FAIRFAX COUNTY PARK AUTHORITY

M E M O R A N D U M

TO: Chairman and Members
Park Authority Board

VIA: Kirk W. Kincannon, Executive Director

FROM: Janet Burns, Senior Fiscal Manager

DATE: October 6, 2016

Agenda

Budget Committee
Thursday, October 13, 2016 – 6 p.m.
Boardroom – Herrity Building
Chairman: Mary Cortina
Vice Chair: Ken Quincy

1. Approval of Annual Review and Distribution of Telecommunications Revenues – Action*
2. FY 2017 – FY 2019 Financial Management Plan Park Revenue Funds 80000 and 80300 – Information*

*Enclosures

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Board Agenda Item
October 26, 2016

ACTION

Approval of Annual Review and Distribution of Telecommunications Revenues

ISSUE:
Annual review and approval of the recommended telecommunications funded projects. Twenty percent, excluding Mason District, of the telecommunications revenues will go to NRMP and CRMP projects. The remaining 80% of telecommunications revenues will be used for projects within the district. One hundred percent of Mason District telecommunications revenues will be used for Mason District Park projects.

RECOMMENDATION:
The Park Authority Director recommends approval of the CRMP, NRMP and district specific projects.

BACKGROUND:
The below balances represent dollars that may be allocated towards projects. For all but Mason District, 20% of the balance will go to CRMP and NRMP projects and 80% to district projects. All Mason District revenue will be used for Mason District Park projects.

Supervisor District	**FY 2017 Telecommunications Revenue**
Dranesville	$38,319
Hunter	$178,784
Lee	$84,563
Mt. Vernon	$54,247
Springfield	$27,452
Sully	$30,548
Mason	$60,120*
Cultural Resource Management	$65,493
Natural Resource Management	$65,493

*May not be allocated for CRMP & NRMP projects.

A list of projects recommended for funding for countywide CRMP and NRMP projects, and districtwide projects was developed with input from the Park Authority Board

Member in the district where the telecommunication facilities are located on an annual basis. The proposed project list is attached.

ENCLOSED DOUMENTS:
Attachment: FY 2017 Telecommunications Revenue Projects List

STAFF:
Kirk Kincannon, Executive Director
Sara Baldwin, Deputy Director/COO
Aimee Vosper, Deputy Director/CBD
Cindy Walsh, Director, Resource Management Division
Todd Brown, Director Park Operations Division
David Bowden, Director, Planning and Development Division
Janet Burns, Fiscal Administrator
Mike Baird, Manager, Capital and Fiscal Services

FY17 Proposed Telecommunications Projects

Mount Vernon - $54,247			
PROPOSED PROJECTS		**JUSTIFICATION**	Staff Responsible for Providing Justification
Laurel Hill Dormitory Building	$54,247	Funding is requested to remove the dormitory building and hydro seed the entire building area after clean up. The Laurel Hill Dormitory is in a part of Laurel Hill Park that is open to the public. It is adjacent to an athletic field scheduled to a local youth group, the South County Little League. It is an attractive nuisance, safety hazard and greater liability than are other buildings in the park that are neither on the National Register nor were they constructed during the period of significance because unlike other such structures, the dormitory is not within a locked, fenced area. Other buildings are secured by fencing. This one is in the open, and it is next to a youth athletic field. The total cost of the work is estimated at $97,375, so additional funds will be secured to fund the entire project.	Bowden/Brown
TOTAL	**$54,247**		

FY17 Proposed Telecommunications Projects

Hunter Mill - $178,784			
PROPOSED PROJECTS		**JUSTIFICATION**	Staff Responsible for Providing Justification
Stratton Woods Tennis Court Renovations	$81,000	Courts are beyond life cycle, in poor condition, and along with our entire inventory of courts, is falling behind replacement cycle due to lack of funding.	Brown
Wolf Trails Basketball Court Renovations	$26,000	Courts are beyond life cycle, in poor condition, and along with our entire inventory of courts, is falling behind replacement cycle due to lack of funding.	Brown
South Lakes Drive Basketball Court Renovations	$26,000	Courts are beyond life cycle, in poor condition, and along with our entire inventory of courts, is falling behind replacement cycle due to lack of funding.	Brown
Frying Pan Farm Park Office reconfiguration at the visitors center	$25,000	Frying Pan Farm Park's Visitor Center has several staff that need work space. The current space doesn't lend towards much expansion, but reconfiguration could produce more functional workspace.	Walsh
TOTAL	**$158,000**		

FY17 Proposed Telecommunications Projects

Lee - $84,563			
PROPOSED PROJECTS		**JUSTIFICATION**	Staff Responsible for Providing Justification
Hooes Road Basketball Court Renovations	$72,000	Courts are beyond life cycle, in poor condition, and along with our entire inventory of courts, is falling behind replacement cycle due to lack of funding.	Brown
Huntley Aerial Photos	$9,000	The Huntley aerials provide photos (from low flying aircraft) and a comprehensive vegetation analysis. Vegetation is a key component of wetland management and success. The aerials provide a benchmark against the wetland vegetation goals and also drives future natural resource management priorities. The fall aerial survey will help support the early release of the ACOE (Army Corp) permit process for years 4 and 5 of the Wetland Restoration Project.	Walsh
Fitness Equipment at Lee District	$3,563	Funds would be used to enhance Pilates equipment. Additional apparatus will be purchased to allow progression and variety in group exercise classes and personal training.	Nugent
TOTAL	**$84,563**		

Dranesville - $38,319			
PROPOSED PROJECTS		**JUSTIFICATION**	Staff Responsible for Providing Justification
Linway Terrace Basketball Court Renovations	$38,319	Courts are beyond life cycle, in poor condition, and along with our entire inventory of courts, is falling behind replacement cycle due to lack of funding.	Brown
TOTAL	**$38,319**		

FY17 Proposed Telecommunications Projects

Sully - $30,548			
PROPOSED PROJECTS		**JUSTIFICATION**	Staff Responsible for Providing Justification
Chalet Woods Trail Resurfacing	$30,548	The asphalt trail is in very poor condition and is one of the worst in the Sully District. It serves a large community of housing that connects the community with a playground as well as lighted tennis and basketball courts. Funding is unavailable from other traditional sources.	Brown
TOTAL	**$30,548**		

Springfield - $27,452			
PROPOSED PROJECTS		**JUSTIFICATION**	Staff Responsible for Providing Justification
Rolling Valley West Basketball Court Renovations	$20,000	Courts are beyond life cycle, in poor condition, and along with our entire inventory of courts, is falling behind replacement cycle due to lack of funding.	Brown
Capital Equipment for Twin Lakes	$7,452	Replace critical mowers	Johnson/Furey
TOTAL	**$27,452**		

FY17 Proposed Telecommunications Projects

Mason District Park -$60,120			
PROPOSED PROJECTS		**JUSTIFICATION**	Staff Responsible for Providing Justification
Athletic Field Lighting	$60,120	Field 3 (synthetic field) lights are over ten years beyond life cycle and staff routinely has to address repairs that would be unnecessary with a system that was newer and not significantly beyond its lifecycle. The lighting provided by the existing system does not meet current standards, and funding is unavailable from other traditional sources. Funding will be combined with funds that were approved with FY16 funding.	Brown
TOTAL	**$60,120**		

FY17 Proposed Telecommunications Projects

NRMP (20%)- $65,493
Implement Fairfax County Park Authority Natural Resource Management Plan recommended actions 1, 7, 16, and 17 for FY2017. Total project cost will be $65,493. - Recommended action 1 activities will include natural resource inventories and geodatabase development for $53,514 in personnel services and operating expense. - Recommended action 7 will include professional training, and purchase of supplies and equipment for $3,479 in capital equipment and operating expense. - Recommended actions 16 and 17 will include operational support for the white-tailed deer and prescribed fire programs for $8,500 in personnel services and operating expense.

