2007 Update of HBP Financial Proforma

The Draft HBP Strategic Plan presented to the Board of Supervisors in November 2006 included a Strategic Financial Plan Report listed as Appendix A. The consultant firm MIG prepared the Strategic Financial Plan, including a ten-year Financial Proforma worksheet, based on their analysis of HBP's finances and input from RDMD financial staff.

In July 2007, HBP staff updated the HBP Financial Proforma worksheet to make it easier to read and to reflect significant changes that occurred to HBP's finances since the completion of the Proforma in November 2006. The most significant changes made to the Proforma result from the decision of the Board of Supervisors to eliminate the Sheriff's charges of \$5.8 million to the HBP Operating Fund 405 for harbor patrol services beginning FY 2007-08. HBP staff retained the basic financial assumptions and data used by MIG to prepare the original Financial Proforma.

Please note that while HBP staff updated the Proforma worksheet, staff did not revise the language contained in the Strategic Financial Plan Report (Appendix A), which addresses the original Proforma worksheet, and therefore the Report reflects the original financial analysis and narrative prepared by MIG in November 2006.

The 2007 update of the HBP Financial Proforma continues to project that HBP will have a notable increase in funding that HBP proposes to apply toward addressing HBP's deferred maintenance and capital improvement projects and required additional staff to manage those projects. Specifically, for the years FY 2008-09 through FY 2015-16, the Proforma projects the availability of \$11 million to \$16 million of annual funding for capital improvement projects and use of between \$1.2 million to \$1.4 million for additional staff to manage those projects.

STRATEGIC FINANCIAL PLAN REPORT

A.1 INTRODUCTION

The purpose of including a financial plan in the Orange County Harbors, Beaches and Parks (HBP) Strategic Plan is to analyze the current financial conditions; consider specific financial operating policies; and to provide recommended funding strategies to use to accomplish the vision, mission, operational requirements and to implement the priorities for facility maintenance and development, and improve wherever possible the recreational opportunities for Orange County residents and visitors.

The first few sections of the financial plan present financial goals and policies intended to ensure the financial health of HBP. The next sections give an overview and analysis of the existing funding and estimated projections of revenue and expenses through the Fiscal Year (FY) 2016/2017. This was done to determine what the projected funding might be for the HBP to meet its current and future funding needs to successfully achieve the vision, mission and operational goals.

The plan then outlines various opportunities for seeking additional funding and financing if that should become necessary. The remaining sections of the plan include a fiscal analysis that address funding alternatives, capital cost estimates, capital funding sources, and comparisons of the costs of the agency operating under either its current organizational placement as part of the Resources & Development Management Department (RDMD), or as a separate County department.

A.2 GOALS & STRATEGIES FOR FINANCIAL HEALTH

These goals and strategies were developed with citizen input during the multiple advisory workshops and technical committee meetings during the Strategic Plan process.

Goal: Strive to ensure that HBP has adequate funding to pay for the cost of successfully operating a system of regional parks, beaches, trails and historic sites that are places of recreation and enduring value and act as steward of significant natural and cultural resources.

Strategies:

- Strive to be ever more prudent money managers by:
 - continually looking for ways to be cost effective by continually evaluating costs to provide and operate facilities and programs
 - o adjusting to unexpected fluctuations in revenue
 - making HBP's core activities a funding priority over non-core activities
 - emphasizing obtaining grants and pursuing revenue development
 - $\circ\quad$ adhering to accepted accounting and financial tracking methods
 - o structuring HBP in a manner that allows it to operate most efficiently and effectively.
- Make it a financial priority to fully fund HBP reserves to provide adequate funding for ongoing and future HBP projects and program requirements, which include: Operating Reserve, Maintenance Reserve, Dredging Reserve, Capital Improvements Reserve and Contingency Reserve.
- Determine the funding needs to accomplish HBP Strategic Plan Goals and establish project, program, and service priorities to match projected revenues, and pursue additional funding if needed.
- Prepare park General Development Plans and Resource Management Plans in a coordinated manner so as to take into account HBP's overall mission.

Goal: Strive to ensure that HBP staffing levels and position classifications are best suited to accomplish its mission.

Strategies:

- Re-assess the existing organization to ensure the implementation of the best possible management structure.
- Identify what staffing is required to allow nature preserves and wilderness parks to be operated at their fullest practical potential for public use and access and develop a plan to accomplish doing so.
- Initiate further study on what the appropriate program staffing levels and maintenance staffing levels should be based on available financial resources, attendance/participation levels and geographic/size (acreage) considerations.
- Determine all impacts, both financial and non-financial, of an HBP Department separate from RDMD or any other department.

Action Items to Implement Goals and Strategies

The following action items are presented to help HBP maintain its financial health by establishing sufficient funding to accomplish its mission; by practicing good budgeting and accounting practices for financial tracking and control; and by implementing programs for revenue development and cost control.

- 1. Provide adequate reserves for operating, contingences, dredging and capital projects.
- 2. Provide adequate funding for ongoing maintenance and future replacement of existing facilities.
- 3. Provide adequate funding to maintain regional park facilities via a Preventative Maintenance Program at a standard that will provide residents and visitors with a secure and aesthetic environment.
- 4. Develop an equipment replacement program based on the useful life and replacement cost of current and new equipment purchases.
- 5. Make it a financial priority to provide adequate funding for staff training, education, supplies, equipment, and benefits.

- 6. Seek a funding program of both public and private revenue sources to implement HBP operations.
- 7. Seek to match funding opportunities with the needs for providing the public with services and facilities.
- 8. Seek partnerships through mutual interests to fund both recreational programs and development of recreational facilities.
- 9. Seek public/private non-profit relationships that support the delivery of programs and services at regional parks and facilities.
- 10. Recruit volunteers for a variety of uses including fund raising, docent programs, ranger support programs, facility maintenance/cleanup, grant application support, park watch programs, and administrative business support.
- 11. Maintain a cost center accounting system to have an accurate data base to determine the cost to operate each HBP facility and program, and then establish and maintain a costs and revenues monitoring and reporting system.
- 12. Provide a grant tracking system to insure compliance with grant accounting and procedure regulations on all grants so HBP fulfills all grant requirements and to insure eligibility for future grants.
- 13. Provide continuous development of revenue generating programs such as user fees, asset management, and concessions and leases throughout the regional park system.

A.3 HBP FUNDING-CRITICAL ISSUES

HBP was originally established as a Special District receiving a dedicated property tax allocation. After the County dissolved the former District in 1988, HBP became a County Service Area retaining its property tax allocation. Organizationally HBP is a Function in the County of Orange Resources & Development Management Department (RDMD).

A major reason that an HBP Strategic Plan is presently underway is due in response to HBP's tenuous financial condition since the Orange County bankruptcy. For most of that time HBP's recurring costs and revenues ran about equal to each other, with costs barely exceeding revenues in some years and costs actually slightly less than revenues in others.

HBP is required by State Legislation to contribute to the Orange County bankruptcy recovery until FY 2016/2017. The annual payment started at \$4 million, continues to grow annually at the rate of increased property—assessed evaluation, is currently \$8 million per year and is expected to return \$12.4 million per year to HBP in FY 2016/2017 when the bankruptcy recovery is complete

In April 2005, Dana Point Harbor Operations was separated from HBP and has become an independent department in the County. There was a shift of funding from Fund 108 (Dana Point Tidelands) to Fund 405 (HBP) of several hundred thousand dollars in annual costs.

The report produced by Altmayer & Associates for MIG and this study indicates that many of HBP facilities are understaffed in that staffing levels have not kept pace with population growth, increased attendance and community expectations.

Capital projects have impacted HBP operations when capital dollars were allocated expended for land acquisitions and new facilities constructed and no, or only nominal, additional operating funds were allocated. For example, new lands have been opened to public use (Talbert Nature Preserve, Barham Ranch expansion of Santiago Oaks, and others) and major new structures constructed (Peter and Mary Muth Interpretive Center and James and Rosemary Nix Nature Center) without commensurate staffing increases.

Through prudent business practices and transfers of costs, HBP management has recently achieved a savings to HBP of over \$3M in annual costs. Nearly \$700K was saved annually by reassigning through partnerships and cooperative agreements non-core business facilities to other willing public and private entities, including: Centennial Park (\$230K), Ladera Sports Park (\$400K), and Newport Coast/Buck Gully open space (\$40K). HBP management saved \$900K annually in the HBP Fund 405 by obtaining Board and State approval to shift the cost of Upper Newport Bay Nature Preserve/Muth Center to funding from Newport Tidelands (Fund 106).

HBP has achieved other non-recurring savings and fiscal enhancements through more accurate budgeting thereby freeing up funds for immediate use by reversals of encumbrances of nearly \$1 million from completed service and construction contracts, and planned capture thereby of over \$1 million in deposits held in the HBP general ledger.

In summary, HBP has striven to live within the annual income it receives, additional revenues it generates, and to "do more with less" as a fundamental policy. In developing a 10 year pro-forma the following financial priorities were followed by the consultants:

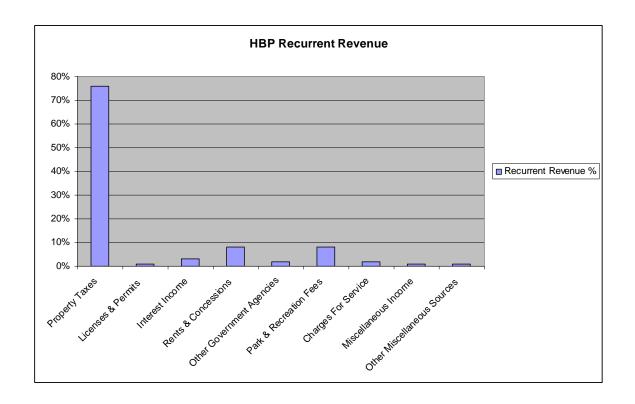
- Reserve/Sinking Fund amounts needed to ensure the physical integrity of existing facilities and infrastructure into the distant future
- Reserve amounts necessary at a prudent level for a physical system the size of HBP.
- Completion of all deferred maintenance projects and purchase of deferred equipment items.
- Continuing the current level of operations and maintenance at all regional park facilities.

