



## CITY OF SANTA BARBARA

### PARK AND RECREATION COMMISSION REPORT

**AGENDA DATE:** April 25, 2007

**TO:** Park and Recreation Commission

**FROM:** Business Services, Parks and Recreation Department

**SUBJECT:** Proposed Parks and Recreation Department General Fund Budget for Fiscal Years 2008 and 2009

**RECOMMENDATION:** That the Commission hear a report on the proposed Parks and Recreation Department General Fund budget for Fiscal Years 2008 and 2009, and provide comments and direction to staff.

#### **DISCUSSION:**

Each budget cycle, the Department is given a General Fund Subsidy and a Revenue Target. Utilizing those numbers (shown below); the Department develops an expenditure and revenue budget to meet the subsidy and revenue targets. Staff has discretion to increase or decrease expenditures in relationship to revenue development. The proposed FY 08 and FY 09 expenditure and revenue changes from the FY 07 Adopted budget are:

	<b>EXPENDITURES</b>	<b>REVENUE</b>
<b>FY 07 Adopted</b>	\$14,023,654	\$ 3,821,288
<b>FY 08 General Fund Subsidy</b>	\$14,509,945	\$ 3,968,398
<b>FY 08 Proposed</b>	\$14,633,900	\$ 3,916,816
<b>FY 09 General Fund Subsidy</b>	\$15,145,935	\$ 4,121,162
<b>FY 09 Proposed</b>	\$15,289,786	\$ 4,065,811

The Department met the designated revenue contribution in both years by increasing fees in the Recreation Division. The Department is seeing continued growth in participation with the ongoing emphasis on marketing strategies and quality of programming.

#### **SUMMARY OF BUDGET AND PROGRAMMATIC CHANGES:**

Hourly Reduction in Parks: In order to meet these vehicle fuel and higher costs in supplies and services due to living wage effects; Parks reduced the hourly budget by \$56,200; however, \$10,500 of this reduction was in clerical hourly in Parks Administration, which is now fully staffed in the clerical area. The FY 08 net reduction in Parks hourly for operations is -\$45,700. The effect of this reduction in hourly, which is equal to 3,600 hours annually, will be felt in park maintenance with some reduced service levels.

Revenue and Fees and Charges:

For FY 09, the Department is increasing its revenue over the FY 08 proposed revenue budget by **+\$148,995** over the proposed revenue for FY 08. Most of this increase is an across-the-board 4% increase in Recreation revenues to meet the department revenue contribution. However, since the Fees and Charges Schedule is re-evaluated for FY 09, the revenue line item budgets will change.

The Administration Division is increasing revenue by **+\$5,759**. Administration's revenue is derived from capital projects reimbursement for the time the Parks Projects Technician spends working on projects.

As had been done for the past three years, the Finance Department performs an exhaustive revenue analysis at mid-year; meets with Recreation staff to review all the revenue line items and adjustments are made. This process has been of great assistance in not only projecting the current year's revenues; but for making decisions on future revenues and fees.

The Recreation Division is increasing revenue by **+\$308,350** over FY 07, primarily from increases in fees, charges and rentals. The increased revenue includes the \$92,180 required as part of the department's 4% General Fund revenue contribution, and revenue transferred from Parks because the Chase Palm Park program budget is being re-distributed to two recreation programs and one parks program beginning in FY 08.

The Parks Division FY 08 revenue is proposed to decrease by **-\$218,581** over FY 07. This is due to:

- The transfer of **\$161,300** in Chase Palm Park revenue to the Recreation Division
- The decrease of **-\$100,000** in the Sheffield Reservoir maintenance budget from \$200,000 to \$100,000 (based on the FY 07 actual expenditures)
- The decrease is offset by **+\$42,719** in revenue increases, primarily from a \$32,523 increase in the revenue offset that the Forestry program receives from the Utility Users Fund (UUT) for street tree maintenance.

