



CITY OF SANTA BARBARA
PARKS AND RECREATION COMMISSION REPORT

AGENDA DATE: April 24, 2019

TO: Parks and Recreation Commission

FROM: Administration Division, Parks and Recreation Department

SUBJECT: Parks and Recreation Recommended Fiscal Year 2020-21 Budget

RECOMMENDATION:

That the Commission recommend City Council approval of the Recommended Fiscal Years 2020 and 2021 Parks and Recreation Department Budget, including the General Fund, Creeks Fund, Golf Fund, Capital Program, and Fees and Charges Schedule.

DISCUSSION:

On April 23, 2019, the City Administrator presented the Recommended Two Year Financial Plan for Fiscal Years 2020 and 2021 to the City Council and made the Recommended Plan 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 18, 2019. The Parks and Recreation Department (the Department) presents its budget to City Council on Monday, May 8 at 2:30 p.m. in the City Council Chamber, 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 are 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 and transfer operating funds to Capital Outlay Funds.

To develop the Recommended FY20 and FY21 General Fund Budget, the Department evaluated existing programs and services, revenue growth opportunities, new sources of revenue, cost inflation, and opportunities to enhance services. Key considerations in the recommended budget include the reopening of the Cabrillo Pavilion in the fall of 2019, as well as increasing costs in irrigation metering and water, minimum wage and hourly wages, and vehicle fuel.

The Recommended Parks and Recreation Department Budget includes total expenditures of \$25,067,723 in FY20 and \$26,377,652 in FY21. Expenditures include operating expenses for all Department Divisions, and capital program allocations for the Creeks Fund and the Golf Fund. The Recommended Parks and Recreation General Fund capital program funds of \$900,000 in FY20 and \$800,000 in FY21 are held in a separate Capital Outlay Fund. Of the \$900,000 in FY20, \$250,000 for the Dwight Murphy Ball Field Renovation is recommended for funding from Measure C revenues.

The Recommended FY 2019 Department Operating Revenue Budget is \$13,287,676 in FY20 and \$13,901,767 in FY21. Key revenues in FY20 include \$5,666,024 earned by the General Fund, \$2,964,393 earned by the Golf Fund, \$4,294,572 mostly from Measure B revenue funding the Creeks Division, and \$362,687 of Miscellaneous Grants and other revenue.

General Fund Overview

General Fund Subsidy	FY18 Actual	FY19 Revised	FY19 Proj. at Mid-Year	FY20 Recom'd	FY21 Recom'd
Recreation	3,538,441	3,634,329	3,508,707	3,768,457	3,734,828
Administration	1,389,335	1,502,538	1,387,698	1,542,056	1,752,984
Parks	6,039,767	6,474,456	6,233,432	6,507,636	6,765,668
Dept. Total	\$10,967,544	\$11,611,322	\$11,129,837	\$11,818,149	\$12,253,480

The Department is recommending a General Fund expense budget of \$17,484,173 in FY20 and \$18,327,134 in FY21. The recommended budget includes revenue of \$5,666,024 in FY20 and \$6,073,654 in FY21, resulting in a net expense budget of \$11,818,149 in FY20 and \$12,253,480. In addition, the Department is recommending a Miscellaneous Grants Fund Expense Budget of \$362,687 in FY20 and \$371,135 in FY21, offset in full by Miscellaneous Grants Fund revenue in support of Department programs and services. The recommended budget includes three position changes within the Recreation and Parks Divisions.

General Fund Revenue

Revenue	FY18 Actual	FY19 Revised	FY19 Proj. at Mid-Year	FY20 Recom'd	FY21 Recom'd
Recreation	3,694,072	3,661,551	3,632,814	4,124,325	4,526,282
Administration	83,608	105,000	105,000	105,000	105,000
Parks	1,416,206	1,440,829	1,440,228	1,436,699	1,442,372
Dept. Total	5,193,886	5,207,380	5,178,042	5,666,024	6,073,654

Administration Division

The Administration Division is recommending revenue of \$105,000 in FY20 and FY21. This revenue is generated by recharging project management labor to capital projects throughout the fiscal year and is consistent with the FY19 Revised 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 revenue budget for the Recreation Division of \$4,124,325 in FY20 and \$4,526,282 in FY21. Revenue is proposed to increase by \$462,774 (12.6%) in FY20 compared with the FY19 Revised Budget, and by \$401,957 (9.7%) in FY21 compared with the proposed FY20 budget.

