



Midpeninsula Regional
Open Space District

R-20-85
Meeting 20-19
August 26, 2020

AGENDA ITEM 7

AGENDA ITEM

Assign Fund Balance Transfers to Fiscal Year 2021

GENERAL MANAGER'S RECOMMENDATIONS

Adopt a resolution approving (1) balance transfers of unspent Fiscal Year 2020 appropriations in Fund 40 – General Fund Capital for projects that continue into Fiscal Year 2021, and (2) General Fund Capital budget amendments for Fiscal Year 2021.

SUMMARY

The General Manager recommends Fund 40 – General Fund Capital assigned fund balance transfers and budget amendments in light of unanticipated project delays in FY20 due to COVID-19 and shelter-in-place orders that pushed a portion of the work into FY21. A total carryover of \$710,000 in unspent FY20 Capital Project appropriations is proposed to be added to the FY21 Fund 40 – General Fund Capital budget.

DISCUSSION

On March 16, 2020, the Counties of Santa Clara and San Mateo issued shelter-in-place orders due to the COVID-19 pandemic. The orders allowed for the continued operations and maintenance of “Essential Infrastructure”. Given that many Midpeninsula Regional Open Space District (District) projects did not fall under the definition of “Essential Infrastructure” (e.g. public road repairs, hospital construction, utility repairs), worked ceased on particular activities causing delays in project schedules. As a result, certain FY20 project budgets went underspent as previously explained in the May 13, 2020 Quarter 3 Budget Amendments report (R-20-43).

On June 24, 2020, the Board of Directors (Board) adopted the FY21 Budget and Action Plan (R-20-68) with a total budget of \$81.2 million. Due to the timing of COVID-19, there was no ability to update the FY21 Budget and Action Plan ahead of Board adoption for projects impacted by the shelter-in-place restrictions. This report presents a \$710,000 increase in proposed assigned fund balance transfers and FY21 budget adjustments for the carryover work that is now being completed in FY21.

Proposed Amendments to the FY21 Fund 40 Budget – Expenses

The FY21 proposed Fund 40 budget amendments in this report result in a net increase of \$710,000 to the current FY21 Budget of \$82,722,804, bringing the new, amended FY21 budget to \$83,432,804.

As a reminder, on July 22, 2020, the Board approved the San Jose Water Purchase (R-20-78) and a corresponding budget amendment to increase the Fund 30 – MAA Capital budget by \$1,075,000. On August 26, 2020, the Board is considering additional budget amendments to Fund 10 - General Fund Operating and Fund 40 - General Fund Capital for the Coal Creek Area Fuel Break Project for a net budget increase of \$397,938 (i.e. increase of \$511,358 in Fund 10 and a decrease of \$113,420 in Fund 40) (see Agenda Item R-20-30 for details). These three amendments are reflected in the YTD Budget Amendments column below.

Table 1 summarizes the FY21 adopted budget and proposed budget amendments by fund. A summary of the changes by fund follows Table 1.

Table 1: Summary of FY21 Budget by Fund

DISTRICT BUDGET BY FUNDING SOURCE	FY21 Adopted Budget	YTD Budget Amendments*	Amended Budget (as of 7/22/20 with Coal Creek 8/26/2020*)	Proposed Fund 40 Carryover Budget Amendments	FY21 Proposed Amended Budget
Fund 10 - General Fund Operating	\$36,773,825	\$511,358	\$37,285,183	\$0	\$37,285,183
Fund 20 - Hawthorn Fund	110,200	0	110,200	0	110,200
Fund 30 - MAA Land/Capital	11,868,588	1,075,000	12,943,588	0	12,943,588
Fund 40 - General Fund Land/Capital	15,856,328	(113,420)	15,742,908	710,000	16,452,908
Fund 50 - Debt Service	16,640,925	0	16,640,925	0	16,640,925
Total	\$81,249,866	\$1,472,938	\$82,722,804	\$710,000	\$83,432,804

*Includes the Coal Creek Area Fuel Break Project proposed amendments assumed to have been approved as part of a separate Agenda Item for the regular meeting of August 26, 2020.

