



Midpeninsula Regional
Open Space District

R-21-23
Meeting 21-05
February 10, 2021

AGENDA ITEM 3

AGENDA ITEM

Quarter 2 Proposed Budget Amendments to the Fiscal Year ending June 30, 2021

GENERAL MANAGER'S RECOMMENDATION

Adopt a resolution approving the proposed Quarter 2 budget amendments for the fiscal year ending June 30, 2021.

SUMMARY

This report presents the Quarter 2 (Q2) proposed expenditure budget amendments by fund for the fiscal year ending June 30, 2021 (FY21). There are no Q2 proposed revenue budget adjustments. Proposed Q2 FY21 expenditure budget adjustments for services, supplies and capital improvements result in a \$386,450 net decrease from the amended budget. This decrease is primarily due to project deferrals or delays in FY21 due to COVID-19 that will shift work into FY22. The budget adjustments also include net zero budget shifts between funds, projects, and expenditure categories.

The quarterly budget amendment process includes an evaluation of the year-to-date financial performance to highlight any potential material changes on future financial performance expectations for Board consideration. The Q2 review of financial performance and economic conditions indicates that the expected financial performance for FY21 is better than the adopted budget and remains in line with longer-term financial projections (see Attachments 5 and 6 for supporting commentary and schedules). Uncertainty about the longer-term economic effects from COVID-19, including the duration and extent of activity restrictions, remains an unknown. That said, local and state budget and funding priorities have shifted due to both COVID-19 and the increasing risk for major fires during dry weather, such that grant and other local/county and state funding opportunities are expected to be focused on social programs, economic recovery, and vegetation management in the coming years.

DISCUSSION

The Board adopted the FY21 Budget and Action Plan at the June 24, 2020 regular meeting (R-20-68) with a total expenditure budget of \$81.2 million. Fiscal year-to-date Board-approved adjustments have brought the FY21 amended budget to \$88.3 million. The proposed Q2 adjustments decrease this number by \$0.4 million to \$87.9 million (see Table 2). The original FY21 revenues were projected at \$65.2 million. As part of the Quarter 1 budget amendment on November 18, 2020 (R-20-140), revenues decreased to \$64.2 million based on new projections.

These same projections are currently expected, resulting in no additional change to revenues (see Table 1).

Proposed FY21 Budget Quarter 2 Amendments – Revenues

The adopted FY21 revenue budget was \$65.2 million. Prior to the end of Q2, the Board authorized budget adjustments that decreased the revenue budget by \$1.0 million. There are no Q2 proposed revenue budget adjustments. The total amended revenue budget remains at \$64,211,127.

Table 1 lists the projected revenue by Fund, including amendments to date.

Table 1: Summary of Projected FY21 Revenue

DISTRICT REVENUE BY FUND & CATEGORY	FY21 Adopted Budget	YTD Approved Budget Amendments	Amended Budget (as of 12/31/2020)	Quarter 2 Proposed Budget Amendments	FY21 Proposed Amended Budget
General Fund Operating (Fund 10)	\$56,891,245	\$88,858	\$56,980,103	\$0	\$56,980,103
Property Tax	53,487,274		53,487,274		53,487,274
Grants	293,500	88,858	382,358		382,358
Interest Income	894,260		894,260		894,260
Rental Income	1,729,450		1,729,450		1,729,450
Rancho San Antonio Agreement	386,761		386,761		386,761
Miscellaneous	100,000		100,000		100,000
Hawthorns (Fund 20)	\$13,500	\$0	\$13,500	\$0	\$13,500
Interest Income	13,500		13,500		13,500
Measure AA Land/Capital (Fund 30)	\$2,032,984	\$143,500	\$2,176,484	\$0	\$2,176,484
Grants	1,621,509	143,500	1,765,009		1,765,009
Interest Income	411,475		411,475		411,475
General Fund Land/Capital (Fund 40)	\$0	\$0	\$0	\$0	\$0
Grants	0		-		-
Debt Service Fund (Fund 50)	\$6,241,040	(\$1,200,000)	5,041,040	\$0	5,041,040
Property Tax	6,200,000	(1,200,000)	5,000,000		5,000,000
Interest Income	41,040		41,040		41,040
TOTAL DISTRICT REVENUE	\$65,178,769	(\$967,642)	\$64,211,127	\$0	\$64,211,127

Proposed Quarter 2 Amendments to the FY21 Budget – Expenses

The proposed Q2 budget amendments result in a net decrease of \$386,450, bringing the total new amended FY21 Budget to \$87,948,354. Table 2 summarizes the FY21 adopted budget and proposed Q2 budget amendments by Fund. A summary of changes by fund follows Table 2.

Table 2: Summary of FY21 Budget by Fund

DISTRICT BUDGET BY FUNDING SOURCE	FY21 Adopted Budget	YTD Approved Budget Amendments	Amended Budget (as of 12/31/2020)	Quarter 2 Proposed Budget Amendments	FY21 Proposed Amended Budget
Fund 10 - General Fund Operating	\$36,773,825	\$385,858	\$37,159,683	(\$124,200)	\$37,035,483
Fund 20 - Hawthorn Fund	\$110,200	(\$42,000)	\$68,200	\$0	\$68,200
Fund 30 - MAA Land/Capital	\$11,868,588	\$6,294,500	\$18,163,088	(\$87,250)	\$18,075,838
Fund 40 - General Fund Land/Capital	\$15,856,328	\$446,580	\$16,302,908	(\$175,000)	\$16,127,908
Fund 50 - Debt Service	\$16,640,925	\$0	\$16,640,925	\$0	\$16,640,925
Total	\$81,249,866	\$7,084,938	\$88,334,804	(\$386,450)	\$87,948,354

As part of the increases and decreases in the total District budget, the General Fund Operating (Fund 10) budget is proposed to decrease by a net of \$124,200 primarily due to the following:

- Deferral of activities or cost savings due to shelter-in-place orders. Examples include **deferral of work** with the Student Conservation Association until in-person student activities resume and projects in the grant making program being delayed due to the recent shutdowns. The most common cost savings are due to trainings, conferences, and recognition events which are being held virtually this fiscal year at a lower cost.
- A net-zero adjustment to allocate \$30,000 in budget to the *80060 - Marbled Murrelet Recovery Planning* project which was previously deferred from the FY21 Capital Improvement and Action Plan.