CRMP (20%)- $65,493
- Implement Fairfax County Park Authority Cultural Resource Management Plan with regard to archaeology and museum collections. Continue to improve conditions of archaeological and museum collections to current professional standards as per the American Alliance of Museums and 36CFR Part 79. Funding to hire LTE archaeologist/museum specialist to upgrade collections conditions and database $47,014. - Implement Fairfax County Park Authority Cultural Resource Management Plan with regard to the identification, evaluation or interpretation of archaeological resources where alternative project or bond funding is not available. Funding to hire LTE archaeologists $15,000. - Funding for professional training for staff $3,479 for salary and expenses.

Board Agenda Item
October 26, 2016

INFORMATION

FY 2017 – FY 2019 Financial Management Plan Park Revenue Funds 80000 and 80300

The Park Revenue Funds Financial Management Plan (FMP) is prepared each year following the completion of year end and subsequent to the release of budget direction. The down turn in the economic environment combined with efforts on the Lines of Business (LOBs) exercise, delayed the county's FY 2018 budget development guidance release until August 1, 2016.

The Financial Management plan contains key assumptions, considerations and operational challenges for upcoming years and will be used in the overall management and administration of the revenue funds. The FY 2017 – FY 2019 Financial Management Plan outlines projections through FY 2019 and is used for short and long range planning and funding decisions for the Park Revenue and Operating Fund, 80000 and Park Improvement Fund, 80300. Additionally, effective with this FMP, fiscal year initiatives are being include and their relationship to strategic initiatives which incorporates elements of the Financial Sustainability Plan into the Financial Management Plan.

ENCLOSED DOCUMENTS:
Attachment 1: Park Revenue Funds Financial Management Plan FY 2017 – FY 2019

STAFF:
Kirk W. Kincannon, Executive Director
Sara Baldwin, Deputy Director/COO
Aimee L. Vosper, Deputy Director/CBD
Dave Bowden, Director, Park Planning & Development
Todd Brown, Director, Park Operations
Todd Johnson, Manager, Golf Enterprises
Barbara Nugent, Director, Park Services
Cindy Walsh, Director, Resource Management
Peter Furey, Manager, Golf Enterprises
Janet Burns, Senior Fiscal Administrator

Attachment 1

Fairfax County Park Authority

Park Revenue Funds -
Financial Management Plan -
FY 2017 - FY 2019 -

October 26, 2016 -
(To Budget Committee October 13, 2016) -

Fairfax County Park Authority -
Park Revenue Funds Financial Management Plan – FY 2017 – FY 2019 -
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1.0 Introduction

The Park Revenue Funds Financial Management Plan (FMP) is a key component of the Fairfax County Park Authority's overall financial and business management strategy. The FMP provides financial projections and principles for the management of the Fairfax County Park Authority's two revenue funds and interconnected issues (Fund 80000, Revenue and Operating Fund (ROF) and Fund 80300, Park Improvement Fund). Based on the prior year-end status, the adopted budget, along with a set of revenue and expenditure assumptions, staff formulates a schedule that models revenue and expenditure estimates for three future years. The FMP serves as a projection tool and should typically be completed by September of each year.

These projections in turn drive short and long-range decisions in fund management. Key to the park revenue funds' management decisions are the eight-point Financial Management Principles which were last reviewed by the Park Authority Board previously and no changes to those are recommended. These guidelines draw on and conform to the county's "Ten Principles of Sound Financial Management." The Plan is also influenced by the Park Facilities Bond Debt Service requirements. Bonds represent a long-term debt obligation to the Authority and, coupled with the Financial Principles, act as the basis for Park Revenue Funds decisions by the Authority.

The Park Authority Board approves Fund 80000 and Fund 80300 budget submissions each September. Staff provides a first, second, and third quarter financial status of the Revenue and Operating Fund and the Carryover package at the end of each fiscal year. The annual budgets and FMP are reviewed by the Board's Budget Committee and presented to the Park Authority Board for approval.

Significant fund structure changes occurred in previous years to plan for fiscal sustainability and ongoing support of revenue facilities:

- A specific Grants Match Project was established to use for grant matching dollars. The minimum balance is $250,000.

- A Catastrophic Events Project was established to draw upon when there are unplanned natural events or disasters and/or when funding may be returned through Risk Management or FEMA and an Emergency Project, a sub-project within General Park Improvements Project was established. The minimum balance is

$250,000.

- Staff and the Park Authority Board implemented the uniform definitions and use for maintenance, infrastructure replacement, upgrades, and renovation projects that will assist the Park Authority in aligning, planning, and assigning funding areas for the future.

- The Revenue Facilities Capital Sinking Fund (RFCSF) was established to provide at least partial funding to address planned revenue facility long- term, life cycle needs.

- The Revenue & Operating Fund Stabilization Reserve was - established to ensure fiscal stability. -

- The Revenue Fund 80000 was renamed the Revenue and - Operating Fund (ROF). -

- The Park Capital Improvement Fund 80300 was renamed the Park Improvement Fund 80300.

These are all substantive efforts to help secure the foundation that will help support the ROF; however, continued commitment to educating and working through the challenges in balancing the Revenue & Operating Fund vs General Fund remains critical to future sustainability. The persistent challenges with the economy, budget limitations, rising business costs, unforeseen weather events, aging infrastructure, and increased competition for the ROF remain. It is critical that these be addressed in order to move forward. Educating partners and stakeholders in the Park Authority's complex funding structure, along with transparent fiscal planning and reporting, will further their willingness to invest in, support and understand the true value of parks. The director, Park Authority Board, staff and our partners across county agencies are committed to addressing these issues together.

2.0 - Financial Management Principles Park Authority Revenue Funds

The Park Authority Board and staff have fiduciary responsibility for the Park Revenue and Operating Fund. The Financial Management Principles will form the basis for policy decisions affecting the Fund. These principles are:

- Financial planning for the Park Revenue and Operating Fund will be consistent with the goals and objectives of the Authority and support the initiatives and strategies as reflected in the Authority's approved plans. Likewise, the Authority's goals and objectives which affect the Park Revenue and Operating Fund will be consistent with fund availability and financial projections.

- The Authority will develop a financial management plan for the Park Revenue and Operating Fund with a minimum of three out-year projections. The Plan will be updated at least annually and will be used as the basis for the development of budgets and revenue/fee schedules.

- The Park Authority budget process will ensure the highest possible accuracy of revenue projections and the review and evaluation of budget expenditure requirements. Annual budget plan submittals will meet all Fairfax County Department of Management and Budget requirements. All efforts will be made to optimize productivity for improved service delivery at the lowest possible cost levels to the fund.

- The annual operating budget will project and produce a positive cash balance for each fiscal year. A cost recovery ratio for the budget-planning year will be developed and integrated into the financial management plan. Management of the Park Revenue and Operating Fund for budgeting purposes will be at cost/profit center level so that each program and function is reviewed annually both for revenue projections and expenditure needs. Where possible, each cost center will produce net revenue and keep expenditures to the lowest possible levels.

- A Revenue and Operating Fund Stabilization Reserve will be maintained at a sufficient level to allow for yearly cash flow requirements and for use in addressing any net Revenue and Operating Fund shortfalls. The cash flow portion of the reserve will be a minimum of five percent of the approved annual expenditure budget minus debt with use, in any given year of up to 50% of the balance with Park Authority Board approval. Additional emergency funding will be maintained in the Catastrophic Events project and in General Park Improvement Emergency sub-project. The Revenue and

Operating Fund Stabilization Reserve and related Emergency projects shall be adjusted annually at Carryover.

