



Livermore Area
Recreation and Park District
An independent special district

SPECIAL MEETING of the BOARD OF DIRECTORS

BUDGET WORKSHOP

DRAFT MINUTES

WEDNESDAY, MARCH 13, 2024

3:00 P.M.

Robert Livermore Community Center
4444 East Avenue, Livermore, California
Sycamore Room

DIRECTORS PRESENT: Directors James Boswell, Maryalice Faltings,
Vice Chair Jan Palajac, Chair David Furst

DIRECTORS ABSENT: Philip Pierpont

STAFF MEMBERS PRESENT: Mathew Fuzie, David Weisgerber, Fred Haldeman,
Jill Kirk, Joseph Benjamin, Julie Dreher, Kendahl Hettick,
Linda VanBuskirk, Michelle Kleman, Nancy Blair,
Patrick Lucky

OTHERS PRESENT: None

1. CALL TO ORDER – ROLL CALL – PLEDGE OF ALLEGIANCE:

Chair Furst called the meeting to order at 3:01 p.m. All Directors were present, except Director Philip Pierpont. Chair Furst led the Pledge of Allegiance.

2. PUBLIC COMMENT: Chair Furst opened the public comment period. There were no speakers, and the public comment period was closed.

3. BUDGET WORKSHOP:

3.1 FY23-24 Mid-Year Budget Overview:

Finance Officer (FO) Julie Dreher presented an overview of the District's FY23-24 Mid-Year Consolidation (a copy is attached to these minutes) indicating the District's current financial standing for the fiscal year. The breakdown included major categories of "Revenue," "Salaries & Benefits," and "Services & Supplies."

- Chair Furst suggested dating supplemental documents like this one, to which General Manager (GM) Fuzie confirmed the information was current as of March 13, 2024.

FO Dreher explained that the original budget forecasted a year-end surplus of \$371k, but updated projections now show a positive bottom line of \$1,044,731. Notable changes included Unit 5 – Building Maintenance, where adjustments were made due to deferred projects like Robertson Park Field 3 renovations and ESS Building Upgrades.

Board questions/comments included the following:

Director Boswell asked about the status of Robertson Park and ESS projects, which were clarified as deferred due to revised renovation philosophies on how to renovate these fields.

GM Fuzie highlighted the fluidity of budget planning, with mid-year check-ins allowing adjustments.

Director Boswell queried about higher-than-expected expenses in Unit 07 – Park Operations, attributed to increased water utility rates and expenses.

Chair Furst asked about the increased costs in Unit 54 – Aquatics, attributed to higher usage and increased pool chemical costs. This reflects a higher level of usage at both aquatic centers and the addition of safety equipment.

Director Palajac inquired about Unit 40 – ELOP, formerly the ASES program, now focused on enrichment classes serving lower-income children. Plans for program expansion were discussed, noting current capacity constraints.

Director Faltings suggested the use of microphones in the Sycamore Room.

3.2 Foreseeable Budget Challenges:

GM Fuzie outlined several key budget challenges for the Board's consideration:

- **Cayetano Field Replacement:** Scheduled for spring, this \$1 million project is budgeted for next year's Capital Improvement Plan (CIP). However, it can be accommodated in this year's budget if the Board decides so.
- **Water Slide at RLAC:** Originally estimated at \$150k, the project now stands at \$290k for the base bid, with an additional \$35k for repairs. We need to decide whether to proceed. The slide is operational for about 10 weeks each year.
- **2 Parks Plan:** We allocate \$500k annually to replace playgrounds in two parks.
- **Lawn Mower Replacement ("Lawndemic"):** Due to recent issues, we need to purchase one large and one medium-sized mower. The current inventory is aging, and replacements face a 9–12-month lead time. Costs for a large mower are \$78k and \$18k for a medium-sized one.
- **Insurance Rate Increases:** Anticipating a 15-20% rise in vehicle, property, and liability insurance through CAPRI.
- **Health Benefits:** Expecting a 15-20% increase in health benefit costs.
- **Employee Compensation:** A factor to consider alongside other budgetary concerns.

