



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 14-946, **Version:** 1

- a. Consider approving the recommendation of the Ad Hoc Committee on Parks Operations regarding revenue enhancements identified by the County Administrative Office to avert Parks Department reduction in force for FY 2014-15;
- b. Consider approving increased appropriations in the amount of \$900,000 in the Parks Enterprise Fund Appropriation Unit 452-7500-PAR004-8391-6111 (4/5th vote required);
- c. Consider approving increased revenue in the amount of \$578,500 in the Parks Enterprise Fund Appropriation Unit 452-7500-PAR004-8391-5730 (4/5th vote required);
- d. Consider approving a one-time Operating Transfer In for the amount of \$300,000 from the Laguna Seca Track Designation Fund 001 Balance Sheet Account 3129 to the Parks Enterprise Fund Appropriation Unit 452-7500-PAR004-8391-5940 (4/5th vote required);
- e. Consider approving a one-time Operating Transfer In for the amount of \$21,500 from the Laguna Seca Rifle Range Appropriation Unit 001-7500-PAR001-8145 to the Parks Enterprise Fund Appropriation Unit 452-7500-PAR004-8391-5940 (4/5th vote required);
- f. Consider authorizing the Auditor Controller to amend the Lakes Enterprise Fund 452 budget for FY 2014-15 to incorporate approved modifications;
- g. Consider restoring Parks Department positions as listed in Attachment "B";
- h. Consider authorizing rescission of layoff notices to impacted Parks Department Employees;
- i. Consider directing the County Administrative Officer to implement the actions as authorized by the Board of Supervisors; and
- j. Authorize the Auditor Controller to modify the FY 2014-15 budget based on the indicated actions.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Consider approving the recommendation of the Ad Hoc Committee on Parks Operations regarding revenue enhancements identified by the County Administrative Office to avert Parks Department reduction in force for FY 2014-15;
- b. Consider approving increased appropriations in the amount of \$900,000 in the Parks Enterprise Fund Appropriation Unit 452-7500-PAR004-8391-6111 (4/5th vote required);
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- e. Consider approving a one-time Operating Transfer In for the amount of \$21,500 from the Laguna Seca Rifle Range Appropriation Unit 001-7500-PAR001-8145 to the Parks Enterprise Fund Appropriation Unit 452-7500-PAR004-8391-5940 (4/5th vote required);

- f. Consider authorizing the Auditor Controller to amend the Lakes Enterprise Fund 452 budget for FY 2014-15 to incorporate approved modifications;
- g. Consider restoring Parks Department positions as listed in Attachment “B”;
- h. Consider authorizing rescission of layoff notices to impacted Parks Department Employees;
- i. Consider directing the County Administrative Officer to implement the actions as authorized by the Board of Supervisors; and
- j. Authorize the Auditor Controller to modify the FY 2014-15 budget based on the indicated actions.

SUMMARY:

The approved County budget for FY14-15 included reductions to the Parks Department totaling \$1,008,000 in staff costs which would result in elimination of fourteen (14) positions within the Department. These layoffs are to be effective October 1, 2014; layoff notices have been issued to affected staff. As part of the budget approval, the Board also appointed Supervisor Potter and Supervisors Salinas as the Ad Hoc Committee on Parks Department operations. Among other tasks, the Board directed the Committee to review funding options to address the potential loss of positions in the Parks Department budget, at least for the remainder of FY2014-15.

DISCUSSION:

The Ad Hoc Committee met on August 13, 2014 to review revenue enhancements developed by the CAO and Parks Department to address the budget shortfall. In developing the revenue enhancements, the staff recommended revenue enhancements which:

1. Increase Use of Track Fund to Support Park Administration for Laguna Seca

The amount in account 001-3129 for Laguna Seca Track (Track Assignment) is currently \$3,363,794. It is important to maintain substantial resources in the account to support near term capital improvements and emergency contingencies; however, the use of additional Track Fund resources to offset the General Fund administrative costs associated with Laguna Seca operations is well within the Board’s authority.

The Ad Hoc Committee recommends a one-time use of \$300,000 from the Track Assignment to offset the General Fund administrative personnel and overhead associated with the Laguna Seca operation. The breakdown of administrative costs recommended for funding in this manner is attached (Attachment A).

