



CITY OF SANTA BARBARA
PARKS AND RECREATION COMMISSION REPORT

AGENDA DATE: May 13, 2020

TO: Parks and Recreation Commission

FROM: Administration Division, Parks and Recreation Department

SUBJECT: Parks and Recreation Recommended Fiscal Year 2021 Budget

RECOMMENDATION:

That the Commission receive a presentation of the Recommended Fiscal Year 2021 (FY21) Parks and Recreation Department Budget, including the General Fund, Creeks Fund, Golf Fund, Capital Program, and Fees and Charges Schedule, and provide recommendations regarding expenditure reductions in response to the COVID-19 pandemic.

DISCUSSION:

On April 21, 2020, the City Administrator presented the Recommended Financial Plan for Fiscal Year 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. Throughout May, City departments present their budgets to City Council with budget adoption scheduled for June 16, 2020. The Parks and Recreation Department (Department) presents its budget to City Council on Tuesday, May 19. Recommendations and comments from the Parks and Recreation Commission will be included in the presentation.

The Recommended FY21 Budget was developed prior to the COVID-19 pandemic that has impacted Santa Barbara County. This global crisis has resulted in widespread and unprecedented social and economic impacts to the City and the Department. As a result, the Recommended FY21 Budget no longer accurately reflects the reality of the City's financial position, due to significant declines in nearly every revenue source. Following the state-wide stay-at-home order and social distancing guidelines set forth in March, nearly all Parks and Recreation Department programs and services ceased, and facilities closed. To offset significant revenue losses, the Department reduced expenses in the current fiscal year wherever possible, including the release of 252 hourly employees that provide necessary support to conduct regular programs and services, holding open currently vacant permanent staff positions, reductions to non-essential operating expenditures, and postponing capital investments.

In addition to General Fund impacts, the Creeks Fund and Golf Fund are both significantly affected. The Creeks Fund derives revenue substantially from Transient Occupancy Taxes,

which have declined by 85-90% amidst travel restrictions and social distancing guidelines. In compliance with the guidance that all non-essential businesses cease operations, Santa Barbara Golf Club closed its doors from March 20 until April 25, and Golf Fund revenues in the fourth quarter of FY20 will be significantly impacted.

While the Department seeks Commission recommendation and ultimately City Council approval of the Recommended FY21 Budget as originally developed and presented below, it is with the knowledge that the Budget will be substantially altered to meet the City's newly realized economic constraints. Although in recent weeks the Department re-established access to city tennis and pickleball courts and will be seeking approval to operate facilities including Los Baños and the skate park, it is anticipated that access to and use of indoor facilities and park areas for larger gatherings will be limited for some time. Expenditure reductions in FY21 will likely include holding open permanent positions vacant, significant reductions in hourly staff workforce, and additional reductions to operating expenditures where necessary.

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 Division and Creeks Division do not receive General Fund support and transfer operating funds to Capital Outlay Funds.

To develop the Recommended 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. Prior to the impacts of COVID-19, key considerations in the recommended budget included the reopening of the Cabrillo Pavilion in the spring of 2020, as well as increasing costs in irrigation water, minimum wage and compaction in hourly wages, and higher demand for inclusion services.

The Recommended Parks and Recreation Department Budget includes total expenditures of \$26,394,494 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 \$350,000 in FY21 are held in a separate Capital Outlay Fund.

The Recommended FY21 Department Operating Revenue Budget is \$13,578,816. Key revenues in FY20 include \$6,158,551 earned by the General Fund, \$2,986,626 earned by the Golf Fund, \$4,327,789 mostly from Measure B revenue funding the Creeks Division, and \$145,850 of Miscellaneous Grants and other revenue.

General Fund Overview

General Fund Subsidy	FY19 Actual	FY20 Revised Budget	FY20 Proj. at Mid-Year	FY21 Status Quo	FY21 Recom'd
Recreation	3,490,086	3,800,214	3,467,646	3,384,262	3,915,106
Administration	1,377,533	1,541,517	1,315,213	1,762,951	1,706,664
Parks	6,102,501	6,733,250	6,475,424	6,874,226	6,862,812
Dept. Total	\$10,970,120	\$12,074,982	\$11,258,283	\$12,479,439	\$12,484,582

The Department originally recommended a General Fund FY21 expense budget of \$18,643,133. The recommended budget included revenues of \$6,158,551, resulting in a net expense budget of \$12,484,582, which is \$5,143 higher than FY21 Status Quo. In addition, the Department recommended a Miscellaneous Grants Fund Expense Budget of \$145,850, offset in full by Miscellaneous Grants Fund revenue in support of Department programs and services.

