

Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

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BOARD OF SELECTMEN
Parks and Recreation Special Revenue Fund Analysis Work Group
Monday, September 21, 2020
4:30PM

SPECIAL MEETING AGENDA

Call to Order

- 1) Public Audience
- 2) Parks and Recreation Special Revenue Fund Analysis – Discussion and Review of Staff Recommendations
- 3) Update on Parks and Open Space Master Plan
- 4) Next Steps

Adjourn



Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

MEMORANDUM

To: Board of Selectmen
From: Maria Capriola, Town Manager; Melissa Appleby, Deputy Town Manager; Amy Meriwether, Finance Director; Tom Tyburski, Director of Culture, Parks & Recreation
Date: January 10, 2020
Subject: Parks and Recreation Special Revenue Fund Analysis

Background

Established in 1998, the Parks and Recreation (formerly Simsbury Farms) Special Revenue Fund (the “Fund”) includes funding for the Simsbury Farms Recreational Complex and all other recreational programs administered by the Culture, Parks and Recreation Department. The remainder of the Culture, Parks, and Recreation Department, including parks maintenance and a portion of administrative costs, are included in the Town’s operating budget (general fund).

In seven of the last eleven fiscal years, the Fund has ended the year in a deficit. In nine of those eleven years, operating transfers were budgeted from the general fund to support the Fund. In four of those years, additional appropriations above and beyond the budgeted amounts were made from the general fund. During that time period, total contributions from the general fund totaled \$1.9 million. At its goal-setting session on September 29, 2018, the Board of Selectmen identified a need to conduct an analysis of the Fund to better understand the challenges and identify measures to improve the sustainability of the Fund.

This memorandum provides an outline of the key financial issues related to the Fund and recommendations for addressing those issues.

Key Issues

Declining Revenue

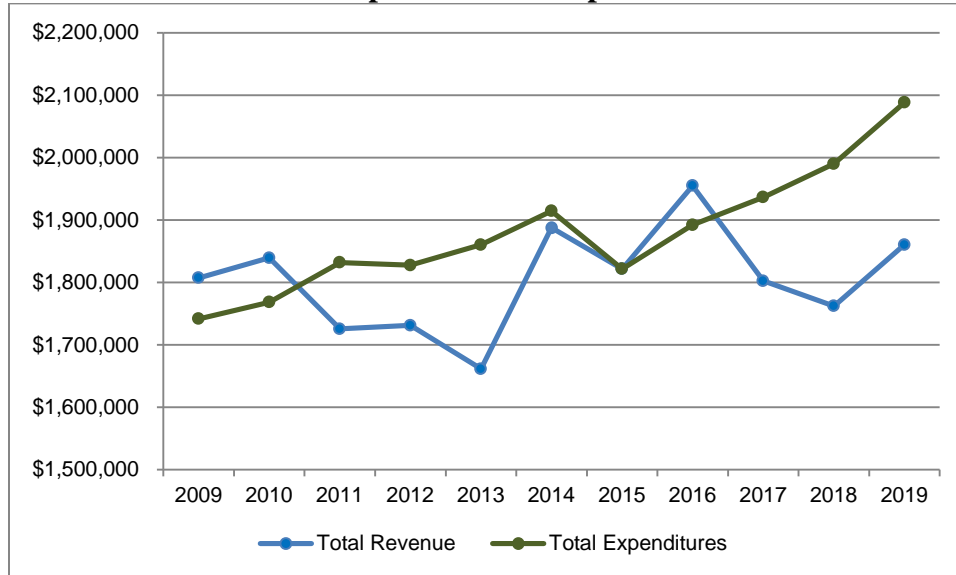
In seven of the last eleven fiscal years, the Fund has ended the year in a deficit position. There were significant deficits in the last three fiscal years: in 2017, the deficit was \$134,109, in 2018 it was \$227,891, and in 2019 it was \$228,038.¹

Prior to FY19, revenue received in one fiscal year for activities that occurred in the following fiscal year was accounted for in the year it was received. Beginning with FY19, we are now tracking this “deferred revenue” in the year that the revenue applies to. For example, if fees are collected in June for a program occurring in July (after the new fiscal year begins), the revenue is

¹ In FY19, the actual general ledger loss was \$475,292, which reflects the reduction of the deferred revenue.

