

4.

REQUEST FOR BOARD ACTION



MEETING DATE: MAY 25, 2006

TITLE: FISCAL YEAR 2006/2007 BUDGET



Chief Executive Officer
Orange County Great Park

RECOMMENDED ACTION

1. Approve the Fiscal Year 2006/2007 budget in the amount of \$30,350,354.
2. Recommend that the Irvine City Council include the Orange County Great Park Corporation Budget, as approved by the Board of Directors, within the City of Irvine Budget.

EXECUTIVE SUMMARY

At its March 23, 2006 meeting, the Orange County Great Park Board of Directors adopted the goals and objectives which were used as a basis for the development of the FY 2006/2007 Budget. The primary focus of these goals centered around completion of a Master Design and Phasing Plan for the Park, finalizing negotiations for completion of the backbone infrastructure, performing demolition activities in the Phase I area of the Park, maintaining an active public outreach program and developing a more detailed and comprehensive business plan. To accomplish these goals, staff proposed a budget of \$30,350,354, the details of which were presented to the Orange County Great Park Board in a Study Session on May 11, 2006 and to the Finance Commission of the City of Irvine on May 15th. The expenditures portion of the budget is consistent with that which was previously presented.

Subsequent to the Study Session, the City adjusted the budget to move the expected July payment of development fees from Heritage Fields into the Orange County Great Park Fund. The movement of this additional amount, \$66,666,666 resulted in an estimated increase in interest revenue, of \$2,667,000. Budgeted income, therefore, increased from the \$3,790,000 presented on May 11th to a total of \$6,457,000.

Staff recommends approval of the budget as submitted and requests that the Board recommend inclusion of the approved budget in the Budget for the City of Irvine.

BACKGROUND/HISTORY

The Orange County Great Park Corporation was established by the Irvine City Council in June of 2003. Between June of 2003 and June 2005, activities of the Corporation were primarily focused on preparing for the sale of the El Toro Marine Base and the subsequent transfer of 1,316 acres of the total property to the City of Irvine – 1,096 of which was specifically set aside for the development of the Orange County Great Park.

In Fiscal Year 2004/2005 and for part of Fiscal Year 2005/2006, the Corporation's only funding sources were loans and advances from the City of Irvine. In February of 2006, the City of Irvine transferred \$52.2M in development fees received from Heritage Fields (\$66,666,666, less \$14, 418,164 for reimbursement of loans and advances and for Community Facilities District (CFD) and other startup costs) into a special fund (#180) set up for the Orange County Great Park Corporation. The CFD startup portion of the funds retained by the City, \$2,994,394, was set aside in another fund (#008) for use by the OCGP and by the City for development costs related to the CFD.

The "combined" Fiscal Year 2005/2006 budget as amended totaled \$13.6M. Of that amount, staff expects to spend approximately \$9.1M, leaving \$4.5M available to fund future year's expenditures.

With the \$9.1M in expenditures and a staff which initially consisted of twelve employees (5 management and 7 administrative and support), significant progress was made toward the ultimate development of a Great Park.

- A public outreach campaign was conducted to engage Orange County residents in developing the vision for the Great Park.
- An international design competition was conducted which resulted in seven viable competition plans.
- Site visits were conducted to view the three Master Design Finalists work.
- A Park Master Designer was selected and a contract executed to begin design.
- An RFP process was conducted for a Program Manager.
- A Program Manager was selected and a contract was developed and executed.
- Initial design plans were completed for the backbone infrastructure.
- A sports park needs assessment was completed and alternatives presented to the Board for inclusion in the Master Plan.
- A concrete recycling firm was selected.
- Benchmark Reports were developed, published and mailed to all Irvine residents.
- A donation of 50,000 trees was received from Southern California Edison.
- Corporation staff relocated offices two times during the fiscal year.

STATEMENT OF THE ISSUE

In Fiscal Year 2006/2007, the Orange County Great Park Board and staff will focus on moving the Park closer to construction. On March 23, 2006, staff presented, and the Board of Directors adopted, the proposed goals for the fiscal year. These adopted goals were used as a basis for development of the 2006/2007 budget and centered around completion of a Master Design and Phasing Plan for the Park, finalizing negotiations for completion of the backbone infrastructure, performing demolition activities in the Phase I area of the Park, maintaining an active public outreach program and developing a more detailed and comprehensive business plan.

