



**CITY OF SANTA BARBARA**  
**PARKS AND RECREATION COMMISSION REPORT**

**AGENDA DATE:** April 27, 2022

**TO:** Parks and Recreation Commission

**FROM:** Administration Division, Parks and Recreation Department

**SUBJECT:** Parks and Recreation Recommended Fiscal Year 2023 Budget

**RECOMMENDATION:**

That the Commission receive a presentation of the Recommended Fiscal Year 2023 Parks and Recreation Department Budget, including the General Fund, Creeks Fund, Golf Fund, Capital Program, and Fees and Charges Schedule, and provide recommendations to the City Council.

**DISCUSSION:**

On Tuesday, April 19, 2022, the City Administrator presented the Recommended Financial Plan for Fiscal Year 2023 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/budget](http://www.SantaBarbaraCA.gov/budget). Throughout May, City departments will present their budgets to City Council, with budget adoption scheduled for June 21, 2022. The Parks and Recreation Department (Department) will present its budget to City Council on Monday, May 9, 2022 at 1:30 p.m. Recommendations and comments from the Parks and Recreation Commission will be included in the presentation.

To develop the proposed FY23 budget, the Department evaluated the opportunity to reintroduce programs and services under post-pandemic conditions, the need to address hourly salaries to successfully recruit and retain high quality summer staff, revenue growth opportunities, cost increases, and minimum wage compaction. The Department expects that in FY23, programming and services will return to pre-pandemic conditions. As operational revenues return to normal, the associated costs of operational expenses will also increase. At the same time, the Department made a 1% (\$110,919) budget reduction to help address the City's ongoing financial impacts stemming from the COVID-19 pandemic. The Department proposes to achieve this savings by keeping the Recreation Program Manager (6111) vacant through mid-year of FY23. The Department plans to further evaluate program, service, and operational priorities in the first half of FY23 to determine how this position can be used to achieve success.

The Creeks Fund will also return to pre-pandemic conditions in FY23. The Creeks Fund derives revenue substantially from Transient Occupancy Taxes, which have improved significantly as a result of the removal of travel restrictions. The Golf Fund continues to benefit from the resurgence of the sport of golf because of the pandemic. Golf participation surged in FY21, with paid rounds increasing 35% above FY20. Industry experts predict that interest in golf will remain above pre-pandemic levels in the near-term, but that interest is likely to decrease as the pandemic subsides. Based on the opinion of industry experts, the Golf budget assumes a sustained growth of 5% to 9% above pre-pandemic levels.

### 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 Recommended Parks and Recreation Department FY23 Budget includes expenditures of \$29.5 million, and reflects a budget that is largely back to normal operations. Expenditures include operating expenses for all Department Divisions, and capital program allocations for the Creeks Fund and the Golf Fund.

The Recommended FY23 Department Operating Revenue is just over \$16.3 million, which represents 55% of FY23 Budget. Revenues by fund include \$7.65 million earned by the General Fund, \$3.83 million earned by the Golf Fund, approximately \$4.83 million earned from Measure B revenue funding the Creeks Division, and \$100,000 of Miscellaneous Grants and other revenue.

### General Fund Overview

With a recommended FY23 total operating budget of \$21,384,477, the General Fund allocation for the Department is \$13,727,040. Revenue generated from a range of programs and services is budgeted to be \$7,657,437, or 36% of the budget.

<b>Net General Fund Impact</b>	<b>FY21 Actual</b>	<b>FY22 Projected Actual</b>	<b>FY23 Status Quo</b>	<b>FY23 Proposed</b>
Recreation	3,867,755	3,571,583	4,276,422	4,135,702
Administration	1,413,351	1,509,121	1,840,510	1,859,952
Parks	6,239,225	6,784,628	7,610,108	7,731,386
<b>Grand Total</b>	<b>11,520,331</b>	<b>11,865,332</b>	<b>13,727,040</b>	<b>13,727,040</b>