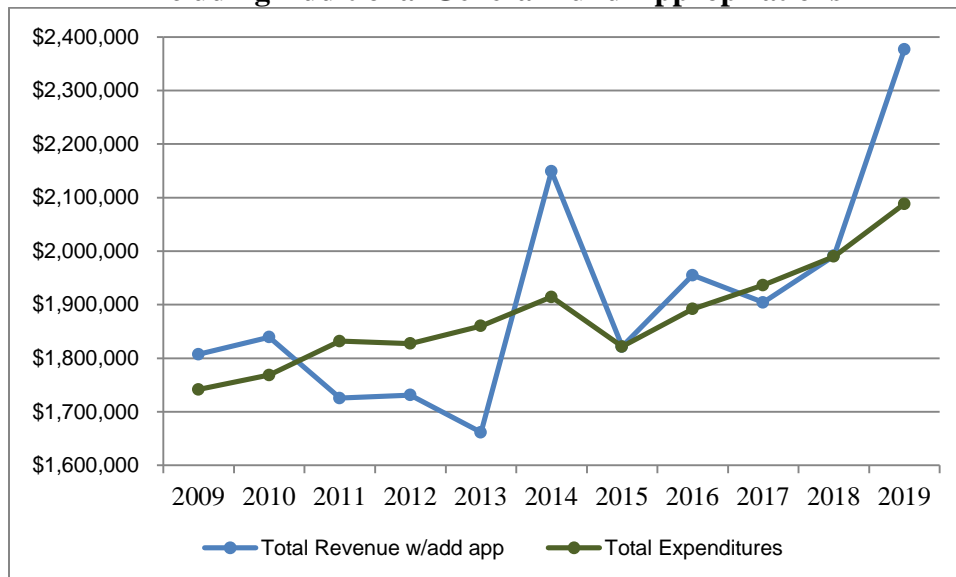
being accounted for in July. In order to compare accurately to prior years, the FY19 data in this report includes all revenue received in that year.

Revenues and Expenditures Comparison: 2009-2019



These deficits have occurred even with support from the general fund. In the last eleven years, a total of \$742,306 in revenue was budgeted as operating transfers from the general fund. Additional appropriations in the amount of \$841,828 were made from the general fund in four of the last eleven years.

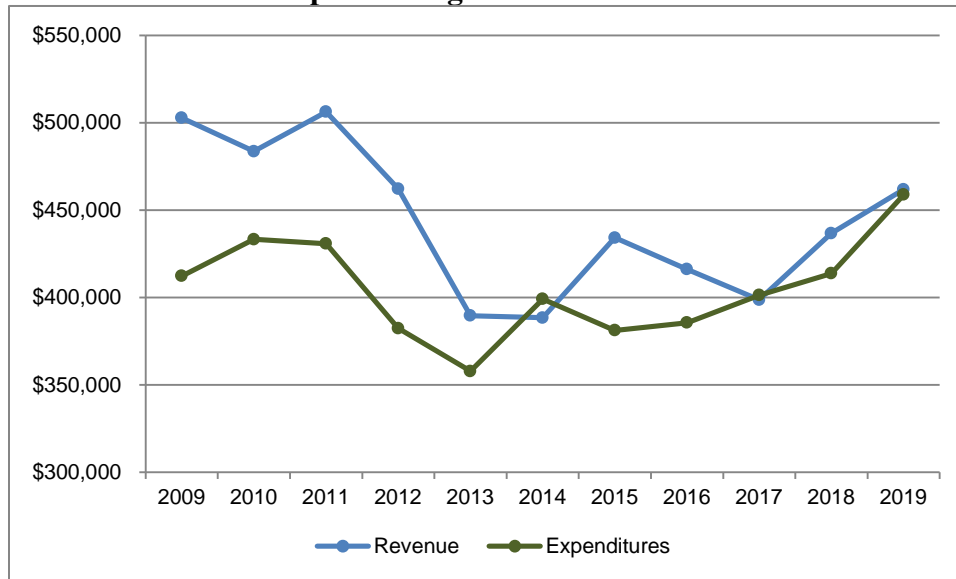
**Revenues and Expenditures Comparison: 2009-2019
Including Additional General Fund Appropriations**