Fees and Charges Schedule:

The revenue proposed and the fees charged for services are analyzed together during budget preparation. Staff sets fees based on marketplace competition and the demand for the program or service while balancing any increases or decreases on the need to meet the revenue commitments. FY 08 sees a larger quantity of fees increased than was

implemented for FY 07; due to rising costs of personnel, the hourly MOU, utilities and allocated costs. Notable fee changes are discussed with the revenue by program below. Discussed briefly with recreation revenue below is a proposed change in the Resident Discount Policy, which has been taken into consideration with the proposed revenue and fees. A separate memo is sent to the Commission regarding this proposed policy change.

Position Changes:

There is one new position, a 0.75 FTE Recreation Specialist; being proposed for FY 08; none for FY 09. The new position is discussed below in the Cultural Arts budget in the Recreation Division.

**PROGRAM BUDGET DISCUSSION:**

**Division Budgets for FY 08:**

The budget changes reflected below are for FY 08 and any changes from the General Fund Subsidy given to the Department. The General Fund subsidy includes MOU salary increases and allocated cost increases. The Department's supplies and services, special projects and equipment non-caps are funded at the same level as FY 07. Funding changes for FY 09 are not discussed, although there are increases budgeted for MOU salary increases and allocated cost increases. Expenditure numbers will change for FY 09 based on the Department's revenue changes at that time.

**Administration Division:**

The Administration Division is composed of Department Administration, the Project Management Team and Business Services. Very few changes are proposed for FY 08; mostly a re-alignment of costs based on FY 07 projections. There are no new positions.

**Recreation Division**

Expenditures: There are notable increases in several Recreation budgets due to increased utility expense. In addition, an expenditure impact affecting Recreation is due to increases to contract cleaning services resulting from the living wage ordinance combined with increased service frequency needs. Contractors are currently charging 14 to 25% above previous fiscal years. That in combination with service demand beyond the level of city custodial services has increased Recreation expenditures in this area by approximately \$10,000.

Revenue: To develop proposed revenue and fees and charges recommendations, staff conducts fee comparisons to determine market rates, and analyzes participation trends and history. Staff approaches new programs creatively, utilizing successful ideas from other agencies and using suggestions from parents or participants. Competition with other area recreation agencies for participants remains high. Staff is challenged by the commitment to grow base revenue by 4% each year, but actively works on ideas to improve marketing and participation levels.

The Recreation revenue budget and the Fees and Charges document were developed based on the premise that the proposed changes to the Resident Discount Program would take effect.

Note: At the April 9<sup>th</sup> Commission Budget Worksession, Recreation staff were asked to return with additional information on the revenue impact if youth activity fees were not increased, the number of scholarships provided annually and their value, and other programming ideas to address “at risk” youth needs. Staff is currently working to put this additional information together for a later presentation.

Recreation Administration:

This budget decreased from the current FY 07 budget, based on historic use. This budget has no revenue.

Facilities and Registration Services:

This budget increased from \$395,027 in FY 07 to \$430,351 in FY 08; primarily due to the transfer from Chase Palm Park for hourly salaries, and increases to non-contractual services and utilities account for the main increases.

Revenue increased from \$265,500 in FY 07 to \$320,000 in FY 08 (20%) primarily due to fee increases and the transfer of revenue from the Chase Palm Park budget. Increases include moderate increases in beach venues and various parks. Decreases in the proposed revenue include loss of AVP volleyball event revenue (\$8,000), decreased use of Chase Palm Park meadow and plaza, and decreased frequency of photo shoots. Fees are increased between 7% to 12.5% for private gatherings and weddings to bring in line with market competition. No change is recommended for sporting and public events fees.

Cultural Arts:

This budget increased from \$454,310 in FY 07 to \$544,874 in FY 08. Increases occurred in office supplies, meeting and travel, mileage reimbursement, postage, gas

and electric and the transfer of funds from the Chase Palm Park budget. Facility maintenance increased by \$9,000 to pay Service Master for an increased number of cleanings each year and increased cost reflective of the living wage ordinance.