General Fund Revenue

Revenue	FY19 Actual	FY20 Revised Budget	FY20 Proj. at Mid-Year	FY21 Status Quo	FY21 Recom'd
Recreation	3,672,841	4,143,958	3,918,455	4,526,282	4,548,853
Administration	105,005	105,000	105,000	105,000	105,000
Parks	1,543,890	1,436,699	1,428,307	1,442,372	1,504,698
Dept. Total	5,321,736	5,685,657	5,451,762	6,073,654	6,158,551

At FY20 third quarter, the Department projected revenue losses against budget of nearly \$1M through June due to COVID-19. These losses are anticipated to continue into FY21, with nearly 30% (approx. \$1.7M) of the Department's revenue typically received in the first quarter. To help compensate for departmental and City-wide General Fund revenue losses, the Department is evaluating varying levels of expenditure reductions, which will be discussed in greater detail below.

Recreation Division

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

The Department originally proposed a FY21 revenue budget for the Recreation Division of \$4,548,853. Revenue was proposed to increase by \$404,895 (9.8%) in FY21 compared with the FY20 Revised Budget, and by \$22,571 (0.5%) from FY21 Status Quo.

Overall, FY21 proposed revenue originally reflected increased rentals for sporting activities at the Carrillo Street Gym, expansion of the Recreation Afterschool Program (RAP), new summer camps, and minor fee increases across the Division to offset higher program and facility operating costs. Revenue increases from Status Quo were budgeted for Youth Activities (15.4%), Active Adults and Classes (0.9%), Sports (24.0%), and Tennis (7.2%). At the same time, revenue decreases from Status Quo were budgeted in Facilities and Special Events (-20.6%), Aquatics (-3.4%), and Community Services (-1.1%). The largest decreases in Facilities and Special Events correspond with the delayed reopening of the Cabrillo Pavilion. The decrease in Aquatics revenue relates to a sustained decline in the Junior Lifeguard program as a result of a surge in club water polo, while the slight decline in Community Services is due to the loss of two caterer rentals at the Westside Community Kitchen.

As a result of COVID-19, nearly all anticipated revenue losses are in the Recreation Division, with the financial impact of lost revenue from recreation programming and facility rentals particularly concentrated during summer months. In FY20, the Division received 32% (\$1.3M) of its budgeted revenue in the first quarter, with a corresponding amount of FY21 revenues in jeopardy if recreation programming and facility rentals cannot resume at the beginning of the fiscal year, July 1. However, approximately 80% of revenue losses from discontinuing operations can be offset with corresponding expenditure reductions. As a result, the Department is preparing to address significant reductions in the first quarter while complying with Santa Barbara County Public Health orders.

Administration Division

The Administration Division recommends FY21 revenue of \$105,000. This revenue is generated by recharging project management labor to capital projects throughout the fiscal year and is consistent with the FY20 Revised Budget and with FY21 Status Quo.

Parks Division

Parks Division revenue is generated through service contracts with the Waterfront and Public Works Departments, Utility Users Tax (UUT), payment from Santa Barbara Unified

School District for Park Ranger services, and an annual distribution under an agreement with American Tradition for Chase Palm Park maintenance.

Proposed FY21 revenue for the Parks Division is \$1,504,698, which is \$62,326 (4.3%) above Status Quo, and \$67,999 (4.7%) higher than the FY20 Revised Budget. The increase is due primarily to an agreement with Public Works' Streets Division for the Parks Division to assume responsibility for additional Islands and Medians maintenance work.

At this time, revenue in the Parks Division is projected largely unchanged due to COVID-19. Any changes to budgeted revenues will necessitate additional expenditure reductions.