There are four primary categories of revenue within the Fund: Special Programs, Simsbury Farms, Golf Course, and Operating Transfers. As described below, the largest decrease in revenue over the last eleven years was in Special Programs, with a slight decrease in Golf Course revenues. Revenues from Simsbury Farms and Operating Transfers experienced an overall increase.

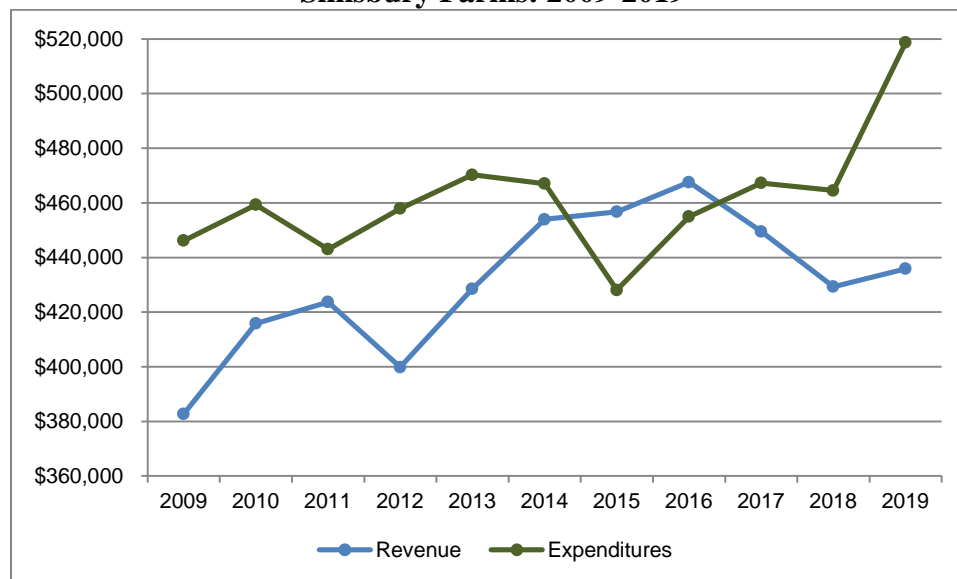
Special Programs – Includes revenue received from fees charged to participate in recreational programming. The total decrease in revenue over the last eleven years was 8.14 percent, while the total increase in expenditures was 11.29 percent.

