



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

**AGENDA DATE:** April 24, 2024  
**TO:** Parks and Recreation Commission  
**FROM:** Administration Division, Parks and Recreation Department  
**SUBJECT:** Parks and Recreation Recommended Financial Plan for Fiscal Year 2025

**RECOMMENDATION:**

That the Commission receive a presentation of the Recommended Parks and Recreation Department Financial Plan for Fiscal Year 2025, including the General Fund, Golf Fund, Capital Program, and Fees and Charges Schedule, and provide recommendations to the City Council.

**DISCUSSION:**

On Tuesday, April 23, 2024, the Finance Director will present the Recommended Financial Plan for Fiscal Year 2025 to the City Council. The recommended plan, including the Department's budget, and Citywide capital plan and fees and charges is available on the City's website at: [SantaBarbaraCA.gov/budget](https://SantaBarbaraCA.gov/budget). The recommended plan covers a one-year planning horizon and includes the operating and capital budget. To streamline the budget review process, there will be no individual department presentations. The City Council will review the entire General Fund Budget on Tuesday May 14, 2024, and the Enterprise Fund (Including Golf) budget as well as Capital on May 21, 2024. Budget deliberations are scheduled for June 4, 2024, and budget adoption on June 11, 2024.

Department Overview

The Parks and Recreation Department manages a diverse and unique park and recreation system – 1,810 acres of parkland encompassing 60 developed and open space parks, as well as 6 miles of beach front, indoor and outdoor recreation and sports facilities, a 100-acre municipal golf course, and the community urban forest. With 23 playgrounds, 24 volleyball courts, 33 tennis and pickle ball courts, 2 community gardens, 2 lawn bowls facilities, 3 swimming and wading pools, 16 community buildings, 5 sports fields, and a beachfront skate park, the Department programs and services support the entire community. Through co-sponsorship and partner agreements, Parks and Recreation collaborates with more than 100 local non-profit service providers, recreation service contractors, youth and adult sports organizations, non-profit foundations, and volunteer community groups. Recreation programs engage people of all ages, with

specialized programs for youth, teens, active adults, low-income families, and people living with special needs. The Department has six advisory committees and is supported by the Parks and Recreation Community (PARC) Foundation.

Comprised of four divisions: Administration, Parks, Recreation, and Golf, the Department is budgeted in the General Fund, Miscellaneous Grants Fund, and Golf Fund. Divisions oversee 17 programs, 82 full-time permanent staff, and an average of 235 part-time staff (equivalent to an estimated 108,700 staff hours).

Budget Overview

The recommended Parks and Recreation Department FY 25 Budget includes operating expenditures of \$29.6 million. Expenditures include operating expenses for the General Fund (\$25.2 million) and operating and capital program allocations for the Golf Fund (\$4.4 million). 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 for Parks and Recreation facilities (other than Golf) are held in a designated Capital Outlay Fund, and therefore are not reflected in the annual operating budget.

General Fund Overview

The annual operating budget for the Administration, Parks, and Recreation Divisions includes a base allocation from General Fund tax revenues. Each year the City Finance Department sets a Base Budget based on the prior year and any changes related to salary and benefit costs, internal service charges, and pension and insurance costs, among others. The Base Budget does not take into consideration any cost increases related to special supplies and services such as utility, fuel, water costs, and other materials needed to manage department services. The Department builds its recommended budget based on both the base allocation and departmental revenues from programs and services.

Of the recommended FY25 total operating budget of \$25.2M, the General Fund Base Budget allocation for the Department is \$16.9M. Items most significantly impacting the change to the General Fund allocation from FY24 to FY25 are higher salary and benefit costs, increased allocated charges for internal services and increased water costs.

<b>P&amp;R Net General Fund Impact</b>	<b>FY 2023 Actual</b>	<b>FY 2024 Projected Actual</b>	<b>FY2025 Base Budget</b>	<b>FY 2025 Proposed</b>
Revenues	(\$7,175,543)	(\$7,500,751)	(\$8,234,004)	(\$7,893,786)
Expenses	\$19,831,584	\$23,308,596	(\$25,113,646)	\$25,248,273
<b>Total</b>	<b>\$12,656,041</b>	<b>\$15,807,845</b>	<b>\$16,879,642</b>	<b>\$17,354,487</b>

General Fund Revenue

In FY25 the Department proposes \$7.9M in revenue earnings. Although proposed revenue is 5% greater than the FY 24 projected revenue, it is 4% less than the Base Budget. Several revenue adjustments are due to changes in summer camps, reduced revenue due to storm impacts to outdoor facilities, facility closures in anticipation of renovation projects and the softening of the facility rental market. Additionally, Summer recess for local schools has been shortened by one-week next year reducing forecasted summer programming participation proportionately.

