



Midpeninsula Regional
Open Space District

ACTION PLAN AND BUDGET COMMITTEE

R-15-99
July 2, 2015

AGENDA ITEM 2

AGENDA ITEM

Change the District's Fiscal Year

GENERAL MANAGER'S RECOMMENDATIONS

A handwritten signature in black ink, appearing to be "J. G. G.", written in a cursive style.

Forward to the full Board of Directors a recommendation to:

1. Adopt a resolution to reset the District's annual fiscal year to begin July 1 and end June 30
2. Authorize appointment of Action Plan and Budget Committee members at the second regular Board meeting in January
3. Extend Fiscal Year 2015-16 by three months to end on June 30, 2016.

SUMMARY

On September 14, 1988, the District Board of Directors (Board) approved Resolution 88-41 changing the District's fiscal year from July 1 through June 30 to April 1 through March 31. As the District's Action Plan has grown in size and its budget has grown in complexity, early direction from the Board and more staff time is required to prepare these documents. In order to allow adequate time to set goals for, as well as prepare and review the Action Plan and Budget, the General Manager recommends implementing a six month Action Plan and Budget development process and changing the District's fiscal year back to July 1 through June 30. This change also brings the added benefits of improving the accuracy of the anticipated revenue and expenditure estimates, which affect the budgetary limits, and synchronizing fiscal years with other local agencies. To allow for this transition, the current Fiscal Year (FY) 2015-16 will need to be extended by an additional three months to end on June 30, 2016, and funds added to the budget as part of the Midyear Review to cover costs associated with the time extension.

DISCUSSION

On September 14, 1988, the Board approved Resolution 88-41 (Attachment 2) changing the District's fiscal year from July 1 through June 30 to April 1 through March 31. Under this fiscal year schedule, the District's Annual Action Plan and Budget preparation occurs between October and March, with most of the intensive staff work occurring during December and January to prepare for Action Plan and Budget Committee (ABC) review in early February. Further compressing the already tight timeline are the holidays and office closure, and family vacations in November and December which reduce the schedule by the equivalent of approximately three work weeks. Once staff has prepared the Proposed Annual Action Plan and Budget, the ABC has approximately two weeks to review the material and provide feedback to staff, prior to the Board's initial review at the last meeting in February. With the increasing project volume and

budget complexity, two weeks is no longer an adequate timeframe for the ABC to review and discuss the information with staff and for staff to provide considered responses.

On March 26, 2014, the Board directed the ABC to work with staff to evaluate the feasibility of changing the District's fiscal year start date from April 1 back to July 1. This direction was delayed to focus on Measure AA implementation. That same year as part of the Board's October Retreat, the Board directed the General Manager to implement a process for collecting early Board input to guide the preparation of the annual Action Plan. In response, the General Manager requested that the Administrative Services Manager extend the Action Plan and Budget development process to prepare a new eight-month timeline that incorporates the Board's annual Strategic Plan workshop and an additional Board Priority Setting retreat as its first two major milestones. The additional two months are needed to prepare for and hold the two early Board meetings.

With the District's current fiscal year start date of April 1, a six-month process would require staff to begin identifying Key Projects and preparing the following year's Action Plan in August/September. However, this is problematic as the staff who scope and cost out projects are the same staff actively managing the current year projects during the dry summer months critical to completion of project construction. This issue prompted the General Manager to refer back to and include as part of the analysis the Board's earlier desire to modify the District's fiscal year.

Recommendation to Change the Fiscal Year

Given the issues discussed above, the General Manager recommends changing the District's fiscal year to July 1 through June 30 effective FY2016-17. Under this new fiscal year calendar, staff would begin preparing the annual Action Plan and Budget in late October, with Board adoption occurring in June. In addition to allowing for early Board direction as part of the annual Action Plan development process and providing sufficient staff capacity to develop project scopes and budgets, additional benefits to the fiscal year change include:

- Keeps Project Managers focused on projects that are under construction, thus avoiding project completion delays
- Allows the Board Strategic Plan Retreat to continue be held in the fall instead of moving it to July/August to avoid potential scheduling issues due to summer vacations.
- Eliminates the loss of three work weeks during the Action Plan and Budget development process as the December Administrative Office closure and the Thanksgiving, Christmas and New Year's holidays no longer fall within the time period.
- Shifts the most intensive staff work for developing the Action Plan and Budget to January through March when field work/construction is generally not occurring and preserve visitation is lower.
- Creates alignment with most other agencies' fiscal years (e.g., CalPERS, County governments, CJPIA, etc.), which simplifies and improves the accuracy of District budget and revenue projections.
- Allows the appointment of the ABC members to be moved to the second meeting in January and be grouped with other Committee appointments.