### General Fund Revenue

<b>General Fund Revenue</b>	<b>FY21 Actual</b>	<b>FY22 Projected Actual</b>	<b>FY23 Status Quo</b>	<b>FY23 Proposed</b>
Recreation	(2,615,149)	(4,414,110)	(4,819,156)	(5,962,727)
Administration	(33,489)	(105,000)	(105,000)	(105,000)
Parks	(1,504,080)	(1,514,442)	(1,504,698)	(1,589,710)
<b>Grand Total</b>	<b>(4,152,717)</b>	<b>(6,033,552)</b>	<b>(6,428,854)</b>	<b>(7,657,437)</b>

#### *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.

Proposed FY23 revenue for the Recreation Division is \$5,962,727, which represents an increase of \$1,143,571 (24%) from FY23 status quo. Overall, revenue reflects a combination of increased rentals for beachfront facilities (Cabrillo Pavilion, Palm Park Beach House, and Carousel House), and minor to moderate fee increases across the Division to offset higher program and facility operating costs. Additionally, due to the current success of Reunion Kitchen at the Cabrillo Pavilion, the Department adjusted restaurant concession revenue upward by \$140,800 (54%) from \$259,200 to \$400,000.

#### *Administration Division*

The Administration Division recommends FY23 revenue of \$105,000. This revenue is generated by recharging project management labor to capital projects throughout the fiscal year and is consistent with prior year budgets.

#### *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 FY23 revenue for the Parks Division is \$1,589,710. This reflects a slight increase over FY22 related to Utility User Tax increases.

#### *Fees and Charges*

Parks and Recreation Department fees and charges cover a range of programs, service agreements, activities, classes, facility rentals, and leases. Each year, staff reviews and recommends fee increases to remain competitive within the local market and recover costs associated with the maintenance and operation of programs, services, and facilities. FY23 recreation program fees were developed to offset higher costs, such as hourly salaries, water, pool chemicals, contractual facility cleaning, and security services for indoor private events and gatherings that are longer than 6 hours and include alcohol.

Within the 186 specific areas, there may be a range of fees depending on the duration and status (resident, non-resident, non-profit). For FY23, the Department is proposing to discontinue 9 fees, restructure or add new fees for 4, and increase or decrease fees for 89. Some examples of proposed changes include:

- Moderate increases ranging between 3% and 10% for several traditional camp fees to cover higher operating costs while keeping rates competitive with the local market.
- Increases ranging between 10% and 25% for several boutique camp fees (Hearts Horse Riding, Trapeze, Theatre, and Surf) to offset higher operating, materials, and equipment costs.
- 12% increase for Los Baños Pool passes to offset higher water and chemical costs.
- 9% increase for daily Pickleball permits to offset higher court maintenance costs.
- 6% (CPI) increase for private and public gatherings using indoor rental facilities to offset higher service costs (hourly monitor staffing, contractual cleaning and security services).
- An average increase of 29% 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.

#### General Fund Expenditures

The Department is proposing FY23 expenditures of \$21,384,477, an increase of \$1,228,583 over FY23 status quo. The Department is proposing to utilize increased revenues to offset the increased expenditures for a net zero variance to the FY23 proposed budget status quo.

<b>General Fund Expenses</b>	<b>FY21 Actual</b>	<b>FY22 Projected Actual</b>	<b>FY23 Status Quo</b>	<b>FY23 Proposed</b>
Recreation	6,482,903	7,985,693	9,095,578	10,098,429
Administration	1,446,840	1,614,121	1,945,510	1,964,952
Parks	7,743,305	8,299,070	9,114,806	9,321,096
<b>Grand Total</b>	<b>15,673,048</b>	<b>17,898,884</b>	<b>20,155,894</b>	<b>21,384,477</b>

Overall, expenditure increases align with increased revenue projections. Higher programmatic expenditures encompass hourly employee wage increases to competitively recruit and retain employees to operate programs, services, and rental facilities, larger contractual payments to third party camp providers with increased participation and program fees, and rate increases for contractual cleaning and security services that are

required during and after certain rental events. The Department also budgeted increases in security services and funds to address additional facility maintenance needs and the replacement of outdated equipment due to increased use. The Department also plans to re-open its community facilities and offices, including the Administration office, Cabrillo Pavilion, Carrillo Recreation Center, Franklin Neighborhood Center and the Westside Neighborhood Center. Lastly, the Department budgeted to expand the Youth Apprentice Program to achieve placement in all City departments.