A.4 HBP FUNDING SOURCES

Recurrent Revenue Sources

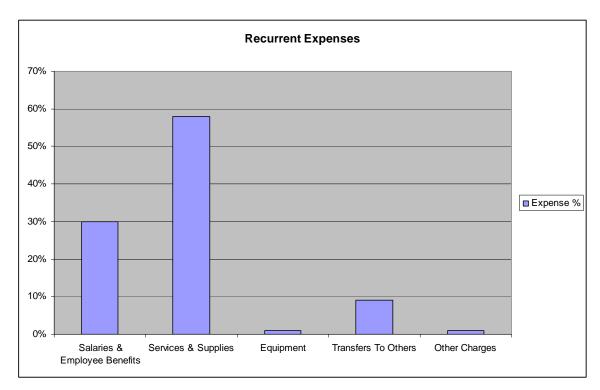
Previous to FY 2006/2007, HBP accounted for both recurrent revenue (annual ongoing revenue) and non-recurrent revenue (one time funding and grants) in "HBP CSA #26 Fund 405" (Fund 405). During FY 2005/2006 the Board of Supervisors approved creating a separate Fund for HBP capital projects, "HBP Capital Fund 406" (Fund 406). In the future HBP will account for all recurrent revenue in Fund 405 and all non-recurrent, capital revenue in Fund 406. HBP will also account for expenses in each fund. This will make tracking of grants and fund transfers for one time capital projects easier and it will truly reflect the recurrent revenue HBP receives and better allow it to project such revenue for the future.

The following pie chart shows the percentage break down of projected recurrent revenue sources, followed by a pie chart of expenses projected for Fund 405 for 2007/2008 through the end of the pro-forma:



- 1- Property Taxes = 76%
- 2- Licenses & Permits = <1%
- 3- Interest Income = 3%
- 4- Rents & Concessions = 8%
- 5- Other government agencies = 2%
- 6- Park & Recreation Fees = 8%
- 7- Charges For Services = 2%
- 8- Miscellaneous Income = <1%
- 9- Other Financing Sources = <1%

Recurrent Expense Categories



- 1- Salaries & Employee Benefits = 30%
- 2- Services & Supplies = 58%
- 3- Equipment = >1%
- 4- Transfers To Others = 9%
- 5- Other Charges >1%

A.5 PROJECTED HBP REVENUE AND EXPENSES 2007-2017

Exhibit A.1 is a ten-year pro-forma that was developed to estimate the potential financial performance of HBP in its current organizational configuration. The proforma is based on discussions with RDMD management representatives, County Auditor's Office, assumptions derived from strategic planning/budgeting currently being undertaken by HBP/RDMD, a review of historical financial results and financial information concerning future rates/conditions provided by accepted industry sources such as Cal State University Fullerton. The pro-forma shows actual financial operating results from FY 2004/2005 and FY 2005/2006. However, with the change of commingled Fund 405 for all revenues and expenses and establishment of Fund 406 for nonrecurrent revenue and expenses (primarily capital projects) the future projections are shown as they will be accounted for, not how they have been historically. In addition, ten years of income and expense are estimated for FY 2006/2007 through FY 2016/2017. At the time the pro-forma was developed, an adopted budget was in place for FY 2006/2007 and this budget has, in most cases, been utilized as the base year estimate. In cases where updated information was available however, the base year estimate has been adjusted to more closely illustrate probable results.

The pro-forma is divided into two funds, including Fund 405 and Fund 406, which are then aggregated to produce Net Income Before Reserves. Fund 405 is an operating fund, where both revenue and expense are reoccurring, while Fund 406 has been established to budget/account for capital projects that are more dependent on irregular or one time sources of revenue. The pro-forma blends recurring and non-recurring revenue in Fund 405 as was done prior to the establishment of Fund 406.

In addition to HBP's main operating Funds 405 and 406 the department administers several other minor County Service Area Funds including Fund 114 Fish and Game Propagation, Fund 129 Off Highway Vehicle Fees, Fund 15K Limestone Regional Park Mitigation Endowment, Fund 459 North Tustin Lighting District Landscaping & Lighting and Assessment District, Fund 468 County Service Area (CSA) #13-La Mirada, Fund 475 County Service Area (CSA) #20-La Habra, and Fund 477 County Service Area (CSA) #22-East Yorba Linda. A separate pro-forma was not prepared for each of these funds as they are primarily holding accounts for funds that are transferred out for specific projects or programs.

Fund 405 is projected to receive approximately \$68.5 million in revenue for FY 2006/2007, which then drops to about \$63.1 million in FY 2007/2008, essentially because of moving accounting for state grant income into Fund 406 upon completion of projects currently in progress.

Total revenue for the Fund 405 regenerates to about \$69 million by FY 2009/2010 and reaches over \$101 million by FY 2016/2017. The largest component of revenue for the Fund is a State legislated formula allocation of the countywide property taxes worth about \$45.6 million in FY 2006/2007 and growing to \$68.6 million in FY 2016/2017, the year in which the State legislation that diverted a portion of HBP's tax allocation to help repay the County's bankruptcy debts/claims is due to expire. The reinstatement alone, as estimated by the County Auditor/Controller, is approximately \$12.4 million, which brings the total estimated tax revenue to HBP to \$81 Million in 2017. Other significant components of income include, revenue from rents/concessions and park/recreation fees, which account for about \$9.5 million in revenue during FY 2006/2007.

Fund 405 operating expenses are estimated at about \$81 million for FY 2006/2007 primarily because of transfers of working capital to Fund 405, which total nearly \$19.8 million. Aside from transfer expense, Fund 405 is estimated to have about \$18.9 million in salary/benefit cost and \$38.1 million in services/supplies.

Expenses drop to about to about \$62.1 million in FY 2007/2008 and then escalate primarily resulting from inflationary increases to about \$76.1 in the final year of the proforma. Net Income operating income for Fund 405 is about (\$12.4) million for FY 2006/2007, but it then grows from about \$1.0 million in FY 2007/2008, to about \$25.4 million in FY 2016/2017.

The substantial growth in Fund 405 Net Income over the life of the pro-forma is mainly because of the projected growth in tax revenue, which for much of the period outpaces estimated growth in expenses under current organizational operation.

Fund 406 income is essentially comprised of transfer revenue from Fund 405, grant revenue and revenue derived from County General Fund transfers offsetting HBP costs of the Sheriff's Harbor Patrol. With significant transfers of revenue budgeted in FY 2006/2007, the revenue for Fund 406 is estimated at about \$35.3 million, but it drops in succeeding years to about \$7 million annually, because Prop 12 and Prop 40 Grant

money will have been spent. The remaining funding primarily represents projected allocations from the County General Fund to offset the costs of Harbor Patrol and specified by the Board to be used for HBP capital projects, plus annual interest income.

Expenses for the most part are tied to facility improvements and associated services/supplies, and total about \$41.3 million in FY 2006/2007, but drop to between \$6 million and \$9 million after about FY 2010/2011. Net Income for Fund 406 is negative in those years that large capital projects are completed and positive in those years where HBP will receive funding, but will not be able to spend it until following years.

Net Income before reserves for Fund 405 and Fund 406 combined is estimated at (\$18.4) million in FY 2006/2007; this net income level is more than offset by the "carryover" of over \$20 million in unspent funds from the prior fiscal year. The Net Income level quickly recovers however, and escalates from about \$3.1 million in FY 2007/2008 to about \$12.3 in FY 2012/2013 and then reaches about \$25.9 million in FY 2016/2017, with the property tax allocation reinstatement in place. The fund balance forward of about \$20.1 million is more than adequate to handle the negative cash flow in FY 2006/2007.

The Balance Available For Projects & Programs is \$4 Million in 2006/2007. HBP has defined projected capital improvement programs and deferred maintenance projects that they believe will need to be completed during the projected term of the pro-forma beginning in 2007/2008.

HBP is currently undertaking a Facilities Inventory and Depreciation Study to determine the actual projected amount that will be needed for capital improvement projects and deferred maintenance projects to existing facilities, however, this study is not anticipated to be completed until the Spring of 2007, so the department has developed what they believe will be the minimum costs the study will indicate need to be budgeted to complete necessary capital improvement projects and deferred maintenance projects through the length of the pro-forma.

The projected CIP/Deferred Maintenance Projects begin in 2007/2008 at \$2.1 Million and then total \$7-12 Million per year until 2016/2017 when \$23.5 Million is allocated due to the property tax reinstatement to HBP.

In addition to projecting needed CIP/Deferred Maintenance Projects the department has also projected proposed additional program management and HBP design staff needs

from 2007/2008 through 2016/2017. This line item represents the estimated cost for four additional positions in HBP assigned to Program Management and HBP Design. This cost begins in 2007/2008 at \$350,000 and is escalated at the projected inflationary cost of salaries and benefits for the remainder of the pro-forma.

Over the course of the pro-forma the total allocated for proposed new staff positions is \$4 Million; for CIP/Deferred Maintenance Projects \$91.5 Million; and a total Contingency for Projects & Programs of \$13 Million.

Incremental reserves are \$1.7 million in 2006/2007 and then increase to cumulative total of \$39.8 million in 2016/2017. The pro-forma shows that adequate reserve balances for Operations & Contingencies, as well as, Dredging are maintained during the life of the pro-forma.

A.6 NOTES & ASSUMPTIONS USED TO FORECAST REVENUE & EXPENSES

The following notes and assumptions accompany the ten year financial pro-forma developed as part of the HBP strategic plan and have been developed based on our review of financial information provided by RDMD/HBP management and interviews with RDMD/HBP representatives. These notes and assumptions form the bases of our estimate of revenue and expense for HBP during the ten year period from FY 2007/2008 through FY 2016/2017. HBP basically operates with two main funds which have been designated as Funds 405 and Fund 406, the latter having been initially established in FY 2005/2006. Both the pro-forma and the notes have been segregated by Fund. *Going forward*, Fund 405 includes all income and expense related to ongoing or recurring operations, while Fund 406 includes income and expense related to capital projects.

FUND 405

Fund 405 Revenues

Property Taxes Between FY 2001/2002 and FY 2005/2006 property tax revenue grew by almost \$12.0 million or about 43.0 percent from approximately \$27.8 million to about \$39.8 million. The actual average annual total increase during this period was about \$2.0 million, while the average annual percentage increase was about 7.0 percent. For FY 2004/2005 and FY 2005/2006 the State adopted legislation resulting in the Education Revenue Augmentation Fund (ERAF) that redirected a portion of city, county and special district property taxes statewide to help remedy the State's budgetary problems; the impact on HBP was a loss of approximately \$3.0 million of the HBP property tax allocation in each of those years. Consequently the actual ("normal") property tax allocation is understated by this amount for these periods. Without the redirection of tax revenues, HBP's allocation from taxes would have been about \$42.8 million in FY 2005/2006 and the average annual percentage growth in property tax revenue would have been about 9.0 percent for the six year period.