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 FY21, the Department is proposing to discontinue fees for 7, restructure or add new fees for 11, and increase or decrease fees for 54. Some examples of proposed changes include:

- 2% increase for outdoor sporting event rentals and community events
- Moderate increases ranging between 2% and 8% for several camp fees, group and private swim lessons, and adult recreation sport leagues to keep rates competitive with the local market
- 5% increase for Los Baños Pool passes to offset water and chemical increases
- 25% increase for daily Pickleball permits to offset administrative and court maintenance costs
- An average increase of 15% for outdoor sports facilities (soccer fields, softball outfield turf, and tennis courts for tournaments) to offset higher maintenance costs resulting from high use, and tennis court resurfacing costs
- 3% increase to non-profit lease rates at two Neighborhood Centers
- Increasing the Forestry program's Tree Removal Application Fee to \$75, from its current and original fee of \$50 established in FY11, to provide a cost recovery of 20% based on work hours generated by each permit

Proposed fee increases for FY21 are modest and necessary for cost recovery and therefore are recommended to be implemented as originally presented.

General Fund Expenditures

The Department originally proposed an FY21 expenditure budget of \$18,643,133, an increase of \$110,040 (0.6%) over Status Quo and \$882,494 (4.9%) above the FY20 Revised Budget.

General Fund Expenses	FY19 Actual	FY20 Revised Budget	FY20 Proj. at Mid-Year	FY21 Status Quo	FY21 Recom'd
Recreation	7,162,928	7,944,172	7,386,101	8,368,544	8,463,959
Administration	1,482,538	1,646,517	1,420,213	1,867,951	1,811,664
Parks	7,646,391	8,169,949	7,903,931	8,316,598	8,367,510
Dept. Total	16,291,856	17,760,639	16,710,045	18,533,093	18,643,133

The Recommended Budget included several new expenditures that were approved for FY21, including \$20,000 for security services at the Cabrillo Pavilion and \$35,546 to provide transportation for summer camps after the Parks and Recreation bus was decommissioned.

Potential Expenditure Reductions

In light of COVID-19 impacts to the City's financial position, the Department was directed to provide analysis on potential scenarios of 5% expenditure reductions, equating to \$932,157, from the operating budget. The Department evaluated a variety of cost-saving opportunities, all of which will have significant impacts on operations and service levels able to be provided in FY21. In addition, due to the potential ongoing loss of revenue as a result of eliminated summer programs, extended facility closures, and cancellation of recreation programs, the Department identified potential expenditure reductions. Examples of expenditure reduction areas include:

- Personnel:
 - Four of the 12 vacant permanent staff positions would be held vacant through FY21. Delayed hiring of the remaining 8 positions to early 2021.
 - Ongoing reductions in hourly support staff in the Parks, Administration, and Recreation Divisions. The Department released 252 hourly staff in late March.
- Reductions in Supplies, Services and Special Projects across the Department.
- Reductions in certain Allocated Costs, including custodial services and building maintenance, to correspond with facility closures. Allocated Costs, an area of the budget the Department is not typically able to impact, comprise nearly 19% (\$3.5M) of the Department's General Fund expenditure budget. The Department is working with Public Works to fully evaluate how to implement reductions related to building maintenance, custodial, and motor pool, and would also release computers to save funds on information technology costs.

In addition to operating reductions, there is the potential for reduced or eliminated funding for key park and recreation facility capital projects, including Bohnett Park, West Beach Splash Playground, Franceschi House, Thousand Steps, CDBG grant funded projects at

Westside Community Center, Eastside Neighborhood Park, and Louise Lowry Davis Center.

Service Impacts

Service impacts associated with these reductions include modified facility hours, reduced or eliminated recreation programs, declines in tree and park maintenance services, and lack of reinvestment in park and recreation infrastructure.