In FY20, revenue increases are budgeted for Facilities Rentals and Special Events (59.4%), Tennis (23%), Aquatics (8.7%), Youth Activities (5.4%), and Neighborhood and Outreach Services (3.6%). The largest increases in the Facilities and Special Events and Aquatics programs are associated with the scheduled reopening of the Cabrillo Pavilion on October 1, 2019, and increasing popularity of the Carousel House and Chase Palm Park Center beachfront rental locations. At the same time, revenue decreases are budgeted for Sports (-7.9%) and Active Adults (-14.2%), as a result of discontinued programs, lower participation rates, and continued decline in Arts and Craft Show membership.

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 FY20 budget includes a slight decrease (0.4%) in Utility User Tax (UUT) revenue, compared to the FY19 Revised Budget. UUT revenue supports the maintenance of Street Trees and Parkway and Median landscaping.

Proposed revenue for the Parks Division is \$1,436,699 in FY20 and \$1,442,372 in FY21. FY20 revenue is proposed \$4,130 (0.3%) lower than the FY19 Revised Budget, with FY21 proposed \$5,673 (0.4%) higher than the recommended FY20 budget.

Fees and Charges

Parks and Recreation Department fees and charges cover a wide range of programs and services. Recreation Division revenue is generated through facility rentals, program fees, and classes. Within the 186 specific areas, there may be a range of fees depending on the duration and status (resident, non-resident, non-profit). For FY20, the Department is proposing to discontinue fees for 4, restructure or add new fees for 22, and increase or decrease fees for 60. Some examples of proposed changes include:

- Moderate increases range from 3-5% for some classes and workshops at the Carrillo Recreation Center
- Limited changes to Aquatics fees related to Adult Lap Swim, Aquacamp, Los Baños locker rentals, and group and private swim lessons
- New recreation access fees with the reopening of the Cabrillo Pavilion
- New indoor facility rental fees associated with the reopening of the Cabrillo Pavilion
- Other indoor facility rental fees either flat, or a 2% increase (resident) or decrease (non-resident) and realignment of non-profit fees to 20% below resident private fee
- Outdoor facility rental fees either flat or a 2% increase and a 7% increase to sport field rentals to recover increased turf renovation and water costs
- Annual Tennis permit fees increase 3-5%, and annual Pickleball permit fees 51%-57% (Adult \$59-\$65), (Seniors \$55-60)
- 2% increase to non-profit lease rates at the Neighborhood Centers

General Fund Expenditures

The Department is proposing an expenditure budget of \$17,484,173 in FY20 and \$18,327,134 in FY21.

General Fund Expenses	FY18 Actual	FY19 Revised	FY19 Proj. at Mid-Year	FY20 Recom'd	FY21 Recom'd
Recreation	7,232,514	7,295,880	7,141,523	7,892,782	8,261,110
Administration	1,472,943	1,607,538	1,492,698	1,647,056	1,857,984
Parks	7,455,973	7,915,284	7,673,661	7,944,335	8,208,040
Dept. Total	16,161,429	16,818,702	16,322,070	17,484,173	18,327,134

Cabrillo Pavilion Renovation

The Department's proposed budget assumes the Cabrillo Pavilion will reopen at the beginning of October 2019 after being closed for 21 months for construction. The Department is projecting revenue of \$535,822 in FY20 and \$852,854 in FY21 associated with Pavilion-level rentals, beach-level fees, and the new restaurant concession. Concurrent with these revenue increases, the Department budget includes additional expenditures related to building maintenance and security, water costs, hourly staff, and marketing.

Water and Fuel Costs

Expenditure considerations include increased fuel costs for Parks and Forestry, and water rate increases. The Department projects increased water costs of \$44,000 as a result of water rate increases. Due to competing demands for other operating needs, the Department only proposes to increase allocations by \$20,000 and will continue to monitor monthly water expenses. Although the drought is over, water use will remain at or below 2013 levels with a conservation rate of 30% due to the high water rates.

Minimum Wage

The Department's proposed budget does not address compaction associated with California minimum wage increases. As the minimum wage increases to \$15 in FY 2022, the fiscal impact to address compaction will be significant. The Department is working with the Administrative Services Department to refine the fiscal impact and establish an hourly employee rate schedule that addresses unique responsibilities, job qualifications, and certifications to remain competitive when recruiting qualified hourly employees.

Position Changes to Support Department Services

The Department proposes to make minor staff changes that are funded with proposed appropriations.

- Recreation Specialist - Reclassification to Recreation Coordinator:
The Department proposes to reclassify one Recreation Specialist to Recreation Coordinator in the Active Adults Section of the Recreation Division. This position is currently vacant. The proposal to increase the position to Recreation Coordinator will enhance recruitment efforts and the position would be responsible for developing recreation programs and services at both the Carrillo Recreation Center and the lower level of the Cabrillo Pavilion.
- Recreation Specialist (Tennis) – Increase from 0.8 PPT to 1.0 FTE:
The Department proposes to increase this position from 0.8 to 1.0. Over the last four years the position demands have grown, with expanded programs at Municipal Tennis Center along with the responsibilities of managing the eight tennis courts at Pershing Park and two tennis courts at Oak Park. Currently, the Municipal Tennis Center is open 7 days a week, 52 weeks a year from 8am – 9pm. Managing the facility, court reservations, classes, clinics, tournaments, and camps

requires the Recreation Specialist to be available for a full-time, 40-hours per week schedule.

