

Livermore Area Recreation and Park District

Staff Report

TO: Chair Palajac and Board of Directors

FROM: Mathew Fuzie, General Manager

PREPARED BY: Mathew Fuzie, General Manager

DATE: September 22, 2020

SUBJECT: Organizational Structure Recommendation in Response to
COVID-19 Budget and Revenue Reductions

COMMITTEE: Recommended by the Ad Hoc Budget Committee

RECOMMENDATION:

The General Manager is recommending acceptance of a new organizational structure for Livermore Area Recreation and Park District to carry the District through the COVID-19 global pandemic and beyond. The new structure does call for a reduction in work force and includes layoffs, time base changes, reclassifications and furloughs as measures to achieve a desired outcome.

BACKGROUND:

Late in 2019, the world became aware of a new virus that was making its way around the world but had not yet been known to have infected the United States of America. The virus was known as COVID-19 or Coronavirus Disease. In January and February 2020, the General Manager noted at a Board of Directors Regular Meeting that many economists were suggesting that this virus, if it became a pandemic, could cause a “Black Swan” event. A Black Swan event is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. The Board of Directors and the General Manager began discussing potential actions LARPD could take to safeguard our District both physically and financially.

On March 16th, Alameda County issued a Shelter-in-Place Health Order (Health Order) through the Alameda County Public Health Department authority. The initial Shelter-in-Place Health Order was issued for three weeks. It is still in effect, with modifications, today. The District has adjusted our schedules, programming and budgets in response to the modifications to the Shelter-in-Place Health Order as they have come into effect.

In June 2020, the Board of Directors accepted a preliminary estimate for FY 2019-20 which showed a budget deficit of approximately \$1.2 Million. More current data show the FY2019-20 deficit to be \$970,000. The FY2019-20 deficit was caused by the lack of revenue generated during the closure of our facilities and our lack of ability to offer programs and activities due to the Health Order restrictions. The Board also accepted a FY 2020-21 Budget with a deficit projected to be \$350,000, but created an Ad Hoc Budget Committee to work with the General Manager to develop a balanced budget to be brought back to the Board for review.

Between the June Board Meeting and September, the Shelter-in-Place Health Order was extended at every deadline, further impacting our ability to generate any revenue during our usually robust programming time of the year. Our revenue projections were revised and our revenue deficit became \$1.9 million. In addition, our unemployment expenses due to furloughs and layoffs topped \$1 million with 50% of that being covered by the CARES Act. The Ad Hoc Budget Committee had to revise its deficit goal to \$2.4 million.

In summary, since the Shelter-in-Place Health Order came into effect we have seen a dramatic shift in our operating budget relative to our pre-COVID experience, when we typically could expect a \$1.2 million dollar annual surplus. Prior to the actions that are proposed herein, the District projected a \$2.4 million deficit in FY2020-21, which is a total swing of \$3.6 million.

The Ad Hoc Budget Committee has met several times and created an ongoing dialogue with the General Manager and all the Department Managers. During this period the Ad Hoc Budget Committee and the staff looked at every section of the approved budget with each manager and recommended changes to operations, projects and personnel in order to achieve as much savings as possible to protect the district physically and financially. Those proceedings created the organizational structure and associated balanced budget for the Board's review, with a recommendation that it be accepted by the Board of Directors and implemented with a date certain of October 4, 2020.

WORKING ASSUMPTIONS AND PHILOSOPHIES:

The General Manager is responsible to present an organizational structure and the Board of Directors has the authority to accept or deny the recommendation.

The District cannot sustain its current employment level while revenues and programs are being dramatically impacted by the pandemic, with no end clearly in sight. We must create a budget and structure that can sustain the critical needs of the District while preparing for changes in the Shelter-in-Place Health Order that will allow us to return to providing as many services as possible.

There is no clear indication of what the “new normal” will be as we move into a COVID-19 existence era.

Non-essential services and the associated employees cannot be sustained by the District at this time.

After the Organizational Structure decision is made, the Board will need to review some revisions to Human Resources policies that can no longer be sustained by the District. An example of the type of policy to be reviewed is the Holiday Policy and associated paid days off per year. This discussion will happen at a future Board meeting.

FISCAL IMPACTS:

Prior to the onset of the COVID-19 pandemic, roughly half of the District revenue came from programming that the District creates and offers to the public. Since the beginning of the Shelter-in-Place Health Order by Alameda County and the subsequent revisions, we have not been able to provide the programming that supports this level of revenue generation and now project programing revenue to amount to 29% of FY 2020-21 revenues. We are not anticipating a rapid return to regular programming.

