



**City of Santa Barbara**  
Parks and Recreation Department

**Memorandum**

**DATE:** April 22, 2009  
**TO:** Park and Recreation Commission  
**FROM:** Nancy L. Rapp, Parks and Recreation Director  
**SUBJECT:** Parks and Recreation Proposed Fiscal Year 2010 Budget

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On April 21<sup>st</sup>, the City Administrator will present the Recommended Fiscal Year 2010 Budget to City Council and initiate public review of the budget. On that date, the Recommended Budget will be available at the City Clerk's Office and on the City's website at: [www.SantaBarbaraCA.gov](http://www.SantaBarbaraCA.gov). During April and May, each department budget will be presented with an overview of revenues, expenses, budget balancing strategy, service impacts, and proposed work plan for the upcoming year. The City Council will adopt a budget by June 30, 2009.

The Parks and Recreation Department will present the Department's proposed Fiscal Year 2010 budget to the Park and Recreation Commission at the Commission's meeting of Wednesday, April 22, 2009. On Monday, May 4, 2009, at 6:00 p.m., the Department will present the Parks and Recreation proposed budget to City Council at a Special Budget Worksession at 6:00 p.m. in Council Chambers.

The Commission will make final recommendations on the proposed budget to City Council at their meeting of May 27, 2009. The FY 2010 budget will be adopted by City Council no later than June 30, 2009.

**Parks and Recreation Proposed FY 2010 Budget**

Budget information will be presented as part of the staff presentation to the Commission on Wednesday, April 22. In light of the tremendous focus on budget reductions in response to the current fiscal crisis, an overview of how this impacts City Departments, especially those funded by the General Fund, is provided. Also included is a brief discussion on how the Department approached developing the budget and Department revenues.

**Parks and Recreation Budget – 3 Funds**

The Parks and Recreation Department has five divisions: Administration, Parks, Recreation, Creeks, and Golf. Three of the five divisions are funded through the City's General Fund: Administration, Parks and Recreation. The Creeks Division is a Special Fund, funded through a portion of the Measure B Transit Occupancy Tax (TOT). The Golf Division is an Enterprise Fund, funded solely on revenues generated at the Municipal Golf Course. The Golf Course and Creeks Program do not receive General Fund support.

## **Response to Economic Crisis**

In light of recent declines in sales tax and transient occupancy tax (TOT) revenue, the City of Santa Barbara now faces an estimated \$10.7 million funding shortfall in the Fiscal Year 2010 General Fund budget. This represents approximately 10% of the General Fund operating budget. The proposed budget strategy involves the following measures:

- 1) Department budget adjustments
- 2) Increases in various fees and charges
- 3) Citywide labor measures such as a mandatory furlough
- 4) Structural budget changes
- 5) Delays to capital improvements

City General Fund departments have been directed to reduce their budgets and/or identify additional revenues totaling \$7.4 million. Of this total, the Parks & Recreation Department's share is approximately \$1.5 million. Departments have also been asked to propose a total of \$1 million in additional contingency adjustments which could be considered as needed through the budget review process. For Parks and Recreation that amount is roughly \$380,000.

Additionally, the City Administrator is proposing several structural changes involving cost shifts between General Fund and non-General Fund programs. In Parks and Recreation, the City Administrator is proposing cost or service shifts related to certain waterfront/beach services and the State Street/downtown maintenance contract.

## **Department Budget Balancing Strategy**

The Department applied the following priorities in developing the proposed budget:

1. Keep parks safe, clean, and green
2. Keep the doors open on park and recreation facilities
3. Maintain a high service quality
4. Consider community priorities
5. Position the Department for success now and in the future

The reduction was achieved through creative use of existing resources, identification of new revenues, workforce reductions, and reorganization of operations to improve service delivery, shifting certain General Fund expenditures to non-General Fund programs, and a reduction or elimination of programs or services. More information on proposed program changes, reductions, and service impacts will be covered during the staff presentation

## **Economic Impacts on Revenue**

Historically, the Department cost recovery is in the range of 20-25%. The Recreation Division has the highest level of cost recovery, at 40-42%. A fee study commissioned by the City in 2006 noted that the average cost recovery for most Recreation programs is 30-35%.

In developing its budget, particularly in this fiscal climate, the Department gave significant consideration to how changes in the local economy will affect programs, services, and revenue. As the majority of those revenues are derived by individuals purchasing recreation services, it was important to weigh how the current economic climate is affecting the community. Although Recreation has yet to see an across the board decline in participation or facility rentals since the economy worsened in the fall of 2008, FY 2009 Department revenues are projected to be approximately 4% below budget at this time, which was a consideration in developing the FY 2010 budget.

Participation projections and fee increases were carefully analyzed in developing the Recreation revenue budget. In recognition of that, the proposed Fees & Charges includes very few fee increases, mostly to keep programs in line with local competition. Community Center lease rates are not proposed to increase, in recognition that many non-profit agencies are being affected by the economic downturn. A new pricing structure for special events introduces a 20% higher fee for "for profit" (vs. non-profit) events, and will apply to events such as the AVP Volleyball Tournament and West Beach Music Festival.

Although the fiscal challenges facing the national and global economies have had the greatest affect on revenues supporting the City's General Fund, the Creeks and Golf budgets have also been impacted by the changed economy. The Creeks FY 2010 budget reflects decreased revenues derived from the City's Transit Occupancy Tax (TOT). The Golf Course, which has been experiencing a decline in rounds over the recent years, consistent with national trends, also projected reduced revenues.