Fiscal Year	Tax Revenue (000's)
FY 00-01	\$27,796
FY 01-02	\$30,280
FY 02-03	\$32,824
FY 03-04	\$35,039

FY 04-05	\$36,114
FY 05-06	\$39,778
FY 06-07 Adopted Budget	\$45,584
Avg. Annual Dollar Change (01-06)	\$1,997
Avg. Annual Percent Change (01-06)	7.2%

Based on a State legislated formula the various taxing agencies share the 1.0 percent of the total property tax collected in Orange County. In FY 2005/2006 HBP received a 1.2 percent allocation of the total tax collected. Future allocations in the pro-forma have been estimated based on a schedule provided by RDMD/HBP staff, the County Auditor/Controller and the projections used by the County Budget Manager for forecasting all County Departments' future tax allocation as determined by the economic model provided by CSU Fullerton. The schedule projects increases in the secured portion of the County's property tax receipts through FY 2016/2017. The rate projection is significantly more modest than what has been realized in recent history, with rates that begin around 5.0 percent annually and drop to about 3.0 percent over the life of the pro-forma.

Additional Property Tax Reinstatement -- As part of the County's bankruptcy settlement plan, a portion of the HBP's property tax allocation has been diverted to repay debt since FY 1996/1997. At this point the County expects that the diversion will be reinstated in FY 2016/2017 when the legislation that enabled the diversion is due to expire. Using the projected rate schedule for the secured portion of the County's tax receipts, HBP budget managers estimate that the reinstatement will be approximately \$12.4 million in FY 2016/2017.

Licenses, Permits and Fines -- Licenses, Permits and Fines includes about \$230,000 to \$260,000 in income from use fees, licenses and permits, which has been fairly stable over the last five year period. In FY 05 Temporary use permits alone accounted for about 76 percent of total line item revenue. It also includes a small amount of income, less than \$20,000 annually, from fines and late payment fees.

Fiscal Year	License, Permits & Fines (000's)
FY 00-01	\$239
FY 01-02	\$199
FY 02-03	\$281

FY 03-04	\$295
FY 04-05	\$255
FY 05-06	\$314
Avg. Annual Expenditure (01-06)	\$264

License, Permit and Fine income is estimated at \$263,000 for FY 2006/2007 and then increased at 3.0 percent annually thereafter.

Interest Income -- With lower overall rates and modest reserve balances, HBP Interest income dropped significantly from FY 2002/2003 through Fiscal 2004/2005, but it has risen again in recent periods. Interest income in the pro-forma has been estimated in consideration of current fund/reserve balances and using the long term rates for 90 day Treasury notes, as estimated by CSU Fullerton.

Fiscal Year	Int. Revenue (000's)
FY 00-01	\$2,238
FY 01-02	\$1,224
FY 02-03	\$696
FY 03-04	\$512
FY 04-05	\$955
FY 05-06	\$1,769

Rents and Concessions -- Between FY 2000/2001 and FY 2005/2006 income from Rents and Concessions rose from approximately \$4.2 million to about \$5.0 million. The actual average annual dollar increase during this period was about \$138,000, while the average annual percentage increase was about 3.3 percent.

Fiscal Year	R&C Revenue (000's)
FY 00-01	\$4217
FY 01-02	\$4446
FY 02-03	\$4582
FY 03-04	\$4602
FY 04-05	\$4780
FY 05-06	\$5046
Avg. Annual Dollar Change (01-06)	\$138
Avg. Annual Percent Change (01-06)	3.3%

Mile Square golf operations alone account for about 45 percent of total Rent and Concession income, while golf operations generally account for more than 60 percent of Rent and Concessions income. Other significant sources of revenue included in Rent and Concessions include parking meter income and income from marina and recreational vehicle operations. In consideration of historical rate increases and the current contracts in place Rent and Concession income has been adjusted at 3.0 percent annually during the life of the pro-forma.

Other Government Agencies -- Between FY 2000/2001 and FY 2005/2006 income from other government agencies grew from approximately \$2.5 million to about \$4.6 million. Other Government Agency income includes "pass-through" income from various cities in the County, who rebate property tax increments from their redevelopment agencies to HBP, along with income derived from state and federal grant sources. As part of the recent HBP budgeting split between Fund 405 (reoccurring) and Fund 406 (non-reoccurring), the state and other grant funding related to capital projects currently in progress was kept in this line item. Consequently, the income derived from some state grant funds like from Prop 12 and Prop 40 exist in both this line and in line items within shown within Fund 406.

Fiscal Year	GA Revenue (000's)
FY 00-01	\$2,532
FY 01-02	\$1,448
FY 02-03	\$2,966
FY 03-04	\$2,818
FY 04-05	\$5,131
FY 05-06	\$4,608

The FY 2005/2006 budget for example, includes about \$7.5 million in Prop 12 and Prop 40 funds, along with about \$1.8 million in FEMA funds. Only about \$700,000 of the current budget is related to redevelopment agency pass-through income from cities. After FY 2007/2008 the only funds included in this line item are pass-through funds, with all one-time grant funds then accounted for in Fund 406. Pass-through funds are adjusted at 3.5 percent annually, which is the average 10-year inflation rate for the overall market, as estimated by CSU Fullerton.

Park and Recreation Fees -- Between FY 2000/2001 and FY 2005/2006 Park and Recreation Fees grew by \$595,000, from approximately \$3.3 million to about \$3.9 million. The actual average annual dollar increase during this period was about \$100,000, while the average annual percentage increase was about 3.0 percent.

Fiscal Year	P&R Fees (000's)
FY 00-01	\$3,330
FY 01-02	\$3,361
FY 02-03	\$3,498
FY 03-04	\$3,544
FY 04-05	\$3,925
FY 05-06	\$3,925
Avg. Annual Percent Change (01-06)	3.0%

Day use fees account for about 50.0 percent of total Park and Recreation Fee related income, while annual passes and camping fees account for over 20 percent. Park & Recreation Fees are projected to increase in 2006/2007 an additional \$500,000 due mainly to a new reservation system making it easier for people to pay fees and due to an anticipated increase in camping fees. During the course of the pro-forma, Park and Recreation fees are adjusted at 3.0 percent, which is basically the historical average.

Charge for Services – Charge for Services related income is basically income derived from charging other County related departments for work completed by HBP employees. Historically, Charge for Services related income has been about \$3.0 million annually, although it dropped by about \$1.1 million in FY 2004/2005, when 17 RDMD/Public Works/Geomatics employees for whom HBP was simply acting as a cost center, were transferred to another RDMD fund that the employees charged their time to.

Fiscal Year	Service Fees (000's)
FY 00-01	\$1,995
FY 01-02	\$3,001
FY 02-03	\$3,180
FY 03-04	\$2,922
FY 04-05	\$2,873
FY 05-06	\$1,631

Major components of Charge for Services related income include Flood revenue at about \$1.0 million, Road revenue at about \$700,000 and Dana Point Tidelands income at \$400,000 to \$700,000 annually. Charge for Service related income is adjusted in the proforma at 3.0 percent annually, which is the HBP budget team rate derived for this line item.

Miscellaneous Income -- Bankruptcy Settlement Funds represent the largest consistent component of Miscellaneous Income at anywhere from \$140,000 to about \$550,000 annually. Settlement funds are funds rebated/allocated to departments after bankruptcy settlement debts have been satisfied. Management believes this income will decline significantly in future years as the debt payments decline and the amounts necessary to satisfy the debt become more predictable. Aside from FY 2007/2008, when the income is estimated to be stable, Miscellaneous Income is estimated to remain flat at about \$200,000 annually over the life of the pro-forma.

General Fund Transfers -- Based on discussions with management, no Fund Transfers are anticipated for Fund 405, as part of the pro-forma. The Fund Transfer shown for FY 2004/2005 was a one time transfer from the County's General Fund, which was intended to compensate HBP for the property tax revenue it lost, when a portion of the HBP tax allocation was diverted by State legislation to help remedy the State's budget problems (ERAF). HBP received \$5.0 million, of which \$2.0 million was directed by the Board of Supervisors to be transferred to the Dana Point Harbor Department and \$3.0 was available for HBP capital projects.

Other Financing Sources -- Other Financing Sources related revenue includes funds derived from miscellaneous local and private sources. It also includes OHV (Off Highway Vehicle) Fund 129 license fees and revenue from Fish & Game Fund 114 HBP receives.

Fund 405 Expenses

Salaries and Employee Benefits -- Between FY 2000/2001 and FY 2005/2006 S&EB expense grew by about \$4.9 million, from approximately \$13.0 million to about \$17.9 million. The actual average annual total increase during this period was about \$1.3 million, while the average annual percentage increase was about 10.0 percent.

Fiscal Year	S&EB Expense (000's)
FY 00-01	\$13,035
FY 01-02	\$15,325
FY 02-03	\$17,034
FY 03-04	\$18,625
FY 04-05	\$19,303
FY 05-06	\$17,945
Avg. Annual Percent Change (01-05)	6.3%

Regular salaries presently account for about 65 percent of total S&EB expense and totaled approximately \$12.7 million annually in FY 2005. Other principal components of S&EB expense include retirement benefits at about \$1.7 million and health insurance at \$1.8 million. Both the increase in FY 2001/02 and the reduction in S&EB expense for FY 2005/2006 are primarily due to the shift in the payroll cost center for 17 employees, as discussed under Charges for Services discussed above. The projected expenses in the future reflect the County CEO's budget estimates of employee contracts negotiated through the meet and confer process and supplied to the consultants.

Services and Supplies -- Between FY 2000/2001 and FY 2005/2006 S&S expense grew by about \$3.6 million, from approximately \$26.9 million to about \$30.5 million. On an average annual basis S&S expense has grown about 2.2 percent over the last 6 years.