The Measure AA Capital (Fund 30) budget is decreasing by a net of \$87,250 primarily due to:

- A \$55,000 reduction in *MAA06-002 Hawthorns Public Access Site Plan and CEQA*. Architectural services not required as proposers for re-use of the historic complex withdrew interest in the property.
- A \$15,000 reduction in *MAA10-001 - Alpine Road Regional Trail, Coal Creek* as permit fees will not be due until next fiscal year.
- A \$17,250 reduction in *MAA21-011 - Phase II Trail Improvements, Bear Creek Redwoods OSP* as permit fees will not be due until next fiscal year.

The General Fund Capital (Fund 40) budget is proposed to decrease by a net of \$175,000 primarily due to:

- A \$10,000 reduction in *80059 Groundwater Well Decommissioning* as the project requires less engineering costs than anticipated.
- A \$25,000 budget reduction for *VP15-001 Redwood Forest Land Opportunity* as land acquisition is not likely to materialize in FY21.
- A \$15,000 budget allocation for previously deferred *VP05-001 La Honda Creek Upper Area Land Conservation* for easement exchange survey costs.
- A \$135,000 reduction for *35004 Sierra Azul Ranger Residence* for construction costs since the project will be in design development for the remainder of the fiscal year.

- A \$20,000 reduction for *35006 Restroom Replacements* as permit fees are not due until next fiscal year.

The proposed budget amendments listed above (see Attachment 2 for full list) require Board approval per Board policy *3.04 Budget and Expenditure Authority*.

Tracking of Outside Factors that may Affect Fiscal Health

The COVID-19 pandemic and the statewide fires have impacted local and state budgets significantly, reducing their revenues and increasing their expenses. This has been evident in the reduction of grant availability and the inability to secure an \$8 million Prop 84 state bond grant request in the 2020/21 State budget for the acquisition of Cloverdale. At the state level, funding priorities are focused on: COVID-19 relief and economic recovery; the cap-and-trade program, including allocations to CalFire for healthy and resilient forests; forest management actions to reduce wildfire risk; climate adaptation; and housing. Numerous state bonds are being contemplated that focus on various issue areas: climate, housing, broadband, agriculture, and recycling/organics. Local and state grant pools in general have either reduced the available funding or have paused their programs, such as Measure K from San Mateo County and fire safe grants from the State. While there is no direct impact to the District's budget, since grant revenue is only accounted for when it is awarded, this change does limit the ability to leverage District funds in the immediate future. At this time, it continues to behoove the District to move projects forward toward "shovel ready" to be strategically poised in securing grant funds when such funding is replenished and available.

To date, Santa Clara and San Mateo Counties have not suspended the Teeter Plan and the tax revenue is processing without any anticipated delays.

FISCAL IMPACT

The original projection for FY21 revenue was \$65,178,769. The total amended revenues are now estimated at \$64,211,127. The District applied \$24,859,092 in other funding sources, resulting in a total of \$89,070,219 in available funding. The FY21 proposed Q2 budget amendments result in a net decrease of \$386,450 and a new amended budget of \$87,948,354.

Table 4 below summarizes the FY21 estimated change in fund balance as a positive change, with a resulting total fund balance of \$1,121,865.

Table 4: FY21 Estimated Change in Fund Balance

FY20 Estimated Change in Fund Balance	Fund 10	Fund 20	Fund 30	Fund 40	Fund 50	Total
	General Fund	Hawthorn	Measure AA Capital	General Fund Capital	Debt Service	
Total Amended Revenues	\$56,980,103	\$13,500	\$2,176,484	\$0	\$5,041,040	\$64,211,127
Total Amended Other Funding Sources	(19,513,420)	54,700	16,310,829	16,127,908	11,879,075	24,859,092
Grand Total: Revenues & Other Funding Sources*	\$37,466,683	\$68,200	\$18,487,313	\$16,127,908	\$16,920,115	\$89,070,219
Total Amended Expenses	\$37,035,483	\$68,200	\$18,075,838	\$16,127,908	\$16,640,925	\$87,948,354
Adopted Change in Fund Balance*	143,500	0	411,475	0	279,190	834,165
Net Change in Fund Balance	287,700	0	0	0	0	287,700

Amended Change in Fund Balance*	\$431,200	\$0	\$411,475	\$0	\$279,190	\$1,121,865
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* Includes the use of Bond proceeds to fund capital expenditures.

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.

Attachments:

1. Resolution Amending the FY21 Budget by Fund
2. FY21 Quarter 2 Budget Amendments by Fund and Project
3. FY21 Quarter 2 Budget Amendments by Department & Budget Category
4. FY21 Quarter 2 Budget Amendments Detail by GL Account
5. Q2 FY21 Financial Performance Comments
6. Q2 FY21 Budget Performance Report - "Green Report"

Responsible Department Head:

Mike Bower, Budget & Analysis Manager

Staff contact:

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RESOLUTION NO. 21-__

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT 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, August 26, 2020, and November 18, 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 services and supplies and capital improvements, resulting in a net decrease.

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

SECTION ONE. Approve the recommended budget amendments to the FY21 Budget for the Midpeninsula Regional Open Space District resulting in a net decrease as follows:

Table with 6 columns: DISTRICT BUDGET BY FUNDING SOURCE, FY21 Adopted Budget, YTD Approved Budget Amendments, Amended Budget (as of 12/31/2020), Quarter 2 Proposed Budget Amendments, FY21 Proposed Amended Budget. Rows include Fund 10, Fund 20, Fund 30, Fund 40, Fund 50, and a Total row.