In order to change the fiscal year back to July 1 through June 30, the Board would need to repeal Resolution 88-41 by approving the attached resolution. A proposed Action Plan and Budget schedule for FY2016-17 showing the fiscal year starting on July 1 is included as Attachment 3.

Implementation Options

To fully transition from an April 1 fiscal year to July 1, there are two options:

1. Add a one-time 3-month fiscal year that covers April 1 through June 30, 2016, followed by a 12-month fiscal year from July 1, 2016 through June 30, 2017.
2. Extend the current FY2015-16 by three months to create a one-time, 15-month fiscal year from April 1, 2015 through June 30, 2016.

Recommendation to Transition into the New Fiscal Year

The General Manager recommends Option 2 as only one annual audit would be required rather than two, which saves both staff time and auditor costs. Additionally, Option 2 allows staff to continue focusing on completing current projects prior to preparing the FY2016-17 Action Plan.

Implementation Schedule

If the recommendation to move forward with the fiscal year change is supported by the ABC, the General Manager would direct staff to proceed with the following implementation schedule.

- July 2015 – Full Board considers the General Manager’s recommendations to 1) change the District’s fiscal year to July 1 through June 30, and 2) extend FY2015-16 to end on June 30, 2016.
- August/September 2015 – Staff identifies the budget adjustments to extend the current fiscal year to June 30, 2016 and includes them as part of the Midyear Review. Primary costs are expected to be in salaries and benefits as capital expenditures generally don’t occur until mid-summer.
- October 2015 – ABC reviews the proposed increase to the FY2015-16 budget as part of the Midyear Review.
- October 2015 – Board’s Strategic Plan and Priority Setting Retreats are held.
- November 2015 – Board receives the Midyear Review memo and considers any increases to the FY2015-16 budget to include anticipated costs through June 2016.
- December 2016 – Staff begins preparation of the FY2016-17 Action Plan and Budget.
- March/April 2016 – ABC reviews the proposed FY2016-17 Action Plan and Budget.
- June 29, 2016 – Board considers adoption of the FY2016-17 Action Plan and Budget.

FISCAL IMPACT

Extending the current FY2015-16 by three months would shift costs for April through June 2016 from FY2016-17 into FY2015-16. Staff will identify the incremental adjustment needed and return to the Board in November to amend the FY2015-16 budget.

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

Staff will return to the Board in the fall to amend the FY2015-16 budget as part of the Midyear Review to account for fiscal year extension to include an additional three months.

Attachments

1. Resolution Repealing Resolution 88-41 and Changing The District's Fiscal Year
2. Resolution 88-41
3. Proposed July 1 Fiscal Year Calendar

Responsible Department Head:

Kate Drayson, Administrative Services Manager

Prepared by:

Kate Drayson, Administrative Services Manager, Administrative Services Department

RESOLUTION NO. 15-___

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
REPEALING RESOLUTION 88-41 AND CHANGING THE
DISTRICT'S FISCAL YEAR**

WHEREAS, the Board of Directors passed and adopted Resolution 88-41 on September 14, 1988 stating that beginning in 1989, the District fiscal year shall commence on April 1 and conclude on March 31; and

WHEREAS, the District desires to align itself with best practices of other public agencies, including the same fiscal year;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Midpeninsula Regional Open Space District, as follows:

1. Resolution 88-41 shall be repealed in its entirety;
2. The three Action Plan and Budget Committee members shall be appointed at the second meeting in January.
3. Beginning on July 1, 2016, the District's fiscal year shall commence on July 1 and conclude on June 30;
4. Fiscal Year 2015-2016 shall be extended by three months to conclude on June 30, 2016.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on ____, 2015, at a Regular Meeting thereof, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

APPROVED:

Secretary
Board of Directors

President
Board of Directors

APPROVED AS TO FORM:

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.