The revenue increased from \$372,800 in FY 07 to \$555,650 in FY 08 (49%), primarily due to fee increases and the transfer of revenue accounts from Chase Palm Park. Facility fees are proposed to increase by 10%. Demand for rentals at the Cabrillo Pavilion Arts Center, Chase Palm Park Center, and Casa Las Palmas continues to be strong, with revenue received in FY 07 projected to exceed budget by \$53,520. Revenue from the Santa Barbara Arts and Crafts show has continued to decline due to fewer returning or new artists and the revenue decreases accordingly by \$30,000. Artists cite "too busy," moved out of area, and health problems as reasons for not renewing. Construction projects proposed in the Cabrillo corridor may further affect participation. The Arts and Crafts Show Permit fee is proposed to have no change in an effort to attract new members, and retain current ones.

A new 0.75 PPT position of Recreation Specialist is being proposed for FY 2008 to assist with facility rentals, special events and the implementation of one-stop permitting for photo shoots.

#### Youth Activities:

This budget decreased from \$738,057 in FY 07 to \$710,553 in FY 08 due to a transfer of hourly funds from this program to Teen Programs. Non-contractual Services is increased to accommodate more participants in school holiday camps and a new program, "Make a Change." Vehicle fuel is increased to provide expanded transportation services to the afterschool programs and meet rising fuel costs.

Revenue increased from \$131,400 in FY 07 to \$149,850 in FY 08 (14%) due to fee increases and the expansion of the school holiday break camps. "Make a Change" was added in FY 08 to meet the need for teen age programming. Fees are increased 9 - 10% to keep in line with market rates from other recreation serving agencies. Sports and Beach camp format changed from two week to one week sessions to attract interest and participation. Fees continue to be affordable for program quality and length of service.

#### Teen Programs:

This budget increased from \$299,192 in FY 07 to \$385,294 in FY 08 due to hourly salaries being transferred from Youth Activities and the significant change in service to Teens with the opening of the new Teen Center. To further support the success of the center and to add program opportunities for teens, new contract classes are proposed.

Revenue for Teens decreased from \$30,600 in FY 07 to \$28,750 in FY 08. Proposed revenues are based on entrepreneurial ideas from staff and are funded conservatively since historic use to determine participant levels is not available. For most fees, no change is recommended. A new Teen Center membership is proposed by the Youth Council and supported by staff at \$15 per year. A fee reduction from \$7 down to \$5 is proposed for the Haunted House to improve participation. Teen Center facility rental fees are introduced as well.

#### Active Adults and Classes:

This budget increased from \$742,013 in FY 07 to \$819,601 in FY 08 due to increased salaries and benefits and supplies and services costs. Active Adult program priorities have shifted to contract class development; expanding class variety, promotion and revenue development. One-day tours will be offered once a month to all ages and cover direct costs. Non-contractual Services increased due to expanding contract classes and tour expenses. Utilities increased to keep in line with projected expenditures. Expenditure decreases include reduced office supplies and postage based on historic use.

Revenue increased from \$306,200 in FY 07 to \$350,100 in FY 08 (14.3%). This program has steady growth in classes due to promotion and expansion of offerings. The Active Adults membership fee is proposed to increase 9% or \$3 for singles and \$4 for couples. This program fee is reasonable for the services received. Most contract class fees are proposed to increase by 8% or \$4 - \$5 per class. No changes are recommended for the facility use rates.

#### Aquatics:

This budget increased from \$1,167,289 in FY 07 to \$1,182,014 in FY 08 primarily due to increases in salaries and benefits. However, there are reduced costs for gas and water and increased costs for electricity (based on actual projections for FY 07). Non-contractual Services were also reduced after analyzing FY 06 and FY 07 actuals (principally due to decreases in contract class participation and resulting decrease in payment to contractors).

Revenue decreased from \$612,300 in FY 07 to \$594,800 in FY 08 (-2.8%). In FY 07, two new programs, CPR/First Aid Classes for the public and a water polo league were implemented; however, due to low participation both programs are being discontinued in FY 08. The Beach Volleyball Clinic and Advanced Beach Volleyball Clinic revenue is projected to decrease by \$37,600 and \$9,000 respectively in FY 08 compared to FY 07

Adopted due to decreased participation. The Junior Lifeguard program continues to fill to capacity for a proposed \$3,900 or 4.5% increase in revenue.

