensured they meet the District budgetary guidelines. The ABC recommends the Board approve the general Manager’s proposed annual Action Plan and Budget.

FISCAL IMPACT

Approval of the proposed FY2013-14 Budget by the Board will authorize \$41,006,413 to accomplish the District’s work plan for FY2013-14.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. No additional notice is required.

CEQA COMPLIANCE

This proposed action is not a project under the California Environmental Quality Act (CEQA) and no environmental review is required.

NEXT STEPS

If approved by the Board, staff will begin implementing the FY2013-14 Action Plan and Budget effective April 1, 2013.

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