



## CITY OF SANTA BARBARA

### PARKS & RECREATION COMMISSION REPORT

**AGENDA DATE:** April 22, 2015

**TO:** Parks and Recreation Commission

**FROM:** Administration Division, Parks and Recreation Department

**SUBJECT:** Parks and Recreation Recommended Fiscal Year 2016-2017 Budget

**RECOMMENDATION:** That the Commission recommends City Council approval of the Recommended Fiscal Year 2016-2017 Parks and Recreation Department Budget, including the General Fund, Creeks Fund, Golf Fund, Capital Program, and Fees and Charges Schedule.

#### **DISCUSSION:**

On April 21, 2015, the City Administrator presents the Recommended Fiscal Year (FY) 2016-2017 Budget to the City Council and initiates public review. The Recommended Budget will be available later that day at the City Clerk's Office and on the City's website: [www.SantaBarbaraCA.gov](http://www.SantaBarbaraCA.gov). During April and May, City departments will present their budgets to City Council with a tentative date of adopting the budget on June 16, 2015. The Parks and Recreation Department is scheduled to present their budget to City Council on Monday, May 11<sup>th</sup>, 6:00pm, in City Council Chambers, City Hall. Recommendations and comments from the Parks and Recreation Commission will be included in the presentation.

#### **Parks and Recreation Department Budget Overview**

The Parks and Recreation Department (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 of Santa Barbara generally adopts a two-year fiscal plan. Including all three funds, and the Miscellaneous Grants Fund, the recommended Parks and Recreation budget for FY 2016 is \$22,955,933 and for FY 2017 is \$23,744,653.

**Parks and Recreation Department FY 2016 and FY 2017 Recommended Budget**

	<b>FY 2014 Actual</b>	<b>FY 2015 Amended</b>	<b>FY 2016 Recommended</b>	<b>FY 2017 Recommended</b>
<b>Creeks Fund</b>	<b>\$ 4,651,150</b>	<b>\$ 4,072,687</b>	<b>\$ 3,788,014</b>	<b>\$ 3,943,300</b>
<b>Golf Fund</b>	<b>2,043,085</b>	<b>2,080,245</b>	<b>2,315,637</b>	<b>2,362,131</b>
<b>Misc Grants Fund</b>	<b>511,616</b>	<b>826,779</b>	<b>435,886</b>	<b>435,886</b>
Administration	981,621	1,164,478	1,378,153	1,441,680
Parks	6,762,963	7,901,512	8,010,098	8,336,751
Recreation	6,287,262	6,714,302	7,028,145	7,224,905
<b>General Fund</b>	<b>\$14,031,846</b>	<b>\$ 15,780,292</b>	<b>\$ 16,416,396</b>	<b>\$ 17,003,336</b>
<b>Total for All Funds</b>	<b>\$21,237,697</b>	<b>\$ 22,760,003</b>	<b>\$ 22,955,933</b>	<b>\$ 23,744,653</b>

**General Fund Overview**

The Department is recommending a General Fund Expense Budget of \$16,416,396 in FY 2016 and \$17,003,336 in FY 2017. The proposed budget includes revenue of \$5,532,327 and \$5,629,256 for FY 2016 and FY 2017, respectively. The Department is recommending a Miscellaneous Grants Fund Expense Budget of \$435,886 in FY 2016 and \$435,886 in FY 2017.

To develop the proposed budgets for the two-year fiscal plan, the Department evaluated existing programs and services, current revenue growth, new sources of revenue, opportunities to restore and/or enhance services, and other key objectives.

For the Recreation Division, the proposed budget reflects increased revenue in programs such as Youth Activities and revenue declines in Active Adults, increased investment in marketing initiatives, and the planned replacement of the point of sale and recreation management software. For the Parks Division, the budget includes a reduction in the service contract for maintenance of the Sheffield Open Space and increased Street Tree maintenance due to higher UUT revenue.

The recommended General Fund budget also includes four new positions and four position budget reallocations to support service enhancements in the Recreation Division, to enhance capital project management, more accurately reflect workload in the Administration and Parks Divisions, and transfer personnel from the Golf Fund to the General Fund.

New Positions Achieved Through Existing Department Appropriations

Two of the four positions are funded through existing budget appropriations due to retirements and program restructuring in the Recreation Division. These include:

- Restoration of an Office Specialist position (0.8 FTE) to improve customer service and enhance administrative and financial support for the Youth Activities and the Sports/Tennis Programs. Hourly funding is being converted to support this position which was cut during the recession.
- A new Head Lifeguard position (1.0 FTE) to support increased lifeguard services at Los Baños Pool. (A contractual change between the City and the Santa Barbara Swim Club now requires City lifeguard services be provided during all Swim Club practice times with the cost covered by the Club.) This position was originally proposed with the FY 2010 budget, but was eliminated for budget savings during the recession. New revenue and conversion of hourly salaries will fund this position to enhance staff and patron safety and customer service. The position will also troubleshoot maintenance issues during early morning and late evening practice times when existing permanent and appropriately certified aquatic employees are not scheduled.

