



Midpeninsula Regional
Open Space District

R-14-39
Meeting 14-07
February 26, 2014

AGENDA ITEM 7C

AGENDA ITEM

Initial Review of the District's Proposed Budget for Fiscal Year 2014-15

GENERAL MANAGER'S RECOMMENDATION

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Review the proposed District budget for Fiscal Year 2014-15 (FY2014-15). The final budget for FY2014-15 and the report and recommendations of the Action Plan and Budget Committee (ABC) will be presented for Board adoption at the March 26, 2014 Regular meeting.

SUMMARY

The FY2014-15 Proposed Budget for the Midpeninsula Regional Open Space District (District) conforms to the budget guidelines for Operating Expenses (55.5% of property tax revenue) and Capital Expenses (10.5% of property tax revenues) as set by the District Controller in November 2013 at the start of the Action Plan and Budget development process. These guidelines are based on a projected property tax growth of 6.6% for FY2014-15, for total tax revenues of \$32.9 million. On the expenditure side, operating expenses rose by 6% over FY2013-14 primarily due to the filling of vacancies, increases in salaries and proposed new staffing, and the District's continued focus on Strategic Plan implementation. A 6% reduction in the capital budget likewise reflects the continued temporary shift in staff resources to focus on various implementation elements of the Strategic Plan, which for next fiscal year include preparation of the Vision Plan Implementation Guide, Evaluation of the Business Model, and Capital Finance Program. Unique this year and included in the budget are the election expenses for the potential General Obligation Bond funding measure for the June 2014 ballot. The FY2014-15 Proposed Budget funds a total of 96 Action Plan Key Projects for the upcoming year.

DISCUSSION

The FY2014-15 District Budget was prepared in accordance with the following guidelines:

Operating Expense (OpEx) Guideline – The FY2014-15 OpEx guideline limits operating expenditures to 55.5% of projected property tax revenue. Operating expenses include salaries and benefits and services and supplies associated with the administration of the District's six departments. Excluded from this guideline are expenditures for land acquisition (including costs associated with land purchases such as appraisals, site engineering fees, and title insurance), debt service, property management, and capital expenditures.

Capital Expenditure Program (CapEx) Budget Guideline – The FY2014-15 CapEx Guideline limits capital project and fixed asset expenditures to 10.5% of property tax revenue based on a five-year moving average. Capital expenditures include public access facilities, planning projects, unanticipated capital expenses, staff facilities, land improvements, and fixed assets.

1) Revenue Projections

The District Controller's property tax revenue projections form the basis of the recommended funding allocation for operating expenses. For the past decade, property tax revenue has increased approximately 5.3% annually. The Controller's projections over the next five years (see Table 1) reflect an annual property tax revenue increase of 5%. For FY2014-15, tax revenue is projected to be \$32,906,000, an increase of 6.6% over the prior year. In addition to the \$32.9 million in property tax revenue, are projected \$650,000 of redevelopment-related tax revenues.

Table 1: Projected Property Tax Revenue

	2014-15	2015-16	2016-17	2017-18	2018-19
Percent Change from Prior Year	6.6%	5.0%	5.0%	5.0%	5.0%
Revenue Projection	32,906,000	34,560,000	36,280,000	38,100,000	40,000,000

As a result of the five-year agreement with Santa Clara County to manage Rancho San Antonio County Park, the District will receive approximately \$313,500 in FY2014-15. However, because both the County and District can cancel the contract with 60 days notice, this revenue is uncertain and therefore not included in the revenue assumptions for the operating budget. This five-year agreement with Santa Clara County expires in June 2015. Discussions will begin with the County later in 2014 on the continued management of Rancho San Antonio County Park.

2) Overview of the Proposed FY2014-15 Budget

The proposed budget for FY2014-15 totals \$43,920,271. A summary of the major expenditure categories is reflected below and more detail is provided in Attachment 1.

Table 2: Proposed FY2014-15 District-wide Budget

Revenue		
Property Tax	\$32,906,000	75%
Other Revenue	\$5,661,000	13%
Cash Reserves	\$5,353,271	12%
Total	\$43,920,271	100%
Expenditures		
Operating Expenditures	\$18,649,133	42%
Land, Debt, and Associated Costs	\$18,247,601	42%
Capital Expenditures	\$ 5,105,076	12%
GO Bond Election Expenses	\$ 812,075	2%
Strategic Plan	\$ 635,836	1%
Property Management	\$ 470,550	1%
Total District Expenditures	\$43,920,271	100%

