



CITY OF SANTA BARBARA
PARKS AND RECREATION COMMISSION REPORT

AGENDA DATE: April 25, 2018

TO: Parks and Recreation Commission

FROM: Administration Division, Parks and Recreation Department

SUBJECT: Parks and Recreation Recommended Fiscal Year 2019 Budget

RECOMMENDATION:

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

DISCUSSION:

The City Administrator presented the Recommended Mid Cycle Financial Plan for Fiscal Year 2019 (FY 2019) to the City Council on April 17, 2018. 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 in June 2018. The Parks and Recreation Department (Department) presents its budget to City Council on Monday, May 14, 2:00 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 Recommended FY 2019 General Fund Budget, the Department evaluated existing programs and services, revenue growth opportunities, new sources of revenue,

cost inflation, and opportunities to enhance services. Significant changes in the recommended budget include the loss of revenue during the renovation of the Cabrillo Pavilion, significantly increased metering and water costs, minimum wage and hourly cost increases and continued increases in demand for inclusion services.

The Recommended FY 2019 Parks and Recreation Department Budget includes a total of \$24,725,240 in expenditures. Expenditures include operating expenses for all Department Divisions, and capital program expenses for the Creeks Fund and the Golf Fund. The Recommended Parks and Recreation General Fund capital program funds of \$710,000 are held in a separate Capital Outlay Fund.

The Recommended FY 2019 Department Operating Revenue Budget is \$12,891,662. Key revenues include \$5,207,380 earned by the General Fund, \$2,999,132 earned by the Golf Fund, \$4,225,972 mostly from Measure B revenue, funding the Creeks Division, and \$471,178 of Miscellaneous Grants and other revenue.

General Fund Overview

General Fund Subsidy	FY 2016 Actual	FY 2017 Actual	FY 2018 Amended Budget	FY18 Projected	FY19 Recom'd
Recreation	3,228,639	3,367,754	3,668,170	3,434,720	3,692,332
Administration	1,072,813	1,432,956	1,418,475	1,411,946	1,502,275
Parks	5,910,696	6,017,104	6,159,190	6,126,070	6,356,710
Dept. Total	10,212,147	10,817,813	11,245,836	10,972,736	11,551,317

The Department is recommending a General Fund Expense Budget of \$16,758,697 in FY 2019. The recommended budget includes revenue of \$5,207,380 resulting in a net expense budget of \$11,551,317. In addition, the Department is recommending a Miscellaneous Grants Fund Expense Budget of \$471,178, offset in full by Miscellaneous Grants Fund revenue in support of Department programs and services. The recommended budget includes a small number of position changes within the Recreation and Parks Divisions.

General Fund Revenue

Revenue	FY 2016 Actual	FY 2017 Actual	FY 2018 Amended Budget	FY18 Projected	FY19 Recom'd
Recreation	3,770,634	3,783,951	3,717,828	3,681,763	3,661,551
Administration	77,917	105,002	105,000	105,258	105,000
Parks	1,758,605	1,999,632	1,561,370	1,407,003	1,440,829
Dept. Total	5,607,156	5,888,585	5,384,198	5,194,024	5,207,380

Administration Division

The Administration Division is recommending revenue of \$105,000 in FY 2019. This revenue is generated by recharging project management labor to capital projects throughout the fiscal year and is consistent with FY 2018 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.

The Department proposes a FY 2019 revenue budget for the Recreation Division of \$3,661,551. Recommended revenue is \$56,277 (2%) lower than the FY 2018 Amended Budget. Revenue reductions from the closure of the Cabrillo Pavilion are included within the recommended budget.

Revenue highlights include a recent positive trend for facilities located in the beachfront, downtown and neighborhood centers. Increased revenue is being projected for the conversion of one of the three dance studios into a fitness studio at Carrillo Recreation Center. The fitness studio will serve as a location for fitness professionals to rent on a monthly basis to conduct private and group fitness classes. The revenue budgets also reflect modest fee increases across many programs and services.

