



CITY OF SANTA BARBARA

PARKS & RECREATION COMMISSION REPORT

AGENDA DATE: April 27, 2016

TO: Parks and Recreation Commission

FROM: Administration Division, Parks and Recreation Department

SUBJECT: Parks and Recreation Recommended Fiscal Year 2017 Budget

RECOMMENDATION: That the Commission recommends City Council approval of the Recommended Fiscal Year 2017 Parks and Recreation Department Budget, including the General Fund, Creeks Fund, Golf Fund, Capital Program, and Fees and Charges Schedule.

DISCUSSION:

On April 19, 2016, the City Administrator presented the Recommended Fiscal Year 2017 (FY17) Budget to the City Council, and now the budget is available for public review. The Recommended budget is available at the City Clerk's Office and on the City's website: www.SantaBarbaraCA.gov. During April and May, City departments will present their budgets to City Council with budget adoption scheduled on June 21, 2016. The Parks and Recreation Department (Department) is scheduled to present its budget to City Council on Monday, May 16th, 3:00 p.m., in City Council Chambers, City Hall. Recommendations and comments from the Parks and Recreation Commission will be included in the presentation.

Department Budget Overview

The 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. Through a separate fund, Miscellaneous Grants Fund, the Department holds funds from outside organizations that are intended for a specific project or program. In addition, capital project funds are held in a designated Capital Outlay Fund and therefore not reflected in the annual operating budget.

The Creeks Division is a Special Fund, funded through 2% of the Transit Occupancy Tax (TOT) collected by the City. The Golf Division is an Enterprise Fund, funded solely by revenues generated at the Municipal Golf Course. The Golf Course and Creeks Division do not receive General Fund support.

The City Council adopted a two-year fiscal plan for FY16 and FY17 in June 2015. At mid-cycle each City Department reviews the proposed FY17 budget and makes revisions as needed based upon a number of factors. The mid-cycle recommended Parks and Recreation operating budget for FY17 is \$24,937,236, compared to \$23,421,456 proposed for FY17 in June 2015.

Department FY17 Recommended Budget

Expenditures	FY15 Actual	FY16 Adopted Budget	FY16 Projected	FY17 Proposed Budget	FY17 Recomm'd Budget
Creeks Fund	3,379,709	3,744,299	6,211,567	3,911,094	4,046,269
Golf Fund	1,793,062	2,315,508	2,236,153	2,361,837	3,146,275
Misc Grants Fund	431,619	435,886	1,004,930	435,886	402,861
Administration	1,160,126	1,378,153	1,191,890	1,441,680	1,494,514
Parks Division	7,231,711	8,010,098	8,059,495	8,336,751	8,508,696
Recreation Division	6,481,685	7,040,975	7,064,007	7,237,735	7,338,621
Total General Fund	14,873,522	16,429,226	16,315,392	17,016,166	17,341,831
Total for All Funds	\$20,477,912	\$22,924,919	\$25,768,042	\$23,724,983	\$24,937,236

The recommended budget for FY17 is substantially similar to what was proposed in the two-year budget cycle, with the primary increase in expenditures offset by increased revenues and related to the new Golf Management contract and operating model.

General Fund Overview

The Department is recommending a General Fund Expense Budget of \$17,341,831 in FY17. The recommended budget includes revenue of \$6,046,983 resulting in net expense budget of \$11,294,848. In addition, the Department is recommending a Miscellaneous Grants Fund Expense Budget of \$402,861 for FY17, offset in full by Miscellaneous Grants Fund revenue. The recommended budget includes position changes in all three General Fund Divisions, as well as the transfer of positions from the Golf Fund.

General Fund	FY15 Actual	FY16 Adopted Budget	FY16 Projected	FY17 Proposed	FY17 Recomm'd
Revenue	5,041,719	5,522,728	5,612,073	5,619,657	6,046,983
Expenditure	14,873,522	16,429,226	16,315,392	17,016,166	17,341,831
Subsidy	\$9,831,803	\$10,906,498	\$10,703,319	\$11,396,509	\$11,294,848

To develop the proposed FY17 budget, the Department evaluated existing programs and services, current revenue growth, new sources of revenue, and opportunities to enhance services. Key considerations further discussed below include the reallocation of management staff from the Golf Fund, increased costs for water, reduced revenue from the Utility User Tax, (UUT) for street tree maintenance, drought impacts, and staff reclassifications.

