



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: February 21, 2019

Agenda

Committee of the Whole
Wednesday, February 27, 2019 – 5:45 p.m.
Boardroom – Herrity Building
Chairman: William G. Bouie
Vice Chair: Ken Quincy

1. FY 2019 Budget Status – Information*
2. Entertainment Series Update – Information*

*Enclosures



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

Committee Agenda Item
February 27, 2019

INFORMATION (with Presentation)

FY 2019 Budget Status

The Financial Management Branch and Director's Office will provide an update on the FY 2019 Revenue & Operating Fund budget. Staff will present the current status including financial challenges facing the fund and efforts in place to improve fund performance.

ENCLOSED DOCUMENTS:

None

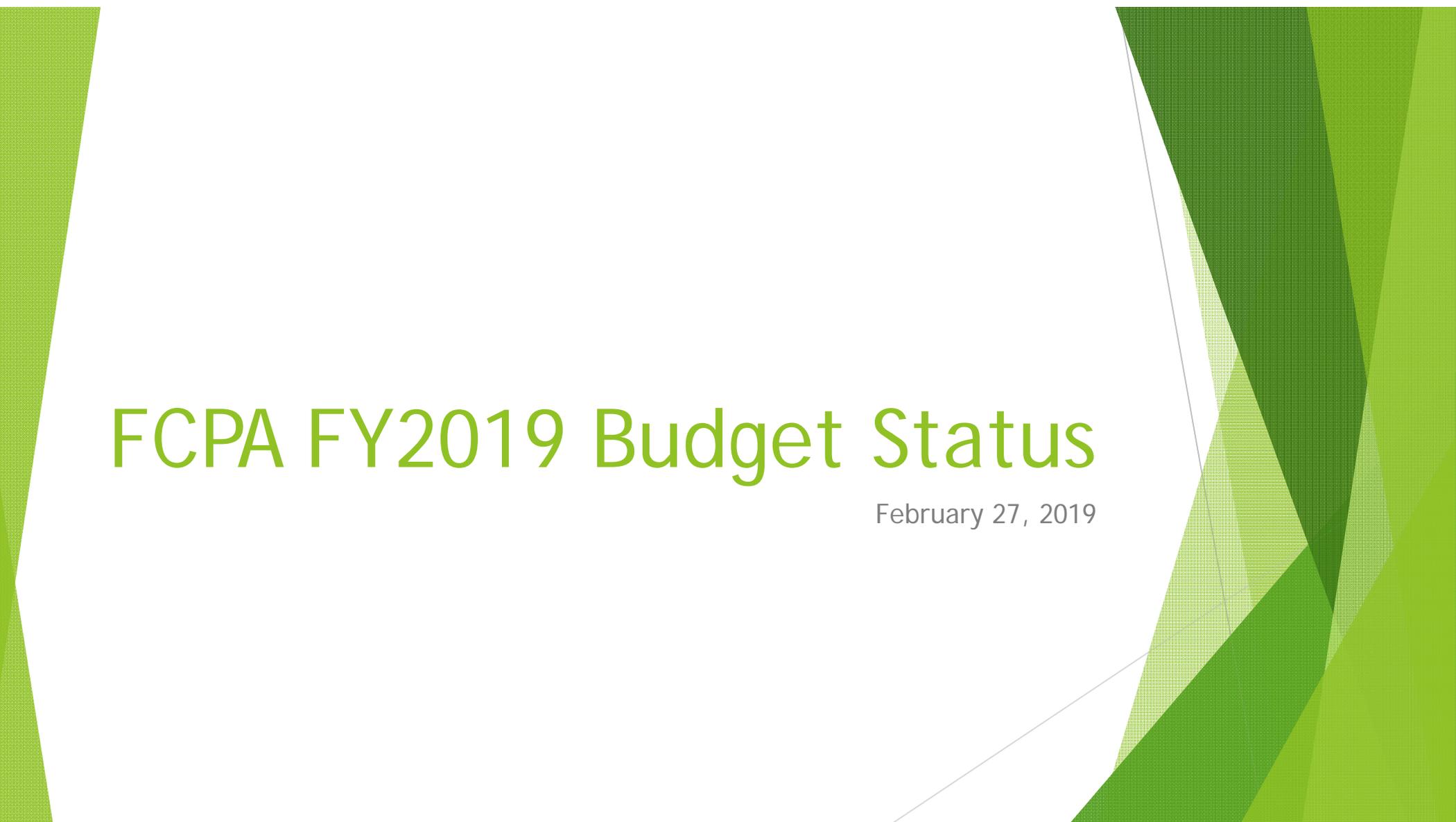
STAFF:

Kirk W. Kincannon, Executive Director

Sara Baldwin, Deputy Director/COO

Aimee Vosper, Deputy Director/CBD

Janet Burns, Sr. Fiscal Administrator, Financial Management Branch



FCPA FY2019 Budget Status

February 27, 2019

Long Term Financial Sustainability Initiatives

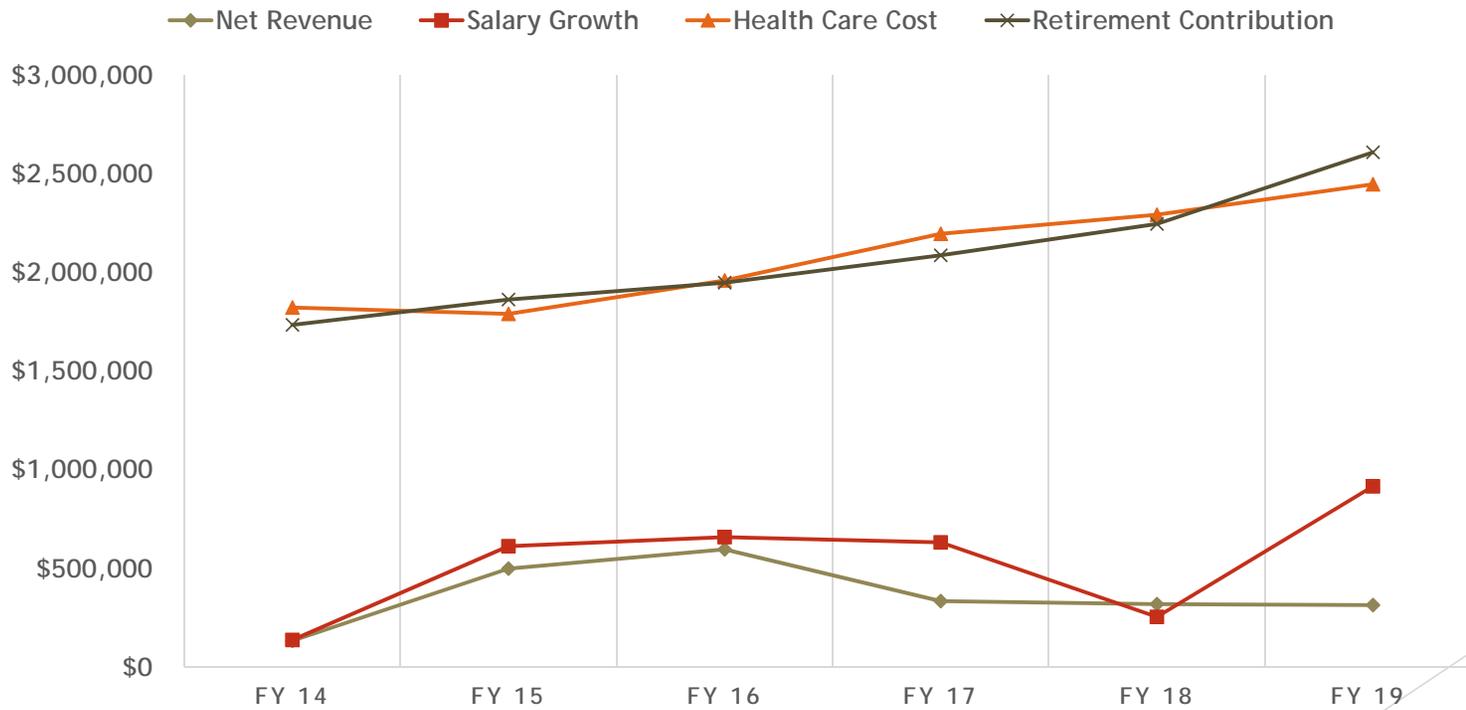
- ▶ Increased efforts in 2014 to improve financial sustainability
 - ▶ Financial Sustainability Plan approved by the Park Authority Board (2011)
 - ▶ Strategic facility expansions to maximize revenue
 - ▶ Implementing Golf study recommendations
 - ▶ Golf merit staff decreased 20% since 2012
 - ▶ Developed Total Cost of Ownership Model and Asset Management Actions