If the Board of Directors accepts the recommendations of the Ad Hoc Budget Committee, those recommendations would begin to take effect on October 4, 2020 and will lead, as best as we can predict, to a balanced budget for FY 2020-21. It is important to note that the recommendations take in to account the worst case projections for costs and revenues.

If the Board of Directors does not accept the recommendations of the Ad Hoc Budget Committee, they will have the authority to direct the Ad Hoc Budget Committee to consider additional input from the entire board.

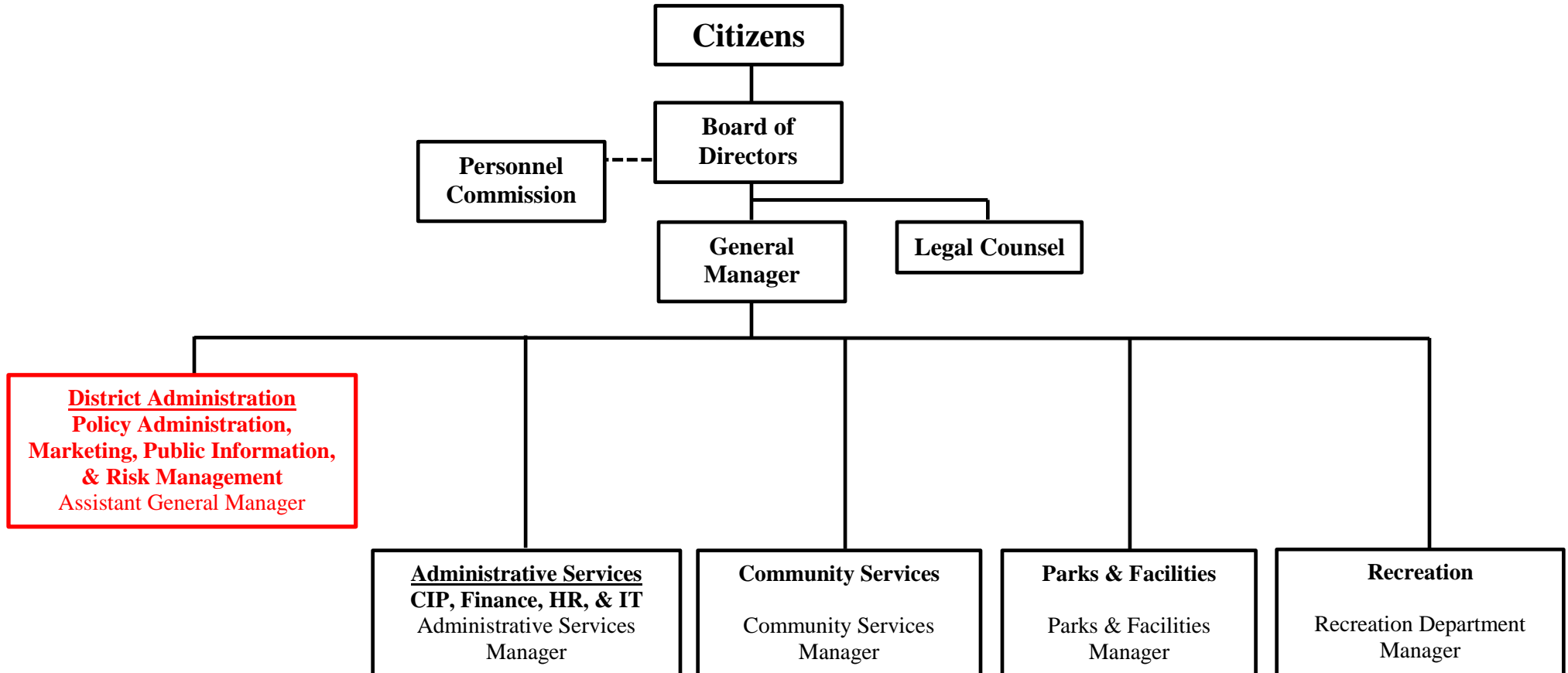
ATTACHMENTS:

- A. District Organization Chart w/changes in red
- B. Final Recommended Organization Chart
- C. Current Financial Plan - Adjustments vs Approved Budget
- D. Proposed Financial Plan versus the Approved FY20-21 Budget By
Department