For the Recreation Division, the proposed budget reflects a 4% increase in revenue from the FY17 proposed budget. All programs are budgeted at higher revenue levels with the exception of Active Adults at 3% lower. The Department recommends increases of 17% in Tennis and 12% in Neighborhood Outreach Services. For the Parks Division, the budget includes a 4%

reduction in Utility User Tax, (UUT) revenue used to care for Street Trees, Parkways and Medians.

Position Changes and Transfers

The recommended General Fund budget includes five position changes in addition to the transfer of Golf Fund employees. The recommended position changes are funded through existing Department appropriations, with the Golf Fund transfers funded through the Golf and General Funds. The changes align with the Department's program and service delivery objectives.

General Fund Department Position Changes:

- Approved in FY16, an increase from 0.8 FTE to 1.0 FTE and reclassification for a Recreation Coordinator in the Neighborhood Outreach Services Program to support neighborhood center rentals, along with the need to manage weekly food distribution and operations at the three community garden sites, and kitchen in the Westside Center.
- Approved in FY16, a decrease in the Recreation Specialist position within Active Adults, from 0.8 FTE to 0.5 FTE, in an effort to re-prioritize Department needs as well as reallocate resources. The Senior Recreation Supervisor will continue to solicit and permit facility rentals and special events with assistance from the proposed 0.5 FTE Recreation Specialist.
- Increase of the existing Recreation Coordinator within Youth Activities from 0.8 FTE, to 1.0 FTE to respond to continuing demand for youth inclusion services.
- Increase Administrative Analyst I from 0.5 FTE to 0.8 FTE and reclassify as an Administrative Analyst II. In FY17 this position will provide policy and program support for the Department Director and Assistant Director for key projects such as oversight of the Department's intern program, implementation of the Urban Forest Management Plan, development of a Parks and Recreation Master Plan, Implementation of the Park and Facility Sign Program, and oversight of the Drought Response Plan.
- Eliminating a 0.5 FTE Grounds Maintenance Worker position that has been vacant for nine months. The Department has reassigned the weekend work originally filled by the vacant position. Eliminating this position offsets the position increases in the Recreation and Administration Divisions.

With these changes, the Departments full time staff is reduced by 0.1 FTE. When summarized by Division the changes are: +0.1 FTE in Recreation, +0.3 FTE in Administration and -0.5 FTE in Parks.

Golf Fund Transfers

The table below includes the transfer of seven maintenance staff (6.5 FTE) and 0.4 FTE in management from the Golf Fund to the Parks and Administration Divisions. These maintenance employees will augment park maintenance and will work in over-hire positions until vacancies become available.

These changes include the anticipation that by the adoption of the budget in June 2016, the actual transfers to Parks will reduce by 3.5 FTE due to anticipated retirements of three staff members in May 2016. Following direction from the City Administrator, the cost during the period of over-hire for the maintenance staff transfers from Golf will be charged to the Golf Fund, and could be as much as \$343,432. The increase of 0.4 FTE in management allocation from the Golf Fund has been achieved through existing Department appropriations.

Permanent FTE	FY15 Adopted Budget	FY16 Adopted Budget	FY17 Recomm'd Budget	Notes
Recreation	23.15	25.90	26.00	+0.1 FTE as explained above
Administration	6.90	7.50	8.20	+0.3 FTE Admin Analyst II, +0.4 FTE Golf Management Allocate
Parks	46.20	47.00	53.00	-0.5 FTE Snr Gr Main Wkr +6.5 FTE Golf Maintenance Transfer
General Fund	76.25	80.40	87.20	+6.8 FTE
Misc. Fund	0.6	0.5	0.5	No change
Creeks	8.85	8.85	8.85	No change
Golf	11.05	10.40	0.70	-9.7 FTE Transfers and Retirements
Department	96.75	100.15	97.25	-2.9 FTE

Revenue and Fee Changes

Proposed FY17 revenue for the Recreation Division is \$3,859,574, which represents an increase of \$186,938 (5.1%) versus the FY16 Adopted Budget, and an increase of \$138,458 (3.7%) compared to the second year of the two-year plan (Proposed FY17). The increased revenue reflects the resurgence of tennis programming and participation, increased community center rentals; and a combination of increased camp, sports league/program participation, market-rate fee increases, and the addition of new summer camp programming.