All the above are competing interests. These challenges must be balanced against the current budget, next fiscal year's budget, and reserves. We will formulate a budget recommendation for the Board by May, allowing for any necessary adjustments.

Board questions/comments included the following:

Director Boswell raised important points regarding foreseeable budget challenges and revenue projections. He emphasized the need to assess variances in revenue against expenses and the potential for positive variances to offset shortfalls.

GM Fuzie highlighted the staff's approach to revenue projection, focusing on achievable goals and the necessity to explore additional revenue sources given rising costs. He noted the District's growth in service delivery and the challenge of meeting public demand without additional investment. The discussion touched on fee assumptions, employee compensation philosophies, and the balance between administration and service delivery.

Director Boswell further discussed the establishment of cash management accounts with reserve balances to enhance financial security. He mentioned the allocation of positive variances to various reserve accounts based on an agreed philosophy. Questions were raised about the allocation of reserves considering different rates of return and public perception. GM Fuzie provided insights into the organization's investment strategy, emphasizing maximizing interest earnings, currently at about 5%, while ensuring liquidity.

FO Dreher detailed the weekly review of cash balances and the District's prudent investment of reserve accounts in CAMP earning interest. We are making our money work for us. She highlighted the growth of reserve accounts and attributed interest earnings to them monthly. Notably, the organization holds over \$1.5 million in budget contingency and \$1.2 million in deferred maintenance, with additional funds in the Buckley Trust. The reserve accounts are growing each month as well as our Operating cash account that is with CAMP.

3.3 Budget Philosophy

GM Fuzie stated that this workshop is about hearing from the Board on priorities and philosophy. He led the group on a discussion to think about the following Budget Philosophy Questions:

- Are you comfortable with the District's investment strategy?

Director Boswell was directly engaged in its development, so he affirmed. If the District' is seeing returns, he is content.

Director Faltings is on board as long as our funds are accruing interest. In response to her question regarding the total reserve's percentage compared to the annual budget, FO Dreher responded that our reserves totaled 4.1% at the end of FY22-23.

- Where do you see reserves playing a role in the budget planning process?
GM Fuzie explained that the percentage allocated to reserves varies annually based on Board decisions. The surplus from the previous fiscal year was used to offset part of the Robertson Park Synthetic Turf project costs, avoiding the need to tap into reserves. He proposed a strategy of funding recurring projects like playground replacements through reserves to avoid straining revenue within the same fiscal year.

Director Boswell referenced the Cash Management Program, highlighting the distinction between Operating Reserves and reserve cash management accounts. The Board's policy aims to allocate funds to these accounts annually, depending on surplus variation, as part of the CAMP program.

In response to Chair Furst's question about the percentage goals for having reserves, GM Fuzie reiterated the Board's goal of maintaining six months' worth of Operating Reserves but acknowledged that this target has not been reached yet. He emphasized the importance of planning for the future and suggested a method of building reserves gradually over the lifespan of major projects. He further stressed the need to balance ideal goals with practical realities, suggesting that surplus funds could be allocated to various needs, including bolstering Operating Reserves, and addressing deferred maintenance.

Chair Furst asked for clarification on the allocation of reserves among different expense categories in addition to salary, deferred maintenance, and operational expenses. Director Palajac listed major budgetary items such as Cayetano, the water slide, playground replacements, insurance, health benefits, and employee compensation. These represent significant expenses that need to be considered when prioritizing reserve allocation.

- Overhead to Service Delivery Ratio – 15% overhead/85% service delivery.
The ratio of 15% overhead to 85% service delivery covers Administration, Parks, Recreation, and Operations. Director Palajac expressed satisfaction with this ratio, believing it aligns well with the services provided. GM Fuzie anticipates this ratio will naturally be maintained as long as growth is accompanied by proportional support, aiming to keep it around that level. He notes that California State Parks typically operate at a slightly higher ratio of 17%.
- Are you comfortable with our fee schedule and strategy?
The fee schedule is what we charge for our services. The fees charged for services should align with the philosophy of how tax dollars are utilized: supporting necessary programs and ensuring accessibility.

