

Memorandum

To : The Conservancy
The Advisory Committee

Date: June 1, 2009

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

Subject: **Agenda Item 15: Consideration of resolution approving the Mountains Recreation and Conservation Authority Preliminary Budget, Fiscal Year 2009/10.**

Staff Recommendation: That the Conservancy adopt the attached resolution authorizing the Mountains Recreation and Conservation Authority Preliminary Budget FY 2009/2010.

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 two attachments: (1) Preliminary Official Budget by Account Class Category, (2) Preliminary Management Budget by Account Group.

Each project is budgeted separately, and the total MRCA budget is a compilation of those project budgets. Due to the State fiscal crisis, the MRCA is continuing to evaluate the amount and likelihood of certain grants from the Conservancy to the MRCA. As a result, information provided in prior years - the Management Budget by Project, which details the amount of revenue and expenses by project - is not included at this time. MRCA staff will continue to work with staff of the Conservancy and expects to have a detailed list of projects available for adoption at the Final budget presentation in August. It should be noted that the MRCA only expends funds on those projects that are adopted according the Workplan approved by the MRCA Board of Directors.

The preliminary FY 2009-10 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

Revenue for FY 2009-10 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 2009/10 budget are \$18,090,857. Please see the supplemental “Mountains Recreation and Conservation Authority Preliminary Fiscal Year 2009/2010 Revenue Budget” 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 2009/2010 expenditures are budgeted at 18,090,857. An overview by account class is presented below:

<u>Account Class</u>	<u>Amount</u>
Direct Payroll	4,961,071
Payroll Benefits and Taxes	2,566,300
Contract Services	2,662,695
Operating Expenses	3,608,371
MRCA Grants	40,000
Land & Improvements	3,825,795
Equipment	362,500
Interest Expense	64,125
Total Expenses	18,090,857

These expenses represent a reduction of 54% of the amount approved in the FY 2008-09 Final Budget. Management is optimistic that more direction will be provided by the State regarding bond fund expenditures by the time the Final Budget is adopted in mid-August. Should that be the case, the MRCA may increase the amount of projects worked on during the 2009/10 Fiscal Year. Expenditures are further detailed in the “Preliminary Management Budget by Account Class” report.

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.