Fiscal Year	S&S Expense (000's)
FY 00-01	\$26,896
FY 01-02	\$27,400
FY 02-03	\$29,596
FY 03-04	\$29,554
FY 04-05	\$28,878
FY 05-06	\$30,526
Avg. Annual Percent Change (01-05)	2.2%

Key components of S&S expense for FY 2005/2006 include: maintenance of structures/improvements -- \$2.3 million, landscaping contracts -- \$1.2 million, HB&P projects \$1.0 million, lifeguard services -- \$1.5 million, multi-agency reimbursement \$5.7 million, Harbor Patrol \$5.8 million, County-Wide Cost Allocation Plan ("CWCAP") -- \$1.2 million, RDMD departmental indirect charges -- \$3.5 million, and utilities for HBP facilities -- \$1.8 million. Together these components comprise about \$24.1 million or

nearly 80 percent of the total S&S actual expenditures. Based on discussions with management, we have included management's numbers of their estimates of what the HBP will need for services and supplies over the life of the pro-forma, including an increase compared to the past of about \$1 million per year allocated to repair and refurbishment of HBP facilities in an attempt to avoid future deferred maintenance issues.

Equipment -- Between FY 2000/2001 and FY 2005/2006 the average annual equipment expenditure was about \$433,000. HBP spent a high of \$927,000 for equipment in FY 2001/2002 and a low of \$64,000 in FY 2002/2003. Management believes a substantial portion of its equipment is now at the end of its useful life and that a significant infusion of capital is warranted to adequately handle ongoing maintenance requirements.

Fiscal Year	Equip. Expense (000's)
FY 00-01	\$743
FY 01-02	\$927
FY 02-03	\$64
FY 03-04	\$498
FY 04-05	\$264
FY 05-06	\$100
Avg. Annual Expenditure	\$433
(01-05)	

Based on an equipment schedule prepared by management, we have included about \$1.9 million for equipment in the pro-forma for FY 2006/2007 and about \$800,000 for FY 2007/2008. Using FY 2007/2008 as the base year, equipment expenditures are then adjusted at 3.5 percent for the duration of the pro-forma.

Capital Projects in Progress -- While Fund 406 has been specifically designated going forward for budgeting/tracking capital projects, some capital projects currently in process have been kept within Fund 405. Capital projects presently underway within Fund 405 are budgeted for about \$2 million in FY 2006/2007 and include a substantial renovation of the Irvine Ranch Historic Park buildings projected to cost \$1.5 million, and improvements at the Key Ranch Historic Park estimated at approximately \$300,000, and miscellaneous other projects.

Transfers to Others – Transfers to Others is comprised solely of funds to be transferred to Fund 406 from Fund 405, which are a combination of operating monies and funds derived from state and federal grants, such as Prop 12 and Prop 40. These funds then constitute a corresponding revenue source for Fund 405, to be used for the completion of designated projects. Funds to be transferred out in FY 2006/2007 are estimated at about \$19.8 million.

Other Charges -- Between FY 2000/2001 and FY 2005/2006 expenses related to Other Charges dropped from about \$2.0 million to about \$344,000. Presently this expense is primarily related to HBP's contribution to debris clean-up in both Huntington and Newport Harbors. As part of the pro-forma, Other Charges have been estimated at about \$150,000 for FY 2006/2007 and adjusted at 3.5 percent annually thereafter.

Fiscal Year	Other Charges (000's)	
FY 00-01	\$2,076	
FY 01-02	\$1,218	
FY 02-03	\$1,307	
FY 03-04	\$1,600	
FY 04-05	\$643	
FY 05-06	\$344	

Fund -- 406

As discussed earlier Fund 406 has been initiated for the purpose of budgeting and accounting for those funds, which are for the most part not reoccurring and are generally targeted for capital projects.

Fund 406 Revenues

Miscellaneous Income/Donations -- All of the revenue shown for this line item in FY 2006/2007 is the result of income generated from the inter-agency transfer of revenue/credits related to the Natural Communities Conservation Program (NCCP) TAKE mitigation program, which allows agencies to exchange surpluses of credits/acres of coastal sage scrub habitat. Beyond FY 2006/2007 management has projected a modest amount of income from private donations.

<u>Interest Income</u> -- Interest income has been projected based on management's estimate of average unexpended fund balances and the long-term projection of 90 day Treasury rates as projected by CSU Fullerton.

City of Laguna Niguel Grant -- Revenue in this line item is the result of the City of Laguna Niguel passing through grant income to HBP for the purpose of making related habitat restoration, and water quality improvements to Norco Channel in Laguna Niguel Regional Park.

Prop 12 and Prop 40 Funds -- While a substantial portion of the income related to state construction funds is accounted for in the Other Government Revenue line item of Fund 405, some Prop 12 and Prop 40 funds are projected to be allocated directly to Fund 406 for the purpose of completing capital projects. In total, over the last several years HBP has been allocated about \$19.6 million in Prop 12 and Prop 40 funds, of which about \$4.4 million was expended prior to June 30, 2006 or the start of the pro-forma.

General Fund Transfers -- To fund specific projects, as well as deferred capital and maintenance projects in general, in Fund 406 and to compensate for the loss of diverted property tax revenue, the County has allocated certain revenue to HBP from the County General Fund, as part of multi-year arrangement. In FY 2005/2006, HBP received about \$8.7 million from the County General Fund, of which about \$3.8 million was a reimbursement for Harbor Patrol expenses and about \$2.0 million was passed through at Board of Supervisors direction to the Dana Point Harbor Department. The remaining one time allocation to HBP from a General Fund – "Fund Balance Available" from County Bankruptcy refinancing proceeds included \$1.675M per year contribution to Fund 406 to be used at Board of Supervisors direction for deferred maintenance and capital projects. In FY 2006/2007, HBP will receive approximately \$5.7 million, of which \$3.8 million reflects a reimbursement for Harbor Patrol expenses. These funds will continue to be allocated to HBP, subject to Board and CEO review during the annual budget process. Based on the Board's action on the FY 06-07 budget, CEO projects this revenue to continue through the 10-year pro-forma period to be available for CIP projects

Transfers from Fund 405 -- Transfers from Fund 405, is basically a pass-through of funds from the operating account, which is comprised of both tax revenue and revenue from various grant sources. These funds are available/utilized for the completion of specific capital projects. In the future, the transfers in are for dredging and reserves.

Fund 406 Expenses

Services and Supplies -- This line item is generally comprised of pre-development related expenses such as planning, engineering and architecture associated with the completion of capital projects.

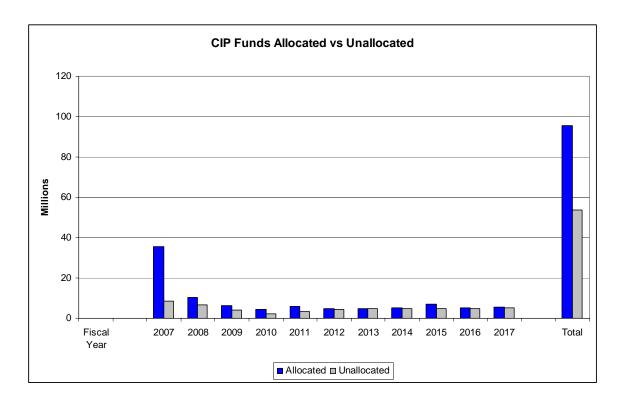
Other Charges -- The Other Charge expense of \$750,000 shown in the pro-forma is a one-time expense projected in FY 2006/2007, for work to be completed on the City of La Habra's La Bonita Park (\$650,000) and the design of the periodic Sunset Surfside beach sand replenishment project (\$100,000).

Land Acquisitions -- The HBP land purchase program has been fairly modest in recent years. In total HBP has spent less than \$7.0 million in land acquisitions since FY 2000/2001, including about \$450,000 in FY 2000/2001, \$4.6 million in FY 2002/2003 and about \$1.8 million in FY 2004/2005, (included in Fund 405 expenditures). At this point management has not targeted any further land acquisitions over the course of the projection period.

Existing Facility Improvements -- Management has developed a ten year capital improvement program and presently plans to spend about \$95.6 million on capital improvements during this timeframe on more than 40 different projects, including about \$35.5 million in FY 2006/2007. Significant projects include: improvements to and/or replacement of various restroom facilities; redevelopment of Aliso Beach concession and restroom facility; rebuilding a quay wall at Newport Harbor using Fund 106; infrastructure improvements at Sunset Aquatic Park; replacement of existing park amenity structures such as playgrounds, picnic shelter and other facilities bikeway, habitat and landscaping restoration at various facilities. About \$53.8 million of the funds specified in the pro-forma for capital improvements remain unallocated as shown below:

Fiscal	Allocated Amount	Unallocated Amount	Percent
Year	(Millions)	(Millions)	Unallocated
2007	35.5	8.6	24.2%
2008	10.4	6.5	62.5%

2009	6.4	4.2	65.6%
2010	4.5	2.1	46.7%
2011	5.9	3.3	55.9%
2012	4.9	4.6	93.9%
2013	5.0	4.7	94.0%
2014	5.1	4.8	94.1%
2015	7.2	4.9	68.1%
2016	5.3	5.0	94.3%
2017	5.4	5.1	94.4%
Total	95.6	53.8	56.3%



Total Fund Balance Unreserved

As a standard accounting practice, HBP carries any funds available but unexpended at year-end, in a budget line item termed "Fund Balance Available". As part of the proforma the present Fund Balance Available of about \$20.1 million has been booked as

Total Fund Balance Unreserved in FY 2006/2007, under the presumption that the HBP will expend its entire budget in 2006/2007.

Aside from the Total Fund Balance Unreserved, HBP maintains a number of different reserve accounts, including an Operations & Contingency Reserve and a Dredging Reserve. It is HBP's practice to build and/or release reserves annually as the situation warrants, consequently, the pro-forma shows the Cumulative Total Reserve available each year of the pro-forma, as well as, the Projected Annual Reserve Balances.

A.7 SUMMARY ANALYSIS OF HBP TEN YEAR PRO-FORMA

HBP's financial picture is projected to improve substantially in the next 10 years compared to the previous 10 years. The financial model and pro-forma prioritizes funding for capital improvements to existing facilities; adequately funding reserves; providing for timely equipment replacement; in the next ten years, as well as fully funding existing levels of service, as well as, meeting the projected needs for future capital improvement projects and deferred maintenance projects; and providing additional staff the department anticipates it will need in program management and HBP design.

Future allocations of property tax to HBP in the pro-forma were estimated based on a schedule provided by RDMD staff and projections by CSU Fullerton. The pro-forma conservatively, but realistically, projects substantial property tax income for HBP in the future. This increase allows HBP to cover projected operating and capital improvement costs and build HBP reserves to allow HBP to address additional capital improvements or programming needs outlined in the Strategic Plan.