Special Programs: 2009-2019

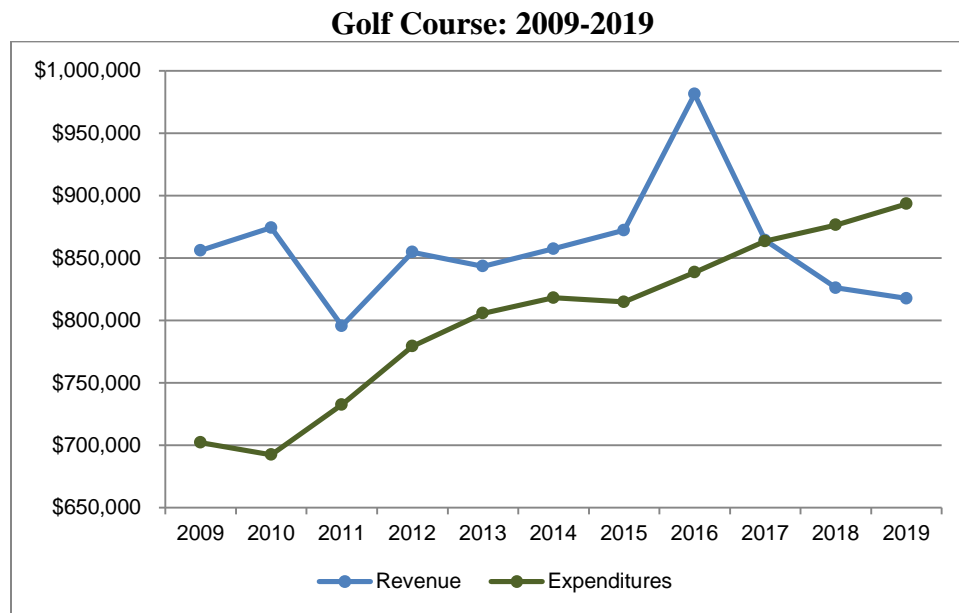


Simsbury Farms – Includes the fees charged at the pools, skating rink, and apple barn rental. The total increase in revenue over the last eleven years was 25.62 percent, while the total increase in expenditures was 16.26 percent.

Simsbury Farms: 2009-2019

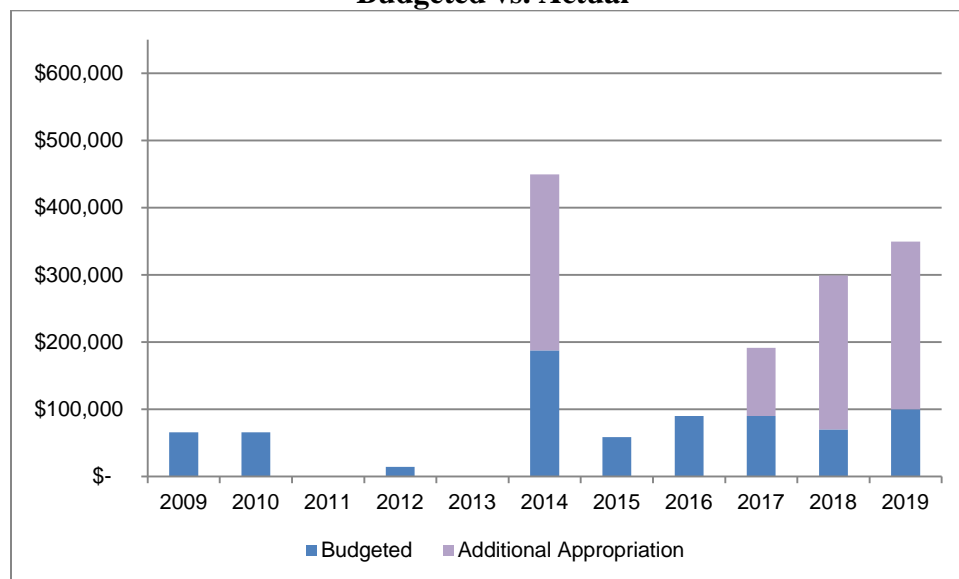


Golf Course – Includes all golf course fees. The total decrease in revenue over the last eleven years was 4.5 percent, while the total increase in expenditures was 27.22 percent.



Operating Transfers – As noted above, this is the support received from the general fund. The total increase in budgeted revenue over the last eleven years was 52.29 percent. From 2009 to 2014, the operating deficit built up, and in 2014, total operating transfers were \$449,544 (budgeted amount of \$187,924 plus an additional appropriation of \$261,620). Actual revenue, including the additional appropriations made in four fiscal years, increased 432.11 percent over the last eleven years.

