



MEMORANDUM

Community Services Department

DATE: May 8, 2019

TO: Parks and Recreation Commission

FROM: Brady Ruebusch, Senior Management Analyst
John R. Marchant, Acting Community Services Director

SUBJECT: **Community Services Department Proposed Budget for Fiscal Year 2019-20**

RECOMMENDATION

Review and provide input on the Community Services Department's proposed budget for Fiscal Year 2019-20.

BACKGROUND

The Community Services Department (CSD) provides an annual update to the Parks and Recreation Commission (PRC) in May on the department's proposed budget for the following fiscal year. In addition, as part of the current year's work plan, the PRC requested that staff bring the department's budget requests to the PRC mid-fiscal year, so that the PRC could have additional opportunity for input. Staff provided a midyear update at the December 12, 2018 meeting with the items that staff intended to request through the budget process for Fiscal Year 2019-20 (Attachment 1).

On April 25, 2019, the City Council held a Study Session for the Fiscal Year 2019-20 Narrative Budget Report, where the City Manager and Finance and Administrative Services Director presented CSD's budget requests along with all other recommendations for the City.

This memorandum focuses on the requests that are being recommended for next fiscal year's budget based on the information provided in the Narrative Budget Report and Council's direction from the Study Session.

ANALYSIS

City Budget

The City as a whole continues to benefit from the strong economy and high demand for development, resulting in significant property tax growth. Due to these conditions, Finance staff estimate Citywide revenues will exceed projections for the current fiscal year. Furthermore, Finance staff anticipates Citywide expenditures will be below budget at the end of the current fiscal year based on midyear projections.

The General Operating Fund (GOF) is the single largest City fund and the primary fund for CSD's operations. The Narrative Budget Report projects the City will finish the current fiscal year with an \$8.8 million ending balance in the GOF. There is also \$5.8 million remaining unallocated balance from Fiscal Year 2017-18 for a total of \$14.6 million to be committed to limited-period expenditures, supplements reserves, and make additional contributions to unfunded liabilities.

For Fiscal Year 2019-20, revenues are expected to continue to grow and exceed projected expenditures, creating a preliminary \$2.3 million projected ending balance for next year. The \$2.3 million takes into account all the budget items being recommended by the City Manager for next fiscal year.

Department Budget

All City departments were provided direction that budget requests be limited to those of the highest priority for each respective department, based on current and projected long-term workload, furthering a Council goal, need for new regulations, safety, or providing operational efficiencies. This memorandum focuses on the budget requests for the Forestry and Roadways Division, Parks and Open Space Division, Recreation Division, and Shoreline Division. While Performing Arts and Shoreline Golf Links are under the Community Services Department as well, they each have their own advisory body, the Performing Arts Committee and Advisory Greens Committee.

CSD is expected to receive \$6,500 in nondiscretionary, ongoing increases for the Forestry and Roadways Division from the GOF. The additional funding covers contractual increases for the parcel landscape contractors (Attachment 2). At the midyear update, staff anticipated requesting a nondiscretionary increase of \$2,500 for contractual increases for maintenance of the fountain at Magnolia Park. Based on the maintenance needs, it was determined that this request could be absorbed in the

existing budget. If maintenance needs increase, staff may pursue this budget request again in the future.

CSD is expected to receive \$69,000 in discretionary, ongoing increases. The discretionary increases include: increased supplies/materials costs for Aquatics, Tennis, and Parks construction/irrigation crew. The Recreation Division also requested \$40,000 in wages for additional building attendant hours at the new Community Center (Attachment 2).

CSD also requested two discretionary, ongoing budget requests that were completely covered by current budget. For the Shoreline Division, staff recommended converting wages and contract dollars to two full-time Ranger I/II positions. For the Recreation Division, staff recommended increasing the wage ranges for the After-School Specialist classifications to be more in line with the School District staff, with whom they work. The additional budget for this wage range increase can be absorbed in the current budget due to savings in wages from other programs (Attachment 2).

All departments were asked to re-request funding for nonprofit organizations through this budget process so that these partnerships had an opportunity to be reviewed by Council and allow a holistic view of the City's funding of nonprofit organizations. CSD funds the Community School of Music and Arts with \$77,100 a year to cover programs provided to youth. CSD also funds a youth sports fee waiver program at \$2,000 a year. Both of these requests were recommended to continue (Attachment 2).

