

Park and Recreation Commission

City of Arts & Innovation

TO: HONORABLE COMMISSIONERS **DATE: APRIL 21, 2025**

FROM: PARKS, RECREATION AND COMMUNITY SERVICES DEPARTMENT

**SUBJECT: MID-YEAR BUDGET PRESENTATION FOR FISCAL YEAR 2024-2025 AND
UPDATE ON FISCAL YEAR 2025-2026 DEPARTMENT BUDGET**

ISSUE:

The issue before the Park and Recreation Commission is a mid-year budget presentation for Fiscal Year 2024-2025 and an update on Fiscal Year 2025-2026 Department Budget.

RECOMMENDATION:

That the Park and Recreation Commission provide input as appropriate and make a motion to receive the report for file.

BACKGROUND:

Per City Charter, the Park and Recreation Commission is to consider the annual budget for the Parks, Recreation and Community Services Department's (PRCSD) operations during its process, and make recommendations with respect thereto to the City Council and City Manager.

On June 25, 2024, City Council adopted the Fiscal Year 2024-2026 Biennial Budget and Fiscal Year 2024-2026 Capital Improvement Plan.

On April 8, 2025, the Budget Team presented the Fiscal Year 2024-25 Second Quarter Financial Update to the City Council, highlighting significant changes to the adopted budget.

DISCUSSION:

The PRCSD employs an average of 130 full-time and 300 part-time positions organized into seven sections to provide innovative recreation experiences and social enrichment opportunities to people of all ages and cultures, in a variety of safe and attractive parks, trails, landscapes, and facilities.

The PRCSD administers programs in six funds. Most of the department's funding is from the General Fund. Other funds that contribute to the department's budget are Measure Z, Special District funds, Special Capital Improvement, Special Transportation and Entertainment. The total department baseline budget for Fiscal Year 2024-25 is \$60 million and \$61.2 million in Fiscal Year 2025-26.

FISCAL YEAR 2024-25

Measure Z Funds

Measure Z funds received by the Recreation Division support ongoing programs for seniors and persons with disabilities, including the full cost of a Recreation Services Coordinator for Adaptive/Therapeutic Programming. The Parks Division receives \$250,000 annually to support a tree trimming grid schedule.

Measure Z Capital Improvements

A total of \$3.5 million in Measure Z funds was approved for deferred maintenance projects, to be prioritized at the Department’s discretion. For this fiscal year, the primary focus was the resurfacing of the Shamel Pool deck.

Special District Funds

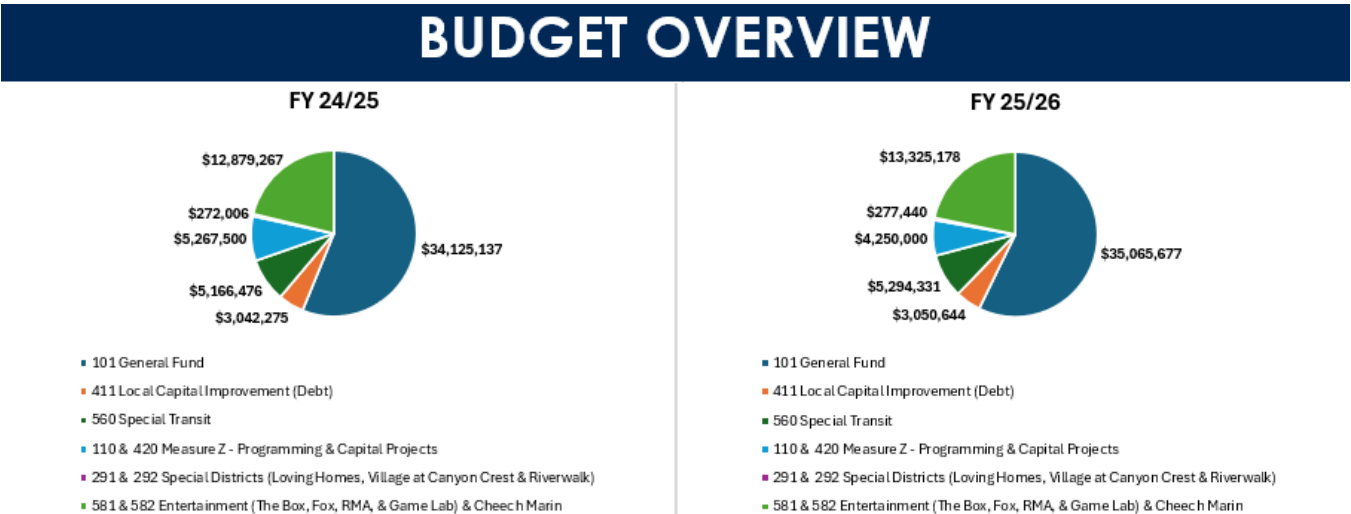
Approximately \$270,000 in FY 2024-25 and \$280,000 in FY 2025-26 in Special District Funds are generated through property tax assessments. These funds are used for landscape maintenance in the Riverwalk, Loving Homes, and Village at Canyon Crest areas.

Special Capital Improvement Fund

The Special Capital Improvement Fund, totaling \$3 million, is used to pay debt service on previously issued capital project bonds. If user fees are insufficient to cover the debt service, the General Fund must contribute the necessary amount.

Special Transit Fund

The Special Transit Fund totals \$5.1 million in FY 2024-25 and \$5.3 million in FY 2025-26. It is supported by a partnership with the Riverside Transportation Authority to provide municipal transit services to Riverside residents, 60 years of age and older, and persons with disabilities. The Special Transportation Program is entirely funded through federal, and state grants and has no negative impact to the General Fund.