**Operating Transfers (General Fund Contribution): 2009-2019
Budgeted vs. Actual**

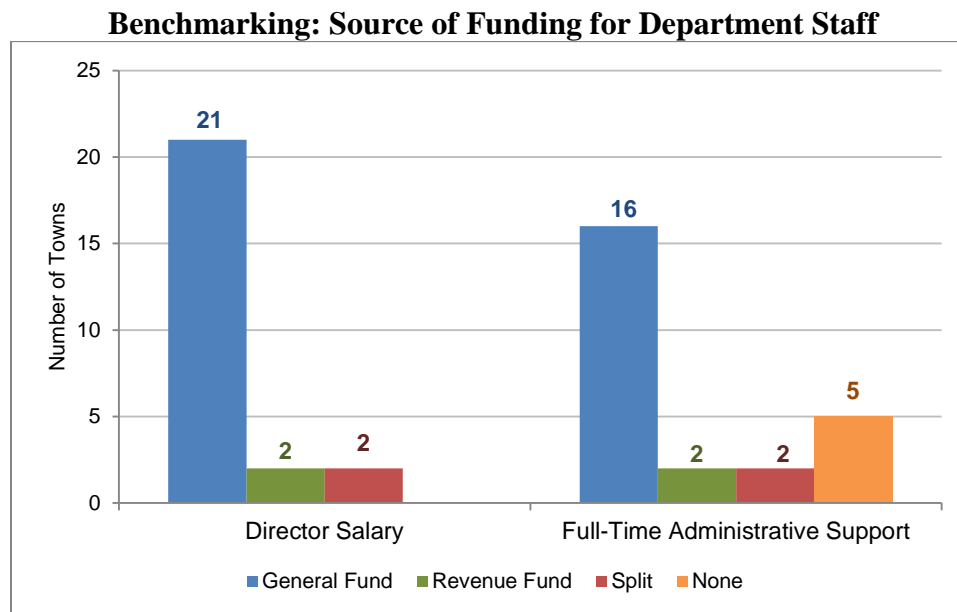


Fund Subsidizes Community Use

Because the Fund includes the Simsbury Farms Recreation Complex and all programs administered by the Department, it necessarily includes some operational expenses that are not directly supported by program fees. Those include, but are not limited to, salaries for administrative positions, utilities, and other operational expenses for the facilities.

A survey of special revenue funds in other municipalities throughout the state revealed that it is common for many of these expenses to be accounted for in the general fund.² Of the 25 survey respondents, the majority of towns account for administrative salaries, employee benefits and utilities/facility costs in the general fund.

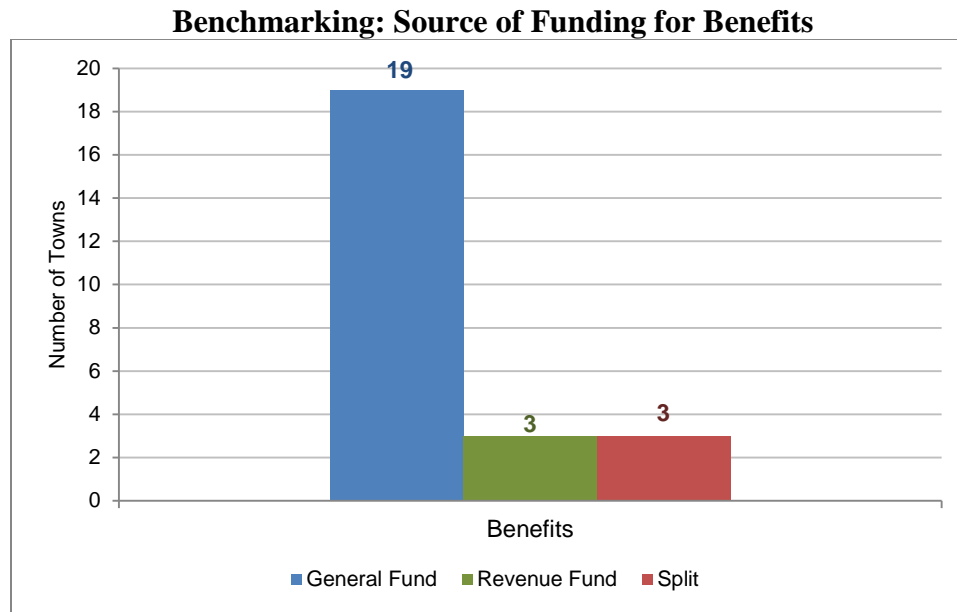
Staffing – The Fund currently covers 70 percent of the salaries for the Director of Culture, Parks and Recreation and the Administrative Secretary; the remaining 30 percent is funded through the general fund budget. The Recreation Supervisor position, all recreation seasonal employees, and all golf employees are also covered by the Fund³. Only two other towns split the cost of the Director’s salary between the general fund and the special revenue fund; the remaining towns fund this salary entirely through the general fund.



