

DIRECTORS REPORT

Open Lands Advisory Board

August 2009

Dear Board Members:

For our August meeting, I wanted to inform you of some budget adjustments that I believe need to be made to keep the Open Lands and Park Programs financially solvent. We continue to see a drop in our sales tax during the first two quarters of this year and in our parks we have been trying to catch up from a reduction in revenue that was weather related this spring.

PARKS PROGRAM BUDGET

As you recall (except new members), Lori Smith did a presentation at our June Board meeting regarding a projected three year look at the financial picture of the Parks Program. I had promised you all a few months back that I wanted to share both the open lands budget and the parks program information with both boards, so that all board members would have a general understanding of each program budget.

Essentially the three year Parks budget projection showed a continued short fall in the bottom line and by 2012 all reserves that would support park operations would be expended. The Parks Program mainly derives its operation budget from Visitor Fees, General Fund and the Lottery. You would think that in the long term this budget picture would get better with increased fees, improvements that generate revenue, and additional funding from the Bureau of Reclamation. The projections did include these items at minimum levels, but even with these revenue additions, funding will still run out. This information is important, especially for our future discussions of a sales tax renewal. The Parks program needs a sustainable funding source to support maintenance and operations.

In the short term (2009-2010), the parks projected revenue is down and the capital equipment fund will not meet the replacement needs. This issue needs to be addressed, so that we can continue to operate at an adequate level of service. The Parks Program needs additional general funds and lottery for its short term needs. We also just received our 2010 budget information that indicates that the department's general fund will be reduced by 6% in 2010. This 2010 budget information only contributes further to the projected Parks Program future shortages.

OPEN LANDS PROGRAM BUDGET

Also during our June meeting we talked about the reduction in the sales and use tax that was evident during the first quarter this year. This trend continues to happen and our reserves to handle this down turn have been depleted. We are meeting our requirements to date, but every month the number could change.

If this trend continues the remaining months of this year, we will have to look within our Acquisition and Development fund to make up the short fall to assure that we are meeting our management needs in 2009 and the future.

Currently the Hermit Park OS operations budget is being subsidized with General Fund-\$100,000 and Lottery-\$40,000. Revenue collections have increased since last year with 39 new campsites and a new marketing emphasis on group events and a wedding, however being totally self-sufficient is yet to be accomplished. It was agreed internally to loan operations dollars from the sales tax, general fund and lottery to subsidize the operations of Hermit Park until it could be self sufficient. Due to the above discussions regarding the need to fund additional dollars in the Parks Program, I can no longer loan general or lottery funds to Hermit Park OS.

To accommodate the two needs identified above, I have proposed a reduction in the **Mountains to Plains in-holding** line, the **Conservation Easement substitution properties** line and the new **office space** funding. With this reduction of budget, our high priority trail projects still remain totally funded. Even with these reductions, we still maintain a positive balance of over \$250,000 which should be able to meet the needs of the Finance Department when they call for additional sales and use tax funds to shore up shortfalls.

The attached budget summary information for August will show the adjustments that I want to undertake to address the sales and use tax reductions and the Hermit Park loan subsidy for operations issues. I would appreciate your support in these difficult budgetary times in these areas of reduction.

c. Parks Advisory Board