The proposed budget amendments totaling \$710,000 that are the subject of this report reflect the following changes:

- The *District Wide Fiber Optics (51702)* project budget is proposed to increase by \$75,000 because connectivity to the Skyline Field Office (SFO) was not completed last fiscal year due to delays in getting pole permits and a signed easement with a private property owner. The unspent project budget from last fiscal year will be reallocated to this fiscal year to complete the SFO fiber optic connection.
- The *ADA Barrier Removal (31901)* project budget is proposed to increase by \$96,770 because COVID-19 bidding and permitting delays postponed delivery of the vault toilets. They will now be delivered in FY21.
- The capital budget for *Vehicles* is proposed to increase by \$217,200 to cover the cost of three maintenance vehicles, as approved by the Board in FY20. Vehicle delivery was unexpectedly delayed due to shelter-in-place orders. The trucks will now arrive in FY21.
- The *South Area Field Office (31601)* project budget is proposed to increase by \$321,030 due to shelter-in-place orders that delayed construction by roughly 1.5 months. Construction resumed in May 2020 and will continue into FY21.

Proposed Changes to FY21 Assigned Fund Balance Transfers

Following practices started in FY19, unspent Fund 40 – General Fund Capital funds can be “rolled-over” into the next fiscal year to complete project work. These funds are identified in the *Assigned Fund Balance Transfers* line in Table 3 under the Fiscal Impact section of this report.

The original projection for FY21 revenue and other funding sources was \$82,084,031. The San Jose Water land purchase increased revenues by 1,075,000 due to an increase in MAA bond reimbursements to cover the purchase of this MAA-eligible acquisition. Revenue projections are also proposed to increase by \$254,438 as further described in the Coal Creek Area Fuel Break Project Board report due to a recently secured grant and an unassigned fund balance transfer. As part the recommended actions in this report, revenue is proposed to further increase by \$710,000 in assigned fund balance transfers, for an amended total revenue of \$84,123,469 as summarized below.

Table 2: Summary of FY21 Revenue & Other Funding Sources

DISTRICT REVENUE BY FUNDING SOURCE	FY21 Adopted Budget	YTD Budget Amendments*	Amended Budget (as of 7/22/20 with Coal Creek 8/26/2020*)	Proposed Fund 40 Carryover Budget Amendments	FY21 Proposed Amended Budget
Fund 10 - General Fund Operating	\$36,917,325	\$367,858	\$37,285,183	\$0	\$37,285,183
Fund 20 - Hawthorn Fund	110,200	0	110,200	0	110,200
Fund 30 - MAA Land/Capital	12,280,063	1,075,000	13,355,063	0	13,355,063
Fund 40 - General Fund Land/Capital	15,856,328	(113,420)	15,742,908	710,000	16,452,908
Fund 50 - Debt Service	16,920,115	0	16,920,115	0	16,920,115
Total	\$82,084,031	\$1,329,438	\$83,413,469	\$710,000	\$84,123,469

*Includes the Coal Creek Area Fuel Break Project proposed amendments assumed to have been approved as part of a separate Agenda Item for the regular meeting of August 26, 2020.

FISCAL IMPACT

The original projection for FY21 revenue and other funding sources was \$82,084,031. The total amended revenues are now estimated at \$84,123,469. The FY21 adopted budget for expenses was \$81,249,866. The proposed amended budget is now \$83,432,804. Table 3 on the next page summarizes the FY21 estimated change in fund balance as a positive change, with a resulting total fund balance of \$690,665.