There are several factors that could affect the pro-forma. For example, HBP has yet to complete its study of existing facilities and consequently does not have a true cost for deferred maintenance and needed capital improvements. The pro-forma includes allocating \$195.5 million dollars over the next 11 years for such purposes. The future facilities study may show the amount needed to be more than the \$195.5 million dollars, and if this would be the case, then HBP would have to use more of its cumulative reserve to address this issue.

On the other hand, the projected increase in property tax income was calculated at a percentage rate historically lower than any year in Orange County history. The actual percentage increase in property tax may well be in the 7-9 percent range, as it has been for the past several years, instead of the 3-5 percent range used in calculating the proforma and, thus, HBP would have significantly greater revenue and be able to plan for offering increased services, land acquisitions or additional capital projects.

As previously stated the pro-forma includes annual revenue allocations from the County General Fund to offset HBP's costs for Sheriff's Harbor Patrol services and to be used for HBP capital projects; these allocations total about \$64 million over the pro-

forma period. However, the allocation remains an annual budgeting decision of the Board of Supervisors and could be rescinded by a future Board action.

It is also unknown if, in the future, the State of California will divert tax income to benefit the State's budget, as it has done in the past, or to some other purpose and thus affect the proposed pro-forma. There are also the issues of internal policy changes, increasing watershed-related costs, and potential assigning of costs for other services not currently charged to HBP that could affect the pro-forma.

HBP should plan its next ten years based on the revenue and expense projections in the pro-forma and then modify those plans if any of the above issues were to actually happen and impact HBP.

A.8 POTENTIAL REVENUE GENERATION ANALYSIS

This next section presents a number of alternatives HBP could consider in the future if there will likely, or at least potentially be, the need for HBP to generate additional revenue to implement new programs, replace revenue lost by diversions of existing revenue sources, development of new facilities, or acquisition of future properties. The analysis of each potential revenue source was completed based on today's financial economic and political environment. Obviously, in the future things may change and some of the alternatives may be more or less appealing depending on the situation at that time. At the time of preparing the strategic plan HBP was in the process of completing a facilities study to determine the true cost of needed capital improvements and deferred maintenance projects to existing facilities. If this number is greater than the amount projected in the ten year pro-forma for improvements to existing facilities, then HBP may wish to pursue one of the following revenue options.

Current & Future Tax Allocation

As stated previously, various taxing agencies share the 1.0 percent of the total property tax collected in Orange County. In FY 2005/2006 HBP received a 1.2 percent allocation of the total tax collected. Future allocations in the pro-forma have been estimated based on a schedule provided by RDMD/HBP staff, the County Auditor-Controller and the projections used by the County Budget Manager for forecasting all County Departments future tax allocation as determined by the economic model provided by CSU Fullerton. The rate projection in the pro-forma is significantly more modest than what has been realized in recent history, with rates that begin around 5.0 percent annually and drop to about 3.0 percent over the life of the pro-forma. Consequently, if history holds true, HBP may actually have higher tax revenues than anticipated in the pro-forma and thus may be in a better financial position to add needed staff or allocate more money to deferred maintenance in the future.

As part of the County's bankruptcy settlement plan, a portion of the HBP's property tax allocation has been diverted to repay debt since FY 1996/1997. As this point the County expects that the diversion will cease when the enabling legislation expires in FY 2016/2017. When the projected rate schedule for the secured portion of the County's tax receipts is used, RDMD/HBP budget managers estimate that the reinstatement will be approximately \$12.4 million in FY 2016/2017.

If the Strategic Plan and the upcoming study of facility capital improvement needs shows HBP will need to increase its recurrent revenue to meet these demands, HBP could consider pursuing other taxing opportunities that other County Regional Park systems use. For example, HBP could try establishing an "OPEN SPACE DISTRICT" similar to what Marin County Regional Parks did. It would take voter approval, but if the voters in Orange County wanted to preserve wilderness areas, acquire buffers to protect encroachment on the Cleveland National Forest and keep its rural parks open space, the Orange County Board of Supervisors could establish a non-profit land trust and conservancy and appoint a Board of Directors to manage the land trust and conservancy. The OC Trust & Conservancy would be initially funded by a one time property tax assessment on all properties in Orange County.

The OC Trust & Conservancy would then invest the funds and use the income generated from investments to acquire and manage Orange County Regional Parks open space and wilderness areas. HBP would acquire, develop and manage all regional parks that are urban or active parks from its traditional sources of income. The OC Trust & Conservancy would also act as the non-profit fund raising arm of HBP and be able to accept land donations and bequests. This approach has been successful in Marin County, CA and other agencies throughout the nation when there is voter interest in preserving wilderness and open space areas.

Current & Potential User Fees

Selected Fee Comparison with Other Counties

Exhibit A.2 is a selected fee comparison of various counties who offer similar facilities and programs to their constituents. There is such a wide variety of types of facilities, different degrees of size and capacity, difference in location and convenience and differences in area market conditions, that an actual "apples to apples" comparison is impossible. However, HBP can garner some indication of where it might be able to increase some fees to generate additional revenue from the trends shown in Exhibit A.2.

For example, HBP's weekday entry fee is \$2 less that both adjacent Riverside and San Bernardino Counties and probably could be raised to \$4 or \$5. HBP's room rental rates

are also on the lower end of the comparison so there may be room there for increasing fees.

In summary, there appears to be a sufficient amount of possible areas that HBP could raise its fees and not negatively impact its attendance to warrant a more detailed fee study than can be provided in the scope of this Strategic Plan. The Strategic Plan Pro-Forma assumes a three percent annual increase in fee income over the next ten years so HBP needs to annually review its fee schedule and make sure fees are adjusted periodically to keep up with inflation and market trends.

It is difficult to adjust fees in small amounts because of the necessity of making change. For example, increasing the \$5 weekend vehicle entry fee for regional parks by a 3% inflation rate would mean the vehicle entry fee would be raised to \$5.15, which is unpractical. Consequently, entry fees are a type of fee that should be adjusted according to demand and market conditions, not inflation rates.

However, room rental rates are a fee that should be adjusted annually or bi-annually to reflect inflation costs to maintain and operate the meeting room space. For example, if room rental rates are \$30/hour and the inflation rate is equal to 5% over a two year period, the rate should be raised to \$31.50/hour.

HBP should also look into "Smart Card" technology for annual passes, gift certificates, and daily entry fees. For example, a customer could purchase an "HBP Card" and choose the amount of value they want on the card. A \$50 HBP card would allow them ten weekend entries into any HBP regional park. HBP could even develop an Orange County Resident discount system to encourage local attendance and make regional park access more affordable.

Continually reviewing fees, updating fees periodically, keeping up with technology to reduce cost and promote attendance should be a Best Management Practice for HBP.

Matrix of Golf Concession & Lease Terms & Conditions

Exhibit A.3 is a matrix showing the lease terms and conditions of HBP's three golf course leases. Mile Square golf operations alone account for about 45 percent of total

Rent and Concession income for HBP, while all golf operations generally account for more than 60 percent of Rent and Concessions income.

An analysis of these terms and conditions shows that HBP has done an excellent job of negotiating and developing golf course leases that are fair market value, provide incentives for increasing revenue and implementing cost effective operating measures, and provide HBP with stabilized annual recurrent revenue for which to offset other operational costs at all HBP facilities.

No renegotiation of the leases appears necessary or productive in creating additional revenue from golf operations.

Asset Management

HBP facilities have a history of being heavily used by the community. HBP has a number of active and passive parks and several special use facilities with potential value for asset management programs. Existing facilities were reviewed and analyzed to determine the potential asset management categories that could be included in the Strategic Plan that would produce positive net revenue to offset costs for operation and maintenance.

Through the community input process and surveys the consensus was that the community understood the need for revenue development and would be generally accepting of some commercialization in order to insure quality programming and maintenance of HBP facilities.

However, there was concern for aesthetics and too much commercialization of public facilities. The three components to developing an asset management plan include:

- Revenue from facility rentals, fees, and charges
- Leases or licenses for private concessions
- Advertising/vending/sponsorship opportunities

After reviewing all of HBP's facilities and park sites the following list of Asset Management opportunities should be considered for implementation to increase potential revenue to offset operational costs at HBP facilities:

- Public telephone kiosks
- Shade shelter advertising
- Information and advertising kiosks
- Trash receptacle advertising
- Additional Telecommunication tower leases
- Naming rights and/or facility sponsorships

Several of these revenue categories are advertising programs and the potential revenue is dependant upon the number of impressions that can be generated on the proposed site. In advertising terms, there are two types of impressions, repeat impressions and one-time impressions.

Repeat impressions are those exposures to the same people over and over and one-time impressions are those that people see passing by just once. Companies who are trying to establish a brand identity like to advertise at locations that provide repeat impressions, while established brands prefer one-time locations that provide for brand reinforcement.

HBP facilities have the potential to offer both types of advertising locations. The value of these locations is determined by the number of visits and the amount of participation at each site. Because Orange County is a large area and spread out, it would be best to "bundle" the potential sites and offer contracts for each category at all HBP sites.

The extent of advertising programs HBP wishes to use to offset maintenance and operational costs will have to be a policy decision made by the Board of Supervisors. The key is to design the facilities with these programs in mind so that they fit in and look a part of the environment instead of looking like after thoughts that stand out and are unsightly additions. They need to be attractive structures, located for maximum exposure and have control as to content, so as not to create public controversy or opposition. The extent of commercial advertising should not be offensive to visitors or participants or it will defeat the purpose and turn people away from using the facilities.

Methodology

In preparing the market analysis for using HBP facilities to raise revenue in order to offset the cost of operating and maintaining facilities several factors were considered.

The issues that affect HBP's ability to market its facilities for Asset Management are as follows:

- The economic makeup and status of the County
- The types of facilities, their projected use and attendance
- The community's perception and acceptance of commercialization of HBP's facilities
- Income levels, race, ethnicity, and age demographics
- County ordinances and regulations regarding signage, advertising, and use of public property for private commercial purposes
- The demand in the market place for commercial exposure in Orange County
- HBP's ability to manage potential agreements
- The political environment for balancing the need for revenue versus commercialization of public facilities
- Aesthetics, logistics, and the cost versus revenue benefits of Asset Management programs

Generating revenue from the use of public facilities is a business venture and thus requires good business decisions and good business practices when implementing Asset Management programs. For example, HBP cannot decide to implement an information/advertising kiosk program at its parks and facilities but then decide to hide the kiosk in an obscure location because it doesn't want to appear that it is commercializing its facilities.

