



Midpeninsula Regional
Open Space District

R-13-64
Meeting 13-16
July 10, 2013

AGENDA ITEM 4

AGENDA ITEM

Year-End Review of the Fiscal Year 2012-13 District Budget and Expenditures

GENERAL MANAGER'S RECOMMENDATION

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Accept the Year-End Review of the Fiscal Year 2012-13 Budget and Expenditures

SUMMARY

For Fiscal Year (FY) 2012-13, District property tax revenue totaled \$30.3 million, a 5.2% increase over the Midyear forecast, and expenditures totaled \$37.1 million, which is 9.2% below the Midyear budget. The District continued to stay well within both the OpEx and CapEx Budget Guidelines of 55.0% and 10.5% of property tax revenue, respectively. The District did complete 46 of its 103 total active projects (See Year-End Review of the FY2012-13 Action Plan, R-13-50). Overall spending reflects the District's focus on the Vision Plan Project and Capital Finance Program, and the shift in staff deployment as the momentum builds towards accomplishing these significant District projects.

DISCUSSION

Revenues:

As the local economy continued to recover, the District's property tax revenue totaled \$30.3 million, an increase of 5.2%, or \$1.5 million over the Midyear projection. A significant amount of this positive variance is due to one-time payments from the dissolution of redevelopment agencies within the District's boundaries. For FY2012-13, the District received a total of \$927,740 in redevelopment-related revenue, an increase of \$697,740 over the \$230,000 Midyear projection. It is estimated that between 35% and 45% of this redevelopment revenue will be on-going and increase slowly over time.

Total District Expenditures

Continuing its history of fiscal discipline and expenditure management, the District's FY2012-13 expenditures remained within its approved budget. Expenditures by category are listed in Table 1 below.

Table 1 – FY2012-13 District Budget and Expenditures

DISTRICT BUDGET	FY2012-13 Adopted Budget (0% COLA)	FY2012-13 Midyear Budget (3% COLA, eff. 11/2012)	FY2012-13 Actuals ⁽²⁾	\$ Change from Midyear	% Change from Midyear
PROPERTY TAX REVENUES	28,495,000	28,760,000	30,269,803	1,509,803	5%
EXPENDITURES					
Salaries and Benefits	12,651,887	12,239,331	11,709,161	(530,170)	-4%
Services and Supplies	3,307,098	3,956,727	3,263,183	(693,544)	-18%
Total Operating Expense (OPEX)	15,958,985	16,196,058	14,972,344	(1,223,714)	-8%
Strategic/Vision Project	710,000	638,000	191,637	(446,363)	-70%
Capital (CAPEX)	5,679,386	5,527,358	2,973,415	(2,553,943)	-46%
Special Projects (1-time expenditures) ⁽¹⁾	161,068	-	3,137,227	3,137,227	
Property Management	292,426	292,938	210,880	(82,058)	-28%
Debt Service	8,902,356	8,902,356	8,876,542	(25,814)	0%
Land and Assoc. Costs	9,675,000	9,295,000	6,715,900	(2,579,100)	-28%
Total Non-Operating Expense	25,420,236	24,655,652	22,105,602	(2,550,050)	-10%
Total District Expenditures	41,379,220	40,851,710	37,077,946	(3,773,764)	-9%
Total Operating Budget (OPEX)	15,958,985	16,196,058	14,972,344	(1,223,714)	-8%
Total District Target: OPEX	16,091,753	16,307,216	16,307,216	-	0%
Total Over/(Under): OPEX	(132,769)	(111,158)	(1,334,872)	(1,223,714)	1101%
Total Capital Budget (CAPEX)	5,679,386	5,527,358	2,973,415	(2,553,943)	-46%
Less: Grant Income	2,318,626	1,750,830	538,338	(1,212,492)	-69%
Total Capital Budget, net of Grant Income	3,360,760	3,776,528	2,435,077	(1,341,451)	-36%
⁽¹⁾ Special Projects (1-time expenditures): FY12-13 Actuals \$3,137,227 (CAJPIA Retrospective liability Insurance \$617,227, CALPERS Side Fund \$2,520,000)					
⁽²⁾ Unaudited					

The District ended the year with total expenditures of \$37.1 million, which is \$3.8 million or 9% below the Midyear budget. Expenditures included two significant non-recurring expenses:

- The \$2.5 million CalPERS side fund liability pay-off in March 2013. As a result of the District's decision to pay off the side fund, \$2.25 million in interest expense savings is projected over the next 18 years.
- The \$617,227 Retrospective Liability Insurance obligation to the CAJPIA (California Joint Powers Insurance Authority) was accrued to FY2012-13 to reflect the known liability at year-end.