Long Term Financial Sustainability Initiatives

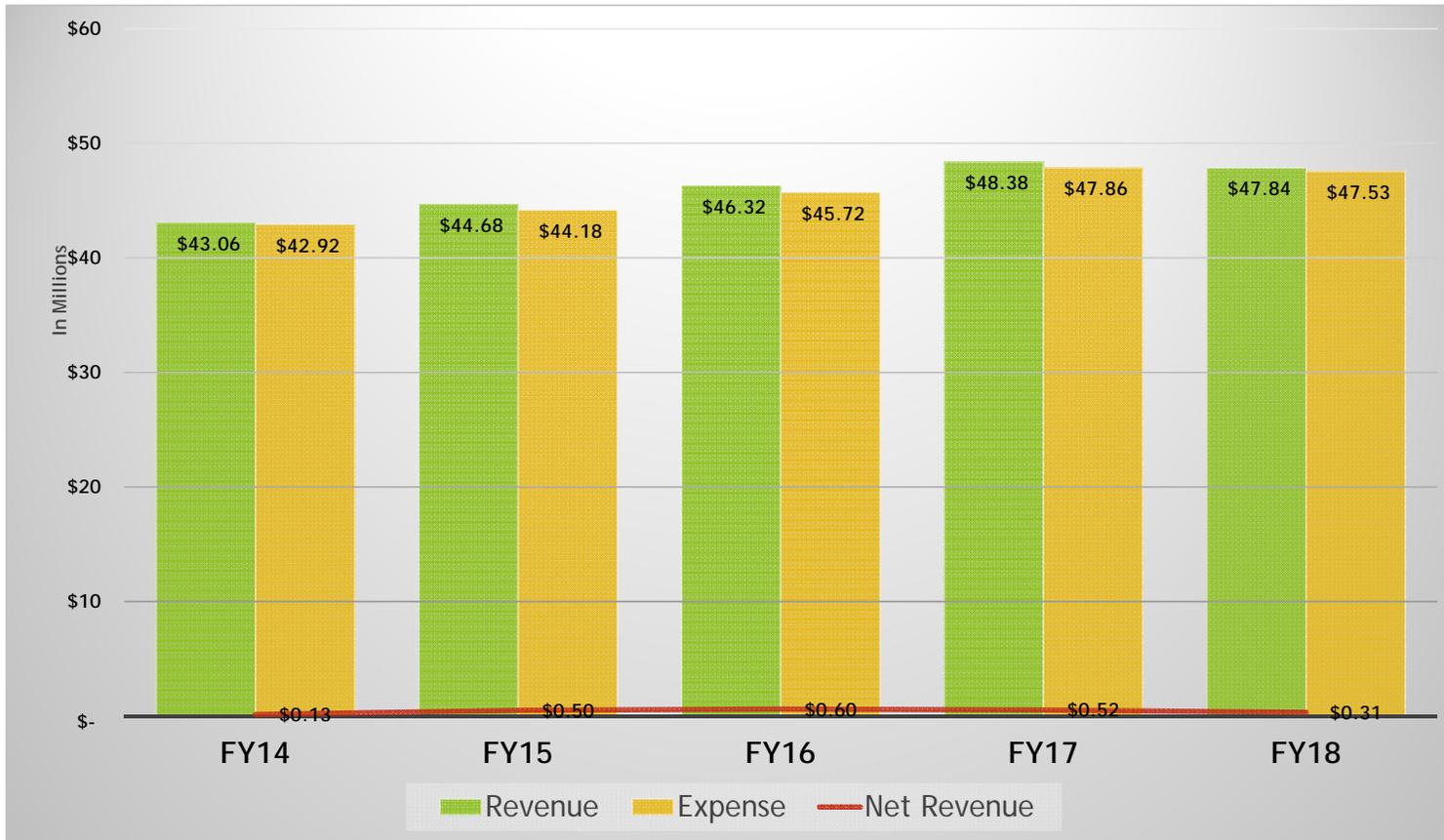
- ▶ Increased Energy Efficiency and Savings Actions
- ▶ Initiated RECenter Sustainability Study
- ▶ Established key fund reserves
 - ▶ Revenue & Operating Fund Sinking Fund
 - ▶ Revenue & Operating Fund Stabilization Reserve
 - ▶ Director's Emergency Fund