Division	FY15 Actual	FY16 Adopted Budget	FY16 Projected	FY17 Proposed	FY17 Recomm'd
Recreation	3,204,387	3,672,636	3,750,893	3,721,116	3,859,574
Administration	55,904	105,000	105,000	115,000	105,000
Parks	1,781,428	1,745,092	1,756,180	1,783,541	2,082,409
	\$5,041,719	\$5,522,728	\$5,612,073	\$5,619,657	\$6,046,983

Of the 617 Recreation program fees, 15 are proposed for deletion since programs have been discontinued and some facility use fees were restructured. Of the 602 remaining fees, 589 fees, or 98%, are not proposed to increase, as these fees are in line with local

competition. Moderate increases are proposed for the remaining fees with 18 fees added for new programs. A copy of the proposed Fees and Charges Schedule is included with this report.

The proposed revenue for the Parks Division in FY17 is \$2,082,409, which represents an increase of \$337,317 (19.3%) compared to FY16 Adopted Budget and an increase of \$298,868 (16.8%) compared to Proposed FY17 budget. The key reason for this increase is the one-time transfer from the Golf Fund of \$343,432. It is anticipated that the over-hire positions will be absorbed as vacancies occur over the next 1-2 years.

Reductions in the revenues collected for UUT have reduced the amount available for street tree and median maintenance by \$20,345 (-2.0%) in comparison to FY16 Amended Budget.

The Administration Division is recommending revenue of \$105,000. This revenue is generated by recharging project management labor to capital projects throughout the fiscal year.

General Fund Capital Program

The recommended FY17 capital program budget of \$1,195,000 includes funds to support ongoing projects as well as new projects. As in more recent years, the proposed capital funds represent a return to investment in City facilities and infrastructure. The Department has a number of key facility and park renovation projects that once complete, will achieve substantial improvements for park safety, respond to community priorities, and position the Department to provide viable open space and recreation services well into the future.

Project	FY17 Recommended
Cabrillo Pavilion and Bathhouse Renovation	500,000
Muni Tennis Playground and Site Improvements	300,000
Playground Replacement for Shoreline Park	175,000
Bohnett Park Improvements	150,000
Off-leash Dog Area for MacKenzie Park	50,000
Neighborhood Enhancement Program	20,000
Total	\$1,195,000

Creeks Fund Overview

The recommended Creeks Division budget in FY17 is \$4,046,269. The FY17 budget includes \$2,571,269 for operating expenses and \$1,475,000 for the capital program. Measure B interest and other revenues are included at \$4,100,672 in FY17. A \$54,403 budget surplus in FY17 will be placed into the Creeks Fund reserve. Recommended FY17 funding for the capital program will be used to match grant funding and to plan, design, and construct creek restoration and water quality improvement projects. Recommended funding for the FY17 operating budget represents a \$108,255 increase over the adopted FY16 budget (from \$2,463,014 to \$2,571,269). The most significant changes from the FY16 budget include a \$150,000 increase in the capital program transfer, a \$30,000 increase in the street-sweeping transfer, and the addition of \$30,000 in maintenance funding for the Lower Arroyo Burro Restoration Project.

Creeks Fund Positions

The recommended FY17 budget includes the reclassification of two existing staff positions from Water Resources Specialists to Associate Planners to meet current and future workload demands. The increase in cost of these positions are funded through existing Creeks Division appropriations.