#### New Positions Proposed With a 0.5% Increase in General Fund Appropriations

In developing the two year financial plan, General Fund departments were provided the opportunity to identify service restoration priorities equal to 0.5% of the Department FY 2016 status quo budget. Parks and Recreation identified two funding needs for a total of \$128,636: restoration of a Capital Projects Supervisor and restoration of a Recreation Specialist dedicated to revenue generating programming.

- The Capital Projects Supervisor (1.0 FTE) will be primarily responsible for the implementation of the Department's more complex planning and capital improvement projects, overseeing three permanent staff, and managing capital project budgets. This position, eliminated with the FY 2010 budget, will be partially funded by the new General Fund support (\$79,500), and the reallocation of existing Department appropriations and capital project funding.
- Recreation revenue associated with revenue generating contract classes has not been strong over the last couple of years primarily due to staffing limitations. New General Fund support (\$49,136) will restore a Recreation Specialist (0.8 FTE) for the Carrillo Recreation Center to expand revenue based classes and programs.

#### Revenue and Fee Changes

The proposed revenue for the Parks Division in FY 2016 is \$1,745,092 and FY 2017 is \$1,783,541, which represents a reduction of \$22,870 in FY 2016 vs. FY 2015 Amended Budget. Changes to Parks Division revenue is the result of a request by Water Resources Division to decrease maintenance of the Sheffield Open Space, fewer tree removal applications, and an increase of 2.4% in UUT for street tree maintenance in FY 2017. With the addition of a Capital Projects Supervisor, revenue in the Administration Division is proposed to increase to \$105,000 and \$115,000 in FY2016 and FY2017, respectively.

Proposed FY 2016 revenue for the Recreation Division is \$3,682,235 and FY 2017 is \$3,730,715, which represents an increase in FY 2016 of \$198,042 (5.7%) versus the FY 2015 Amended Budget. The increased revenue reflects the resurgence of the beachfront

rental facilities, increased community center rentals, and a combination of increased camp, sports league, and program participation, market rate fee increases, and the addition of new summer camp programming.

Of the 629 Recreation program fees, 12 are proposed for deletion since programs have been discontinued, and some facility use fees were restructured. Of the 617 remaining fees, 505 fees, or 82%, are not proposed to increase, as these fees are in line with local competition. Moderate increases are proposed for the remaining fees with 7 fees added for new programs. A copy of the proposed Fees and Charges Schedule is included with this report.

General Fund Capital Program

The recommended FY 2016 and FY 2017 capital program budget of \$1,956,000 and \$1,175,000, respectively, 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.

<b>Project</b>	<b>FY 2016 Recommended</b>	<b>FY 2017 Recommended</b>
Cabrillo Pavilion and Bathhouse Renovation	\$500,000	\$1,000,000
Parks and Recreation Facility Master Plan	200,000	0
Playground Replacement Program	175,000	175,000
Park Restroom Renovation Program	153,000	0
Park Irrigation System Renovation	150,000	0
Artificial Sport Field Development	150,000	0
Median and Parkway Landscape Program	150,000	0
Urban Forest Management Plan Implementation	150,000	0
Chase Palm Park Renovation	128,000	0
Off-Leash Dog Areas	100,000	0
Thousand Steps	100,000	0
<b>Total</b>	<b>\$1,956,000</b>	<b>\$1,175,000</b>

**Creeks Fund**

The recommended Creeks Division budget in FY 2016 is \$3,788,014, and \$3,943,300 in FY 2017. The FY 2016 budget includes \$2,463,014 for operating expenses and \$1,325,000 for the capital program. Measure B interest, and other revenues are projected to total \$4,070,872 in FY 2016. The \$282,658 surplus in FY 2016 will be placed into the Creeks Fund reserve. Proposed FY 2016 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. Proposed funding for the FY 2016 operating budget represents a reduction of \$134,673 over the amended FY 2015 (from \$2,597,687 to \$2,463,014).

The most significant changes from the FY 2015 budget are the projected \$431,920 increase in Measure B revenues, and the proposed \$150,000 decrease in the Capital Improvement Program transfer.

Creeks Fund Capital Program

As in past budget cycles, the largest expenditures in the proposed FY 2016 and FY 2017 Creeks Division budgets are the capital outlay transfers. The proposed FY 2016 capital transfer is \$1,325,000, representing a \$150,000 decrease from the FY 2015 budget. The proposed capital transfer for FY 2017 is \$1,375,000. Proposed capital program funding will be used for project grant matches, planning, design, and construction. All of the projects included in the FY 2016 capital program have received funding in prior budget years. Some of the projects have also received grant funding. The FY 2016 and FY 2017 capital program includes:

<b>Project</b>	<b>FY16 Recommended</b>	<b>FY17 Recommended</b>
Las Positas Creek Restoration Project	\$300,000	\$300,000
Storm Water Treatment Retrofit Projects	\$350,000	\$250,000
Bacterial Reduction Program	\$50,000	\$50,000
Capital Replacement for Water Quality Facilities	\$25,000	\$25,000
Upper Arroyo Burro Restoration Project	\$300,000	\$250,000
Mid-Arroyo Burro Restoration Project	\$150,000	\$200,000
Lower Mission Creek Restoration Project	\$0	\$150,000
Andrée Clark Bird Refuge Restoration	\$150,000	\$150,000
<b>Total</b>	<b>\$1,325,000</b>	<b>\$1,375,000</b>

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 after the proposed budget is prepared for public review. The Budget Subcommittee met February 26 and April 17, 2015, to review and discuss the proposed budget. There was general consensus at the meetings that the proposed budget was acceptable. The full Committee will hear the proposed Creeks Division budget presentation at its meeting on April 22, 2015. The Committee’s recommendations will be forwarded to the Parks and Recreation Commission and City Council following that meeting.