- For Administration:
 - Department Administration Building Reception area closed with Public access by appointment only.
 - Key parks and recreation policy, planning and facility improvement projects would not advance to the stages necessary to complete permitting and/or construction. Many of these projects relate to community safety and recreation priorities, especially related to youth.
 - Revenue/Loss of Grant Funding already awarded and any future award if projects have not proceeded. Future grant applications will not be submitted. Projects that are not advanced due to a lack of staff would not be eligible for grant applications.
- For Recreation:
 - Modified hours for reception area at Franklin Neighborhood Center, public access by appointment only at the Westside Community Center, and closure of the Davis Center. Senior programs would relocate to the Westside Center.
 - Operating hours at Carrillo Recreation and the Cabrillo Pavilion would be reduced.
 - Subsidized recreation programs, such as Summer Fun and Concerts in the Park, would be cancelled for summer 2020. Other youth programs would be reduced significantly.
 - Fewer contractor-run summer camps, and indoor and outdoor facility rentals, through September 2020. The anticipated social distancing, staff and participant hygiene, and limit on public gatherings do not make it cost-effective to operate these programs and services without a significant subsidy from the General Fund.
 - Assuming that social gathering limitations are lifted, the Department will be less able to process special event permit applications for parks and recreation, and rent beach front facilities, including the Cabrillo Pavilion, Carousel House, Chase Palm Park Center and Casa Las Palmas, all significant revenue generators.
- For Parks Division:
 - Reduced park safety and cleanliness, aesthetic impacts, loss of landscapes, increased risk and liability.
 - Service reductions in all City parks include landscape and turf maintenance, refuse collection, and restroom servicing.

- Reduced pruning, tree removal, and emergency response.
- Reduced street and park safety, increase city risk and liability due to trees that are not maintained and cause property or personal damage.
- Core full-time Grounds Maintenance staff would continue to work an alternative schedule to provide coverage for weekends and holidays. As a result, the Division is only fully staffed on three days of the normal workweek. This affects the Division’s efficiency in carrying out both larger-scale maintenance tasks and projects, and daily routine tasks such as restroom cleaning, weeding, litter pickup, etc.

In the event the Department must incur additional reductions to offset revenue shortfalls due to ongoing COVID-19 restrictions, there would be significant ramifications to the Department’s operations.

Department Permanent Staffing Levels

Permanent FTE (2,080 hours/year)	FY18 Adopted	FY19 Adopted	FY20 Adopted	FY21 Proposed	FY21 Recom’d
Recreation	26.30	26.30	26.00	26.00	26.40
Administration	8.15	8.15	8.35	8.35	8.35
Parks	48.40	46.40	47.40	47.40	47.40
General Fund	82.85	80.85	81.75	81.75	82.15
Misc. Fund (Recreation)	0.40	0.40	0.40	0.40	-
Creeks	8.85	8.85	8.85	8.85	8.98
Golf	0.35	0.35	0.35	0.35	0.35
Department Total	92.45	90.45	91.35	91.35	91.48

Department staff levels are proposed at 91.48 FTE, an increase of 0.125 from FY21 Proposed due to the creation of a new position, Director of Sustainability and Resiliency, for another City department, partially budgeted in the Creeks Fund.

While the FY20 General Fund Adopted Budget includes 81.75 FTE, the Department is currently operating at a much lower capacity due to vacancies of 12 FTE.

Capital Program

The proposed FY21 capital program included 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. It is not yet known if the proposed projects will be delayed due to changes in the City’s financial position.

Project	Funding Source	FY21 Recom'd
Ortega Park Renovation	Capital Outlay	350,000
Louise Lowry Davis Center Renovation	Measure C	800,000
Playground Replacement Program	Measure C	150,000
Street Tree & Median Renewals	Measure C	250,000
Total		\$ 1,550,000

Performance Measures

There were minimal changes to the Recreation Division performance measures. Several programs revised targets to reflect accounting changes, program reorganization, and participation trends. The Administration Division added three new project objectives to track progress and develop a social media content planning system; track and increase web traffic to the Cabrillo Pavilion microsite; and streamline staff processes and improve customer service by utilizing additional features of the PerfectMind Recreation Management System. One new other program measure was added to track the number of visits to the Parks and Recreation Department website pages. The Parks Division had no substantive changes to existing performance measures.

Due to the City's changed financial situation, the Department will have to evaluate and likely adjust a number of the performance measures

Creeks Fund Overview

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 Department proposed a FY21 expenditure budget of \$4,729,076 for the Creeks Division, including \$2,904,076 for operating expenses and \$1,825,000 for the capital program. Proposed funding for the FY21 operating budget represents an increase of \$73,199 from the FY20 Adopted Budget, from \$2,830,877 to \$2,904,076. Revenues of \$4,327,789 were budgeted in FY21, which would have resulted in the use of \$401,287 of Creeks Fund reserves.

