



We Create Community Through People, Parks and Programs

STAFF REPORT

DATE: August 2, 2012
TO: Advisory Board of Directors
FROM: Dave Mitchell, District Administrator
SUBJECT: Final District Budget 338A, Fiscal Year 2012-13

RECOMMENDATION:

By motion, Approve the 2012-13 Final District Budget

OVERVIEW:

The Sunrise Recreation and Park District Advisory Board of Directors are responsible for preparing and recommending for approval the annual District Budget. The District Budget is balanced at \$10,179,204. The budget assumes a 1.5% reduction in property tax revenue. The beginning Fund Balance is \$1,036,061 and the Contingency is budgeted at \$693,831

INTRODUCTION:

Since the introduction of the preliminary budget on March 9, 2012, a significant increase in Revenue from the projected \$7,765,291 to \$9,143,142 has been realized mainly due to the addition of the proposed State funding for the Arcade Creek Park Preserve grant project being added to the scope of work for the District. Overall, this increase does not correct the structural financial imbalance the District has been working to correct over the past few years. This years proposed budget does reduce the dependency of using the fund balance to close the gap between annual expenditures and revenues, but staff are proposing to use available fund balance, while still maintaining a 10% operational contingency, to keep service levels at the same level within our parks and programs that the community has come to appreciate.

The District's budget committee has continued to work towards 1) Reducing current operating expenditures and to raise revenue; 2) to develop a budget that would align with the District's annual revenues and operating expenses; 3) fund an adequate Contingency.

DISCUSSION:

The District Advisory Board of Directors adopted Guiding Principles for the budget process, principals that honor the past, manage the present, and plan for a healthy future. Those principals include "right sizing" the organization, maintaining short term reserves and build long

term reserves, create a culture of continuous improvement, streamlining operations, and finding opportunities to create partnerships with community based organizations. The recommended revenue and expenditure changes are consistent with these adopted Guiding Principles.

Revenues

Fiscal Year 11/12 saw a drop of 3.8% or \$136,853 from the previous year in property tax revenues and a drop of 3.3% or \$117,813 from all other non-capital improvement revenue sources. Even though there was an overall decrease in revenue, this smaller decrease in comparison to the 9.7% or \$735,726 decrease from FY 9/10 FY 10/11 , along with other economic measures indicates a leveling off of revenue expectations moving forward to budget year 12/13.

Staff will continue to enhance revenues by revising fees, generating new customers, and creating innovative programming. The following revenue enhancements are planned by Recreation staff:

- Evaluate Special Interest classes: continue classes with good participation and create new classes to meet demand by the community;
- Increase class size for swim lessons without jeopardizing student safety;
- Increase day care fees to capture more in-direct costs; recruit new students;
- Implement special event fees that off-set district costs for supporting event and capture facility use fees for impacted facilities;
- Re-direct special events to lesser used park sites, where appropriate parking and facilities exist;
- Review and revise facility rental/use fees for buildings, sports facilities, aquatic facilities and picnic sites.

The District will also be looking to find a full time tenant to lease unoccupied space at the Rusch Community Center. In the past, the District has entered into a long term lease with Community Based Organizations such as health clinics and educational support groups.

Within this budget, District costs related to the administration and the construction of the Arcade Creek Park Preserve project shall be reimbursed from the State of California's Community Revitalization program (prop 84 award) at an anticipated rate of \$75,419.

The District's General Fund budget will also be reimbursed from the Park Maintenance and Recreation Improvement Assessment District (Antelope Area) for \$50,000 related to utility costs incurred above the required 19.9% match.

Expenditures

A variety of reductions are included in all areas of District operations. In summary, Salary, Wages & Benefits are reduced by \$185,931; Services & Supplies reduced by \$515,695; and Capital Park Projects to be funded fully by sources other than the General Fund. In total, \$701,626 of reductions and \$125,419 of new expenditure reimbursements to sources outside of General Fund dollars were added to this year's budget.

Employee Compensation Reductions (1000 accounts)

- Continue Furloughs – Continue furloughs for full-time, permanent staff at the rate of 5 days per year;
- No COLAs for all staff; COLAs have not been provided for past several years;
- Continue Hiring Freeze of permanent staff – currently Recreation and Maintenance staff vacancies;
- Reduction in Part-time Wages – Administration will not fill vacant, part-time position; Recreation Division will make more efficient use of part-time recreation staff;
- Health Care costs remained the same as last year, no reduction in health care coverage
- Workers Compensation rates went up slightly resulting in about a \$5,000 increase

Reductions Services & Supplies (2000 accounts)

Supply costs in all program areas have been reduced, including Administration, Recreation, Day Care, Aquatics and Park Maintenance, and funding will be allocated for only essential supplies. Allocations for conferences have been significantly reduced, and Aquatic staff training will occur in-house. Minimized reliance on outside contractors; remaining contracts include reduced website and human resources services, continued IT services with Jim Puthuff, and harassment prevention training for District staff.

Other reductions include:

\$18,000 in water costs to be accomplished by close monitoring of irrigation schedules. The addition of a ground water well in Antelope Community Park could increase savings in water costs an additional \$50,000 per year in future years. Monthly parking lot vacuuming by an outside contractor has been replaced with monthly staff blowing off at a savings of \$11,000. Replacement equipment for both recreation and parks has been reduced by \$19,000. Security Services has been reduced by one day of service at a savings of \$15,000. Lights for the neighborhood tennis courts will be turned off earlier in the evening.

Reductions Equipment & Projects (3000-4000 Accounts)

Capital Improvement Park Projects will be funded fully by grants and in-lieu fees, and not with the General Fund. \$60,000 of General Fund has been allocated to pay for 2 new pool covers, one replacement pickup and a lease to own additional mower.

Contingency (7000 Account)

The Contingency is budgeted at \$693,831 and represents a 10% safety net for unforeseen operational issues. This funding should be used for unplanned, essential projects only, such as replacement of an HVAC system, emergency tree removal, or an unforeseen expense related to a planned capital improvement project. A 10% contingency should be the standard for each budget moving forward for the District.

Capital Improvements

\$2,130,529 is budgeted from either State Grants or in Lieu Assessment fees to fund construction of anticipated projects. \$60,000 is budgeted from the General Fund for pool covers and vehicles.

- Arcade Creek Park Preserve – park design including construction drawings and regulatory permitting
- C Bar C Park – completion of sidewalk improvements
- Northwoods Park – Tennis, Basketball and Playground resurfacing. Completion of sidewalk improvements
- San Juan Park – Shade Structure installation
- Shadow Creek Park – Park Master Plan
- Tempo Park – Completion of current upgrades and restroom improvements
- Pool cover replacements
- Vehicle replacements – One pickup truck and the lease of an additional mower.

CONCLUSION:

The final budget is balanced at \$10,179,204 and has a 10% operational contingency of \$693,831.

Approved _____

Dave Mitchell
Interim District Administrator