



Mayor Mark Farrell  
Phil Ginsburg, General Manager

**Date:** February 1, 2018

**To:** Recreation and Park Commission  
Operations Committee

**Through:** Philip A. Ginsburg, General Manager  
Derek L. Chu, Director of Administration and Finance

**From:** Alex Koskinen, Budget Manager, Administration and Finance

**Subject:** Overview of Current Year and FY18-19 and FY19-20 Budgets

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### **Agenda Wording**

Presentation and discussion only of the Recreation and Park Department's budget for fiscal years 2018-19 and 2019-2020

### **Strategic Plan**

Strategy 1: Inspire Public Space  
Strategy 2: Inspire Play  
Strategy 3: Inspire Investment  
Strategy 4: Inspire Stewardship  
Strategy 5: Inspire Our Team

### **Background**

Recreation and Park Department (department) staff is preparing the department's proposed FY18-19 and FY19-20 budget. The following provides updates on the department's budget projection and projected revenue estimates for FY18-19 and FY19-20.



## Current Year Budget in Context

The department's current FY17-18 budget is \$221.5 million, comprised of \$161.6 million in the operating budget and \$59.9 million in the capital budget. The budget includes 954 budgeted and funded positions.

## Budget

The department will use the Commission approved Strategic Plan, Operational Plan, and Capital Plan, as well as the Equity Lens and Metrics to guide the development of the department's budget. The Strategic Plan outlines the strategies and objectives, the Operational Plan sets the annual initiatives, and the Capital Plan addresses the development, renovation, replacement and maintenance of capital assets, and the acquisition of real property. The Equity Lens will be applied to specifically address department work in disadvantaged neighborhoods to ensure park users throughout the City have access to clean, safe, and fun parks and programs.

The preliminary analysis of the department's FY18-19 and FY19-20 budgets shows a surplus in the first year of \$1.4M, and a new neutral budget in the second year.

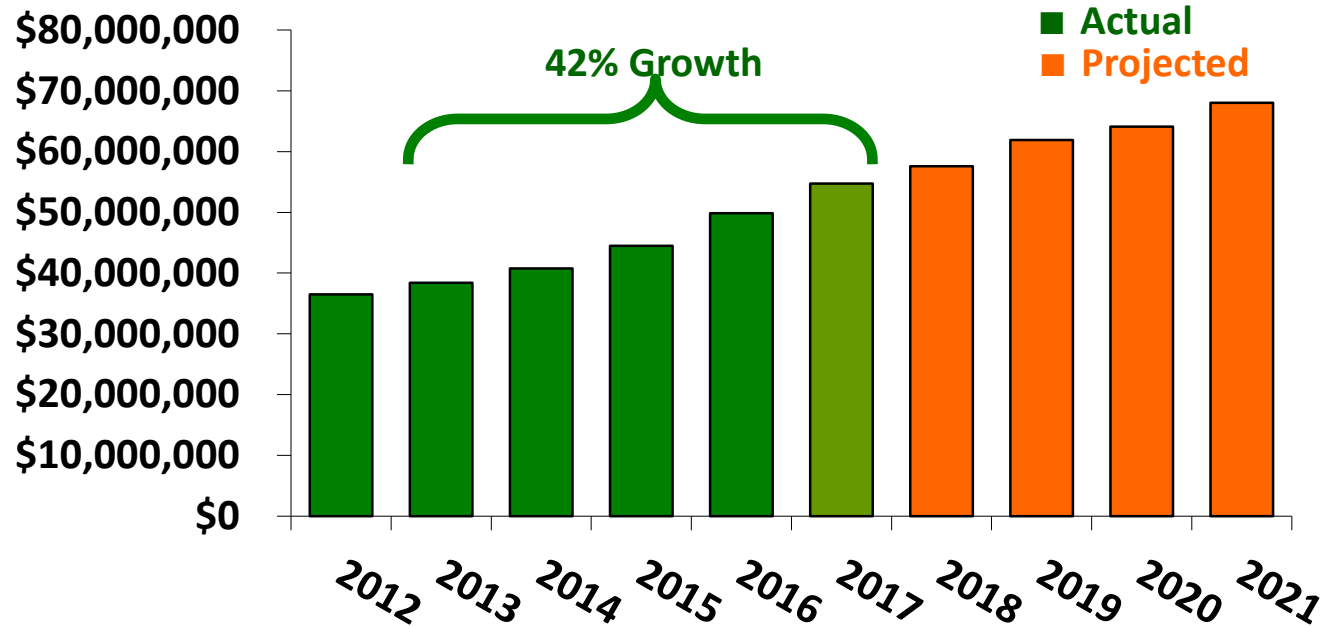
Budget Update	FY18-19 Budget	FY19-20 Budget
GFS (MBO Enhanced) Baseline	\$75.0 Million	\$77.0 Million
Current GFS in Base Budget	\$75.3 Million	\$65.1 Million
<b>Available GFS</b>	<b>(\$0.3) Million</b>	<b>\$11.9 Million</b>
Earned Revenue Adjustments	\$2.9 Million	\$2.5 Million
Open Space Revenue	\$0.8 Million	\$10.4 Million
Expenditure Increases:		
Capital	\$0	(\$21.5) Million
Equipment	(\$0.5) Million	(\$1.5) Million
Work Order Increases	(\$0.3) Million	(\$0.5) Million
Other Increases	(\$0.6) Million	(\$1.3) Million
<b>Total</b>	<b>\$2.0 Million</b>	<b>\$0</b>

The budget continues to change. Since the January update the Department received mostly good news about revenue. The revenue corrections are primarily related to increases in Permits & Reservations revenues and an increase in parking garage revenue.

## Budget Solutions

Department staff continues to analyze revenue leveraging opportunities to fund enhancements and maintain funding for existing programs. Preliminary analysis suggests that there will be growth in the Open Space Fund and in lease and concession revenue as highlighted below.

### Open Space Fund Property Tax Growth



The department relies on Open Space Fund to continue to provide a stable, growing source of revenue to support operations and services. Between FY12-13 and FY16-17 revenue in the fund increased by 42%, about 8.4% growth per year.

### Estimated Revenue Growth Highlights

- Leases, Concessions, Rentals \$2,100,000
- Outside Lands \$200,000
- Recreation Programming \$300,000
- Golf \$300,000

The FY18-19 base budget currently assumes a 7.5% increase in revenue from prior year and a 3.6% increase in FY19-20. Five-year average growth is assumed in the following years. The Controller's Office will update these assumptions when the Six-Month Budget report is released in the next few.

The department is also working to solve budget shortfalls by increasing efficiency to reduce expenditures. Conservation efforts can lead to utility cost savings, and leveraging citywide technology solutions such as CRM can reduce our IT costs.

## **Budget Timeline**

January 18	Budget presentation to Commission
February 1	Budget update at Commission's Operations Committee
February 1	Community budget meeting at Betty Ann Ong Recreation Center
February 6	Budget presentation to PROSAC
February 8	Community budget meeting at Ingleside Police Station
February 15	Commission considers budget
February 21	Budget submitted to Mayor's Budget Office
June 1	Mayor's Office submits budget to Board of Supervisors

## **Staff Recommendation / Next Steps**

Department staff will continue to work with the General Manager and the executive management team to craft the proposed FY18-19 and FY19-20 budgets. Department staff will present the proposal to the Commission at the February 15<sup>th</sup> Commission meeting.

## **Attachments**

Presentation