District Clerk

RESOLUTION NO. 88-41

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
AMENDING RULES OF PROCEDURE

The Board of Directors of the Midpeninsula Regional Open Space District does hereby resolve to amend the Rules of Procedure as follows:

1. Section 2.35 is added to the Rules of Procedure as follows:

Section 2.35 Fiscal Year. Beginning in 1989 the District's fiscal year shall commence on April 1 and conclude on March 31.

2. Section 1.82 of the Rules of Procedure is amended to read:

Section 1.82 Budget Committee. The Budget Committee shall be a standing committee, composed of three Board members appointed at the first regular meeting in January. The Treasurer shall be one of the three members of the Budget Committee.

RESOLUTION NO. 88-41

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on September 14, 1988 at a regular/special meeting thereof, by the following vote:

AYES: Katherine Duffy, Robert McKibbin, Teena Henshaw, Edward Shelley, Nonette Hanko, Gerry Andeen, and Richard Bishop.

NOES: None

ABSTENTIONS: None

ABSENT: None

ATTEST:

APPROVED:

Robert J. McMill
Secretary, Board of Directors

Katherine Duffy
President, Board of Directors

I, the District Clerk/Deputy 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 vote.

District Clerk/Deputy District Clerk

PROPOSED JULY 1 FISCAL YEAR SCHEDULEOctober / December 2015

Date TBD – Board Retreats

Date TBD – Departments begin project costing for both MAA Projects and Non-MAA ProjectsDecember 2015**Tue 12/1 (week of) – FY16-17 AP/Budget Kick-off Meeting**

Tue 12/1 – FY16-17 Action Plan & 3-Year CIP templates available

Wed 12/2 – Departments begin project costing for both MAA Projects and Non-MAA Projects**Mon 12/14 (week of) – Department Coordination Meeting #1 to discuss preliminary Key Projects**January 2016

Mon 1/4 – Admin initializes FY16-17 budget in IAFS

Tues 1/5 – Departments begin entering budget changes in IAFS**Mon 1/11 (week of) – Dept Coordination Meeting #2 to discuss Draft Action Plan and Proposed Positions****Mon 1/25 (week of) – Department Coordination Meeting #3**February 2016**Wed 2/10 – 3-Year CIP and Budget data entry in IAFS due from Departments to Admin****Fri 2/12 – Final Action Plans due from Departments to Admin**

Mon 2/15 through Fri 2/20 – Admin consolidates and formats Action Plans & Budget

Wed 2/17 – Position Justification Forms for new positions due to AGMs**Mon 2/22 (week of) – Departments meet with AGMs, Mgmt Analyst, CFO to Review Action Plan & Budget**March 2016**Wed 3/2 – AP/Budget Revisions due from Departments to Admin**

Mon 3/7 (week of) – AGMs, Mgmt Analyst, CFO meet with GM to review AP/Budget

Tue 3/15 – Final AP/Budget Revisions due from Departments to Admin

Wed 3/30 – Send packet to ABC – Action Plan (Admin)

April 2016**Tues 4/5 – ABC #1: Action Plan review**

Wed 5/4 – Send packet to ABC – Controller's Report, Proposed Budget, 3-Year CIP (Admin)

Tues 4/12 – ABC #2: Complete Action Plan review (if needed), Controller's Report, Budget review

Fri 4/15 – Send packet to ABC (if needed)

Tues 4/19 – ABC #3: Complete Budget Review (if needed)May 2016

Mon 5/9 – Initial Action Plan and Budget & Board reports due to Clerk (Admin)

Wed 5/25 – Board reviews FY2016-17 Proposed BudgetJune 2016**Tue 5/31 – ABC #4 (if needed): follow-up on Board direction**

Mon 6/13 – Final FY2016-17 Budget Board report due to Clerk (Admin)

Wed 6/29 – Board adopts FY2016-17 Action Plan and Budget