Recreation Program Fees

There are 613 department Fees and Charges for facility rentals, program fees and classes. Twenty-seven fees are proposed for deletion since programs have been discontinued or facilities have been closed for renovation. Of the 586 remaining fees, 317 fees, or 54%, are not proposed to increase as these fees are in line with the local market. New fees have been added for 5 new programs and the planned use of the Carousel House as a rental facility. Proposed changes include:

- a) Increases between 2% and 9% for several camp fees and group tennis and swimming lessons to keep rates competitive with the local market

- b) 4% increase to rentals for Chase Palm Park Center, Casa Las Palmas, MacKenzie Center and Ortega Welcome House as fees are competitive
- c) 3% increase to non-profit lease rates at two Neighborhood Centers
- d) 4% increase to picnic site rentals and outdoor park rentals
- e) 16%-20% increase in hourly fees for beach lifeguard service and Los Baños Pool rental to cover increased lifeguard certification and salary costs

Parks Division

Parks Division revenue is generated through service contracts with the Waterfront and Public Works Departments, Utility Users Tax (UUT), revenue from the School District for Park Ranger services, and an annual distribution under an agreement with American Tradition for Chase Palm Park maintenance.

For the Parks Division, the budget includes a 3% increase in Utility User Tax (UUT) revenue, compared to the FY 2018 Amended Budget. UUT revenue supports the maintenance of Street Trees and Parkway and Median landscaping.

The Department proposes a FY 2019 revenue budget for the Parks Division of \$1,440,829, \$120,541 (8%) lower than Amended Budget for FY 2018. This reflects a revenue increase of \$24,806 after eliminating revenue received from the Golf Fund. \$145,347 of this variance is due to no longer receiving a contribution from the Golf Fund for former Golf staff working within the Parks Division on an over-hire basis beginning in July 2016. All staff transitioned into existing positions in the Parks Division.

Cabrillo Pavilion Renovation

The Department submitted a two-year budget for FY 2018 and 2019 in anticipation of the Cabrillo Pavilion undergoing renovation beginning January 1, 2018. The financial impacts of lost revenue and cost savings were included in the recommended budgets resulting in no impact for the FY 2018 adopted budget, due to the Department identifying sufficient savings to cover lost revenue from renting the second floor, and concession revenue from the East Beach Grill.

Revenue losses were budgeted at \$507,269 for FY 2019 with cost savings identified in hourly salaries, allocated costs, direct costs and permanent vacancies totaling \$379,001. These cost savings were included in the FY 2019 status quo, along with the reduction in revenue of \$507,269 to leave a net shortfall of \$128,268.

General Fund Expenditures

The Department is proposing a FY 2019 expenditure budget of \$16,758,697.

General Fund Expenses	FY 2016 Actual	FY 2017 Actual	FY 2018 Amended Budget	FY 2018 Projected	FY 2019 Recomm'd
Recreation	6,999,273	7,151,705	7,385,998	7,116,483	7,353,883
Administration	1,150,730	1,537,958	1,523,475	1,517,204	1,607,275
Parks	7,669,300	8,016,736	7,720,560	7,533,073	7,797,539
Dept. Total	15,819,303	16,706,399	16,630,034	16,166,760	16,758,697

Increased Rental Activity

The Department's expenditure budget includes increased expenditure for hourly staffing due to anticipated increases in facility rentals and program registrations.

Inclusion Support

The Department has a well-earned reputation in the community for delivering quality programming and inclusion support where necessary, at no extra cost to the registrant. This has an impact on program budgets within the Recreation Division, as program fees cannot simply be increased to offset this cost without consideration for competitive pricing, nor can the direct cost be passed on to the users of the services.

Since FY 2011, the number of inclusion participants served has increased from 39 to a projected 226 in FY 2018, representing a 479% increase over eight years. In order to cover these increased costs, the Recreation Division has generated revenue above budget from other programs, or realized Salary and Benefit savings elsewhere in the Division.

Although the City Council provided an additional \$25,000 in General Fund support for Inclusion Services in FY 2015, the demand for services has outpaced the budget each year, leading to a recommendation to increase hourly staff costs within the Youth Activities in FY 2019 by approximately \$50,000 to cover inclusion support, paid time off costs and minimum wage impacts.

Water Costs

Water rate increases in FY 2018, and an anticipated 13% increase for FY 2019, have impacted the Parks Division expenses significantly. While the Department continues to irrigate in line with the Strategic Drought Response Plan, and is conserving in accordance with Council direction, the impact of the price increase alone requires an extra \$90,000 be budgeted in order to maintain irrigation at reduced levels. The impact to the Aquatics Program for the operation of Los Baños pool is an additional \$10,000, bringing the total impact to \$100,000, leading to a water budget of \$603,299 for Parks and Recreation facilities. Without an increase in General Fund subsidy to cover these costs, the

Department would have had to implement service reductions in order to balance the budget.

