

EXECUTIVE OFFICER SUMMARY REPORT
February 10, 2006

ITEM: 7

SUBJECT: **FY 06/07 PROPOSED BUDGET**
Consideration and possible adoption of *tentative Resolution 06-01* approving the Conservancy’s proposed FY 06/07 budget and expenditure report. (*Deborah Jayne*)

PURPOSE: Consideration and possible adoption of tentative Resolution 06-01. This agenda item provides an opportunity for the Board to review and approve the proposed FY 06/07 budget.

DISCUSSION: The overall budget for a state-chartered Conservancy typically has two major components or “line-items”: (1) the Support Budget; and (2) the Capital Outlay Budget. The Support Budget pays staff salaries, Board Member stipends, and all Conservancy operations (e.g., travel, equipment, supplies, lease, utilities, postage, consulting and professional services, etc). The Capital Outlay Budget is used to acquire, restore, or develop property or implement related projects.

Current and Historical Funding Levels

	FY 03/04	FY 04/05 Past Year	FY 05/06 Current Year	FY 06/07 Proposed Year
Baseline Support Budget (ELPF)	\$265,000	\$269,000	\$274,000	\$292,000
One-time Reappropriation of FY 03/04 Support Budget (for Strategic Planning)	\$0	\$221,000 ¹ ₂	\$0	\$0
Capital Outlay Appropriation (ELPF)	--	--	\$0	\$0
Capital Outlay Reimbursement Authority	--	--	-\$500,000³	\$0
Total	\$265,000	\$490,000	\$274,000	\$292,000

¹ FY 03/04 Support Budget of \$265,000 minus \$44,000 total FY 03/04 expenditures
² This amount also supplemented with the unspent balance of the FY 04/05 support budget.
³ FY 05/06 Reimbursement Authority is available for three years (encumber by June 30, 2008)

Support Budget (Operations)

The Conservancy's state budget consists entirely of Support dollars from the Environmental License Plate Fund (ELPF), a state Special Fund. These monies are for Conservancy operations only and can not be used for capital outlay purposes. The Conservancy's annual baseline Support Budget has received small incremental increases since its first appropriation in FY 03/04.

Capital Outlay Budget (Acquisitions) / Reimbursement Authority

The Conservancy has never had a Capital Outlay appropriation from ELPF or other source. In FY 05/06 the Conservancy requested and was awarded Capital Outlay "Reimbursement Authority" of \$500,000⁴. Establishment of a Capital Outlay line item was necessary to allow the Conservancy to receive Capital Outlay funding in the future. The "Reimbursement Authority" of \$500,000 allows the Conservancy to receive and spend grant funds. The Conservancy receives no state General Fund support.

Other Funding Available But Not In Our Budget

With no Capital Outlay dollars, the San Diego River Conservancy currently has no funding in its budget for acquisitions. It is however able to apply to the Resources Agency for Proposition 40 River Parkways funding that was set aside for the San Diego River at the time the Conservancy was established. Three project proposals (one acquisition, one restoration, and one improvement) for this funding have been approved by the Conservancy Governing Board, submitted by the Conservancy partners, and are currently under review. The Conservancy is also in the early stages of formulating its proposal to Resources for the remaining \$5 million. The Conservancy has also submitted several separate grant proposals and will continue to aggressively seek multiple sources of non-state funding.

The \$240,000 amount shown below was the result of a settlement agreement between the Regional Water Quality Control Board and City of San Diego for sewage spill violations. This money has been deposited in an interest bearing Department of Finance *Special Fund Deposit Account* established this purpose. The Governing Board has directed that these funds be used for the design and conduct of the San Diego River Watershed Hydrologic Analysis (SDRC Resolution 05-22).

⁴

Pursuant to the Finance Letter Budget Year 05/06

The \$295,000 amount shown below in the Interagency Agreement with the State Coastal Conservancy (SCC) is used to reimburse the SCC for administrative, legal and other support. These funds originated from the reappropriation of our unused Support dollars from fiscal years 03/04 and 04/05. These funds are in the State Coastal Conservancy budget (not ours).

Remaining Proposition 40 River Parkway Funds (in Resource Agency's Budget earmarked for San Diego River)	\$5.0 million ⁵
Special Fund Deposit Account (for Hydrologic Analysis for San Diego Watershed)	\$240,000
Interagency Agreement (in State Coastal Conservancy's budget for SDRC admin, legal, and other support)	\$295,000

In order to accomplish its statutory purpose of acquiring public lands, it is important for the Conservancy to participate equitably in any future state General Obligation bond funds. In addition, it will submit a Budget Change Proposal (BCP) through the budget process to request future Capital Outlay funding.

LEGAL CONCERNS: None.

FISCAL IMPACT: None.

SUPPORTING
DOCUMENTS:

1. Tentative Resolution 06-01
2. Governor's Proposed FY 06/07 Budget
3. Proposed Supplementary Schedule of Operating Expenses and Equipment (OE&E) FY 06/07

RECOMMENDATION: Adopt tentative Resolution 06-01.

⁵ Assumes that the three project proposals currently under review will be fully funded.