



## MEMO

**To:** Finance Committee  
**From:** Executive Director Mitch Stogner  
**Date:** June 9, 2010  
**Subject:** **Agenda Items E.1 and E.2 Adoption of Draft Budgets for Fiscal Year 2010-2011**

---

### Agency – 787010

The attached FY 2010-2011 budget document outlines the requested budget for fiscal year 09-10, the cash based revenues and expenditures for the 09-10 fiscal year which ends June 30, 2010, and the proposed final budget for fiscal year 10-11, which will begin July 1, 2010. At the May 12 Finance Committee meeting the Committee directed staff to add columns to reflect an accrual based budget.

#### Highlights of requested 10-11 Agency Budget:

- NCRA's three primary revenue sources on an annual basis continue to be advance lease payments from NWP Co., property lease, and lease of rail cars and work equipment. Total projected revenue for 10-11 is \$889,000. Staff anticipates increased property revenue in fiscal year 2010-11 generated by a possible option to sell the Ukiah Depot property, and a possible contract with a property management firm which would increase property revenues.
- The largest expenditures are labor, \$190,100 which covers salary for two full-time employees (Executive Director and Executive Assistant), Legal Fees of \$ 125,000, and contract service fees of \$90,000, which covers engineering and capital programming provided by AndersonPenna Partners (annual contract not to exceed \$90,000 per year). Other relatively large projected expenditures, which are unchanged from previous years, include: insurance (\$37,000), Single Year Audit Services and CPA services (\$49,800), payments to CalPERS (\$50,000).

- Staff has been able to reduce expenses by reducing the Sonoma County Accounting contract by 33%. Subject to Board approval the annual amount for Sonoma County accounting services will go from \$39,000 to \$26,000.
- Once annual depreciation cost is removed from projected expenditures, staff projects a balanced budget for fiscal year 2010-11.
- The proposed budget prepared on an accrual basis projects revenue earned of \$572,100. Revenue is recognized under the accrual basis in the period in which it is earned. The primary revenue sources are from rents from the property leases and equipment.
- The expenses of \$889,800 included in the proposed budget are for expenses recognized when the related liability is incurred. The significant expenses are for salaries and related fringe benefits, contract service fees, legal fees, and professional fees for accounting and auditing services.
- The other sources and (uses) included the proposed budget includes projected revenue of \$200,000 expected from the Willits Bypass and \$(800,000) in depreciation expense. The other items included in these categories, are sources of cash from advanced operator rents and (uses) of cash for long-term debt principal payments and payments on the Prop 116 debt.

### **Capital Budget**

#### **TCRP Final Budget**

The biggest component of the TCRP budget is project 32.9 which commits \$31 million to the Lombard to Windsor project. (With exception of \$240,000 for Canyon mapping)

Other TCRP Projects include:

- 32.3 - \$600,000 – mapping and Geotechnical Report for the Canyon;
- 32.4 - \$4.9 million for emergency repairs on the RRD and King Salmon levee repair on the ERD;
- 32.5 - \$2.9 million for sub-surface clean-up of 9 ECD sites;
- 32.7 - \$1.8 for local match to the \$8.6 million in ISTEPA funds.

**Staff Recommendation:** Approve Resolution No. 2010-03 and 2010-04 adopting the Fiscal Year 2010-2011 Agency and TCRP Draft Budgets

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**RESOLUTION**  
**of the**  
**BOARD OF DIRECTORS**  
**of**  
**NORTH COAST RAILROAD AUTHORITY**

IN THE MATTER OF: } Resolution No. 2010-03  
A Resolution Approving 2010-11 }  
Agency Budget. }

WHEREAS, NORTH COAST RAILROAD AUTHORITY ("NCRA") has prepared and reviewed a Final 2010-11 Agency Budget;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH COAST RAILROAD AUTHORITY as follows:

1. The 2010-11 Final Agency Budget attached hereto as Exhibit "A" and incorporated herein by this reference, is adopted by NCRA as its 2010-11 Budget for the Agency.