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

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

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PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on _____, 2021, at a regular meeting thereof, by the following vote:

- AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

APPROVED:

Larry Hassett, Secretary
Board of Directors

Curt Riffle, 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

FY21 Quarter 2 Budget Amendments by Project including description (Attachment 2)

Operating (Fund 10) Project Adjustments		Q2 Adjustment	Icon	Explanation
80060	Marbled Murrelet Recovery Plan	30,000	↑↓	Assigning funds to a project number from GL 10-80-830-5211.
VP05-002	La Honda Creek Parking and Trailhead Access Feasibility Study	-	↑↓	Administrative adjustment to move budget from subaccount 320 to 310 for consultant contract.
TOTAL FUND 10		30,000		
Fund 10 - net operating expense adjustments		(154,200)	< \$	Savings and deferrals due to shelter in place orders.
GRAND TOTAL FUND 10		(\$124,200)		

Measure AA Capital (Fund 30) Project Adjustments		Q2 Adjustment	Icon	Explanation
MAA03-002	Purisima Upland Site Clean up and Soil Remediation Assessment	-	↑↓	Reallocating budget within project to fund Board approved Purisima Upland Oil Well Decommissioning contract and Board approved CEQA contract. Budget can be reallocated as phase 1 construction for project has been deferred to FY22.
MAA05-008	La Honda Creek White Barn Structural Rehabilitation	(46,600)	↑↓	Reallocating budget within project and to MAA05-009 to fund Board approved CEQA contract.
MAA05-009	La Honda Creek Redwood Cabin Assessment, Removal and Site Restoration	46,600	↑↓	Reallocating budget from MAA05-008 to fund Board approved CEQA and structural stabilization assessment contracts.
MAA06-002	Hawthorns Public Access Site Plan and CEQA	(55,000)	→	Architect services not required as proposers for re-use of the historic complex withdrew interest in the property.
MAA09-003	Russian Ridge Mindego Pond Improvement	-	↑↓	Reallocating budget from project to fund Board approved design build entity contract.
MAA10-001	MAA10-001 - Alpine Road Regional Trail, Coal Creek	(15,000)	→	Releasing permit budget because permit fees will not be due until next fiscal year.
MAA11-002	Rancho San Antonio - Deer Hollow Farm - White Barn Rehabilitation	-	↑↓	Reallocating budget from project to fund Board approved structural stabilization contract.
MAA20-002	Bay Area Ridge Trail: Highway 17 Crossing	-	↑↓	Reallocating budget within project to fund board environmental and engineering consultant services contract.
MAA21-011	Phase II Trail Improvements, Bear Creek Redwoods OSP	(17,250)	→	Releasing permit budget because permit fees will not be due until next fiscal year.
TOTAL FUND 30		(\$87,250)		

General Fund Capital (Fund 40) Project Adjustments		Q2 Adjustment	Icon	Explanation
31202	New Administrative Office (AO) Facility	-	↑↓	Reallocating budget within project to fund Admin Office Renovation Project Construction Mgmt & Peer Review (NOVA) contract and Design Architects contract and contingency (Knoll & Tam)
35004	Sierra Azul Ranger Residence	(135,000)	→	Releasing construction monitoring budget because project will be in design development for the remainder of the current fiscal year.
35006	Restroom Replacements	(20,000)	→	Releasing permit budget because permit fees will not be due until next fiscal year.
80059	Groundwater Well Decommissioning	(10,000)	< \$	Less engineering costs than anticipated.
VP05-001	La Honda Creek Upper Area Land Conservation	15,000	↑↓	Survey costs for easement exchange for previously deferred Glass-Dooley easement exchange.
VP15-001	Redwood Forest Land Opportunity	(25,000)	→	Land acquisition not likely to materialize this fiscal year.
TOTAL FUND 40		(\$175,000)		

GRAND TOTAL		(\$386,450)		
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→	Project will continue next fiscal year (or later)	(\$267,250)
↑	Increase to project cost	\$0
↑↓	Reallocation of funds, no net increase	\$45,000
< \$	Savings this fiscal year	(\$164,200)
TOTAL		(\$386,450)

FY21 Quarter 2 Budget Amendments by Department & Budget Category (Attachment 3)