- Net revenue generated from the fiscal year, above that needed to pay debt service requirements and sustain the reserves, will be committed as approved by the Park Authority Board. Funding priority will be given to the repair and renovation requirements of the Park Revenue and Operating Fund's facilities and for support of revenue generating programs. At the Board's direction, all, or a portion of the net revenue, will be appropriated annually to the Park Improvement Fund or Revenue Facilities Capital Sinking Fund for future needs associated with the repair and renovation of Park Revenue and Operating Fund facilities and programs. Funding requirements will be reviewed and updated annually.

- These Financial Management Principles will be reviewed by the Park Authority Board annually.

3.0 Planning Assumptions and Considerations

3.1 <u>Revenue Generation through Fees</u>

Fees generated from the ROF pay for personnel expenses and operating costs at all Park Authority-operated golf courses and RECenters; at lake parks for fee-sustained facilities and program operations; and for rental facilities, programs, and store sales at nature centers, visitor centers, historic sites and other parks. Sustained revenue growth is essential to support the ROF and to offset increases in operating expenses.

Growth is designed to come from multiple sources, including new facility improvements and expansions, program participation growth, new facility users, cost management, and fee increases. As a matter of practice, comparatively small and regular fee increases are preferred over less frequent, but larger increases. Opportunities for fee increases have been limited by economic conditions over the past few years. Prospects have been stronger for programs than facilities as consumer demand has been more robust for programs, allowing more regular fee increases in programs. Approved FY 2017 fee adjustments for some classes, ranging from 0 to 3%, will take effect beginning with the fall quarter. These follow 1 to 4% increases that were implemented the previous year. Continuing sluggishness in the economy will result in the need to tread lightly with fee increases in the upcoming FY 2017 fee adjustment process for Park Authority Board approved fees as has been the case for the last several years. Looking forward, there are also some indications that the potential for program fee increases may be slowing as well. Preliminary assessment of 2016 Revenue & Operating Fund program trends (using calendar year data) showed that enrollment growth slowed to 0.013% in 2016 compared to 3.1% in the previous year. Not all indicators are negative, however. Customer ratings of program value continue to remain strong. Nonetheless, revenue generation potential via fee increases is likely to be more limited in the near-term than has been the case in the future. And near-term revenue growth is likely to be more reliant on recent facility expansions in golf, RECenters and the Water Mine than fee increases.

3.2 Debt Service

Sufficient revenue must be produced annually to meet long-term debt service obligations for park facility revenue bonds, which are repaid with revenues from user fees. Debt obligations include the Facilities Revenue Bonds Series 1995, Refunding 2013A and the Laurel Hill Public Facilities Projects, Laurel Hill Golf Course note payable to Fairfax County, Refunding Series 2012A. Park Revenue & Operating Fund debt payment obligations were/are $1,602,082 for FY 2016, $1,631,183 in FY 2017, $1,659,644 in FY 2018, $1,681,313 in FY 2019, and $1,714,690 in FY 2020. The final payment for the Park Facilities Revenue Refunding Bonds; Series 2013 (Twin Lakes/Oak Marr) will be made in FY 2021. Once that debt is paid in full, the ROF will save approximately $800,000 annually. With net golf revenue fairly flat, meeting the debt obligation continues to challenge the Park Authority and limit its ability to reinvest in revenue producing facilities so that they yield a greater return and increase self-sufficiency. It is important to note that both the Laurel Hill Public Facilities Project and the Park Facilities Bond have been refunded to take advantage of the historically low rates of 2012 and 2013.

3.3 Business Performance in the Current Economy

General market conditions that will influence future business performance show improvement over last year. A synopsis of key indicators is as follows:

3.3.1 The Washington-Baltimore consumer price index (CPI) shows a small growth in inflation thus far in calendar year 2016, according to figures from the U.S. Department of Labor available through July 2016. In July of 2015, the change in the CPI over the previous 12 months was .4%. The change in the CPI over the previous 12 months as of July 2016 was 1.4%. Area prices are down .1% since May, but up 1.4% over the previous year. The growth is attributable to the increase in prices for must items less the food and energy indices. Food rose 1.6% while energy fell 5.5%.

3.3.2 Other measures of the current condition of the local economy that are typically noted in this plan include trends in the unemployment rate and sales tax receipts for retail sales. The plan also tracks national confidence in the economy by reporting recent trends in the national consumer confidence index developed by The Conference Board. For the current plan, this data comes from the Fairfax County Economic Indicators Report (June 2016), the Bureau of Labor Statistics (June 2016 unemployment data), and the Conference Board (June 2016 consumer confidence index).

Unemployment
Fairfax County unemployment ticked upward in June 2016 to 3.2% (from 2.9% in May), following a typical seasonal pattern. The general unemployment trend is favorable, however. Monthly unemployment has averaged 3.0% for the first five months of 2016 compared to a monthly average of 3.8% in 2015 and 4.1% in 2014. Fairfax County's level of unemployment is about middle-of-the-pack for jurisdictions in northern Virginia, where the rate of unemployment for June 2016 ranged from a low of 2.4% in Arlington to a high of 3.5% in Prince William.

Retail Sales
Tax receipts for Fairfax County in June 2016 (for purchases made through April) were $14.2 million, a decrease of 3.9% from June 2015. Sales tax receipts are up 2.0% for the first eleven months of Fiscal Year 2016.

Consumer Confidence
Nationwide consumer confidence, as reflected in the Conference Board's consumer confidence index (CCI), is 97.3 in June 2016, falling 4.1 points from June 2015. The June index (97.3) fell below the benchmark (1985=100) showing that consumers are still cautious about the economy.

3.3.3 Summary of FY2016 Trends and General Impacts on ROF Business

Golf
For the first time in four years, the total number of golf rounds played increased over the prior year. Rounds played in FY16 increased to 268,801, a 3.2% increase over FY15. Good weather for most of the year contributed to this outcome, as total operating days for the system were up 92 days, or 4%. Historically poor weather in the spring of 2016 somewhat deflated that increase. Industry-wide, golfers continue to respond to challenging economic conditions with judicious belt tightening – employing more frequent discount seeking, and shifting play to less expensive courses and off-peak

times when possible. Course operators continued to respond with aggressive discounting to fill tee sheets as well as an increase in and targeted use of dynamic pricing. As a result, greens fee revenue increased only 0.9%. Of significance for the future, golf will greatly benefit from golf marketing enhancements driven by the introduction of the new golf management system (EZLinks software was implemented in late February 2016), and the addition of the new Golf Marketing Specialist position (position was filled in October 2015). In addition, increased targeted programing such as Footgolf and amateur tournaments will help to expand the golfer market. Other planned improvements such as the expansion of the Burke Lake driving range and clubhouse, though having a near-term negative impact on revenue while under construction, will enhance the long-term revenue potential for Golf Enterprises.

RECenters

RECenter attendance increased 1.9% in FY 2016, with increases seen at five sites and decreases at four. Overall revenue increased by 3.4%, primarily driven by two categories – program revenue (up at 6 sites) and rental revenue (up at 7 sites). Pass revenue was up only three sites. This performance causes significant concern that prices for membership passes are at or very near market tolerance levels in the current environment. Future implementation of the new recreation management software system will enable the introduction of automated monthly membership fees, which will be attractive to those unable to pay up front for a long-term membership.

Resource Management (RMD)

Though stewardship education continues to show steady growth in revenue and participation, the division experienced a plateau with only a 2% growth in program revenue from FY 2015 to FY 2016 after a five year 8% average growth. The surge in fee based programming over the past 5 years has been a result of fee increases and increase in programs both at RMD sites as well as alternative facilities (HPRS sites, park shelters, etc.). The next few years will be focused on re-calibrating and evaluating the program mix, program performance and particularly net revenue goals. Overall revenue grew by 1%, a decline from the last five years average growth of 6%. Some of this is due to a shift of the Historic Property Rental program to Park Services which resulted in a 23% ($170k) decline in rental revenue for the division. Frying Pan Farm Park revenue was down $68k in FY16 which has a big impact on the Division's revenue, being 36% of the overall budget. However, other sites that in the past have experienced modest to no growth, have begun to surge in revenue categories with 7 sites showing positive revenue gains. Weather dependent categories have been mixed with positive growth in special events (29%) and negative growth in boating (-2%) and amusements (-5%).

