



CITY OF SANTA BARBARA

PARKS AND RECREATION COMMISSION REPORT

AGENDA DATE: April 26, 2017

TO: Parks and Recreation Commission

FROM: Administration Division, Parks and Recreation Department

SUBJECT: Parks and Recreation Recommended Fiscal Years 2018-19 Budget

RECOMMENDATION: That the Commission recommends City Council approval of the Recommended Fiscal Year 2018 and Fiscal Year 2019 Parks and Recreation Department Budget, including the General Fund, Creeks Fund, Golf Fund, Capital Program, and Fees and Charges Schedule.

DISCUSSION:

On April 25, 2017, the City Administrator presents the Recommended Two Year Financial Plan for Fiscal Years 2018 and 2019 to the City Council. The Recommended Plan is available at the City Clerk's Office and on the City's website: www.SantaBarbaraCA.gov. During April and May, City departments present their budgets to City Council with budget adoption scheduled for June 27, 2017. The Parks and Recreation Department (Department) presents its budget to City Council on Monday, May 15th, 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. The Administration, Parks, and Recreation Divisions are funded through the General Fund. The Department also holds funds from grants and outside organizations that are intended for a specific project or program in the Miscellaneous Grants Fund. 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 12% 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.

To develop the proposed FY18 and FY19 budgets, the Department evaluated existing programs and services, revenue trends, new sources of revenue, and opportunities to enhance services. Key considerations also include the closure of the Cabrillo Pavilion, staff

reclassifications to support departmental organization, rental facility revenue declines, higher water rates, reduced revenue from the Utility User Tax (UUT) for street tree maintenance, continued drought impacts, and new programming opportunities. In response to declining General Fund revenues Citywide, the Department also developed recommendations to reduce expenses equal to 1% of the General Fund budget.

As shown in more detail in Attachment 1, the Proposed FY 2018 budget includes \$24,509,919 in expenditures. Expenditures include operating expenses for all Department Divisions, and capital program expenses for the Creeks Fund and the Golf Fund. Parks and Recreation General Fund capital program funds are held in a separate Capital Outlay Fund. Key revenues include \$11,105,080 from the General Fund, \$2,691,082 from Golf fees which fund the Santa Barbara Golf Club, and \$3,852,500 from the Transient Occupancy Tax which funds the Creeks Division. Other revenues relate to fees from Department recreation programs, facility rentals, service contracts and leases, among others.

General Fund Overview

The Department is recommending a General Fund Expense Budget of \$16,454,428 in FY18 and \$16,693,955 in FY19. The recommended budget includes revenue of \$5,349,348 in FY18 and \$5,259,017 in FY19 resulting in net expense budget of \$11,105,080 in FY18 and \$11,434,938 in FY19. In addition, the Department is recommending a Miscellaneous Grants Fund Expense Budget of \$598,416 for FY18 and \$582,043 in FY19, offset in full in both years by Miscellaneous Grants Fund revenue. The recommended budget includes position changes within the Administration, Recreation and Parks Divisions, as well as adjustments to the allocation of positions to the Golf Fund.

General Fund	FY16 Actual	FY17 Amended Budget	FY17 Projected at Mid-Year	FY18 Recom'd Budget	FY19 Recom'd Budget
Revenue	5,607,156	6,080,683	5,821,065	5,349,348	5,259,017
Expenditure	15,819,303	17,527,939	16,870,855	16,454,428	16,693,955
Subsidy	10,212,147	11,447,256	11,049,790	11,105,080	11,434,938

Note: There could be slight changes to the recommended budget due to revisions by the City's Finance Department to address allocated costs and other factors during budget review and approval.

For the Recreation Division, the proposed FY18 budget reflects an overall 4.6% decrease in revenue from the FY17 amended budget. Revenue decreases are budgeted for Facility Rentals and Special Events (-19.3%), Youth Activities (-4.1%) and Aquatics (-0.8%). Active Adults revenue is budgeted +1.1% higher than FY17, Sports higher by +6.2% and Tennis higher by +14.2%. For the Parks Division, the budget includes a 0.6% reduction in Utility User Tax (UUT) revenue, compared to the FY17 Amended Budget. UUT revenue supports the maintenance of Street Trees, Parkways and Medians. Parks Division revenue also includes a contribution from the Golf Fund for two former Golf Fund employees transferred in FY17 who are still employed in an 'over-hire' capacity.

