



CITY OF SANTA BARBARA
PARK & RECREATION COMMISSION REPORT

AGENDA DATE: January 28, 2009

TO: Park and Recreation Commission

FROM: Administrative Division, Parks and Recreation Department

SUBJECT: City Fiscal Condition and Preparation of FY 2010 Budget

RECOMMENDATION: That the Commission:

- A. Receive a presentation on the City fiscal condition from Finance Director Bob Peirson;
- B. Receive a staff presentation on impacts to the Fiscal Year 2009 and Fiscal Year 2010 Budgets;
- C. Establish a Park and Recreation Commission Budget Sub-Committee; and
- D. Set a date for a Commission budget work session.

DISCUSSION:

Our community, the state of California, along with the nation and world are responding to the greatest fiscal crisis this country has faced since the Depression. For the City of Santa Barbara, deteriorating revenues have resulted in mandated \$6M in mid-year reductions to the current year General Fund budget (Fiscal Year 2009). Current projections show the City will face \$9M next year. City Finance Director Bob Peirson will present an overview of the City fiscal condition and strategy for approaching the Fiscal Year 2010 deficit. For additional background, a copy of the message City Administrator Jim Armstrong sent to City employees on December 14, 2008, is attached.

The Parks and Recreation Department budget is comprised of 3 elements, the General Fund budget, which is the tax-based fund which primarily supports the Parks Division, Recreation Division, and Administration; the Golf Fund which is the Enterprise Fund supporting the municipal golf course; and, the Creeks Program, funded by voter supported 2% of the Transit Occupancy Tax (TOT) or "bed tax." Although decreased revenues are affecting all 3 funds, the greatest impacts are in the General Fund.

<u>FY 09 Budget</u>	
General Fund	\$15,332,580
Golf Fund	\$2,114,186
Creeks/Measure B	<u>\$2,060,345</u>
	\$19,507,111

Fiscal Year 2009 Reductions

In response to declining revenues last spring, the City asked General Fund departments to recommend \$3M in “contingency adjustments” with their proposed Fiscal Year 2009 budgets. In June, the adopted Parks and Recreation General Fund budget included \$234,332 in reductions. In November 2008, with City revenues projected to be \$6M shy, departments were asked to identify further reductions to be implemented immediately. The Parks and Recreation Department submitted another \$466,709 in cuts. In total, the Fiscal Year 2009 budget includes \$741,041 in reductions. See attachments 2 and 3 for additional details on specific reductions.

Fiscal Year 2010 Reductions

Staff is currently developing the Fiscal Year 2010 budget, which will be presented to the City Council in April and adopted in July 2009. The Department has been asked to include reduced expenditures of 8.4% or \$1,265,501, and propose up to \$403,755 in additional cuts which can be considered, as needed, for a possible total reduction of \$1,669,256 or 11.1%. Staff is working with City administration in developing proposed reductions, which will very likely include position reductions.

Department General Fund Revenue Impacts

Through November the Department Fiscal Year 2009 General Fund revenues were showing only a 1% decline compared to this time last year. However by the end of December, revenues were down 4.3%, close to \$200,000. It is important to note that peak revenue periods for recreation programs are January, and April through June. The Department will have to plan for additional reductions in expenditures to compensate for any non-realized revenue, which is a significant concern given the reductions already identified. Staff is reviewing mid-year projections with the Finance Department and will plan accordingly.

Recommendation to Appoint Commission Budget Sub-Committee

Given the severity of the anticipated fiscal impacts, and the resulting service cuts, staff recommends that the Commission appoint two commissioners to serve on an Ad Hoc Commission Budget Sub-Committee. This committee will meet with staff throughout the budget process to discuss prospective strategies and reductions, impacts on programs and services, and the process for public consideration of the Department budget.

Recommendation to Set Commission Budget Work Session

In past years, the Commission has scheduled a budget work session to review the proposed budget once it has been presented to City Council in April. Staff recommends that the Commission consider holding at least two budget work sessions, with the first

being held in February. With 2 new commissioners, staff believes that it would be fruitful for the Commission to receive an overview of the current Parks and Recreation budget in order to provide a good base of knowledge for discussions relating to proposed reductions for Fiscal Year 2010. This work session would focus on how the budget is structured (General Fund, Golf, and Creeks), current staffing, program costs, revenue and cost recovery for various programs, established fees and charges, etc. Staff proposes the Commission work session be held on Thursday, February 19, in the Parks and Recreation Administrative Office conference room, from either 4:00-6:00pm or 5:00-7:00pm.

- ATTACHMENTS:**
1. CAO Email to City Staff dated December 14, 2008, "Financial Crisis Impact on City of Santa Barbara Budget"
 2. Parks and Recreation Reductions Adopted with Fiscal Year 2009 Budget
 3. Parks and Recreation Fiscal Year 2009 Mid-Year Reductions

SUBMITTED BY: Nancy L. Rapp, Parks & Recreation Director