

Livermore Area Recreation and Park District

Staff Report

TO: Chair Furst and Board of Directors

FROM: Mathew Fuzie, General Manager

PREPARED BY: Jeffrey Schneider, Administrative Services Manager
Julie Dreher, Financial Analyst

DATE: March 13, 2019

SUBJECT: **BUDGET WORKSHOP - Mid-Year FY18-19 Operating Budget Update**

COMMITTEE: Reviewed and Recommended by the Finance Committee on March 5, 2019

RECOMMENDATION: That the Board review and provide feedback and guidance regarding the District's mid-year FY18-19 Operating Budget.

BACKGROUND: On August 8, 2018, the Board of Directors approved the District's 2018-19 Operating Budget of \$21.987M. Each year, the District reviews and updates the Operating Budget as part of the mid-year budget adjustment process. These updates, and any proposed budget adjustments, are discussed with the Finance Committee and then presented to the Board at its Mid-Year Board Budget Workshop and Board of Directors meeting, where the mid-year budget is approved, as appropriate.

HIGHLIGHTS:

- The General Manager has approved the mid-year Operating Budget that is outlined in the attachment. No immediate action by the Board is required, though staff will subsequently develop a recommendation for the Board's consideration regarding alternative uses of the projected surplus of \$560k. Note: prior to considering the following items that are net additions to the Approved Budget, the District projected a \$1.057M surplus.
- The Mid-Year Operating Budget accommodates the following items, totaling \$497k, that address critical needs but which were not considered in the Approved Budget:
 - \$75,770 Park Operations - Weather Trak Controllers – replacing 24 problematic Rainbird controllers in 18 neighborhood parks;
 - \$294,134 Park Operations – Replacing 25 irrigation controllers in 10 sports parks, eliminating 3 disparate, problematic systems with a single, proven technology;
 - \$30,000 Park Operations – sealing and/or resurfacing of pathways and parking lots where safety issues exist;

- \$56,990 Park Operations – to address safety issues by sealing/repairing poured in place rubber surfacing at tot lots at Bothwell Park, Karl Wente Park, Robertson Park, and the tot lot at RLCC;
- \$15,000 Building Maintenance – to address safety/access issues associated with the existing May Nissen restroom;
- \$25,000 Information Technology (IT) – to fund the assessment of the District’s information technology infrastructure in support of a plan to move to a managed IT service that will provide improved services at or below our current IT spend level.

To develop this year’s proposed mid-year adjustments to the District’s Operating Budget, staff have completed a line-item review of all Revenue, Personnel Expense, and Services and Supplies accounts.

The results:

- Revenue: Increase of \$379k versus the Approved Budget, from \$21.987M to \$22.366M;
- Personnel Expense: Reduction of \$215k versus the Approved Budget;
- Services and Supplies Expense: Increase of \$33k versus the Approved Budget after accommodating the aforementioned \$497k of items to address critical needs.

The District is thus managing toward a mid-year Operating Budget that reflects a surplus Net Operating result of \$560k.

Of note:

1. The mid-year Operating Budget accommodates all salary and benefit changes that went into effect in January, when 46 Regular, full-time positions were established, part-time benefits were materially enhanced, and hours constraints were created for part-time benefited and casual (formerly known as part-time and seasonal) staff.
2. The mid-year Operating Budget no longer includes two legacy budget items: a) a vacancy factor (which had reduced our Approved Operating Budget by \$204k in the second half of FY18-19); and b) the GM Contingency of \$100k (no reason to continue to have a contingency given our projected surplus).
3. While we have proposals to spend a portion of our projected surplus, they will be periodically reviewed with the GM and funds will be released only upon GM approval; in the case of significant spend items (defined as greater than \$100k), the Board will be involved in the approval process. In addition, staff are re-assessing the District’s financial reserves and this effort will have implications for spending plans as well.

Attachment:

Pages 1-4: District Overview: Revenue, Personnel Expense, Services and Supplies, and Net Operating Results (revenue less expenses) are presented versus the Approved Budget.

- YTD actual results through December, 2018 and Balance of Year projections for January, 2019 through June, 2019 are combined to establish the District's Mid-Year FY18-19 Operating Budget proposal, and are compared with the District's Approved Budget.
- Data are presented by Unit and summarized by Department.

Pages 5-8: Department-level Views: the Proposed Mid-Year Operating Results are presented by Unit by G/L Account, and data are consolidated at the department level and compared with the District's Approved Department level budgets.