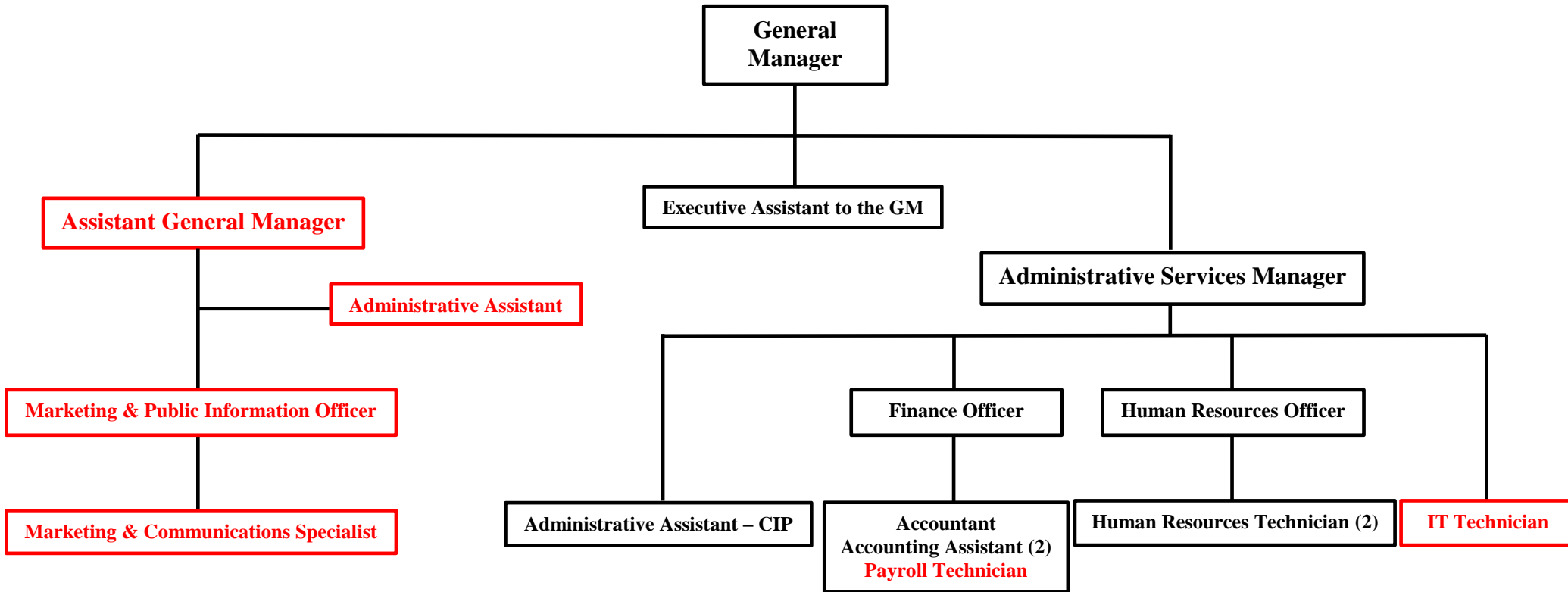
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Recreation and Park District
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District Organizational Chart





Administration & Administrative Services



District-Wide Marketing
Policy Administration
Public Information
Records Retention
Risk Management
Special Events

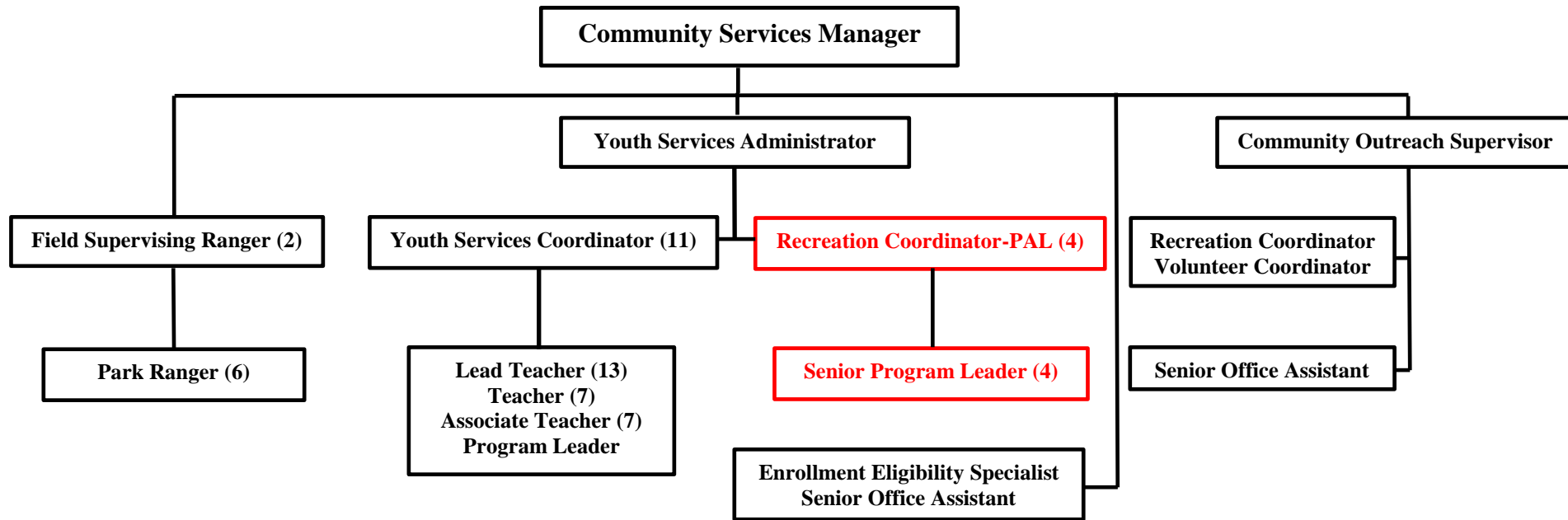
Board & Committees
Elections
Special Projects
Grants

