

AGENDA ITEM SUMMARY

City Council



STAFF

LeAnn Williams, Director, Recreation
Victoria Shaw, Sr FP&A Manager, Community Services

SUBJECT

First Reading of Ordinance No. 169, 2024, Appropriating Unanticipated 2024 Revenue in the Recreation Fund to Support Increased Recreation Expenses.

EXECUTIVE SUMMARY

The purpose of this item is to consider an appropriation of \$600,000 of unanticipated revenue in 2024 from the Recreation Fund to support expenses related to higher participation rates than anticipated during the 2023-2024 Budgeting for Outcomes cycle.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

The Recreation department offers a wide range of educational and recreational programs for adults and youth including licensed childcare, preschool programs, recreational sports, aquatics, fitness, ice, arts and crafts, dance, adaptive programs and inclusion, as well as adult social, sports, aquatic, ice and educational programs. These programs create community and a sense of belonging at City Recreation facilities (including The Farm at Lee Martinez, Northside Aztlan Community Center, Senior Center, Pottery Studio, Rolland Moore Racquet Facility, EPIC, Mulberry Pool, City Park Pool, Foothills Activity Center and Club Tico), City parks, and at other community partner facilities such as Poudre School District facilities.

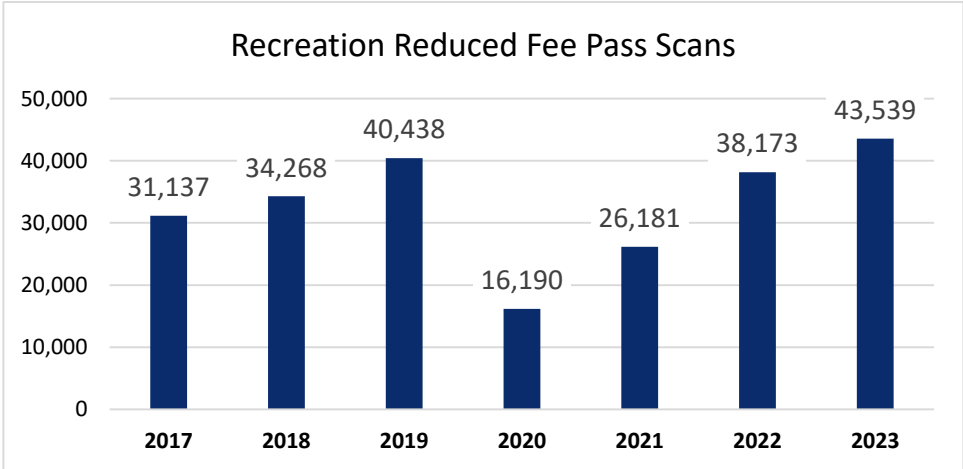
The Recreation department's full year budget for 2024 is approximately \$11M, including General Fund contribution of approximately \$3M. When the 2023/2024 budget was set in 2022, the department had not seen a full year of returning participation following the pandemic and forecasted participation rates, revenues, and associated expenses conservatively to avoid shortfalls which could have created additional burden on the General Fund. Recreation participation levels have increased across all facilities in 2024 vs. the originally forecasted and budgeted amounts and are close to pre-pandemic levels. To support this increased participation, staff recommend increasing the expense budget appropriated by \$600,000 from the increased Recreation fund revenue to support associated higher expenses.