Table 3: Proposed FY2014-15 Expenditure Budget - Overview

FY2014-15 DISTRICT BUDGET OVERVIEW (& DEPARTMEN	FY2012-13	FY2013-14	FY2014-15	\$ Change from	% Change from
	Actuals (Unaudited)	Midyear Budget	Proposed Annual Budget	FY2013-14 Midyear Budget	FY2013-14 Midyear Budget
Salaries and Benefits	11,709,161	13,586,721	14,522,606	935,885	7%
Services and Supplies	3,263,183	3,934,779	4,126,527	191,748	5%
Total Operating Expense (OPEX)	14,972,344	17,521,500	18,649,133	1,127,633	6%
Strategic/Vision/Capital Finance Project	191,637	900,900	1,447,911	547,011	61%
Capital (CAPEX)	2,973,415	5,426,226	5,105,076	(321,150)	-6%
Special Projects	3,137,227	-	-	-	
Property Mgt.	210,880	249,822	470,550	220,728	88%
Debt Service	8,876,542	8,874,965	8,893,601	18,636	0%
Land and Assoc. Costs	6,715,900	8,074,000	9,354,000	1,280,000	16%
Total Non-Operating Expense	22,105,602	23,525,913	25,271,138	1,745,225	7%
Total District Expenditures	37,077,946	41,047,413	43,920,271	2,872,858	7%
TOTAL OPERATING BUDGET (OPEX)	14,972,344	17,521,500	18,649,133	1,127,633	6%
TOTAL DISTRICT TARGET: OPEX	16,307,216	17,987,000	18,700,000	713,000	4%
TOTAL OVER/(UNDER): OPEX	(1,334,872)	(465,500)	(50,867)	414,633	-89%
TOTAL CAPITAL BUDGET (CAPEX) - Development	2,973,415	5,426,226	5,105,076	(321,150)	-6%
LESS: GRANT INCOME	538,338	2,234,927	884,230	(1,350,697)	-60%
TOTAL CAPITAL BUDGET, net of Grant Income	2,435,077	3,191,299	4,220,846	1,029,547	32%

3) Operating Expense (OpEx) Budget:

For FY2014-15, the OpEx target is \$18.7 million. This target reflects a property tax revenue projection of \$32.9 million plus Residual Redevelopment Income of \$0.65 million, subject to the 55.5% OpEx Guideline spending limit that was established in November 2013 at the start of the annual Budget development process.

The proposed FY2014-15 Operating Expenditure budget totals \$18,649,133, which is \$50,867, below the OpEx target of \$18,700,000.

Table 4, below, summarizes the major expenditure categories for the Operating Budget.

Table 4: Proposed FY2014-15 Operating Budget

	12/13	13/14	14/15	\$ Change from	% Change from
	Actuals (Unaudited) (0% Cola)	Midyear Budget (3% Cola)	Proposed Annual (3% Cola)	13/14 Midyear Budget	13/14 Midyear Budget
Salaries	8,285,299	9,875,794	10,615,713	739,919	7.5%
Benefits	3,423,862	3,710,927	3,906,893	195,966	5.3%
Retirement Plans	1,931,087	1,812,027	1,992,943	180,916	10.0%
Group Insurance	1,272,624	1,594,500	1,594,950	450	0.0%
State Mandated Insurance	220,151	304,400	319,000	14,600	4.8%
Worker's Comp	170,146	230,000	253,000	23,000	10.0%
Unemployment Insurance	50,005	74,400	66,000	(8,400)	(11.3%)
TOTAL SALARIES & BENEFITS	11,709,161	13,586,721	14,522,606	935,885	6.9%
TOTAL SERVICES & SUPPLIES	3,263,183	3,934,779	4,126,527	191,748	4.9%
TOTAL OPEX	14,972,344	17,521,500	18,649,133	1,127,633	6.4%

District staff costs account for approximately 78% of the total Operating Expense budget in FY2014-15. The Proposed Budget of \$14.5 million for salaries and benefits reflects an increase of 6.9% over the FY2013-14 Midyear budget while the Proposed Budget of \$4.1 million for services and supplies reflects an increase of 4.9% over the FY2013-14 Midyear Budget. Details on the changes are provided below:

- Salary expenses in FY2014-15, projected at \$10.6 million, increased 7.5% over the FY2013-14 Midyear budget. This increase is largely attributable to filling vacant positions (which generated expenditure savings at Midyear), the proposed addition of 4.5 FTEs (Full time equivalent employees), and a 3% salary COLA (Cost of Living Adjustment).
- Retirement expenses, proposed at \$1.99 million, increased by 10.0% from the Midyear FY2013-14 budget. Of this increase, 7.5% is attributable to management's recommendation regarding the administration of the District's Retirement Medical Trust Fund payments (see below). The remaining 2.5% increase to the Retirement budget reflects the filling of vacant positions, proposed new staff, and projected annual salary growth. Partially offsetting these increases are cost savings from CalPERS rate changes:
 - A decrease in the Employer CalPERS retirement rate of 1.3%, from 17.04% to 15.7%, which resulted from the payoff of the District's \$2.52 million CalPERS Side Fund liability in FY2013-14.
 - An increase in the Employee's CalPERS contribution of 2%, from 6% to 8%, reducing costs to the District.

California Employees Retirement Benefit Trust (CERBT)

In 2009, the District fully funded its Other Post-Employment Benefits (OPEB) retirement medical benefit fund with a payment of \$1.9 million into the CERBT. Since then, the District has collected reimbursements from the CERBT for benefits it has paid to retirees, resulting in a net zero impact to the District's expenses. If this practice continues, the District's net OPEB actuarial liability would turn positive in FY2016-17 and continue to increase each year. The General Manager recommends the District take advantage of the CERBT Fund's projected 7% investment returns and: 1) discontinue reimbursements from the CERBT for current retiree medical benefit payments; and 2) commence annual contributions to the Trust Fund to reduce the District's unfunded actuarial liability for current and future District retirees. Therefore, the Proposed FY2014-15 Budget includes a total Retirement medical contribution of \$132,000 that covers the Annual Benefits Payment of \$66,000 for current retirees and a Trust Fund contribution of \$66,000.

- Group health insurance is budgeted at \$1.6 million, consistent with the FY2013-14 Midyear budget. Medical premiums decreased due to the inclusion of a new lower cost HMO. The District's health benefit policy is to pay for the lowest cost HMO, which is now Anthem Select, whose premiums are 13% below Kaiser Medical. The savings from the rate decreases offset any cost increases resulting from the addition of staff and the practice of budgeting health benefits at the "family coverage level" for vacancies.
- State mandated insurance is budgeted at \$319,000, which is \$14,600 over the FY2013-14 Midyear budget, and includes an estimated annual increase in Worker's compensation insurance with CJPIA.

