



Midpeninsula Regional  
Open Space District

R-21-151  
Meeting 21-31  
November 10, 2021

## AGENDA ITEM 4

### AGENDA ITEM

Quarter 1 Proposed Budget Amendments to the Fiscal Year ending June 30, 2022

### GENERAL MANAGER'S RECOMMENDATION

Adopt a resolution approving the proposed Quarter 1 budget amendments for the fiscal year ending June 30, 2022.

### SUMMARY

This report presents the Quarter 1 (Q1) proposed budget amendments by fund for both revenue and expense. Proposed revenue budget adjustments for the fiscal year ending June 30, 2022 (FY22) increase revenue by \$1,420,000 to make the Fund 10 property tax revenue budget consistent with estimates provided by the Controller and to reflect the newly awarded State Coastal Conservancy grant of \$400,000. Proposed Q1 FY22 expenditure budget adjustments for services, supplies and capital improvements result in a \$2.2 million net increase from the amended budget. This increase is primarily due to invoicing delays in FY21 that shifted some expenses into FY22 for the *New Administrative Office (AO) Facility (31202)* project. The budget adjustments also include net-zero budget shifts between funds, projects and expenditure categories in the proposed budget adjustments.

The quarterly budget amendment process includes an evaluation of the year-to-date financial performance to highlight any potential material changes on future financial performance expectations for Board consideration. The Q1 review of financial performance and economic conditions indicates that the expected financial performance remains in line with longer-term financial projections (see Attachments 5 and 6 for supporting commentary and schedules).

### DISCUSSION

The Board adopted the FY22 Budget and Action Plan on June 9, 2021 (R-21-72) with a total budget of \$89.6 million. Prior Board-approved adjustments have brought the FY22 amended budget to \$88.8 million. The proposed Q1 adjustments increase this number by \$2.2 million to \$91 million (see Table 2). The original FY22 revenues were projected at \$69.2 million. Based on revised projections, revenues are now estimated at \$70.5 million (see Table 1).

### Proposed FY22 Budget Quarter 1 Amendments – Revenues

The adopted FY22 revenue budget was \$69.2 million. On August 11, 2021 (R-21-104) the Board authorized a decrease in the grant revenue budget by \$75,000 to align with a reduction in project scope done to recalibrate the FY22 workload, resulting in a decrease in project expenses for

*Phase II Trail Improvements at Bear Creek Redwoods Open Space Preserve (MAA21-011)*. The proposed Q1 revenue adjustments include an increase of \$1,020,000 to bring the General Fund Operating (Fund 10) property tax revenue budget in alignment with revised estimates provided by the Controller. It also includes an increase of \$400,000 in General Fund Operating (Fund 10) grant revenue to reflect the newly awarded State Coastal Conservancy grant for the Forest Health & Wildfire - Wildland Fire Resiliency (61028) project. These increases bring the amended FY22 revenue budget to \$70.5 million, or \$1.3 million above the adopted revenue budget. Table 1 lists the projected revenue by Fund, including amendments to date.

**Table 1: Summary of Projected FY22 Revenue**

| DISTRICT REVENUE BY FUND & CATEGORY        | FY22 Adopted Budget | YTD Approved Budget Amendments | Amended Budget (as of 9/30/2021) | Quarter 1 Proposed Budget Amendments | FY22 Proposed Amended Budget |
|--|---------------------|--------------------------------|----------------------------------|--------------------------------------|------------------------------|
| <b>General Fund Operating (Fund 10)</b>    | <b>\$60,291,232</b> | <b>\$0</b>                     | <b>\$60,291,232</b>              | <b>\$1,420,000</b>                   | <b>\$61,711,232</b>          |
| Property Tax                               | 57,778,577          |                                | 57,778,577                       | 1,020,000                            | 58,798,577                   |
| Grants                                     | 314,000             |                                | 314,000                          | 400,000                              | 714,000                      |
| Interest Income                            | 465,000             |                                | 465,000                          |                                      | 465,000                      |
| Rental Income                              | 1,239,100           |                                | 1,239,100                        |                                      | 1,239,100                    |
| Rancho San Antonio Agreement               | 394,555             |                                | 394,555                          |                                      | 394,555                      |
| Miscellaneous                              | 100,000             |                                | 100,000                          |                                      | 100,000                      |
| <b>Hawthorns (Fund 20)</b>                 | <b>\$5,000</b>      | <b>\$0</b>                     | <b>\$5,000</b>                   | <b>\$0</b>                           | <b>\$5,000</b>               |
| Interest Income                            | 5,000               |                                | 5,000                            |                                      | 5,000                        |
| <b>Measure AA Land/Capital (Fund 30)</b>   | <b>\$3,297,932</b>  | <b>(\$75,000)</b>              | <b>\$3,222,932</b>               | <b>\$0</b>                           | <b>\$3,222,932</b>           |
| Grants                                     | 3,088,932           | (75,000)                       | 3,013,932                        |                                      | 3,013,932                    |
| Interest Income                            | 209,000             |                                | 209,000                          |                                      | 209,000                      |
| <b>General Fund Land/Capital (Fund 40)</b> | <b>\$0</b>          | <b>\$0</b>                     | <b>\$0</b>                       | <b>\$0</b>                           | <b>\$0</b>                   |
| Grants                                     | 0                   |                                |                                  |                                      |                              |
| <b>Debt Service Fund (Fund 50)</b>         | <b>\$5,579,000</b>  | <b>\$0</b>                     | <b>\$5,579,000</b>               | <b>\$0</b>                           | <b>5,579,000</b>             |
| Property Tax                               | 5,560,000           |                                | 5,560,000                        |                                      | 5,560,000                    |
| Interest Income                            | 19,000              |                                | 19,000                           |                                      | 19,000                       |
| <b>TOTAL DISTRICT REVENUE</b>              | <b>\$69,173,164</b> | <b>(\$75,000)</b>              | <b>\$69,098,164</b>              | <b>\$1,420,000</b>                   | <b>\$70,518,164</b>          |