Table 3: FY21 Budget by Fund

FY21 Estimated Change in Fund Balance	Fund 10 General Fund	Fund 20 Hawthorns	Fund 30 Measure AA Capital	Fund 40 General Fund Capital	Fund 50 Debt Service	Total
Revenue						
Property Tax Revenues	\$53,487,274				\$6,200,000	\$59,687,274
Grants Awarded	525,858		1,621,509			2,147,367
Interest Income	894,260	13,500	411,475		41,040	1,360,275
Rental Income	1,329,450					1,329,450
Rental Income - 5050 El Camino Real	400,000					400,000
Rancho San Antonio Agreement	386,761					386,761
Miscellaneous	100,000					100,000
Total Amended Revenues	57,123,603	13,500	2,032,984	0	6,241,040	65,411,127
Other Funding Sources						
Bond Reimbursements			11,322,079	6,415,212		17,737,291
Hawthorns Funds		96,700				96,700
Assigned Fund Balance Transfers				710,000		710,000
Committed for Infrastructure Transfer	(400,000)			5,546,271		5,146,271
Committed for Future Acquisitions & Capital Projects	(4,200,000)					(4,200,000)
Committed for Capital Maintenance	(500,000)					(500,000)
Committed for Promissory Note	(300,000)					(300,000)
Unassigned Fund Balance	22,080					22,080
General Fund Transfers	(14,460,500)			3,781,425	10,679,075	0
Total Amended Other Funding Sources	(19,838,420)	96,700	11,322,079	16,452,908	10,679,075	18,712,342
Grand Total: Revenues & Other Funding Sources	37,285,183	110,200	13,355,063	16,452,908	16,920,115	84,123,469
Expenses						
Operating	35,032,860	62,200				35,095,060
Labor Reimbursement	(669,235)					(669,235)
Capital & Projects	2,921,558	48,000	12,943,588	16,452,908		32,366,054
Debt Service (General Fund Debt)					10,679,075	10,679,075
Debt Service (Measure AA Debt)					5,961,850	5,961,850
Total Amended Expenses	\$37,285,183	\$110,200	\$12,943,588	\$16,452,908	\$16,640,925	\$83,432,804
Adopted Change in Fund Balance	\$143,500	\$0	\$411,475	\$0	\$279,190	\$834,165
Net Change in Fund Balance	(143,500)	0	0	0	0	(143,500)
Amended Change in Fund Balance	\$0	\$0	\$411,475	\$0	\$279,190	\$690,665

BOARD COMMITTEE REVIEW

This item was not previously reviewed by a Board committee.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

Upon Board approval, staff will make the necessary Budget amendments.

Attachment

1. Resolution Amending the FY21 Fund 40 Carryover Budget

Responsible Department Head:
Mike Bower, Budget & Analysis Manager

Prepared by:

Mike Bower, Budget & Analysis Manager

Elissa Martinez, Management Analyst II

Lupe Hernandez, Management Analyst I

Contact person:

Mike Bower, Budget & Analysis Manager

RESOLUTION NO. 20-__

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT APPROVING
CAPITAL PROJECT BALANCE TRANSFERS TO ACCOMMODATE
THE CARRYOVER OF UNSPENT FISCAL YEAR 2020 CAPITAL
PROJECT APPROPRIATIONS AND AMENDING THE BUDGET FOR
FISCAL YEAR 2020-2021**

WHEREAS, on June 24, 2020 the Board of Directors of the Midpeninsula Regional Open Space District adopted the Fiscal Year ending June 30, 2021 (FY21) Budget and Action Plan; and

WHEREAS, on July 22, 2020 the Board of Directors of the Midpeninsula Regional Open Space District amended the FY21 Budget; and

WHEREAS, the General Manager recommends amending the FY21 Budget to reflect requests for budget shifts in capital improvements, resulting in a net increase;

NOW, THEREFORE, the Board of Directors of the Midpeninsula Regional Open Space District does resolve as follows:

SECTION ONE. Approve the carryover of \$710,000 in unspent FY20 Capital Project appropriations in Fund 40 – General Fund Capital for those projects where work and expenditures will continue in FY21;

SECTION TWO. Approve the recommended Fund 40 Carryover budget amendments to the FY21 Budget for the Midpeninsula Regional Open Space District resulting in a net increase as follows:

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SECTION THREE. Monies are hereby appropriated in accordance with said budget by fund.

SECTION FOUR. Except as herein modified, the FY21 Budget and Action Plan, Resolution No. 20-18 as amended, shall remain in full force and effect.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on _____, 2020, at a regular meeting thereof, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Jed Cyr, Secretary
Board of Directors

Karen Holman, President
Board of Directors

APPROVED AS TO FORM:

Hilary Stevenson, General Counsel

I, the District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above vote at a meeting thereof duly held and called on the above day.

Jennifer Woodworth, District Clerk