Community Services Manager (CSM) Jill Kirk highlighted the balance between affordability and revenue generation, aiming to keep rates moderate, especially for community programs like ESS. While some fees, such as Facility Rentals, could be adjusted upwards, others like Aquatics may remain stable to ensure inclusivity. The success of programs like Nature Camp, adjusted to enhance accessibility, exemplifies this approach.

Director Palajac inquired about the possibility of fee adjustments, to which CSM Kirk suggested modest increases to offset cost-of-living adjustments or to enhance program offerings. Incremental adjustments are preferred to avoid pricing out participants, aligning with the District's philosophy of inclusivity.

Fundraising efforts, including more Rotary grants and support from the LARPD Foundation, play a crucial role in subsidizing fees for underserved individuals. CSM Kirk noted the increase in grants amounts, allowing more individuals to participate in programs. This aligns with the organization's commitment to providing opportunities for all members of the community.

- Employee Compensation Philosophy (Salary + Benefits = Total Compensation)
GM Fuzie highlighted the Board's commitment to maintaining necessary staffing for District services. The [draft] Strategic Plan says, "The District is at all times prepared to maintain the staffing needed to effectively carry out all planned District services." Discussion ensued around the challenge of aligning employee compensation with this vision, considering factors such as the results of the compensation study and rising benefit costs. GM Fuzie proposed presenting a recommendation on compensation based on data analysis and budget consideration.

Chair Furst asked if managers/supervisors receive feedback from the employees on benefit decisions made by the Board. GM Fuzie and Human Resources Manager (HR) Michelle Kleman explained that while formal surveys are not conducted, metrics like turnover and absenteeism suggest employee satisfaction.

- What would your priorities be if we were to come into a windfall, short term/long term?
Suggestions included the following:
 - Survey residents for their input.
 - Address Deferred Maintenance
 - Acquire land.
 - Consider the magnitude of the windfall and convene the board to prioritize spending, possibly seeking community feedback.
 - Plan for and balance competing interests, such as Deferred Maintenance and reserve balances.

The Board agreed that staff should provide options and recommendations for the best use of funds. Ultimately, the consensus was the decisions would be situational, depending on the timing, size, and recurrence of the windfall, requiring further discussion, and planning by the Board.

- Absent a new funding source how do you see the District managing deferred maintenance?
GM Fuzie noted the limited revenue from current property taxes, including a small annual increase in the Special Tax 97-1 which set the Equivalent Dwelling Unit Rate at \$38.65 for Fiscal Year 2023-24. With a \$23 million budget and 97,000 constituents, which means theoretically each one receives around \$300

worth of value from the budget. He suggested the need to explore alternative funding within the next five years.

Director Faltings inquired about the voting requirements for a tax increase, prompting discussion about a potential bond measure proposal. GM Fuzie mentioned a community member's interest in running a \$100 million bond over ten years for deferred maintenance, which he deferred until further clarity on financial matters like ERAF. Director Palajac suggested awaiting completion of the City's Nexus study for a clearer direction, which is expected in June.

- Taking on the operations and maintenance of new park facilities created by either the developer or the developers fee in-lieu?

GM Fuzie discussed the future management of new park facilities resulting from developer contributions or fee in-lieu. He emphasized the Board's role in deciding whether LARPD would operate these facilities, as outlined in the Mater Property Agreement. Director Faltings inquired about upcoming city developments (Isabel Neighborhood and Springtown refresh projects). Director Palajac raised concerns about additional maintenance costs without corresponding revenue. GM Fuzie explained that new properties might require additional funding sources, such as community service or maintenance districts, something that brings in additional funds so that LARPD can operate those.

Chair Furst spoke about potential acquisitions of open space parcels and the associated maintenance costs, prompting discussion on LARPD's role in such ventures. GM Fuzie stressed the distinction between parks and community features, citing examples like the City's "Livermorium" downtown. The importance of aligning new acquisitions with LARPD's mission and the need for careful consideration of costs and resources in managing new park facilities and open spaces was emphasized.