Creeks Fund Capital Program

As in past budget cycles, the largest expenditure in the recommended FY17 Creeks Division budget is the capital outlay transfer. The recommended FY17 capital transfer is \$1,475,000, representing a \$150,000 increase from the FY16 budget. Recommended capital program funding will be used for project grant matches, planning, design, and construction. All of the projects included in the FY17 capital program have received funding in prior budget years. Some of the projects have also received grant funding. The FY17 capital program includes:

Project	FY17 Recommended
Upper Arroyo Burro Restoration Project	350,000
Las Positas Creek Restoration Project	300,000
Storm Water Treatment Retrofit Projects	250,000
Mid-Arroyo Burro Restoration Project	200,000
Lower Mission Creek Restoration Project	150,000
Andrée Clark Bird Refuge Restoration	150,000
Bacterial Reduction Program	50,000
Capital Replacement for Water Quality Facilities	25,000
Total	\$1,475,000

Creeks Advisory Committee Recommendation

Each year the Creeks Advisory Committee reviews the Creeks Division budget and makes recommendations to the Parks and Recreation Commission and the City Council. The Committee also has a Budget Subcommittee that meets prior to budget development and/or after the recommended budget is prepared for public review. The Budget Subcommittee met March 10, 2016, to review and discuss the recommended budget. The Budget Subcommittee recommended approval of the budget, while expressing some questions and concerns regarding the Street Sweeping Program budget. The full Committee will hear the Creeks Division budget presentation at its meeting on April 20, 2016. The Committee's recommendations will be forwarded to the Parks and Recreation Commission and City Council following that meeting.

Golf Fund Overview

The municipal golf course has been a focus of several City Council and Finance Committee meetings over the last couple of years due to expenses outpacing revenues and declining

reserves. With City Council approval of a contract with CourseCo, Inc. in December 2015, beginning July 1, 2016, City employee maintenance and the privately-operated pro shop concession will be combined into one management contract. The recommended budget includes the new revenues and expenses, and a one-time contribution to the General Fund for the cost of the staff transferred to Parks on an over-hire basis.

	FY15 Actual	FY16 Adopted Budget	FY16 Projected	FY17 Proposed	FY17 Recomm'd
Revenue	1,958,472	2,266,957	2,174,037	2,296,857	2,971,917
Expenses	2,001,113	2,315,508	2,236,153	2,361,837	3,146,275
Use of (Add to) Reserves	\$42,641	\$48,551	\$62,116	\$64,980	\$174,358

Fee Changes

The recommended budget assumes no fee increases although in recent years, the Golf Fund has typically increased fees by about \$1 per round. Demand based pricing and targeted marketing to encourage more play will be utilized to grow revenue and rounds. The Players' Improvement Fund is included in the budget.

Golf Fund Changes

The proposed FY17 Golf Fund budget reflects a significant change in regard to how revenues are earned and expenses incurred following the change in operating model. Pro shop concession revenue is replaced by the gross revenue for all items previously subject to a rent payment, while the cost for operating the Pro shop are included within the appropriated expenses.

Included in the expense budget is a one-time contribution from the Golf Fund to the General Fund to cover the costs of golf employees transferred to the Parks Division. As mentioned in the General Fund discussion, \$343,432 represents the estimated over-hire cost. Recommended City positions are now budgeted at 0.7 FTE compared to 10.4 FTE. Appropriated reserves of \$50,000 is included in case the Golf Fund needs to purchase more inventory should sales exceed expectations.

Golf Rounds are budgeted for FY17 at 63,510, an increase 5.6% over the FY16 projected outcome of 60,048 rounds. The implementation of new innovative marketing and customer service initiatives by CourseCo, along with the unrestricted availability of recycled water and improved coordination with Mulligan's, are factors that provide confidence that this growth is achievable. Revenue from golf operations is budgeted at \$2,623,062.

The table below demonstrates the financial savings budgeted as a result of the contract.

