

**Rochester Avon Recreation Authority (RARA)
2020-2022 Proposed Budget
City Council Questions / Administrative Responses**

Budget questions

Q: The RARA fund balance is good for 2020, and drops significantly in 2021. What capital projects can be deferred to allow a more stable fund balance?

A: RARA Balance is proposed and projected to increase each year (2020-2022), hitting 20.7% in 2020 and 23.4% in 2022.

You may be looking at account #701001 Balance Contributed To Fund Balance [top of page 195] (this is the amount of funding contributed into RARA fund balance each year), which after increasing by \$170k in 2020 is projected to increase by roughly \$40k in 2021-22 (a lesser amount).

The \$170k increase to RARA's fund balance proposed for 2020 is to get them up to the 20% fund balance minimum target per RARA's Fund Balance Policy, with very little in capital projects proposed for 2020.

Beginning in 2021 (once fund balance is restored), RARA is projecting to have some capital improvements made in 2021-2022 including parking lot repairs, air handlers for the gymnasium & fieldhouse, and roof repairs. These capital improvement projects proposed do reduce the flow of monies into RARA Fund Balance in 2021-2022, but do not draw from RARA's Fund Balance to do so. They are proposed to be accomplished within RARA's annual operating monies.

I've worked with Ron to develop a Capital Improvement Plan (CIP) which identifies RARA's capital projects (over \$25k) and schedules them over the upcoming 7-years. We can then plug in those projects in as the funding is available to maintain their fund balance over the 20% target long-term. [Snyder]

OPC and RARA

Q: I see RARA all received a raise yet no raises for OPC?

A: RARA's salary increase relate to the multi-year implementation of the recommendations presented in RARA's Wage & Compensation Study completed last year (2018).

The Study found that several of the RARA Full-time staff at the time were over 20% below market minimum for their positions. To address this (and still be cognizant of RARA's Fund Balance restoration process) FY 2019 began a multi-year phase-in of RARA full-time staff salary increases up to the minimum wage levels recommended in the Study. To accomplish the salary increases up to the minimum wage levels recommended in the Study it is proposed to increase RARA salaries by a 2.0% cost-of-living adjustment as well as to continue a maximum of 5.0% wage "catch-ups" each year until each full-time RARA employee salary meets the minimum wage levels as recommended in the Study. As a majority of RARA salaries were over 20% below the minimum

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wages recommended in the Study, the multi-year phase-in of the “catch-up” adjustments will be over a 4-5 year period.

It should be noted that the salary changes proposed are done in conjunction with the continued restoration of RARA Fund Balance to a minimum of 20% of annual RARA expenditures within 3-Years (2018-2020) as called for in RARA’s Fund Balance Policy. It is proposed in the FY 2020 RARA Budget for additional fund balances to be accumulated in FY 2020 for RARA to conservatively end FY 2020 with a Fund Balance reserve of 20.7%. Likely to be higher as FY 2019 is on pace to come in better than currently projected, which will speed up the fund balance restoration process.

Regarding OPC: I’m not involved with OPC’s budget process, but there are increases in some of OPC Cost Centers Salaries & Wages line items in 2020-2022. Not sure what the annual changes are or if the increases represent additional staff or P/T hours. [Snyder]

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Q: 8.4% salary and 76.1% pension increases? Can we get an explanation as to these?

A: They both relate to the multi-year implementation of the recommendations presented in RARA’s Wage & Compensation Study completed last year (2018).

Salary: The Study found that several of the RARA Full-time staff at the time were over 20% below market minimum for their positions. To address this (and still be cognizant of RARA’s Fund Balance restoration process) FY 2019 began a multi-year phase-in of RARA full-time staff salary increases up to the minimum wage levels recommended in the Study. To accomplish the salary increases up to the minimum wage levels recommended in the Study it is proposed to increase RARA salaries by a 2.0% cost-of-living adjustment as well as to continue a maximum of 5.0% wage “catch-ups” each year until each full-time RARA employee salary meets the minimum wage levels as recommended in the Study. As a majority of RARA salaries were over 20% below the minimum wages recommended in the Study, the multi-year phase-in of the “catch-up” adjustments will be over a 4-5 year period.

The reason why the RARA Administrative Salaries are proposed to increase by more than 7% (or 2% + 5%) is due to:

- a) The hourly rate for the various Part-Time Administrative staff was increased from \$10/hour to \$11/hour due to market and
- b) A Recreation Supervisor staff member position was budgeted for FY 2019 based on a (lower level) probationary salary. That staff member has since successfully completed probation and is eligible to earn a slightly higher salary level for 2020.

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Pension: Also regarding the continued implementation of the RARA Wage and Compensation Study, in FY 2020 it is proposed to increase the pension defined contribution percentage for full-time RARA staff from 5.0% of salary to 8.0% of salary (or a +3.0% max RARA increase) with employees contributing a matching 3.0% of their salary to their individual defined contribution pension accounts. This would raise the total annual pension contribution for full-time employees from 5.0% currently to 11.0% (8.0% contributed from RARA and 3.0% match contributed from full-time employees).

The reason why the RARA Administrative Pensions are proposed to increase by more than 60% (or from 5% to 8%) is due to:

- a) The salary & benefit difference in the probationary Recreation Supervisor staff member from 2019 to 2020
- b) The increase in RARA salaries
 - a. If there were no change in salaries, just the pension increase, the annual Pension change would have been 60%. However a higher pension contribution combined with a higher salary amount equates to the higher pension percentage proposed.

It should be noted that the salary & pension changes proposed are done in conjunction with the continued restoration of RARA Fund Balance to a minimum of 20% of annual RARA expenditures within 3-Years (2018-2020) as called for in RARA's Fund Balance Policy. It is proposed in the FY 2020 RARA Budget for additional fund balances to be accumulated in FY 2020 for RARA to conservatively end FY 2020 with a Fund Balance reserve of 20.7%. Likely to be higher as FY 2019 is on pace to come in better than currently projected, which will speed up the fund balance restoration process. [Snyder]