



Midpeninsula Regional
Open Space District

R-11-68
Meeting 11-17
June 22, 2011

AGENDA ITEM 5A

AGENDA ITEM

Year-End Review of the Fiscal Year (FY) 2010-11 District Budget and Expenditures

GENERAL MANAGER'S RECOMMENDATION

Accept the Year-End Review of the FY2010-11 Budget and Expenditures

SUMMARY

For Fiscal year FY2010-11, forecasted District property tax revenue decreased by \$338,000 or 1.2% from the Adopted budget of \$27,865,000 to the Midyear budget of \$27,527,000. At the end of the FY2010-11, property tax revenue unexpectedly decreased another \$238,226 or 0.9% from the Midyear budget to \$27,288,774 (Unaudited Actuals). Total expenditures were \$33,363,803 or 79.8% of the Midyear budget of \$41,822,786. This is primarily due to under expenditures in property management, fixed assets and capital projects which ended the year \$2.3 million or 58.6% below budget, and land and associated expenses which were \$5.7 million or 36.5% below budget. Operating expenditures (OpEx) totaled \$13,730,647 or 96.8% of the Midyear budget of \$14,189,173, which represents 49.9% of property tax revenue. Due to the year-end property revenue decrease which could not be anticipated at midyear, the District's OpEx ended slightly higher than the 50.0% target at 50.3% of the year end property tax revenue (Unaudited Actuals). Capital expenditures (CapEx) totaled 4.2% of property tax revenue. The District did not exceed either the OpEx or CapEx Midyear targets of 50.0% and 10.5% of property tax revenue, respectively.

DISCUSSION

Revenues

As the economic recession continued into FY2010-11, the District experienced reduced revenues, resulting in the need for significant adjustments at the Midyear Budget Review. Property tax revenues, which were originally budgeted at \$27,865,000 in the Adopted Budget, were reduced by \$338,000 (1.2%) at Midyear and ended the year 0.9% below that amount at \$27,288,774.

Total District Expenditures

Reflecting continued fiscal discipline and expenditure management, the District's expenditures remained within its approved budget. Expenditures by category are listed in Table 1 below.

Table 1 – FY2010-11 District Budget and Expenditures

District Budget	2010-11 Adopted Budget	2010-11 Mid-Year Budget	2010-11 Actuals Revenue & Expenses (Unaudited)	Change 10-11 Actual vs. Mid- Year Budget	2010-11 Actual vs. Mid-Year Budget
Property Tax Revenue	27,865,000	27,527,000	27,288,774	238,226	99.1%
Salaries and Benefits	10,967,321	11,018,127	10,836,822	181,304	98.4%
Services and Supplies	2,956,129	2,851,046	2,603,580	247,466	91.3%
Fixed Assets	336,310	320,000	290,244	29,756	90.7%
Total Operating Budget	14,259,760	14,189,173	13,730,647	458,526	96.8%
Property Management	178,554	177,969	140,638	37,331	79.0%
Fixed Assets, Capital Improvement Projec	4,142,278	3,712,563	1,468,454	2,244,109	39.6%
Land + Assoc. Costs	15,656,500	15,656,500	9,937,483	5,719,017	63.5%
Debt Service	8,078,081	8,086,581	8,086,581	0	100.0%
Total Outside Operating Budget	28,055,413	27,633,613	19,633,156	8,000,457	71.0%
Total Expenditures	42,315,173	41,822,786	33,363,803	8,458,983	79.8%

The Midyear budget of \$41,822,786 was adopted by the Board at its December 8, 2010, Regular meeting (R-10-151). At the Midyear review, which reflected the five month period from April through August 2010, the Administration and Budget Committee (ABC) reviewed the District's Proposed Midyear Action Plan and Budget, as well as the work progress and expenditures to date.

Overall in FY2010-11, the District ended the year \$8.5 million or 20.2% below the total Midyear budget. However, when land purchases and debt service are excluded, total expenditures were below the Midyear budget by \$2.7 million or 15.2%. In addition:

- Salaries and benefits were \$0.2 million or 1.7% below budget;
- Services and supplies were \$0.25 million or 8.7% less than budget;
- Property management, fixed assets and capital projects were \$2.3 million or 58.6% below budget;
- Land and associated expenditures were \$5.7 million or 36.5% under budget.

(Attachment 1 – Budget Analysis, Operating and Non-Operating Expenses, provides additional information on the actual expenditures for FY2010-11.)

Fixed Assets and Capital Projects

Delays in fixed assets and capital projects resulted in expenditure savings for FY2010-11. Most of these projects will be completed in FY2011-12 including the new radio system (\$1.21 million), the Integrated Accounting and Financial System (\$250,000), and various planning projects totaling \$770,000. FY2010-11 capital expenditures totaled 4.2% of property tax revenue, net of grant income, and meet the District's new CapEx Guideline of 10.5% of Property Tax Revenue.

