



Midpeninsula Regional
Open Space District

R-15-46
Meeting 15-07
March 25, 2015

AGENDA ITEM 9A

AGENDA ITEM

Fiscal Year 2015-16 Action Plan and Budget

ACTION PLAN AND BUDGET COMMITTEE RECOMMENDATION

Adopt the Midpeninsula Regional Open Space District (District) Fiscal Year 2015-16 Action Plan and Budget as proposed by the General Manager (Refer to Item B).

SUMMARY

The Proposed District Fiscal Year 2015-16 (FY2015-16) Action Plan and Budget reflects 157 action plan projects and a proposed budget of \$55.8 million. The significant increase in the number of projects and total budget over the prior year is largely attributable to Measure AA. The proposed budget includes five new positions to support core functions and support systems, and four new positions recommended as part of the Financial and Operational Sustainability Model Study.

BACKGROUND

The ABC is tasked with reviewing the proposed annual District Action Plan and Budget to ensure implementation of the Board's policy direction, fiscal responsibility, and the allocation of sufficient financial resources to accomplish the annual work 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 potential new items for inclusion in the following fiscal year.

DISCUSSION

Action Plan

During January and February 2015, the ABC met three times with the General Manager, department managers, and various staff to review the proposed FY2015-16 Action Plan and Budget. The proposed FY2015-16 Action Plan includes 157 Key Projects, a significant increase (64%) from the prior year's 96 projects, and reflects the first full year of Measure AA project implementation (41 projects). Additionally, the number of non-Measure AA projects also increased and include projects focused on public outreach, staff facilities, information technology, and administrative efficiencies, many of which are first tier high priority implementation projects that are being recommended by the Financial and Organizational Sustainability Model (FOSM) Study.

To provide adequate capacity to accomplish these projects, the General Manager is proposing the addition of nine new positions for FY2015-16, which would supplement the five added as part of the FY2014-15 Midyear Budget. Even with the additional 14 positions, the FY2015-16 Action Plan is very ambitious, especially with the parallel implementation of the FOSM recommendations. The ABC recommends having the General Manager reassess the Action Plan as the year progresses, and bring forward to the Board any recommended adjustments to align the Action Plan with organizational capacity. While project completion is important, equally important is implementing the FOSM recommendations so that the organization is optimally structured to effectively deliver Measure AA projects. In addition, the ABC also recommends a further streamlined Midyear Review that focuses more on providing a status update of the approved Action Plan and Budget rather than including many new projects and initiatives with associated budget adjustments.

Budget

The District Controller is projecting \$36.31 million in property tax revenue, an increase of 7.6% over the prior fiscal year, and is estimating \$44.65 million from the first tranche of the Measure AA general obligation bonds.

The Proposed FY2015-16 Budget totals \$55.8 million, of which, \$18.0 million in capital projects and land acquisition is funded by Measure AA.

Key changes, by budget category, of the FY2015-16 Budget from FY2014-15 include:

- Operating Budget – The operating budget is proposed to increase by \$2.3 million to \$21.2 million, partially offset by a \$1.3 million reduction in staff costs covered by Measure AA. The 12% increase primarily results from the addition of nine new positions (see below) and the shift of over \$500,000 from the capital to the operating budget, reflecting the increased capitalization threshold.
- Capital Budget – The capital budget of \$10.4 million reflects a \$5.5 million increase (113%) due to Measure AA funding.
- Land and Associated Costs – The proposed land budget totals \$12.3 million, an increase of \$3.0 million (32%), almost all of which is funded by Measure AA.
- Property Management – Due the significant water system and rental residences improvement needs, the property management budget is proposed to increase by \$325,000 (69%) to \$795,244.
- Debt Service – The \$11.1 million in debt service includes the District's existing debt as well as estimated interest payments on the first tranche of Measure AA bonds.

Positions

An additional nine positions are proposed for FY2015-16 to address a core function gap, to begin implementing the new FOSM organizational structure, and/or to provide much needed support to effectively manage the large ramp up of projects. The position titles are listed below and descriptions can be found in the February 25, 2015 Board Report: Initial Review of the Proposed Action Plan and Budget for FY2015-16 (R-15-33). The ABC confirmed the District's ability to sustain the cost increases related to these positions through its review of the Controller's revenue and cash flow projections.

Core Function Gap

1. Legislative and External Affairs Specialist

FOSM Recommendation

2. Chief Financial Officer/administrative Services Director
3. Engineering and Construction Manager
4. Information Systems Division Manager
5. Special Projects Manager

Support Systems

6. Geographic Information Systems Specialist
7. Information Technology Specialist
8. Ranger
9. Supervising Ranger

BOARD COMMITTEE REVIEW

The information provided as part of this agenda item was reviewed by the ABC on January 29, February 3, and February 5, 2015. This Agenda Report was also reviewed by the ABC.

FISCAL IMPACT

Approval of the proposed FY2015-16 Budget by the Board would authorize \$55,764,246 to accomplish the proposed FY2015-16 Action Plan.

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, the General Manager would begin implementing the FY2015-16 Action Plan and Budget effective April 1, 2015.

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