Accounting
Payroll
Financial Planning/Budgeting
Treasury
Purchasing
CIP Administration

Job Classification & Compensation
Benefits Administration
Personnel Commission
Workers' Compensation
Talent Acquisition
Information Technology



Community Services Department



Open Space
Camp Shelly
Nature Programs and Camps

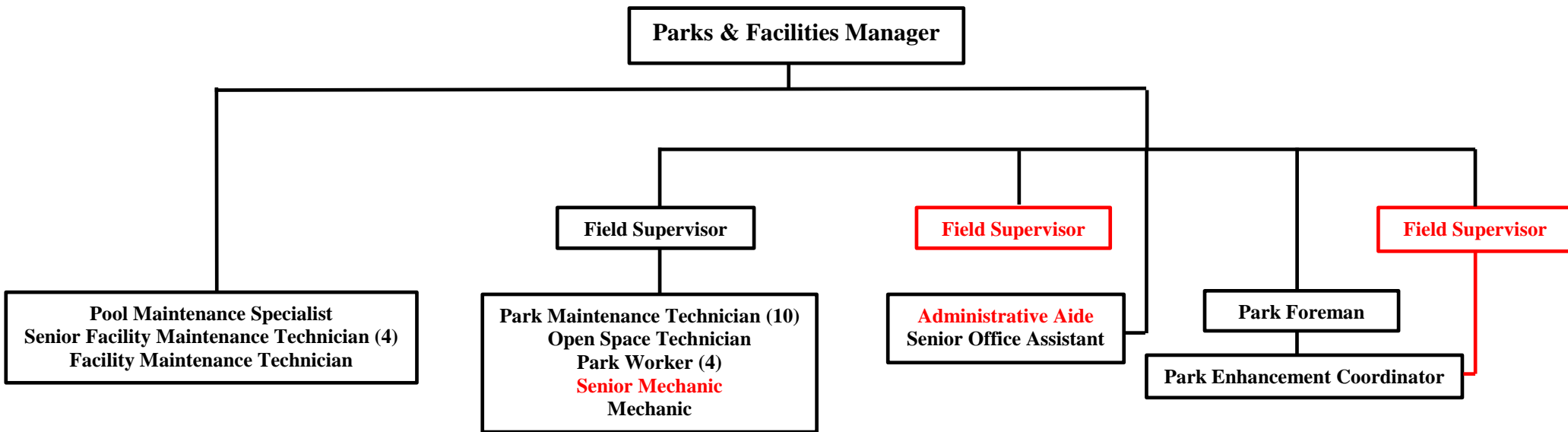
Believes Program
Education and Childcare Grants
Extended Student Services
PAL Middle School Program
Preschool

Community Outreach
Senior Services
Volunteer Program



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Parks & Facilities Department