DISTRICT BUDGET BY EXPENDITURE CATEGORY	FY21 Adopted Budget	YTD Approved Budget Amendments	Amended Budget (as of 12/31/2020)	Quarter 2 Proposed Budget Amendments	FY21 Proposed Amended Budget
Administrative Services					
Salaries and Benefits	\$5,357,276		\$5,357,276		\$5,357,276
Services and Supplies	\$1,776,690	\$18,000	\$1,794,690	(\$39,500)	\$1,755,190
Total Operating Expenditures	\$7,133,966	\$18,000	\$7,151,966	(\$39,500)	\$7,112,466
<i>General Fund Capital</i>	\$80,000	\$57,000	\$137,000		\$137,000
Total Capital Expenditures	\$80,000	\$57,000	\$137,000	\$0	\$137,000
Total Administrative Services Expenditures	\$7,213,966	\$75,000	\$7,288,966	(\$39,500)	\$7,249,466
Engineering & Construction					
Salaries and Benefits	\$1,145,128		\$1,145,128		\$1,145,128
<i>Less: MAA Reimbursable Staff Costs</i>	(\$353,054)		(\$353,054)		(\$353,054)
Net Salaries and Benefits	\$792,074	\$0	\$792,074	\$0	\$792,074
Services and Supplies	\$186,768		\$186,768		\$186,768
Total Operating Expenditures	\$978,842		\$978,842	\$0	\$978,842
<i>Measure AA Capital</i>	\$7,300,554		\$7,300,554	(\$32,250)	\$7,268,304
<i>General Fund Capital</i>	\$13,941,983	\$417,800	\$14,359,783	(\$155,000)	\$14,204,783
Total Capital Expenditures	\$21,242,537	\$417,800	\$21,660,337	(\$187,250)	\$21,473,087
Total Engineering & Construction Expenditures	\$22,221,379	\$417,800	\$22,639,179	(\$187,250)	\$22,451,929
General Counsel					
Salaries and Benefits	\$701,221		\$701,221		\$701,221
Services and Supplies	\$99,185		\$99,185		\$99,185
Total Operating Expenditures	\$800,406		\$800,406	\$0	\$800,406
Total General Counsel Expenditures	\$800,406		\$800,406	\$0	\$800,406
General Manager					
Salaries and Benefits	\$1,741,796		\$1,741,796		\$1,741,796
Services and Supplies	\$476,825		\$476,825	(\$4,000)	\$472,825
Total Operating Expenditures	\$2,218,621		\$2,218,621	(\$4,000)	\$2,214,621
Total General Manager Expenditures	\$2,218,621		\$2,218,621	(\$4,000)	\$2,214,621
Land & Facilities					
Salaries and Benefits	\$6,599,123		\$6,599,123		\$6,599,123
<i>Less: MAA Reimbursable Staff Costs</i>	(\$216,175)		(\$216,175)		(\$216,175)
Net Salaries and Benefits	\$6,382,948	\$0	\$6,382,948	\$0	\$6,382,948
Services and Supplies	\$3,544,930	\$511,358	\$4,056,288		\$4,056,288
Total Operating Expenditures	\$9,927,878	\$511,358	\$10,439,236	\$0	\$10,439,236
Hawthorn Services and Supplies	\$62,200		\$62,200		\$62,200
Total Hawthorn Expenditures	\$62,200	\$0	\$62,200	\$0	\$62,200
<i>Measure AA Capital</i>	\$696,500	\$194,000	\$890,500		\$890,500
<i>General Fund Capital</i>	\$1,247,845	\$103,780	\$1,351,625		\$1,351,625
Total Capital Expenditures	\$1,944,345	\$297,780	\$2,242,125	\$0	\$2,242,125
Total Land & Facilities Expenditures	\$11,934,423	\$809,138	\$12,743,561	\$0	\$12,743,561
Natural Resources					
Salaries and Benefits	\$1,702,139		\$1,702,139		\$1,702,139
<i>Less: MAA Reimbursable Staff Costs</i>	(\$55,257)		(\$55,257)		(\$55,257)
Net Salaries and Benefits	\$1,646,882		\$1,646,882		\$1,646,882
Services and Supplies	\$2,851,933		\$2,851,933		\$2,851,933
Total Operating Expenditures	\$4,498,815	\$0	\$4,498,815	\$0	\$4,498,815
<i>Measure AA Capital</i>	\$1,086,757		\$1,086,757		\$1,086,757
<i>General Fund Capital</i>	\$95,000		\$95,000	(\$10,000)	\$85,000
Total Capital Expenditures	\$1,181,757	\$0	\$1,181,757	(\$10,000)	\$1,171,757
Total Natural Resources Expenditures	\$5,680,572	\$0	\$5,680,572	(\$10,000)	\$5,670,572

FY21 Quarter 2 Budget Amendments by Department & Budget Category (Attachment 3)

DISTRICT BUDGET BY EXPENDITURE CATEGORY	FY21 Adopted Budget	YTD Approved Budget Amendments	Amended Budget (as of 12/31/2020)	Quarter 2 Proposed Budget Amendments	FY21 Proposed Amended Budget
Planning					
Salaries and Benefits	\$1,611,040		\$1,611,040		\$1,611,040
<i>Less: MAA Reimbursable Staff Costs</i>	<i>(\$44,749)</i>		<i>(\$44,749)</i>		<i>(\$44,749)</i>
Net Salaries and Benefits	\$1,566,291		\$1,566,291		\$1,566,291
Services and Supplies	\$455,611	(\$143,500)	\$312,111		\$312,111
Total Operating Expenditures	\$2,021,902	(\$143,500)	\$1,878,402	\$0	\$1,878,402
<i>Hawthorn Capital</i>	<i>\$48,000</i>	<i>(\$42,000)</i>	<i>\$6,000</i>		<i>\$6,000</i>
Total Hawthorn Expenditures	\$48,000	(\$42,000)	\$6,000	\$0	\$6,000
<i>Measure AA Capital</i>	<i>\$1,207,777</i>	<i>\$143,500</i>	<i>\$1,351,277</i>	<i>(\$55,000)</i>	<i>\$1,296,277</i>
<i>General Fund Capital</i>	<i>\$51,500</i>		<i>\$51,500</i>		<i>\$51,500</i>
Total Capital Expenditures	\$1,259,277	\$143,500	\$1,402,777	(\$55,000)	\$1,347,777
Total Planning Expenditures	\$3,329,179	(\$42,000)	\$3,287,179	(\$55,000)	\$3,232,179
Public Affairs					
Salaries and Benefits	\$967,506		\$967,506		\$967,506
Services and Supplies	\$889,381		\$889,381		\$889,381
Total Operating Expenditures	\$1,856,887		\$1,856,887	\$0	\$1,856,887
Total Public Affairs Expenditures	\$1,856,887		\$1,856,887	\$0	\$1,856,887
Real Property					
Salaries and Benefits	\$786,376		\$786,376		\$786,376
Services and Supplies	\$138,884		\$138,884		\$138,884
Total Operating Expenditures	\$925,260		\$925,260	\$0	\$925,260
<i>Measure AA Land and Associated Costs</i>	<i>\$1,577,000</i>	<i>\$5,957,000</i>	<i>\$7,534,000</i>		<i>\$7,534,000</i>
<i>General Fund Land and Associated Costs</i>	<i>\$440,000</i>	<i>(\$132,000)</i>	<i>\$308,000</i>	<i>(\$10,000)</i>	<i>\$298,000</i>
Total Land and Associated Costs	\$2,017,000	\$5,825,000	\$7,842,000	(\$10,000)	\$7,832,000
Total Real Property Expenditures	\$2,942,260	\$5,825,000	\$8,767,260	(\$10,000)	\$8,757,260
Visitor Services					
Salaries and Benefits	\$5,690,801		\$5,690,801		\$5,690,801
Services and Supplies	\$720,447		\$720,447	(\$80,700)	\$639,747
Total Operating Expenditures	\$6,411,248		\$6,411,248	(\$80,700)	\$6,330,548
<i>General Fund Land and Associated Costs</i>	<i>\$0</i>		<i>\$0</i>		<i>\$0</i>
Total Land and Associated Costs	\$0	\$0	\$0	\$0	\$0
Total Visitor Services Expenditures	\$6,411,248	\$0	\$6,411,248	(\$80,700)	\$6,330,548
Debt Service					
Debt Service	\$16,640,925		\$16,640,925		\$16,640,925
Total Debt Service Expenditures	\$16,640,925		\$16,640,925		\$16,640,925
Total Debt Service Expenditures	\$16,640,925		\$16,640,925		\$16,640,925
Total District Budget	\$81,249,866	\$7,084,938	\$88,334,804	(\$386,450)	\$87,948,354

