


Livermore Area Recreation and Park District

Staff Report

TO: Chair Furst and Board of Directors

FROM: Mat Fuzie, General Manager 

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

DATE: June 12, 2019

SUBJECT: **Preliminary FY 2019 – 20 Operating Budget**

COMMITTEE: Finance Committee: May 30, 2019

RECOMMENDATION: That the Board of Directors adopt Resolution No. _____, approving the District's Preliminary FY19-20 Operating Budget.

BACKGROUND: The District is required to obtain Board approval of its Preliminary Operating Budget by June 30th and the Final CIP Budget by August 30th each year (pending Board approval of a proposed budget policy change that will reflect a target date for budget finalization of June 30th). In February, the Board addresses mid-year changes and approves, as appropriate, adjustments to the Budget.

Each year, the District conducts a Budget Workshop that provides the Board with a view of its Preliminary Operating Budget for the coming fiscal year and obtains the Board's feedback and guidance. This year, the Workshop was held on June 12, 2019, prior to the formal presentation of the Preliminary Operating Budget at the June 12, 2019 Board meeting.

Staff discussed a draft of the Operating Budget for FY 2019-20 with the Finance Committee on May 30, 2019, and received their guidance and approval to move forward with the Preliminary Operating Budget as outlined in that meeting. Note: in finalizing the details that form the foundation for the attached, Preliminary Operating Budget, some changes have been incorporated versus the May 30th report to the Finance Committee, but the net operating contribution remains in line with what was reviewed with the Finance Committee and underlying assumptions for all critical elements of the budget remain unchanged.

A final FY19-20 Operating Budget will be presented to the Board at the June 26, 2019 Board meeting.

OVERVIEW: Staff has completed a consolidation of operating plans from the management teams of each operating unit, has quantified the financial impact of the Salary and Benefits proposal for FY19-20 (to be reviewed with the Board alongside this report), and has incorporated guidance from the County of Alameda's Tax Analysis team in developing its current view of the District's Operating Budget for FY19-20, which staff presents to the Board for purposes of obtaining its feedback and, as appropriate, its recommendation to proceed to present its Final Operating Budget for FY19-20 to the Board of Directors at the June 26, 2019 Board of Directors meeting.

HIGHLIGHTS:

- The Preliminary Operating Budget for FY19-20 reflects a contribution to reserves of \$521,733 (please see **Attachment A** for a view of the FY19-20 Budget relative to FY17-18 actuals and the FY18-19 Final Budget).
- Total Operating Revenues will amount to \$23,811,913, or 6% above the prior year.
- Capital Equipment and priority deferred maintenance items:
 - **Attachment B** includes a list of potential Capital Equipment and deferred maintenance spending that staff has developed and intends to consider during FY19-20 as financial results, and other, currently unforeseen events, allow. At present, none of the items listed on this Attachment are included in the Operating Budget proposal.

- **Preliminary Operating Budget Notes:**

1) Revenue

- a) Property Taxes, per guidance from Alameda County's Tax Analysis team, will grow by 7% and will reach \$11,073,000 for FY19-20, or 47% of the District's total revenue for the year.
- b) Parcel Taxes (per 97-1 legislation) are growing at 2% over FY18-19 as approved by the Board at its May 29, 2019 meeting, which means the annual rate per Equivalent Dwelling Unit (EDU) will grow by \$0.70 to \$35.74 for FY 2019-20. The resulting increase in revenues will be \$31,100, bringing the FY19-20 revenue total to \$1,587,400, or 7% of the District's total operating revenue for the year.
- c) Earned Income has been projected at the specific program level by unit management, and, at \$10,827,938 (5% above FY18-19) will amount to 46% of total operating revenues for FY19-20.
 - i. Of note is the decline in revenues for Parks, which is a direct result of the elimination of the Zone 7 weed abatement contract that occurred in Q1 of FY18-19 (a drop from \$135k in FY17-18 to \$52k in FY18-19 to \$0 in FY19-20).