- Recreation Specialist (0.5 PPT) – Elimination
The Department proposes to eliminate a 0.5 PPT Recreation Specialist previously assigned to the Active Adults Section. Now vacant, this position supported the Arts and Crafts Show and other recreation programs. Support for the Show will be maintained the Senior Recreation Supervisor and hourly staff.

The first two position changes are funded through the salary and benefit savings from the 0.5 PPT Recreation Specialist.

Department Permanent Staffing Levels

Permanent FTE (2,080 hours/year)	FY18 Actual	FY19 Revised	FY20 Recom'd	FY21 Recom'd
Recreation	26.30	26.30	26.00	26.00
Administration	8.15	8.35	8.35	8.35
Parks	48.40	46.40	46.40	46.40
General Fund	82.85	81.05	80.75	80.75
Misc. Fund (Recreation)	0.40	0.40	0.40	0.40
Creeks	8.85	8.85	8.85	8.85
Golf	0.35	0.35	0.35	0.35
Department Total	92.45	90.65	90.35	90.35

Department staff levels are proposed at 90.35 FTE following the position changes described above.

General Fund Capital Program

The FY20 and FY21 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	FY20 Recom'd	FY21 Recom'd
Bohnett Park Field and Access Improvements	150,000	-
Dwight Murphy Ball Field Renovation	250,000	-
Ortega Park Renovation	250,000	500,000
Playground Replacement Program	-	150,000
West Beach Splash Playground	250,000	150,000
Total	\$ 900,000	\$ 800,000

Performance Measures

In FY19, the Department undertook a substantial work effort to review 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. No major changes are proposed for FY20 and FY21. Some highlights include:

Recreation Division

The Recreation Division changed five measures to track data more accurately in regards to marketing, social media, and communications. A new project measure was added to implement a business and marketing plan for Cabrillo Pavilion. Several programs changed targets to reflect accounting changes, program reorganization, and participation trends.

Parks Division

Park Operations Management added three new project objectives to implement an annual work plan for Parma Park, complete annual vegetation management work plan in open space parks, and complete annual Citywide Integrated Pest Management report. New measures were added to improve monitoring of volunteer projects, Park Ranger premise checks, water usage, and playground inspections, and monthly waterfront maintenance inspections and cleanings. The Forestry Division added a new project objective to prioritize tree plantings.

Administration Division

The Administration Division added two new project objectives to complete the Parks and Recreation Facility Sign Program and Old Spanish Days lease renewal. In Project Management, there are new milestones outlined for ten projects, such as initiating preliminary design of the Dwight Murphy Field Renovation Project, pursuing grant funding for the Bohnett Park Renovation Project, and completion of the MacKenzie Park Restroom Renovation Project.

Creeks Fund Overview

The Department is recommending an Operating Budget of \$4,353,956 for the Creeks Division in FY20, and \$4,711,564 in FY21. The FY20 budget includes \$2,828,956 for operating expenses and \$1,525,000 for the capital program. Revenues of \$4,294,572 are budgeted in FY20, resulting in the proposed use of \$59,384 of Creeks Fund reserves. Recommended FY20 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 FY20 operating budget represents an increase of \$14,438 from the FY 2019 Adopted Budget, from \$2,814,518 to \$2,828,956.

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 from the FY19 Revised Budget are the proposed \$350,000 decrease in the Capital Improvement Program transfer, elimination of a one-time \$50,000 expense for a storm water ordinance revision, and the projected \$49,900 increase in Measure B revenues.

Creeks Fund Capital Program

As in past budget cycles, the largest expenditures in the proposed FY20 and FY21 Creeks Division budgets are the capital outlay transfers. The Recommended FY20 capital transfer is \$1,525,000, representing a \$350,000 decrease from the FY19 budget. The proposed capital transfer for FY21 is \$1,825,000. Proposed capital program funding will be used for project grant matches, planning, design, and construction. All of the projects included in the FY20 capital program have received funding in prior budget years. Some of the projects have also received grant funding.