	FY17 Proposed	FY17 Recomm'd	Change

Golf Rounds	63,335	63,510	175
Revenue	2,296,857	2,971,917	(675,060)
Operating Expenses	2,361,837	2,752,843	391,006
Operating Reserves	64,980	(219,074)	(284,054)
One-Time Golf Fund Contribution / Appropriated Reserves	0	393,432	393,432
Budgeted Reserve Balance	64,980	174,358	109,378
Remove One-Time Golf Fund Contribution / Appropriated Reserves	0	(393,432)	(393,432)
Remove Increased cost of Water	0	(71,641)	(71,641)
Like for Like Comparison – Improvement in Financial Performance	64,980	(290,715)	(355,695)

When removing one-time costs, the FY17 budget includes an improvement of \$355,695 compared to the FY17 proposed budget. In addition to the one-time costs, when making comparison to the proposed budget, the recommended budget includes water rates that are significantly higher, \$71,641, following the >30% increase in rates in July 2015, after the proposed budget was set.

Golf Capital

The FY17 Capital proposed at \$255,548 includes: \$75,000 for Green renovations; \$87,500 for Infrastructure Renewal and Improvements; \$33,000 for Irrigation Improvements; and, finally, \$60,048 for Players Improvement Fund Projects.

Golf Reserve Balance

The recommended budget is projected to reduce reserves by \$174,358 to a fund balance of \$96,905, or \$613,628 below Council Policy. However, it is likely that the Golf Fund contribution of \$343,432 would not be charged in full as the Parks Division absorbs the over-hire positions through vacancies arising from typical attrition. Revenues are expected to exceed expenses and increase reserves towards policy levels from FY18 onwards.

Golf Advisory Committee Recommendation

At their regular meeting of April 13, 2016, the Golf Advisory Committee voted unanimously to recommend the Fiscal Year 2017 operational and capital budget and Fee Schedule for the Golf Fund.

Other Potential Budgetary Considerations

Continued Drought and Increased Conservation Requirements

The City of Santa Barbara is now in the fifth year of record drought and the Parks and Recreation Department has met all local and State conservation targets by developing and implementing the Strategic Drought Response Plan developed in June 2014. With conservation targets increased to 35% for potable water, the Department will be further challenged to manage the balance of safety in recreated areas, revenue generation goals and care for historically and culturally trees and park resource. The Department will return to Commission in June or July with an update its drought response plan and to balance Department priorities with mandated water conservation.

Streets Fund Budgetary Concerns

The Streets Fund has been the subject of a number of Finance Committee meetings over the last few months due to increasing concerns over shrinking funding sources and the need to respond to increasing needs for street maintenance. The Parks and Recreation Department receives a portion of the UUT revenues to fund Street Tree maintenance and a portion of the cost of Median and Parkway maintenance. The FY17 recommended budget includes revenue of \$976,388 from the Streets Fund, a reduction of \$20,345 compared to FY16 Adopted budget. The Department is participating in the evaluation of alternative funding options for streets maintenance and will be presenting the role of UUT funds in the care of trees located in the street right of way. It is anticipated that the Finance Committee and City Council will further discuss funding options in May and June.

New Arroyo Burro Open Space Park

In March 2016, the 14.7 acre site of the former Veronica Meadows residential development proposal transferred to the City for conservation as public open space in perpetuity. The recommended FY17 budget does not include a specific increase in park maintenance funds for the site, since the focus of FY17 will be preliminary plans for creek restoration. Minor site maintenance of trees and vegetation will be accomplished within existing appropriations. It is anticipated that planning for basic site improvements such as fencing and trail work will be complete in the next year. At that point, the Department will be in a better position to assess ongoing maintenance needs and costs.

Project Sunrise

In October 2018, Active Recreation will cease to support the CLASS registration software used by the Recreation Division since 1997. The Department has issued a Request for Proposals to enable an effective transition to a new program that is designed to enhance customer convenience, provide more online booking, improve customer service and enhance the

marketing opportunities. Costs for the selection, configuration, testing and implementation of the new solution are included in the FY17 recommended budget.

ATTACHMENTS: 1. FY17 Parks and Recreation Department Budget Pages
 2. Recommended FY17 Fees and Charges Schedule

PREPARED BY: Mark D. Sewell, Parks and Recreation Business Manager

APPROVED BY: Jill E. Zachary, Parks and Recreation Director