Operating Revenue Trend	FY17-18 Act	FY18-19 Final Budget	FY19-20 Prelim	% change vs FY18-19
Taxes (property and parcel)	\$ 11,223,820	\$ 11,951,611	\$ 12,683,975	6%
Community Services	6,460,111	6,549,592	6,949,561	6%
Recreation	2,639,677	2,710,272	2,858,362	5%
Parks	1,119,635	1,071,686	1,020,015	(5%)
TTL Programs	<u>\$ 10,219,423</u>	<u>\$ 10,331,550</u>	<u>\$ 10,827,938</u>	5%
District Total	<u>\$ 21,443,243</u>	<u>\$ 22,283,161</u>	<u>\$ 23,511,913</u>	6%
Percentage of Total Operating Revenues:				
Taxes	52%	54%	54%	
Community Services	30%	29%	30%	
Recreation	12%	12%	12%	
Parks	5%	5%	4%	
TTL Programs	<u>48%</u>	<u>46%</u>	<u>46%</u>	
TOTAL	<u>100%</u>	<u>100%</u>	<u>100%</u>	

- 2) The financial implications of the **Salary and Benefit Recommendations** that will also be presented to the Board at the June 12, 2019 meeting are reflected here.
- a) **HEALTH BENEFITS:** No change to the District’s contributions for medical, dental, and vision/hearing coverage is proposed, as the District made significant increases to coverage levels in February 2019 while simultaneously introducing the Regular, full-time employee status that enabled 45 staff members to move to full-time benefit levels from part-time; in addition, 46 part-time benefited staff members saw their benefit contribution increased significantly, as outlined below:
- i. Medical increased from \$1,500 to \$1,600 per month for full-time staff, and from \$900 to \$1,200 per month for part-time benefited staff;
 - ii. Dental increased from \$95.37 to \$100.00 per month for full-time and from \$32.91 to \$75.00 per month for part-time benefited staff;
 - iii. Hearing and vision increased from \$375 per year to \$560 per year for part-time benefited staff, while the contribution for full-time staff remained at its \$750 per year level.

Note: Because health costs are expected to increase in February, 2020, the District will still see an increase in its contributions for many benefited staff that will amount to \$6,076 per month, as outlined in the table below:

Benefit Type	District Contribution Levels for FY19-20 (per month)	
	Full Time	Part Time
Medical	\$1,600.00	\$1,200.00
Dental	\$100.00	\$75.00

4.8%	UHC increase estimate (as of 05/19)
6.0%	Kaiser increase estimate (as of 05/19)
0.0%	Delta Dental increase estimate (as of 05/19)

Medical Costs	# of Employees	Premium		NET to LARPD		District Contribution	
		thru Jan20	Feb20+	thru Jan20	Feb20+	Incr per Month as of Feb20	TTL Contr for FY19-20
Kaiser PT EEOnly	49	\$728.02	\$771.70	\$728.02	\$771.70	\$2,140	\$438,779
Kaiser PT EE+1	3	\$1,456.04	\$1,543.41	\$1,200.00	\$1,200.00	\$0	\$43,200
Kaiser PT Family	2	\$2,060.31	\$2,183.92	\$1,200.00	\$1,200.00	\$0	\$28,800
United PT EEOnly	3	\$1,047.17	\$1,097.44	\$1,047.17	\$1,097.44	\$151	\$38,452
Kaiser FT Family	18	\$2,060.31	\$2,183.92	\$1,600.00	\$1,600.00	\$0	\$345,600
Kaiser FT EE+1	32	\$1,456.04	\$1,543.41	\$1,456.04	\$1,543.41	\$2,796	\$573,099
Kaiser FT EEOnly	10	\$728.02	\$771.70	\$728.02	\$771.70	\$437	\$89,547
United FT EE+1	1	\$2,094.24	\$2,194.76	\$1,600.00	\$1,600.00	\$0	\$19,200
United FT EEOnly	11	\$1,047.17	\$1,097.44	\$1,047.17	\$1,097.44	\$553	\$140,991
Waived	19	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0
Totals	148					\$6,076	\$1,717,667