Cabrillo Pavilion Renovation

With the Cabrillo Pavilion scheduled to close for renovation on January 1, 2018, the Department included a reduction in facility rental and concession revenue as well as other Bathhouse related revenues for an 18-month period (January 1, 2018 – June 30, 2019) in the recommended budget. The revenue impact of closing the Cabrillo Pavilion for the final six months of FY18 is estimated to be \$246,693 in FY 18 and \$507,269 in FY19. To address this, the recommended budget also includes savings from a vacant full-time office specialist position and a 0.8 PPT aquatics position, and a reduction in hourly staffing costs, cleaning costs, utilities, and custodial and building maintenance expenses. Although the Department succeeded in reducing expenses to fully mitigate the 6 months of revenue shortfall in FY18, capital funds are budgeted to address an estimated \$118,495 shortfall in FY19. The Department also plans to keep the second Recreation Manager position vacant during building renovation. Position savings will buffer additional potential revenue loss and provide flexibility to address future staffing needs.

Position Changes and Transfers to Support Department Services and Reorganization

The Department is recommending five position changes and two position reallocations to support Department services and implement reorganization objectives. These changes include the elimination of one position (0.5 FTE), reclassifying three positions, increasing the hours of one position (from 0.8 PPT to 1.0 FTE), and amending the allocation of two positions between funds. Overall, the Department's General Fund FTE position allocation would decrease by 0.45.

- Maintenance Supervisor (0.5 FTE): This position was vacated July 2016. This position was formally fully allocated to the Golf Fund with 50% being transferred to the General Fund in July 2016 as part of the plan for oversight of a new Municipal Golf Course maintenance contract. This task is currently completed by existing Department staff allocated to the Golf Fund, so the Department recommends eliminating this position within the General Fund.
- Senior Recreation Supervisor: Reclassification of one Recreation Supervisor position to Senior Recreation Supervisor to enable the Department to create a new work unit by combining several recreation program areas. The Recreation Division would have three Senior Recreation Supervisors that report to the Recreation Manager.
- Parks Superintendent: Reclassification of one Parks Supervisor to Parks Superintendent to re-balance workload and improve oversight. Over the past five years, the Parks Division absorbed additional programs. The Parks Division Manager currently has nine direct reports, including five Supervisors, three Park Rangers and an Administrative Assistant. At one time, the Division included a Superintendent position that oversaw the Park Rangers and a Parks Supervisor. A new work unit will be created, combining several parks maintenance and operation sections.
- Project Planner: Reclassification of one Associate Planner to Project Planner to reflect actual duties and the nature of Department capital projects. Capital projects require an

advanced level planning and project management skills, and oversight of design and engineering consultants on complex projects.

- Recreation Specialist – Sports: Increase at 0.8 PPT to 1.0 FTE within the Sports Program for a Sports Recreation Specialist. This change will better support the Recreation Supervisor, improve program quality and participation in free afterschool youth sport programs, and develop new summer camp programs.
- Reallocation of Staff: Allocate 10%, or 0.10 FTE of Parks Supervisor, and 5%, or 0.05 FTE, of the Parks and Recreation Director Salary and Benefits to the Golf Fund to more accurately account for oversight of the fund.