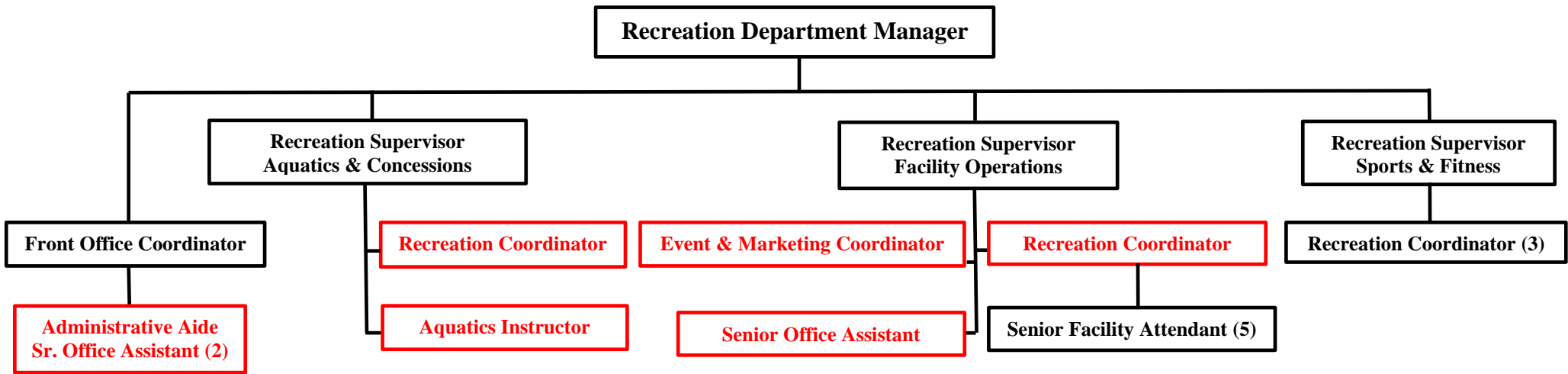
Capital Improvement Projects
Environmental Review
Design and Construction Oversight
Facility Maintenance

Community Gardens
Park and Trail Maintenance
Fleet Maintenance

Living Arroyo
Environmental Restoration
Preservation and
Protection



Recreation Department



Front Office Registration &
Operations

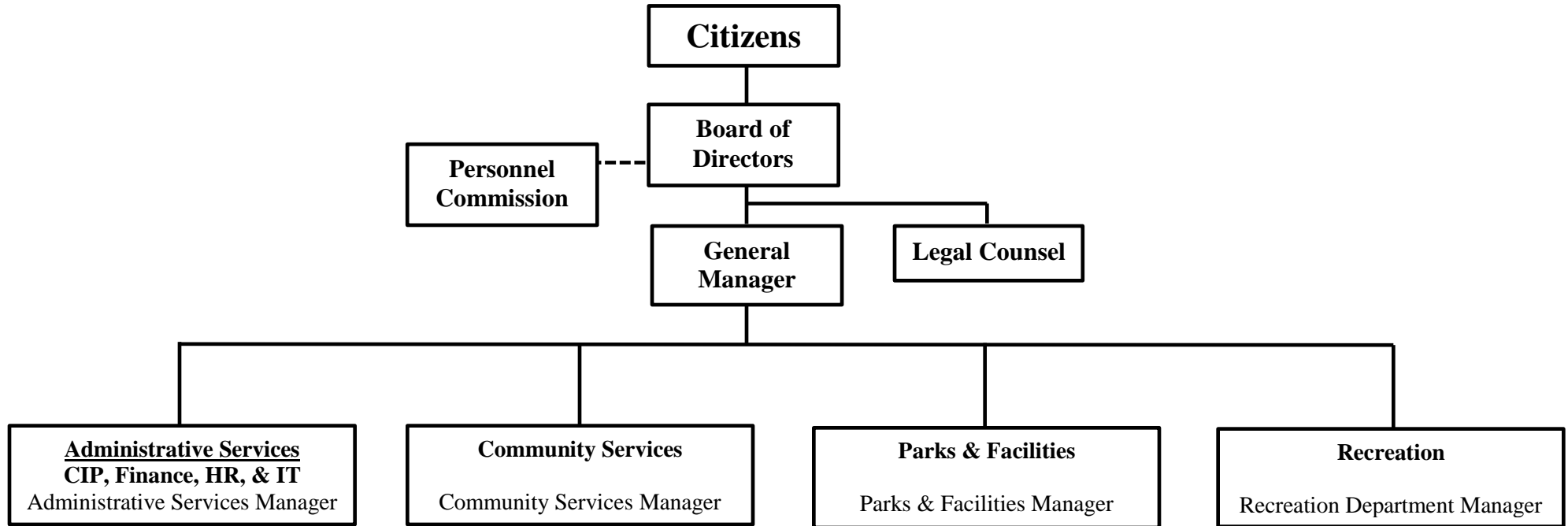
Aquatics
Café & Concessions
Certifications

Custodial
Facility Rentals & Operations
Independent Contractors
Recreation Classes

Equestrian Operations & Reservations
Field Maintenance & Operations
Field & Facility Schedules & Rentals
Group Picnic Reservations
Intent to Use Permits
Summer Camps
Youth & Adult Sports & Fitness