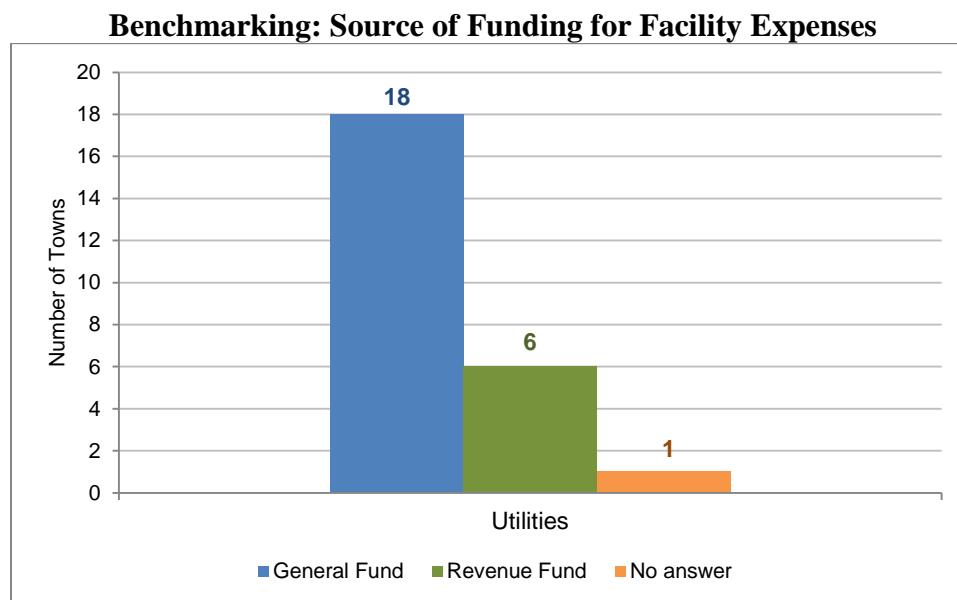
² Survey participants were asked a series of questions related to their respective special revenue funds. Responding municipalities have populations ranging from 7,000 to 63,268. Full survey results are included in this report as Appendix A.

³ Until July 1, 2019, the Fund included two Recreation Supervisor positions. One of these positions was eliminated during the FY20 budget cycle.

Benefits – For all employees whose salaries are under the Fund, the Fund also covers all medical benefits associated with those positions. Nineteen of the 25 survey respondents reported that the general fund covers the medical benefits for those positions covered by the special revenue fund.



Facility Expenses – All utilities and other operational expenses at the Simsbury Farms Recreation Complex are also supported by the Fund. Eighteen of the 25 survey respondents reported that the general fund covers the utility costs for their operations.



Increasing Fixed Costs

Regardless of how the parks, recreation, and golf course expenses are accounted for, there are two additional cost drivers that will have a significant impact on the budget moving forward. Pension costs will increase substantially due to updated mortality tables taking effect and a decision at the local level to decrease the interest rate assumption for the pension plan. Based on

prior valuations, the projected impact on the Fund for FY21 is approximately \$39,895. This takes into account updated asset performance, the updated mortality tables and a decrease in the interest rate assumption from 6.75% to 6.50%. The Town's actuary is currently completing the new valuation, which will provide more specificity regarding the cost impact on a departmental level.

In addition, the budget and program fees will be heavily impacted by the statutory increases to the minimum wage, as the Department employs a large number of seasonal workers throughout the year such as day camp staff, lifeguards, and ice rink guards. The impact of the minimum wage increases over a three-year period is projected to be approximately \$225,000.

