

## Budget and Contract Update

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**Summary:** This report provides updated budget and contract information for the Council.

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### **Background**

**BUDGET:** In FY 2009-10 (prior year), the budget for the Council covered 52 positions and operating expenses, totaling \$44.1M from various fund sources: \$6.5M-General Fund; \$2.9M-Federal Funds; \$16.3M-Reimbursements; and \$18.4M-Prop 50 Bonds.

In FY 2010-11 (current year), the proposed budget for the Council covers 58 positions and operating expenses, totaling \$49.1M from various fund sources: \$5.9M-General Fund; \$.8M-Environmental License Plate Fund; \$2.9M-Federal Funds; \$29.8M-Reimbursements; and \$9.7M-Prop 50 Bonds.

The net change from prior year to current year is due to the following:

- +1 position – transfer from State Water Resources Control Board.
- +4 positions – transfer from Department of Fish and Game.
- +8 positions – new for Board members, Assistant to Board Chair, including operating expenses.
- 7 positions – transfer to the Sacramento-San Joaquin Delta Conservancy, including operating expenses.

Other budget changes have been proposed by the Governor, however all are subject to approval from the Legislature and employee labor unions. These changes are:

- Reduce staff salaries by 5% and terminate furloughs.
- Establish a Personal Leave Program (PLP), which involves reducing staff salaries by an additional 5%. In return, the employee will receive eight hours of personal leave each month.
- Reduce departmental salary savings by an additional 5% to cap the size of the State's workforce. This may result in the loss of positions.
- Increase the employee's pension contribution, resulting in a 5% reduction to the employer cost.

Funding Status:

- General Fund (GF) - No cash is available until the 2010 budget is signed.

- Environmental License Plate Fund (ELPF) - Revenues from this fund are low, which may be an added pressure to the Council's General Fund. Funding is used for Council members and their operating expenses.
- Federal Funds - Cash is available from approved federal grants. We currently have grants with USGS for the Science Program and with USBR for program performance and tracking.
- Reimbursements –
  - Delta Plan budget is \$16M. Currently, there is \$2M cash available to fund the \$10.3M Delta Plan contracts from DWR's Prop 84 bonds along with \$800k from the Council's General Fund in FY 2009-10 only. Additional Prop 84 funds are identified to fund the remainder of the Delta Plan budget in FY 2010-11 and FY 2011-12.
  - Science Grants budget is \$8M. Currently, there is \$4.8M cash available to fund Science grants and the source is DWR's Prop 84 bonds.
  - Remaining budget at \$5.8M. No available cash for future grants/contracts at this time.
- Prop 50 Bond - The budget is \$9.7M, and available cash is \$5.3M. Science believes that the available cash is sufficient for FY 2010-11.

**CONTRACTS:** Quarterly contract update for the period April-June 2010, see Attachment 2 for details.

The Council executed 13 contracts, of which 6 were new and 7 were amendments. Also, the following new contracts were \$500,000 or greater, or were of special interest to the Council:

- #2007 – To transfer \$86,750 to the Delta Protection Commission for the Primary Zone Study. All funding came from General Fund in FY 2009-10 only.
- #2008 – To transfer \$800,000 to the Department of Water Resources. \$300,000 will fund the independent contract on BDCP and \$500,000 in bridge funding for the Delta Plan. All funding came from General Fund in FY 2009-10 only.
- #2010 – To transfer \$500,000 to the Delta Protection Commission to begin work on its Economic Sustainability Plan. All funding came from General Fund in FY 2009-10 only.

### **Fiscal Information**

Attachment 1 provides a fiscal summary of the proposed 2010-11 Budget for the Council.

Additionally, the State currently is operating without an approved budget. The State Controller's Office (SCO) will continue to do everything within its authority to provide payments for essential services, but until the budget is passed, the following are impacted:

- Vendor payments for purchases or services provided on or after July 1, 2010 cannot be paid. This will delay vendor payments for any operating costs incurred for Council board meetings (i.e., food, meeting room rental, air fares).
- Travel Reimbursements or Revolving Fund requests that are incurred on or after July 1, 2010 cannot be paid. This will delay travel reimbursements for the Council members. After the budget is passed, the Council members will be reimbursed for allowable travel costs.
- Salaries and per diem of state-elected officials and their appointed staff cannot be paid. This will delay monthly paychecks for the Council members and the Executive Officer until the budget is passed. Employees will continue to receive paychecks.
- The SCO will continue to pay prior-year obligations from prior-year appropriations/funds, including vendor payments that were received by June 30, 2010.

### **List of Attachments**

Attachment 1 - Budget Update  
Attachment 2 - Contract Update

### **Contact**

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