Nondiscretionary Costs Continue to Rise

FUND 80000 TRENDS



Revenue & Operating Fund Net Revenue History



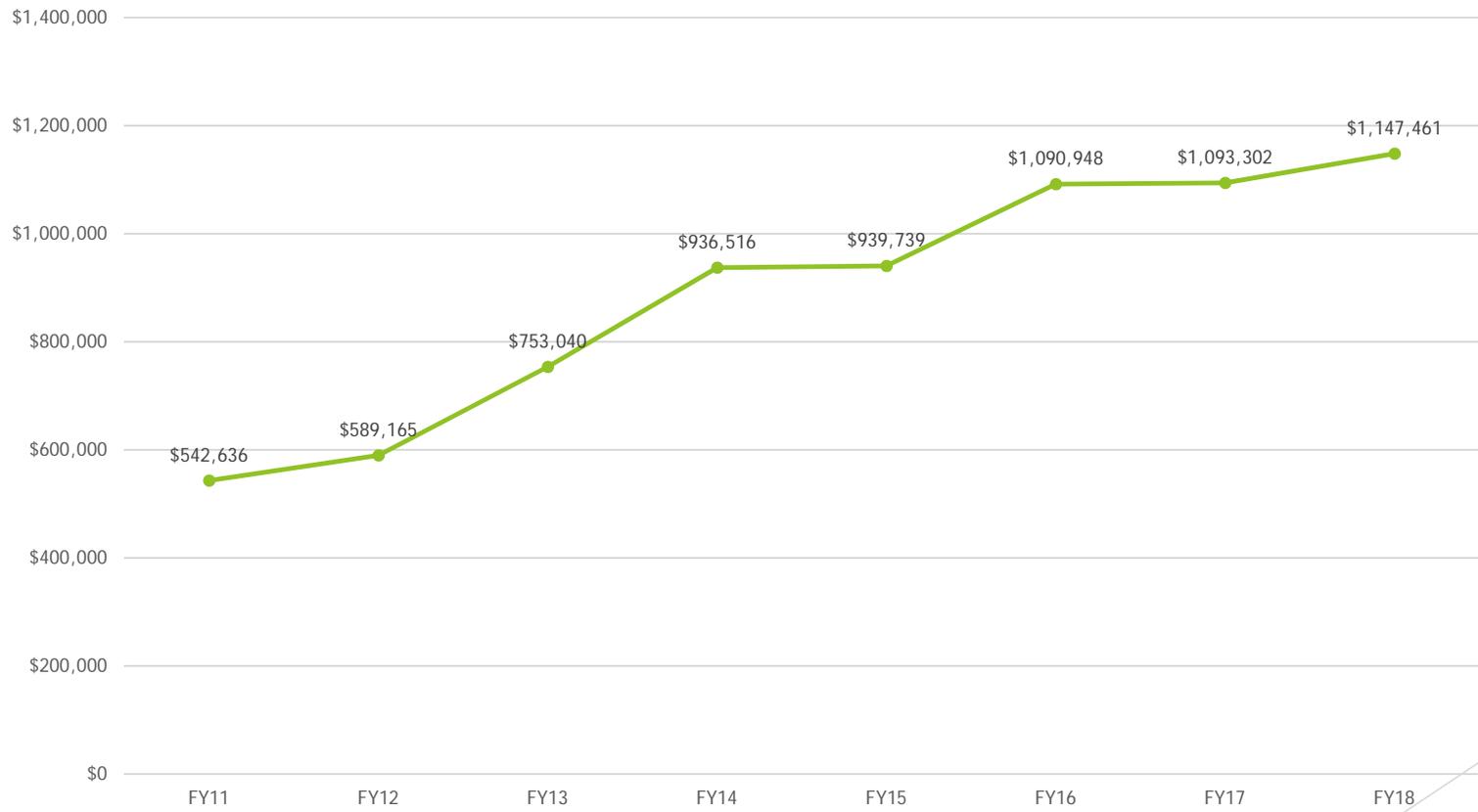
Effects of Declining Net Revenue

- ▶ Defer critical purchases to achieve Net Revenue
 - ▶ Equipment: budget \$200k, but hold off on spending
 - ▶ General operating supplies: buy to meet immediate needs
- ▶ Defer maintenance of facilities already exceeding life expectancy
- ▶ Staff reductions impacting
 - ▶ Customer service
 - ▶ Building cleanliness
 - ▶ Morale
 - ▶ Hours of operation

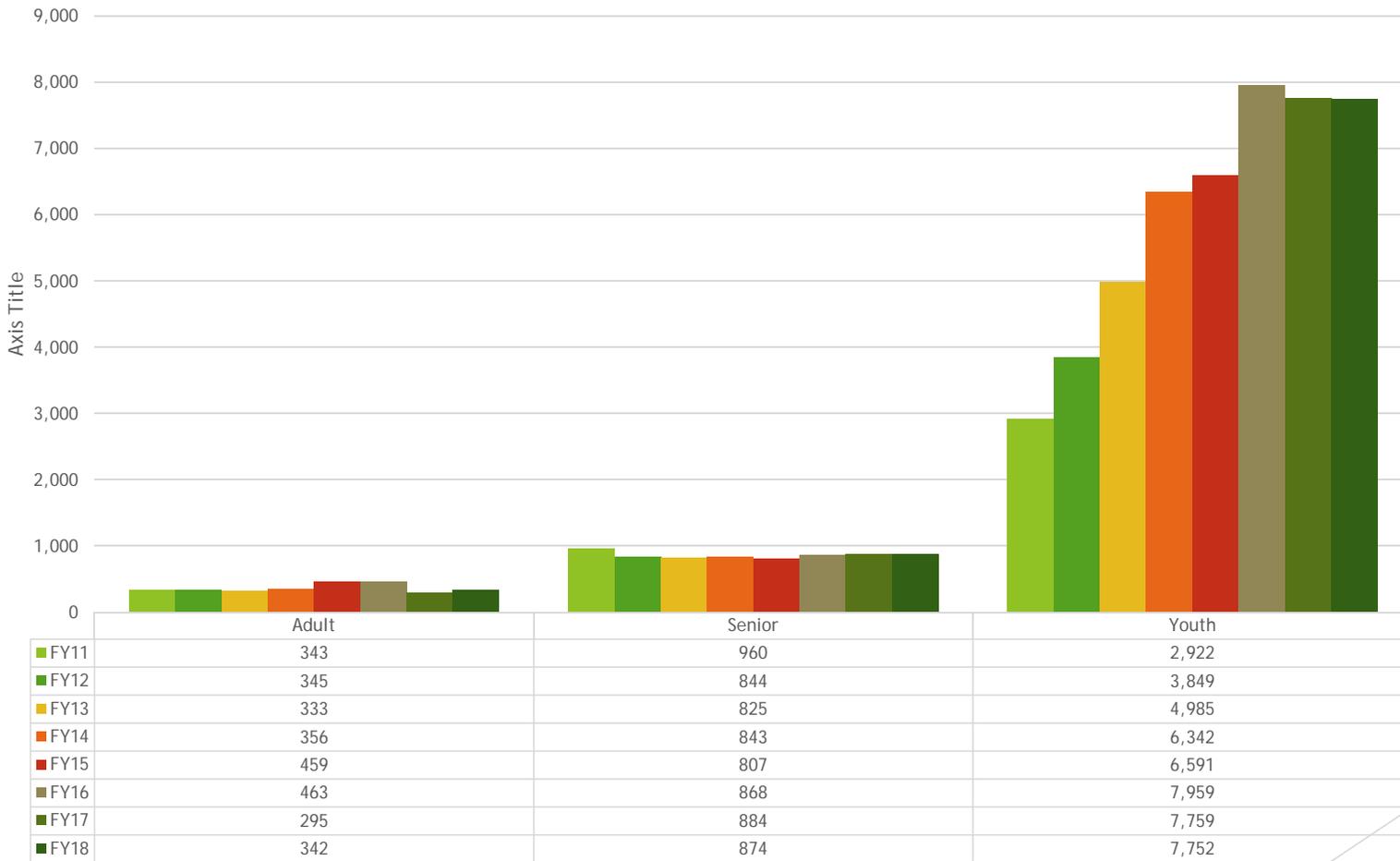
Factors Influencing Decline in Net Revenue