3.4 Budget Prioritization Questions

The Board discussed the prioritization Item 3.2's budgetary challenges, particularly regarding Employee Compensation and the 2 Parks Plan. GM Fuzie highlighted the competing nature of these priorities, suggesting a need for further discussion and reconsideration.

The conversation then shifted to the Water Slide at RLAC, with concerns raised about its cost-effectiveness and potential alternatives. There was consensus among the Board members to explore options other than repairing the slide, with suggestions ranging from demolition to redesigning the area.

- The possibility of using AB 1600 funds for alternative projects was also discussed, prompting the decision to refer the matter to the Facilities Committee for further examination and to ensure all options are explored before making a final decision. GM Fuzie will speak with the City to determine how they will interpret the use of AB 1600 funds, and whether they will interpret this as a capacity or a maintenance question.
- Despite differing opinions on the slide's future, the Board recommended staff defer the \$350k slide repair until further exploration of alternatives.

4. ADJOURNMENT: The meeting was adjourned at 4:39 p.m.

APPROVED,

David Furst
Chair, Board of Directors

ATTEST:

Mathew L. Fuzie
General Manager and
Ex-officio Clerk to the Board of Directors

/Lvb

Unit	01 - Administration		02 - Contract Classes		03 - Adult Sports		05 - Building Maintenance		06 - Camp Shelly		07 - Park Operations		09 - ESS	
	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget
Revenue	15,880,032	15,883,520	209,500	251,301	66,050	71,398	-	-	12,000	12,000	674,284	677,981	3,595,172	3,609,554
Salaries & Benefits	2,130,568	2,035,108	-	3,602	17,517	14,992	998,254	971,890	4,144	4,144	2,810,864	2,709,493	2,968,412	3,047,230
Services & Supplies	2,435,008	2,397,908	121,410	149,275	19,200	21,476	1,601,609	1,172,046	17,491	14,731	3,152,711	3,340,582	192,948	165,849
TOTAL	11,314,456	11,450,504	88,090	98,424	29,333	34,930	(2,599,863)	(2,143,936)	(9,635)	(6,875)	(5,289,291)	(5,372,094)	433,812	396,475
Variance	136,048		10,334		5,597		455,927		2,760		(82,803)		(37,337)	

Unit	10 - Senior Services		11 - Preschool		16 - Open Space		18 - IT		20 - Business Services		25 - Facility Rentals		26 - Youth Sports	
	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget
Revenue	136,930	189,284	298,800	323,459	568,680	604,525	-	-	14,300	15,500	358,157	368,724	550,900	678,432
Salaries & Benefits	188,205	190,189	247,806	232,484	1,228,660	1,202,744	-	-	272,043	267,670	253,558	228,762	215,870	218,155
Services & Supplies	76,520	121,479	9,550	7,409	82,450	77,761	607,600	599,467	142,066	143,877	23,370	25,614	126,300	170,171
TOTAL	(127,795)	(122,384)	41,444	83,566	(742,430)	(675,980)	(607,600)	(599,467)	(399,809)	(396,047)	81,229	114,348	208,730	290,106
Variance	5,411		42,122		66,450		8,133		3,762		33,119		81,376	

Unit	27 - Field/Gym Rentals		31 - Recreation Admin		32 - Community Outreach		40 - ELOP		42 - Building Operations		54 - Aquatics		57 - Concessions	
	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget	Original Budget	Mid-Year Budget
Revenue	554,650	600,104	-	-	-	-	-	20,960	-	-	522,900	571,593	42,025	38,527
Salaries & Benefits	417,370	436,497	311,231	309,785	776,818	775,575	-	14,955	485,537	439,769	814,219	885,492	22,778	15,087
Services & Supplies	27,165	34,088	-	1,586	39,166	45,297	-	5,601	159,720	236,221	96,750	121,239	18,779	16,831
TOTAL	110,115	129,519	(311,231)	(311,371)	(815,984)	(820,872)	-	404	(645,257)	(675,990)	(388,069)	(435,138)	468	6,609
Variance	19,404		(140)		(4,888)		404		(30,733)		(47,069)		6,141	

Original Budget	Mid-Year Budget
\$ 370,713	\$ 1,044,731