The proposed budget includes \$62,728 increase in irrigation and sports turf maintenance funded through Recreation program revenue. There are not enough athletic fields in Santa Barbara to support demand, which leads to overuse and deterioration of sports fields and turf in other City parks. To address this, the Parks Division intends to focus on improvements to its cultural practices within its turf management. In the coming years, the goal for the Parks Division is to continue the cultural maintenance practices that include close monitoring of irrigation, application of additional fertilizers, top dressing, and over seeding, to reduce turf loss and maximize the health of the City's athletic fields.

#### *Proposed Expenditure Reductions*

The Department was asked to make a 1% reduction (\$110,919) in its FY23 Proposed Budget to help address the City's financial impacts stemming from the COVID-19 pandemic. The Department proposes to achieve this savings by keeping the Recreation Program Manager (6111) vacant through mid-year.

#### *Department Permanent Staffing Levels*

Each year the Department evaluates its staffing levels and considers changes to reflect the need to deliver programs and services.

- Aquatics Specialist – For the recommended FY23 budget, the Department proposes to combine two 0.8 FTE positions in the Aquatics Program that are currently vacant (Pool Technician and Head Pool Lifeguard) into one new full-time Aquatics Specialist position. Consolidating these two positions into an Aquatic Specialist will provide more wide-ranging duties that can support both maintenance and operations for the City's aquatic facilities and programs.
- Recreation Specialist – The Department proposes to reclassify a vacant Administrative Specialist position to a Recreation Specialist position in the Community Services Program. The Recreation Specialist will further support and expand programs for youth and teens, such as the Job Apprentice and Arts Alliance programs, while continuing to provide services to strengthen families. The proposal to reclassify this position will enhance program effectiveness and provide increased administrative support for the Job Apprentice and Arts Alliance programs, and the Youth Council.
- Lead Park Ranger – The Department proposes to reclassify the Lead Park Ranger position to Supervising Park Ranger in the Parks Division. This position is currently

occupied. Under this proposal, the three Park Rangers would report to the Supervising Park Ranger as well as the weekend crew.

### Capital Program

The Capital Improvement Program (CIP) projects identified in the City's five-year plan for FY 2022-2026 total nearly \$1.2 billion. Parks and Recreation projects span across community buildings, sports facilities, and park renovations. Staff evaluate each community asset to evaluate how best to spend limited capital project funds and focus on the following metrics for the analysis:

- High usage / community benefit
- Facility condition, safety, and access
- Community demand and need
- Opportunity for long-term benefits

Capital funds allocated in one fiscal year may support one or more phases of a project that is carried out over a series of years. Capital funds are allocated from the General Fund or Measure C revenues. The Department also actively seeks grant funds to support capital reinvestment, including Community Development Block Grant (CDBG) funds, State and Federal funds, and grants from private non-profit foundations.

The Department has a number of active capital projects in design and construction. The status of these projects and source of funding are as follows:

- Davis Center Exterior Improvement – Construction is substantially complete. Project funded by Measure C and CDBG.
- Eastside Neighborhood Park Renovation – This project is in design. Project funded by the General Fund (\$400,000), a CDBG Program grant of \$321,000, and \$100,000 in ARPA funds allocated by the City Council.
- Thousand Steps Repair – This project is under construction and scheduled to reopen prior to the Memorial Day holiday. Project funded through the General Fund allocation from the Refugio Oil Spill settlement.
- Westside Center Playground Replacement – This project was complete in mid-April and funded through a \$150,000 CDBG Program grant.
- Carrillo Gym Renovation – Project design and permitting is complete. Funding proposed for FY23 would support construction in fall 2022.
- Ortega Park Revitalization – Project design development and construction documents are underway and expected to be complete in spring 2023. Project funded by the General Fund and Measure C allocation.

- Dwight Murphy Field Renovation – Project design development and construction documents are underway and expected to be complete in spring 2023. Project funded by Measure C and the Gwendolyn Strong Foundation.
- Chase Palm Park Arbor – Project is in design and expected to receive permits for construction in fall 2022. Project funded by former RDA funds.
- Plaza del Mar Band Shell Renovation – It is anticipated that the building permits will be issued in May 2022. Project funding includes Measure C, the General Fund, a State Parks grant, and support from private non-profit foundations. If fundraising is successful, project construction could begin in fall 2022.
- Ambassador Park Chumash Cultural Project – Conceptual design and preliminary design approvals will be complete in FY 2023. Project funding is provided through the State Coastal Conservancy.