FY21 Quarter 2 Budget Amendments by GL Account (Attachment 4)

Budget Categories / Accounts	Budget as of Dec 31	Quarter 2 Proposed Budget Amendment	Quarter 2 Proposed Amended Budget
10-10-110-6601 - Training & Conferences	\$33,000	(\$4,000)	\$29,000
10-30-310-5299 - Other Professional Services	\$25,000	\$25,000	\$50,000
10-30-320-5299 - Other Professional Services	\$75,000	(\$25,000)	\$50,000
10-35-315-6302 - Mileage Reimbursement	\$2,000	\$2,200	\$4,200
10-35-315-6601 - Training & Conferences	\$10,000	(\$2,200)	\$7,800
10-50-510-5208 - Grant Preparation	\$40,000	\$70,000	\$110,000
10-50-510-5503 - Grant Award Agreements	\$75,000	(\$30,000)	\$45,000
10-50-520-5801 - Postage	\$12,000	(\$5,400)	\$6,600
10-50-520-5902 - Photocopying/Duplicating	\$17,000	(\$12,000)	\$5,000
10-50-520-6601 - Training & Conferences	\$29,000	(\$10,600)	\$18,400
10-50-520-6606 - Recognition Activities	\$4,000	(\$4,000)	\$0
10-50-520-6902 - Office Supplies	\$12,500	(\$10,000)	\$2,500
10-50-560-6102 - Advertising/Display	\$15,000	(\$10,000)	\$5,000
10-50-560-6310 - Local Business Meeting Expense (60 mile radius)	\$4,000	(\$4,000)	\$0
10-50-560-6601 - Training & Conferences	\$18,450	(\$7,500)	\$10,950
10-50-560-6605 - Safety Program	\$48,500	\$13,000	\$61,500
10-50-560-6606 - Recognition Activities	\$32,000	(\$24,000)	\$8,000
10-50-560-6905 - Ergonomic Supplies/Equipment	\$10,000	(\$5,000)	\$5,000
10-65-615-6601 - Training & Conferences	\$41,000	\$10,000	\$51,000
10-65-625-7001 - Field Equipment/Shop Supplies	\$20,500	(\$3,000)	\$17,500
10-65-625-7007 - Public Safety Equipment	\$20,000	(\$9,000)	\$11,000
10-65-625-7110 - Facility Maint - Signs	\$10,000	\$9,000	\$19,000
10-65-635-5299 - Other Professional Services	\$6,000	(\$2,000)	\$4,000
10-65-635-5604 - Rents & Leases - Vehicle Rentals	\$5,500	(\$3,000)	\$2,500
10-65-635-5699 - Rents & Leases - Special Event Expenses	\$7,700	(\$7,700)	\$0
10-65-635-7502 - Special Projects & Programs	\$6,000	(\$4,000)	\$2,000
10-65-635-7603 - Volunteer Supplies	\$2,500	(\$1,500)	\$1,000
10-65-635-7605 - Docent & Volunteer Stipends/Training	\$10,000	(\$5,000)	\$5,000
10-65-635-7608 - Volunteer & Docent Uniforms	\$2,250	(\$1,000)	\$1,250
10-65-645-5299 - Other Professional Services	\$51,500	(\$49,500)	\$2,000
10-65-645-7603 - Volunteer Supplies	\$3,500	(\$2,000)	\$1,500
10-65-645-7607 - Docent & Volunteer Recognition Events/Items	\$20,000	(\$12,000)	\$8,000
10-80-830-5211 - Resource/Environmental	\$862,000	\$0	\$862,000
General Fund (10) Services & Supplies		(\$124,200)	
30-30-230-8201 - ARCHITECT/ENGINEERING SERVS	\$256,500	(\$63,000)	\$193,500
30-30-320-8202 - ENVIRONMENTAL/PLANNING SERVICES	\$435,028	\$8,000	\$443,028
30-35-325-8201 - ARCHITECT/ENGINEERING SERVS	\$1,225,250	\$24,630	\$1,249,880
30-35-325-8202 - ENVIRONMENTAL/PLANNING SERVICES	\$180,000	\$78,975	\$258,975
30-35-325-8203 - CONSTRUCTION & SPECIAL INSPECTION/MONITORING	\$236,000	(\$22,000)	\$214,000
30-35-325-8204 - PERMITTING FEES	\$120,250	(\$32,250)	\$88,000
30-35-325-8205 - CONSTRUCTION	\$5,186,000	(\$81,605)	\$5,104,395
MAA (30) Capital/Fixed Assets		(\$87,250)	
40-20-230-8101 - REAL ESTATE SERVICES	\$258,000	(\$10,000)	\$248,000
40-35-325-8201 - ARCHITECT/ENGINEERING SERVS	\$678,733	\$163,170	\$841,903
40-35-325-8203 - CONSTRUCTION & SPECIAL INSPECTION/MONITORING	\$361,780	(\$20,000)	\$341,780
40-35-325-8204 - PERMITTING FEES	\$205,000	(\$20,000)	\$185,000
40-35-325-8205 - CONSTRUCTION	\$12,890,270	(\$278,170)	\$12,612,100
40-80-850-8201 - ARCHITECT/ENGINEERING SERVS	\$20,000	(\$10,000)	\$10,000
General Fund (40) Capital/Fixed Assets		(\$175,000)	
Total Budget Amendments - Increase / (Decrease)		(\$386,450)	