Dental Costs	# of Employees	TOTAL PREMIUM		NET TO LARPD		District Contribution	
		thru Jan20	Feb20+	thru Jan20	Feb20+	Incr per Month as of Feb20	TTL Contr for FY19-20
Delta HMO PT EEOnly	1	\$30.03	\$30.03	\$30.03	\$30.03	\$0	\$360
Delta PPO PT EEOnly	23	\$42.77	\$42.77	\$42.77	\$42.77	\$0	\$11,805
Delta PPO PT EE+1	11	\$81.12	\$81.12	\$75.00	\$75.00	\$0	\$9,900
Delta PPO PT Family	1	\$123.89	\$123.89	\$75.00	\$75.00	\$0	\$900
Delta PPO FT EEOnly	32	\$42.77	\$42.77	\$42.77	\$42.77	\$0	\$16,424
Delta PPO FT EE+1	32	\$81.10	\$81.10	\$81.10	\$81.10	\$0	\$31,142
Delta PPO FT Family	28	\$123.87	\$123.87	\$100.00	\$100.00	\$0	\$33,600
Waived	20	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0
Totals	148					\$0	\$104,130

b. RETIREMENT BENEFITS:

- i. No change to the District's 2% contribution to the 457 plan (deferred income) for Regular (full-time but non-pensioned) staff
- ii. No change is proposed to the District's 457 match, which is up to 4% of employee salaries and available to all Part-Time Benefited and Regular employees.
- iii. For FY19-20, the District will contribute \$167,000 toward the retirement plans of Regular and Part-time Benefited staff, which is up \$89,000 from FY18-19 (when we will spend \$78,000 for the 6 months in which the plan has been in place).
- iv. ACERA contributions for Pensioned Staff will grow significantly due to the onset of increased contribution rates driven largely by the District's diminishing active payroll in its legacy Tier 1 plan (all new employees participate in the Tier 4 plan unless they participated in a reciprocal plan from another employer prior to arriving at the District – in which case they can elect to join Tier 3).

- v. The total ACERA contribution for FY19-20 will be \$1,550,000, up \$369,00 (31%) from FY18-19 (\$1,181,000) due to the aforementioned rate increases (see table below)

ACERA RATES			
Tier	Current # of Employees	Sept18-Aug19	Sept19+
1	8	28.32%	33.62%
3	21	29.77%	38.41%
4	25	23.12%	32.14%
Total	54		

c. SALARIES:

- i. Changes to Salary Schedule Structure (additional details are included in the June 12, 2019 Salary and Benefit Resolution)
 - 1. Creation of uniform step sizes (5% for all job classifications);
 - 2. Move to a consistent number of steps (5) for each job classification;
 - 3. Introduction of “Salary Ranges”, a pure mathematical exercise, to which we’ve mapped all existing job classifications. Each range is 2.5% above the preceding range.
- ii. A Cost of Living Adjustment (COLA) of 2.5% for all classification ranges, effective July 1, 2019;
- iii. Establishing a Minimum Wage of \$14.00, which will be in place for all staff by January 1, 2020.

3) **Revisions to accounting for specific roles and related expenses:**

- (a) All staff who are involved in facility maintenance-related activities, and their associated expenses, are now included in the Facilities Maintenance unit (05) in the Parks, Maintenance, and Open Space department. Heretofore, the District has reported its spending in multiple units (Aquatics, ESS, and Facilities Maintenance). By consolidating reporting into one unit, the District will be more consistent in its reporting for all units who benefit from the Facilities Maintenance team’s efforts, and will have a clear view of all Facilities Maintenance spending. When we do cost accounting analyses, we’ll be able to use data from sources beyond the general ledger (e.g., Kronos, eMaint) to allocate costs to the units who utilize these services.
- b) The recently completed shift of responsibilities in the Recreation Department following the retirement of one of its supervisors has led to a re-allocation of specific revenue streams and related costs in Recreation. Challenges in restating prior period results have not allowed staff to prepare a clean year-over-year comparison for the units that are impacted, but anomalies in the financial trends can be explained in qualitative terms. At the Recreation department level, comparisons remain unadulterated.