**Proposed Quarter 1 Amendments to the FY22 Budget – Expenses**

The proposed Q1 budget amendments result in a net increase of \$2.2 million, bringing the total new amended FY22 Budget to \$91,037,772. Table 2 summarizes the FY22 adopted budget and proposed Q1 budget amendments by Fund. A summary of changes by fund follows Table 2.

**Table 2: Summary of FY22 Budget by Fund**

| DISTRICT BUDGET BY FUNDING SOURCE   | FY22 Adopted Budget | YTD Approved Budget Amendments | Amended Budget (as of 9/30/2021) | Quarter 1 Proposed Budget Amendments | FY22 Proposed Amended Budget |
|-------------------------------------|---------------------|--------------------------------|----------------------------------|--------------------------------------|------------------------------|
| Fund 10 - General Fund Operating    | \$41,413,605        | (\$190,000)                    | \$41,223,605                     | (\$55,550)                           | \$41,168,055                 |
| Fund 20 - Hawthorn Fund             | \$124,500           | \$0                            | \$124,500                        | \$0                                  | \$124,500                    |
| Fund 30 - MAA Land/Capital          | \$8,697,439         | (\$160,975)                    | \$8,536,464                      | \$200,225                            | \$8,736,689                  |
| Fund 40 - General Fund Land/Capital | \$23,360,120        | (\$504,500)                    | \$22,855,620                     | \$2,108,020                          | \$24,963,640                 |
| Fund 50 - Debt Service              | \$16,044,888        | \$0                            | \$16,044,888                     | \$0                                  | \$16,044,888                 |
| <b>Total</b>                        | <b>\$89,640,552</b> | <b>(\$855,475)</b>             | <b>\$88,785,077</b>              | <b>\$2,252,695</b>                   | <b>\$91,037,772</b>          |

The General Fund Operating (Fund 10) budget is proposed to decrease by a net of \$55,500 primarily due to the following:

- The allocation of \$77,300 more in Measure AA (MAA)-reimbursable labor funding from Fund 10 general salaries to the Fund 30 *Phase II Loop Trails, Lower La Honda Creek OSP (MAA07-011)* project because more crew time was needed to complete the MAA project.
- The addition of \$43,000 to the *Website Redesign (40011)* project. The project was delayed due to COVID-19 disruptions, staff vacancies and an opportunity to expand the scope to create a better site. Therefore, the project was not completed in FY21 as originally anticipated. As of the date of this report, the new redesigned website has launched and is actively in use.

The Measure AA Capital (Fund 30) budget is increasing by a net of \$200,225 primarily due to:

- The addition of \$106,475 to the *Mindego Ranch South Pasture (MAA09-006)* project. The project was not completed last fiscal year because the contractor had a delay getting their cost-share funding from the Natural Resources Conservation Service for this work. The work will now take place this fiscal year.
- The addition of \$77,300 more in MAA-reimbursable labor funding to the *Phase II Loop Trails, Lower La Honda Creek OSP (MAA07-011)* project because more crew time was needed to complete the MAA project.

The General Fund Capital (Fund 40) budget is increasing by \$2,108,020 primarily due to:

- The addition of \$2,027,102 to the *New Administrative Office (AO) Facility (31202)* project. Due to the timing of invoice submittals, less was spent on construction than originally anticipated in FY21. This is not an increase to the overall project budget, it is only a carryover of certain invoice payments from FY21 to FY22.

The proposed budget amendments listed above (see Attachment 2 for full list) require Board approval per Board policy *3.04 Budget and Expenditure Authority*.