Position Changes to Support Department Services and Reorganization

The Department recommends three position reclassifications to support programs and services:

- *Recreation Supervisor I to Recreation Coordinator*
The Recreation Coordinator will oversee special events and photo and film permits within the Facility Rental and Special Events Program.
- *Office Specialist II to Administrative Specialist*
With recent staffing and organizational changes in the Recreation Division, an existing Office Specialist II has been performing some tasks consistent with the level of work expected of an Administrative Specialist.
- *Park Ranger to Lead Park Ranger*
The Department recommends increasing one Park Ranger position to Lead Park Ranger to improve program oversight. The Lead Park Ranger will continue to fulfill regular park ranger duties while supervising daily operations, training new park rangers, overseeing scheduling and be the liaison between the Santa Barbara Unified School District and the Police Department.

Other Vacant Positions

The recommended budget includes funding for a vacant Recreation Manager and Office Specialist II within the Recreation Division. The Department plans to recruit for these positions in early 2019 to prepare for the opening of the renovated Cabrillo Pavilion in July 2019.

Department Permanent Staffing Levels

Permanent FTE (2,080 hours/year)	FY 2016 Adopted Budget	FY 2017 Adopted Budget	FY 2018 Adopted Budget	FY 2019 Recomm'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	46.40
General Fund	80.40	87.20	82.75	80.75
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	90.45

Department staff levels are proposed at 90.45 FTE following the elimination of 2 FTE from the Parks Division that were included in the FY 2018 budget as ‘over-hire’ following transition from the Golf Fund.

General Fund Capital Program

The FY 2019 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.

Project	FY 2019 Recommended
Franceschi House and Park	\$ 250,000
Ortega Park Renovation	225,000
Off-leash Dog Areas	135,000
West Beach Splash Playground	100,000
Total	\$ 710,000

Performance Measures

The Department has undergone a significant work effort to review, revamp and update P3 performance measures. The strategy streamlined and consolidated existing key performance indicators, while restructuring performance measures to provide context and transparency for how the Department reports operations, outputs and results. The biggest changes include:

Recreation Division

The Department improved methods to measure participation levels and rental occupancy. This helps evaluate several factors including program or facility popularity, repeat participation, bookings trends, customer experience, satisfaction and facility conditions.

Parks Division

Annual projects are now incorporated within the program activities. New maintenance measures detail inspections, service levels and costs for park operations are included. A new project measure will monitor the cost for maintaining parkways and medians. Forestry added a measure for replanting street trees following many years of not planting due to drought.

Creeks/Golf/Administration

Golf and Creeks added new measures defining annual project milestones. In addition, measures from the Creeks annual plan assist with reporting sustainability.

Creeks Fund Overview

The Department is recommending an Operating Budget of \$4,689,518 for the Creeks Division in FY 2019. The budget includes \$2,814,518 for operating expenses and \$1,875,000 for the capital program. Revenues of \$4,225,972 are budgeted, resulting in the proposed use of \$463,546 of Creeks Fund reserves. Recommended FY 2019 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 2019 operating budget represents an increase of \$8,351 from the Amended FY 2018 Budget, from \$2,806,167 to \$2,814,518.

The most significant changes from the FY 2018 Amended Budget include a 6%, \$223,400 increase in projected revenues, \$90,000 increase in the Street Sweeping Program transfer (from \$100,000 to \$190,000), \$30,000 increase in creek/beach clean-up funding, and a proposed \$50,000 decrease in the Capital Improvement Program transfer.

Creeks Fund Capital Program

As in past budget cycles, the largest expenditure in the Recommended FY 2019 Creeks Division budget is the capital outlay transfer. The Recommended FY 2019 capital transfer is \$1,875,000, representing a \$50,000 decrease from the FY 2018 budget. Recommended capital program funding will be used for project grant matches, planning, design, and construction. All of the projects included in the FY 2019 capital program received funding in prior budget years. Some of the projects also received grant funding.