Excluding land purchases, debt service, and the two non-recurring charges discussed above, total expenditures were \$4.3 million or 19% below the Midyear budget. (The attached District Summary FY2012-13 Annual Review provides additional information on FY2012-13 expenditures.)

Land and Associated Costs

The District purchased and helped preserve 1,059 acres of open space land during FY2012-13 valued at \$10.9 million for a cost of \$6.7 million, ending the year \$2.6 million under budget. The District received \$4.7 million in land gifts and a \$375,000 land purchase grant from the Living Landscape Resource Fund for a combined total of \$7.1 million. Open Space land additions included the 952 acre POST Toto Ranch property addition to Tunitas Creek, the 59 acre Gallaway and 31 acre Sempervirens

Fund property additions to El Corte de Madera Creek, and the 10.79 acre Lobner Trust property addition to Monte Bello in partnership with Santa Clara County Parks.

Fixed Assets and Capital Projects

Delays in capital projects resulted in expenditure savings of approximately \$2.6 million for FY2012-13. Most significant is the deferral of \$1.7 million for the Mount Umunhum demolition into FY2013-14 due to PG&E scheduling issues (PG&E is responsible for shutting off the power to Mt. Umunhum). The District completed 46 of its 103 total active projects, both capital and non-capital (See Year-End Review of the FY2012-13 Action Plan, R-13-50). Many projects in the Planning and Natural Resource Departments have been deferred to FY2013-14 in order to create staff capacity for the Vision Plan Project and Capital Finance Program. FY2012-13 capital expenditures totaled 7.1% 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.

Operating Expenditures

Salaries and benefits ended the year 4% below the Midyear budget due to position vacancies, resulting in a savings of \$530,170. Services and supplies were \$693,545, or 18% below budget primarily due to the lower than budgeted spending in contract and outside maintenance services in most departments, reflecting staff vacancies and the focus on the District’s Vision Plan Project and Capital Finance Program.

Long-Term Debt and Debt Service

Debt service expenses in FY2012-13 totaled \$8.87 million, consisting of \$2.84 million in principal and \$6.03 million in interest. Total debt service was less than the budgeted amount by \$25,814.

Past Budget Performance

Table 2 below presents a comparison of FY2012-13 budget performance to FY2010-11 and FY2011-12. The operating budget expenditures typically range between 92% and 97% of the actual operating budget, reflecting the District’s continued prudent financial management. 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	FY2010-11 Budget	FY2010-11 Actuals	% Spent	FY2011-12 Budget	FY2011-12 Actuals	% Spent	FY2012-13 Budget	FY2012-13 Actuals	% Spent
Operating Expenses	\$14,189,173	\$13,730,647	96.77%	\$14,540,703	\$13,700,718	94.22%	\$16,196,058	\$14,972,344	92.44%
Total Expenditures	\$41,822,786	\$33,363,803	79.77%	\$42,961,829	\$37,069,621	86.29%	\$40,851,710	\$37,077,946	90.76%

BOARD COMMITTEE REVIEW

This report was not reviewed by any Committee.

FISCAL IMPACT

The Year-End review of the FY2012-13 budget has no fiscal impact on the FY2013-14 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 FY2013-14 District Mid-year Budget and present it to the Board in November 2013.

Attachment:

1. District Summary FY2012-13 Annual Review

Responsible Department Manager:

Kate Drayson, Administrative Services Manager

Prepared by:

Lynn Tottori, Senior Management Analyst

Kate Drayson, Administrative Services Manager

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Mike Williams, Real Property Manager

Kirk Lenington, Natural Resources Manager

Contact person:

Lynn Tottori, Senior Management Analyst

		FY2012-13				
DISTRICT BUDGET BY DEPARTMENT		FY2012-13 Adopted Budget (0% COLA)	Midyear Budget (3% COLA, eff. 11/2012)	FY2012-13 Actuals (Unaudited)	\$ Change from Midyear	% Change from Midyear
DISTRICT BUDGET BY DEPARTMENT						
Administration						
	Salaries and Benefits	2,624,017	2,394,776	2,141,364	(253,412)	-11%
	Services and Supplies	795,472	1,016,863	948,848	(68,015)	-7%
	Total Operating Expense	3,419,489	3,411,639	3,090,212	(321,427)	-9%
	Capital	331,275	556,275	235,518	(320,757)	-58%
	Special Projects (1-time expenditures)	161,068	-	2,674,307	2,674,307	
	Total Non-Operating Expense	492,343	556,275	2,909,825	2,353,550	423%
	Total Administration Expenditures	3,911,832	3,967,914	6,000,037	2,032,123	51%
Natural Resources						
	Salaries and Benefits	839,129	865,218	849,897	(15,321)	-2%
	Services and Supplies	373,510	603,010	359,640	(243,370)	-40%
	Total Operating Expense	1,212,639	1,468,228	1,209,537	(258,691)	-18%
	Capital	800,000	405,000	252,036	(152,964)	-38%
	Total Non-Operating Expense	800,000	405,000	252,036	(152,964)	-38%
	Total Natural Resources Expenditures	2,012,639	1,873,228	1,461,573	(411,655)	-22%
Operations						
	Salaries and Benefits	6,426,897	6,245,168	6,116,259	(128,909)	-2%
	Services and Supplies	1,566,661	1,637,219	1,510,619	(126,600)	-8%
	Total Operating Expense	7,993,558	7,882,387	7,626,879	(255,508)	-3%
	Special Projects (1-time expenditures)	-	-	401,198	401,198	
	Capital	657,600	677,600	532,914	(144,686)	-21%
	Total Non-Operating Expense	657,600	677,600	934,112	256,512	38%
	Total Operations Expenditures	8,651,158	8,559,987	8,560,990	1,003	0%
Planning						
	Salaries and Benefits	1,159,434	1,067,781	1,069,850	2,069	0%
	Services and Supplies	61,765	61,765	56,193	(5,572)	-9%
	Total Operating Expense	1,221,199	1,129,546	1,126,043	(3,503)	0%
	Strategic/Vision Project	300,000	300,000	146,310	(153,690)	-51%
	Capital	3,890,511	3,888,483	1,952,947	(1,935,536)	-50%
	Total Non-Operating Expense	4,190,511	4,188,483	2,099,257	(2,089,226)	-50%
	Total	5,411,710	5,318,029	3,225,301	(2,092,728)	-39%
Public Affairs						
	Salaries and Benefits	959,266	983,324	851,688	(131,636)	-13%
	Services and Supplies	402,450	455,630	357,037	(98,593)	-22%
	Total Operating Expense	1,361,716	1,438,954	1,208,725	(230,229)	-16%
	Strategic/Vision Project	410,000	338,000	45,327	(292,673)	-87%
	Capital	-	-	-	-	
	Total Non-Operating Expense	410,000	338,000	45,327	(292,673)	-87%
	Total Public Affairs Expenditures	1,771,716	1,776,954	1,254,053	(522,901)	-29%
Real Property						
	Salaries and Benefits	643,144	683,064	680,102	(2,962)	0%
	Services and Supplies	107,240	182,240	30,845	(151,395)	-83%
	Total Operating Expense	750,384	865,304	710,947	(154,357)	-18%
	Special Projects (1-time expenditures)	-	-	61,723	61,723	
	Property Mgt.	292,426	292,938	210,880	(82,058)	-28%
	Debt Service	8,902,356	8,902,356	8,876,542	(25,814)	0%
	Land and Assoc. Costs	9,675,000	9,295,000	6,715,900	(2,579,100)	-28%
	Total Non-Operating Expense	18,869,782	18,490,294	15,865,045	(2,625,249)	-14%
	Total	19,620,166	19,355,598	16,575,993	(2,779,605)	-14%
DISTRICT BUDGET BY EXPENDITURE CATEGORY						
	Salaries and Benefits	12,651,887	12,239,331	11,709,161	(530,170)	-4%
	Services and Supplies	3,307,098	3,956,727	3,263,183	(693,544)	-18%
	Total Operating Expense (OPEX)	15,958,985	16,196,058	14,972,344	(1,223,714)	-8%
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	Debt Service	8,902,356	8,902,356	8,876,542	(25,814)	0%
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	Total District Expenditures	41,379,220	40,851,710	37,077,946	(3,773,764)	-9%
	TOTAL OPERATING BUDGET (OPEX)	15,958,985	16,196,058	14,972,344	(1,223,714)	-8%
	TOTAL DISTRICT TARGET: OPEX	16,091,753	16,307,216	16,307,216	-	0%
	TOTAL OVER/(UNDER): OPEX	(132,769)	(111,158)	(1,334,872)	(1,223,714)	1101%
	TOTAL CAPITAL BUDGET (CAPEX)	5,679,386	5,527,358	2,973,415	(2,553,943)	-46%
	LESS: GRANT INCOME	2,318,626	1,750,830	538,338	(1,212,492)	-69%
	TOTAL CAPITAL BUDGET, net of Grant Income	3,360,760	3,776,528	2,435,077	(1,341,451)	-36%

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