<b>Revenues</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Projected Actual</b>	<b>FY2025 Base Budget</b>	<b>FY 2025 Proposed</b>
Service Charges	(\$4,822,518)	(\$5,163,069)	(\$5,835,757)	(\$5,462,980)
Internal Charges	(\$1,272,531)	(\$1,314,262)	(\$1,359,241)	(\$1,359,241)
Use Of Money & Property	(\$612,361)	(\$550,910)	(\$555,547)	(\$550,663)
Other Revenues	(\$468,133)	(\$472,509)	(\$483,459)	(\$520,902)
<b>Grand Total</b>	<b>(\$7,175,543)</b>	<b>(\$7,500,750)</b>	<b>(\$8,234,004)</b>	<b>(\$7,893,786)</b>

*Service Charges*

Service charges represent revenue generated through facility use and rental fees, special events, sport field rentals, summer camps, youth activities and after school programs, recreation classes, sports leagues, adult and youth aquatics, sports and tennis programs, restaurant and aquatic concessions, beach lifeguard service, park site rentals for picnics, funds from the Water Division for maintenance of the Sheffield Reservoir area, permits for tree removals, and overhead charges to the Golf Fund. Service charges represent 69% of total revenue for the department.

*Internal Charges*

Internal charges are comprised of Project Management labor charges to capital projects, UUT revenue for the maintenance of street trees, parkways and medians, and monies for use of the Alameda Park Well. Internal charges represent 17% of total revenue for the department.

*Use of Money and Property*

Use of money and property revenues include rents for office space for nonprofits at the Westside and Franklin Community Centers, and the Haley Street Youth Center, as well as facility event rental and use fees at the Westside, Franklin, MacKenzie, and Louise Lowry Davis Centers. These represent 7% of total revenue for the department.

*Other Revenues*

Other revenues represent monies from a maintenance contract with the Waterfront Department, payment from Santa Barbara Unified School District (SBUSD) for Park Ranger services, and an annual distribution under an agreement with American Tradition

for Chase Palm Park maintenance. These revenues represent 7% of total revenue for the department.

Fees and Charges

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. The proposed FY25 Department program fees offset higher operating costs for hourly salaries, water, pool chemicals, facility maintenance, contractual facility cleaning, and security services. Within 13 categories, there are a range of fees depending on the duration of an activity and status (resident, non-resident, non-profit). For FY25, most changes are moderate.

Departmental General Fund Expenditures

<b>Expense</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Projected</b>	<b>FY 2025 Base Budget</b>	<b>FY 2025 Proposed</b>
Salaries	\$8,030,113	\$9,069,660	\$9,630,192	\$9,863,076
Benefits	\$3,918,427	\$4,302,615	\$4,850,554	\$4,888,673
Allocated Costs	\$4,124,127	\$4,770,234	\$5,827,242	\$5,775,048
Supplies & Services	\$3,243,794	\$4,412,821	\$4,369,487	\$4,257,717
Special Projects	\$338,904	\$703,112	\$373,971	\$373,059
Non-Capital Equip.	\$30,166	\$50,154	62,200	\$90,700
<b>Total</b>	<b>\$19,685,531</b>	<b>\$23,308,596</b>	<b>\$25,113,646</b>	<b>\$25,248,273</b>

In FY25 the Department proposes \$25.2M in expenditures, or 1% (\$135K) over Base Budget.

*Allocated Costs*

A 25% increase in allocated costs is the most significant change in the FY 25 proposed budget. Allocated costs are charges associated with internal service fees to the Department to pay for Facilities Maintenance, Utilities, IT services, Fleet Maintenance and Repair, Custodial Services, and the Self Insurance Funds such as Liability and Property Insurance. Allocated costs are not controlled by Parks and Recreation; as such, the Department cannot control these cost increases.

*Supplies and Services*

In FY25, the Department proposes \$4.3M in Supplies and Services expenditures. Supplies and Services expenditures include maintenance expenses for tools and equipment, personal protective equipment, safety shoes, vehicle fuel, seed, plant amendments, fertilizer and water. This category also includes non-contractual service

providers who operate Recreation summer programming or maintain Medians and Parkways. The non-contractual service provider's costs are offset by the revenue they generate.

### Proposed Budget Reductions

The Department expenditure reduction target for FY2024 was \$289,824 and for FY2025 an additional \$445,428. The Department achieved these reductions through the following measures:

- Salary and Benefit savings through the reallocation of .1 FTE to the Golf Fund
- Revenue generation through overhead charges to the Golf Fund to reimburse the Parks and Recreation Administration Division for management of the Golf Division contracts, budget and capital projects.
- Discontinuing Recreation Programs including:
  - Summer Nights
  - Weekend Drop In Skate Clinic
  - Free After School Youth Basketball/Flag Football/Soccer Programs
  - Adult Basketball Leagues
- Reduced the program capacity of the City's free full-time summer camp for families in need from approximately 500 to 250.
- Increased fees wherever possible

### Capital Program

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.