3.4 Benefits

Benefit costs continue to rise. In FY 2016, the total cost associated with benefits for the Revenue & Operating Fund increased as follows:

- Retirement contributions increased from $1,823,752 to $1,949,258, an increase of $125,506 or 6.9%
- Health Care Benefits for all ROF personnel increased from $1,862,942 to $1,960,177, an increase of $97,235 or 5.2%. No budget guidance relative to health care costs for FY18 has been provided by the County at this point in time, though, historically, this expense category continues to outpace the rate of inflation.
- Other Post-Employment Benefits (OPEB) costs for ROF employees were transferred from the county to the Park Authority beginning in FY 2011. In FY 2015 the charge was $590,977, and rose to $598,197 in FY16. For FY17, the charge was reduced to $256,924, as the County changed its funding contribution of this long-term liability account. No budget guidance for FY18 OPEB charges has been provided by the County at this point in time.

3.5 Employee Compensation - Market Adjustment Rate

In FY 2016, based on the Board of Supervisors approval of a new compensation plan for employees, funding was included for performance increases and a 1.1 percent market rate adjustment (MRA); the average compensation increase was expected to be 3.6 percent. The impact to the Revenue and Operating fund for those FY2016 salary adjustments is estimated to be about $660k. The FY17 Adopted Budget includes a 1.33% MRA for all employees, at an estimated cost of $374,607 and pay-for-performance and longevity increases at an estimated cost of $258,183 for a total cost of $632,790. The Budget Guidance for FY 2018, based on the Board of Supervisors direction in April 2016 was that funding for full compensation be included for FY 2018. At this time, it is unknown what that fiscal impact will be in FY 2018, but based on historical data, the ROF is looking at an impact of ~$700k.

3.6 Leave Payouts

The Authority, as well as the general county, will be facing an increased number of retirements as baby boomers prepare to exit the work force. In FY 2017 the Authority will have 7 Merit employees eligible for retirement, 3 of those are in the Revenue & Operating Fund. An additional 18 employees become eligible in FY 2018, three of which are in the Revenue & Operating Fund. When an employee retires from merit service, the employee is paid for the balance of their annual leave, and any compensatory time up to 240 hours. The Revenue & Operating Fund incurred $123,636 in leave payouts in FY 2016. The estimated DROP payout is projected at $73,919 in FY17, $33,390 in FY 2018, and $90,594 in FY 2019.

3.7 Fairfax County Public Schools Initiatives

The Fairfax County Public School System (FCPS) adopted scheduling changes that have impacted our classes and programs at RECenters and within schools themselves. In the fall of 2015, FCPS high school start times were moved as much as 50 minutes later than the previous school year. This change shifted schools' use of the RECenters closer into the prime time of the indoor pools for high school swim team practice and competition. Aquatic class schedules, pass holders, and general admission users were impacted for an estimated reduction in gross revenue of $84,489.

A second and, potentially greater financial impact, will occur with the school year 2017-18, when schools will begin prior to Labor Day. In addition, FCPS notified us that there will be no camps in schools after August 11, which reduces our access to schools one more week in addition to the calendar shift alone. This will impact the number of camp weeks that may be offered and strategies are being discussed to compensate and adjust for those revenue losses. While the second half of the school year may permit an earlier school summer dismissal, and thus allow us to offer camps earlier in the summer, it is unlikely we will capture all the loss of camp weeks. The total reduction in gross revenue may be as high as $500,000.

3.8 Indirect Costs

FY 2016 Actual Net Revenue was $611,189. FY 2017 Revised Net Revenue based on Carryover is currently budgeted at $520,060. Factors impacting FY 2017 net revenue include Indirect Cost charges (applied from the county for provision of legal, HR, and other centralized services) in the amount of $820,000 and the continued impact from the BOS approved compensation plan discussed in the employee compensation section. The primary use of net revenue is for reinvestment into projects such as Revenue Facilities Capital Sinking Fund that provides support for planned, long-term, life-cycle maintenance of revenue facilities, ParkNet, and General Park Improvements. The FY 2018 net projection was submitted as $859,685.

3.9 General Fund Budget Cuts Continue

Based on FY 2018 Budget Development Guidance, the county is experiencing a considerable amount of uncertainty as revenue data continues to shift from month to month and waiting to see the results of the Meals Tax Referendum. The early stages of the FY 2018 budget development indicates a significant deficit for the county and for schools; however, no firm figures were provided. While it is likely that some level of reductions may be necessary, Management and Budget is not requiring that reductions be submitted with the budget. Instead, during the fall, in addition to making refinements to the projections for FY 2018 revenues, the Phase 2 LOBs projects will be defined and the Department of Management and Budget will use them as the basis for budget balancing decisions for FY 2018. Since FY 2008, Park Authority reductions have resulted in over a 29% loss of General Fund operating expense support and 55 positions, yet park acreage, facilities, and amenities, population, competition, and public expectations continue to increase. Park conditions continue to worsen and citizen complaints are on the rise; finding recurring program cuts without furthering impacts is virtually impossible. Following the last several years of additional General Fund costs being moved to the ROF, staff and the Park Authority Board have been extremely cautious in opening that door as an option to help with reductions as net dollars are sorely needed to reinvest into revenue facilities and/or cushion uncontrollable costs coming from the county. As the result of deteriorating conditions and a decade of budget reductions in the General Fund operating budget, the Park Authority is submitting a request for approximately $4.0 million in additional funding in the FY 2018 budget.

3.10 Capital Equipment

In the past, (especially in difficult economic times) based upon the requirement to insure 100% cost recovery in the ROF, the agency made the decision to hold or delay some capital equipment replacement. RECenters, golf courses, nature sites, lake fronts, and historic sites have a variety of equipment that is relied upon to maintain the facilities and also to assist in programs and services directly tied to revenue generation. Management has used a discretionary application of this rule depending on the year to help fund items related to critical needs or in emergency situations. Recent data captured in the agency's Tririga Asset Management System indicates that 73% of the existing grounds related capital equipment is beyond its life expectancy. (This includes items such as mowers, aerators, rakes, tractors, trailers, sprayers, sweepers, and utility vehicles). "Maintenance equipment at all facilities" is listed in the National Golf Foundation (NGF) final report's top ten priorities noted to meet its projections. Further, it is the NGF Consulting team's belief that continued deferral of equipment replacement will jeopardize course conditions and impact overall service serving to further erode golf revenues by an amount even greater than the expense reduction savings. This strategy can no longer be relied upon to balance the budget. The agency must determine the next steps to begin the transition towards creating a replacement cycle for required capital equipment and consider all avenues of revenue stream for this implementation program. In FY 2016, it should be noted, the Park Authority only purchased $160,916 of capital equipment out of $349,194 budgeted due to concerns about balancing the budget in the face of a very wet May that resulted in staff seeking permission to be able to use the Revenue & Operating Fund Stabilization Reserve. Luckily, staff did not need to use the reserve, but the limited net revenue shows how difficult it is to expend budgeted capital equipment. The Park Authority also purchased $198,770 worth of capital equipment in the General Fund, with an additional $136,696 encumbered. As part of Carryover, the Authority transferred $110,000 to General Park Improvements to allow the purchase of critical capital equipment that was not purchased in FY 2016 due to concerns as noted above related to cost recovery. Additionally, $210k in telecommunications funding was identified to use for Golf Enterprises capital equipment purchases. These funds were previously identified for funding of wash stations for which Park Authority funding is no longer needed. Telecommunication funds were also used to purchase maintenance equipment at multiple golf sites. As equipment ages, that equipment will be made available via public auction with any proceeds reinvested in future Park Authority needs. With FY 2017 projected to be another difficult year, the Authority will again be challenged in purchasing needed, critical capital equipment, while also ensuring positive net revenue.