- For FY2014-15, services and supplies increased by \$191,748, or 5%, from the FY2013-14 Midyear Budget. Major increases include costs associated with public outreach projects that serve to implement the District’s Strategic Plan, as well as consulting services.

4) *Staffing*

District staffing for FY2014-15 is budgeted for 124 FTEs, reflecting an increase of 4.5 positions over the FY2013-14 Midyear budget as follows: 2.0 net new permanent FTEs, 2.0 new temporary FTEs, and 0.5 FTE conversion of an existing part-time Intern to full-time temporary position. Table 5 summarizes the proposed FY2014-15 staffing levels and the recommended additions are discussed below.

Table 5: Proposed FY2014-15 Staffing

*FY2014-15 Proposed Annual Budget				
Budgeted Headcount (in FTEs, Full-time Equivalents)				
Dept	Full-Time	Part-Time	Interns	Total
Administration	20.0	1.0	0.5	21.5
Operations	59.0	6.5		65.5
Planning	11.0		1.0	12.0
Public Affairs	10.0			10.0
Natural Resources	8.0		1.0	9.0
Real Property	6.0			6.0
Total	114.0	7.5	2.5	124.0
* Funded positions; OpEx expenditure category only				

Recommended Staff Additions

Subject to OpEx Guideline:

- **Equipment Mechanic Operator (EMO)** – The addition of a permanent Equipment Mechanic Operator would help address the backlog of maintenance projects, assist with the expansion of capital improvement projects, and execute repairs on newly purchased properties. This position is consistent with the staffing growth plan included in the “Service Plan for the San Mateo Coastal Annexation Area”. (+1.0 FTE).
- **Open Space Technician (OST)** – A new permanent Open Space Technician would address the growing need for repairs and improvements on new properties as well as conduct routine maintenance on the District’s growing trail system. This position would also add capacity to implement and subsequently maintain the Mt. Umunhum improvement projects, including the 3-year trail construction project from Bald Mountain to the summit. (+1.0 FTE).
- **Resource Management Specialist II** – A permanent Resource Management Specialist II would provide much needed expertise and capacity to administer the District’s growing Grazing and Agricultural Use Programs, which includes working with tenants and

monitoring the performance standards of each grazing operation. It would also develop and implement resource management and enhancement projects on District lands. This position would supervise a Resource Management Specialist I and be offset by the elimination of the Slender False Brome contingent project manager position. (0 FTE)

- Temporary Real Property Assistant – A temporary (1 year) Real Property Assistant would assist in addressing the backlog of property management issues that have remained deferred over the last year due to the redeployment of 75% of one Real Property Specialist to manage the Capital Finance Project. The Real Property Assistant would support Real Property staff with complex projects, facilitate escrow and transactional documents, and solicit and accept gifts of parcels. This position would also provide added capacity to a growing property management program that has seen a 20% increase in the number of rental structures and the expansion of 10,000 acres of leased grazing lands since 2001. (+1.0 FTE)
- Temporary Human Resource Analyst I – A temporary (1 year) HR Analyst would provide added capacity in all areas of the Human Resources Department, including recruitment, workers' compensation, benefits, classification and compensation work, etc. This capacity is needed over the next year given the number of vacancies and position recruitments that are needed and to allow existing staff to focus on upcoming negotiations, the Business Model Evaluation Project, and other ongoing Human Resources functions. (+1.0 FTE)
- Temporary Public Affairs Assistant – A temporary Public Affairs Assistant was approved for three months in FY2013-14, through March 31, 2014 to extend the term of the Intern position to avoid midstream disruptions in public outreach projects. The Public Affairs Department is in need of additional capacity to maintain the current level of focus on public outreach and education to successfully implement the District's Strategic Plan. For this reason, the General Manager proposes to temporarily convert the existing Intern position into a one-year full-time position. (+0.5 FTE)

Outside of the OpEx Guideline:

- Temporary Project Manager (Planner III) – The Board approved a limited term Project Manager position as part of the FY2013-14 Budget to implement capital projects for the Operations Department. However, the position was not filled until late in the fiscal year. Given the delay, a one-year extension is requested to allow the Operations Department to continue the capital projects that are now underway. (+1.0 FTE)

5) Non-Operating Expenditures

5a) Strategic Plan, Vision Plan, Capital Finance Project, and Potential Funding Measure

A select set of one-time, non-recurring expenditures are excluded from the Operating Budget Guideline of 55.5%. For FY2014-15, these costs total \$1,447,911 and are related to implementation elements of the Strategic Plan: county election expenses for a potential Ballot Measure (\$812,000), the Capital Finance Project (\$131,000), completion of the Vision Plan Project (\$234,000), a limited term Community Outreach Coordinator position (\$171,000), and a District organizational and business model evaluation (\$100,000). More detail on the Strategic Plan Implementation is included in the District's FY2014-15 Action Plan (R-14-38).

5b) Capital Budget

As noted in the guidelines, the annual capital budget is limited to capital project and fixed asset expenditures totaling no more 10.5% of property tax revenue based on a five-year moving average. The FY2014-15 Proposed Capital Expenditure (CapEx) budget totals \$5.1 million and, after adjusting for grant income of \$884,000, the net FY2014-15 capital budget is \$4.2 million. Included in the Capital Budget is a contingent project manager dedicated to Capital projects in the Operations department. The CapEx moving average (net of grant funds and allowable adjustments) totals 7.9% of property tax revenue, which is well below the 10.5% CapEx limit. A summary and detailed list of capital projects by department can be found in Attachment 2.

