

Recreation and Park

PROSAC Meeting

February 7, 2006



San Francisco Recreation & Parks

Agenda

- Introduction
- Overview of Department's '05 – '06 Budget
- Challenges for '06 – '07 Budget
- Questions and Input



Budget Overview

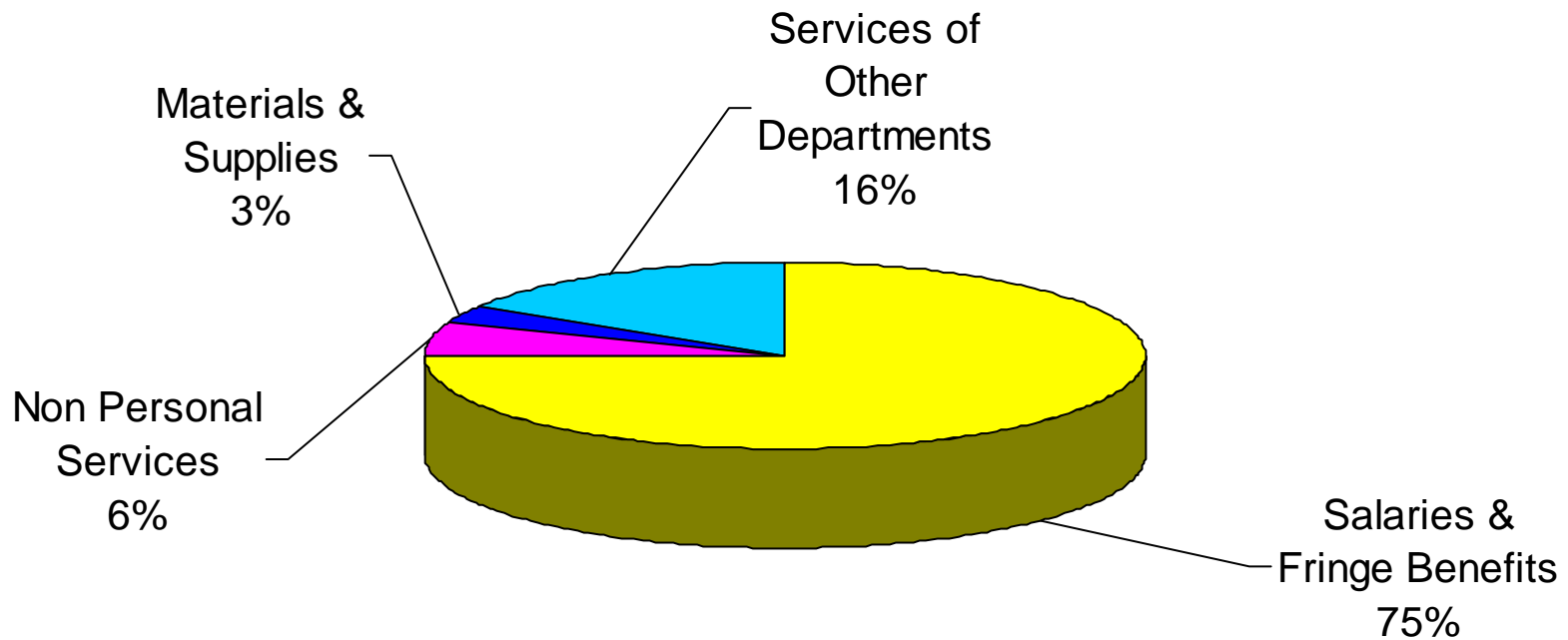


'05 – '06 Revenue Overview

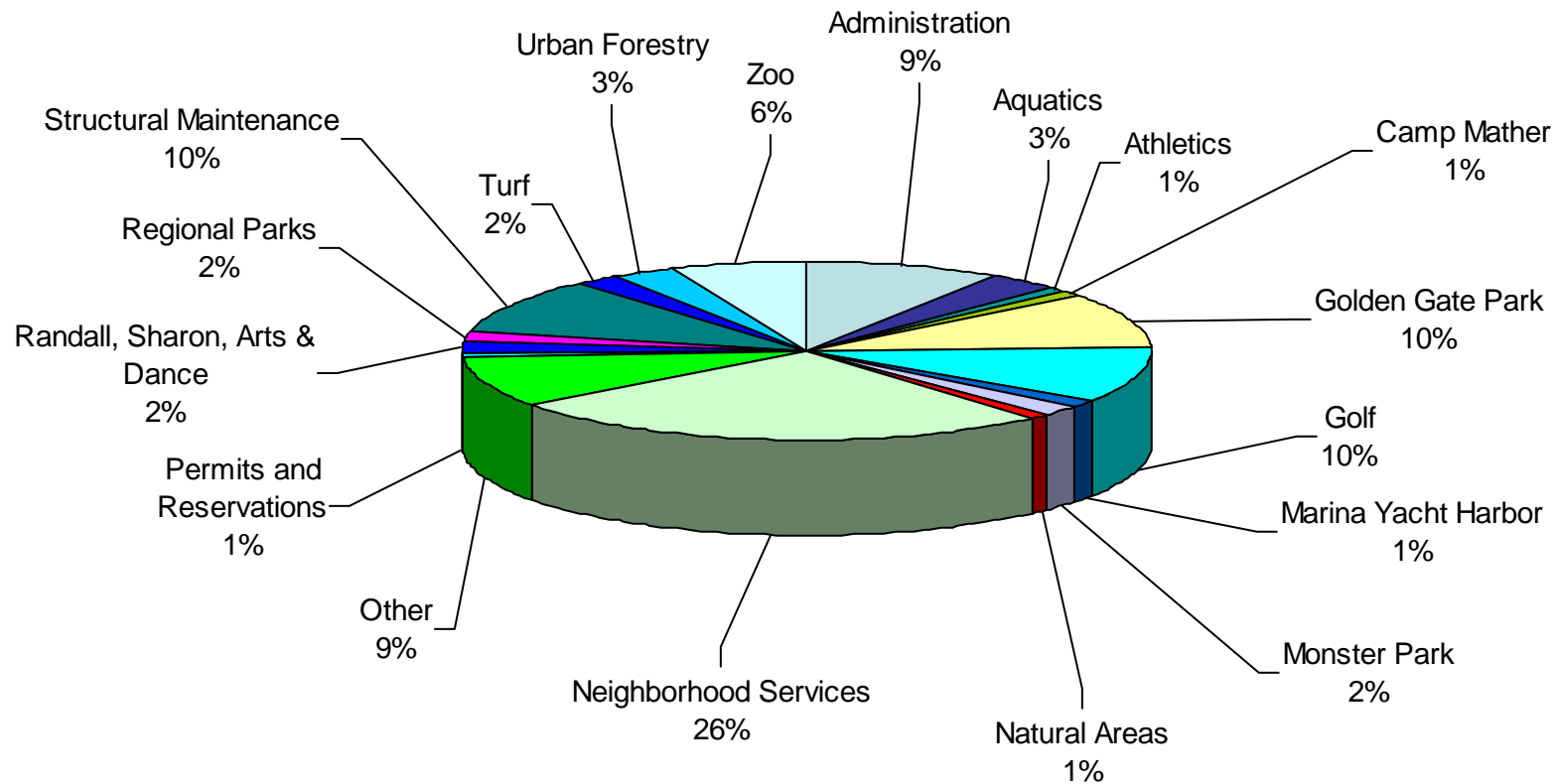
Garages	7.8 Million
Program Fees	1.2 Million
Concessions & Citywide Rentals	7.6 Million
Permits & Facility Rentals	1.4 Million
Monster Park	6.4 Million
Golf	10.8 Million
Marina Yacht Harbor	1.5 Million
Open Space Fund Property Tax	26.4 Million
General Fund Support	47.1 Million
Other	6.4 Million
Total	\$116.6 Million