The methodology the project team used in preparing the market analysis and developing the potential revenue programs included researching and analyzing potential sites for commercial use at HBP facilities that would provide the highest degree of exposure while aesthetically fitting into the design and development of the facility.

Potential New HBP Asset Management Agreements

HBP already does an excellent job of managing concession and lease agreements for its golf courses, food and vending concessions and existing sponsorships. Additional new Asset Management categories HBP may want to consider for implementation include:

- Commercial Batting Cages
- Banner Advertising in parking lots and on roadways
- Trash Receptacle Advertising
- Additional Cell Tower Leases
- Information/Advertising Kiosks
- Telephone Kiosk Advertising
- Facility Naming Rights/Sponsors

The following graphics are visual examples of the above asset management categories:

Leases for Commercial Recreation









Parking Lot & Walkway Banner Programs Trash Receptacle Advertising Cell Tower Leases



Three column kiosk (KSK)



Three column kiosk (KSK)

Kiosks Advertising Programs Combined with County and local City Information

Telephone Kiosks Advertising



A.9 FINANCING AND FUNDING ALTERNATIVES ANALYSIS

As stated earlier in this chapter, diversion of HBP funds for bankruptcy recover will end in FY 2016/2017. To the extent that the existing HBP funding identified in the proforma is sufficient for the priorities established in the Strategic Plan (fully funding reserves, preventative maintenance, capital projects and additional priorities as established by the Board), bankruptcy diversion funds that return to HBP in FY 16/17 could provide a significant source of additional funding for new park improvements, new facility development and acquisition of additional property as provided by the Board. Such funding may eliminate the need for most of the opportunities identified except for additional grants. Or alternatively, if bonding alternatives are implemented over the next few years in order to generate funding for land acquisitions or new facilities, accelerated repayment of the bonds could be scheduled to anticipate the added property tax revenues to HBP beginning FY 16/17. This would provide the opportunity to deliver expansion and improvements of facilities for the public's benefit earlier than would otherwise be possible.

If additional revenue beyond that shown in the pro-forma is required to implement the acquisition and development recommendations that are contained in the Strategic Plan, the following list provides various, generally accepted opportunities means for funding, financing and developing revenue:

• Sales Tax Increase

Given the fact that HBP has a mandated Property Tax allocation, it would be difficult to project that two thirds of the Orange County voters would pass a sales tax increase to fund HBP projects.

General Obligation Bonds and Park Bonds

General Obligation Bonds and Park Bonds usually in the form of a special tax assessment, require voter approval.

• Revenue Bonds

Revenue Bonds are a popular way for Counties to finance capital improvements, especially Park and Recreation facilities, when the facility being developed will generate the necessary revenue to pay the debt service on the bonds. This method is common for development of sports arenas, convention centers, golf courses, water parks and other facilities that generate revenue through admission, concessions, and rentals.

• Certificates of Participation

Certificates of Participation (COPs) are similar to Revenue Bonds but rather than voter approval, they require a four-fifths Board of Supervisors vote. The County would be required to provide collateral in the form of property equity one and a half times the market value of the proposed issue.

Lease Purchase Financing

Under the lease/purchase financing method the County would contract with a financial institution that would put together an investment group. The County would then lease the proposed site and facility improvements to the investment group who would provide the funding for the development of the site and facility. The investment group then leases the site and facility back to the County at a lease rate equal to the cost of the financing the investment group provides to the County for the development of the site and facility.

• Current & Future Grant Programs

Federal and State grant programs can provide funding for specialized facilities, such as, trails, stream improvements, preservation of historical sites, etc. that meet the criteria for these particular grant programs.

Public-Private Partnerships

Partnerships with non-profit organizations, schools, local government or commercial recreation companies. An example is HBP's partnership with Laguna Canyon Foundation to partially fund the James and Rosemary Nix Nature Center and provide an endowment for long-term maintenance of the center.

To reiterate, these additional options for revenue generation are only discussed in the unlikely, but unknown event that the pro-forma depictions will not pan out as demonstrated.

A.10 CAPITAL COST ESTIMATES AND CIP

Capital Improvements and Infrastructure

During the first few years of the pro-forma funding for capital improvements and infrastructure comes from state grants, Proposition 12, Proposition 40, and other state grant programs. In future years of the pro-forma funding for capital improvements and infrastructure comes from HBP revenue sources, primarily its property tax allocation. The total amount contained in the pro-forma for capital improvements and infrastructure is \$101.9 Million of which \$53.8 Million has been programmed but is unallocated for specific projects. This allocation should be adequate to address facility improvements, replacements, and installation of new infrastructure to existing facilities over the next eleven years. This line item in the pro-forma does not address capital improvement projects or deferred maintenance projects, these projects are addressed in the line item Projected CIP & Deferred Maintenance Projects.

Projected CIP & Deferred Maintenance Projects

As stated earlier, the department is currently undertaking a Facilities Inventory and Depreciation Study that will provide the department with specific cost estimates for needed capital improvements and deferred maintenance projects over the next thirty years. When this study is completed HBP can then determine the specific funding needed for the next eleven years for CIP and Deferred Maintenance Projects to replace worn out facilities, facilities that do not comply with ADA, and facilities that are outdated or need improvements.

For purposes of developing the financial model and estimated pro-forma, HBP has developed a list of projected capital improvements and deferred maintenance projects that they believe will be needed during the term of the pro-forma and those are the amounts shown in the pro-forma line item Projected CIP/Deferred Maintenance Projects.

Contingency for Projects & Programs

The model and pro-forma contains a Contingency for Projects/Programs. The Contingency for Projects and Programs is determined by subtracting the projected costs for CIP/Deferred Maintenance Projects and the costs for Proposed Additional Program Management and Design Staff costs from the Balance Available for Projects and Programs.

Strategic Financial Plan Report County of Orange Harbors, Beaches and Parks Draft Strategic Plan – Appendix A

Capital Project Annual Allocation Summary

The total estimated \$195.5 Million in expenditures contained in the pro-forma in both Fund 405 & 406 for capital projects for Capital Improvements in Progress, Capital Improvements and Infrastructure, and Projected CIP/Deferred Maintenance Projects is summarized as follows:

<u>06/07 07/08 08/09 09/10 10/11 11/12 12/13 13/14 14/15 15/16 16/17</u> \$37.5 \$12.6 \$11.3 \$12.1 \$14.3 \$12.9 \$15.0 \$15.7 \$16.6 \$12.3 \$28.8

With the additional Program Management and HBP Design staff the department should be able to pursue an aggressive capital improvement program to address the facility improvements and deferred maintenance needs defined in the HBP Strategic Plan and in the soon to be completed Facilities Inventory and Deprecation Study.

New Facilities

Acquisitions Development

Existing Facilities

Deferred Maintenance
Upgrades, replacement and improvements

Capital Improvement Plan (CIP)

A.11 COSTS/FUNDING REQUIREMENTS ASSOCIATED WITH SEPARATE DEPARTMENT

HBP Worksheet Separate Department Analysis

This section provides a summary of projected costs for HBP to become a stand alone department within the County. These cost estimates are a high level estimate and are not intended as an actual budgetary projection. If the County does pursue establishing HBP as an separate department from RDMD it will be necessary to do further review and analysis which will likely result in slight revisions to the numbers presented in the following tables.

In summary, the total annual estimated savings to HBP if they become a stand alone department separate from RDMD is projected to be \$203,000. There is also a projected one time start up cost of \$389,000. Again, it should be noted that these numbers are preliminary cost estimates based on the consultant's financial impact review of HBP being separated from RDMD into a stand alone department.

SUMMARY OF FINANCIAL IMPACT

Additional Annual HBP Expenses

Administrative Costs

Total Annual Expenses	\$2,558,862
Miscellaneous Costs	\$ <u>262,623</u>
Additional Office Space	\$ 105,792
Salaries & Employee Benefits	\$2,190,411

Additional Cost Contracted Services RDMD

Total Additional Contracted Costs	\$1	,720,653
RDMD	\$	544,970
Flood	\$	761,637
Road	\$	364,133
Watershed	\$	49,914

Total Annual Additional HBP Projected Expenses	\$4,279,479
Projected Annual HBP Cost Savings	
Indirect Costs	\$3,482,772
Direct RDMD Services	\$ 420,196
Accounting Services	\$ 116,905
Purchasing	\$ 461,196
Total Projected Annual Cost Savings	\$4,481,096
Net Estimated Annual Savings (Additional Costs)	\$ 201,590
Projected One Time Start Up Costs	
Office Start Up Costs	\$ 145,000
Computers & IT Start Up Equipment	\$ 226,500
Payroll Start Up Costs	<u>\$ 17,182</u>
Total Projected One Time Start Up Costs	\$ 388,682

From the above worksheet it appears the financial impact on HBP becoming an independent department separate from RDMD will be a positive one, once the one time start up costs are covered.

