



Midpeninsula Regional
Open Space District

R-14-58
Meeting 14-09
March 26, 2014

AGENDA ITEM 4A

AGENDA ITEM

Adoption of the Midpeninsula Regional Open Space District Fiscal Year 2014-15 Action Plan and Budget

ACTION PLAN AND BUDGET COMMITTEE RECOMMENDATIONS

1. Adopt the Midpeninsula Regional Open Space District Fiscal Year 2014-15 Action Plan and Budget as proposed by the General Manager (Refer to Items B and C).
2. Direct the General Manager to:
 - a. Evaluate changing the District's fiscal year start date from April 1 to July 1.
 - b. Identify a mechanism for the Board to (1) identify new potential Action Plan projects ahead of the yearly Action Plan development process and (2) consider activating deferred projects for inclusion in the annual Action Plan.

SUMMARY

The Action Plan & Budget Committee (ABC) and staff met three times in February 2014 to review the District Fiscal Year 2014-15 (FY2014-15) Proposed Action Plan and Budget. Based on the Controller's projection of \$32.9 million in property tax revenue, the final proposed budget remains within the guideline targets for both the Operating and Capital Budgets. The action plan that accompanies the budget reflects an ongoing focus on the implementation of the District's Strategic Plan (i.e., Vision Plan Implementation Guide, Evaluation of the Business Model, and Capital Finance Program). Unique this year and included in the budget are the election expenses for the General Obligation Bond funding measure that will be placed on the June 2014 ballot.

BACKGROUND

The ABC is tasked with reviewing the proposed annual District budget to ensure fiscal responsibility and the allocation of sufficient financial resources to accomplish the District's annual action plan. In doing so, the ABC also ensures that the action plan and budget are clearly linked, with the action plan informing the budget allocations. In addition, the ABC reviews any pending ABC action items from the previous year and identifies new potential items for inclusion, and recommends to the Board those that should be accomplished during that fiscal year versus defer to the following fiscal year.

DISCUSSION

During February 2014, the ABC met three times with the General Manager, department managers, and various staff to review the District's FY2014-15 Proposed Action Plan and

Budget. The FY2014-15 Proposed Action Plan includes 96 Key Projects, down from 110 in the prior year, and reflects a continued focus on implementing the District's Strategic Plan.

For FY2014-15, the District Controller is projecting \$32.91 million in property tax revenue, an increase of 6.6% over the prior fiscal year, and has set the Operating Expense (OpEx) Guideline at 55.5% of the FY2014-15 projected property tax revenue. The proposed FY2014-15 operating budget totals \$18.65 million and is slightly below the OpEx target of \$18.7 million. The Capital Expenditure (CapEx) Guideline is set at 10.5% of property tax revenue and the five-year moving average used to prepare this budget is 7.9%, well below the guideline. Supplementing the \$32.9 million in property tax revenue is other revenue, grant income, and cash reserves for a total of \$43.9 million to cover the FY2014-15 proposed expenses.

On February 6, 2014, the ABC reviewed the District's proposed FY2014-15 Budget of \$43.9 million, which includes the following key components:

- Continued implementation of the District's Strategic Plan with a focus on the Vision Plan Implementation Guide, Evaluation of the Business Model, and Capital Finance Program, including a General Obligation Bond measure for the June 2014 ballot.
- A 3% salary increase that is partially offset by: 1) elimination of District paid employee retirement contributions; and 2) an 8.5% reduction in the employer-paid retirement contribution.
- A proposed net staffing increase of 4.5 positions, 2.0 of which are regular, 2.5 of which are temporary.

The ABC confirmed the District's ability to sustain the cost increases related to these changes through its review of staff's Five-Year OpEx Forecast and the Controller's property tax revenue and cash flow projections. While revenues are projected to experience future annual increases that can sustain the additional proposed staff, the Board also carefully considers whether the position additions are necessary. As part of the Proposed FY2014-15 Budget, the ABC reviewed the following proposed position additions and explanation of need:

- Equipment Mechanic Operator (EMO) (1.0 regular FTE) – The addition of a regular Equipment Mechanic Operator to help address the backlog of maintenance projects, assist with the expansion of capital improvement projects, and execute repairs on newly purchased properties.
- Open Space Technician (OST) (1.0 regular FTE) – A new regular Open Space Technician to address the growing need for repairs and improvements on new properties as well as conduct routine maintenance on the District's growing trail system.
- Resource Management Specialist II (1.0 regular FTE) – A temporary Resource Management Specialist I would be deleted to offset the addition of a regular II position to provide expertise and capacity to administer the District's growing Grazing and Agricultural Use Programs (net-zero position impact).
- Real Property Assistant (1.0 temporary FTE) – A one-year temporary Real Property Assistant to assist in addressing the backlog of property management issues that have remained deferred over the last year due to the redeployment of staff to manage the Capital Finance Project.

- Human Resource Analyst I (1.0 temporary FTE) – A one-year temporary HR Analyst to provide added capacity in all areas of the Human Resources Department and allow existing staff to focus on upcoming negotiations, the Business Model Evaluation Project, and other ongoing Human Resources functions.
- Public Affairs Assistant (1.0 temporary FTE) – A half-time intern position would be converted to a full-time temporary Public Affairs Assistant for one-year to focus on public outreach and education to successfully implement the District’s Strategic Plan.
- Capital Project Manager (1.0 temporary FTE) – The temporary Capital Project Manager for the Operations Department approved by the Board for FY2013-14 would be extended for another year to complete capital projects started in FY2013-14.

BOARD COMMITTEE REVIEW

The information provided as part of this agenda item was reviewed by the ABC on February 4, February 6, and February 11, 2014. This Agenda Report was also reviewed by the ABC.

ABC Recommendations:

1. Adopt the Proposed FY2014-15 Action Plan and Budget – The ABC has reviewed the Proposed FY2014-15 District Action Plan and Budget and confirmed that both meet District budgetary guidelines. The ABC recommends the Board approve the General Manager’s Proposed FY2014-15 Action Plan and Budget, including the position additions listed above.
2. Evaluate Changes to the Fiscal Year – The District’s fiscal year begins on April 1 while most other public agencies start their fiscal year on July 1, including San Mateo and Santa Clara Counties and CalPERS. The ABC recommends that the General Manager evaluate changing the District’s fiscal year to begin July 1 to enable the District to better project revenues and expenses, and create other operational efficiencies.
3. Board Input on Action Plan Projects – During its review of the FY2014-15 Proposed Action Plan, the ABC discussed a desire to create a process by which the Board can identify potential new Action Plan projects ahead of the annual action plan development process. The ABC also identified a desire to include a means by which the Board can consider activating previously deferred projects for inclusion in the annual Action Plan. The Committee therefore recommends that the General Manager identify an appropriate process and schedule for the Board to identify project priorities and consider previously deferred projects for inclusion in the annual action plan.

FISCAL IMPACT

Approval of the proposed FY2014-15 Budget by the Board would authorize \$43,920,271 to accomplish the District’s work plan for FY2014-15.

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 would begin implementing the FY2014-15 Action Plan and Budget effective April 1, 2014.

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