



FAIRFAX COUNTY PARK AUTHORITY



M E M O R A N D U M

TO: Chairman and Members
Park Authority Board

FROM: Kirk W. Kincannon, Executive Director

DATE: January 4, 2019

Agenda

Executive Committee
Wednesday, January 9, 2019 – 5:45 p.m.
Boardroom – Herrity Building
Chairman: William G. Bouie
Vice Chair: Ken Quincy
Members: Linwood Gorham, Michael Thompson

1. Budget – Discussion



If accommodations and/or alternative formats are needed, please call (703) 324-8563. TTY (703) 803-3354

FCPA Financial Status:

Meeting the Budget Challenges

Presented to the Park Authority Board
January 9, 2019



Background

- ▶ Increased efforts in 2014 to improve financial ROF sustainability
 - ▶ Established the Revenue and Operating Fund Stabilization Reserve
 - ▶ Developed Total Cost of Ownership Model and Asset Management Actions
 - ▶ Increased Energy Efficiency and Savings Actions
 - ▶ Initiated RECenter Sustainability Study
 - ▶ Established key fund reserves
 - ▶ Director's Emergency Fund
 - ▶ Grants match



Background

► Revenue Fund net revenue continues to decline.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Budgeted
Net Revenue	\$500,076	\$597,553	\$335,342	\$319,789	\$314,805



Background

- ▶ Mandated costs continue to rise:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 Budgeted
OPEB	\$590,977	\$598,197	\$256,924	\$269,691	\$379,750
Leave Pay - outs	\$160,421	\$123,636	\$138,503	\$105,894	\$100,000
Pay Increases	\$613,583	\$659,400	\$632,790	\$255,721	\$917,505
Debt Services	\$1,579,890	\$1,605,082	\$1,634,183	\$1,662,644	\$1,648,092
	\$2,944,871	\$2,986,315	\$2,662,400	\$2,293,950	\$3,045,347

- ▶ Declines in participation
 - ▶ Aquatics program demand for ages 2-5
 - ▶ RECenter pass sales
 - ▶ Limits to viability and success of fee increases in competitive market.



Actions to Address the Challenge

Immediate:

- ▶ Targeted seasonal staff reductions (15%)
- ▶ Position reviews for potential vacant position freeze
- ▶ Reduction in discretionary operating expense areas
- ▶ Meeting biweekly with cross-agency Budget Team to review progress and plans
- ▶ Build Capacity in General Fund for Positions



Actions to Address the Challenge

Near and Long Term:

- ▶ Evaluate staffing models
 - ▶ Continue sustainability focus
 - ▶ All sites and positions
 - ▶ Staffing numbers and allocation/functions will likely change
 - ▶ Move identified positions to General Fund out of ROF



Actions to Address the Challenge

- ▶ Investigate paying off Revenue Bond debt using bond premium
- ▶ Explore Other Revenue Opportunity
 - ▶ Revenue Based Public Private Partnerships
 - ▶ Non typical areas - Dog Park, Bike Park, Drone Park
- ▶ Review use of telecom dollars
- ▶ Review all reserves and policy for potential changes
- ▶ Build Capacity in General Fund/Flip Positions
- ▶ Continued emphasis and work on sustainability initiatives



Actions to Address the Challenge

- ▶ Fund key areas to enhance return on investment
 - ▶ Implement RECenter study actions
- ▶ A new paradigm - it's not business as usual
- ▶ Changes in perspective
 - ▶ Staffing may change
 - ▶ Operating hours may be adjusted
 - ▶ Cost-effective innovation is embraced
- ▶ Increase advocacy to encourage greater General Fund support



What's Next?

- ▶ Update to the Park Authority Budget Committee on 2/27/19
 - ▶ Current net revenue status
 - ▶ Request changes to Reserves
- ▶ Continue focus on FY 2019 immediate needs
- ▶ Continued emphasis on long-term fiscal sustainability initiatives



Comments and Questions?