Q2 FY21 Financial Performance Comments

Overall District Financial Health:

With Fiscal Year 2021 (FY21) expenditures tracking to budget or less and revenues tracking better than budget, District financial health is expected to end FY21 better than the adopted budget. While uncertainty about the longer-term negative economic impacts from COVID-19 remain, Q2 property tax receipts indicate that FY21 revenues will likely be more than the adopted FY21 budget and support continued District financial health.

Revenues:

Revenues are primarily derived from Property Taxes (93%) which are received in Q2 (December) and Q4 (April). Through the first-half of FY21 (July to December 2020), revenues are \$29.5 million or 46% of the \$64.2 million annual amended budget. The \$29.5 million first-half FY21 revenues are \$4.1 million more than the \$25.4 million received the first-half of Fiscal Year 2020.

FY21 adopted budget revenues were \$1.5 million less than the initially proposed budget to hedge against unfavorable tax receipts risk associated with COVID-19 and the possibility that the counties may suspend the Teeter Plan. Consistent with comments in the Controller's Monthly Investment Report to the Board (January 12, 2021), there are currently no concerns that the counties will suspend the Teeter Plan. The Controller currently estimates that FY21 property tax revenues will be above the adopted budget, and the \$1.5 million hedge turned out not to be needed.

Expenditures:

Expenditures for the first-half of FY21 were \$38.8 million or about 44% of the annual amended budget. Through the first-half of FY21 the percentage spend of the annual budget is tracking similarly to FY20. The FY21 proposed amended budget of \$87.9 (see Board report for more detail) is \$6.7 million more than the \$81.2 million adopted budget, with land purchases (San Jose Water Company and South Cowell) making up almost \$6 million of the increase. Land purchases are not typically included in the adopted budget. The remaining increase is primarily due to budget shifts due to COVID-related delays that pushed some of the project work from FY20 to the current FY21, as well as funding for the Coal Creek Fuel Break project.

Other Financial Considerations:

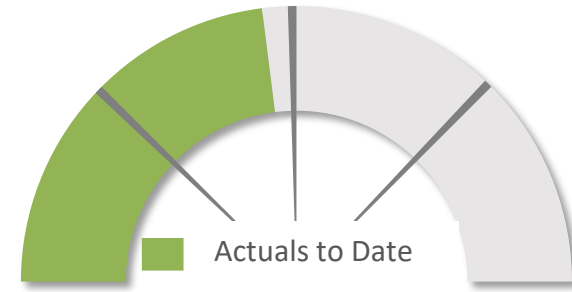
Some important economic factors have improved since the initial economic impacts of the pandemic:

- National unemployment rose from 3.5% in February 2020 to a high of 14.8% in April and then had a declining trend through October (6.9%) before leveling off at 6.7% for November and December. For comparison, the San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area unemployment rate was 5.8% in October and has a preliminary November estimate of 5.1%. (US Bureau of Labor Statistics, Civilian Unemployment Rate)
- Stock market increases continue unabated, with many major indices currently at all-time highs.
- The yield on a 10-Year U.S. Treasury Bond dropped from 1.88% at the beginning of 2020 to 0.69% at the end of September. Since the end of September interest rates have climbed steadily up to about 1.1% during the first week of January 2021.
- Current-dollar GDP increased 33.4 percent, or \$1.64 trillion, in the third quarter of calendar year 2020 to a level of \$21.17 trillion after a second quarter GDP decrease of 31.4 percent, or \$2.04 trillion. While Q3 2020 GDP rebounded it did not recover fully from the Q2 drop.

Major fiscal stimulus actions and lower interest rates have contributed to the unemployment rate and stock market recovery. Whether these recoveries will be sustainable is a major unknown, particularly considering the cost of financing stimulus packages and the massive economic dislocation created by the pandemic. While economic conditions are currently encouraging, uncertainty remains around the sustainability and magnitude of continued economic growth and recovery.