Introduced and adopted this 9th day of June, 2010 at a regular meeting of the Board of Directors of North Coast Railroad Authority by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
ALLAN HEMPHILL  
Chairman of the Board

ATTEST:

\_\_\_\_\_  
MITCH STOGNER, Secretary

Preliminary Agency Budget

Sub Object	FY 2010-2011		Cash Based		Accrual Based	
	Budgeted 09-10	Actual as of 5/31/10	Requested 10-11	Actual as of 5/31/10	Requested 10-11	Requested 10-11
<b>71700-Interest Earned on Pooled Cash</b> <i>Funds received from cash accounts held with Sonoma County Auditor's Office.</i>	3,000.00	89.00	2,000.00	89.09	100.00	
<b>71701-Interest Earned</b> <i>Cash held with others-UP Escrow Account</i>	0.00		22,500.00	0.00	22,500.00	
<b>71800 - Rent - Operator</b> <i>Funds received from Track Lease (NWP Co.)</i>	240,000.00	220,000.00	240,000.00	0.00	0.00	
<b>71801 - Rents Real Estate</b> <i>Funds received from Leases along right-of-way.</i>	250,000.00	251,023.00	400,000.00	302,583.89	325,000.00	
<b>71850 - Rents - Equipment</b> <i>Funds received from lease of railcars and NCRA owned equipment</i>	233,000.00	171,454.00	200,000.00	194,811.51	200,000.00	
<b>72500 - State Other</b> <i>Disaster Assistance, Program 219 (Brown Act Reimbursement)</i>	0.00	0.00	4,500.00	0.00	4,500.00	
<b>73323 - Encroachment Permits</b> <i>Funds received from temporary or one time only encroachments</i>	4,000.00	0.00	4,000.00	0.00	4,000.00	
<b>73702 - Application Fees</b> <i>Funds received from application fees</i>	11,000.00	16,440.00	15,000.00	27,521.05	15,000.00	
<b>74040 - Misc revenue</b> <i>Insurance Reimbursements/Credit Card cash incentives, etc.</i>	5,000.00	233.00	1,000.00	4,957.15	1,000.00	
<b>Total Revenue</b>	<b>746,000.00</b>	<b>659,239.00</b>	<b>889,000.00</b>	<b>529,962.69</b>	<b>572,100.00</b>	
<b>75100 - Labor-Perm Positions</b> <i>Payroll for NCRA employees - Full-Time Administrative Staff and Executive Director</i>	190,100.00	157,977.00	190,100.00	244,206.61	190,100.00	
<b>75110 - Extra Help</b>	15,000.00	10,598.00	15,000.00		15,000.00	
<b>75210 - CalPERS Retirement</b> <i>Retirement Benefits - Administrative Staff and Executive Director</i>	45,000.00	53,161.00	55,000.00	110.40	50,000.00	
<b>75220 - FICA</b> <i>Payroll Taxes</i>	3,700.00	3,102.00	3,700.00		3,700.00	
<b>75300 - Health Insurance</b> <i>Health Insurance Benefits for Executive Director</i>	15,000.00	17,014.00	18,500.00		16,500.00	

Preliminary Agency Budget  
FY 2010-2011

<b>75350 Workers Compensation - SDRMA</b>		1,480.28	1,500.00	1,480.28	1,500.00
<b>76040 Telephone / Communication</b> <i>Includes conference call capabilities and long distance</i>	7,000.00	3,735.00	6,000.00	6,588.37	6,000.00
<b>76060 Business Meals</b> <i>Meals for Board Meetings</i>	1,300.00	1,099.00	1,300.00	1,275.90	1,300.00
<b>76100 Insurance Other</b> <i>Includes General Liability insurance and vehicle/equipment insurance</i>	37,000.00	32,776.00	37,000.00	31,268.75	35,000.00
<b>76140 Maintenance - Equipment - Property - Building</b> <i>Railcar security, building repair and maint.</i>	7,500.00	4,722.00	4,000.00	16,863.49	5,000.00
<b>76166 Maintenance - Bridge</b> <i>Emergency repairs not covered by State of Federal funds Bridge Electrical Emergency Repair</i>	100.00	0.00	100.00	148.05	200.00
<b>76185 Maintenance Office</b>	0.00	0.00	250.00	155.67	200.00
<b>76190 UP Car Hire Expense</b>				166,567.68	0.00
<b>76300 Miscellaneous</b>	0.00	0.00	1,000.00	571.13	0.00
<b>76400 Office Expenses</b> <i>General office supplies - Staples, Ukiah Trophy, Alhambra, Outside Copy Services</i>	6,000.00	2,312.00	5,000.00	4,032.38	5,000.00
<b>76410 Postage and Delivery</b> <i>Includes FedEx, UPS, and Stamps.com</i>	5,000.00	3,491.00	4,000.00	3,760.63	4,000.00
<b>76415 Books and Periodicals</b> <i>Trade Publications - printing expenses</i>	100.00	0.00	100.00	0.00	100.00
<b>76500 Professional Fees</b> <i>California Special Districts Association (CSDA)</i>	12,000.00	2,695.00	2,595.00	826.00	1,300.00
<b>76507 Weed Abatement</b> <i>Emergency weed abatement along right-of-way Weed abatement should be increased to at least \$120,000 per year. This line item is severely underfunded.</i>	6,500.00	0.00	6,500.00	4,065.02	6,500.00