Highlights of Capital Projects proposed for FY2014-15 include:

- Operations Department (\$2.26 million):
 - Vehicles and Equipment (\$828,000) – Five replacement field vehicles for Patrol (3) and Maintenance (2); an excavator, spray unit, and 10-wheel dump truck; a fire pumper; radio equipment; and two new vehicles for the Administrative Office
 - Skyline Field Office facilities improvements (\$496,000)
 - Demolition and clean up of abandoned structures (\$720,000)

- Planning Department (\$1.9 million, less \$834,000 grant income):
 - Mt. Umunhum environmental restoration and public access projects (\$1.165 million) offset by a \$450,000 grant from the State Coastal Conservancy
 - Public Access Projects (\$451,610)
 - Resource Management (\$125,000)

- Natural Resources Department (\$915,000, less \$50,000 grant income):
 - Resource Management Projects (\$255,000)
 - Environmental Restoration and Remediation (\$375,000)
 - Agricultural Land Management (\$285,000)

5c) Property Management

Property Management expenditures for FY2014-15 total \$470,550, an increase of \$220,728 or 88% over the FY2013-14 Midyear Budget. Increases include additional expenses for residential improvements (\$30,000), proposed demolition (\$100,000), grazing and residential water improvements (\$50,000), and residential pest control (\$10,000). Rental income is projected to be \$1.1 million, resulting in an anticipated net income of \$638,450 from the District's property management program for FY2014-15.

5d) Debt Service

Debt Service for FY2014-15 totals \$8.89 million, essentially flat from the FY2013-14 Midyear budget. Debt service is 20% of the Proposed expenditure budget and 27% of the Projected Property Tax Revenue.

5e) Land

The budget includes \$8.5 million for new land additions in FY2014-15. It is anticipated that the District will receive \$2.24 million in partnership funds toward these land purchases. The total proposed land purchase budget of \$9,354,000 includes \$854,000 in costs associated with land purchases such as site engineering and resource environmental studies (\$275,000), demolition and resource management projects (\$220,000), and site and structure improvements (\$306,000).

6) Five-Year Budget Forecasts

The Five-Year Operating Budget Forecast in Table 6 below demonstrates that the three proposed permanent position additions in FY2014-15 are sustainable, and the OpEx Budget remains below the Target in each year. The forecast does not include cost-of-living adjustments for FY2015-16 and beyond as such salary enhancements are unknown at this time and subject to negotiation with the Field Employees Association.

Table 6: Five-Year OpEx Forecast

	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
	3% COLA	0% COLA	0% COLA	0% COLA	0% COLA
OpEx Target %	55.5%	55%	56%	57%	59%
OpEx Target	18,700,000	20,061,856	21,463,918	22,958,763	24,567,010
Total Annual OpEx Budget	18,649,131	19,165,634	19,953,981	20,760,358	21,600,758
Under/(Over) OpEx Target	50,869	896,221	1,509,937	2,198,405	2,966,252
Current Staffing	10,522,992	10,669,567	10,889,770	11,114,397	11,343,538
Retirement	2,009,107	2,145,992	2,434,561	2,717,854	3,010,157
Insurance	1,894,155	2,003,402	2,155,466	2,322,588	2,506,269
Other	96,351	96,351	96,351	96,351	96,351
Total Salaries and Benefits	14,522,604	14,915,312	15,576,148	16,251,190	16,956,316
Services and Supplies	4,126,527	4,250,323	4,377,832	4,509,167	4,644,442
Total Services and Supplies	4,126,527	4,250,323	4,377,832	4,509,167	4,644,442
TOTAL OPEX	18,649,131	19,165,634	19,953,981	20,760,358	21,600,758

FY15-16: Remove Temporary Positions: Public Affairs Assistant, GIS Intern, HR Analyst
No new positions or COLAs budgeted FY15-16 through FY18-19

A Five-Year Capital Budget Forecast was deferred until after completion of the District's Vision Plan. As in prior years, staff has prepared a Three-Year Capital Budget Forecast (Attachment 2). Table 7 below provides a summary of capital projects by department for the next three years.

Table 7: Three-Year CapEx Forecast

District Summary: CapEx Projects by Dept.	FY2013-14 Actuals	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Administration	235,518	165,000	71,200	0	0
Operations	532,914	1,331,979	2,262,266	1,856,879	1,437,773
Planning	1,952,947	3,095,147	1,856,610	1,575,000	1,640,000
Natural Resources	252,036	834,100	915,000	790,000	500,000
Total CapEx Projects	2,973,415	5,426,226	5,105,076	4,221,879	3,577,773
District Summary: Grant Income	FY2013-14 Actuals	FY2013-14 Modified Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Administration		0	0	0	0
Operations		0	0	0	0
Planning	538,338	2,107,427	834,230	220,000	530,000
Public Affairs		0	0	0	0
Real Property		0	0	0	0
Natural Resources		127,500	50,000	350,000	100,000
Total Grant Income - Development	538,338	2,234,927	884,230	570,000	630,000
Total CapEx Projects, net of Grant Income	2,435,077	3,191,299	4,220,846	3,651,879	2,947,773

HAWTHORN FUND

HAWTHORN					
FY2014-15 PROPOSED ANNUAL BUDGET					
Description	FY2012-13 Actuals	FY2013-14 Midyear Budget	FY 2014-15 Proposed Annual Budget	\$ Change from Midyear FY2013-14	% Change from Midyear FY2013-14
Fund 20					
Total: Personnel Services	-	19,539	19,610	71	0%
Total: Services and Supplies	73,728	187,875	202,075	14,200	8%
Total: Capital / Fixed Assets	48,619	241,386	120,742	(120,644)	-50%
Total: Hawthorn	122,347	448,800	342,427	(106,373)	-23.7%

The FY2014-15 Proposed Annual Budget for the Hawthorn endowment totals \$342,427, which is \$106,373 below the FY2013-14 Midyear Budget of \$448,800 and reflects the work that will continue into this upcoming year on the Alpine Road house and the Historic mansion and carriage house.