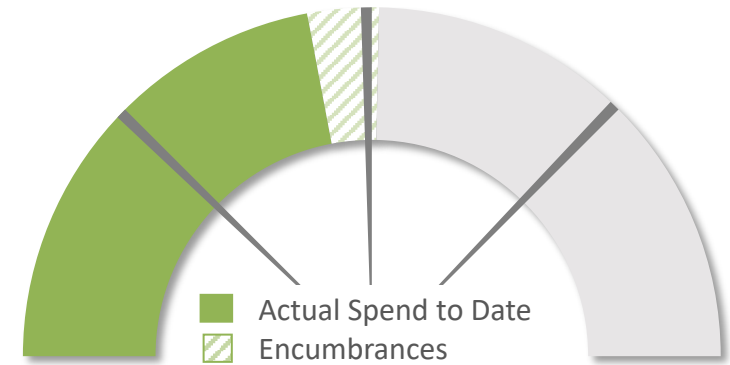
Revenue Quarterly Performance Report



DISTRICT REVENUES BY FUND & CATEGORY	FY21 Adopted Budget	FY21 Budget Adjustments	FY21 Amended Budget	FY21 Actual (through 12/31)	Budget Remaining	Budget Used (%)
Fund 10 - General Fund	56,891,245	88,858	56,980,103	27,336,383	29,643,720	48%
General Property Taxes	53,487,274	-	53,487,274	25,292,839	28,194,435	47%
Grants Revenue	293,500	88,858	382,358	-	382,358	0%
Interest Income	894,260	-	894,260	347,097	547,163	39%
Rental Income	1,729,450	-	1,729,450	1,055,793	673,657	61%
Other Revenues	486,761	-	486,761	640,654	(153,893)	132%
Fund 20 - Hawthorn Fund	13,500	-	13,500	-	13,500	0%
Interest Income	13,500	-	13,500	-	13,500	0%
Fund 30 - MAA Fund	2,032,984	143,500	2,176,484	835,384	1,341,100	38%
Grants	1,621,509	143,500	1,765,009	714,573	1,050,436	40%
Interest Income	411,475	-	411,475	120,811	290,664	29%
Fund 40 - General Fund Capital	-	-	-	200,516	(200,516)	0%
Grants	-	-	-	196,000	(196,000)	0%
Interest Income	-	-	-	4,516	(4,516)	0%
Fund 50 - Debt Service	6,241,040	(1,200,000)	5,041,040	1,166,293	3,874,747	23%
General Property Taxes	6,200,000	(1,200,000)	5,000,000	1,135,411	3,864,589	23%
Interest Income	41,040	-	41,040	30,883	10,157	75%
DISTRICT REVENUES (All Funds)	65,178,769	(967,642)	64,211,127	29,538,576	34,672,551	46%



Expenses Quarterly Performance Report



DISTRICT EXPENSES BY FUND	FY21 Adopted Budget	FY21 Budget Adjustments	FY21 Amended Budget	YTD Encumbrances	FY21 Actual (through 12/31)	Budget Remaining of Amended (\$)	Budget Remaining of Amended with Encumbrances (\$)	FY21 Budget Spent of Amended (%)	FY21 Budget Spent of Amended with Encumbrances (%)	FY20 Budget Spent of Amended (%)	FY20 Budget Spent of Amended with Encumbrances (%)
Fund 10 - General Fund	36,773,825	261,658	37,035,483	3,319,409	15,685,653	21,349,830	18,030,421	42%	51%	40%	48%
Fund 20 - Hawthorn Fund	110,200	(42,000)	68,200	-	12,525	55,675	55,675	18%	18%	8%	10%
Fund 30 - MAA Fund	11,868,588	6,207,250	18,075,838	1,914,923	7,259,500	10,816,338	8,901,415	40%	51%	27%	81%
Fund 40 - General Fund Capital	3,894,845	(31,450)	3,863,395	261,430	910,090	2,953,305	2,691,876	24%	30%	15%	76%
DISTRICT EXPENSES (Subtotal)	52,647,458	6,395,458	59,042,916	5,495,762	23,867,767	35,175,149	29,679,387	40%	50%	35%	57%
Fund 40 - One Time Expenses	11,961,483	303,030	12,264,513	317,836	2,287,651	9,976,862	9,659,026	19%	21%	0%	0%
Fund 50 - Debt Service	16,640,925	-	16,640,925	-	12,594,844	4,046,081	4,046,081	76%	76%	76%	76%
DISTRICT EXPENSES (All Funds)	81,249,866	6,698,488	87,948,354	5,813,598	38,750,262	49,198,092	43,384,494	44%	51%	43%	59%

**FY21 Budget Performance Report - "Green Report" by Category
(through Dec 31)**

DISTRICT EXPENSES BY FUND & CATEGORY	FY21 Adopted Budget	FY21 Budget Adjustments by Quarter							FY21 Budget Adjustments	FY21 Amended Budget	YTD Encumbrances	FY21 Actual (through 12/31)	Budget Remaining of Amended (\$)	Budget Remaining of Amended with Encumbrances (\$)	FY21 Budget Spent of Amended (%)	FY21 Budget Spent of Amended with Encumbrances (%)	FY20 Budget Spent of Amended (%)	FY20 Budget Spent of Amended with Encumbrances (%)
		Mid Quarter 1	End of Quarter 1	Mid Quarter 2	End of Quarter 2	Mid Quarter 3	End of Quarter 3	Mid Quarter 4										
Fund 10 - General Fund	36,773,825	511,358	(125,500)	-	(124,200)	-	-	-	261,658	37,035,483	3,319,409	15,685,653	21,349,830	18,030,421	42%	51%	40%	48%
Personnel Services	25,633,171								-	25,633,171	-	12,395,421	13,237,750	13,237,750	48%	48%	44%	44%
Services and Supplies	11,140,654	511,358	(125,500)		(124,200)				261,658	11,402,312	3,319,409	3,290,232	8,112,080	4,792,671	29%	58%	31%	57%
Fund 20 - Hawthorn Fund	110,200	-	(42,000)	-	-	-	-	-	(42,000)	68,200	-	12,525	55,675	55,675	18%	18%	8%	10%
Services and Supplies	62,200								-	62,200	-	12,525	49,675	49,675	20%	20%	13%	14%
Capital/Fixed Assets	48,000		(42,000)						(42,000)	6,000	-	-	6,000	6,000	0%	0%	0%	0%
Fund 30 - MAA Fund	11,868,588	1,075,000	469,500	4,750,000	(87,250)	-	-	-	6,207,250	18,075,838	1,914,923	7,259,500	10,816,338	8,901,415	40%	51%	27%	81%
Personnel Services	669,235								-	669,235	-	235,461	433,774	433,774	35%	35%	49%	49%
Capital/Fixed Assets	11,199,353	1,075,000	469,500	4,750,000	(87,250)				6,207,250	17,406,603	1,914,923	7,024,039	10,382,564	8,467,641	40%	51%	26%	83%
Fund 40 - General Fund Capital	3,894,845	275,550	(132,000)	-	(175,000)	-	-	-	(31,450)	3,863,395	261,430	910,090	2,953,305	2,691,876	24%	30%	15%	76%
Capital/Fixed Assets	3,894,845	275,550	(132,000)		(175,000)				(31,450)	3,863,395	261,430	910,090	2,953,305	2,691,876	24%	30%	15%	76%
DISTRICT EXPENSES (Subtotal)	52,647,458	1,861,908	170,000	4,750,000	(386,450)	-	-	-	6,395,458	59,042,916	5,495,762	23,867,767	35,175,149	29,679,387	40%	50%	35%	57%
Fund 40 - One Time Expenses	11,961,483	321,030	(18,000)						303,030	12,264,513	317,836	2,287,651	9,976,862	9,659,026	19%	21%	0%	0%
Fund 50 - Debt Service	16,640,925								-	16,640,925	-	12,594,844	4,046,081	4,046,081	76%	76%	76%	76%
DISTRICT EXPENSES (All Funds)	81,249,866	2,182,938	152,000	4,750,000	(386,450)	-	-	-	6,698,488	87,948,354	5,813,598	38,750,262	49,198,092	43,384,494	44%	51%	43%	59%