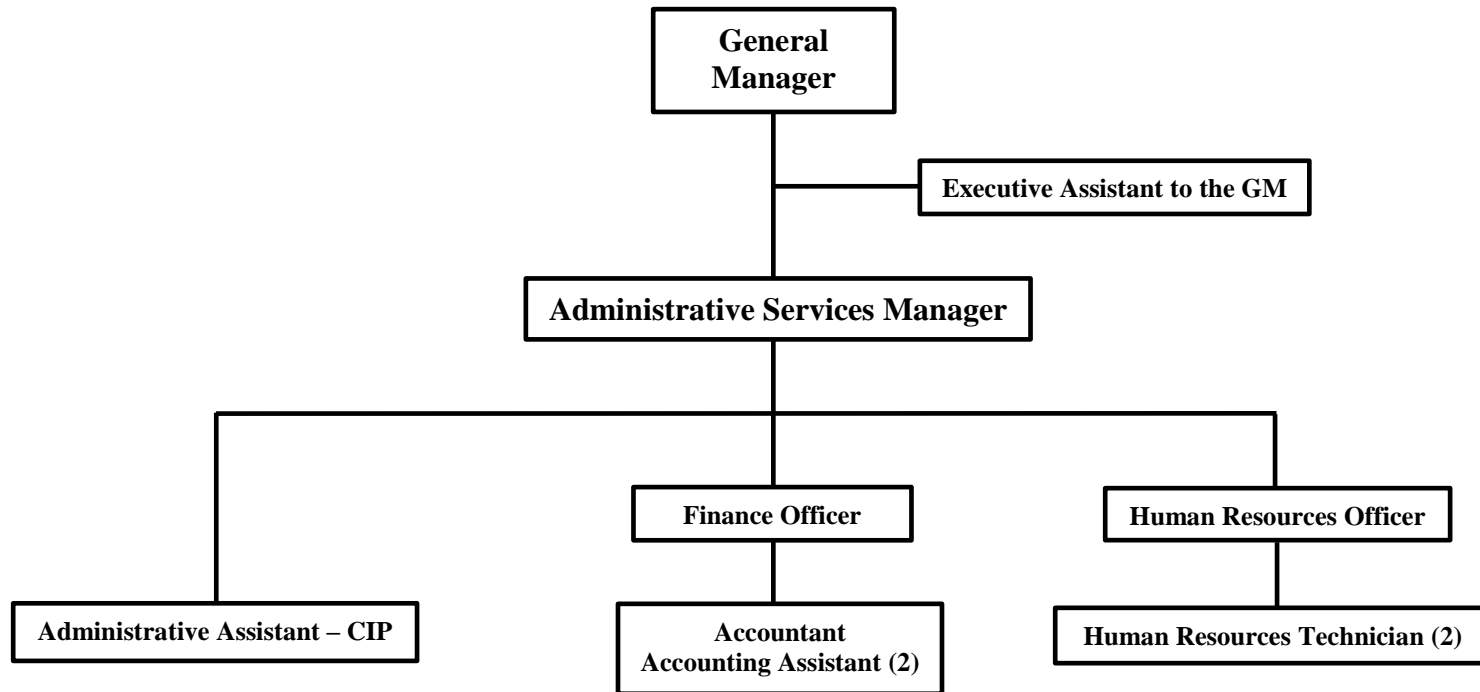
District Organizational Chart





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Special Projects
Grants
CIP Administration

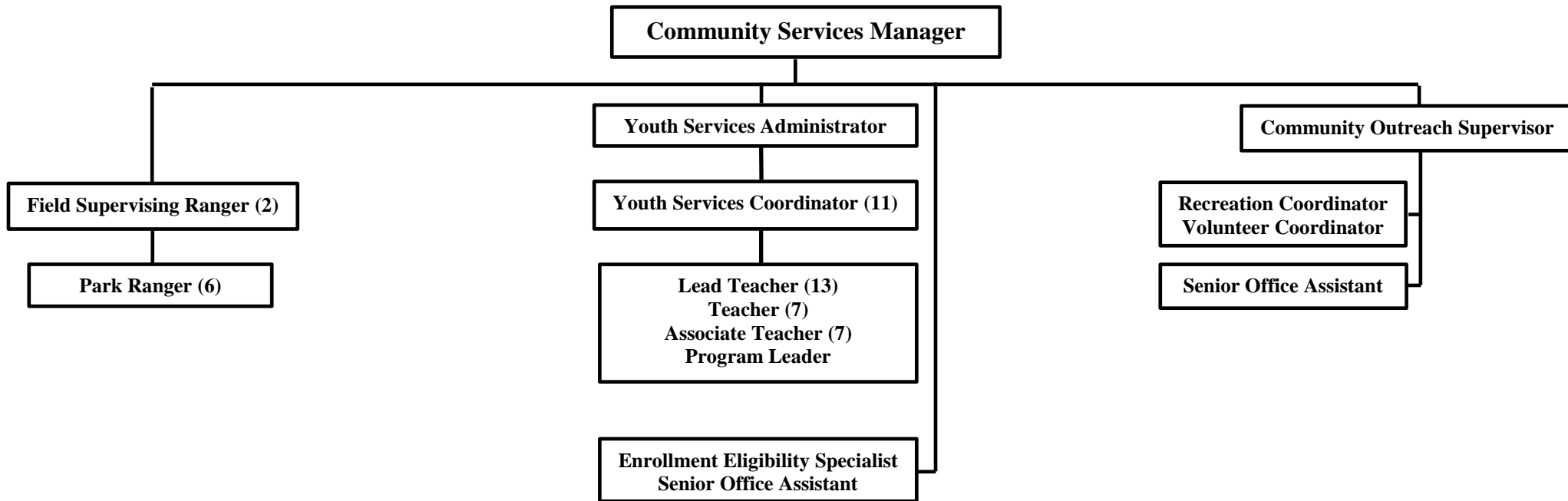
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Payroll
Financial Planning/Budgeting
Treasury
Purchasing

