

*Regional Conservation Authority***Proposed Budget for Fiscal Year 2006-07****Staff Contact:****Joe Richards
Deputy Executive Director
(951) 955-9700****Background:**

Attached for your review and approval is the RCA FY 2006-07 Budget. It anticipates a little over \$58,000,000 in revenues (including \$30,000,000 in RCTC funds for land purchase), and appropriations in line with those revenues. In the previous two years, the budget was classified as either administration or acquisition. The FY 06/07 spending plan has been divided into three separate budget categories: Administration, Land Acquisition, and Management / Monitoring. This grouping better reflects the spending limitations associated with certain revenue streams (i.e., development fees) and establishes a platform for tracking our time by function.

There are two basic principles that guided the preparation of this budget:

1. The RCA is obligated to buy and assemble Additional Reserve Lands.
2. Most of what we do is related to land purchase; therefore, most of our costs can be attributed to the purchase of land for the reserve.

Using these principles, we allocated revenue and expenses in a way that reflects our primary responsibility: land acquisition.

In preparing the budget, we were cautious in forecasting our revenue and our costs. We believe this is prudent at this time given the following:

Development Impact Fees (MSHCP Fee)

RCA will receive about \$36 million in development fees in FY 2005-06. We project a 25% reduction in these fees for FY 2006-07, based on a modest anticipated slowdown in development, and discussions with County Building and Safety which is estimating a 15% reduction in activity for FY 2006-07.

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Infrastructure Contributions

Contributions from infrastructure, including TUMF, are uncertain. The Plan's funding program and last year's budget estimated \$10 million in infrastructure contributions. We received about \$200,000 from the Riverside County Flood Control and Water Conservation District.

Beginning July 1, RCA will receive 5% of TUMF fees, based on the capital cost of the funded project. However, we still need to resolve the timing of payments with WRCOG; and because TUMF is a development fee, contribution may be limited to land acquisition.

Management and Monitoring

Tipping fees are our only predictable source of funds that can be used for management and monitoring. However, the Plan calls for a \$70 million endowment to be in place by Year 25. The earnings would be used as a stable source of management funding. It is important that we take action soon to establish a method of funding for this endowment (staff studying various options and will return with a recommendation).

Other Budget Considerations

The management audit conducted by the County Executive Office recommended that we budget at 90% of estimated revenues. Following this recommendation and cautiously projecting revenues offers us a sensible financial cushion for the year.

Staff Recommendation:

Staff recommends that the Administrative Committee approve the proposed budget for Fiscal Year 2006-07 and authorize staff to agendize this matter for adoption at the May 1, 2006, meeting of the RCA Board of Directors.

FINANCIAL INFORMATION	
In Fiscal Year 2006-07 Budget: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Cost: \$ N/A Annual Cost: \$ N/A
Source of Funds: N/A	Budget Adjustment: N/A From To
Approved by:	Date:

Attachment:

Proposed FY 06/07 Budget

**WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
PROPOSED BUDGET 2006 / 2007**

ESTIMATED REVENUES	BUDGET 2005/2006	ACTUAL THROUGH 03/31/06	PROJECTED THROUGH 06/30/06	ESTIMATED 2006 / 2007	ADMINISTRATION		LAND ACQUISITION		MANAGEMENT / MONITORING	
					APPLIED PERCENT ALLOCATION	REVENUE ALLOCATION	APPLIED PERCENT ALLOCATION	REVENUE ALLOCATION	APPLIED PERCENT ALLOCATION	REVENUE ALLOCATION
DEVELOPMENT FEES	24,000,000	27,904,817	36,000,000	29,315,293	3.0%	879,459	97.0%	28,435,834	0.0%	0
TUMF	0	0	0	2,000,000	1.5%	30,000	98.5%	1,970,000	0.0%	0
FLOOD CONTROL	0	199,167	199,167	150,000	1.5%	2,250	38.5%	57,750	60.0%	90,000
INFRASTRUCTURE FEES	10,000,000	0	0	0	0.0%	0	0.0%	0	0.0%	0
DENSITY BONUS	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
TIPPING FEES	2,725,000	2,261,007	2,261,007	2,400,000	1.5%	36,000	0.0%	0	98.5%	2,364,000
SERVICE FEES	-	-	-	220,000	100.0%	220,000	0.0%	0	0.0%	0
INTEREST	50,000	391,637	490,000	500,000.00	3.0%	15,000	92.0%	460,000	5.0%	25,000
GRANTS	-	-	-	0	0.0%	0	0.0%	0	0.0%	0
DONATED REVENUE (MEASURE A)	35,000,000	7,942,662	\$16,000,000	30,000,000	1.5%	450,000	98.5%	29,550,000	0.0%	0
TOTAL REVENUE				64,585,293		1,632,709		60,473,584		2,479,000
90% OF REVENUES PER AUDIT				58,126,764		1,469,438		54,426,226		2,231,100

APPROPRIATIONS	ESTIMATED 2006 / 2007	ADMINISTRATION		LAND ACQUISITION		MANAGEMENT / MONITORING	
		APPLIED PERCENT ALLOCATION	APPROP. ALLOCATION	APPLIED PERCENT ALLOCATION	APPROP. ALLOCATION	APPLIED PERCENT ALLOCATION	APPROP. ALLOCATION
TOTAL STAFF	1,454,463	33%	489,203	60%	875,579	7%	89,681
TOTAL SUPPLIES AND SERVICES	1,143,818	ACTUAL	416,735	ACTUAL	565,164	ACTUAL	161,919
TOTAL CONTRACTS	6,952,000	9%	563,500	63%	4,409,000	28%	1,979,500
LAND PURCHASE	48,576,483	-	-	100%	48,576,483	-	-
TOTAL APPROPRIATION CATEGORY	58,126,764		1,469,438		54,426,226		2,231,100
SURPLUS / (DEFICIT) = REVENUE MINUS APPROPRIATIONS	0		0		0		0

ADMINISTRATION TO TOTAL BUDGET 3%

LAND ACQUISITION ADMINISTRATION TO LAND PURCHASE 12%

LAND ACQUISITION ADMINISTRATION INCLUDES NEGOTIATIONS, LEGAL AND REAL ESTATE TRANSACTION SERVICES