	Preliminary Agency Budget FY 2010	2,631.00	4,000.00	3,181.34	4,000.00
<b>76516 · Data Processing Fees</b> Website maintenance					4,000.00
<b>76540 · Contract Service Fees</b> American Rail Consultants	90,000.00	35,453.38	90,000.00	72,787.53	90,000.00
<b>76573 · Administration Expense</b> Board Stipends	14,000.00	3,400.00	7,000.00	4,182.00	7,000.00
<b>76589 · Permits and Fees</b> Fees associated with filing of public documents	8,000.00	417.00	2,000.00	15,152.00	8,000.00
<b>76610 · Legal Fees</b> General Counsel \$5,400 per month plus litigation fees	125,000.00	54,000.00	125,000.00	73,568.46	125,000.00
<b>76629 · Fiscal Accounting Fees</b> Sonoma County Auditors Office	39,000.00	25,831.00	26,000.00	25,831.25	26,000.00
<b>76630 · Audit / Accounting Fees</b> Single Year Audit Firm Certified Public Accountant	29,000.00	12,099.00	49,800.00	43,594.00	49,800.00
<b>76639 · Property Management</b> Fees funded by Property Applicants Fee paid to Cyndee Logan	5,300.00	11,003.00	45,000.00	25,990.99	5,300.00
<b>76800 · Public/Legal Notice</b> Fees for publishing announcements in newspapers	2,500.00	1,895.00	2,500.00	2,408.14	2,500.00
<b>76840 · Rent · Facilities/Equipment</b> Taimage office rent, Board Meeting facilities	14,000.00	13,534.00	13,000.00	12,934.17	13,000.00
<b>76889 · Software Expense</b> Antivirus software/Parcel Quest/Microsoft Updates	1,800.00	2,228.00	2,000.00	2,586.80	2,000.00
<b>77120 · Training - In Service Fees</b> Staff Training/CSDA/Career Track, Etc.	0.00	0.00	0.00	0.00	0.00
<b>77053 Licenses and Fees</b>				277.15	0.00
<b>77302 · Travel</b> Reimbursement of travel expenses, i.e., meals, lodging, incidentals	4,000.00	2,570.00	4,000.00	1,897.02	4,000.00
<b>77303 · Automobile Expenses</b> Reimbursement of private vehicle expense, mileage	10,500.00	4,864.00	10,000.00	5,934.10	10,000.00

Preliminary Agency Budget

	FY 2010-2011	27,271.00	40,000.00	40,325.67	38,000.00
<b>77320 - Utilities Expense</b> <i>Electric and Water along right-of-way</i>	38,000.00				
<b>77680 - Judgements/Settlements</b>	-	1,626.13	2,000.00	1,353.96	2,000.00
<b>77970 - Taxes/Assessments</b> <i>Property Taxes, Environmental Fees</i>	2,800.00	1,794.00	16,800.00	2,413.94	16,800.00
<b>77910 - Long-Term Debt Principal</b> <i>Principal payment on debts held for longer than one year Harbor District - TXL - California Redwood Coast - Prop 116 (CTC) Assumes Harbor District Paid FY 09-10</i>	-	129,313.00	91,000.00	0.00	0.00
<b>77920 - Interest Expense</b> <i>Interest incurred to NWP</i>				111,276.84	115,000.00
<b>77930 - Interest Long Term Debt</b> <i>Interest paid to long-term debtors, Humboldt Bay Harbor District, and CRC Option B Debtors</i>	60,000.00	12,261.00	7,255.00	31,938.72	30,000.00
<b>Total Expenses</b>	<b>800,200.00</b>	<b>636,352.79</b>	<b>889,000.00</b>	<b>959,554.44</b>	<b>889,800.00</b>
<b>Other Sources</b>					
71800 - Rent - Operator				220,000.00	240,000.00
Willits Bypass Project				0.00	200,000.00
78000 - Forgiveness of Debt				152,751.14	0.00
<b>Total Other Sources</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>372,751.14</b>	<b>440,000.00</b>
<b>Other Uses</b>					
77910 - Long-Term Debt Principal				0.00	36,557.94
Prop 116 Repayment					48,000.00
77980 - Depreciation				649,415.12	800,000.00