The FY 2019 capital program includes:

Project	FY 2019 Recommended
Arroyo Burro Open Space Restoration Project	\$ 400,000
Andrée Clark Bird Refuge Restoration	400,000
Arroyo Burro Restoration Project at Hidden Valley	300,000
Storm Water Treatment Retrofit Projects	150,000
Lower Mission Creek Restoration Project	150,000
Honda Valley Restoration Project	150,000
Mid Arroyo Burro Restoration Project	100,000
Sycamore Creek Restoration Project	100,000
Mission Creek Restoration at Oak Park	50,000
Bacterial Reduction Program	50,000
Capital Replacement for Water Quality Facilities	25,000
Total	\$ 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 prior to budget development and after the recommended budget is prepared for public review. The Budget Subcommittee met March 13, 2018, to review and discuss the recommended budget. The full Committee heard the Recommended Creeks Division budget presentation at its meeting on April 18, 2018.

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 Santa Barbara residents and visitors. Play levels in FY 2018 improved by 4% growth in rounds and 5% in revenue after nine months of the year, demonstrating the commitment to quality and service.

Play comparisons must always be viewed in the context of how weather and other external factors have impacted demand. For example, December 2017 was significantly impacted due to the Thomas Fire, resulting in 1,500 lost rounds, and a 33% drop in revenue for the month.

The recommended budget for FY 2019 continues 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, proposing a surplus of \$181,285. CourseCo, Inc. the professional golf management company that operates Santa Barbara Golf Club, worked with the Department to prepare the FY 2019 Recommended Budget.

Rounds and Revenue budgets anticipate modest growth in play levels and minor increases in fees given significant cost pressures being faced in both labor and water costs.

Golf Operating Fund	FY 2017 Actual	FY 2018 Amended Budget	FY 2018 Projected	FY 2019 Recomm'd
Total Rounds	56,810	64,577	62,700	64,150
Revenue	\$2,936,283	\$2,854,973	\$2,802,824	\$2,987,132
Expenses	\$3,079,630	\$2,862,222	\$2,676,770	\$2,805,847
Surplus / (Deficit)	(\$143,347)	(\$7,249)	\$126,054	\$181,285
<i>Over-hire costs</i>	\$198,079	\$145,347	\$0	\$0
Net Surplus / (Deficit)	\$54,732	\$138,098	\$126,054	\$181,285

Fee Changes

Most Fees are budgeted unchanged for FY 2019. The recommended budget does include a \$1 fee increase to 18-hole greens fees beginning January 2019. In addition, the Department recommends increasing cart rental for 18-holes by \$1 beginning July 2019. Cart rental fees have not been increased in over eight years, and the fee increase reflects cost increases over that time. A new cart lease is being negotiated for more powerful and reliable carts, expected to be delivered in FY 2018.

Golfers will still be able to enjoy discounted golf and cart fees with a continuation of targeted marketing to encourage more play at typically under-utilized tee times. Greens fees still 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

The Golf Fund continues to face cost increases in two key areas; labor and water. Operating labor costs are increasing compared to FY 2018 due to Living wage increases and State minimum wage increases across the operations. It is estimated that the minimum wage increase to \$12 per hour in January 2019 will cost the Golf Fund a combined \$12,000 in compared to FY 2018. Water rates for irrigation increased by 13% in FY 2018, and an additional 13% is anticipated in FY 2019 for all potable and recycled water used at the Golf Course. Water is budgeted at \$364,000, a \$20,000 increase from anticipated costs in FY 2018, reflecting a slight reduction in volume in anticipation of a more 'normal' rain year. Nine out of every ten gallons of water used at the Golf Club is recycled, and the Golf Club continues to conserve potable water wherever possible given continued drought conditions.

The FY 2019 recommended budget includes increased funding for tree maintenance, rodent control, new cart lease, and general facility maintenance.

Golf Capital

Capital is budgeted at \$255,000 in FY 2019 with proposed funding of \$60,000 for Players Improvement Fund Projects, \$90,000 for Infrastructure Renewal and Improvements and \$105,000 for fleet and machinery replacements.

Golf Reserve Balance

Reserve balances at the end of FY 2017 were \$128,155. With revenue expected to exceed expenses in FY 2018, the recommended budget for FY 2019 is projected to enhance reserves by \$213,954 by the end of FY 2019 to a projected balance of \$566,367.

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 meeting of April 11, 2017, the Golf Advisory Committee reviewed and unanimously

recommended the FY 2019 Operational and Capital Budgets and FY 2019 Fee Schedule for the Golf Fund.

ATTACHMENTS: 1. Draft FY 2019 Parks and Recreation Department Budget Pages
2. Recommended FY 2019 Fees and Charges Schedule

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