2. Fee Increases and Increase Marketing for Day Use Pass

The Ad Hoc Committee recommends that all user, gate, camping, and boating fees be increased by an amount to generate an additional \$191,000 in revenue. In addition, it is recommended that marketing efforts be significantly increased for the County’s annual day use pass currently priced at the rate of \$75/year. The Committee believes that the sale of 2,500 additional passes is attainable this fiscal year, for a revenue increase of \$187,500. Total revenue increase in fees is estimated to be \$378,500.

The Committee believes that fees can be increased for various Parks activities and still remain well within the market range of comparable facilities, and also be below the County's costs to deliver the respective services. The Committee has directed staff to begin steps to pursue a service cost and fee analysis to provide an ongoing tool to monitor costs to provide services and facilities, and deliver more complete data to help the Board make informed decisions regarding recovery rates and General Fund subsidies to the Department.

If the Board of Supervisors concurs with the Committee recommendation, the Parks Department staff will immediately commence the fee adjustments described previously and will return to the Board of Supervisors for adoption during the month of September 2014.

3. Extend the Hours of the Laguna Seca Range

Extending the hours at the Laguna Seca Range and opening the Range for an additional day would have increased operating costs, but could substantially increase revenues from the Range. Extending range hours to 6:00 p.m. and opening one additional day per week is estimated to net the County approximately \$21,500/year in additional revenue.

4. Increase Special Event Revenue

The Committee believes there is opportunity to generate a total of \$200,000 in additional special event revenue from existing and new events at the Parks.

Additional special event opportunities exist for all Parks as well. Each of these will require cultivation and may yield results next fiscal year and beyond.

Potential exists to negotiate and enter into facility use agreements with school districts and high volume users of our facilities. Staff recommends that discussions commence with affected entities, however, we do not believe this will yield significant additional revenue in this fiscal year.

Summary of Parks Department Revenue Enhancements for FY14-15

Following is a summary of the Parks Department revenue enhancement opportunities identified for achievement in FY14-15:

Track Assignment to offset General Fund operations:	\$300,000
Fee Increases and Day Use Pass:	\$378,500
Laguna Seca Range:	\$ 21,500
Increased Special Event Revenue:	<u>\$200,000</u>
Total:	\$900,000

Staffing implications related to revenue enhancements

As previously stated, the approved budget for FY14-15 would result in a layoff of fourteen (14) Parks Department employees; pursuant to Board direction those 14 employees have been issued layoff notices. Two of those affected positions will be vacant prior to October 1, 2014. The Deputy Chief Ranger for South County operations will retire on September 2 and a County Park Ranger II has resigned. Funding the remaining twelve (12) positions for the balance of the fiscal year will require \$880,000 in salary and benefit cost. The additional revenue identified by staff and recommended by the Ad Hoc Committee will enable those 12 positions to be funded. Staff recommends that the two vacated positions described above be retained as vacant and unfunded. This will give the Department operational flexibility as organizational issues are examined in the coming months. The 12 positions recommended for funding and restoration are listed in "Attachment B."

OTHER AGENCY INVOLVEMENT:

This report has been prepared in conjunction with the Parks Department, Human Resources, County Counsel and CAO Office. The Chair of the Budget Committee has been informed of the recommendations in this report, as well as the need for action by the Board of Supervisors.

FINANCING

The recommended revenue enhancements, if approved by the Board of Supervisors, will have no impact on the General Fund. It must be noted that the Ad Hoc Committee is aware that the revenue enhancement involving partial use of the Track Assignment should be considered a onetime use of funds. Overall, the intent of the Committee recommendation is to stabilize the operation of the Parks Department for the balance of FY2014-15 while several major efforts are underway such as recruitment of the Parks and Recreation Director, preparation of a Parks strategic plan and a review of department organizational an operational issues.

In addition, the retention of staff will allow for necessary maintenance work to be done and, should we experience a relatively normal winter rainfall, would assist in operation of Lakes San Antonio and Nacimiento.

The Department will report on the status of revenue enhancements quarterly.

Approved by:

Nicholas E. Chiulos
Assistant CAO/Interim Parks Director

Attachments: Attachment "A" and "B"