



Monterey County

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Budget Committee Report

Legistar File Number: BC 18-099

September 26, 2018

Introduced: 9/17/2018

Version: 1

Current Status: Agenda Ready

Matter Type: Budget Committee

Receive an annual financial report for Parks General Fund for the Fiscal Year ending June 30, 2018.

RECOMMENDATION:

It is recommended that the Budget Committee receive the annual financial report for Parks General Fund for the Fiscal Year ending June 30, 2018.

SUMMARY:

Fiscal Year 2017-2018 (FY 2017-18) was the first Parks budget prepared by the Resource Management Agency (RMA). There are generally three components for the Parks budget: 1) Jacks Peak, Manzanita, Rifle Range (Laguna Seca), Royal Oaks, San Lorenzo, Toro (General Fund); 2) Lake Nacimiento, Lake San Antonio (Lakes Enterprise Fund); and 3) Laguna Seca Raceway (LSR Enterprise Fund). A financial report for the Lakes enterprise fund is being presented separately. RMA does not manage the LSR enterprise fund, and as such, does not report on the Laguna Seca Raceway.

The FY 2017-18 Parks Adopted Budget, as modified, included Revenues and Expenditures of \$1,266,455 and \$3,764,235, respectively, with a General Fund Contribution of \$2,497,780 to balance the budget. Actual revenues earned of \$1,065,215 fell short of the budget projection by \$201,240. Actual expenditures of \$3,352,743 were less than budgeted by \$411,492. This resulted in a net reduction in General Fund Contribution need of \$210,252. As such, RMA came in under budget for the General Fund Parks units (Refer to Attachment A).

Historically parks staff were funded out of different sources but their actual time at each facility was not tracked. RMA initiated tracking revenue and expenses by park (Attachment B) and also tracking revenue by activity at each park (Attachment C) to better understand the operations. Losses (expenditure exceeding revenue) were recorded at all day use parks ranging from \$59,780 at Jacks Peak to \$252,625 at San Lorenzo. Tracking activities shows that day use (park entry fees) is the largest revenue source in most parks. However, the largest revenue source at San Lorenzo is camping.

DISCUSSION:

In FY 2017-18, the General Fund Parks included Jacks Peak in Monterey, Manzanita in Prunedale, Royal Oaks in North County, San Lorenzo in King City, Toro in Salinas, and the Laguna Seca Rifle Range. These parks collected \$953,799 in revenue during the year, with the top three (3) revenue generators being Toro at \$452,538, San Lorenzo at \$252,786, and Laguna Seca Rifle Range at \$157,984. The Revenues for each park are tracked by activity to provide information on park use,

which showed the highest revenue generating activities were Day Use at \$313,659, Special Events at \$171,938, and Camping at \$160,727. The parks incurred total costs of \$1,578,517, with the three (3) parks incurring the most cost being Toro at \$629,406, San Lorenzo at \$505,411 and Royal Oaks at \$196,195. Collectively the park's expenditures exceeded revenues, resulting in a net loss of \$624,718, with all parks contributing to the loss except for the Rifle Range, which ended the year with a net gain of \$116,714 (Refer to Attachments B and C).

Total revenues of \$1,065,215, which includes revenues generated from the parks of \$953,799 and other non-park specific revenues of \$111,416 fell short of the projected budget by \$201,240. A large reason for this is that a grant for recycling, benefiting all parks, was not earned by June 30th. The California Department of Resources Recycling and Recovery's Beverage Container Recycling Grant was awarded to the County in the amount of \$248,794 and although RMA ordered the recycling containers, the goods were not received by June 30th. Since this grant is a reimbursable grant, the County is not eligible to draw down the funds until the County has paid for the goods. The grant is expected to be received and fully expended in FY 2018-19.

Total expenditures of \$3,352,743, include costs directly attributed to parks of \$1,774,226 and other non-specific park costs of \$1,774,226, were less than budget by \$411,492 and includes fluctuations in multiple expenditure categories. Salary and Benefits fell short of budget by \$209,905 as several positions were not filled the entire year, creating a savings. Services and Supplies were higher than the budget by \$203,334 as RMA addressed several maintenance and repair projects throughout the Parks, including the removal, clean up and maintenance of several damaged trees that were deemed unsafe. There were increases in Inter/Intra-fund reimbursements of \$448,782 for salary and benefit costs associated with staff working at the Lakes and the San Lorenzo Park ADA Improvements. As mentioned in the revenue section, the recycling grant capitalizable goods were not received in time to be recorded in the FY 2017-18 budget. This resulted in the Capital Asset line showing a budget savings of \$149,866. Lastly, the costs for the San Lorenzo Park ADA Improvements was funded by Community Development Block Grant (CDBG) funds, however this project was not included in the Parks General Fund budget. The capital costs for this project are reflected under Construction in Progress at \$193,728 and were reimbursed with a \$200,000 interfund reimbursement of CDBG funds. This project was reimbursed entirely by CDBG funds and had no net impact on the general fund.

One of the major concerns moving forward for the Parks is the growing deferred maintenance. Deferring maintenance results in unscheduled repairs, that are typically costlier and not budgeted. RMA is preparing a plan for future projects that will address the deferred maintenance needs at the Park, improving visitor's park experience, funding needs and viable funding options.

OTHER AGENCY INVOLVEMENT:

This report has been reviewed by the Budget Office.

FINANCING:

The Parks budget to actuals, as reported in the General Fund 001, Parks Operations Unit 8475, Facilities Services Unit RMA006, resulted in a net gain of \$210,252. This included a revenue shortfall of \$201,240, which was offset by an expenditure decrease of \$411,492. The savings results in a

reduction in General Fund Contribution need.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Providing clear financial reporting on a regular basis to the Budget Committee promotes the County's commitment to accountability and transparency.

- ☐ Economic Development
- ☒ Administration
- ☐ Health & Human Services
- ☐ Infrastructure
- ☐ Public Safety

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Attachments:

Attachment A - Parks General Fund Annual Budget to Actual Financial Report for FY 2017-18

Attachment B - Parks Revenue & Expenditures by Park FY 2017-18

Attachment C - Parks Revenue by Activity for FY 2017-18