'05 – '06 Expenditure Overview



'05 – '06 Operating Budget by Program



Challenges for 2006 - 2007



City's Financial Outlook Is Improving

Revenues

'04-'05 Fund Balance Surplus	\$19M
Loss of '05-'06 Starting Balance	(\$109M)
'05-'06 Revenue Surplus	\$92M
'06-'07 Revenue Growth	\$120M
Rainy Day and Baseline Requirements	(\$65M)
Revenue Projection	\$57M

Expenditures

Annualized MOU Costs	(\$50M)
Health and Dental Costs	(\$20M)
Resumption of 7.5% Retirement Pick-Up	(\$34M)
Employer Retirement Contribution	(\$21M)
Non-salary Costs	(\$12M)
Expenditure Projection	(\$137M)
'06-'07 Shortfall Projection	(\$80M)



Mayor's Budget Instructions

- Absorb half of the resumed 7.5% employee retirement contribution - **\$1,000,000**
- Propose additional on-going General Fund savings equal to 3% of the department's GF subsidy - **\$1.4 million**
- Propose one-time uses equal to that \$1.4 million
- Prioritize direct services



'06 – '07 General Fund Budget Challenge

Absorb half the cost of the resumed 7.5% employee contribution	\$1.0M
Replace loss of one-time revenue	\$.1M
Absorb increased non-salary costs	\$.9M
Propose on-going 3% GF reduction	\$1.4M
Total	\$3.4M



Budget Balancing Guidelines

- Prioritize core programs supporting the department's mission
- Maximize revenue generating opportunities
- Continue department improvement initiatives and efforts
- Maintain preventative maintenance levels, particularly on new facilities



Budget Balancing Guidelines (continued)

- Strive for geographic and economic equity in reductions
- Maintain funding that leverages external financial and volunteer resources
- Prioritize health and safety for public and staff



Budget Balancing Guidelines (continued)

- Pursue public/private and public/non-profit partnerships

CRITERIA

- Focus on partnerships with expertise outside of the department
- Enhance customer opportunities, experience, and service



Balancing the Budget

Revenue Enhancements

- New fee structures:
 - Women's Athletics
 - Camp Mather Senior Weeks - \$30,000
 - Young People's Teen Musical Theater - \$10,000
- Entrance fees:
 - Japanese Tea Garden; Also considering reducing free hours at the JTG - \$50,000
 - Coit Tower Elevator - \$140,000
- Reviewing department's permits and reservations fees - \$110,000
- Parking garage fee increase - \$400,000
- Increased parking rates at Kezar - \$30,000



Balancing the Budget

Expenditure Reductions

- Savings in cost allocation plan –
\$500,000
- Staffing efficiencies –
\$400,000
- Deletion of funded, vacant positions –
\$200,000



3% General Fund Reduction

3% = \$1.4 million budget cut

- Looking at revenue proposals including developing audio tours of Coit Tower and Tea Garden
- May have to propose staff reductions



\$1.4 Million in One Time Uses

- Development of audio tours
- Technology enhancements
 - Increasing the connectivity of field staff through options such as blackberries, laptops and blue tooth technology
- Irrigation repairs and improvements
 - Funding much-needed irrigation repair projects