Job Classification & Compensation
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Personnel Commission
Workers' Compensation
Talent Acquisition
Information Technology



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Community Services Department



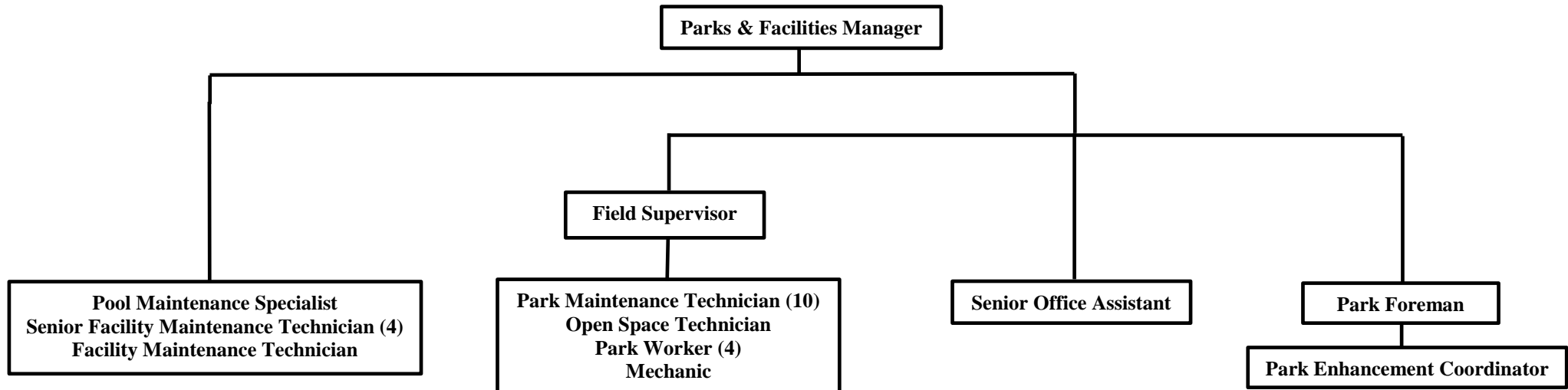
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Parks & Facilities Department



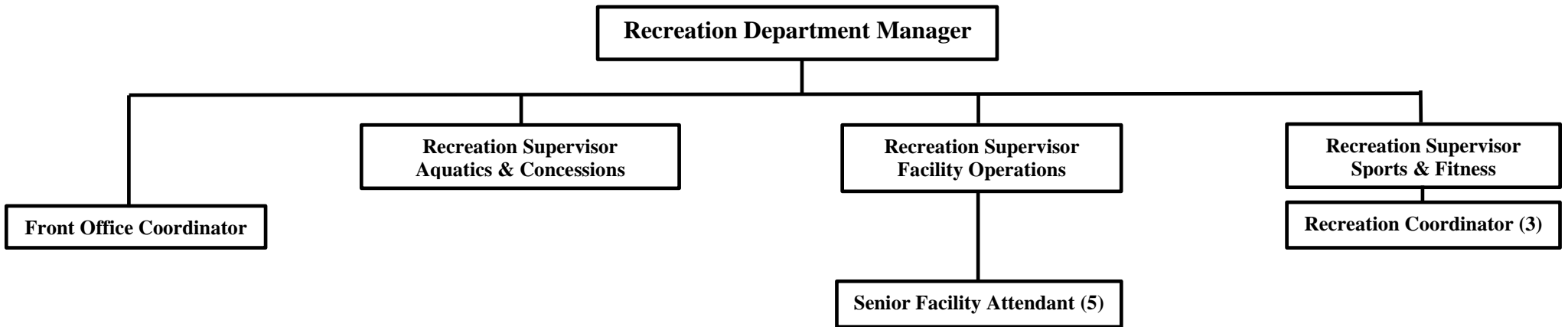
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Park and Trail Maintenance
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Preservation and
Protection