The transition of the Alpine Road house to an employee residence is budgeted at \$163,300 and includes hiring an outside construction manager to complete the hazardous materials abatement and habitability improvements (roof, bathroom, and electrical heating system). The stabilization of the historic mansion and carriage house is budgeted at \$179,100.

If the proposed Hawthorn budget is approved, the endowment fund balance at the end of FY2014-15 is projected to be \$1,075,920. (See Table 8 below)

Table 8: Hawthorn – Projected Endowment/Cash Balance

HAWTHORN: Endowment Fund	
Hawthorn Fund Original Endowment:	\$ 2,018,445
FY2011-12 Interest Income	\$ 3,267
FY2011-12 Expenditures	(50,672)
FY2012-13 Interest Income	\$ 7,854
FY2012-13 Expenditures	(122,347)
FY2013-14 Interest Income - Proposed Budget	\$ 5,600
FY2013-14 Expenditures - Proposed Budget	(448,800)
FY2014-15 Interest Income - Proposed Budget	\$ 5,000
FY2014-15 Expenditures - Proposed Budget	(342,427)
Ending Balance - Projected	\$ 1,075,920

BOARD COMMITTEE REVIEW

This agenda item was reviewed by the Action Plan and Budget Committee on February 4, February 6, and February 11, 2014 with no requests for changes.

FISCAL IMPACT

Final adoption of the Proposed FY2014-15 District Budget by the Board would authorize \$43,920,271 from the General Fund and \$342,427 from the Hawthorns Fund to accomplish the District's work plan for the next fiscal year.

PUBLIC NOTICE

Public notice has been provided as required by the Brown Act.

CEQA COMPLIANCE

This agenda item is not a project and is not subject to the California Environmental Quality Act (CEQA).

NEXT STEPS

- The Board determines whether the Action Plan and Budget Committee shall meet to further discuss and refine the Proposed FY2014-15 District Budget.
- The Board considers adoption of the FY2014-15 Proposed District Budget at the March 26, 2014 Board Meeting.

Attachment(s)