Impacts from Revenue Loss due to COVID-19 emergency

Based on the current estimate that Measure B revenue will decline by \$1,079,904 in FY20 and \$613,491 in FY21, the Department identified savings in capital expenditures. The Department proposed to eliminate existing FY20 appropriations of \$1.57M in the El Estero

Restoration capital fund account and reduce the capital transfer in FY21 by \$925,000 by postponing all projects with the exception of restoration work for the Arroyo Burro Open Space, Andree Clark Bird Refuge, and Palermo Open Space. These savings in total would both balance the FY20 budget shortfall of an estimated \$500,000 and allocate capital savings to balance the FY21 budget, while also providing a buffer for potential additional revenue shortfalls. The remainder of FY21 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.

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. As originally proposed, the FY21 capital transfer is \$1,825,000, representing a \$300,000 increase from the FY20 budget. Proposed capital funding would be used for project grant matches, planning, design, and construction. All of the projects included in the FY21 capital program have received funding in prior budget years. Some of the projects have also received grant funding.

Project	FY21
Andrée Clark Bird Refuge Restoration	\$ 500,000
Arroyo Burro Open Space Restoration Project	200,000
Arroyo Burro Restoration at Palermo Drive	200,000
Honda Valley Restoration Project	200,000
Sycamore Creek Restoration Project	200,000
Lower Mission Creek Restoration Project	150,000
Old Mission Creek at West Figueroa Restoration Project	150,000
Storm Water Treatment Retrofit Projects	150,000
Bacterial Reduction Program	50,000
Capital Replacement for Water Quality Facilities	25,000
Total	\$ 1,825,000

To compensate for lower TOT revenue projections, the Department now recommends to postpone all FY21 capital projects except for the restoration work at the Arroyo Burro Open Space, Andrée Clark Bird Refuge, and Palermo Open Space, reducing the FY21 capital budget to \$900,000.

Creeks Performance Measures

The Creeks Division’s FY21 P3s have been modified to reflect program changes, Storm Water Management Plan implementation, and progress on capital projects. Some specific P3 changes include:

- Complete permitting and final design plans for a water quality improvement and wetland restoration project at the Andrée Clark Bird Refuge.
- Complete implementation of the Arroyo Honda Restoration Project.
- Initiate construction of the Arroyo Burro Open Space Restoration Project Phase II.

- Complete preliminary design plans for a water quality improvement and creek restoration project on Arroyo Burro at Palermo Drive.
- Conduct 90% of scheduled sampling events, including biweekly and quarterly sample collection, special studies, storm monitoring, and logger deployment, at all water quality monitoring sites.

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. This year, however, the Budget Subcommittee meeting scheduled for March 11, 2020 and the full Committee scheduled for April 17, 2020 were unable to convene due to COVID-19 restrictions.

Golf Fund Overview

On July 1, 2016, the City of Santa Barbara and CourseCo, Inc., a professional golf management company, entered into a four year and nine month management agreement for operations of maintenance and golf operations of Santa Barbara Golf Club. The management contract expires on March 31, 2021, with an option to renew for a subsequent five year term. The proposed budget for FY21 assumes City Council approval to renew the management agreement for a subsequent five year term, effective April 1, 2021.

While the significant growth that was budgeted in recent years' rounds and revenue has not been realized, the management company has produced consistent, year-over-year growth. Despite severe weather, fires, drought impacts, local competition, and an industry declining overall both nationally and locally, rounds have remained steady and revenues have grown every year under the management contract, increasing by a combined 12% from FY17 to FY20 (projected). The proposed revenue budget is a \$77,280 reduction to FY21 Status Quo, which reflected a 4.5% increase over FY20 projections at mid-year, and produces a surplus of revenue over expenses of \$110,191. Rounds and revenue budgets anticipate modest growth in play levels from FY20 mid-year projections, and include minor fee increases, given significant cost pressures faced in both labor and water costs.

Prior to the COVID-19 outbreak, the Department worked with CourseCo to prepare the FY21 Recommended Budget. The golf course was subsequently closed from March 20 to April 25 due to the pandemic. Mulligan's restaurant also closed due to the take-out only restrictions. Golf operations have resumed and performance has been strong even while following social distancing guidelines in accordance with the County Public Health Department order. Mulligan's also reopened for limited take-out service.