3.11 **Realization of Bond Projects - FSP Core Business initiatives** With the Twin Lakes Oaks Room, Oak Marr RECenter and Spring Hill RECenters expansions complete, fully operational and generating positive net revenue; only two FSP Core Business initiatives, the Water Mine and Burke Lake Golf Driving Range Expansion remain.

Water Mine. Although targeted for opening in late summer 2015 (FY 2016) full realization of all the amenities did not occur until the summer of 2016. Since the seasonal nature of this facility, the first fully operational year will be FY 2017. The Water Mine was fully opened – August 1, 2015.

Burke Lake Driving Range Expansion. Construction of a new two-story driving range structure containing 24 covered/heated at grade stations and 24 elevated hitting stations, along with construction of an additional 16 at-grade hitting stations installation of new lights. Construction is scheduled to occur from October 1, 2016 thru April 1, 2017, to limit impacts on driving range revenue.

Realization of the FSP Net Revenue Projections for Development Projects-

	Actual Net Revenue Prior to Expansion	FY 2016 Actual Net Revenue	FY 2017 Original Projected Net Revenue	FY 2018 Original Projected Net Revenue
Twin Lakes	$391,270 (FY13)	**$229,798***	$591,270	$616,270
Oak Marr	$643,795 (FY12)	**$839,215**	$1,043,795	$1,193,795
Spring Hill	$477,075 (FY13)	**$719,099**	$927,075	$1,052,075
Water Mine	$356,289 (FY14)	**$572,129**	$556,289	$606,289
Burke Lake Driving Range	$157,700 (FY16)	**$157,700**	$57,700	$307,700
Totals	$2,026,129	**$2,517,941**	$3,176,129	$3,776,129

* Net Revenue negatively impacted by a 5% decrease in operating days and an 8% decrease in rounds played valued at approximately $230k. This was partially offset by an increase in Program Revenues of about $108k or 164% related to the expansion of Oaks Room and an increase in rentals and events. Event attendance increased by 2,668 or 84% from FY2013 to FY2016.

4.0 Management Strategies

4.1 FY 2017 – FY 2018 Planned Capital, Repair & Service Improvement - Strategies for Revenue Generating Facilities -

- Overall. (1) Complete branding study, the overall end product of which is an update of the primary FCPA identity and will also address primary sub-brand identities for golf and RECenters leading to installation of upgraded entrance signage these facilities in FY 2018 per the Financial Sustainability Plan. (2) Increase marketing investment, primarily in RECenters, golf, the Water Mine and camps, to increase community awareness and purchases. (3) Continue to grow the subscriber base for Parktakes, the primary awareness-producing vehicle for programs. (4)

Expand use of customer feedback in the form of Voice of the Customer survey findings to improve service.

- RECenter passes. To focus on the strategic plan objectives of informing, engaging and stabilizing funding, the Park Authority will (1) Expand advertising investment to increase awareness. (2) Update email marketing capabilities (ParkNet replacement dependent). (3) Evaluate diversification of advertising mix to include Internet marketing and cable TV. (4) Implement electronic fund transfer for pass sales to reduce price point for young adults (ParkNet replacement dependent). Adopt a mobile app to provide relevant content/engage pass holders. (5) Implement pass holder retention plan, and develop/implement a pass holder on-boarding strategy.

- Golf. In order to stabilize funding, Golf Enterprises will (1) Continue to expand golf customer database, allowing for expanded electronic marketing. (2) Develop/launch a golfer loyalty program. (3) Grow the number of golf outings/events and associated revenue at Twin Lakes and Laurel Hill. (4) Implement a program to effectively transition lesson takers into regular rounds purchasers. (5) Evaluate and develop strategies to improve the current approach to programming. (6) Expand use of EZ Links marketing tools and segmentation capabilities. (7) Develop golf-specific Twitter account. (8) Continue to grow FootGolf participation and rounds at Pinecrest. (9) Evaluate opportunities EZLinks provides to introduce dynamic pricing for rounds.

- Programs. In order to optimize programs and services and stabilize funding, the programs area will (1) Continue data-based approach to selectively adjust fees. (2) Build program awareness and enrollment via development of annual outreach calendar, upgrading on-site promotional materials, expanding subscription levels (Parktakes and ResOURces), and piloted use of digital marketing. (3) Develop partnerships to expand community health and fitness programming, and expand programs in niche markets. (4) Expand outdoor recreation program offerings.

- Water Mine. In order to stabilize funding, the Water Mine will (1) Continue to expand advertising investment as budget permits and diversify advertising mix. (2) Evaluate continued use of daily deal promotions as a part of promotional strategy.

4.2 - **FY 2016 – FY 2019 Capital, Repair and Service Enhancement Strategies**

As the Authority becomes increasingly reliant on revenue generation and cost recovery to sustain its overall mission and operations, the county's allocation of capital and bond dollars will play a critical role in how that is accomplished.

The entire county continues to face challenges brought about by a continuing sluggish local economy. Toward that end a system-wide RECenter feasibility study was initiated in FY16. Scheduled to conclude in FY17 and will identify a program of future revenue growth opportunities for RECenters. Maintaining aging infrastructure continues to be a source of concern. To work towards the goals of maintaining the revenue facilities, the Park Authority created a Revenue and Operation Facilities Sinking Fund (ROFSF) with a balance of $2.16 million. Projects have been identified and spending began in FY 2016. In February 2014, the Board of Supervisor's Infrastructure Financing Committee (IFC) distributed a report which outlines key maintenance, infrastructure replacement and upgrades, renovations and new construction definitions which will be standardized throughout the county, schools, and parks. This long-awaited strategic approach is intended to begin to address the backlog of infrastructure replacement, upgrades, renovation, and capital need throughout the county. Continued diligence and advocacy in ensuring some county funding is also provided for ROF facilities will be critical. Difficult economic times may not allow funding to be appropriated yet; however, the County Executive is committed to the program. As part of FY 2016 Third Quarter, the Park Authority received $1,675,328 into the "Capital Sinking Fund for Parks". That amount is equal to the 20% allocation of the current balance in the sinking fund, which represents the Park Authority share of the total annual maintenance requirements presented to the IFC. A prioritized list of critical projects was developed to utilize those funds. FY 2016 Carryover includes an additional $1,291,142 for continued support of prioritized critical infrastructure replacement and upgrades.

Meanwhile the Park Authority Board recognizes that reinvestment responsibility must be shared with the ROF facilities and at FY 2016 Carryover approved $632,261 of Telecommunications (monopole) dollars to go towards facility maintenance and repairs and service enhancements for all park facilities, plus an additional $130,986 to support Resource Management Plans. Staff remains dedicated to spending appropriate proffer dollars and General Park Improvement Funds for repairs, maintenance, and improved services.

The following projects are continuing and have been approved with the FY 2017 Planning and Development Work Plan and/or with the FY 2016 Carryover Budget in July 2016 by the Park Authority Board and will assist in repairs, development, and service enhancements which in the long run impacts customer satisfaction and revenue production.