Exhibit A.4 Comparison of Regional Park Departments Organization Structure

EXHIBITS

Exhibit A.1	Ten-year Pro-Forma
Exhibit A.2	Fee Comparison of Selected County Facilities
Exhibit A.3	Matrix of Golf Course Concession Lease Terms
Exhibit A.4	Comparison of Regional Park Departments Organization Structure

Line Item	Actual 2005/2006	Actual 2006/2007	Adopted Budget 2007/2008	2008/2009	2009/2010	2010/2011
Fund 405 Recurring						
Revenue						
Property Taxes (1)	\$39,778,004	\$46,508,215	\$46,794,855	\$50,433,942	\$52,940,509	\$55,280,479
Property Tax Bankruptcy Reinstatement (2)	\$33,770,004	ψ40,300,213	ψ+0,7 9+,033	ψ50,455,542	ψ32,340,303	\$0
Licenses, Permits, Fines/Forfeitures	\$313,385	\$331,645	\$279,592	\$286,915	\$295,522	\$304,388
Interest (3)	\$1,768,694	\$2,555,977	\$2,100,000	\$2,047,389	\$2,148,530	\$2,251,659
Rents & Concessions (4)	\$5,045,692	\$5,540,863	\$5,448,723	\$5,429,037	\$5,529,529	\$5,677,733
Intergovernmental Revenues (5)	\$4,608,519	\$6,848,263	\$5,140,493	\$1,181,685	\$1,205,625	\$1,227,974
Park and Recreation Fees (6) Charges for Services	\$3,924,599 \$1,630,598	\$3,762,904 \$2,147,075	\$4,001,692 \$1,489,970	\$4,915,961 \$1,508,096	\$5,091,707 \$1,562,010	\$5,273,734 \$1,617,849
Miscellaneous Revenues	\$536,378	\$362.020	\$200,000	\$200,000	\$200,000	\$200,000
Other Misc. Financing Sources	\$47,338	\$571,632	\$135,946	\$66,594	\$68,928	\$71,313
Total Revenue	\$57,653,207	\$68,628,594	\$65,591,271	\$66,069,619	\$69,042,360	\$71,905,130
5						
Expense						
Salaries and Employee Benefits (7)	\$17,945,118	\$18,549,393	\$19,683,181	\$20,135,894	\$20,739,971	\$21,196,250
Projected Additional HBP Staff Salary & Ben.(8	\$0	\$0	\$0	\$1,160,810	\$1,195,634	\$1,231,503
Services and Supplies (9) Other Charges	\$30,525,899 \$343,867	\$31,509,022 \$238,669	\$36,831,042 \$225,500	\$31,248,996 \$150,513	\$32,631,549 \$157,489	\$33,729,833 \$167,741
Equipment	\$100,008	\$1,135,233	\$1,325,000	\$828,480	\$857,808	\$887,660
Capital Improvements in Progress (10)	\$3,187,752	\$526,566	\$2,010,000	\$0	\$0	\$0
Transfers Out - to Fund 034	\$0	\$0	\$109,707	,	Ψū	Ψū
Transfers Out - to Fund 406 (11)	\$6,296,000	\$6,327,318	\$26,219,463	\$6,000,000	\$6,000,000	\$6,500,000
Transfers Out - to Fund 106 (12)	\$0	\$0	\$3,489,226	\$0	\$0	\$0
Total Expense	\$58,398,644	\$58,286,201	\$89,893,119	\$59,524,693	\$61,582,451	\$63,712,987
Fund 405 Net Income	(\$745,437)	\$10,342,393	(\$24,301,848)	\$6,544,926	\$7,459,909	\$8,192,142
Fund 406 Non-Recurring						
Revenue						
Misc. Revenues	\$0	\$1,915,104	\$740,000	\$389,000	\$0	\$0
Interest - Income (3)	\$167,807	\$702,301	\$664,591	\$257,935	\$266,711	\$275,784
City of Laguna Niguel Grant	\$0	\$0	\$1,475,000	\$0	\$0	\$0
State Prop 12 and Prop 40 Grants	\$0	\$840,036	\$4,685,000	\$2,097,000	\$250,000	\$0
Transfers In - from County General Fund	\$8,673,000	\$6,130,000	\$0	\$0	\$0	\$0
Transfers In - from Fund 405 (11)	\$4,296,000	\$6,327,318	\$26,219,461	\$6,000,000	\$6,000,000	\$6,500,000
Total Revenue Expense	\$13,136,807	\$15,914,759	\$33,784,052	\$8,743,935	\$6,516,711	\$6,775,784
· 	¢100 E1E	¢2.014.657	¢E 177 706	¢2 272 252	¢0 207 247	¢2 202 207
Services and Supplies Other Charges	\$188,515 \$0	\$2,014,657 \$400,000	\$5,177,726 \$1,150,000	\$2,273,353 \$0	\$2,327,347 \$0	\$2,382,307 \$0
Capital Improvements and Infrastructure (13)	\$5,787,836	\$7,396,386	\$32,646,202	\$11,726,458	\$10,550,883	\$12,578,044
Transfers Out - Peters Canyon Bike Trail	*-, - ,	\$800,000	\$0	\$0	\$0	\$0
Total Expense	\$5,976,351	\$10,611,043	\$38,973,928	\$13,999,811	\$12,878,230	\$14,960,351
Fund 406 Net Income	\$7,160,456	\$5,303,716	(\$5,189,876)	(\$5,255,876)	(\$6,361,519)	(\$8,184,567)
Combined Net Income Before Reserves	\$6,415,019	\$15,646,109	(\$29,491,724)	\$1,289,050	\$1,098,390	\$7,575
	. , ,	. , ,		, , , , , , , , , , , , , , , , , , , ,	, , , , , , , , , , , ,	, , , , ,
Fund 405 Fund Balance Available	\$12,933,921	\$12,933,921	\$23,865,002			
Fund 406 Fund Balance Available	\$7,160,456	\$7,160,456	\$9,863,987			
Total Fund Balance Unreserved	\$20,094,377	\$20,094,377	\$33,728,989			
Minus Changes to Reserves						
Fund 405	¢40.040.007	04 500 000	# 507.501	#000 050	# 000 000	# 007 FTF
Operations/Contingency	\$10,019,687	\$1,500,000 (\$4,989,116)	\$537,521	\$289,050	\$398,390	\$307,575
Capital Projects Dredging	(\$5,051,653) \$1,974,367	(\$4,989,116)	\$0 (\$1,974,367)	\$0 \$0	\$0 \$0	\$0 \$0
Equipment Replacement	(\$1,757,491)	\$0	\$0	\$0 \$0	\$0 \$0	\$0 \$0
Land Acquisition	(\$70,448)	\$0	\$0	\$0	\$0	\$0
General	(\$6,548,893)	\$4,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Fund 406						
Dredging - Sunset Harbor	\$0	\$0	\$2,100,000	\$0	(\$300,000)	(\$1,300,000)
Capital Projects Subtotal Changes to Reserves	(\$1,434,431)	\$1,203,883 \$1,714,767	\$2,574,092 \$4,237,246	\$0 \$1,289,050	\$0 \$1,098,390	\$0 \$7,575
Balance of Available HBP Funding				(\$0)	\$0	\$0
-				,,,,		
Projected Annual Reserve Balances	¢16 000 470	¢12 404 054	¢12.057.000	¢12 246 250	¢10 744 640	¢12 052 222
Fund 405 - Operations/Contingency Fund 405 - General Reserves	\$16,983,170 0	\$13,494,054 \$4,000,000	\$12,057,208 \$5,000,000	\$12,346,258 \$6,000,000	\$12,744,648 \$7,000,000	\$13,052,223 \$8,000,000
Fund 406 - Dredging & Capital Projects	0	\$1,203,883	\$5,877,975	\$5,877,975	\$5,577,975	\$4,277,975
Total of Projected Reserve Balances	\$16,983,170	\$18,697,937	\$22,935,183	\$24,224,233	\$25,322,623	\$25,330,198
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Line Item	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Fund 405 Recurring							
Revenue							
Property Taxes (1)	\$57,596,731	\$59,900,601	\$62,128,903	\$64,328,266	\$66,483,263	\$68,584,134	\$70,751,393
Property Tax Bankruptcy Reinstatement (2)	\$0	\$0	\$0	\$0	\$0	\$12,444,704	\$12,818,045
Licenses, Permits, Fines/Forfeitures Interest (3)	\$313,519 \$2,356,136	\$322,925 \$2,468,289	\$332,613 \$2,587,013	\$342,591 \$2.704.464	\$352,869 \$2,827,246	\$363,455 \$2,949,383	\$374,359 \$3,076,797
Rents & Concessions (4)	\$5,879,210	\$6,087,833	\$6,303,939	\$6,528,242	\$6,759,983	\$6,999,962	\$7,209,961
Intergovernmental Revenues (5)	\$1,250,096	\$1,272,100	\$1,293,382	\$1,314,388	\$1,334,970	\$1,355,035	\$1,375,361
Park and Recreation Fees (6)	\$5,462,270	\$5,657,545	\$5,859,800	\$6,069,290	\$6,286,266	\$6,511,000	\$6,738,885
Charges for Services Miscellaneous Revenues	\$1,675,688 \$200,000	\$1,735,594 \$200,000	\$1,797,642 \$200,000	\$1,861,905 \$200,000	\$1,928,468 \$200,000	\$1,997,409 \$200,000	\$2,067,318 \$200,000
Other Misc. Financing Sources	\$73,687	\$76,322	\$79,050	\$81,876	\$84,803	\$87,835	\$90,909
Total Revenue	\$74,807,338	\$77,721,208	\$80,582,342	\$83,431,022	\$86,257,868	\$101,492,918	
Expense							
Salaries and Employee Benefits (7)	\$21,620,175	\$22,203,920	\$22,825,630	\$23,464,747	\$24,121,760	\$24,797,170	\$25,491,490
Projected Additional HBP Staff Salary & Ben.(8	\$1,268,448	\$1,306,502	\$1,345,697	\$1,386,068	\$1,427,650	\$1,470,479	\$1,514,593
Services and Supplies (9)	\$35,281,236	\$36,722,021	\$38,242,754	\$39,771,873	\$41,356,370	\$42,978,668	\$44,643,943
Other Charges Equipment	\$176,075 \$917,308	\$185,184 \$946,845	\$195,140 \$977,902	\$208,467 \$1,008,510	\$220,361 \$1,039,774	\$233,361 \$1,071,175	\$246,896 \$1,103,310
Capital Improvements in Progress (10)	\$917,300	\$946,645	\$977,902	\$1,008,510	\$1,039,774	\$1,071,175	\$1,103,310
Transfers Out - to Fund 034	40	Ψ3	~	40	Q		
Transfers Out - to Fund 406 (11) Transfers Out - to Fund 106 (12)	\$6,500,000 \$1,164,700	\$6,500,000 \$0	\$6,500,000 \$0	\$6,000,000 \$0	\$6,500,000 \$0	\$6,500,000 \$1,226,634	\$6,500,000 \$0
Total Expense	\$66,927,942	\$67,864,472	\$70,087,123	\$71,839,665	\$74,665,915	\$78,277,487	\$79,500,232
Fund 405 Net Income	\$7,879,396	\$9,856,736	\$10,495,219	\$11,591,357	\$11,591,953	\$23,215,431	\$25,202,795
Fund 406 Non-Recurring							
<u>Revenue</u>							
Misc. Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest - Income (3)	\$284,946	\$294,801	\$304,438	\$313,614	\$323,430	\$332,755	\$342,738
City of Laguna Niguel Grant State Prop 12 and Prop 40 Grants	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
Transfers In - from County General Fund	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
Transfers In - from Fund 405 (11)	\$6,500,000	\$6,500,000	\$6,500,000	\$6,000,000	\$6,500,000	\$6,500,000	\$6,500,000
Total Revenue	\$6,784,946	\$6,794,801	\$6,804,438	\$6,313,614	\$6,823,430	\$6,832,755	\$6,842,738
Expense							
Services and Supplies Other Charges	\$1,686,895 \$0	\$1,741,298 \$0	\$1,798,500 \$0	\$1,854,880 \$0	\$1,912,474 \$0	\$1,970,317 \$0	\$2,029,427 \$0
Capital Improvements and Infrastructure (13)	\$11,081,999	\$13,005,162	\$13,576,029	\$16,619,058	\$14,556,398	\$26,119,212	\$28,052,862
Transfers Out - Peters Canyon Bike Trail	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense	\$12,768,894	\$14,746,460	\$15,374,529	\$18,473,938	\$16,468,872	\$28,089,529	\$30,082,289
Fund 406 Net Income	(\$5,983,948)	(\$7,951,659)	(\$8,570,091)	(\$12,160,324)	(\$9,645,442)	(\$21,256,774)	(\$23,239,551)
Combined Net Income Before Reserves	\$1,895,448	\$1,905,077	\$1,925,128	(\$568,967)	\$1,946,511	\$1,958,657	\$1,963,244
Fund 405 Fund Balance Available Fund 406 Fund Balance Available Total Fund Balance Unreserved							
Minus Changes to Reserves							
Fund 405	#005 115	0405.000	# 40= 40=	0.40.4.00=	0440 = 1 :	0.450.05	# 400.000
Operations/Contingency Capital Projects	\$395,448	\$405,077 \$0	\$425,128 \$0	\$431,033	\$446,511 \$0	\$458,657 \$0	\$463,244 \$0
Dredging	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
Equipment Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Fund 406	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Dredging - Sunset Harbor	\$500,000	\$500,000	\$500,000	(\$2,000,000)	\$500,000	\$500,000	\$500,000
Capital Projects Subtotal Changes to Reserves	\$0 \$1,895,448	\$0 \$1,905,077	\$0 \$1,925,128	\$0 (\$568,967)	\$0 \$1,946,511	\$0 \$1,958,657	\$0 \$1,963,244
Balance of Available HBP Funding	\$0	\$0	\$0	(\$0)	(\$0)	(\$0)	\$0
	ΨΟ	ΨΟ	Ψυ	(ψυ)	(ψΟ)	(ψυ)	ΨΟ
Projected Annual Reserve Balances	¢12 447 674	¢12 0E2 740	¢14 077 070	¢1// 700 000	¢15 155 400	\$15 G14 077	¢16.077.004
Fund 405 - Operations/Contingency Fund 405 - General Reserves	\$13,447,671 \$9,000,000	\$13,852,748 \$10,000,000	\$14,277,876 \$11,000,000	\$14,708,909 \$12,000,000	\$15,155,420 \$13,000,000	\$15,614,077 \$14,000,000	\$16,077,321 \$15,000,000
Fund 406 - Dredging & Capital Projects	\$4,777,975	\$5,277,975	\$5,777,975	\$3,777,975	\$4,277,975	\$4,777,975	\$5,277,975
Total of Projected Reserve Balances	\$27,225,646	\$29,130,723	\$31,055,851	\$30,486,884	\$32,433,395	\$34,392,052	\$36,355,296

