

April 25, 2016

Mr. Paul Casey, City Administrator
City of Santa Barbara
Santa Barbara, CA 93101



Dear Paul:

Thank you for your time to meet with us last week to discuss the needed budget for the Plaza Contract for FY2016-17. We have continued to analyze our expenses associated with this Contract for Services, and have come to recognize that we are exceeding the budgeted costs. We have also identified numerous elements of work and services we are providing on a regular basis that are not included in the contract's scope. We are not in a position to subsidize or underwrite these services, in keeping with our non-profit purpose and legal BID requirements. We also do not recommend any significant reduction of maintenance services, as that would negatively impact the customer and visitor experience, and could ultimately negatively impact the businesses' bottom lines.

Background: We have worked diligently through the years to hold our expenses in line with approved budgets. Since significant budget reductions were implemented in 2008-2009, we have received an average 2-3% budget increase from the Parks Department annually. However, over time, this modest increase has not kept up with the costs of providing the Plaza services. For your understanding, we made significant accounting changes in mid-2015, including changing from cash to an accrual accounting basis, and aligning our budget with the City's fiscal year. This was done to better understand our costs and to more accurately recognize our revenues and expenses associated with this contract with the City. After submitting an initial proposed budget for FY 2016-17, I was informed by Parks Department staff that the proposed budget would need to remain the same as last year's budget with a 3% increase, for a total of \$655,902.

Recommendation: We recommend and request that the City of Santa Barbara provide additional one-time funding of \$33,700 in support of Plaza maintenance services, for a new proposed budget of \$689,602 for FY 2016-2017. This additional one-time funding will allow us to maintain current levels of service, and we propose to use the next six months to re-look at this contract, including evaluating our service levels, direct and indirect cost allocations, and the overall scope of services to better reflect the needs of the district, going forward. Thank you for your serious consideration and on-going support.

Regards,

Maggie Campbell
Executive Director

Cc: Members of the City Council
Jill Zachary, City of Santa Barbara Parks Department