



Midpeninsula Regional
Open Space District

R-12-38
Meeting 12-10
March 28, 2012

AGENDA ITEM 7A

AGENDA ITEM

Adoption of the Midpeninsula Regional Open Space District Fiscal Year 2012-13 Budget

ADMINISTRATION AND BUDGET COMMITTEE RECOMMENDATION

The Administration and Budget Committee (ABC) recommends that the Board adopt the Midpeninsula Regional Open Space District Fiscal Year 2012-13 (FY2012-13) Action Plan and Budget recommended by the General Manager (Items 7B and 7C).

SUMMARY

The ABC and staff met three times earlier this year to review the FY2012-13 Proposed Budget and Action Plan. Based on the Controller's projection of \$28.28M in property tax revenue, the final budget being submitted to the full Board will come in under the targets for both the Operating and Capital Budget guidelines. The action plan that accompanies the budget reflects the shift in programmatic direction called out in the recently adopted District Strategic Plan.

DISCUSSION

The ABC is tasked with reviewing the proposed annual District budget to ensure fiscal responsibility, while providing the financial resources required to accomplish the District's work program as described in the annual District Action Plan. In addition, the ABC reviews and ensures that the recommendations from the previous year have either been accomplished or deferred to the following year.

During January and February 2012, the ABC met three times with the General Manager, District Controller, the department managers, and various staff. The District Controller is projecting \$28.38 million in property tax revenue for FY2012-13, an increase of 2.7% over the prior fiscal year, and has increased the Operating Expense (OpEx) Guideline to 55% of property tax revenue (\$16.092 million) for FY2012-13. This increase reflects the projected property tax revenue growth as well as implementation of the Strategic Plan direction to re-evaluate and adjust the District's budget guidelines. The proposed FY2012-13 operating budget is \$15.96 million or \$0.13 million below the 55% OpEx spending limit. The Capital Expenditure (CapEx) Guideline remains at 10.5% of property tax revenue and the three-year running average used to prepare this budget is 7.7%, well below the guideline.

Staff presented the ABC with the District's proposed FY2012-13 expenditure budget of \$41,379,220. The budget reflects the first year of implementing the District Strategic Plan and related projects, launching of the new Natural Resources Department, the costs of implementing the Classification and Compensation Study recommendations, and a proposed staffing increase of 4.75 FTEs (full-time equivalent employees). The Committee shares the whole Board's caution when new positions are added; however these increases are needed to meet our increasing land management needs (new purchases as well as the new Strategic Plan goals). The ABC confirmed the District's ability to sustain the cost increases related to implementing the proposed Classification and Compensation Study and the proposed staffing increases by reviewing staff's five-year OpEx Forecast and the Controller's property tax revenue and cash flow projections.

Major highlights of the proposed budget and action plan include:

- The first year of implementing the District's new Strategic Plan, whose goal is to provide more balance between land acquisition, stewardship, and public access, will be focused on developing the internal and external organizational structures and plans needed to achieve this goal.
- Mount Umunhum – Complete the demolition of the structures on the former Almaden Air Force Base at Mount Umunhum and Mount Thayer and develop environmental restoration and public access plans.
- Cooley Landing Partnership with East Palo Alto – Complete a Use and Management Plan amendment to allow public recreational use at the Cooley Landing Peninsula of Ravenswood Open Space Preserve.
- La Honda Creek and Sierra Azul/Bear Creek Redwoods Master Plans – These two master plans, which had been put on hold, will be completed to guide the use, management, and facilities development of the preserves.

As directed by the ABC in its FY2011-12 Budget recommendation (R-11-43), staff presented the District's first three-year CapEx forecast. Staff will extend this forecast to five years during next year's District budget process.

After reviewing the FY2012-13 Proposed District Budget, the ABC then reviewed individual department Action Plans and budgets and ensured they met the District budgetary guidelines. A review of the FY2011-12 ABC recommendations confirmed that all have been implemented.

FISCAL IMPACT

Approval of the proposed FY2012-13 Budget by the Board will authorize \$41,379,220 to accomplish the District's work plan for FY2012-13.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. No additional notice is required.

CEQA COMPLIANCE

This proposed action is not a project under the California Environmental Quality Act and no environmental review is required.

NEXT STEPS

If approved by the Board, staff will begin implementing the FY2012-13 Action Plan and Budget effective April 1, 2012.

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