1. Attachment 1: District Budget by Department
2. Attachment 2: CapEx Budget by Department and Three-Year Forecast

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	FY2012-13 Actuals (Unaudited)	FY2013-14 Midyear Budget	FY2014-15 Proposed Annual Budget	\$ Change from FY2013-14 Midyear Budget	% Change from FY2013-14 Midyear Budget
FY2014-15 DISTRICT BUDGET OVERVIEW (& DEPARTMENTS)					
Administration					
Salaries and Benefits	2,141,364	2,824,767	3,153,650	328,883	12%
Services and Supplies	948,848	957,753	1,023,695	65,942	7%
Total Operating Expense	3,090,212	3,782,520	4,177,345	394,825	10%
Strategic/Capital Finance Project/Ballot Meas	-	50,000	1,043,075	993,075	
Capital	235,518	165,000	71,200	(93,800)	-57%
Special Projects	2,674,307	-	-	-	
Total Non-Operating Expense	2,909,825	215,000	1,114,275	899,275	418%
Total Administration Expenditures	6,000,037	3,997,520	5,291,620	1,294,100	32%
Natural Resources					
Salaries and Benefits	849,897	977,050	1,073,745	96,695	10%
Services and Supplies	359,640	646,701	468,551	(178,150)	-28%
Total Operating Expense	1,209,537	1,623,751	1,542,296	(81,455)	-5%
Capital	252,036	834,100	915,000	80,900	10%
Total Non-Operating Expense	252,036	834,100	915,000	80,900	10%
Total Natural Resources Expenditures	1,461,573	2,457,851	2,457,296	(555)	0%
Operations					
Salaries and Benefits	6,116,259	6,602,535	6,900,055	297,520	5%
Services and Supplies	1,510,619	1,632,917	1,707,440	74,523	5%
Total Operating Expense	7,626,879	8,235,452	8,607,495	372,043	5%
Capital	532,914	1,331,979	2,262,266	930,287	70%
Total Non-Operating Expense	934,112	1,331,979	2,262,266	930,287	70%
Total Operations Expenditures	8,560,990	9,567,431	10,869,761	1,302,330	14%
Planning					
Salaries and Benefits	1,069,850	1,389,259	1,402,824	13,565	1%
Services and Supplies	56,193	79,923	199,501	119,578	150%
Total Operating Expense	1,126,043	1,469,182	1,602,325	133,143	9%
Strategic/Vision Project	146,310	591,900	234,000	(357,900)	-60%
Capital	1,952,947	3,095,147	1,856,610	(1,238,537)	-40%
Total Non-Operating Expense	2,099,257	3,687,047	2,090,610	(1,596,437)	-43%
Total	3,225,301	5,156,229	3,692,935	(1,463,294)	-28%
Public Affairs					
Salaries and Benefits	851,688	1,078,804	1,135,930	57,126	5%
Services and Supplies	357,037	453,885	597,790	143,905	32%
Total Operating Expense	1,208,725	1,532,689	1,733,720	201,031	13%
Strategic/Vision Project	45,327	259,000	170,836	(88,164)	-34%
Total Non-Operating Expense	45,327	259,000	170,836	(88,164)	-34%
Total Public Affairs Expenditures	1,254,053	1,791,689	1,904,556	112,867	6%
Real Property					
Salaries and Benefits	680,102	714,306	856,402	142,096	20%
Services and Supplies	30,845	163,600	129,550	(34,050)	-21%
Total Operating Expense	710,947	877,906	985,952	108,046	12%
Special Projects (1-time expenditures)	61,723	-	-	-	
Property Mgt.	210,880	249,822	470,550	220,728	88%
Debt Service	8,876,542	8,874,965	8,893,601	18,636	0%
Land and Assoc. Costs	6,715,900	8,074,000	9,354,000	1,280,000	16%
Total Non-Operating Expense	15,865,045	17,198,787	18,718,151	1,519,364	9%
Total	16,575,993	18,076,693	19,704,103	1,627,410	9%
DISTRICT BUDGET BY EXPENDITURE CATEGORY					
Salaries and Benefits	11,709,161	13,586,721	14,522,606	935,885	7%
Services and Supplies	3,263,183	3,934,779	4,126,527	191,748	5%
Total Operating Expense (OPEX)	14,972,344	17,521,500	18,649,133	1,127,633	6%
Strategic/Vision/Capital Finance Project	191,637	900,900	1,447,911	547,011	61%
Capital (CAPEX)	2,973,415	5,426,226	5,105,076	(321,150)	-6%
Special Projects	3,137,227	-	-	-	
Property Mgt.	210,880	249,822	470,550	220,728	88%
Debt Service	8,876,542	8,874,965	8,893,601	18,636	0%
Land and Assoc. Costs	6,715,900	8,074,000	9,354,000	1,280,000	16%
Total Non-Operating Expense	22,105,602	23,525,913	25,271,138	1,745,225	7%
Total District Expenditures	37,077,946	41,047,413	43,920,271	2,872,858	7%
TOTAL OPERATING BUDGET (OPEX)	14,972,344	17,521,500	18,649,133	1,127,633	6%
TOTAL DISTRICT TARGET: OPEX	16,307,216	17,987,000	18,700,000	713,000	4%
TOTAL OVER/(UNDER): OPEX	(1,334,872)	(465,500)	(50,867)	414,633	-89%
TOTAL CAPITAL BUDGET (CAPEX) - Development	2,973,415	5,426,226	5,105,076	(321,150)	-6%
LESS: GRANT INCOME	538,338	2,234,927	884,230	(1,350,697)	-60%
TOTAL CAPITAL BUDGET, net of Grant Income	2,435,077	3,191,299	4,220,846	1,029,547	32%

ATTACHMENT 2

**CapEx
Annual Review FY2014-15
District Summary**

District Summary: CapEx Projects by Dept.	FY2013-14 Actuals	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Administration	235,518	165,000	71,200	0	0
Operations	532,914	1,331,979	2,262,266	1,856,879	1,437,773
Planning	1,952,947	3,095,147	1,856,610	1,575,000	1,640,000
Natural Resources	252,036	834,100	915,000	790,000	500,000
Total CapEx Projects	2,973,415	5,426,226	5,105,076	4,221,879	3,577,773
District Summary: Grant Income	FY2013-14 Actuals	FY2013-14 Modified Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Administration		0	0	0	0
Operations		0	0	0	0
Planning	538,338	2,107,427	834,230	220,000	530,000
Public Affairs		0	0	0	0
Real Property		0	0	0	0
Natural Resources		127,500	50,000	350,000	100,000
Total Grant Income - Development	538,338	2,234,927	884,230	570,000	630,000
Total CapEx Projects, net of Grant Income	2,435,077	3,191,299	4,220,846	3,651,879	2,947,773

ATTACHMENT 2

**CapEx
Annual Review FY2014-15
Administration**

Part I: Summary				
Project Description				
Fiscal Year:	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
IAFS (Accounting Software Project)	\$105,000	\$11,200	\$0	\$0
AO Structure Improvement	\$60,000	\$60,000	\$0	\$0
Total Capital Projects	\$165,000	\$71,200	\$0	\$0
Part II: Detail				
IAFS - Consultant (Schafer)	\$50,000	\$11,200	\$0	\$0
IAFS - Software Vendor (NW)	\$55,000			
IAFS (PM)				
AO - Re-shingling	\$60,000	\$60,000	\$0	\$0
Total Capital Projects	\$165,000	\$71,200	\$0	\$0
Part III: Grant Income				
none				
Total Grant Income	\$0	\$0	\$0	\$0
Total Capital Projects, net of Grant Income	\$165,000	\$71,200	\$0	\$0