**Golf Fund**

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

reserves. City Council recently directed staff to move forward with changing the operating model for the golf course whereby City employee maintenance will be replaced by contract services as of July 2016. Since that change will take place in the second year of the two-year budget, and it is unknown exactly how the finances for the Golf Fund will be affected, the FY 2017 proposed budget is essentially status quo of the proposed FY 2016. It is expected that changes will be reflected in the Mid-Cycle review of the FY 2017 budget.

The proposed FY 2016 Golf Fund revenue budget reflects a growth of 3% in paid rounds over the FY 2015 projected outcome of 58,264 rounds with 60,048 paid rounds proposed for FY 2016 and flat for FY 2017. Strategic decisions to increase marketing and continue competitive pricing are expected to encourage more play from locals and tourists alike.

Cost control continues to be a major area of focus, and the Division has identified some savings that can be made within Salaries and Benefits. A position that is currently split half time between the Golf and Parks divisions, is proposed to move to the Parks division full-time (savings of 0.5 FTE), reducing the number of permanent staff from 11 to 10 people and FTE from 10.3 to 9.8. In addition, the Department proposes changes to the amount of time the Parks and Recreation Director (-0.10 FTE) and Marketing Coordinator (-0.05 FTE) will be charged to Golf. Finally a proposed re-classification taking the Parks and Recreation Business Analyst from Admin Analyst III to Business Manager will impact on the proposed budget as 50% of this position is charged to Golf.

#### Plan to Refinance Golf Fund Debt

On March 10, 2015, City Council directed staff to move forward with a proposal for the General Fund to refinance \$1,169,651 of Golf Fund debt at 3% interest over a 20-year term as part of the FY 2016 budget. The approved plan reduces the Golf Fund's annual debt service payment to \$78,619 from \$183,381 through FY 2018, and from \$106,381 through FY 2022. The 20-year obligation of \$78,619 extends until FY 2036. The Golf Fund is obligated to make three remaining Certificate of Participation (COP) payments of \$180,000 through FY 2018. For this reason, the proposed FY 2016 and FY 2017 budgets show an increase of \$180,000 in revenue from a transfer in by the General Fund and an equal amount of debt payment for the COP.

#### Fee Changes

Most golf fees are proposed to increase by \$1 in January of 2016 and 2017. No changes are proposed to Junior, Tournament, and Players Improvement fees. In an effort to grow the game of golf at Santa Barbara and in keeping with new initiatives in the industry, a new Young Adult green fee is proposed for golfers aged 18-25 equal to the discounted rate for seniors. Additionally, to draw more golfers from the Tri-County areas, the resident discount is proposed to expand to residents of Ventura and San Luis Obispo counties.

#### Golf Capital

The FY 2016 transfer to capital is proposed at \$265,048 which includes; \$75,000 for Green renovations, \$105,000 Infrastructure Renewal and Improvements, \$25,000 for Irrigation Improvements, and finally, \$60,048 for Players Improvement Fund projects. The FY 2017 Capital is proposed at \$255,548 including; \$75,000 for Green renovations, \$87,500

Infrastructure Renewal and Improvements, \$33,000 Irrigation Improvements, and finally, \$60,048 for Players Improvement Fund Projects.

	<b>FY14 Actual</b>	<b>FY15 Amended</b>	<b>FY16 Recommended</b>	<b>FY 17 Recommended</b>
Total Revenue	\$2,043,085	\$2,091,048	\$2,266,957	\$2,296,857
Total Expenses	2,111,330	2,080,245	2,315,637	2,362,131
Addition to / (Use of) Reserves	(68,245)	10,803	(48,680)	(65,274)
Fund Balance	376,001	386,804	261,265	195,991
Required Reserves	597,149	640,061	698,909	710,533
Short fall	(\$221,148)	(\$253,257)	(\$437,644)	(\$514,542)

Golf Advisory Committee Recommendation

At their regular meeting of April 8, 2015, the Golf Advisory Committee voted unanimously to recommend the proposed Fiscal Years 2016 and 2017 operational and capital budgets for the Golf Fund. In reviewing the proposed FY 2016 Fees and Charges, the Committee recommended all proposed fee changes with one exception. The Committee in a 4/1 vote did not recommend increasing the Rewards Card from \$127 to \$130.

**ATTACHMENT:** Recommended FY 2016 Fees and Charges Schedule

**PREPARED BY:** Jill E. Zachary, Assistant Parks and Recreation Director  
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**APPROVED BY:** Nancy L. Rapp, Parks and Recreation Director