- ▶ Weather impacts
 - ▶ CY 2018 was the wettest year on record
 - ▶ Rain for 31 of 52 CY18 weekends
 - ▶ Trend is continuing into CY19
- ▶ External and Internal Competition limits pricing increases
 - ▶ NCS and other community centers
 - ▶ Boutique facilities (e.g., swim schools, yoga studios)
- ▶ New Point of Sale System & Web Portal
- ▶ Potential Federal Government shutdown impact

Scholarships Growth:



Number of Scholarships by Age Group



Year	Total
FY11	4,225
FY12	5,038
FY13	6,143
FY14	7,541
FY15	7,857
FY16	9,290
FY17	8,938
FY18	8,968

Additional Stressors on Revenue Fund

- ▶ Laurel Hill debt
 - ▶ \$14.6 million P & I outstanding (FY19 payment: \$888,354)
 - ▶ Matures 2033
- ▶ Revenue Bond (Twin Lakes/Oak Marr Golf)
 - ▶ \$2.38 million outstanding (FY19 payment: \$792,959)
 - ▶ Matures in 2021

Challenges for FY19

- ▶ Revenue is down across the board in comparison to FY 2018

FY2019 to FY2018 Variance Percent

	Week 29	YTD	FY 2018 Percent of Revenue Contributed
RECenters	-16.76%	-5.60%	65.00%
Golf	-33.85%	-11.86%	21.00%
Lake Fronts	55.69%	-9.34%	7.00%
RMD	-2.84%	-9.45%	7.00%
Total	-11.61%	-7.76%	100.00%

FY19 Net Revenue: Budgeted v. Projected

FY 2019 Revenue & Operating Fund

	Expense	Revenue	Net Revenue
Budget	\$49,411,068	\$49,725,873	\$314,805
Projected Actuals <small>(as of 12/31/18)</small>	\$49,362,618	\$45,990,876	(\$3,371,742)

Summary

▶ Revenue Fund

- ▶ Project net negative year end position
- ▶ Must end the year with a fund balance greater than zero
- ▶ Further action needed to end the year with a positive balance

Actions Underway to Address the Challenge

- ▶ Targeted seasonal staff reductions (15%)
- ▶ Reevaluating open positions and redeploying staff based on critical needs
- ▶ Position reviews for potential vacant position freeze
- ▶ Reduction in discretionary operating expense areas
- ▶ Evaluate progress biweekly with cross-agency Budget Team
 - ▶ Brainstorm savings and revenue generation ideas
- ▶ Evaluate spending to find other sources
 - ▶ Proffers
 - ▶ Remaining balances from completed projects
- ▶ Review site operating hours

Long Term Actions: Project Restructuring

- ▶ Revenue and Operating Fund Stabilization Reserve
 - ▶ Expand use to up to 100% of the current available balance of \$2,182,462 per approval of the Park Authority Board
 - ▶ Replenish from Revenue & Operating Fund net revenue above a \$200k net revenue threshold
- ▶ Use FY18 and FY19 Telecommunications Funding to assist in addressing the deficit
 - ▶ Available: \$1,376,448 (all districts)
 - ▶ Normally used for projects
- ▶ Monthly updates to board on progress towards the projected deficit