The only discretionary, ongoing request from the midyear update that was not recommended in the Narrative Budget Report was an increase for janitorial services at park restrooms. It was determined that Parks staff and the City's janitorial contractor could work out a service arrangement at certain highly used parks. The new scope of service lowered the cost increase for the contract to a level that could be absorbed in the current budget.

CSD is also expected to receive \$89,500 in discretionary, limited-period funding for the Recreation Division. This money will be used to purchase a variety of items, including new blinds and new exercise equipment for the Senior Center and new training equipment for Aquatics. This funding includes two pilot programs: a day porter service for the new Community Center and two additional Thursday Night Live events for six consecutive nights. Since the Community Center has only been open a short time and Thursday Night Live occurs over the summer, an additional year is needed to assess these pilot programs.

The Forestry and Roadways Division is also being recommended to receive \$10,000 in limited-period funding to continue the contract with San Jose Conservation Corps for homeless encampment cleanup for another year. This request is included in a group of requests from the City Manager's Office for homeless initiatives and parking enforcement strategies.

Ongoing and Limited-Period Increases	
Nondiscretionary Requests:	\$6,500
Discretionary Requests:	\$569,500
Offsets:	\$411,000
Net Request:	\$165,000

Capital Outlay

In addition to the significant change requests that were recommended in the Narrative Budget Report, the department had four Capital Outlay requests recommended. Capital Outlay requests are for equipment or building improvements that have a life span of at least two years and cost \$5,000 for one item or \$10,000 for multiple of the same item.

The Parks and Open Space Division was recommended to receive funding for a new rotary mower for McKelvey Ball Fields. The Forestry and Roadways Division was recommended to receive a new hybrid SUV for the Forestry Coordinator position. The Recreation Division was recommended for a new inflatable movie screen to replace the current one used for the summer outdoor movie night series. Lastly, the Recreation and Performing Arts Divisions requested funding for new banners to hang on the lampposts that line Castro Street (Attachment 3). Across the three divisions, CSD was recommended for a total of \$106,300 in capital outlay items.

From the midyear update, only two items were not recommended for Capital Outlay funding. One was a dedicated infield grooming rake for McKelvey Ball Fields. It was determined that staff could manage to keep the fields safe and maintained without this piece of equipment. The other item was a second hybrid SUV for the Parks and Open Space Division and Forestry and Roadways Division to share. It was recommended the two divisions utilize pool cars available at the Municipal Operations Center and reassess the need for an additional vehicle later.

Fee Modifications

Recreation requested three sets of fee modifications for Fiscal Year 2019-20: one for the operating hours of the Senior Center, one for Aquatics programs, and one for Tennis-related fees (Attachment 4). For the Senior Center, staff recommended changing the hours and rates for Thursday nights at the Senior Center so that they matched Monday through Wednesday evenings. Currently, the Senior Center closes to the general public at 5:00 p.m. on Thursdays and any private rentals are at Peak Rates. This is the same schedule and rates as Friday evening. While the Community Center was under renovation, staff kept the Senior Center open to the general public until 9:00 p.m. on Thursday nights. On these evenings, seniors frequently used the facility. Therefore, staff recommends keeping these new hours of operation for Thursday evenings. Since the building is open, Building Attendants are already on duty and the general public has access to the building. These are the same hours as Monday through Wednesday evenings, when the rates for private rentals are Off-Peak rates. Staff requested approval to change the private rental rate from Peak to Off-Peak.

Increases to Aquatics and Tennis fees are recommended because of the increases in costs to provide the programs due to minimum wage. The increases will bring these programs more in line with the cost recovery goals set forth in Recreation's cost recovery policy.

NEXT STEPS

CSD's budget has been reviewed by the City Manager and by the City Council as part of the Narrative Budget. It will be submitted for final review by the City Council at a public hearing in June as part of the Proposed Budget for Fiscal Year 2019-20.

BR-JRM/3/CSD
240-05-08-19M-1

- Attachments:
1. CSD Proposed Budget Requests Midyear Update
 2. Significant Change Requests
 3. Capital Outlay Requests
 4. Master Fee Schedule Change Requests