



Park and Recreation Commission

City of Arts & Innovation

TO: HONORABLE COMMISSIONERS **DATE: JULY 17, 2017**

FROM: PARKS, RECREATION AND COMMUNITY SERVICES DEPARTMENT

SUBJECT: FISCAL YEAR 2016-18 BUDGET OVERVIEW

ISSUE:

Receive an overview of the FY 2016-18 Parks, Recreation and Community Services General Fund Budget.

RECOMMENDATION:

That the Commission receive and file this update of the FY 2016-18 Parks, Recreation and Community Services Department General Fund Budget.

BACKGROUND:

The Park and Recreation Commission is established by the Riverside City Charter with the responsibility to consider the annual budget for parks and recreation during the process of its preparation. In December 2015, the City Council approved the move to a two-year budget in the context of a five-year plan. And, on June 21, 2016, adopted the Biennial Budget for the Fiscal Years beginning July 1, 2016, and ending June 30, 2017, and beginning July 1, 2017, and ending June 30, 2018.

DISCUSSION:

On June 20, 2017, the Finance Department presented the Fiscal Year 2016-2017 third quarter financial report including one-time cost-neutral budget adjustments; and mid-cycle budget update, including a City Council resolution amending Fiscal Year 2017-2018 budget.

THIRD QUARTER FINANCIAL UPDATE

Expenditures:

At the end of the third quarter of FY 2016-17, the Parks, Recreation and Community Services Department had projected ending the year with a small deficit in its core operating budget of approximately \$183,000. The deficit in the core operating budget was projected as a result of several unavoidable unfunded expenditures that included: Fireworks show; Vacation and Sick Leave payouts; Minimum wage and MOU concessions; and a few costly repairs such as golf course

netting pole, well pump, and pool heaters and filters. Fortunately, due an increase in revenues from Development Impact Fees that will be applied to reduce the General Fund debt service burden the deficit will be effectively eliminated from the overall bottom line of the Parks, Recreation and Community Services Department.

Personnel savings due to turnover of several full-time positions (4.0 Recreation Coordinators; 2 Supervisors; 1 Administrative Analyst; 1 Electrician) and a concerted effort to curtail overtime costs and other discretionary spending will also help to close the deficit gap in the core operating budget as well as meet managed savings targets. Final numbers for the first year will be presented to Council by Finance Department around September/October. Below is a summary of 3rd quarter expenditure projections.

Division/Function	Original Budget 2016-17	Revised Budget 2016-17	3rd QTR Projected Year-End Expenditure	Estimated Variance Surplus/(Deficit)
Administration	1,587,967	3,205,499	3,132,442	73,058
Recreation	4,138,034	4,325,583	4,206,133	119,450
Community Services	1,584,157	2,353,836	2,389,482	(35,645)
Parks Division	9,772,412	11,182,263	11,075,273	106,990
Fairmount Park Golf Course	396,640	396,640	440,478	(43,838)
Managed Savings	(400,000)	(400,000)	-	(400,000)
Janet Goeske	403,590	405,558	409,058	(3,500)
Sub-Total Core Operations	17,482,800	21,469,379	21,652,864	(183,485)
Debt	3,033,893	3,033,893	2,433,893	600,000
Charges To/From	1,095,214	1,127,283	1,077,283	50,000
Total PRCSD	21,611,907	25,630,555	25,164,040	466,515

At the end of the first year of the two-year budget, barring any significant unforeseen revenue shortfalls, departments with savings will automatically carry over unspent funds to the second year. Similarly, departments that overspend in the first year will not be given higher budget allocation in the second year; they will have less to spend.

Revenues:

At the end of the third quarter, the PRCSD projected exceeding its estimated revenue target by approximately \$31,000. The net surplus revenue was projected based on an increase in contract class revenue as staff continues to aggressively recruit contract class instructors. This was offset by a reduction in Fairmount Park Golf Course revenue (mainly due to more than anticipated rain day closures). Below is a summary of 3rd quarter revenue projections.

Revenue Category	Original Estimated 2016-17	3rd QTR Projected 2016-17	Estimated Variance Surplus/(Deficit)
Fairmount Pk GC Non-Tx Sales	450,000	377,597	(72,403)
Swimming Pool Fees	341,530	354,580	13,050
Special Recreational Programs	1,237,000	1,292,229	55,229
Non-Res Park Use Fee	10,000	11,755	1,755
Park Rentals	1,075,000	1,109,064	34,064
Total Revenues:	3,113,530	3,145,225	31,695

Mid-Year Cycle Update:

Because the City is on a biennial budget, Mid-Cycle budget adjustments to the second fiscal year are intentionally minimal and cost-neutral, and mainly include the necessary funding restructuring and strategic staffing changes in a few departments.

The Parks, Recreation and Community Services Department received only minor adjustments to address MOU impacts that weren't included at the time of budget adoption and to match contract class vendor payments with the revenues that are generated through this program. Also, a part-time non-benefitted Assistant Recreation Coordinator position was upgraded to full-time Lead Outreach Worker. This upgrade was fully offset by revenues.

Starting July 1, 2017, the Parks, Recreation and Community Services Department will take lead on the operations of the Ameal Moore Nature Center and received additional allocation for part-time staffing as well as supplies to assist with opening and closing the facility. This is also anticipated to be partially offset with contract class revenues.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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