**FISCAL IMPACT**

The original projection for FY22 revenue was \$69,173,164. The total amended revenues are now estimated at \$70,518,164. The District retains \$23,480,267 in other funding sources, resulting in a total of \$93,998,431 in available funding. The FY22 proposed Q1 budget amendments result in a net budget increase of \$2,252,695 and a new amended budget of \$91,037,772.

Table 4 below summarizes the FY22 estimated change in fund balance as a positive change, with a resulting total fund balance of \$2,960,659.

**Table 4: FY22 Estimated Change in Fund Balance**

| FY22 Estimated Change in Fund Balance | Fund 10 General Fund | Fund 20 Hawthorn | Fund 30 Measure AA Capital | Fund 40 General Fund Capital | Fund 50 Debt Service | Total        |
|---------------------------------------|----------------------|------------------|----------------------------|------------------------------|----------------------|--------------|
| Total Amended Revenues                | \$61,711,232         | \$5,000          | \$3,222,932                | \$0                          | \$5,579,000          | \$70,518,164 |

|  |                     |                  |                    |                     |                     |                     |
|--|---------------------|------------------|--------------------|---------------------|---------------------|---------------------|
| Total Amended Other Funding Sources                      | (18,060,855)        | 119,500          | 5,722,757          | 24,963,640          | 10,735,225          | 23,480,267          |
| <b>Grand Total: Revenues &amp; Other Funding Sources</b> | <b>\$43,650,377</b> | <b>\$124,500</b> | <b>\$8,945,689</b> | <b>\$24,963,640</b> | <b>\$16,314,225</b> | <b>\$93,998,431</b> |
| <b>Total Amended Expenses</b>                            | <b>\$41,168,055</b> | <b>\$124,500</b> | <b>\$8,736,689</b> | <b>\$24,963,640</b> | <b>\$16,044,888</b> | <b>\$91,037,772</b> |
| Adopted Change in Fund Balance                           | 765                 | 0                | 209,000            | 0                   | 269,337             | 479,102             |
| Net Change in Fund Balance                               | 2,481,557           | 0                | 0                  | (0)                 | 0                   | 2,481,557           |
| <b>Amended Change in Fund Balance</b>                    | <b>\$2,482,322</b>  | <b>\$0</b>       | <b>\$209,000</b>   | <b>(\$0)</b>        | <b>\$269,337</b>    | <b>\$2,960,659</b>  |

## BOARD AND COMMITTEE REVIEW

- **December 7, 2020:** Board adoption of the FY22 Strategic Plan Goals and Objectives ([R-20-112](#), [minutes](#))
- **March 4, 2021:** Board review and affirmation of the FY22/FY23 Capital Improvement and Action Plan ([R-21-33](#), [minutes](#))
- **April 29, 2021:** Overview of the Proposed Fiscal Year 2021-22 Budget and Action Plan ([R-21-57](#), [minutes](#))
- **May 4, 2021:** Continuation of the Overview of the Proposed Fiscal Year 2021-22 Budget and Action Plan ([R-21-57](#), draft minutes (Attachment 7))
- **May 12, 2021:** Approval of a New Field Resource Specialist Position to Implement the Wildland Fire Resiliency Program ([R-21-60](#), [minutes](#))
- **May 26, 2021:** Overview of the Proposed Fiscal Year 2021-22 Budget and Action Plan ([R-21-68](#), [minutes](#))
- **June 9, 2021:** Fiscal Year 2021-22 Budget and Capital Improvement and Action Plan ([R-21-72](#), [minutes](#))
- **August 11, 2021:** Proposed Amendments to the Fiscal Year 2021-22 Capital Improvement & Action Plan (CIAP) and Budget ([R-21-104](#), [minutes](#))
- **August 25, 2021:** Award of Contract to CVE Demolition, Inc., for Demolition Work at the former Billingsley and Burton Properties in Sierra Azul Open Space Preserve ([R-21-114](#), [minutes](#)). As part of this item, the Board amended the FY22 Capital Improvement and Action Plan to add the *Burton Property Site Cleanup (MAA25-003)* project with an increase of \$109,025 to MAA Portfolio 25 *Sierra Azul: Loma Prieta Area Public Access, Regional Trails and Habitat Projects*.

## PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

## CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

**NEXT STEPS**

Upon Board approval, staff will make the necessary Budget amendments.

Attachments:

1. Resolution Amending the FY22 Budget by Fund
2. FY22 Quarter 1 Budget Amendments by Fund and Project
3. FY22 Quarter 1 Budget Amendments by Department & Budget Category
4. FY22 Quarter 1 Budget Amendments Detail by GL Account
5. Q1 FY22 Financial Performance Comments
6. Q1 FY22 Budget Performance Report - "Green Report"
7. Draft Budget and Action Plan meeting minutes for May 4, 2021

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