Land and Associated Costs

The District ended the year \$5.7 million under budget for new land purchases due to the continuation of landowner negotiations into FY2011-12. Additionally, \$3.09 million for the Silva property was assigned to the Peninsula Open Space Trust (POST) in order for the District to secure a purchase grant in FY2011-12. New land acquired by the District in FY2010-11 totaled \$9.9 million (includes purchases and gifts) for a total of 662 additional acres. These included additions to the Bear Creek Redwoods, Sierra Azul, Russian Ridge, and Monte Bello Open Space Preserves. Included in the \$9.9 million new land purchase is a \$1.25 million grant from Santa Clara County towards the land additions to the Monte Bello Preserve.

Operating Expenditures

The District operated with 108.5 actual FTEs (full-time equivalent) of the 109 budgeted FTEs. Salaries and benefits were below the Midyear budget by \$181,304 or 1.7%, reflecting low staff turnover and brief vacancies in positions that were subsequently filled.

Salary and benefits expenses for FY2010-11 expenses increased \$884,672 or 8.9% over FY2009-10; employee benefits costs accounted for a large portion of this increase, rising by 12.4% over FY2009-10 expenses. Salaries and benefits were 40% of property tax revenue for FY2010-11, compared to 36% for FY2009-10. This increase is largely due to the continuing growth in retirement and health insurance costs.

Services and supplies ended the year \$247,466 or 8.7% below budgeted levels primarily due to the lower than budgeted spending in contract services by the Operations, Public Affairs and Real Property departments.

Past Budget Performance

Table 2 presents a comparison of FY2010-11 budget performance to FY2008-09 and FY2009-10. The operating budget expenditures are very consistent, totaling between 95% and 97% annually. The *total* budget, however, has a much wider range (79% to 91%), reflecting the variation in land purchases and the deferral of key capital and fixed asset projects.

Table 2 – Past Performance

District Expenditures	FY2008-09 Budget	FY2008-09 Actuals	% Spent	FY2009-10 Budget	FY2009-10 Actuals	% Spent	FY2010-11 Budget	FY2010-11 Actuals	% Spent
Operating Expenses	\$12,995,651	\$12,437,605	95.71%	\$13,688,935	\$13,026,581	95.16%	\$14,189,173	\$13,730,647	96.77%
Total Expenditures	\$60,492,336	\$49,384,390	81.64%	\$43,694,359	\$39,444,981	90.27%	\$41,822,786	\$33,363,803	79.77%

FISCAL IMPACT

The Year-End review of the FY2010-11 budget has no fiscal impact on the FY2011-12 budget.

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 STEP

Prepare the FY2011-12 District Mid-year Budget

Attachment:

1. Budget Analysis, Operating and Non-Operating Expenses

Prepared by:

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Budget Analysis, Operating and Non-Operating Expenses										
Budget Analysis			2009-10 Adopted	2009-2010 Proposed Mid Year	2009-2010 Actual Expenses (Audited)	FY09-10 Actual Expenses vs. Mid Year	2010-11 Adopted Budget	2010-11 Mid Year Budget	2010-11 Actual Expenses (Unaudited)	FY10-11 Actual Expenses vs. Mid Year
PLANNING	Program 32	Salaries + Benefits	1,323,405	1,361,920	1,189,378	87.33%	1,384,711	1,395,363	1,357,464	97.28%
	Program 32 & 36	Services + Supplies ⁽¹⁾	66,527	64,358	38,712	60.15%	51,750	60,595	107,252	177.00%
SUBTOTAL, Operating Expenses			1,389,932	1,426,278	1,228,089	86.10%	1,436,461	1,455,958	1,464,716	100.60%
	Program 32 (CapEx)	Fixed Assets	7,000	6,500	6,295	96.85%	0	0	0	
	Program 37 (CapEx)	Mt. Umunuhum	0	0	8,518		425,278	740,353	624,641	84.37%
	Program 36 (CapEx)	Planning Projects	406,900	287,900	203,028	70.52%	353,000	309,000	82,921	26.84%
	Program 35 (CapEx)	Staff Facilities ⁽¹⁾	915,000	470,000	314,131	66.84%	507,000	307,000	181,633	59.16%
	Program 34 (CapEx)	Public Facilities/FEMA	687,600	460,715	260,620	56.57%	1,181,000	534,000	240,547	45.05%
	Program 38 (CapEx)	Unanticipated CIP	25,000	25,000	15,058	60.23%	25,000	25,000	20,500	82.00%
TOTAL, All Expenses			3,431,432	2,676,393	2,035,739	76.06%	3,927,739	3,371,311	2,614,958	77.57%
OPERATIONS		Salaries + Benefits	5,672,089	5,714,862	5,733,170	100.32%	6,107,851	6,124,593	6,137,247	100.21%
		Services + Supplies	1,825,981	1,868,445	1,752,535	93.80%	1,699,377	1,718,796	1,584,865	92.21%
		Fixed Assets	438,960	419,585	311,321	74.20%	336,310	320,000	290,244	90.70%
SUBTOTAL, Operating Expenses			7,937,030	8,002,892	7,797,026	97.43%	8,143,538	8,163,389	8,012,357	98.15%
	(CapEx)	Special Projects	950,000	350,000	86,826	24.81%	1,601,000	1,522,210	293,128	19.26%
TOTAL, All Expenses			8,887,030	8,352,892	7,883,852	94.38%	9,744,538	9,685,599	8,305,484	85.75%
PUBLIC AFFAIRS		Salaries + Benefits	774,611	792,186	783,580	98.91%	829,167	843,431	835,102	99.01%
		Services + Supplies	363,750	367,650	329,722	89.68%	354,348	349,348	284,915	81.56%
SUBTOTAL, Operating Expenses			1,138,361	1,159,836	1,113,302	95.99%	1,183,515	1,192,779	1,120,017	93.90%
TOTAL, All Expenses			1,138,361	1,159,836	1,113,302	95.99%	1,183,515	1,192,779	1,120,017	93.90%
REAL PROPERTY		Salaries + Benefits	528,141	535,168	535,132	99.99%	586,947	599,196	595,635	99.41%
		Services + Supplies	198,350	184,250	107,561	58.38%	167,840	136,340	41,804	30.66%
SUBTOTAL, Operating Expenses			726,491	719,418	642,692	89.33%	754,787	735,536	637,439	86.66%
		Property Management	142,027	152,614	143,665	94.14%	178,554	177,969	140,638	79.02%
		Debt	7,818,920	7,818,920	7,818,920	100.00%	8,078,081	8,086,581	8,086,581	100.00%
		Land + Ass. Costs	20,378,775	20,378,775	17,489,603	85.82%	15,656,500	15,656,500	9,937,483	63.47%
TOTAL, All Expenses			29,066,213	29,069,727	26,094,880	89.77%	24,667,922	24,656,586	18,802,141	76.26%
ADMINISTRATION		Salaries + Benefits	1,700,360	1,765,016	1,710,892	96.93%	2,058,645	2,055,544	1,911,373	92.99%
		Services + Supplies	607,826	595,495	534,579	89.77%	682,814	585,967	584,745	99.79%
SUBTOTAL, Operating Expenses			2,308,186	2,360,511	2,245,472	95.13%	2,741,459	2,641,511	2,496,119	94.50%
	(CapEx)	Fixed Assets	110,000	75,000	71,736	95.65%	50,000	275,000	25,084	9.12%
TOTAL, All Expenses			2,418,186	2,435,511	2,317,208	95.14%	2,791,459	2,916,511	2,521,203	86.45%
		Operating Budget (OpEx)	13,500,000	13,668,935	13,026,581	95.30%	14,259,760	14,189,173	13,730,647	96.77%
		Property Management	142,027	152,614	143,665	94.14%	178,554	177,969	140,638	79.02%
		Unanticipated CIP	25,000	25,000	15,058	60.23%	25,000	25,000	20,500	82.00%
		Public Access Facilities	687,600	460,715	260,620	56.57%	1,181,000	534,000	240,547	45.05%
		Staff Facilities	915,000	470,000	314,131	66.84%	507,000	307,000	181,633	59.16%
		Planning Projects	406,900	287,900	203,028	70.52%	353,000	309,000	82,921	26.84%
		Mt. Umunuhum	0	0	8,518		425,278	740,353	624,641	84.37%
		Special Projects	1,067,000	431,500	164,857	38.21%	1,651,000	1,797,210	318,212	17.71%
		Amount outside of Operating Budget	3,243,527	1,827,729	1,109,877	60.72%	4,320,832	3,890,532	1,609,092	41.36%
		Salaries and Benefits	9,998,606	10,169,152	9,952,151	97.87%	10,967,321	11,018,127	10,836,822	98.35%
		Services and Supplies	3,062,434	3,080,198	2,763,108	89.71%	2,956,129	2,851,046	2,603,580	91.32%
		Fixed Assets	438,960	419,585	311,321	74.20%	336,310	320,000	290,244	90.70%
		Subtotal (Operating Budget)	13,500,000	13,668,935	13,026,581	95.30%	14,259,760	14,189,173	13,730,647	96.77%
		Total Outside Operating Budget	3,243,527	1,827,729	1,109,877	60.72%	4,320,832	3,890,532	1,609,092	41.36%
		Subtotal (Full Operating Budget)	16,743,527	15,496,664	14,136,458	91.22%	18,580,592	18,079,705	15,339,739	84.85%
		Debt	7,818,920	7,818,920	7,818,920	100.00%	8,078,081	8,086,581	8,086,581	100.00%
		Subtotal (Includes Debt)	24,562,447	23,315,584	21,955,378	94.17%	26,658,673	26,166,286	23,426,320	89.53%
		Land + Assoc. Costs	20,378,775	20,378,775	17,489,603	85.82%	15,656,500	15,656,500	9,937,483	63.47%
		District Budget Total	44,941,222	43,694,359	39,444,981	90.27%	42,315,173	41,822,786	33,363,803	79.77%

(1) FY10-11 Actual Expenses: Planning Projects include a reclass of \$58,310 from Capital (Planning Projects) to Operating Expenses (Services & Supplies)