Proposed Measure C Capital Projects for FY 2025 include:

<b>Project</b>	<b>Amount</b>
Alameda Plaza Renovation	\$500,000
Alice Keck Park Memorial Garden	\$200,000
Central City Master Plan	\$500,000
Chase Palm Park Renovation	\$500,000
Franklin Neighborhood Center Parking Lot	\$250,000
Hale Park Renovation/Open Space Management	\$150,000
Honda Valley Open Space Management	\$150,000
Median & Parkway Landscape Renovation	\$100,000
Park Field Renewal and Irrigation	\$250,000
Park Restroom Renovation Program	\$150,000
Plaza del Mar Fencing	\$250,000
Park Infrastructure Safety Program	\$100,000
Playground Replacement Program	\$150,000
Trails and Walkways	\$100,000
Urban Forest Management Implementation	\$250,000
Park and Recreation Equipment Replacement	\$269,000
<b>Total</b>	<b>\$3,869,000</b>

Golf Fund Overview

Santa Barbara Golf Club (SBGC) is an 18-Hole par-70 golf course with sweeping views of the Santa Ynez Foothills and the Pacific Ocean. Built in 1958, “Muni” offers a challenging championship course and plays 6,022 yards from the back tees.

Managed by CourseCo, the FY 25 budget includes revenue for greens and cart fees, merchandise, lessons, driving range and from the restaurant concessionaire. Also included are costs to operate the golf course such as water, course maintenance, operations, cost of goods sold, management fees, capital outlays and the cost of City oversight.

<b>Golf Operating Fund</b>	<b>FY2023 Actual</b>	<b>FY2024 Projected Actual</b>	<b>FY2025 Base Budget</b>	<b>FY2025 Proposed</b>
<b>Total Rounds</b>	<b>68,310</b>	<b>66,587</b>	<b>63,500</b>	<b>67,200</b>
Revenue	(\$4,216,399)	(\$4,249,765)	(\$4,371,642)	(\$4,700,502)
Expense	\$3,275,433	\$3,785,388	\$4,157,444	\$4,351,007
<b>Surplus</b>	<b>(\$940,966)</b>	<b>(\$464,377)</b>	<b>(\$214,198)</b>	<b>(\$349,495)</b>

Golf Operating

Proposed expenditures for the Golf Fund are \$4.4M in FY2025. The proposed budget includes increases over prior years due to expectations of sustaining high course use, as well as continuing cost increases associated with water, labor, and other material costs.

Fee Changes

Proposed fee increases include a \$1.00 to \$2.00 increase in green fees across categories and a \$1.00 increase in cart fees beginning July 1, 2024, on all rounds and \$1 increases on cart fees.

Golf Capital

Over the years, improvements to the golf course include the completion of several capital projects, including renovation of the practice facilities, bunker renovations, tee box renovations, and a rebuild of the #9 green complex. Improvements to be completed in FY2024 include, tree planting, netting replacement at the #18 Hole, sewer lateral redesign, asphalt maintenance on the service road and #1 Tee cart path, the purchase and installation of a maintenance shade structure, and greens and fairway mowers.

<b>Project</b>		<b>Amount</b>
Player Course Improvements	Tee Box Renovation, Starter Clock	\$65,000
Power Turf Equipment	Mowers, Utility Carts	\$150,000
Golf-Course Improvement Plan	Sewer Lateral, Installation of Shade Structures, Repaving Projects, Tree Planting	\$235,000
Golf Club Infrastructure Renewal	Tee Box Renovation, Driving Range Redesign Phase I	\$150,000
<b>FY25 Total</b>		<b>\$600,000</b>

Golf Reserve Balance

<b>Golf Fund Reserves</b>	<b>FY22 Actual</b>	<b>FY2023 Actual</b>	<b>FY2024 Projection</b>	<b>FY2025 Proposed</b>
Reserve Policy Target	\$1.0M	\$1.1M	\$1.1	\$1.2
Actual Reserves	\$2.5M	\$3.0M	\$3.2	\$3.4
Above/(Below) Target	\$1.5M	\$1.9M	\$2.1	\$2.2

From FY2022 to FY2023, the golf course experienced a 15% (\$481,176) increase in the reserve balance for a total balance of \$2.9M, which is \$1.8M above the required FY2023 reserve policy. Projected actuals for FY2024 are \$3.1M with \$2M above the required policy amount of \$1.1M. With increased operating costs and commitment to capital outlay growth, the reserve balance is conservatively projected to increase to \$2.3M in FY25.

### Performance Metrics

In November 2022 the City introduced a new performance measurement platform, City Outcomes Reaching for Excellence (CORE) as part of the Vision 2030 plan for smarter government. The CORE platform aligns with Vision 2030 and is comprised of three of the four pillars, including: 1) Thriving Workforce, 2) Organizational Optimization, and 3) Innovation.

City Departments established two-year goals and performance objectives for pillars 1-3 listed above. The fourth pillar, Fiscal sustainability is part of the budget process. The Department adopted the following goals for the current budget cycle:

1. Thriving Workforce:

Goal: Ensure that Parks and Recreation meets and exceeds community expectations through a workforce that is engaged at properly staffed facilities.

2. Organizational Optimization:

Goal: Provide residents and visitors with high quality, safe, healthy, and efficient open space, park, beach, community forest resources, and recreation services that enrich people's lives.

3. Innovation:

Goal: Implement innovative sustainable work methods and new technologies such as Cartegraph, Seamless Documents, and improved recreation software to support organizational efficiencies.

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

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