The proposed budget to accomplish the adopted goals for the next fiscal year is \$30,350,354. Of this amount \$27,262,854 is budgeted in the City of Irvine Fund #180 and \$3,087,500 is budgeted in the Great Park Planning Fund #008. Fund #180 accounts for the majority of the OCGP revenues and expenses. Fund #008 is reserved for Community Facilities District and related administrative expenses.

Revenue and Expenses as proposed in the budget are summarized below. A more detailed line item summary is included on Attachment 1.

Revenues

Agricultural Leases	\$ 292,000
RV Storage Lease	1,700,000
AMCI Events	360,000
Tierra Verde Industries (Green waste recycling)	448,000
Interest Income	<u>3,657,000</u>
Total Revenue	<u>\$ 6,457,000</u>

Each of the lease revenue amounts identified above, with the exception of the recently approved Tierra Verde Industries contract, is related to a lease which can be renewed annually at the option of the Corporation. Once a Master Design Plan is completed and the first phase of the Park is identified, staff will be able to identify the areas that can be leased on a longer term basis and will aggressively pursue additional lease revenue opportunities at that time.

Expenditures

Expenditures for the fiscal year were developed around the Board adopted goals. Below is an expanded description of expenditures by section. The total amount for all categories as proposed is \$30,350,354.

Administration - \$4,546,504

Description	Amount	Notes
Salaries & Benefits	\$2,083,240	<ul style="list-style-type: none"> ▪ 15 full time staff ▪ 8 Board Members
Legal Services	550,000	<ul style="list-style-type: none"> ▪ Nossaman, Guthner, Knox & Elliot ▪ Rutan & Tucker
Amortization	492,784	<ul style="list-style-type: none"> ▪ Non-cash expenditure ▪ 5 year amortization of start up costs
Supplies & Equipment	235,000	<ul style="list-style-type: none"> ▪ Supplies related of office relocation ▪ Annual supplies
City Allocated Costs	205,980	<ul style="list-style-type: none"> ▪ OCGP share of technology ▪ OCGP share of Xerox, mail, & telephone
Travel & Insurance	122,500	<ul style="list-style-type: none"> ▪ Insurance ▪ Postage, delivery, duplicating
Contract Services	857,000	<ul style="list-style-type: none"> ▪ Building Lease ▪ Federal Advocacy ▪ Financial Consulting ▪ Volunteer Coordinator ▪ Audit Services ▪ Web Maintenance ▪ Vehicle Lease

Communications - \$1,108,850

Description	Amount	Notes
Benchmark Reports	\$270,000	<ul style="list-style-type: none"> ▪ 3 Reports, development, publish and mail
Special Events	200,000	<ul style="list-style-type: none"> ▪ 2 large scale events
Master Designer Community Involvement	125,000	<ul style="list-style-type: none"> ▪ Meetings ▪ Open House ▪ E-mail polling
History Project	105,000	<ul style="list-style-type: none"> ▪ Archiving ▪ Oral History
Fundraising Consultant/Staff support	108,500	<ul style="list-style-type: none"> ▪ Consultant to identify and develop a fund-raising program ▪ Staff support for special events and workload support
Annual Report	95,000	<ul style="list-style-type: none"> ▪ Development & Production Costs
Video Production	80,000	
Tabletop and Custom Displays of OCGP	43,500	<ul style="list-style-type: none"> ▪ 2 displays
Brochures/Clipping Services/Other	81,850	<ul style="list-style-type: none"> ▪ Collateral material ▪ Legacy project

Engineering - \$9,200,000

Description	Amount	Notes
Demolition & Deconstruction	\$5,000,000	<ul style="list-style-type: none"> ▪ Estimated costs for Phase I
Program Manager	2,400,000	<ul style="list-style-type: none"> ▪ Contract amount for Bovis Lend Lease
Building Demolition Plans	600,000	<ul style="list-style-type: none"> ▪ Plans for Phase 1 demolition
Disposal of Non-recyclable materials	75,000	
Preliminary Geotech & Surveys	425,000	
Planning & Design for Regional Permits	350,000	<ul style="list-style-type: none"> ▪ Army Corp of Engineers ▪ Water quality ▪ US Fish & Wildlife
Hazardous Materials Assessment	300,000	<ul style="list-style-type: none"> ▪ Survey to characterize materials
Regional Permitting Fees	50,000	