Recommendations

1) Accounting for Expenses

Currently, expenses are split between the special revenue fund and the general fund. Staff recommends that one of the following three accounting methods be adopted moving forward:

- All expenses to be accounted for in the general fund
- All expenses to be accounted for in the special revenue fund
- All expenses to be accounted for in the general fund, with the exception of the golf course.

2) Funding for Community Use Items

Because the administrative staff supports the work of the entire department, the salaries and benefits associated with those positions are more appropriately accounted for in the general fund. Similarly, the facilities at the Simsbury Farms Recreation Complex are public buildings; they are open to the entire community, and the operational expenses are not tied only to fee-based programs.

The cost recovery for the Culture, Park Recreation Department programming should be based on advertising, instruction, materials/programming supplies, transportation, and related items. In addition, it is recommended that the Town begin recognizing the aquatic and ice rink facility as a public service (like other parks and public amenities where we do not charge an entrance fee), not a net revenue source to the fund. The cost recovery for this facility should include items such as the cost of lifeguards, skateguards, program and training materials, and advertising. As the state's minimum wage increases it will not be feasible to operate this facility at break even if the utilities/maintenance and administrative costs are not covered in the general fund. The Culture, Parks and Recreation Commission has expressed support for this concept.

Below are some options for sharing a portion of the community use expenditures with the general fund:

1. Choose from one or more of the below community use expenditures to be paid for by or moved to the general fund:
 - a. 70% of the salaries and benefits of the Director of Culture, Parks and Recreation and Administrative Secretary – estimated at \$166,000;
 - b. 100% of the salary and benefits for the Recreation Supervisor – estimated at \$124,000;
 - c. Simsbury Farms utility and facility costs – estimated at \$167,500.

2. Increase the general fund contribution to the Fund to equal 20-30% of the total Parks and Recreation Special Revenue Fund budget.⁴

3) Golf Course Management

Both the restaurant and the golf pro contracts are due to expire in the next year. To be in compliance with our purchasing policy, RFQs for both services will need to be conducted in 2020. While not recommended by staff, another alternative would be to issue a RFQ for full contracted services of the golf course, including management and maintenance. This would be a significant shift from existing practice and may negatively impact customer service, customer satisfaction, and quality of maintenance.

4) Reconvene the Parks and Recreation Special Revenue Fund Work Group

This work group, comprised of two member of the Board of Selectmen, two members of the Board of Finance, and two members of Culture, Parks and Recreation, should be reconvened to review these recommendations.

⁴ Amount to be determined through additional policy discussions and analysis.

APPENDIX A - SURVEY OF TOWNS WITH REVENUE FUNDS

Town	Population	Positions in Revenue Fund	Positions in General Fund	Benefits Fund: Revenue or General	Utility Costs Fund: Revenue or General
Avon	18,000	Part-time administrative clerk; 7 aquatics staff; 1 certified lifeguard trainer; 4 part-time program staff; 2 facility attendants	Director; administrative coordinator; senior center coordinator and clerk; 11 camp staff; 7 program supervisors; 1 seasonal office assistant; 17 lifeguards; 2 gate attendants; 8 WSI's; 1 facility attendant	General (sick time in Revenue)	General
Berlin	21,000	All program instructors/supervisors	All full-time positions; part-time positions for special events; community center supervisors; summer camp staff; winter basketball staff; office help; aquatics staff; winter basketball and volleyball staff	General (Social Security and WC in Revenue)	General
Bloomfield	20,000	All adult program instructors; some part-time staff	All full-time staff; 40% of after school program staff; half of summer camp staff, pool staff, and night building supervisors.	General	General
Bristol	60,000	Program instructors run out of revenue fund, including yoga, teen adventure camp, little explorers camp, and other programs	All full-time staff; part-time and seasonal staff for the pools, some recreation programs, and main camp	General	General
Canton	10,000	Part-time recreation coordinator; 16% of director salary; 30% of recreation supervisor salary; all camp counselor and swim instructors	84% of director's salary; 70% of recreation supervisor salary; all lifeguards and pool staff (except WSI)	Revenue	Revenue
Cheshire	30,000	Seasonal employees only	Director; recreation supervisors; parks maintainers; administrative assistant; aquatics staff	General	
Colchester	16,500	Recreation specialist	Director; recreation supervisor	Revenue	General
Darien	21,887	None	All staff except contracted instructors	General	General
East Hartford	50,319	None, with the exception of select seasonal	Director; assistant director; recreation supervisors; full-time office administrator; part-time office administrator	General	General
Easton	7,000	Program staff	Director; programmer; maintenance staff; after school director; department secretary	General	General
Enfield	44,585	All seasonals except lifeguards	Recreation Manager, FT Secretary, PT Program Coordinator, Deputy Director of Recreation Services	General	General

