



Midpeninsula Regional
Open Space District

R-12-54
Meeting 12-20
June 27, 2012

AGENDA ITEM 6

AGENDA ITEM

Year-End Review of the Fiscal Year 2011-12 District Budget and Expenditures

GENERAL MANAGER'S RECOMMENDATION

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Accept the Year-End Review of the FY2011-12 Budget and Expenditures

SUMMARY

For Fiscal Year (FY)2011-12, District property tax revenue totaled \$28.7 million, a 4% increase over the Midyear forecast of \$27.6 million, and expenditures totaled \$37.1 million which is 13.7% below the Midyear budget of \$43.0 million. The District continued to exercise solid budget discipline and stayed well within both the OpEx and CapEx Budget Guidelines of 51.0% and 10.5% of property tax revenue, respectively. Overall spending patterns, in terms of both operating and total expenditures, were consistent with the spending patterns over the past three years.

DISCUSSION

Revenues

As the economy experienced modest growth in FY2011-12, District property tax revenues increased as well, resulting in a 4% increase over the Midyear forecast primarily due to greater than anticipated increases in secured property taxes from San Mateo County, reflecting appreciation in the property values.

Total District Expenditures

Continuing its history of fiscal discipline and expenditure management, the District's FY2011-12 expenditures remained within its approved budget. Expenditures by category are listed in Table 1 below.

Table 1 – FY2011-12 District Budget and Expenditures

District Budget	2011-12 Adopted Budget	2011-12 Mid-Year Budget	2011-12 Actuals (Unaudited)	Change 11-12 Actual vs. Mid- Year Budget	2011-12 Actual vs. Mid-Year Budget
Property Tax Revenue	27,640,000	27,619,000	28,737,153	1,118,153	4.0%
Expenditures					
Salaries and Benefits	11,567,010	11,534,388	11,069,856	-464,532	-4.0%
Services and Supplies	3,045,864	3,006,315	2,630,862	-375,453	-12.5%
Total Operating Budget	14,612,874	14,540,703	13,700,718	-839,985	-5.8%
Property Management	209,858	259,509	195,787	-63,722	-24.6%
Fixed Assets, Capital Improvement Projec	5,084,201	4,692,142	3,095,586	-1,596,556	-34.0%
Land + Assoc. Costs	13,781,000	13,740,500	10,265,686	-3,474,814	-25.3%
Debt Service	9,728,975	9,728,975	9,811,844	82,869	0.9%
Total Outside Operating Budget	28,804,034	28,421,126	23,368,903	-5,052,223	-17.8%
Total Expenditures	43,416,908	42,961,829	37,069,621	-5,892,208	-13.7%

The Midyear budget of \$42.89 million was adopted by the Board at its November 9, 2011, Regular meeting (R-11-108), followed by a \$70,000 special budget adjustment for the Cooley Landing Project which was approved at the December 14, 2011, Regular meeting (R-11-118), bringing the amended Midyear Budget to \$42.96 million.

The District ended the year \$5.9 million or 13.7% below the Midyear budget. However, when land purchases and debt service are excluded, total expenditures were \$2.5 million or 12.8% below the Midyear budget. (The attached Budget Analysis, Operating and Non-Operating Expenses provides additional information on FY2011-12 expenditures.)

Fixed Assets and Capital Projects

Delays in capital projects resulted in expenditure savings of approximately \$1.6 million for FY2011-12. Many of these projects will be completed in FY2012-13 including the new radio system (\$277,000), the Integrated Accounting and Financial System (\$119,000), and various planning projects totaling \$1.1 million. Fiscal Year 2011-12 capital expenditures totaled 5.1% of property tax revenue, net of grant income and one-time exclusions, and remained well below the District's CapEx Guideline of 10.5% of Property Tax Revenue.

Land and Associated Costs

The District purchased and helped preserve 1,531 acres of open space land during FY2011-12 at a cost of \$9.1 million, ending the year \$3.5 million under budget. Land gifts and grants of \$13.9 million and \$1.0 million, respectively, bring the total value of land acquisitions to \$24.0 million. Open Space lands were added to the Windy Hill, Russian Ridge, Sierra Azul, Miramontes Ridge and Purisima Creek Open Space Preserves. The new land additions included the \$10.9 million Hawthorns property gift and a \$2.0 million endowment to manage the property as an addition to Windy Hill in Portola Valley. Other large land purchases include: Madonna Creek Ranch which included a \$3.0 million gift of land from the Peninsula Open Space Trust (POST) and a \$500,000 Habitat Conservation Fund grant; the October Farm property addition to Purisima Creek Redwoods, the Silva property addition to Russian Ridge

which included a \$500,000 Coastal Conservancy grant, and the Stanton Trust, Balaban and Barrett Creek additions to Sierra Azul.