	Requested 08-09	as of 05/31/10	Requested 09-10	Accrued as of 5/31	Accrued Requested
<b>Total Income and Other Sources</b>	746,000.00	659,239.00	889,000.00	902,713.83	1,012,100.00
<b>Total Expenses and Other Uses</b>	800,200.00	(636,352.79)	(889,000.00)	(1,608,969.56)	(1,774,357.94)
<b>Subtotal Surplus/Deficit</b>	(54,200.00)	22,886.21	0.00	(706,255.73)	(762,257.94)
<b>77980 - Depreciation (expense)</b> <i>Non Cash item to record annual depreciation expense on capital assets</i>	780,000.00	780,000.00	780,000.00	649,415.12	800,000.00
<b>Total Surplus/Deficit</b>	725,800.00	802,886.21	780,000.00	(56,840.61)	37,742.06

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**RESOLUTION**  
**of the**  
**BOARD OF DIRECTORS**  
**of**  
**NORTH COAST RAILROAD AUTHORITY**

IN THE MATTER OF: } Resolution No. 2010-04  
A Resolution Approving 2010-11 }  
TCRP Budget. }

WHEREAS, NORTH COAST RAILROAD AUTHORITY ("NCRA") has prepared and reviewed a Final FY 2010-11 Budget for TCRP projects;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH COAST RAILROAD AUTHORITY as follows:

1. The FY 2010-11 TCRP Final Budget attached hereto as Exhibit "A" and incorporated herein by this reference, is adopted by NCRA as its 2010-11 Budget for TCRP projects.

Introduced and adopted this 9th day of June, 2010 at a regular meeting of the Board of Directors of North Coast Railroad Authority by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
ALLAN HEMPHILL  
Chairman of the Board

ATTEST:

\_\_\_\_\_  
MITCH STOGNER, Secretary

Preliminary TCRP Budget  
FY 2010-2011

		Budgeted 2009-10	Actual as of 05/31/10 2009-10	Requested 2010-11
<b>Revenues:</b>				
Sub-Object				
1700	Interest on Pooled Cash	0	1,286	1,300
1701	Interest Earned	0	0	0
<b>Total Use of Money/Property</b>		<b>0</b>	<b>1,286</b>	<b>1,300</b>
2500	State -Other	12,725,583	10,517,628	4,918,000
2680	Fed - Disaster Relief	0	0	
2900	Other Governments	0	429,524	0
		0	0	0
<b>Total Intergovernmental</b>		<b>12,725,583</b>	<b>10,947,152</b>	<b>4,919,300</b>
4040	Miscellaneous Revenue	0	0	0
<b>Total Miscellaneous Revenues</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Revenue:</b>		<b>12,725,583</b>	<b>10,947,152</b>	<b>4,919,300</b>
<b>Expenses:</b>				
6300	Miscellaneous (pymnt to NWP Co.)	0	400000	
6500	Professional/Special Services (TCRP)	9,449,542	10,462,406	4,918,000
6540	Contract Services	0	0	0
6570	Consultant Services	0	0	0
6573	Administration Costs	0	0	0
<b>Total Services &amp; Supplies</b>		<b>9,449,542</b>	<b>10,862,406</b>	<b>4,918,000</b>
7910	Long-Term Debt - Principal	0	0	0
7930	Long-Term Debt - Interest	0	0	0
<b>Total Other Charges</b>		<b>0</b>	<b>0</b>	<b>0</b>
8510	Buildings/Improvements	0	0	0
8560	Equipment	0	0	0
<b>Total Fixed Assets</b>		<b>0</b>	<b>0</b>	<b>0</b>
9000	Appropriations for Contingency	0	0	0
<b>Total Appropriations for Contingency</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Expenses</b>		<b>9,449,542</b>	<b>10,862,406</b>	<b>4,918,000</b>
<b>Beginning Balance - Retained Earnings</b>		<b>0</b>		
<b>Total Revenue</b>		<b>12,725,583</b>	<b>10,947,152</b>	<b>4,919,300</b>
<b>Total Expenses</b>		<b>9,449,542</b>	<b>10,862,406</b>	<b>4,918,000</b>
<b>Ending Balance - Retained Earnings</b>		<b>3,276,041</b>	<b>84,746</b>	<b>1,300</b>