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Field & Facility Schedules & Rentals
Group Picnic Reservations
Intent to Use Permits
Summer Camps
Youth & Adult Sports & Fitness

ATTACHMENT C

Livermore Area Recreation and Park District (LARPD)

Current Financial Plan - Adjustments vs Approved Budget

(\$000s) in better/(poorer) format

Original Budget		Current Financial Forecast		Change B/(P)
\$19,248	Revenue	\$17,358	Revenue	(\$1,890)
\$14,406	Salary and Benefits	\$12,069	Salary and Benefits	\$2,336
\$5,140	Services and Supplies	\$5,289	Services and Supplies	(\$149)
\$55	Capital Equipment	\$0	Capital Equipment	\$55
(\$353)	Net Operating Result	\$0	Net Operating Result	\$353

Changes to Revenue Projections:

(\$1,247) Community Services

- Revised assumptions for ESS (students cap'd at 14, all distance learning)

- No PAL (Middle school) program revenue

- Preschool starts up in limited fashion in Jan21

(\$643) Recreation - program revenues limited to what can be supported given current health order

(\$1,890) **Total Revenue Changes**

Changes to Salary and Benefits:

\$2,713 Organizational Changes

(\$547) Unemployment Expense

(\$97) One-time payouts for planned Layoffs

\$100 Reduction in hours per week from 40 to 38 for all non-exempt FT staff (excl ESS)

\$168 reduced workers' compensation insurance costs (lower rates and reduced staff hours)

\$2,336 Total Salary and Benefit Changes

Changes to Services and Supplies, Capital Equipment, and Contingency:

\$55 Delayed purchase of new Aquatics Scoreboard for RLCC Aquatics center

\$176 Recreation - reduced contractors, instructors, officials, etc..

\$26 Parks - Suspension of maint services from Oct20 - Apr20 (offset by increased amounts for Aug/Sept)

\$110 Community Services - \$47k reduction for cancelled Sr Trips, rest is miscellaneous program spend

(\$460) Admin - numerous changes, including conversion of payroll tech to consultant

(\$94) **Total Services and Supplies and Capital Equipment Changes**

\$353 TOTAL IMPROVEMENT vs Approved Budget

ATTACHMENT D

Livermore Area Recreation and Park District (LARP)

Summary of Current Financial Plan versus Approved Budget - By Department

(\$000s)

	Current Financial Forecast				
	Revenue	Salaries and Benefits	Services and Supplies	Capital Equipment	Net Operating Result
Administration (*)	\$12,385	\$2,095	\$2,158	\$0	\$8,132
Community Services	\$3,817	\$5,250	\$356	\$0	(\$1,789)
Recreation	\$770	\$1,718	\$404	\$0	(\$1,351)
Parks and Facilities Maintenance	\$386	\$3,007	\$2,372	\$0	(\$4,993)
District Totals	\$17,358	\$12,069	\$5,289	\$0	\$0

(*) includes the following items that will be reflected across departments in final version:

\$129 Furlough without pay - Xmas week - 4 days

\$129 Furlough without pay - Thanksgiving - 4 days

\$88 Elimination of 4% match (457 retirement plan) as of Oct20

(\$347) Other miscellaneous changes to Services and Supplies

	Approved Budget (Jun20)				
	Revenue	Salaries and Benefits	Services and Supplies	Capital Equipment	Net Operating Result
Administration	\$12,385	\$2,340	\$1,698	\$55	\$8,293
Community Services	\$5,064	\$5,952	\$466	\$0	(\$1,354)
Recreation	\$1,413	\$2,628	\$579	\$0	(\$1,794)
Parks and Facilities Maintenance	\$386	\$3,486	\$2,398	\$0	(\$5,498)
District Totals	\$19,248	\$14,406	\$5,140	\$55	(\$353)

	Variances vs Approved Budget: better/(poorer)				
	Revenue	Salaries and Benefits	Services and Supplies	Capital Equipment	Net Operating Result
Administration	\$0	\$245	(\$460)	\$55	(\$160)
Community Services	(\$1,247)	\$702	\$110	\$0	(\$434)
Recreation	(\$643)	\$910	\$176	\$0	\$443
Parks and Facilities Maintenance	\$0	\$479	\$26	\$0	\$505
District Totals	(\$1,890)	\$2,336	(\$149)	\$55	\$353