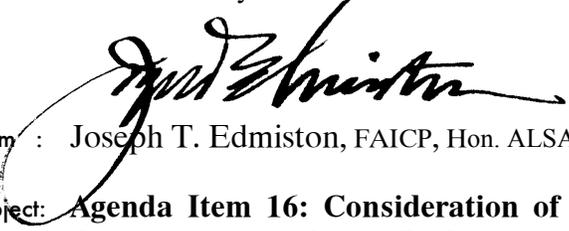


Memorandum

To : The Conservancy
The Advisory Committee

Date: June 23, 2008

From :  Joseph T. Edmiston, FAICP, Hon. ALSA, Executive Director

Subject: **Agenda Item 16: Consideration of resolution approving the Mountains Recreation and Conservation Authority Preliminary Budget, Fiscal Year 2008-09.**

Staff Recommendation: That the Conservancy adopt the attached resolution authorizing the Mountains Recreation and Conservation Authority Preliminary Budget FY 2008/2009.

Legislative Authority: Section 6500 *et. seq.* of the Government Code, and MRCA Joint Exercise of Powers Agreement, Section 11.3:

“ . . . The Authority shall prepare an annual budget, in a form approved by the Conservancy and the Districts, which budget shall be submitted to the Conservancy and the Districts for approval, in the time and manner as specified by the Conservancy and the Districts . . . ”

Background: The Conservancy is required to approve the Mountains Recreation and Conservation Authority (MRCA) annual budget per Section 11.3 of the MRCA Joint Exercise of Powers Agreement. The preliminary budget is described herein and further detailed in three attachments: (1) Preliminary Official Budget by Account Class Category, (2) Preliminary Management Budget by Account Group, and (3) Preliminary Management Budget by Project.

The MRCA budgets each project separately, and the total budget figures are a compilation of those project budgets. The Management Budget by Project details the amount of revenue and expenses by project for FY 2008/2009. In general, if no revenue is listed for a project, funds to complete that project were received by the MRCA in prior years.

The FY preliminary 2008-09 budget was prepared using information available in grant and contract files, current and prior year actual revenue receipts and expenditures, information regarding future project funding, and the current workprogram.

Revenue

The revenue is comprised of new funding for expenditures in the upcoming year. This includes reimbursements for contracted expenses, monies paid for fees, permits, and leases, as well as new funds that may be received by the MRCA for various projects.

Total revenues for the preliminary FY 2008/09 budget are \$33,519,955. Please see the supplemental “Mountains Recreation and Conservation Authority 2008-2009 Preliminary Budget by Account Group” report for additional details.

Projects are identified in the general ledger (AS400 system) as reimbursable or advanced funds, which aids in the MRCA’s accounts receivable process. All reimbursable grants are invoiced by the MRCA on a periodic basis as allowed for in the grant agreements.

Expenditures

Total FY 2008/2009 expenditures are budgeted at \$33,519,955. A overview by account class is presented below:

| <u>Account Class</u> | <u>Amount</u> |
|-----------------------------|----------------------|
| Direct Payroll | 6,750,234 |
| Payroll Benefits and Taxes | 3,351,951 |
| Contract Services | 1,838,500 |
| Operating Expenses | 4,047,175 |
| MRCA Grants | 0 |
| Land & Improvements | 16,230,860 |
| Equipment | 1,176,315 |
| Interest Expense | 125,000 |
| Total Expenses | 39,519,955 |

These expenses are in-line with those budgeted in the current fiscal year (07/08), with the exception of Land and Improvements, which decreases from \$33.8 Million in FY 2007-08 to \$10.2 Million in FY 2008-09. Expenditures are further detailed in the Preliminary Management Budget by Account Class and the Preliminary Management Budget by Project.

It is MRCA’s practice to include budgets for anticipated projects, sometimes where funding is not yet finalized. Anticipated projects for the year will not be pursued if funding is not secured for them. In addition, the FY 2008-09 preliminary budget is an aggressive one, which presumes that MRCA will secure sufficient working capital to manage the projects funded by reimbursable grants.

Budget Management

The MRCA’s Project Managers are issued periodic Budget Performance Reports (BPRs), which track actual performance relative to the budgeted figures for each individual project. These reports assist Project Managers in making necessary spending adjustments and help in the identification of other potential fiscal problem areas. The Preliminary Budget takes into account prior year performance to compile expected future spending.