Capital Projects in Support of Revenue Generating Facilities

Park	Project Description	Fund	Targeted Completion
Agencywide	Branding Study – FSP Initiative with dollars to support RECenter signage replacement	300-C30400	FY17
Agencywide	Customer Service Satisfaction Survey	800-C80300	FY17
Oak Marr and Twin Lakes Golf Course	Upgrade current token based ball dispensing	800-C80300	FY17
Burke Lake Golf Course	Driving Range Expansion	300-C30400	FY17
Lee District	Carousel Installation at Chessie's Big Back Yard	300-C30400	FY17
Turner Farm	New roll-top Observatory	300-C30400	FY17
Lake Fairfax ADA	Campground A&C Bathhouse and Restroom B	300-C30010	FY17
Pinecrest Golf	Design for indoor driving range to include video golf capabilities	800-C80300	FY17
Nottoway	Infrastructure Improvements – roadways and parking	300-C30010	FY17
McNaughton Fields	Construct four (4) diamond fields with related amenities	300-C30400	FY17
RECenter System Study	Review and analysis of RECenters for future enhancements.	300-c30400	FY18
Oak Marr Golf Course	Driving Range Improvements and upgrade driving range lighting	300-C30400	FY18
Historic Huntley	Tenant House into visitor center with displays, restrooms and reception area	300-C30400	FY18
Burke Lake Golf Club House	Replacement	300-C30400	FY18
Monticello Park	Development of off-leash dog park, parking lot, trail, playground, skate activity area, and multi-use area	300-C30400	FY18
Colvin Run Mill	Restoration of Millers House	300-C30400	FY18
Hidden Pond	Parking lot expansion and new outdoor shelter	300-C30400	FY18
Riverbend Park	Outdoor Education Shelter	300-C30400	FY18
Mt. Vernon RECenter	Design for RECenter Renovation and Expansion	300-C30400	FY19

Park	Project Description	Fund	Targeted Completion
Patriot North/Lincoln Lewis	Design for Diamond Field Complex per Master Plan	300-C30400 800-C80300	FY19
Lee District/Spring Hill/Providence/ South Run	Elevator Replacement	800-C80300	FY19

5.0 Schedules

5.1 Base Assumptions for FY 2018 – FY 2020

	FY 2018	FY 2019	FY 2020
	PROJ	PROJ	PROJ
	Inflation Factors	Program Growth	Inflation Factors
REVENUE FACTORS			
REC ACTIVITIES			
CLASSES	1.01	1.02	1.02
PASSES	1.01	1.02	1.02
ADMISSION	1.01	1.00	1.00
OTHER	1.01	1.02	1.02
PARKS	1.01	1.02	1.02
SUBTOTAL			
GOLF			
PASSES	1.05	1.01	1.00
GREENS FEES	1.05	1.01	1.00
OTHER	1.05	1.01	1.00
SUBTOTAL			
ADMINISTRATION	1.00	1.00	1.00
RESOURCE MANAGEMENT			
Programs	1.06	1.06	1.06
Rental	1.05	1.05	1.05
Resale	1.01	1.01	1.01
Other	1.01	1.01	1.01
EXPENDITURE FACTORS			
REC ACTIVITIES			
FULL-TIME SALARIES	1.02	1.03	1.03
LIMITED-TERM SALARIES	1.02	1.02	1.03

	FY 2018 PROJ	FY 2019 PROJ	FY 2020 PROJ
OPERATING EXPENSES	1.02	1.03	1.03
CAPITAL EQUIPMENT	1.02	1.00	1.00
SUBTOTAL			
GOLF COURSES			
FULL-TIME SALARIES	1.02	1.03	1.03
LIMITED-TERM SALARIES	1.02	1.02	1.03
OPERATING EXPENSES	1.02	1.01	1.01
CAPITAL EQUIPMENT	1.02	1.00	1.00
SUBTOTAL			
ADMINISTRATION			
FULL-TIME SALARIES	1.00	1.03	1.03
LIMITED-TERM SALARIES	1.00	1.03	1.03
OPERATING EXPENSES	1.00	1.00	1.00
CAPITAL EQUIPMENT	1.00	1.00	1.00
SUBTOTAL			
RESOURCE - **MANAGEMENT** -			
FULL-TIME SALARIES	1.00	1.03	1.03
LIMITED-TERM SALARIES	1.05	1.03	1.03
OPERATING EXPENSES	1.03	1.03	1.03
CAPITAL EQUIPMENT	1.00	1.00	1.00
SUBTOTAL			

Notes:

- FY 2017 is considered the baseline.
- Based on the past couple years of actual performance Golf passes and greens fees revenue assumptions have been reduced. The National Golf Foundation is reporting some positive news, so staff anticipates that the Park Authority courses will see improvement going forward.
- Full-Time and Limited-Term salary projections are based on assumptions from the County's Compensation Team, but the actual percentage will be based on increases approved by the BOS.
- It is estimated that due to the continued economic situation there will be a very conservative fee package presented for FY 2017 and FY 2018. General timing for the fee approval process can in attachment A-2.

5.2 Revenue/Expenditures – Summary

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 REVISED	FY2018 SUBMISSION	FY2019 PROJ	FY2020 PROJ
OPERATING REVENUE	$43,055,113	$44,678,597	$46,316,036	$48,377,877	$49,200,800	$50,111,277	$50,933,476
EXPENDITURES:							
PERSONNEL SERVICES	$27,252,802	$27,695,078	$28,174,975	$29,488,077	$28,964,638	$29,715,177	$30,606,632
OPERATING EXPENSES	$13,708,873	13,978,786	14,951,137	15,460,324	16,578,600	16,989,326	17,411,750
CAPITAL EQUIPMENT	246,571	139,701	160,917	455,000	315,000	315,000	315,000
TOTAL EXPENDITURES	$41,208,246	$41,813,565	$43,287,029	$45,403,401	$45,858,238	$47,019,503	$48,333,382
NET REVENUE BEORE DEBT	$1,846,867	$2,865,032	$3,029,007	$2,974,476	$3,342,562	$3,091,774	$2,600,094
DEBT SERVICE	$923,340	$1,579,890	$1,605,082	$1,634,416	$1,662,877	$1,684,546	$1,717,923
INDIRECT COST	$775,000	$775,000	$820,000	$820,000	$820,000	$820,000	$820,000
NET REVENUE AFTER DEBT	$148,527	$510,142	$603,925	$520,062	$859,685	$587,228	$62,171
1/ DEBT SERVICE RATIO	2.00	1.81	1.89	1.82	2.01	1.84	1.51
2/ COST RECOVERY	1.045	1.069	1.070	1.066	1.073	1.065	1.053
3/ COST RECOVERY - includes Bond Interest & Debt Service	1.022	1.030	1.032	1.028	1.035	1.029	1.017

3/ $345,013 for Providence and $565,000 FY 02 approved carryover.

1/ Debt Service Ratio is calculated by dividing Net Revenue Before Debt by Debt Service
2/ Cost Recovery is calculated by dividing Operating Revenue (not including Bond Interest) by Total Expenditures (not including Debt Service).
3/ Cost Recovery-including Bond Interest and Debt Service is calculated by dividing Total Revenue (Including Bond Interest) by Total Expenditures plus Debt Service.

5.3 Projected Revenue by Cost Center

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 REVISED	FY2018 SUBMISSION	FY2019 PROJ	FY2020 PROJ
REC ACTIVITIES							
CLASSES	14,053,260	15,137,376	15,534,642	16,271,208	16,385,000	16,712,700	17,046,954
PASSES	6,365,691	6,422,913	6,731,297	7,298,067	6,831,000	6,967,620	7,106,972
ADMISSION	1,772,466	1,735,434	1,735,089	2,034,250	1,839,000	1,839,000	1,839,000
OTHER	3,952,791	4,177,605	4,356,176	4,197,401	4,639,750	4,732,545	4,827,196
PARKS	3,447,689	3,734,632	4,563,618	4,300,428	4,784,726	4,880,421	4,978,029
SUBTOTAL	$29,591,897	$31,207,960	$32,920,822	$34,101,354	$34,479,476	$35,132,286	$35,798,151
GOLF							
PASSES	1,497,368	1,615,133	1,640,239	1,447,100	1,685,000	1,701,850	1,701,850
GREENS FEES	4,740,797	4,547,963	4,576,563	5,027,600	4,891,600	4,940,516	4,940,516
OTHER *	3,769,186	3,672,445	3,836,348	4,148,905	4,407,300	4,451,373	4,451,373
SUBTOTAL	$10,007,351	$9,835,541	$10,053,150	$10,623,605	$10,983,900	$11,093,739	$11,093,739
ADMINISTRATION	$857,672	893,353	753,579	871,860	871,860	871,860	871,860
RESOURCE MANAGEMENT							
Programs	$1,770,965	1,994,877	2,014,124	2,135,019	2,135,019	2,263,120	2,398,907
Rental	$447,658	442,381	258,344	310,548	310,548	326,075	342,379
Resale	$245,818	229,307	245,800	250,740	250,740	253,247	255,780
Other	$133,752	75,178	70,217	84,751	169,257	170,950	172,659
SUBTOTAL	$2,598,193	2,741,743	2,588,485	2,781,058	2,865,564	3,013,393	3,169,725
TOTAL	$43,055,113	$44,678,597	$46,316,036	$48,377,877	$49,200,800	$50,111,277	$50,933,476