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Town	Population	Positions in Revenue Fund	Positions in General Fund	Benefits Fund: Revenue or General	Utility Costs Fund: Revenue or General
Fairfield	60,000	Approximately 200 seasonal positions	Director; assistant director; account clerk; secretary; recreation coordinators; golf superintendent; assistant greens keeper; 2 foremen; mechanic	General	General
Farmington	25,572	All seasonal part-time program staff; full-time recreation program assistant; 50% of recreation supervisor salary	50% of recreation supervisor salary	Revenue	General
Glastonbury	34,500	All part-time recreation staff, excluding pool operations and teen center; one part-time office staff	All full-time recreation and parks staff; lifeguard for open swim only; teen center	General	General
Granby	11,300	1 full-time program supervisor and all part-time and seasonal positions	Director's salary	General	General
Haddam-Killingworth	13,000	None	Director; recreation supervisor; director of childcare; administrative assistant; all seasonal and part-time employees	General	General
Portland	9,000	All part-time	All full-time staff	Split	Revenue
Rocky Hill	20,000	All part-time instructors and seasonal staff	All full-time parks and recreation staff; office staff; and seasonal park department staff	General	General
Simsbury	24,400	Recreation supervisors; golf maintainece staff; 70% of director and administrative secretary salaries; all part time golf and recreation seasonal employees	30% of salary for director and administrative secretary salaries; full-time parrks maintenance taff; parks seasonals	Revenue	Revenue
South Windsor	26,000	Seasonal; part-time; full-time customer service rep; full-time administrative operations manager; 10% of the remaining 7 full-time employees	Director; assistant director; parks superintendent; maintainers; recreation supervisor; administrative secretary	General	Revenue
Southington	43,500	All instructors and seasonal employees	Director; secretary; pool staff; summer youth theater staff; summer concert staff	General	General
Tolland	15,000	Full time administrative assistant; all recreational part time staff	Director	General	Revenue
Torrington	34,500	Sub-contractors only	Superintendent of parks and rec; secretary; part-time office assistants; teen center staff; building attendants; summer playground staff; pool staff; parks foreman; parks maintainers	General	General

APPENDIX A - SURVEY OF TOWNS WITH REVENUE FUNDS

Town	Population	Positions in Revenue Fund	Positions in General Fund	Benefits Fund: Revenue or General	Utility Costs Fund: Revenue or General
Wallingford	46,000	Program instructors; event staff; part-time fitness supervisor; part-time recreation program specialist	Director; superintendent of recreation; programs specialist; executive secretary; senior clerk; 2 part-time maintainers; 11 part-time clerks; 63 playground staff; pool supervisor; assistant pool supervisor; 15 lifeguards	General	General
West Hartford	63,268	10% of director, 25% of leisure services manager, 33% of admin, 10% of maint. mgr, 40% of ground maint, skating rink 2 FT staff (100%), Golf staff (5) 100%, additionally seasonal golf and rink	85% of director, 75% of leisure services mgr, 67% of admin, 80% of maint. mgr, 60% of grounds maint., Sr. Center Mgrs. (2) 100%, Comm. Ctr. Mgr (1) 100%, Admin. 100%, Admin Comm. Ctr.(1) 100%	Revenue	Revenue