Long Term Actions: Project Restructuring

- ▶ Eliminate Catastrophic Events Project of \$250k
 - ▶ Insufficient to cover a major catastrophic event
 - ▶ Catastrophic events are covered by County Risk Management
 - ▶ Ties up much needed funding support
 - ▶ Move balance to Director's Emergency Fund

Other Potential FCPA Financial Resources

- ▶ Explore P-card rebates for Revenue & Operating Fund expenditures
 - ▶ FY18: \$3,584,910 total P-card expenses (~67k in rebates)
- ▶ Open communication with the Department of Management & Budget
 - ▶ Exploring potential assistance opportunities

Best Case Scenario from Actions:

- ▶ 15% Reductions in seasonal staff: \$1.1 million
- ▶ Reduction in discretionary operating expenses: \$1.3 million
- ▶ 50% use of Revenue Fund Stabilization Reserve: \$1 million
- ▶ Telecommunications support: \$1.38 million

- ▶ Total: \$4.78 million

Questions?



Committee Agenda Item
February 27, 2019

INFORMATION (with Presentation)

Summer Entertainment Series Update

Park Services Division and Fairfax County Park Foundation staff will provide a brief update on the Summer Entertainment Series. The series offers 170 free performances each summer including concerts, children's shows and outdoor movies. Staff will present the current status including financial challenges facing the series and highlight the Park Foundation's fundraising efforts.

ENCLOSED DOCUMENTS:

None

STAFF:

Kirk W. Kincannon, Executive Director

Sara Baldwin, Deputy Director/COO

Aimee Vosper, Deputy Director/CBD

Roberta Longworth, Executive Director, FCPF

Cindy Walsh, Director, Park Services Division

Judy Pedersen, Public Information Officer

John Berlin, Manager, Park Services Programs Branch

Sousan Frankeberger, Performing Arts Production Manager, Park Services Division



FAIRFAX COUNTY PARK AUTHORITY
Summer Entertainment Series

703-324-SHOW (7469)



Fairfax County Park Authority Board
Committee of the Whole
February 27, 2019



Summer Entertainment Series Overview

- 11 weekly series
- Includes 14 concerts, 4 children's performances and a drive-in movie series
- Held at 19 weekly venues
- 170+ scheduled events
- Estimated up to 40,000+ attendance each summer



Concerts – What’s New?

- Springfield Nights concert series - Wednesdays
- Wine tasting, wine and beer sales, food vendors piloted at select sites
- Local, amateur talent as opening acts



Concerts – How Are We Doing?

83% of concert-goers felt the series was important to the quality of life in Fairfax County.

- 88% of concert-goers were satisfied.
- 90% felt the performers were high quality.
- 84% plan to return next summer.

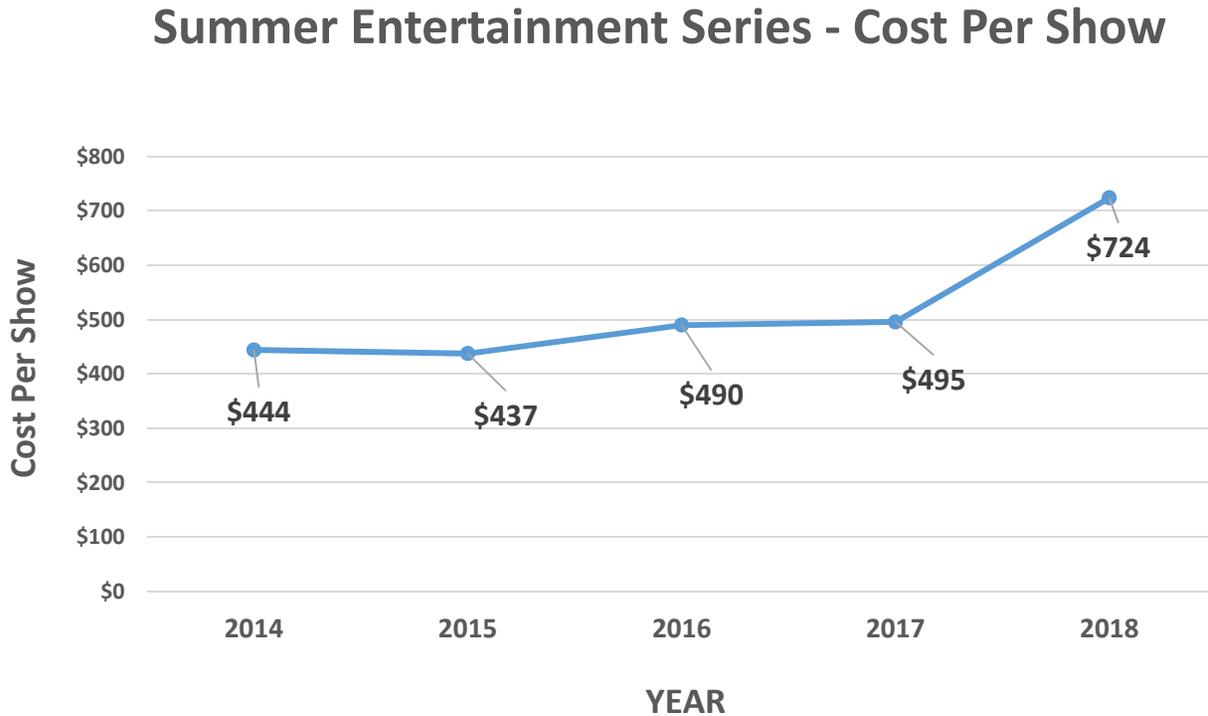
Concerts are one of FCPA's most popular programs