Due to the five-week course closure, at third quarter the Department projected revenue losses of \$501,283, partially offset with expenditure savings, resulting in the Golf Fund ending the fiscal year with a negative fund balance of \$136,978. As a result, FY20 capital expenditures of \$190,000 were discontinued, resulting in a positive fund balance of \$53,022 as projected at that time.

While operations in FY20 have been impacted substantially, at this time it is anticipated that FY21 revenues from golf operations will not be significantly impacted unless COVID conditions worsen or another course closure is mandated. Therefore, the Department recommends to maintain budget appropriations as proposed, but will hold on all capital expenditures at this time. This would provide a buffer of \$200,636 to absorb any revenue losses that may occur, including from lower restaurant concession revenue. The Department will also work with CourseCo to further evaluate the impacts of ongoing social distancing requirements and make operational reductions where appropriate and necessary.

Golf Operating Fund	FY19 Actual	FY20 Revised Budget	FY20 Proj. at Mid-Year	FY21 Status Quo	FY21 Recom'd
Total Rounds	57,517	62,925	58,793	64,042	60,368
Revenue	\$2,712,252	\$2,964,393	\$2,864,858	\$3,063,906	\$2,986,626
Expenses	\$2,530,021	\$2,869,203	\$2,768,448	\$2,972,585	\$2,876,435
Surplus / (Deficit)	\$182,231	\$95,190	\$96,410	\$91,321	\$110,191

Fee Changes

The Golf Division proposes fee increases of \$1 from July 1, 2020 on all rounds, as well as driving range increases of \$0.50 on the medium bucket and \$1 on the large bucket. Although fee increases at the golf course were historically implemented in January, the Department proposes moving this schedule to July in FY21 and ongoing. This is anticipated to capture an additional \$16,133 in revenues in the first six months of the fiscal year, and will also streamline the fee schedule in line with other Department and City operations.

Golf Fund Expenses

The Golf Fund continues to face cost increases in two key areas: labor and water. In the past four years since the transition to the management company, minimum wage has increased 27%; with an estimated 11,734 hours of minimum wage employees, this equates to approximately \$35,000 in expense growth. Living wage rates have increased 11%, equaling \$6,000 in expense growth. These costs will continue to grow as the minimum wage rises through 2022. Similarly, costs for recycled water, potable water, and meter charges have increased by 50%, 33%, and 22%, respectively, for a total increase of approximately \$120,000 over the same time period. Water rates are projected to

increase again in FY21 by 7%, an additional impact of \$30,000, which is reflected in the FY21 Proposed Budget.

Golf Capital

The FY21 Capital Outlay Transfer is proposed at \$200,636, including \$68,000 for Infrastructure Renewal and Improvements, \$58,000 for Power Turf Equipment, \$20,000 for Course Improvement Plan projects, and \$54,636 for Players' Improvement Fund projects. The capital budget for FY21 was reduced from Status Quo by \$54,364 due to capital carryovers from FY20, originally estimated at \$133,469, resulting from cost savings on certain projects and reprioritization of other budgeted projects. While these funds may now be needed to balance the operating budget in FY20, carryover funds, if available, will be used to support proposed projects in FY21, including bunker renovations.

Golf Reserve Balance

Reserve balances at the end of FY19 were \$220,603. With an originally estimated contribution to reserves of \$133,149 in FY20, the FY21 recommended budget is projected to enhance reserves by \$149,273 to what would have been a projected balance of \$503,025 by the end of FY21. This balance will be impacted by the course closure in FY20 and any further interruption to operations.

Golf Performance Measures

There are no substantive changes to the performance measures for the Golf Division. Some targets were adjusted in line with recent trends and future projections.

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. This year, however, the Golf Advisory Committee Regular Meeting scheduled for April 8, 2020 was unable to convene due to COVID-19 restrictions.

ATTACHMENTS: 1. Recommended FY21 Parks and Recreation Department Budget Pages
2. Recommended FY21 Fees and Charges Schedule

PREPARED BY: Nicole Parmelee, Parks and Recreation Business Manager

APPROVED BY: Jill E. Zachary, Parks and Recreation Director