*Projects proposed in FY23:*

<b>Project Description</b>	<b>General Fund</b>	<b>Measure C</b>
Plaza Vera Cruz Renovation		\$200,000
Park Infrastructure Safety Program	\$100,000	
Playground Replacement Program		\$150,000
Dwight Murphy Field Renovation		\$250,000
Urban Forest Management Plan Implementation		\$250,000
Ortega Park Revitalization Project - Park Improvements		\$500,000
La Mesa Park Restroom		\$145,000*
Franceschi Park Renovation	\$271,000	
Carrillo Gym Renovation		\$2,460,000*
Louise Lowry Davis Center Renovation		\$1,000,000
<b>Total</b>	<b>\$371,000</b>	<b>\$4,955,000</b>

\*Funding for La Mesa Restroom and \$660,000 of the funds for the Carrillo Gym were reallocated from FY22.

## Performance Metrics

### *Administration Division*

There were minimal changes to the Administration Division performance measures to reflect new project and program milestones.

### *Parks Division*

The Parks Division revised 25 measurable objectives targets and measure language to align with anticipated park and forestry services in FY23 and to make it easier to understand objectives. Parks Grounds and Facilities Maintenance (6912) also added two new project objectives: 1) to ensure that park restrooms are cleaned a minimum of two times per day and that restrooms are inspected daily, and 2) to maintain planter beds in accordance with the City IPM Program.

### *Recreation Division*

The Recreation Division also had minimal changes to performance measures. A majority of programs revised targets to reflect increased programming levels and facility rentals to account for current post pandemic observations and trends. Tennis (6182) added a new project measure to complete resurfacing for three tennis courts at the Municipal Tennis Facility, and Community Services deleted one measurable objective resulting from the discontinuation of the Free Senior Meals Program that CommUnify no longer operates.

## 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 Creeks Division is proposing a Fiscal Year 2023 (FY23) budget of \$4,858,227. The FY23 proposed budget is largely in line with FY23 status quo (\$4,637,227), with the most notable change being a proposed \$175,000 increase in the capital transfer. The FY23 budget includes \$3,208,227 for operating expenses and \$1,650,000 for the Capital Program. Projected Measure B, interest, and other revenues are anticipated at \$4,831,213, with an expense budget of \$4,858,227, resulting in the proposed use of \$27,014 of operating reserves.

### *Creeks Fund Capital Program*

Proposed FY23 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.

Key projects to be advanced in FY23 include initiating implementation of the Andrée Clark Bird Refuge Restoration Project, conceptual design for a creek restoration project on



lower Mission Creek, final design for restoration project on Mission Creek in Oak Park, and conducting a water quality public opinion survey.

*Proposed Creeks Division Capital Budget*

<b>Project</b>	<b>FY23</b>
Arroyo Burro Restoration Project at Palermo Drive	\$250,000
Upper Mission Creek Restoration	\$150,000
Lower Mission Creek Restoration	\$350,000
Mission Creek Restoration at Oak Park	\$200,000
Rattlesnake Creek Restoration	\$100,000
Andrée Clark Bird Refuge	\$400,000
Storm Water Treatment Retrofit Projects	\$150,000
Bacterial Reduction Program	\$50,000
<b>Total</b>	<b>\$1,650,000</b>

*Performance Metrics*

The Creeks Division's FY23 P3s have been modified to reflect program changes, Storm Water Management Plan implementation, and progress on capital projects. Some specific P3 changes include:

- Initiate implementation of a water quality improvement and wetland restoration project at the Andrée Clark Bird Refuge.
- Complete final design plans for a creek restoration and water quality improvement project on Mission Creek in Oak Park.
- Initiate conceptual design plans for a creek restoration and water quality improvement project on lower Mission Creek.
- Complete a water quality public opinion survey.