Small fee increases are proposed for Adult swim pass, Aquacamp, locker rental, and swim lessons, which are in line with other agencies offering similar services; \$1 to \$10 per program or 2 to 10%. Lifeguard Training and Water Safety Instructor classes were increased 20% and 10% respectively, and are in line with other agencies.

#### Sports:

This budget decreased from \$414,968 in FY 07 to \$392,829; primarily due to an adjustment in the permanent clerical support position which works half-time in the grant funded Sports Field Scheduling program (funded in Miscellaneous Grants). Hourly salaries for Skate Park Monitors were transferred from the Chase Palm Park budget, and modest increases for meeting and travel, electrical and program supplies, office supplies, duplicating, and postage. Hourly salaries were reduced by \$3,000 for Adapted Bowling due to decreased participation with the recent closing of Devereax School.

Revenue decreased from \$143,500 in FY 07 to \$138,850 in FY 08 (-3.2%) to reflect a more achievable goal. Under new supervision, this program is expected to grow in the coming years. Several new sport leagues, and programs have been developed for FY 08. Fee increases of 5% are proposed in adult basketball, volleyball and soccer, and youth flag football leagues to bring fees in line with local competition. A number of program fees see no change including Bidy Basketball, Boys and Girls' basketball, Girls' softball and T-Ball in order to attract more participation.

#### Tennis:

This budget increased from \$258,557 in FY 07 to \$279,902 in FY 08 due to salaries and benefits increases and for professional services costs in several areas due to more participation in tournaments, camps and group lessons. Facilities Maintenance expenditures have increased by \$3,088 due to living wage increases in the Service Master contract.

Revenue increased from \$134,300 in FY 07 to \$138,200 in FY 08 (2.7%). Increases are reflected in daily permit sales, increased court rentals, tennis camps and group lessons. Moderate fee increases are recommended including 7% for group lessons and summer clinics for juniors. Fees are consistent with other agency tennis lessons and clinics. A \$1 increase is proposed for a daily tennis permit (from \$4 to \$5); the last fee increase for a daily permit was in FY 02. No increase is proposed for Annual Permits to encourage sales.

Community Services:

This budget increased from \$905,627 to \$972,520 in FY 08, due to salaries/benefits increases and utility and equipment rental costs.

Revenue increased from \$307,900 in FY 07 to \$336,650 in FY 08 (9.3%). This budget's revenue is composed of lease rents, facility fees, parking permits and community garden fees. Proposed revenue is based on historic performance. Fee increases are minimal. No facility rental fee increases are recommended. However, through marketing efforts it is expected that the number of rentals will increase, especially at the Davis Center. A 3% increase is recommended for Davis Center parking permits (+\$1) and community garden plots (+\$2). A 4% increase for the community center non-profit lease rates is proposed bring fee to \$1.04 per square foot.

**Parks Division**

There will be no discussion in this memo for the Chase Palm Park budget (6917). This program budget was created in 1998 with the completion of the Chase Palm Park expansion. At the time, it was a strategy to combine both parks and recreation line items into one program budget to show all departmental costs associated with this park; however, what resulted was no one person was responsible for the program budget and it is time to split this program up between the Parks and Recreation Divisions. The majority of the funds were transferred to Parks Grounds Maintenance (\$535,765 in FY 08 and \$558,074 in FY 09).

Parks Administration:

This budget is increased from \$1,037,332 in FY 07 to \$1,137,831 in FY 08 due to salary/benefits increases and to reflect the increased funding (added to the General Fund Subsidy) for the Downtown Association State Street Maintenance which is budgeted in this program. The hourly salaries are being deleted as these were primarily used to provide back-up clerical support, which is no longer required. Other line item changes were based on expenditure history.

This budget has no revenue.

Parks Grounds Maintenance:

This budget increased from \$3,988,565 in FY 07 to \$4,648,983 in FY 08 due to salary/benefit increases and the transfer over of the grounds maintenance funding from Chase Palm Park.