Revenue

The PRCSD generates revenue to help offset its impact on the General Fund. However, revenue has not returned to pre-pandemic (2019) levels due to the lasting impacts of COVID-19. While federal funding sources such as the CARES Act and the American Rescue Plan Act (ARPA) helped provide scholarships for special recreational programming, overall revenue targets will not be met, as reduced program costs resulted in lower departmental income.

Additionally, City Council-approved increases to the Fees and Charges Schedule were implemented this fiscal year. While necessary to keep pace with operational costs, the higher fees have limited participation in non-essential classes and activities. Combined with nationwide inflation and economic challenges, discretionary spending on recreational programs has decreased, further impacting revenue generation.

DEPARTMENT REVENUE				
		FY 24/25 Estimated Revenue	Current Thru March 2025	Favorable/ Unfavorable
Charges for Services				
Golf Course	Fairmount Pk GC Non-Tx Sales	\$ 834,028	\$ 446,767.95	\$ (387,260.05)
Golf Course	Fairmount Pk GC Taxable Sales	\$ 15,000	\$ 10,848.48	\$ (4,151.52)
Recreation	Swimming Pool Fees	\$ 252,500	\$ 154,573.44	\$ (97,926.56)
Recreation	Special Recreational Programs	\$ 1,598,000	\$ 617,806.96	\$ (980,193.04)
Recreation	Non-Res Park Use Fee	\$ 13,000	\$ 5,484.66	\$ (7,515.34)
Recreation	Park Rentals	\$ 1,169,100	\$ 457,790.45	\$ (711,309.55)
Youth Innovation Center	Special Recreational Programs	\$ 65,000	\$ 32,476.95	\$ (32,523.05)
Use of Money and Property				
Administration	Land and Building Rental	\$ 34,575	\$ 28,662.48	\$ (5,912.52)
Recreation	Land and Building Rental	\$ 68,919	\$ 45,103.88	\$ (23,815.12)
Parks	Land and Building Rental	\$ 77,417	\$ 93,441.05	\$ 16,024.05
Use of Money and Property				
Arts & Culture	Land and Building Rental	\$ 74,030	\$ 55,432.31	\$ (18,597.69)

To align with the City's conservative budget approach and ensure fiscal responsibility, PRCSD has made a necessary reduction of \$1.2 million in its operating budget for Fiscal Year 2024-25. This adjustment is part of the Department's ongoing commitment to managing resources efficiently while maintaining the quality of services they provide.

The reduction will have an immediate impact or delay, but is not expected to have a long-term effect, as the City's Budget Team is committed to supporting the Department and regularly reviews current budgets to assess opportunities for reallocation of funds. For the time being, reductions need to be made while the City's tax revenues improve.

Impacts are as follows:

- Professional services: \$150,000 reduction. This reduction would impact Park's ability to complete the Hole Lake Master Plan in the near term.
- Citywide events: \$200,000 reduction. This reduction would postpone the Latin Festival for 2025 and limit the department's ability to support other citywide events, such as the

Citrus Event, Day of the Dead, and the March Airshow, for the remainder of the fiscal year. Additionally, this will reduce \$15,000 from expected revenue.

- Golf course support: \$17,830 reduction. These reductions are anticipated year-end savings and are not expected to materially impact current golf course operations.
- Recreation Services: \$142,170 reduction. This reduction will delay the department's ability to expand adaptive programming. Current offerings will remain in place, but growth in inclusive recreational opportunities may be delayed.
- Training: \$10,000 reduction. The training budget reduction will delay opportunities for additional staff development until next fiscal year.
- Deferred Maintenance: \$480,000 reduction. This will prevent the planned deferred maintenance projects from proceeding as planned.
- Capital Outlay: \$200,000 reduction: This reduction will not impact current programming, as this portion of the total budget allocation has not yet been programmed for use in the current fiscal year.

FISCAL YEAR 2025-26

Fees and Charges

Incremental fee increases previously approved by Council will take effect July 1, 2025:

Golf Course Fees: Approved on June 20, 2023, for a three-year increase. Fiscal Year 2025-26 marks Year 3.

Special Transit Fares: Approved on April 9, 2024, for a two-year increase. Fiscal Year 2025-26 marks Year 2.

Arts & Cultural Affairs Division

In Fiscal Year 2024-25 the Fox Performing Arts Center and Riverside Municipal Auditorium changed from an operation and management agreement to a lease agreement with Live Nation Worldwide, Inc. In Fiscal Year 2025-26 mid-year budget there will be a change in the 581 fund of approximately \$596,856 less needed from the General fund due to the change of the agreement type.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority No. 5 – High Performing Government** “Provide world class public service that is efficient, accessible and responsive to all.”

This item contributes to **Goal 5.3** – Enhance communication and collaboration with community members to improve transparency, build public trust and encourage shared decision making.

This action aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – This item delivers timely and reliable information to the City's Park and Recreation Commission and promotes transparency to the public in regard to the Department Budget and Citywide Budget Process.
2. **Equity** – Discussing the budget at the Park and Recreation Commission meeting offers an accessible forum for all of the community to provide feedback and be included in the budget process.
3. **Fiscal Responsibility** – Discussing the budget through a public forum promotes transparency on how public goods are being utilized.
4. **Innovation** – The response to budget inquiries promotes collaboration between the Department and the Park and Recreation Commission, in ensuring the Department continues to focus on finding innovative ways to fund the changing needs of the community.
5. **Sustainability & Resiliency** – The Park and Recreation Commission's input on the budget process ensures the Department continues to address community needs and find alternative ways of meeting those needs.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this report to file.

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Approved by: Pamela M. Galera Parks, Recreation and Community Services Director

Attachments: 1. PowerPoint Presentation
2. Adopted City Budget Book – Department Budget