Challenges – 2019 and Beyond

Rising Expenses

- Escalating costs for professional sound/tech support and performers



True Costs – In-Kind Support

The Park Authority provides significant staffing, management, support services and supplies beyond direct SES performance costs

Staff Costs
Sousan Frankeberger (100%)
John Berlin (20%)
Site Staff - Concert Day
Graphics Production
Web Site Development
PIO - Publicity
Park Foundation Fundraising (30%)
Wangin Bang (Scheduler)
Purchasing - PRs/Invoices/Contracts
Area Crews - Site Maintenance
Showmobile Staff (seasonal)
Leadership - Oversight
Photography

Equipment/Facilities/Services
Cancelation Hotline
Amphitheater
Parktakes Magazine (9 pages)
Banners / A-frames
Printing (Flyers, Postcards)
Showmobile Ops Cost
Alcohol Site Management

Challenges – 2019 and Beyond

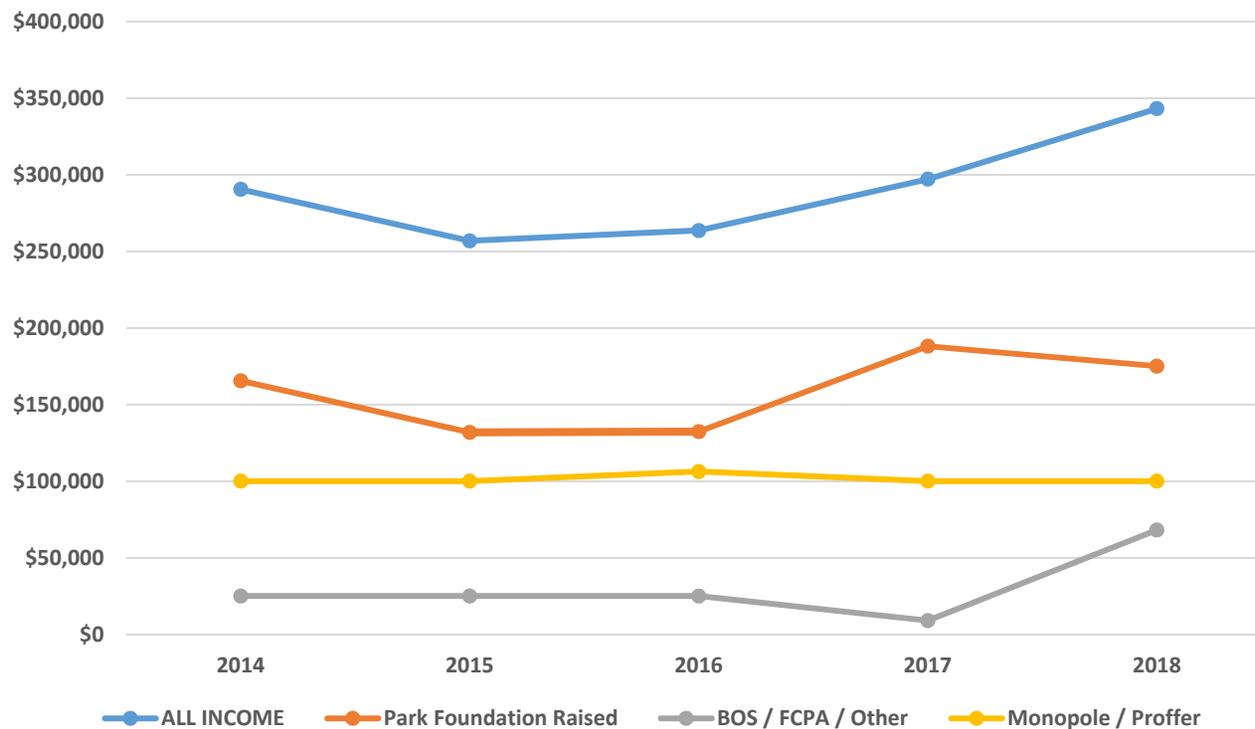
Fundraising Limitations

- Limited assistance from Board of Supervisors in fundraising due to County Attorney ruling restricting BOS involvement
- Increased number of competing series– City of Fairfax, Town of Herndon, Tysons Corner, Springfield Mall, Reston Town Center, etc.
- Corporations slowing their outright donations, change in corporate social responsibility philosophy
- Foundation time spent on SES detracts from other fundraising priorities
- Many districts lack large corporations/companies in their district
- Supervisors don't want to cut back concerts even when funding is not available
- Going forward to 2020 – change in leadership in multiple districts