5.4 Projected Expenditures by Cost Center

	FY2014 ACTUAL	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 REVISED	FY2018 Submission	FY2019 PROJ	FY2020 PROJ
REC ACTIVITIES							
FULL-TIME SALARIES/BENEFITS	9,574,211	9,519,101	9,583,981	10,385,321	9,873,384	10,169,586	10,474,673
LIMITED-TERM SALARIES	9,377,159	9,913,436	10,279,078	10,421,667	10,485,537	10,695,248	11,016,105
OPERATING EXPENSES	9,372,318	9,725,927	10,692,750	10,910,387	12,088,777	12,451,440	12,824,984
CAPITAL EQUIPMENT	48,690	27,257	18,114	280,000	280,000	280,000	280,000
SUBTOTAL	**$28,372,378**	**$29,185,721**	**$30,573,923**	**$31,997,375**	**$32,727,698**	**$33,596,274**	**$34,595,762**
GOLF COURSES							
FULL-TIME SALARIES/BENEFITS	4,848,068	4,645,018	4,781,614	5,129,015	5,202,637	5,358,716	5,519,478
LIMITED-TERM SALARIES	1,416,689	1,491,181	1,668,146	1,347,457	1,354,475	1,381,565	1,423,011
OPERATING EXPENSES	2,837,113	3,062,504	2,980,946	3,105,800	3,119,300	3,150,493	3,181,998
CAPITAL EQUIPMENT	144,797	105,318	78,549	175,000	35,000	35,000	35,000
SUBTOTAL	**$9,246,667**	**$9,304,021**	**$9,509,255**	**$9,757,272**	**$9,711,412**	**$9,925,774**	**$10,159,487**
ADMINISTRATION (excluding debt)							
FULL-TIME SALARIES/BENEFITS	248,546	298,734	379,666	315,506	258,768	266,531	274,527
LIMITED-TERM SALARIES	122,160	107,176	26,082	137,112	135,312	139,371	143,553
OPERATING EXPENSES	956,510	635,494	791,471	898,664	808,203	808,203	808,203
CAPITAL EQUIPMENT	33,504	5,708	23,366	0	0	0	0
SUBTOTAL	**$1,360,720**	**$1,047,112**	**$1,220,585**	**$1,351,282**	**$1,202,283**	**$1,214,105**	**$1,226,282**
INDIRECT COST	775,000	775,000	820,000	820,000	820,000	820,000	820,000
SUBTOTAL	**$2,135,720**	**$1,822,112**	**$2,040,585**	**$2,171,282**	**$2,022,283**	**$2,034,105**	**$2,046,282**

RESOURCE MANAGEMENT							
FULL-TIME SALARIES/BENEFITS	829,133	805,349	529,318	955,298	823,991	848,711	874,172
LIMITED-TERM SALARIES	836,836	915,083	927,090	796,701	830,534	855,450	881,114
OPERATING EXPENSES	542,932	554,861	485,970	545,473	562,320	579,190	596,565
CAPITAL EQUIPMENT	19,580	1,418	40,888	0	0	0	0
SUBTOTAL	**$2,228,481**	**$2,276,711**	**$1,983,266**	**$2,297,472**	**$2,216,845**	**$2,283,350**	**$2,351,851**
TOTAL	**$41,983,246**	**$42,588,565**	**$44,107,029**	**$46,223,401**	**$46,678,238**	**$47,839,503**	**$49,153,382**

5.5 Fund Statement – Fund 80000

Fund 80000, Park Revenue and Operating Fund

	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 ACTUAL	FY 2017 REVISED	FY 2018 SUBMISSION
Beginning Balance	**$5,483,245**	**$4,117,571**	**$4,617,647**	**$4,051,225**	**$4,051,225**
Revenue:					
Interest on Bond Proceeds	$39	$21	$0	$0	$0
Park Fees[1]	42,067,143	43,637,737	$45,442,486	$47,639,370	$48,462,293
Interest	5,427	7,583	$18,297	$41,883	$41,883
Sale of Vehicles and Salvage Equipment	50,999	39,876	$43,063	$32,459	$32,459
Donations and Miscellaneous Revenue	931,505	993,479	812,189	664,165	664,165
Total Revenue	$43,055,113	$44,678,696	$46,316,035	$48,377,877	$49,200,800
Total Available	**$48,538,358**	**$48,796,267**	**$50,933,682**	**$52,429,102**	**$53,252,025**
Expenditures:					
Personnel Services	$28,157,182	$28,555,680	$29,071,794	$30,541,392	$30,017,953
Operating Expenses	13,708,873	13,978,786	$14,951,137	$15,460,324	$16,578,600
Recovered Costs	(904,380)	(860,486)	($896,821)	($1,053,315)	($1,053,315)
Capital Equipment[1]	246,571	139,701	$160,916	$455,000	$315,000
Subtotal	41,208,246	41,813,681	43,287,026	45,403,401	45,858,238
Debt Service:					
Fiscal Agent Fee	$0	$0	$3,000	$3,233	$3,233
Bond Interest Payable[2]	180,206	809,541	801,088	801,884	799,275
Subtotal Expenditures	$41,388,452	$42,623,222	$44,091,114	$46,208,518	$46,660,746
Transfers Out:					
General Fund (10001)[2]	775,000	775,000	820,000	820,000	820,000
County Debt Service (20000)[4]	743,134	770,349	800,994	829,299	860,369
Park Capital Improvement Fund (80300)	1,500,000	0	1,170,349	580,000	0
Total Transfers Out	$3,018,134	$1,545,349	$2,791,343	$2,229,299	$1,680,369
Total Disbursements	**$44,406,586**	**$44,168,571**	**$46,882,457**	**$48,437,817**	**$48,341,115**
Ending Balance[5]	**$4,131,772**	**$4,627,696**	**$4,051,225**	**$3,991,285**	**$4,910,910**
Debt Service Reserve[3]	$743,134	$770,349	$0	$0	$0
Revenue and Operating Fund Stabilization Reserve[4]	2,053,518	2,136,097	2,212,966	2,311,170	2,303,912
Donation/Deferred Revenue[5]	1,246,804	1,350,000	1,350,000	1,350,000	1,350,000
Set Aside Reserve[6]	88,316	371,250	495,521	330,115	1,256,998
Unreserved Ending Balance	**$0**	**$0**	**($7,262)**	**$0**	**$0**

[1] Debt service represents principle and interest on Park Revenue Bonds which supported the construction of the Twin Lakes and Oak Marr Golf Courses.