08-15-07

RDMD/ Harbors, Beaches and Parks Proforma of Income and Expense Fiscal 2007/2008 -- Fiscal 2017/2018

Footnotes:

- 1. Property Tax Revenue: Annual increase for FY 08-09 & 09/10 projected at 5%, annual increase of approx 4% for next two years, and 3% increase for final five years.
- 2. Property Tax Bankruptcy Reinstatement: Represents projected revenues to be received by HBP upon completion of County's settlement of bankruptcy debt repayment.
- 3. Interest Revenue: Estimates based on current fund balances which result in projected increase of 4-5% per year over prior year's earnings.
- 4. Rents & Concessions Revenue: Increased 3% annually based on past actual trends.
- 5. Intergovernmental Revenue: Includes Prop 12 & 40 grant funds and pass through redevelopment property tax payments. Project completion of most Prop 12 & 40 grant payments in 07-08 resulting in substantatial drop in this revenue category in 08-09.
- 6. Park & Recreation Fee Revenue: Project annual 3% increase based on history.
- 7. Salaries & Employee Benefits: Project average annual increase of 2-3% based on CEO budget estimates.
- 8. Projected Additional Staff Salaries & Benefits: Projected cost to add approximately 11 new staff required by HBP effective FY 08-09.
- 9. Services & Supplies Expense: Project annual increases of 3-5% for inflation. Effective 07-08, approx. \$6 million in annual charges for Sheriff Harbor Patrol services are eliminated per Board action, and thus are removed from S & S from FY 07-08 and going forward.
- 10. Capital Project expenditures were made exclusively in Fund 405 prior to creation of HBP Capital Project Fund 406 mid-fiscal year in FY 05/06. HBP projects completion of all remnant capital projects in Fund 405 in FY 07-08.
- 11. Operating Transfer to 406: Approx. \$6 million savings in harbor patrol charges from Sheriff are to be transferred to HBP Capital Project Fund 406 for new facility projects.
- 12. Operating Transfer to 106: Approx. \$3.5 million will be transferred to Newport Tidelands Fund 106 to help pay for replacement of sea wall at Newport Harbor Patrol HQ.
- 13. Capital Project & Infrastructure Expenses: Represents projection of annual new funding available for capital project facility improvements after HBP has paid for all projected operating expenses and requirements for reserves. In FY 2016/17, project almost a doubling of annual funding for capital projects due to increase in property tax revenues (see note # 2 above).

Fee Comparison of Selected County Facilities

Exhibit A-2

	O C Harbors Beaches & Parks	Riverside Regional Parks	San Diego County	San Bernardino County	Santa Barbara County Parks	Ventura County Parks
Vehicle Entry Weekday Weekend	\$3/day \$5/day	\$5/day \$7/day	\$2/day \$2/day	\$5/day \$7/day	\$6/day \$6/day	\$2/day \$4day
Annual Pass	\$55/year	\$100/year	\$30/year	\$125/year	\$55/year	\$100/year
Room Rental Rate Group 1* Group 2*	\$15/hr. \$60/hr.	\$75/hr. \$350/hr.	\$25/hr. \$200/hr.	\$55/hr. \$140/hr.	\$40/hr. \$100/hr.	\$60/hr. \$215/hr.
Alcohol Permit Fee	\$25/hr.	N/A	N/A	\$50/hr.	N/A	\$60/day
Group Shelters Small Large	\$75/day \$125/day	\$25/day \$75/day	\$15/hr. \$15/hr.	\$75/hr. \$200/Day	\$40/hr. \$75/hr.	\$10/hr. \$30/hr.
Sports Fields	\$40/day	\$10/hr.	N/A	N/A	\$40/day	\$10/hr.
Reserved Day Camps	\$42/day	\$87/day	\$29/day	\$120/day	\$35/day	\$60/day
Camping Fees	\$15/day	\$12/day	\$14/day	\$13/day	\$18/day	\$16/day

HBP Golf Course Lease Term Summary

Exhibit A-3

GOLF COURSE NAME	Mason Regional Park Strawberry Farms	Mile Square Park David L. Baker	Mile Spare Park Mile Square Golf Course	
LEASE DATE	11/8/1996	4/30/1987	6/18/1999	
TERM OF LEASE	45 years	40 years	40 years	
EXPIRATION	2041	2027	2039	
MINIMUM RENT	\$250,000/year	\$50,000/year	\$\$2,100,000/year	
GOLF OPERATIONS %	Current 15% 2007-2010 17.5% 2011-2019 20% 2020-2041 25%	Always 15%	Current 30% 2009-2919 35% 2020-2039 40%	
FOOD/BEVERAGE	7.5%	3%	6%	
MERCHANDISE	5%`	3%	6%	
TELEPHONE NEWSPAPER RACK	10%	10%	6%	

Comparison of County Regional Park Departments - Exhibit A-4

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County	Population	Total Acres	Organizational Structure	Recurring Funding Sources	Recurring Revenue	Ratio of Revenue To Population	Ratio of Revenue To Acreage
San Diego County Regional Parks	2,824,259	40,000	Not Independent, under the Community Services Department	County General Fund, Special Assessments, Fees & Charges, Leases and Concessions	\$51.2 Million	\$18.12 PP	\$1,280/AC
Kern County Parks & Recreation	724,206	22,000	Independent Department, answers to Board of Supervisors	General Fund, Fees & Charges, Leases & Concessions, Use of Property	\$13.5 Million	\$18.64 PP	\$614/AC
Ventura County Parks	782,759	11,000	Not Independent, under General Services Agency	County General Fund, Park Enterprize Fund, Leases, Concessions, Grants	\$23.4 Million	\$29.89 PP	\$2,127/AC
Riverside County Park & Open Space District	1,911,281	30,000	Independent Department, answers to Riverside County Board of Directors	Property Tax Allocation, Fees & Charges, Grants Leases & Concessions, Special Assessments	\$12.3 Million	\$9.92 PP	\$410/AC
San Bernadino Regional Parks	1,916,665	9,000	Not Independent, under Public & Support Services Group	General Fund, Fees & Charges, Leases & Concessions	\$17.4 Million	\$9.08 PP	\$1,933/AC
Los Angeles County Parks Department	9,758,886	63,000	Independent Park District, answers to Board of Supervisors	Property Tax Allocation, Landscape District Assessment, Fees & Charges, Grants, Leases & Consessions	\$141 Million	\$14.44 PP	\$2,238/AC
Sacramento Regional Parks	1,337,942	14,000	Not Independent, part of Municipal Services Agency	County General Fund, Fees & Charges, Grants	\$10.5 Million	\$7.85 PP	\$750/AC
Marin County Parks & Open Space	235,608	16,000	Not Independent, part of Community Services Department	County General Fund, Open Space District Special Assessment, Fees & Charges, Leases & Concessions, Grants	\$7.4 Million	\$31.40 PP	\$463/AC
OC Harbors, Beaches And Parks	2,944,537	37,000	Not Independent, under RDMD	Tax Allocation, Fees & Charges, Leases & Concessions	\$69.5 Million	\$23.60 PP	\$1,878/AC