Department Permanent Staffing Levels

Permanent FTE (2,080 hours/year)	FY16 Adopted Budget	FY17 Adopted Budget	FY18 Recom'd Budget	FY19 Recom'd Budget
Recreation	25.90	26.00	26.20	26.20
Administration	7.50	8.20	8.15	8.15
Parks	47.00	53.00	48.40	48.40
General Fund	80.40	87.20	82.75	82.75
Misc. Fund (Recreation)	0.50	0.50	0.50	0.50
Creeks	8.85	8.85	8.85	8.85
Golf	10.40	0.70	0.35	0.35
Department Total	100.05	97.25	92.45	92.45

Revenue and Fee Changes

Revenue by Division	FY16 Actual	FY17 Adopted Budget	FY17 Projected at Mid-Year	FY18 Recom'd	FY19 Recom'd
Recreation	3,770,634	3,859,574	3,780,713	3,682,978	3,591,961
Administration	77,917	105,000	59,213	105,000	105,000
Parks	1,758,605	2,116,109	1,981,139	1,561,370	1,562,056
Department	5,607,156	6,080,683	5,821,065	5,349,348	5,259,017

Administration Division

The Administration Division is recommending revenue of \$105,000 in FY18 and FY19. This revenue is generated by recharging project management labor to capital projects throughout the fiscal year and is consistent with FY17 Adopted Budget.

Recreation Division

Recreation Division revenue is generated through facility rentals and special events, field rentals, park site rentals, summer camps, sports leagues, recreation classes, adult and youth aquatics, sports and tennis programs, facility use fees, leases, recreation after-school programs, and grants for programs.

Proposed FY18 revenue for the Recreation Division is \$3,682,978, and \$3,591,961 in FY19. Proposed FY18 revenue is \$176,596 (4.6%) lower than the FY17 Adopted Budget, with FY19 \$90,331 lower than the recommended FY18 budget by 1.7%. Revenue reductions from the closure of the Cabrillo Pavilion are included within the recommended budget. The revenue budgets also reflect fee increases across many programs and services, along with the anticipation of increased rental activity in parks and other recreational facilities. The Department identified savings in FY18 to cover all anticipated revenue reductions, however a transfer from capital in FY19 of \$128,268 is recommended to recover the shortfall in expense savings due the Cabrillo Pavilion closure in that year.

Of the 617 Recreation program fees, 14 are proposed for deletion since programs have been discontinued and some facility use fees were restructured. Of the 603 remaining fees, 108 fees, or 18%, are not proposed to increase, as these fees are in line with local competition. Moderate increases are proposed for the remaining fees with 10 fees added for new programs. A copy of the proposed Fees and Charges Schedule is included with this report.

Parks Division

Parks Division revenue is generated through service contracts with the Waterfront and Public Works Departments, Utility Users Tax (UUT) revenue for Street tree maintenance, revenue from the School District for Park Rangers services, an annual distribution from the Parker family and monthly rent from Carousel operator in Chase Palm Park.

Proposed FY18 revenue for the Parks Division is \$1,561,370 and \$1,562,056 in FY19. FY18 revenue is proposed \$554,739 (26.2%) lower than the FY17 Adopted Budget, with FY19 \$686 higher than the recommended FY18 budget. Decreases in revenue in FY18 compared to FY17 are due to a reduced transfer from the Golf Fund for over-hired employees of \$198,085, and the removal of revenue previously charged to Downtown Parking Division of Public Works for their share of the Downtown Santa Barbara Plaza contract. The Parks Expense budget no longer includes the Downtown Santa Barbara Plaza contract costs of \$689,602. While the revenue budget includes \$145,347 from the Golf Fund for over-hired staff, the Department anticipates that this revenue will be significantly lower in FY18 and FY19 as normal attrition creates vacancies within the Parks Division to absorb these 2.0 FTE.

General Fund Balancing Strategy

In response to declining General Fund revenues Citywide, the City Administrator directed General Fund departments to identify balancing strategies equivalent to 1% of each operating budget. For Parks and Recreation, the 1% balancing strategy would achieve savings of \$167,822 in FY18 and \$171,840 in FY19. In developing its recommendations, the Department evaluated opportunities to reduce expenditures while maintaining services and investment in facility maintenance. The Department also reviewed the potential for staff resources to evolve

over the next two-years and the need to retain flexibility with position allocations. To achieve the 1% in FY 2018, the Department is recommending the following:

- Golf Fund Transfer of up to \$145,347
- Reduction in Hourly staff hours of \$22,475