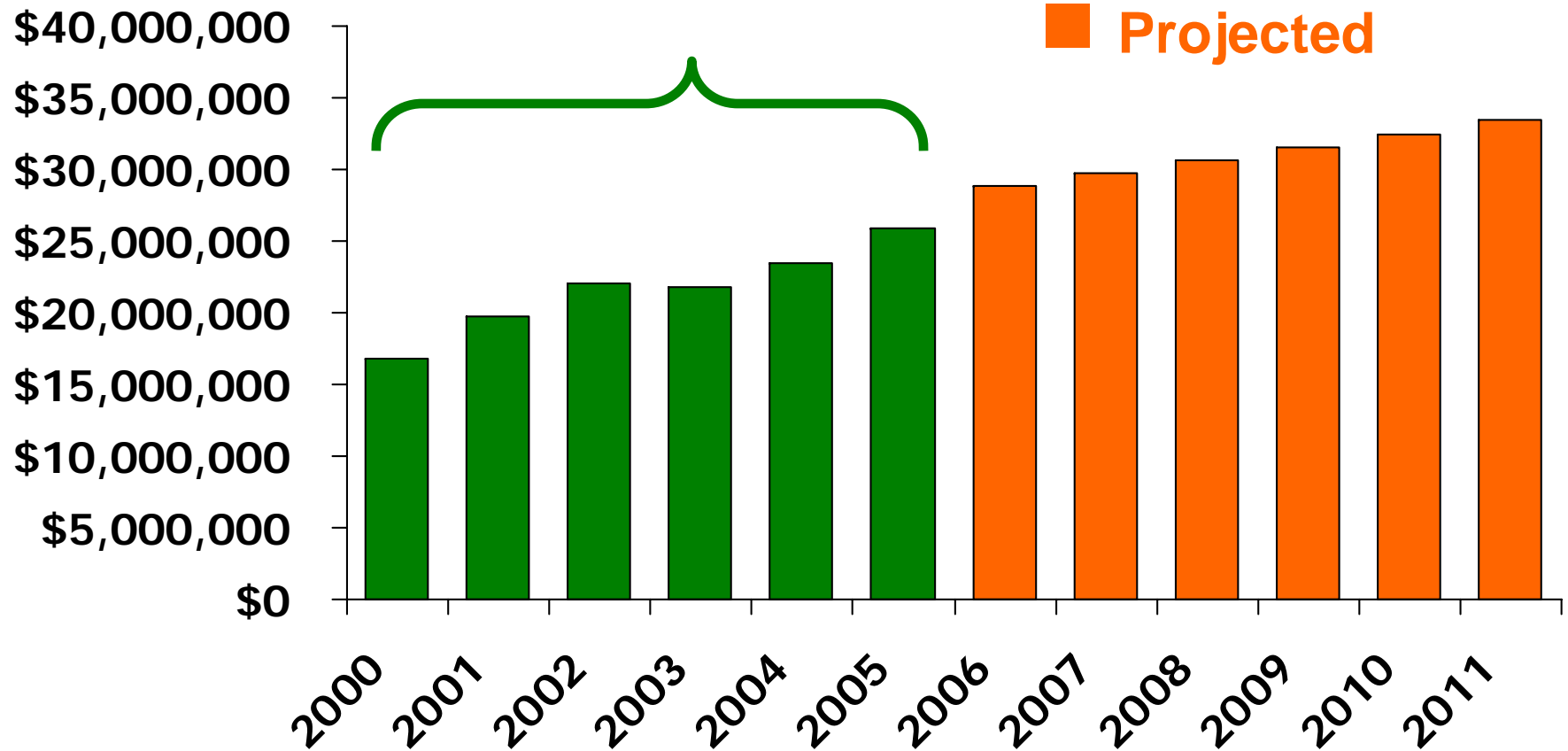
Open Space Fund Property Tax Growth



San Francisco Recreation & Parks

54% Growth

■ Actual
■ Projected



Open Space Fund

- Likely to see good news on revenue in current fiscal year
- Controller projecting 5.5 percent growth for '06 – '07
- Salary and fringe benefit costs increasing
- Expect to sell revenue bond in current fiscal year - \$2 million in debt service budgeted for '06 – '07



Golf Fund Challenges

- Open Space payment of \$1.4 million
- Labor and overhead cost increases
- Operating in an uncertain environment until MOUs are negotiated
- Likely to come to Commission with proposals to change the Harding fee structure



Two Year Budget Process

1. New management team complete only since November
2. Planning to undertake a thorough review of operations
3. Will address Budget Analyst management audit recommendations in the next 24 months:
 - focusing on core functions
 - meeting changing operating and capital needs
 - implementing enhanced management systems
 - increasing and diversifying revenue sources
4. Operations changes and BA recommendations likely have budget impacts



'05 –'06 Budget Timeline

January 31	Public Budget Meeting
February 7	PROSAC Meeting
February 16	Commission approves budget
February 21	Budget due to Mayor's Office
June 1	Budget submitted to Board of Supervisors



Thank You



San Francisco Recreation & Parks