Attachments:

- A. Preliminary LARPD FY19-20 Operating Budget
- B. LARPD FY19-20 Operating Budget – Wish List Items

ATTACHMENT A - LARPD FY19-20 Operating Budget – District Overview

LARPD FY 19-20 Operating Budget District Overview: By Department	FY 17-18	FY 18-19	FY 19-20 BUDGET				District Operating Budget FY 19-20
	ACTUAL	MIDYEAR BUDGET	Administration	Parks, Maintenance, & Open Space	Community Services	Recreation	
REVENUE	\$21,443,243	\$22,283,160	\$12,683,975	\$1,020,015	\$6,949,561	\$2,858,362	\$23,511,913
SALARIES & BENEFITS	\$13,763,335	\$15,059,251	\$2,365,251	\$5,143,126	\$6,024,760	\$3,210,233	\$16,743,370
SERVICES & SUPPLIES							
4403 Agricultural Supplies	123,514	84,785	0	85,900	0	13,000	98,900
4417 Uniforms/Safety Products	41,252	35,335	740	27,120	2,740	12,520	43,120
4432 Household Supplies	110,142	123,732	0	41,336	28,550	40,450	110,336
4440 Food	150,791	142,357	12,204	13,690	78,125	42,890	146,909
4442 Office Supplies	74,910	88,263	12,400	10,415	20,300	28,750	71,865
4444 Medical	27,791	26,478	11,280	700	1,200	2,800	15,980
4446 Tools & Instruments	39,334	28,620	0	27,450	1,700	3,900	33,050
4447 Non-Capital Equipment	82,885	104,271	4,500	15,600	5,050	20,675	45,825
4450 Maint. - Structures/Grounds	821,489	855,914	0	687,050	115,500	67,000	869,550
4451 Maintenance of Equipment	127,098	141,326	87,238	128,365	2,000	37,600	255,203
4452 Utilities - Water/Sewer	1,231,573	1,298,197	0	1,344,149	0	0	1,344,149
4453 Utilities -Gas/Electric/Other	474,640	483,650	0	497,352	0	0	497,352
4454 Communications	131,541	145,833	94,200	20,900	16,800	3,600	135,500
4459 Memberships & Subscriptions	33,186	36,646	30,115	7,120	2,300	12,405	51,940
4460 Travel	124,047	135,032	37,330	99,800	1,260	6,570	144,960
4461 Training & Conferences	39,827	42,819	27,025	17,950	1,850	10,182	57,007
4462 Publications & Legal Notices	10,016	4,635	2,100	0	0	0	2,100
4463 Legal Services	131,333	141,592	144,000	0	0	0	144,000
4464 Program Services/Supplies	172,808	156,219	39,160	3,594	79,988	44,765	167,507
4465 Professional Services	861,760	916,906	499,610	64,490	300	153,570	717,970
4466 Licensing	26,717	22,299	11,500	1,000	9,800	0	22,300
4467 Field Trips & Events	145,511	136,035	0	900	134,700	2,000	137,600
4468 Instructors & Sports Officials	375,870	374,522	0	0	22,800	318,006	340,806
4470 Insurance	286,053	332,475	383,700	0	0	23,400	407,100
4476 Rent & Lease - Equipment	102,522	102,504	0	29,634	20,784	50,500	100,918
4477 Rent & Lease - Structures	186,627	160,916	0	117,900	44,064	0	161,964
4699 Miscellaneous Expense	847	(324)					0
4704 Finance Charges/Rec Software Credit Card	62,586	72,648	0	0	0	76,400	76,400
4705 Rec Software Transaction Fees	35,774	43,731	0	0	0	46,500	46,500
TOTAL SERVICES & SUPPLIES	\$6,032,444	\$6,237,415	\$1,397,102	\$3,242,415	\$589,811	\$1,017,483	\$6,246,811
Contingency	2,500	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$19,798,279	\$21,296,666	\$3,762,353	\$8,385,541	\$6,614,571	\$4,227,716	\$22,990,180
Capital Equipment	473,873	419,358	0	0	0	0	0
Revenue less expense	\$1,171,091	\$567,137	\$8,921,622	(\$7,365,526)	\$334,990	(\$1,369,354)	\$521,733
Cost Recovery Percentage Rev/Exp	106%	103%	337%	12%	105%	68%	102%