Planning - \$ 11,600,000

Description	Amount	Notes
Master Plan Development – Great Park Design Studio	\$10,000,000	<ul style="list-style-type: none"> ▪ Estimated expenditures for park master plan, and preliminary construction drawings
Griffin Structures	150,000	<ul style="list-style-type: none"> ▪ Sports Park Facilities Analysis and funding opportunities
Environmental Assessment of Master Plan	250,000	<ul style="list-style-type: none"> ▪ Environmental consultant to review final master plan
Officers Club Reuse Plan	100,000	<ul style="list-style-type: none"> ▪ Assessment and plan development for modification of officers club
USGS Wildlife Monitoring	70,000	
Water Quality Studies	30,000	
Participation in Fixed Guideway	1,000,000	<ul style="list-style-type: none"> ▪ As approved by the Board of Directors, OCGP contribution to plan development

Community Facilities District and Operations - \$3,895,000

Description	Amount	Notes
Final Design & Engineering of Backbone Infrastructure	\$2,200,000	<ul style="list-style-type: none"> ▪ Design of Trabuco & College
Field Engineering	600,000	<ul style="list-style-type: none"> ▪ Geotechnical borings
Demolition	750,000	<ul style="list-style-type: none"> ▪ Demolition specifically related to the backbone infrastructure
Hazardous Materials Assessment	50,000	<ul style="list-style-type: none"> ▪ Removal of hazardous materials found during demolition of backbone
Fees & Authorizations	150,000	<ul style="list-style-type: none"> ▪ City, OCTA, CalTrans, County of Orange
Legal Costs	125,000	<ul style="list-style-type: none"> ▪ Directly related to the CFD
Weed Abatement	20,000	<ul style="list-style-type: none"> ▪ Operating Cost to maintain base property

The total budget for expenditures was developed by staff to insure that the goals adopted by the Board can be accomplished in the fiscal year. As with the current fiscal year, if funding is not needed for items as budgeted, amounts will be available to fund future years' budgets.

Balance of Funds

Currently, resources available to construct the Park consist of Development Fees, interest income and revenue from property leases. Staff anticipates significant additional funding will be available from the Redevelopment Agency, potential public private ventures, donations, grants and user fees to name a few. Potential amounts related to these categories will be identified in the updated business plan and as the Master Plan is developed.

When viewing only the resources currently in hand or guaranteed to be available, after funding of the FY 2006/2007 budget, the anticipated balance of funds remaining for continued Park development is expected to be approximately \$157M.

Summary

Approval of the proposed budget of \$30,350,354 will provide staff with the resources necessary to continue to progress toward the construction of the Orange County Great Park.

ALTERNATIVES CONSIDERED

The Board could choose to authorize a smaller or larger amount than has been proposed by staff. Staff does believe the amounts proposed are sufficient to achieve the defined goals. Removal of certain items may require staff to return to the Board and the City Council for requested budget amendments in the future.

FINANCIAL IMPACT

Approval of the FY 2006/2007 Budget will authorize the expenditure of \$30,350,354 of Development Fee revenue and lease revenue which has been specifically designated for the development of the Orange County Great Park.

Report prepared by: Colleen Clark, Deputy Chief Executive Officer

Report reviewed by: Wally Kreutzen, Chief Executive Officer

Attachment:

A. Detailed budgets for Fund 180 and Fund 008

**Fund 008
GREAT PARK PLANNING
GENERAL RESERVE FUNDS**

Description	Section	Service	Activity	Object	2004-2005	2005-2006	2006-2007
					Actual	Estimated	Proposed
BEGINNING FUND BALANCE	000	000	9999	2001	\$0	\$1,402,936	\$3,983,656
RESERVE - REDEVELOPMENT AGENCY LOAN	000	000	9999	2720	\$0	\$0	\$530,000
Subtotal Beginning Fund Balance					\$0	\$1,402,936	\$4,513,656
GENERAL FUND	000	000	9999	7001	\$0	\$2,994,394	\$0
GENERAL FUND	915	915	9999	7001	\$2,934,134	\$645,091	\$0
CAPITAL IMPROV PROJ FD-NON CRC	915	915	9999	7260	\$857,121	\$0	\$0
Revenue					\$3,791,255	\$3,639,485	\$0
OVERTIME SALARIES	001	010	9999	4030	\$55	\$0	\$0
SALARY AND BENEFITS	001	010	9999	40XX	\$45,271	\$64,904	\$112,500
CONTRACT SERVICES	007	015	9999	4310	\$0	\$795	\$2,850,000
CONTRACT SERVICES	007	129	9999	4310	\$0	\$98,411	\$0
BUSINESS EXPENSES	010	010	9999	4450	(\$288)	\$0	\$0
SALARY AND BENEFITS	020	010	9999	40XX	\$78,375	\$139,211	\$0
SUPPLIES	020	010	9999	4110	\$3,608	\$0	\$0
POSTAGE	020	010	9999	4120	\$363	\$0	\$0
ADVERTISING & PUBLISHING EXPEN	020	010	9999	4150	\$251	\$0	\$0
COMPUTER SUPPLIES/SOFTWARE	020	010	9999	4160	\$3,787	\$0	\$0
DUPLICATING/XEROX	020	010	9999	4220	\$74	\$0	\$0
CONTRACT SERVICES	020	010	9999	4310	\$1,259,573	\$21,177	\$0
LEGAL SERVICES	020	010	9999	4333	\$0	\$204,267	\$125,000
ATTORNEY SERVICES - LITIGATION	020	010	9999	4349	\$108,670	\$0	\$0
BUSINESS EXPENSES	020	010	9999	4450	\$672,630	\$0	\$0
WIRELESS COMMUNICATION	020	010	9999	4512	\$200	\$0	\$0
SALARY AND BENEFITS	230	010	9999	40XX	\$127,387	\$0	\$0
POSTAGE	230	010	9999	4120	\$2	\$0	\$0
CONTRACT SERVICES	230	010	9999	4310	\$57,500	\$0	\$0
MISC CAPITAL EQUIPMENT	230	240	9999	4670	\$30,860	\$0	\$0
Expenditures					\$2,388,319	\$528,765	\$3,087,500
ENDING FUND BALANCE	000	000	9999	2001	\$1,402,936	\$3,983,656	\$896,156
RESERVE - REDEVELOPMENT AGENCY LOAN	000	000	9999	2720	\$0	\$530,000	\$530,000
Ending Fund Balance					\$1,402,936	\$4,513,656	\$1,426,156

The NEW Fund 180
ORANGE COUNTY GREAT PARK CORPORATION
SPECIAL REVENUE FUNDS

	Section	Service	Activity	Object	2004-2005 Actual	2005-2006 Estimated	2006-2007 Proposed
BEGINNING FUND BALANCE	000	000	9999	2001	(\$1,374,648)	(\$3,180,459)	\$53,164,977
Beginning Fund Balance					(\$1,374,648)	(\$3,180,459)	\$53,164,977
INTEREST	000	000	9999	3631	\$2,364	\$473,856	\$3,657,000
MARKET VALUE GAIN/LOSS	000	000	9999	3670	\$1,111	\$0	\$0
RENT	005	010	9999	3632	\$0	\$2,100,000	\$2,800,000
GENERAL FUND	915	915	9999	7001	\$0	\$60,126,387	\$66,666,666
Subtotal					\$3,475	\$62,700,243	\$73,123,666
CONTRACT SERVICES	005	010	71	4310	\$72,285	\$0	\$0
SALARY AND BENEFITS	005	010	9999	40XX	\$0	\$1,129,047	\$1,098,581
SUPPLIES	005	010	9999	4110	\$2,307	\$53,622	\$100,000
POSTAGE	005	010	9999	4120	\$0	\$8,715	\$10,500
SHARED MAIL CENTER COSTS	005	010	9999	4123	\$0	\$0	\$1,555
ADVERTISING & PUBLISHING EXPEN	005	010	9999	4150	\$6,227	\$1,623	\$0
COMPUTER SUPPLIES/SOFTWARE	005	010	9999	4160	\$0	\$11,257	\$35,000
DUPLICATING/XEROX	005	010	9999	4220	\$5,814	\$6,822	\$10,000
DUPLICATING SERVICE COSTS	005	010	9999	4221	\$0	\$0	\$7,000
CONTINGENCY CONTRACT	005	010	9999	4305	\$0	\$0	\$150,000
CONTRACT SERVICES	005	010	9999	4310	\$162,411	\$1,620,857	\$707,000
LEGAL SERVICES	005	010	9999	4333	\$100,930	\$518,676	\$550,000
LOCAL TRAVEL	005	010	9999	4410	\$18	\$745	\$2,000
BUSINESS EXPENSES	005	010	9999	4450	\$17,697	\$130,680	\$60,000
EMPLOYEE ACHIEVEMENT AWARD	005	010	9999	4490	\$92	\$0	\$0
TELEPHONE-LONG DISTANCE	005	010	9999	4510	\$0	\$0	\$1,000
TELECOMMUNICATIONS-SHARED	005	010	9999	4511	\$0	\$0	\$26,100
WIRELESS COMMUNICATION	005	010	9999	4512	\$200	\$0	\$0
CAP EQUIPMT-OFFICE FURNITURE	005	010	9999	4640	\$0	\$0	\$100,000
CAP.COMPUTER HARDWARE,SYSTEMS	005	010	9999	4651	\$0	\$80,182	\$0
AMORTIZATION EXPENSE	005	010	9999	4692	\$492,784	\$492,784	\$492,784
INTEREST EXPENSE	005	010	9999	4903	\$98,486	\$19,059	\$0
CONTRIBUTED CAPITAL-STRATEGIC	005	010	9999	4910	\$0	\$0	\$170,325
INSURANCE PREMIUM	005	010	9999	4914	\$0	\$0	\$40,000
ALLOCATED COSTS FROM OTHERS	005	010	9999	4990	\$850,037	\$1,759,046	\$0
SALARY AND BENEFITS	005	011	9999	40XX	\$0	\$0	\$324,197
ADVERTISING & PUBLISHING EXPEN	005	011	9999	4150	\$0	\$0	\$20,250
CONTINGENCY CONTRACT	005	011	9999	4305	\$0	\$0	\$108,500
CONTRACT SERVICES	005	011	9999	4310	\$0	\$0	\$980,100
SALARY AND BENEFITS	005	012	9999	40XX	\$0	\$0	\$137,178
CONTRACT SERVICES	005	012	9999	4310	\$0	\$0	\$20,000
SALARY AND BENEFITS	005	013	9999	40XX	\$0	\$0	\$196,212
CONTRACT SERVICES	005	013	9999	4310	\$0	\$0	\$10,600,000
SALARY AND BENEFITS	005	015	9999	40XX	\$0	\$0	\$137,356