**CapEx
Annual Review FY2014-15
Operations**

Part I: Summary				
Project Description				
Fiscal Year:	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Vehicles & Equipment	\$635,000	\$828,000	\$540,000	\$540,000
Facility/Infrastructure	\$604,000	\$1,322,000	\$1,199,000	\$774,000
Sub Total Capital Projects	\$1,239,000	\$2,150,000	\$1,739,000	\$1,314,000
Operations Contingent Capital Projects Manager	\$92,979	\$112,266	\$117,879	\$123,773
Total Capital Projects	\$1,331,979	\$2,262,266	\$1,856,879	\$1,437,773
Part II: Detail				
Projects Include:				
Vehicle Bridge Evaluation and Repair	\$220,000	\$110,000	\$400,000	\$200,000
Stevens Creek Trail Bridge Repair		\$40,000		
Replace Lower Purisima Creek Preserve Restroom		\$3,000	\$30,000	
Replace Skyline Ridge Preserve Entrance Sign		\$9,000		
Replace and Upgrade Preserve Signboards	\$24,000	\$24,000	\$24,000	\$24,000
Demolition and Clean up of Abandoned Structures [Skyline]	\$24,000	\$120,000	\$150,000	\$150,000
Demolition and Clean up of Abandoned Structures [Foothills]	\$14,830	\$600,000	\$250,000	\$150,000
Removal of Abandoned Vehicles	\$10,000	\$20,000	\$15,000	
Skyline Facility Improvements - HVAC & Continuation of work on field office.	\$130,000	\$186,000		
Skyline Facility Improvements - Provision of outdoor work space (Awning/equipment shelter)	\$12,000	\$90,000		
Skyline Facility Improvements - Repave Driveway		\$40,000		
Skyline Facility Improvements - Install automated gate at SFO	\$0	\$60,000		
Required improvements to above ground fuel tanks	\$0	\$20,000		
Skyline Facility Improvements - Heavy Equipment Storage	\$16,000			
Install Automated Gates at the Purisima Creek Parking Lots	\$33,000		\$40,000	
La Honda Employee Residence Roof Repair	\$5,000			
Mora Fire Road Upgrade	\$115,170			
Future Project #1 --- SAO Office Feasibility and Planning	\$0		\$100,000	\$100,000
Future Project #2 -- Trail Bridge Replacements	\$0		\$100,000	\$100,000
Future Project #3 -- Deferred Maintenance/Work Order Prioritization	\$0		\$50,000	\$50,000
Future Project #4 - Fremont Older Automated Gate			\$40,000	
Total Facilities/Infrastructure	\$604,000	\$1,322,000	\$1,199,000	\$774,000

**CapEx
Annual Review FY2014-15
Operations**

Project Description				
Fiscal Year:	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Vehicles & Equipment:		2 Maintenance 3 Patrol 2 AO Vehicles 1 Excavator 1 10-Wheel Dump	Specific Vehicles TBA	Specific Vehicles TBA
Operations Vehicle & Equipment:	\$635,000	\$828,000	\$540,000	\$540,000
Radio System - completion	\$0	\$0	\$0	\$0
Total Vehicles & Equipment	\$635,000	\$828,000	\$540,000	\$540,000
Part III: Grant Income				
Total Grant Income	\$0	\$0	\$0	\$0
Total Capital Projects, net of Grant Income	\$1,331,979	\$2,262,266	\$1,856,879	\$1,437,773

**CapEx
Annual Review FY2014-15
Planning**

Part I: Summary				
Project Description				
Fiscal Year:	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Public Access (330)	\$984,597	\$451,610	\$1,010,000	\$1,075,000
Staff Facilities (340)	\$45,701	\$25,000	\$125,000	\$125,000
Long Range Planning (350)	\$70,000	\$85,000	\$185,000	\$185,000
Resource Management (360)	\$25,000	\$125,000	\$125,000	\$125,000
Mount Umunhum	\$1,969,849	\$1,165,000	\$130,000	\$130,000
Other - Computer equipment		\$5,000		
Total Capital Projects	\$3,095,147	\$1,856,610	\$1,575,000	\$1,640,000
Part II: Detail				
PUBLIC ACCESS (330)				
Bay Trail (FY13-14 included Cooley Landing which it should not)	\$0	\$0	\$150,000	\$100,000
Beatty Staging Area				\$100,000
El Sereno Dog Trails and Connections			\$25,000	\$25,000
Fremont Older Staging Area Golf Net	\$32,500	\$42,000	\$35,000	Done
El Corte de Madera Creek Staging Area	\$515,000	Done		
El Corte de Madera Creek Trail Improvements (Phases II - IV)	\$25,000	\$35,000	\$75,000	\$75,000
Hawthorns Site Management Phase I	Endowment	Endowment	Endowment	Endowment
La Honda Creek Master Plan Implementation (Red Barn Staging Area and Trails)			\$200,000	\$400,000
La Honda Creek Master Plan Implementation (Phase I trails)			\$50,000	\$50,000
La Honda Creek Master Plan Implementation (Harrington Bridge Assessment and Repair)			\$100,000	\$150,000
Mary Davey Memorial	\$5,500	Done		
Mindego Gateway - Staging Area	\$312,058	Done		
Mindego Gateway - Ancient Oaks Trail	\$20,000	\$250,000	Done	
Mindego Council Circle Access			\$100,000	\$100,000
Mindego Hill Trail	\$20,000	\$80,000	Done	
Mindego Silva Driveway	\$10,000	Budgeted in RP		
Mindego Demolition (Demo Tru and Grandma's houses and clean up corral - \$250K, Signage and other infrastructure - \$50K)			\$250,000	\$50,000