ATTACHMENT B - LARPD FY19-20 Operating Budget – Wish List Items

LARPD FY 19-20 OPERATING BUDGET: Wish List Items (06/12/19)

Item	Amount	Unit #	Requesting Supervisor	Notes
Turf Terra Groomer	\$ 10,000	45	Doyle	Replacement of Turf Terra for covered arena grounds maintenance
May Nissen Park basketball/tennis courts	\$ 75,000	07	Doyle	All are described as HIGH RISK in Kayuga and were noted to be repaired in 2018 and have not been done yet. Most of these courts need at least a resurface and striping, with a couple (May Nissen and Tex Spruiell Park basketball court and Jack Williams Park Tennis court) needing possibly more work due to settling and uneven surfacing. Prices also Number revised 5/29/19 - Was \$100,000. Now assumes 40 bollards at \$500 each. Many bollards across the district are very old and are considered high risk; these fixtures are important to keep vehicles from driving in parks. A large number of the existing bollards are large, heavy steel poles in holes, and pose a risk of injury for employees. Some are stuck in their holes as they haven't been moved in a long time, rendering them ineffective.
Tex Spruiell Park basketball court	\$ 15,000	07	Doyle	
Jack Williams Park Tennis court	\$ 20,000	07	Doyle	
Bollard replacements	\$ 20,000	07	Doyle	
Sub-Total, Items Remaining on "wish list"	\$ 140,000			

Items absorbed in existing Operating Budget				
Ravenswood fountain	\$ 10,000	05	Haldeman	Fountain leaks and is in poor condition. Repairs would be made to the fill line and drain line and the interior and exterior refinished
Ernie Rod restroom re-hab	\$ 20,000	05	Haldeman	This is noted on the Kayuga study and is in need of improvements
Sub-Total, Items Absorbed in Existing Operating Budget	\$ 30,000			

Items Removed				
May Nissen Bleacher demo	\$ 33,000	05	Haldeman	Delayed for now; will remove an eye sore and allow for more usable space inside the fence line
Ford F-250 to replace V-095	\$ 40,000	45	Doyle	To replace a 19 year old truck; will address through pending agreement with Enterprise
Ford F-250 to replace V-096	\$ 40,000	45	Doyle	To replace a 19 year old truck; will address through pending agreement with Enterprise
72" Kobota Mower	\$ 35,000	45	Doyle	To replace a 7 year old mower; can wait another year
Bill Clark Park basketball court	\$ 12,000	07	Doyle	Not critical for FY19-20
Bruno Canziani Park basketball court	\$ 12,000	07	Doyle	
Lester Knott Park basketball court	\$ 12,000	07	Doyle	
Marlin Pound Park basketball court	\$ 12,000	07	Doyle	
Cayetano Park basketball court	\$ 12,000	07	Doyle	
Pathway Maintenance	\$ 120,000	07	Doyle	Now assumed to be funded through TDA Grant money associated with the District's recent agreement to take on trail repair work that had been considered by the City of Livermore for its trails (funds will be available to address a component of LARPD's trails as well - hence this revision). Many pathways in parks and trails that are high risk for failure due to the need for maintenance, grading and resealing. Kayuga determined there was need for parking lot work including resealing and striping.
Sub-Total, Items Removed from "wish list"	\$ 328,000			