DISTRICT EXPENSES BY FUND & CATEGORY	FY21 Adopted Budget	FY21 Budget Adjustments by Quarter							FY21 Budget Adjustments	FY21 Amended Budget	YTD Encumbrances	FY21 Actual (through 12/31)	Budget Remaining of Amended (\$)	Budget Remaining of Amended with Encumbrances (\$)	FY21 Budget Spent of Amended (%)	FY21 Budget Spent of Amended with Encumbrances (%)	FY20 Budget Spent of Amended (%)	FY20 Budget Spent of Amended with Encumbrances (%)
		Mid Quarter 1	End of Quarter 1	Mid Quarter 2	End of Quarter 2	Mid Quarter 3	End of Quarter 3	Mid Quarter 4										
Personnel Services	26,302,406	-	-	-	-	-	-	-	-	26,302,406	-	12,630,882	13,671,524	13,671,524	48%	48%	44%	44%
Services and Supplies	11,202,854	511,358	(125,500)	-	(124,200)	-	-	-	261,658	11,464,512	3,319,409	3,302,757	8,161,755	4,842,346	29%	58%	30%	57%
Capital/Fixed Assets	15,142,198	1,350,550	295,500	4,750,000	(262,250)	-	-	-	6,133,800	21,275,998	2,176,353	7,934,129	13,341,869	11,165,517	37%	48%	21%	80%
DISTRICT EXPENSES (Subtotal)	52,647,458	1,861,908	170,000	4,750,000	(386,450)	-	-	-	6,395,458	59,042,916	5,495,762	23,867,767	35,175,149	29,679,387	40%	50%	35%	57%
One Time Expenses	11,961,483	321,030	(18,000)	-	-	-	-	-	303,030	12,264,513	317,836	2,287,651	9,976,862	9,659,026	19%	21%	0%	0%
Debt Service	16,640,925	-	-	-	-	-	-	-	-	16,640,925	-	12,594,844	4,046,081	4,046,081	76%	76%	76%	76%
DISTRICT EXPENSES (All Funds)	81,249,866	2,182,938	152,000	4,750,000	(386,450)	-	-	-	6,698,488	87,948,354	5,813,598	38,750,262	49,198,092	43,384,494	44%	51%	43%	59%

**FY21 Budget Performance Report - "Green Report" by Department
(through Dec 31)**

DISTRICT EXPENSES BY DEPARTMENTS (All Funds)	FY21 Adopted Budget	FY21 Budget Adjustments	FY21 Amended Budget	YTD Encumbrances	FY21 Actual (through 12/31)	Budget Remaining of Amended (\$)	Budget Remaining of Amended with Encumbrances (\$)	FY21 Budget Spent of Amended (%)	FY21 Budget Spent of Amended with Encumbrances (%)	FY20 Budget Spent of Amended (%)	FY20 Budget Spent of Amended with Encumbrances (%)
Administrative Services	7,133,966	53,500	7,187,466	400,769	3,356,058	3,831,408	3,430,640	47%	52%	43%	50%
Engineering & Construction	10,339,896	(90,480)	10,249,416	1,233,390	2,224,270	8,025,146	6,791,756	22%	34%	23%	89%
General Counsel	800,406	-	800,406	21,344	347,784	452,622	431,278	43%	46%	39%	45%
General Manager	2,218,621	(4,000)	2,214,621	17,209	889,387	1,325,234	1,308,026	40%	41%	40%	42%
Land & Facilities	11,934,423	809,138	12,743,561	563,738	5,381,930	7,361,631	6,797,892	42%	47%	38%	48%
Natural Resources	5,680,572	(10,000)	5,670,572	1,646,648	1,570,152	4,100,420	2,453,772	28%	57%	30%	66%
Planning	3,329,179	(97,000)	3,232,179	455,273	1,184,621	2,047,558	1,592,285	37%	51%	33%	53%
Public Affairs	1,856,887	-	1,856,887	927,091	664,445	1,192,442	265,352	36%	86%	34%	55%
Real Property	2,942,260	5,815,000	8,757,260	105,024	5,264,260	3,493,000	3,387,977	60%	61%	28%	30%
Visitor Services	6,411,248	(80,700)	6,330,548	125,276	2,984,861	3,345,687	3,220,411	47%	49%	42%	45%
DISTRICT EXPENSES (Subtotal)	52,647,458	6,395,458	59,042,916	5,495,762	23,867,767	35,175,149	29,679,387	40%	50%	35%	57%
One Time Expense: Fund 40	11,961,483	303,030	12,264,513	317,836	2,287,651	9,976,862	9,659,026	19%	21%	0%	0%
Debt Service	16,640,925	-	16,640,925	-	12,594,844	4,046,081	4,046,081	76%	76%	76%	76%
DISTRICT EXPENSES (All Funds)	81,249,866	6,698,488	87,948,354	5,813,598	38,750,262	49,198,092	43,384,494	44%	51%	43%	59%