Project	FY20	FY21
Arroyo Burro Open Space Restoration Project	\$ -	\$ 100,000
Las Positas Creek Restoration Project	-	50,000
Arroyo Burro Restoration at Palermo Drive	250,000	200,000
Storm Water Treatment Retrofit Projects	150,000	150,000
Honda Valley Restoration Project	200,000	250,000
Bacterial Reduction Program	50,000	50,000
Capital Replacement for Water Quality Facilities	25,000	25,000
Old Mission Creek at West Figueroa	-	150,000
Arroyo Burro Restoration at Hidden Valley	200,000	-
Mid-Arroyo Burro Restoration Project	-	200,000
Lower Mission Creek Restoration Project	150,000	150,000
Sycamore Creek Restoration Project	100,000	200,000
Andrée Clark Bird Refuge Restoration	400,000	300,000
Total	\$ 1,525,000	\$ 1,825,000

Creeks Performance Measures

The Creeks Division added five new project objectives to reflect budgeted new and additional phases of construction and restoration projects. Three project objectives were removed due to completion.

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 on March 11, 2019 to review and discuss the recommended budget. The full Committee heard the Recommended Creeks Division budget presentation at its meeting on April 17, 2019 and voted unanimously in favor of recommending the FY20 and FY21 operational and capital budgets for the Creeks Fund.

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 positioned to offer the best value golf for Santa Barbara residents and visitors.

Play comparisons must always be viewed in the context of how weather and other external factors impact demand. After nine months of the year, revenue has grown by 2% compared with last year, while paid rounds have declined by 1%. The winter of 2019 was significantly impacted by heavy rain events, resulting in the loss of strong leads that were gained in both revenue and rounds earlier in the year. In February alone, 14 days' play were significantly impacted by rain, and revenue dropped by 33% for the month.

The recommended budget for FY20 and FY21 supports 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 \$97,486 in FY20 and \$96,087 in FY21. The Department worked with CourseCo, Inc., the professional golf management company that operates Santa Barbara Golf Club, to prepare the FY20 and FY21 Recommended Budget.

Rounds and Revenue budgets anticipate modest growth in play levels from FY19 projections, and minor increases in fees, given significant cost pressures faced in both labor and water costs.

Golf Operating Fund	FY18 Actual	FY19 Revised	FY19 Proj. at Mid-Year	FY20 Recom'd	FY21 Recom'd
Total Rounds	60,384	64,150	61,353	62,925	64,042
Revenue	\$2,683,690	\$3,017,132	\$2,863,399	\$2,964,393	\$3,063,906
Expenses	\$2,608,063	\$2,835,853	\$2,744,366	\$2,866,907	\$2,967,819
Surplus / (Deficit)	\$75,627	\$181,279	\$119,033	\$97,486	\$96,087

Fee Changes

Most fees are budgeted unchanged for FY20 and FY21. The recommended budget includes a \$10 increase to the Preferred Club Card membership in July 2019, a \$1 increase to 18-hole greens fees in January 2020, and several other nominal fee increases consistent with increases in value for golfers.

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 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 FY19 due to Living Wage increases and California minimum wage increases. It is estimated that the living wage increase to \$18.60 per hour and the minimum wage increase to \$13 per hour in January 2020 will cost the Golf Fund a combined \$14,512 compared to FY19. Water rates for irrigation increased by 13% in FY19; an additional 13% is anticipated in FY20 for all recycled water used at the Golf Course and 9% for potable. Water is budgeted at \$393,362 in FY20, a 14.9% increase from forecasted costs in FY19. More than 92% of water used at the Golf Club is recycled, and the Golf Club continues to conserve potable water wherever possible.

Golf Capital

Capital is budgeted at \$247,000 in FY20 and \$255,000 and FY21. FY20 includes proposed funding of \$57,000 for Players Improvement Fund Projects, \$70,000 for Golf Course Improvement Projects, \$22,000 for Infrastructure Renewal and Improvements, \$28,000 for Irrigation Improvements, and \$70,000 for Fleet Renewal.

Golf Reserve Balance

Reserve balances at the end of FY18 were \$100,971. With revenue projected to exceed expenses in FY19, the recommended budget is projected to enhance reserves by \$133,867 in FY20 and \$134,714 in FY21 to a projected balance of \$521,254 by the end of FY21.

Golf Performance Measures

There are no substantive changes to the Golf Division performance measures.

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 a regular meeting on April 10, 2019, the Golf Advisory Committee reviewed and voted unanimously in favor of recommending the FY20 and FY21 operational and capital budgets and FY20-21 Fee Schedule for the Golf Fund.

- ATTACHMENTS:**
1. Draft FY20-21 Parks and Recreation Department Budget Pages
 2. Recommended FY20-21 Fees and Charges Schedule
 3. Creeks Advisory Committee Memo to Commission
 4. Golf Advisory Committee Memo to Commission
 5. SB Arts and Crafts Show Advisory Committee Memo to Commission

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