Reduced Fundraising Dollars

- Donation dollars cannot keep pace with increased production costs
- BOS additional support and year-end funds have helped in short run

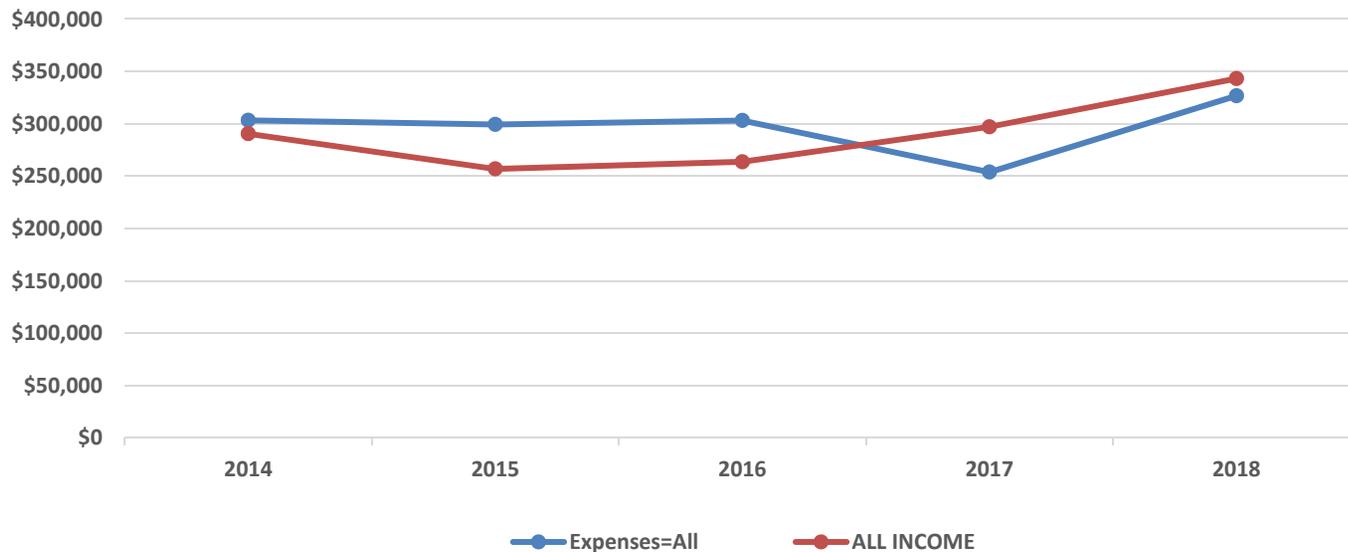
Summer Entertainment Series - Income Trends



Fiscal Challenge

- Expenses for sound/tech and performers continue to grow
- Income from fundraising is limited
- BOS funds for sound and technical support have helped but are not sufficient.

Summer Entertainment Series
Expense & Income



Park Foundation

Summer 2018 Positives

1. \$50,000 carry-over funding from BOS helped tremendously in the overall budget.
2. Summer intern's media outreach – Google, Yelp, local media connections like Patch, calendars for Connection Newspapers & other marketing efforts, events for Facebook.

Park Foundation

Summer 2018 Positives

3. Each BOS likes their series as it's a positive community connection and constituents appreciate the free concerts. Great PR for them and the Park Authority.
4. With a unified logo, the entire Summer Entertainment Series was "branded" and the theme carried throughout each series.
5. New Springfield series did very well due to the publicity generated by Supervisor Herrity's office, Supervisor Herrity's funding assistance and the hard work on Park Services part to accommodate and enhance the set-up.

2019 and Forward

1. Park Authority Board members will hopefully become more active:
 - a) advocate for more funding from BOS during 2020 budget process;
 - b) share business contacts with the Park Foundation staff so that they can actively fundraise for the series.
(Thanks Ron Kendall, Ken Quincy, Maggie Godbold).

2. Encourage Park Foundation Board to become more involved in the series near their homes.

3. Park Foundation will maximize resources:
 - a) summer Intern – marketing;
 - b) continue to research new viable funders;
 - c) work with Park Services to increase communication with BOS/PAB/FCPF.

Questions?

Concerts - Voice of the Customer

“What's not to like? Free top-quality entertainment in a beautiful setting. The range and quality were superb. While there are a lot of entertainment options in the area, they tend to be very expensive, especially for an entire family. So these performances give opportunities for a family to go out and be exposed to the arts without busting the budget.”

“Makes Fairfax feel like a community.”