



Midpeninsula Regional
Open Space District

R-11-43
Meeting 11-07
March 23, 2011

AGENDA ITEM 8A

AGENDA ITEM

Approval of the of Fiscal Year 2011-12 (FY2011-12) Budget

ADMINISTRATION AND BUDGET COMMITTEE RECOMMENDATIONS

The Administration and Budget Committee (ABC) recommends that the Board:

1. Adopt the FY2011-12 Action Plan and Budget.
2. Direct staff to develop a more streamlined mid-year budget process that will be reviewed with the ABC in advance of implementation.
3. Direct staff to develop a five-year CapEx forecast to be incorporated into the FY2012-13 District budget process.
4. Direct staff to develop and implement a plan in conjunction with our state legislators to provide the District with authorization to utilize a 30 year note option to finance debt.

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 January and February 2011, the ABC met four times with the General Manager, District Controller, the department managers, and various staff. The District Controller is projecting a slight growth in property tax revenue over the next five years. Due to the limited 1% growth projected for FY2011-12, the Controller recommended the FY2011-12 Operating Expense (OpEx) Budget not exceed \$14.5 million or approximately 51% of projected tax revenue. Additionally, the Controller included bond sale income of \$20.5 million in August 2011 to fund land acquisitions and other capital expenditures from 2011 through 2013. This bond sale was deferred from FY2010-11 due to unfavorable conditions in the municipal bond market.

Using the Controller's revenue projections, staff presented the ABC with a five-year OpEx Forecast which included assumptions regarding cost increases related to salary cost-of-living-

adjustments, retirement contributions, and medical insurance, as well as staffing additions to maintain service levels. This new element of the District's annual budget process enables the Board to understand the long-term implications of its financial decisions and adopt a fiscally responsible budget.

After reviewing the FY2011-12 Proposed District Budget, the ABC then reviewed individual department Action Plans and budgets and ensured they met the District budgetary guidelines. A review of the FY2010-11 ABC recommendations confirmed that all have been implemented.

FISCAL IMPACT

Approval of the proposed FY2011-12 Budget by the Board will authorize \$43,599,758 to accomplish the District's work plan for FY2011-12.

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 and no environmental review is required.

NEXT STEPS

If approved by the Board, staff will begin implementing the FY2011-12 Action Plan and Budget effective April 1, 2011.

Prepared by:
Kate Drayson, Administrative Services Manager

Contact person:
Curt Riffle, Chair - Administration and Budget Committee