The Golf Fund transfer represents the balance of the planned transfer of \$343,432 to cover the transfer of Golf Division staff to the Parks Division. In FY17, 3.5 FTE of former Golf Fund staff were transferred into new roles within the Parks Division. 1.5 FTE was absorbed into vacant positions in the first few months of FY17 leaving 2.0 FTE in an over-hire capacity. These employees will continue to work in over-hire positions until vacancies become available. It is anticipated that the two over-hire positions will be absorbed in FY18 and the resulting vacant positions will be eliminated to achieve savings in FY19. A portion of the salary and benefits from the elimination of the 0.5FTE Parks Maintenance Supervisor provides the additional savings.

General Fund Capital Program

The recommended FY18 and FY19 capital program includes funds to support ongoing projects as well as develop new projects. 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. The recommended capital program does not include additional funds for the Cabrillo Pavilion renovation in anticipation that private fundraising could address the \$4 million shortfall. The Department is currently completing a campaign feasibility study that will establish the potential for private philanthropic financial support.

PROJECT	FY18	FY19
Bohnett Park Renovation	250,000	-
Carrillo Ballroom Air Conditioning	200,000	-
Dwight Murphy Ball Field Renovation	125,000	-
Louise Lowry Davis Center	120,000	-
Municipal Tennis Center Playground/Site Improvements	190,000	
Off-Leash Dog Areas – MacKenzie Park	300,000	-
Ortega Park Renovation	75,000	225,000
Playground Replacement Program – MacKenzie	150,000	-
Thousand Steps Renovation	-	100,000
West Beach Aquatic Facility/Splash Playground	125,000	-
TOTAL	\$1,535,000	\$325,000

Creeks Fund Overview

The recommended budget for the Creeks Division is \$4,611,275 in FY18 and \$4,511,622 in FY19. The FY18 budget includes \$2,686,275 for operating expenses and \$1,925,000 for the capital program. FY18 Projected Measure B, interest, and other revenues are \$4,002,572, including the proposed use of \$608,703 of operating reserves. Proposed FY18 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 FY18 operating budget represents a reduction of \$357,899 from the amended FY17 budget.

The Creeks Fund supports a wide range of Creeks Division programs including water quality research and monitoring, Storm Water Management Plan (SWMP) implementation, project management for water quality and creek restoration projects, education and outreach, creek clean-ups, water quality code compliance, and land development review. The most significant changes in FY18 include a proposed \$450,000 increase in the Capital Improvement Program transfer, \$60,000 for a public opinion survey (required every five years by permit), and the projected \$95,400 decrease in Measure B revenues.

Creeks Fund Capital Program

As in past budget cycles, the largest expenditures in the proposed FY18 and FY19 Creeks Division budgets are the capital outlay transfers. The proposed FY18 capital transfer is \$1,925,000, representing a \$450,000 increase from the FY17 budget. The proposed capital transfer for FY19 is \$1,875,000. Proposed capital program funding will be used for project grant matches, planning, design, and construction. All of the projects included in the FY18 capital program have received funding in prior budget years. Some of the projects have also received grant funding. The FY18 and FY19 capital program includes:

Project	FY18 Recommended	FY19 Recommended
Andrée Clark Bird Refuge Restoration	500,000	400,000
Arroyo Burro Open Space Restoration Project	400,000	400,000
Las Positas Creek Restoration Project	300,000	0
Lower Arroyo Burro Restoration Project	300,000	300,000
Storm Water Treatment Retrofit Projects	150,000	150,000
Lower Mission Creek Restoration Project	100,000	150,000
Honda Valley Restoration Project	50,000	150,000
Bacterial Reduction Program	50,000	50,000
Mid-Arroyo Burro Restoration Project	50,000	100,000
Capital Replacement for Water Quality Facilities	25,000	25,000
Mission Creek Restoration at Oak Park	0	50,000
Sycamore Creek Restoration Project	0	100,000
Total	\$1,925,000	\$1,875,000

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 after the proposed budget is prepared for public review. The Budget Subcommittee met March 15, 2017 to review and discuss the proposed budget. The Subcommittee unanimously recommended that the Committee support the budget as proposed. The full Committee will hear the proposed Creeks Division budget presentation at its meeting on April 26, 2017. The Committee’s recommendations will be forwarded to the Parks and Recreation Commission and City Council following that meeting.