**CapEx
Annual Review FY2014-15
Planning**

Project Description				
Fiscal Year:	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Mt Umunhum only projects				
Mt Um Bald Mtn Staging Area	\$112,200	\$660,000	Done	
Mt Um Bald Mtn Staging Area to Summit Trail	\$72,000	\$25,000	\$25,000	\$25,000
Mt Um Radar Tower Repair	\$89,000	\$390,000	Done	
Mt Um Partnerships	\$5,000	\$5,000	\$5,000	\$5,000
Mt Um Remediation and Restoration (incl. demolition)	\$1,674,949	Done		
Mt Um Guadalupe Creek Overlook and Bridges		\$75,000		
Mt Um Summit Area			\$100,000	\$100,000
Mt Um Access Easement		Budgeted in RP		
Other	\$19,539	\$19,610		
Unanticipated Expenses	\$25,000	\$25,000	\$25,000	\$25,000
STAFF FACILITIES (340)				
AO Lease Space	\$31,000	Complete		
AO Long Term Solution			\$100,000	\$100,000
Unanticipated Expenses	\$14,701	\$25,000	\$25,000	\$25,000
LONG RANGE PLANNING (350)				
Cooley Landing Park (Partnership with East Palo Alto)	\$10,000	\$10,000	\$10,000	\$10,000
Bear Creek Redwoods Master Plan			\$100,000	\$100,000
Accessibility Plan Update		\$50,000	\$50,000	\$50,000
Mindego Use and Management Plan	\$60,000	Done		
Unanticipated Expenses	\$0	\$25,000	\$25,000	\$25,000
RESOURCE MANAGEMENT (360)				
Mt Um Purple Martin Restoration	\$16,700	\$10,000	\$0	
Water Agreement with Presentation Ctr - BCR water line		\$100,000		
Hendry's Creek Stream Restoration			\$100,000	\$100,000
Unanticipated Expenses	\$25,000	\$25,000	\$25,000	\$25,000
Total Capital Projects	\$3,095,147	\$1,851,610	\$1,575,000	\$1,640,000

**CapEx
Annual Review FY2014-15
Planning**

Project Description				
Fiscal Year:	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Part III: Grant Income				
Mt Um Reimb - Remediation/Demolition - thru Phase II (Federal Funding only)	\$1,141,197	\$0	\$0	\$0
Mt Um Environmental Restoration & Public Access (State Coastal Conservancy)		\$450,000	\$20,000	\$530,000
Mindego Gateway Project - POST funded	\$582,000			
El Corte de Madera Creek Parking and Trails Improvements	\$384,230	\$384,230		
Bay Trail - (Santa Clara County grant)	\$0		\$200,000	
Total Grant Income ⁽¹⁾	\$2,107,427	\$834,230	\$220,000	\$530,000
Total Capital Projects, net of Grant Income	\$987,720	\$1,017,380	\$1,355,000	\$1,110,000
<small>(1) Total Grant Income (FY2013-14 Modified Budget): May reflect receivable for projects expended.</small>				

**CapEx
Annual Review FY2014-15
Natural Resources**

Part I: Summary				
Project Description				
Fiscal Year:	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Fixed Assets	\$5,000	\$0	\$0	\$0
Natural Resource Management	\$391,100	\$255,000	\$100,000	\$0
Environmental Restoration and Remediation	\$383,000	\$375,000	\$580,000	\$500,000
Agricultural Land Management	\$55,000	\$285,000	\$110,000	\$0
Total Capital Projects	\$ 834,100	\$ 915,000	\$ 790,000	\$ 500,000
Part II: Detail				
Administration (810)				
Radio Equipment	\$ 5,000	\$ -		
Resource Management (820)				
Integrated Pest Management Program	\$ 251,600	\$ 200,000		
Mindego Gateway Project Permitting	\$ 27,500	\$ -		
Mindego Ranch Aquatic Species Recovery Program	\$ 42,000	\$ 55,000	\$ 100,000	
Peters Creek Trail Improvements	\$ 70,000	\$ -		
Environmental Restoration and Remediation (830)				
La Honda Creek OSP Watershed Protection	\$ 55,000	\$ 50,000	\$ 250,000	\$ 400,000
El Corte de Madera Creek Watershed Protection Program	\$ 30,000	\$ 70,000	\$ 50,000	
Restoration Forestry Demonstration Project		\$ 60,000	\$ 100,000	
Ponds DR05 Repairs		\$ 170,000		
Ponds DR07 and DR08 Repairs	\$ 92,000			

**CapEx
Annual Review FY2014-15
Natural Resources**

Project Description				
Fiscal Year:	FY2013-14 Midyear Budget	FY2014-15 Proposed Budget	FY2015-16 Projected	FY2016-17 Projected
Hicks Flat Mercury Remediation	\$ 196,000	\$ -		
Mindego Ranch Remediation	\$ 10,000	\$ 25,000	\$ 40,000	
Alma College Remediation			\$ 40,000	
Madonna Creek Ranch Creek Assessment			\$ 100,000	
San Gregorio Creek Salmon Habitat Enhancement				\$ 100,000
<u>Agricultural Land Management (840)</u>				
La Honda Creek OSP Grazing Infrastructure	\$ 15,000	\$ 135,000	\$ 100,000	
Mindego Grazing Infrastructure	\$ 40,000	\$ 150,000		
Big Dipper Ranch Water System Infrastructure			\$ 10,000	
Total Capital Projects	\$ 834,100	\$ 915,000	\$ 790,000	\$ 500,000
Part III: Grant Income				
Hicks Flat Mercury Remediation	\$ 127,500			
La Honda Creek OSP Watershed Protection		\$ 50,000	\$ 250,000	
Mindego Ranch Aquatic Species Recovery Program			\$ 100,000	
San Gregorio Creek Salmon Habitat Enhancement				\$ 100,000
Total Grant Income	\$ 127,500	\$ 50,000	\$ 350,000	\$ 100,000
Total Capital Projects, net of Grant Income	\$ 706,600	\$ 865,000	\$ 440,000	\$ 400,000