Operating Expenditures

Salaries and benefits ended the year 4% below the Midyear budget due to position vacancies, resulting in savings of \$465,000. Services and supplies were \$375,000 or 12.5% below budget primarily due to the lower than budgeted spending in contract and outside maintenance services by the Operations, Planning, Public Affairs, and Real Property departments. Staff vacancies and leave of absences deferred the planning work and project spending.

Long-Term Debt and Debt Service

To continue the District’s mission to preserve and protect open space, in May 2011, the District Financing Authority sold \$20.5 million of thirty-year Revenue Bonds. The District completed a second issuance in January 2012 where the District sold \$31.3 million of thirty-year Promissory notes to prepay its 1999 Revenue Bonds. The result is a \$1.1 million savings.

Debt service expenses in FY2011-12 totaled \$9.81 million, consisting of \$5.36 million in principal and \$4.46 million in interest. Total debt service exceeded the budgeted amount by \$82,560 due to the greater than budgeted interest payments on the January 2012 bond issuance.

Past Budget Performance

Table 2 below presents a comparison of FY2011-12 budget performance to FY2009-10 and FY2010-11. The operating budget expenditures are very consistent, averaging between 94% and 97% annually. The *total* District 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	FY2009-10 Budget	FY2009-10 Actuals	% Spent	FY2010-11 Budget	FY2010-11 Actuals	% Spent	FY2011-12 Budget	FY2011-12 Actuals	% Spent
Operating Expenses	\$13,688,935	\$13,026,581	95.16%	\$14,189,173	\$13,730,647	96.77%	\$14,540,703	\$13,700,718	94.22%
Total Expenditures	\$43,694,359	\$39,444,981	90.27%	\$41,822,786	\$33,363,803	79.77%	\$42,961,829	\$37,069,621	86.29%

BOARD COMMITTEE REVIEW

This report was not reviewed by any Committee.

FISCAL IMPACT

The Year-End review of the FY2011-12 budget has no fiscal impact on the FY2012-13 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 FY2012-13 District Mid-year Budget and present it to the Board in November 2012.

Attachment:

1. Budget Analysis, Operating and Non-Operating Expenses

Responsible Department Manager:

Kate Drayson, Administrative Services Manager



Prepared by:

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Kate Drayson, Administrative Services Manager
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Contact person:

Lynn Tottori, Senior Management Analyst

Budget Analysis, Operating and Non-Operating Expenses							
Budget Analysis							
	Assumptions: FY2011-12: 1. 0% Cola, 2. No AGM		⁽¹⁾ 2011-12 Adopted Annual Budget (0% Cola)	⁽¹⁾ 2011-12 Mid-Year Budget (0% Cola)	⁽¹⁾ 2011-12 Actual Expenses (0% Cola) (Unaudited)	Change 11- 12 Actual vs. 11-12 Proposed Mid-Year Budget	% Change 11-12 Actual vs. 11-12 Proposed Mid- Year Budget
PLANNING	Program 32	Salaries + Benefits	1,475,813	1,411,552	1,317,538	(94,014)	(6.66%)
	Program 32	Services + Supplies	55,969	55,969	40,374	(15,595)	(27.86%)
	SUBTOTAL, Operating Expenses		1,531,782	1,467,521	1,357,912	(109,609)	(7.47%)
	Program 32	Fixed Assets	0	0	0	0	0.00%
	Program 37	Mt. Umunhum	1,091,391	652,133	387,129	(265,003)	(40.64%)
	Program 36	Planning Projects ⁽³⁾	149,500	219,500	96,462	(123,038)	(56.05%)
	Program 35	Staff Facilities	752,500	533,500	131,047	(402,453)	(75.44%)
	Program 34	Public Facilities/Mindego	854,500	895,500	681,526	(213,974)	(23.89%)
	Program 38	Unanticipated CIP	25,000	175,000	116,223	(58,778)	(33.59%)
	TOTAL, All Expenses		4,404,672	3,943,153	2,770,299	(1,172,855)	(29.74%)
OPERATIONS		Salaries + Benefits	6,371,694	6,414,834	6,237,745	(177,090)	(2.76%)
		Services + Supplies	1,858,190	1,812,106	1,661,397	(150,709)	(8.32%)
	SUBTOTAL, Operating Expenses		8,229,884	8,226,941	7,899,142	(327,799)	(3.98%)
		Special Projects	1,776,310	1,781,510	1,366,772	(414,738)	(23.28%)
	TOTAL, All Expenses		10,006,194	10,008,451	9,265,914	(742,537)	(7.42%)
PUBLIC AFFAIRS		Salaries + Benefits	877,349	859,752	828,856	(30,896)	(3.59%)
		Services + Supplies	377,267	377,357	274,092	(103,265)	(27.37%)
	TOTAL, All Expenses		1,254,616	1,237,109	1,102,948	(134,161)	(10.84%)
REAL PROPERTY		Salaries + Benefits	639,807	613,124	587,360	(25,764)	(4.20%)
		Services + Supplies	129,800	112,900	58,328	(54,572)	(48.34%)
	SUBTOTAL, Operating Expenses		769,607	726,024	645,688	(80,336)	(11.07%)
		Property Management	209,858	259,509	195,787	(63,722)	(24.55%)
		Debt	9,728,975	9,728,975	9,811,844	82,869	0.85%
		Land + Ass. Costs	13,781,000	13,740,500	10,265,686	(3,474,814)	(25.29%)
	TOTAL, All Expenses		24,489,440	24,455,008	20,919,005	(3,536,003)	(14.46%)
ADMINISTRATION		Salaries + Benefits	2,202,347	2,235,126	2,098,357	(136,769)	(6.12%)
		Services + Supplies	624,638	647,982	596,671	(51,312)	(7.92%)
	SUBTOTAL, Operating Expenses		2,826,985	2,883,108	2,695,028	(188,080)	(6.52%)
		Fixed Assets	435,000	435,000	316,428	(118,572)	(27.26%)
	TOTAL, All Expenses		3,261,985	3,318,108	3,011,456	(306,653)	(9.24%)
		Operating Budget	14,612,874	14,540,703	13,700,718	(839,985)	(5.78%)
		Property Management	209,858	259,509	195,787	(63,722)	(24.55%)
		Unanticipated CIP	25,000	175,000	116,223	(58,778)	(33.59%)
		Public Access Facilities	854,500	895,500	681,526	(213,974)	(23.89%)
		Staff Facilities	752,500	533,500	131,047	(402,453)	(75.44%)
		Planning Projects	149,500	219,500	96,462	(123,038)	(56.05%)
		Mt. Umunhum	1,091,391	652,133	387,129	(265,003)	(40.64%)
		Special Projects	2,211,310	2,216,510	1,683,200	(533,311)	(24.06%)
	Amount outside of Operating Budget		5,294,059	4,951,651	3,291,373	(1,660,278)	(33.53%)
		Salaries and Benefits	11,567,010	11,534,388	11,069,856	(464,532)	(4.03%)
		Services and Supplies	3,045,864	3,006,315	2,630,862	(375,453)	(12.49%)
	Subtotal {Operating Budget}		14,612,874	14,540,703	13,700,718	(839,985)	(5.78%)
	Total Outside Operating Budget		5,294,059	4,951,651	3,291,373	(1,660,278)	(33.53%)
	Subtotal {Full Operating Budget}		19,906,932	19,492,354	16,992,091	(2,500,263)	(12.83%)
		Debt	9,728,975	9,728,975	9,811,844	82,869	0.85%
	Subtotal (Includes Debt)		29,635,908	29,221,329	26,803,935	(2,417,394)	(8.27%)
		⁽²⁾ Land + Assoc. Costs	13,781,000	13,740,500	10,265,686	(3,474,814)	(25.29%)
	District Budget Total - Before Grant Income		43,416,908	42,961,829	37,069,621	(5,892,208)	(13.71%)
		Grant Income - Acquisition	1,040,000	1,005,000	1,000,000	(5,000)	(0.50%)
		Grant Income - Development	921,000	225,665	297,738	72,073	31.94%
		POST Funding - Development		175,000	155,000	(20,000)	(11.43%)
	District Budget Total - After Grant Income		41,455,908	41,556,164	35,616,883	(5,939,281)	(14.29%)
	District Target: OPEX (Excl: FY10-11; 11-12: Rancho \$285K; \$294K)		14,590,200	14,540,703	14,540,703	0	0.00%
	District Target - OPEX: Over (Under)		22,674	0	(839,985)	(839,985)	
⁽¹⁾ Assumption: FY2011-12 Adopted Annual Budget: 0% Cola, No AGM							
⁽²⁾ FY2011-12 Actual Expenditures Excludes: \$13.9276M Gift portion (Incl.: Hawthorns property \$10.865M; Madonna Crk Ranch/POST \$3.0M)							
⁽³⁾ FY2011-12 Mid-Year Budget Includes: post Mid-year Special Budget Adjustment addition: \$70K Cooley Landing (Planning Project)							