Golf Fund Overview

The Golf Industry continues to be challenged to attract and retain golfers, and although the Golf Fund is faced with intense local competition, Santa Barbara Golf Club is very well placed to offer the best value golf for the residents and visitors of Santa Barbara. Recent play levels have been adversely impacted by extreme wet weather, but positive signs exist to provide confidence that the Golf Fund is on the right track toward financial sustainability in the long term.

The recommended budget for FY18 and FY19 is the reflection of the Department’s financial strategy to find the optimal balance between play levels, pricing, maintenance standards, reinvestment in capital and restoring financial reserves to Council policy levels. CourseCo, Inc. a professional golf management company worked with the Department to prepare the financial plan for FY18 and FY19.

Rounds and Revenue budgets anticipate modest growth in play levels and minor increases in fees in keeping with the market.

	FY16 Actual	FY17 Amended Budget	FY17 Projected at Mid-Year	FY18 Recomm’d	FY19 Recomm’d
Revenue	1,958,935	3,121,346	2,845,671	2,854,973	3,008,200
Expenses	2,052,930	3,174,960	2,874,999	2,862,128	2,985,729
(Use of) Add to Reserves	(93,995)	(53,614)	(29,328)	(7,155)	+22,471
<i>Over-hire costs</i>	<i>0</i>	<i>343,432</i>	<i>198,085</i>	<i>145,347</i>	<i>145,347</i>
Net (Use of) Add to Reserves	(93,995)	+289,818	+168,757	+138,192	+167,818

Fee Changes

The recommended budget assumes a \$1 fee increase to most greens fees in January 2018. Demand based pricing and targeted marketing will continue to be offered to encourage more play at typically under-utilized tee times. Greens fees compare very favorably when compared to other local golf courses, and represent great value given the high standard in customer service, and exceptional course conditions.

Golf Fund Expenses

Included in the expense budget is a contribution from the Golf Fund to the General Fund to cover the costs of 2.0 FTE former golf employees transferred to the Parks Division. As mentioned in the General Fund discussion, \$145,347 represents the estimated over-hire cost. In addition, the budget includes a reduction in management allocation from 0.70 FTE to 0.35 FTE following staff changes made in FY17.

Total Golf rounds, including complimentary and trade rounds are budgeted for FY18 at 64,577, an increase of 7.1% compared to the FY17 projected outcome of 60,257 rounds. While weather cannot be predicted, the budgets for FY18 and FY19 assume a more moderate winter, with average rainfall. FY17 revenue has been significantly impacted by the timing and volume of rainfall and the professional golf management company has

Golf Capital

Capital is budgeted at \$264,000 and \$366,800 in FY18 and FY19 respectively. FY18 includes proposed funding of: \$60,000 for Players Improvement Fund Projects; \$79,000 for Infrastructure Renewal and Improvements; \$85,000 for Irrigation Improvements; \$10,000 for Tee renovations; and, finally, \$30,000 for fleet replacements.

Golf Reserve Balance

The recommended budget is projected to reduce reserves by \$7,155 in FY18 to a fund balance of \$452,637, significantly below Council Policy. However, it is likely that the Golf Fund contribution of \$145,347 would not be required in full as the Parks Division absorbs the over-hire positions.

Golf Advisory Committee Recommendation

Each year the Golf Advisory Committee reviews the Golf Division budget and makes recommendations to the Parks and Recreation Commission and the City Council. At their special meeting of April 25, 2017, the Golf Advisory Committee will review and vote regarding a recommendation for the FY18 and FY19 operational and capital budgets and FY18 Fee Schedule for the Golf Fund.

ATTACHMENTS: 1. Draft FY18 and FY 19 Parks and Recreation Department Budget Pages
2. Recommended FY18 Fees and Charges Schedule

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