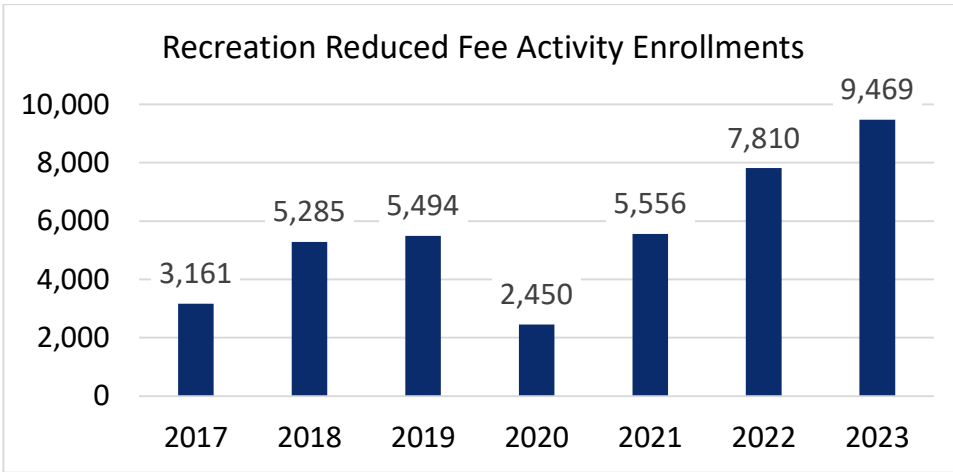
The rebound from pandemic level participation has been faster and much greater than was anticipated during the 2023-2024 Budgeting for Outcomes (BFO) cycle Staff projected participation, revenue and expenses to grow by 20% between 2022 and 2024.

Recreation participation has increased post pandemic.



Recreation is currently projected to finish 2024 with surplus revenue of ~\$800,000 and appropriating a portion of that revenue would support the expenses related to increased participation, such as contractual labor and recreation supplies. The additional revenue upside will also help the Recreation Fund absorb additional participation in the Reduced Fee program. A critical function of the Recreation Department is access and inclusion. The Department administers a reduced fee program to provide access to those who are not able to financially participate. Participation in this program is strong, and exceeded pre-pandemic levels in 2023. General Fund contribution to this program is estimated to cover ~50% of the need, however this program does not turn away any participants based on funding availability, and additional participation is absorbed within the Recreation Fund when feasible.





Between 2022 and 2024 year-to-date September actual expenses increased 37% (or \$2,127,310), while the projected budget between 2022 and 2024 increased 20% (or \$1,275,109). Through the end of September 2024, actual expenses exceeded budget by \$382,694, if that trend continues through the end of 2024, staff anticipates \$431,013 of spending over budget.

Without an additional appropriation, Recreation would need to defer planned asset management to absorb the expense overage related to increased participation. This would cause the deferred asset management gap to continue to increase, which may negatively impact customer experience and future revenue if facilities are down for extended maintenance and safety issues.

Facility/ Program \$ in Thousands	2024 Revenue		Variance	%	2024 Expense		Variance	%
	Current Projection	Budget			Current Projection	Budget		
Foothills Athletic Center & Sports	1,888	1,602	286	18%	1,771	1,593	178	11%
Edora Pool & Ice Center (EPIC)	1,735	1,785	(49)	-3%	1,836	2,008	(173)	-9%
Senior Center & Adult Programming	1,559	1,168	391	33%	1,733	1,639	95	6%
Northside Aztlan Community Center & Youth Programming	889	1,057	(168)	-16%	1,788	1,604	184	11%
CityPark Pool	376	306	69	23%	271	161	111	69%
Lee Martinez Farm	314	356	(42)	-12%	505	505	1	0%
Mulberry Pool	308	220	88	40%	359	363	(4)	-1%
Adaptive Recreation Opportunities	80	81	(1)	-1%	311	369	(58)	-16%
General Fund Subsidy	3,239	3,239	-	0%	-	-	-	-
Administration / Other	673	450	224	50%	2,833	2,736	97	4%
Total Recreation	11,062	10,264	798	8%	11,408	10,977	431	4%

CITY FINANCIAL IMPACTS

If adopted, this Ordinance will appropriate \$600,000 in unanticipated revenue generated by Recreation to cover higher expenses in support of increased participation rates. Recreation is forecasting approximately \$800,000 of revenue above budget in 2024, therefore this appropriation will still provide a net positive impact to the Recreation Fund and require no additional subsidy from the General Fund.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None

PUBLIC OUTREACH

None

ATTACHMENTS

1. Ordinance for Consideration