**ORANGE COUNTY GREAT PARK CORPORATION
SPECIAL REVENUE FUNDS**

					2004-2005	2005-2006	2006-2007
	Section	Service	Activity	Object	Actual	Estimated	Proposed
CONTRACT SERVICES	005	015	9999	4310	\$0	\$0	\$9,150,000
FEES AND AUTHORIZATIONS	005	015	9999	4327	\$0	\$0	\$50,000
SALARY AND BENEFITS	006	120	70	40XX	\$0	\$40,992	\$0
SALARY AND BENEFITS	007	013	9999	40XX	\$0	\$130,696	\$8,493
SALARY AND BENEFITS	007	014	9999	40XX	\$0	\$350,004	\$13,523
SALARY AND BENEFITS	007	015	9999	40XX	\$0	\$0	\$55,200
CONTRACT SERVICES	007	015	9999	4310	\$0	\$0	\$750,000
FEES AND AUTHORIZATIONS	007	015	9999	4327	\$0	\$0	\$150,000
PROP 116 STATE/OCTA	915	915	9999	8120	\$0	\$0	\$1,000,000
Expenditures					\$1,809,286	\$6,354,807	\$27,262,854
ENDING FUND BALANCE	000	000	9999	2001	\$0	\$0	\$69,333,666
ENDING FUND BALANCE	000	000	9999	2001	(\$3,180,459)	\$53,164,977	\$29,692,123
Ending Fund Balance					(\$3,180,459)	\$53,164,977	\$99,025,789

CONTRACT SERVICES DETAIL
SECTION: 007 Great Park CFD Reimburse able (Fund 008)

Contract Type	Contract Description	Provider	Term	Service	Object	Amount
CONSULTANT SERVICES	CFD ENGINEERING, GEOTECHNICAL BORINGS, SURVEYS	TBD	0.00	015	4310	\$600,000
CONSULTANT SERVICES	FINAL DESIGN & ENGINEERING FOR TRABUCO, COLLEGE, AND MARINE WAY	TBD	0.00	015	4310	\$2,200,000
CONSULTANT SERVICES	HAZARDOUS MATERIALS ASSESSMENT FOR INFRASTRUCTURE RELATED BUILDINGS	TBD	0.00	015	4310	50000
TOTAL:			TOTAL:			\$2,850,000