*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 after the proposed budget is prepared for public review. The Budget Subcommittee met March 15, 2022 to review and discuss the proposed budget, and recommended that the Committee approve the budget as proposed. The full Committee reviewed the budget at its meeting on April 20 and recommended that the Parks and Recreation Commission approve the budget as proposed

Golf Fund Overview

On July 1, 2016, the City of Santa Barbara and CourseCo, Inc. entered into management agreement for operations of maintenance and golf operations, and renewed for a subsequent five-year term in February 2021. The partnership between the City and

CourseCo has produced significant improvements at Santa Barbara Golf Club, with the most visible being the overall golf course conditions. The course has also benefited from an improved reputation for excellent customer service, enhanced community programming, and improved playing conditions.

The COVID-19 pandemic has had an impact across all industries. For the golf industry, there has been a significant increase in participation as many view golf as a safe, outdoor activity when other recreation options are not available or are limited. While many industry experts believe that there will be some level of sustained growth once the pandemic subsides (5-9%), trying to predict how long the current demand will remain has provided a challenge in this budget development. For budget purposes, modest growth in rounds with a slightly higher price structure producing a favorable NOI of (\$539,631) has been projected.

<b>Golf Operating Fund</b>	<b>FY21 Actual</b>	<b>FY22 Projected Actual</b>	<b>FY23 Proposed</b>
<b>Total Rounds</b>	<b>76,393</b>	<b>60,487</b>	<b>62,615</b>
Revenue	(4,078,495)	(3,543,310)	(3,834,289)
Expense	3,205,379	3,107,718	3,294,658
<b>Surplus</b>	<b>(873,116)</b>	<b>(435,592)</b>	<b>(539,631)</b>

#### *Fee Changes*

The Golf Division proposes fee increases of \$1-\$3 beginning July 1, 2022 on all rounds, as well as driving range increases of \$1 on all buckets and increasing the monthly practice club price by \$10 a bucket. Cart fees are also proposed to increase by \$1 per person. Even with the fee increases market research indicates that Muni is still the best value within Santa Barbara.

#### *Golf Fund Expenditures*

Proposed FY23 expenditures for the Golf Fund are approximately \$3.15 million. The proposed budget includes modest expenditure increases over prior years due to expectations of sustaining high course use, as well as continuing cost increases associated with water and labor costs.

#### *Golf Capital*

Over the years, improvements to the golf course include the completion of a number of capital projects, including a complete renovation of the practice facilities, bunker renovations, tee box renovations, and a complete rebuild of the #9 green complex. Improvements completed in FY22 include additional bunker renovations and the removal of 54 dead trees. In addition, FY22 capital funds will replace the maintenance building roof and complete repairs to the cart barn infrastructure.

The proposed FY23 capital outlay transfer is \$228,000, including \$93,000 for infrastructure renewal and improvements, \$75,000 for power turf equipment, and \$60,000

for Players' Improvement Fund projects. The capital budget for FY23 remains at status quo due to capital carryovers from FY22, estimated at \$270,000, for a total capital program of \$498,000 in FY23. Carryover funds will support critical infrastructure renewal and tree planting.

#### *Golf Reserve Balance*

From FY20 to FY21, the golf course experienced a 35% increase year over year in the number of rounds played and a 49% increase in revenue. In FY21, the resurgence of golf participation at Muni and the accompanying increase in revenue has resulted in restoring the Golf Fund reserves to the targeted policy amount and additionally resulted in a surplus of 66% (\$619,710). By FY22 year-end, the Golf Fund reserve may be \$2 million. The increase in reserves will allow the Department to begin to address significant deferred maintenance of golf infrastructure, such as: the replacement of the sewer lateral; repaving of the parking lot, service road, and maintenance yard; and renovation of course restrooms. Planning for capital improvements will begin in FY23 for inclusion in the FY24-28 Capital Improvement Program.

#### *Performance Metrics*

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. The Committee met April 13, 2022 to review and discuss the proposed budget, and recommended that the Parks and Recreation Commission approve the budget as proposed.

**ATTACHMENT:**

1. Recommended FY 2023 Fees and Charges Schedule
2. Creeks Advisory Committee Memo to Commission
3. Golf Advisory Committee Memo to Commission

**PREPARED BY:** Tina Nelson, Business Manager

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