[2] Funding in the amount of $820,000 is transferred to the General Fund to partially offset central support services supported by the General Fund which - benefit Fund 80000. These indirect costs include support services such as Human Resources, Purchasing, Budget and other administrative services. -

[3] Debt service payments which support the development of the Laurel Hill Golf Club are made from Fund 20000, County Debt Service. -

[4] In FY 2016, an amount of $1,170,349 was transferred from Fund 80000, Park Revenue and Operating Fund, to Fund 80300, Park Improvement Fund, to - support unplanned and emergency repairs and the purchase of critical capital equipment in project PR-000057, General Park Improvements, and to support - planned, long-term, life-cycle maintenance of revenue facilities in project PR-000101, Revenue Facilities Capital Sinking Fund. As part of FY 2016 Carryover an - amount of $580,000 is being transferred to Fund 80300, Park Improvement Fund. $410,000 is going to PR-000057, General Park Improvements, and $170,000 - to PR-000101, Revenue Facilities Capital Sinking Fund. -

[5] The Park Revenue and Operating Fund maintains fund balances at adequate levels relative to projected operation and maintenance expenses. These costs change annually; therefore, funding is carried forward each fiscal year, and ending balances fluctuate, reflecting the carryover of these funds. -

[6] The Revenue and Operating Fund Stabilization Reserve includes set aside cash flow and emergency reserves for operations as a contingency for unanticipated operating expenses or a disruption in the revenue stream. -

[7] The Donation/Deferred Revenue Reserve includes donations that the Park Authority is obligated to return to donors in the event the donation cannot be - used for its intended purpose. It also includes a set aside to cover any unexpected delay in revenue from sold but unused Park passes. -

[8] The Set Aside Reserve is used to fund renovations and repairs at various park facilities as approved by the Park Authority Board. -

5.6 Fund Statement – Fund 80300

	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 ACTUAL	FY 2017 REVISED	FY 2018 SUBMISSION
Beginning Balance	**$28,696,358**	**$24,033,860**	**$20,101,037**	**$20,343,703**	**$2,207,926**
Revenue:					
Interest	$23,855	$22,590	$60,816	$0	$0
Other Revenue	$2,229,695	$1,590,147	$2,296,924	$0	$0
Total Revenue	$2,253,550	$1,612,737	$2,357,740	$0	$0
Transfers In:					
Park Revenue and Operating Fund	$1,500,000	$0	$1,170,349	$580,000	$0
Total Transfer In	$1,500,000	$0	$1,170,349	$580,000	$0
Total Available	$32,449,908	25,646,597	$23,629,126	$20,923,703	$2,207,926
Expenditures:	$7,131,048	$5,543,570	$3,285,423	$18,715,777	$0
Transfers Out:					
General County Construction	$1,285,000	$0	$0	$0	$0
Total Disbursements	$8,416,048	$5,543,570	$3,285,423	$18,715,777	$0
Ending Balance	**$24,033,860**	**$20,103,027**	**$20,343,703**	**$2,207,926**	**$2,207,926**
Lawrence Trust Reserve	$1,507,926	$1,507,926	$1,507,926	$1,507,926	$1,507,926
Repair and Replace Reserve	$700,000	$700,000	$700,000	$700,000	$700,000
ROF Capital Sinking Fund	$2,572,411	$0	$0	$0	$0
Unreserved Ending Balance	**$19,253,523**	**$17,895,101**	**$18,135,777**	**$0**	**$0**

Attachments

A-1 Budget Guidelines and Revenue Funds Brief Descriptions

- **FY 2018 Budget Guidelines**
  While the county is not projecting a deficit at this point for FY 2018, and it is likely that some level of reductions will be necessary, the county is not requiring that reductions be submitted with the FY 2018 budget. Instead, during the fall of calendar year 2016, in addition to making refinements to the projections for FY 2018 revenues, the Phase 2 LOBs projects will be defined and the county will be using them as the basis for budget balancing decisions for FY 2018.
- **FY 2016 The Lines of Business (LOBs) exercise**
  The FY 2016 LOBs exercise was the first year of a multi-year process to shape the county's strategic direction and validate county priorities. All agencies submitted and presented their LOBs to the Board of Supervisors, and the community, about what programs the county provides, how we provide those services, and how well we provide them. Phase II of LOBs will occur in FY 2017 and will define projects for implementation by the agencies.

- **FY 2016 Carryover** –
  The Park Authority submitted two funding requests for carryover. Capital equipment funding of $300k and DriveCam funding of $226k was requested. Full funding was received for the DriveCam and $100k was received for capital equipment. The funding is available in the General County Construction Fund 30010.

- **Brief Description of Park Authority Revenue Funds**
  - **Park Revenue and Operating Fund (80000)** Revenues come from user fees and charges such as general admissions, passes, retail sales, equipment and facility rentals, classes and events at RECenters, Golf Courses, Lakefronts, Historic Sites, and Nature Centers. Fees are generally applied in areas serving an *individual's benefit*. Expenditures include personnel, operating, and capital equipment. The Park Board has fiduciary control over this fund. The fund is guided by the Financial Management Principles which are found in the annual Financial Management Plan. The Park Revenue and Operating Fund must operate on a cost recovery basis and currently does not provide for capitalization costs.

  - **Park Improvement Fund (80300) is** used to finance repairs, renovations or development of revenue generating facilities and programs. It receives revenue from year-end transfers from the Park

Revenue and Operating Fund net, donations, telecommunications, and proffers, and is considered a special fund to be appropriated and expended solely by the Authority. These funds are either designated and restricted for specific use or managed by project that the Park Board approves and aren't generally used for day-to-day operating expenses unless specifically designated. Since these funds are mostly used for capital projects which typically span multiple years, funding is carried forward each fiscal year and ending balances may fluctuate depending upon Carryover.

*For more Financial/Budget related information please see the Comprehensive Annual Financial Report for additional definitions and debt service requirements or the quarterly financial reports prepared for the Park Authority board to monitor current year budget goal progress.

A-2 FY 2016 PAB Financial Schedule

FY 2017 Financial Calendar

July 1, 2016, FY 2017 Budget Year begins

July 13	Budget Committee reviews: FY 2016 Carryover Budget Review for 10001, 30010, 30400, 80000, and 80300;
July 26	Carryover Review package to the BOS for advertisement
July 27	PAB approves FY 2016 Carryover items and changes to the Purchasing Resolution
September 14	BUDGET COMMITTEE reviews the FY 2018 Budget Submissions
September 20	BOS approves FY 2016 Carryover and dollars become available
September 28	PAB approves FY 2018 Budgets
October 13	Budget Committee reviews the FY2017-FY2019 Financial Management Plan; PAB Reviews 2017 Fee Calendar; Planning and Development Committee reviews the FY 2018-FY 2022 Capital Improvement Program
October 26	Fee Calendar is provided to the PAB
November 8	Election Day, 2016 Park Bond Referendum
November 9	BUDGET COMMITTEE reviews First Quarter updates and potential fee adjustments for FY 2017

November 16	PAB receives First Quarter updates; PAB receives Annual Financial Report (CAFR) as of June 30, 2016, auditor will attend.
December 14	BUDGET COMMITTEE reviews the Advertised Fee Proposal Package for FY2017 and confirms the public meeting date (typically late January);
January 18, 2017	Public comment meeting on fees at Herrity Building
February 14	County Executive presents the FY 2018 Proposed Budget and CIP
February 08	BUDGET COMMITTEE reviews Second Quarter updates and Third Quarter Budget items and approval of the FY 2017 Fee Adjustment Package
February 22	PAB reviews the Second Quarter updates, Third Quarter Budget items and the FY2017 Fee Adjustment Packages
March	March Planning Commission hearings on FY 2018 – FY 2022 CIP March BOS meeting – Third Quarter Budget discussion PAB receives the FY 2018 Advertised Budget Plan Memorandum and approves the FY2016 Fee Adjustments
April	Fee adjustments take effect (April 1st) BOS Public hearings on proposed FY 2018 Budget BOS FY 2017 Third Quarter approved, FY 2018 Budget Mark up BOS Formal Adoption of the FY2018 Budget
May	Budget Committee reviews any policy changes if needed, FY2018 Adopted Budgets, FY2017 Third Quarter Updates, preparation for FY 2018 budget
June 30	FY 2017 closes