Changes in the Grounds Maintenance budget are:

- There is a large increase in additional funds for Vegetative Fuel Management (+\$100,000). Other changes in this object are:
  - +\$6,000 as an insurance cost required to continue to use Sheriff's Work Alternative Program (SWAP) personnel for use in parks for clean-ups and general work tasks. This is a cost that is being absorbed into the budget.
  - -\$7,000 in electric costs in anticipation of cost reductions from energy conservation.
  - +\$7,800 in water costs due to the increase announced by Public Works.
  - +\$10,000 in vehicle fuel costs based on expenditure history and the rising costs of fuel.
- Reduction of -\$3,600 in the amount of payment that the City makes to the Santa Barbara Zoo for water usage and general maintenance. The agreement with the Zoo has a clause which allows the City to reduce reimbursement for maintenance of 20% or less annually, with a notification letter to the Zoo (more than a 20% reduction requires a year notice). The amount for FY 08 is \$140,600, proposed is \$137,000. It is important to note that the General Fund is supporting the Zoo with these budgeted funds in the Parks Division.

Revenue is decreased from \$412,920 in FY 07 to \$391,216 in FY 08 (-5.3%). Revenue in this budget is from 5 sources:

1. reimbursement from the Waterfront for parking lot maintenance, increased from \$207,920 in FY 07 to \$217,276 in FY 08 and \$227,054 in FY 09 (a 4.5% each year);
2. reimbursement from the Water Fund for maintenance at Sheffield;
3. payment of \$62,500 annual from Fess Parker for maintenance of the linear park in front of the hotel [this revenue was transferred from Chase Palm Park];
4. annual donation of \$5,000 from the Wirth Foundation for on-going maintenance at the Mission Rose garden; and
5. rent money for the Historic Carousel [also transferred from Chase Palm Park].. The Sheffield revenue was reduced by 50% from FY 07 based on actual costs occurring this year, the first year of maintenance.

Forestry:

This budget decreases from \$1,159,084 in FY 07 to \$1,139,710 in FY 08. While overall salaries and benefits increased; several positions were re-classed in previous years when they became vacant; thus reducing overall costs.

Revenue increased from \$823,080 in FY 07 to \$856,003 in FY 08 (4%). Revenue in this program is derived from the Measure D portion of the Utilities Users Tax (UUT) and an annual grant from Santa Barbara Beautiful in the amount of \$10,000 for tree planting. The UUT revenue is increasing from \$813,080 in FY 07 to \$845,603 in FY 08 (4%).

#### Beach Maintenance:

This budget is decreased slightly due to lower costs for Vehicle Maintenance which offset the increased salary/benefit costs. Beach Maintenance has no revenue.

#### **FY 2007 P3 CHANGES:**

Based on the changes to revenue, which are, in many cases, attributable to participation or facility rental increases; many of the targets for the Measurable Objectives are being changed for FY 08. These types of changes occur in:

- Facilities
- Cultural Arts
- Youth Activities
- Teen Programs
- Active Adults and Classes

The majority of the programs deleted Project Objectives that were completed and added new ones. Highlights include:

- Department Administration – If City-wide 9/80 program approved, implement employee and office schedules to facilitate best customer service practices utilizing appropriate media campaign to inform public.
- Project Management Team – Initiate construction of Carrillo Recreation Center remodel.
- Recreation Administration – Work with County Health and City Public Works to renovate the Franklin Center to provide ADA accessibility
- Cultural Arts – Facilitate improved communication and collaboration with the arts community by providing a staff liaison to the City Arts Advisory Committee

- Youth Activities – Develop and offer one new fee-based program and one new grant-funded program
- Teen Programs – Establish a coalition exclusively for Teen programming
- Tennis – Install a lighting control system at Las Positas and the Municipal Tennis facilities to reduce energy usage
- Parks Grounds and Facilities – Install Weed Deterrent Fabric at 5 city parks to reduce pesticide use and increase parks staff efficiencies.
- Forestry – Complete tree inventory

Note: Most of the P3's in Chase Palm Park budget – were transferred to Facilities, Cultural Arts and Park Operations.

**SUBMITTED BY:** Nancy Woods, Parks and Recreation Business Manager

**APPROVED BY:** Nancy L. Rapp, Parks and Recreation Director