



December 3, 2010

Bill Davis
Grassroots Working Group
c/o Save the American River Association
4441 Auburn Blvd., Suite H
Sacramento, CA 95831-4139
zbilldavis@comcast.net

Hello Bill,

We've looked over the proposed Independent District budget that was developed by County staff. Our understanding is that your objective is to develop a conservative but workable number that you can use for assistance in determining the acquisition, development, and operation of the existing County Park system potentially by a new entity. With this use in mind, we have looked for larger areas where savings appeared possible, rather than a detailed evaluation of every line item. We came up with nine potential savings areas within the context of maintaining an increased level of park excellence than presently exists. These ideas are listed from easiest to most difficult with the idea that you may not wish to undertake the difficult items for policy reasons, etc. The potential cost reductions should be viewed within the context of a stable revenue base. In this situation, cost reductions in the operating area would result in added funds for acquisition and/or development.

The ideas are presented in five groups, with each grouping reflecting a separate strategy. The overall budget review was based upon your stated objectives of "salaries and benefits that are competitive, use of efficient operation and maintenance practices, and inclusion of revenues from user fees and service charges to the maximum extent reasonably practicable, consistent with securing adequate, stable long term funding". We have not gotten into as detailed analysis as you are making, and instead have rounded our estimates to the nearest \$50,000. This practice, however, has worked well for us in estimating potential modifications to a budget of this scale.

We have not suggested any reductions in **salaries and benefits** for approved positions, since they appear to be competitive with other agencies. Time may see adjustments to all such union rates on a statewide basis. We have instead focused on possible savings through position eliminations achieved by potential non-profit and volunteer programs, through contracting out services in selected areas, and through position reclassifications.



The first grouping we see relates to **cost reductions** in the budget line item, without substantially changing performance. This grouping is not mentioned in your charge, but we feel it is significant. The three areas we see are:

1. County Facility Use Rental Charge

The projected cost of \$536,000 seems exorbitant when compared against private sector office and industrial yard rental rates. An analysis should also be given as to whether the department could realize savings through a dispersal of corporation yards.

Estimated Savings *\$250,000*

2. Planning

The projected net cost of \$645,000 for this program also seems high. Planning is a vital part of future growth, with companion functions of Master Planning, grant requests, and acquisition, but we believe they could be accomplished well with the lower number.

Estimated Savings *\$200,000*

3. Community Services Programs

The net cost of this budget item is projected at \$530,000. It is our belief that estimated net savings are possible through program selection, fee level adjustments, contribution increases, and cost reductions.

Estimated Savings *\$150,000*

Subtotal-Reductions* *\$600,000

The second potential grouping that might be considered would be to **utilize existing non-profits** to take on greater responsibilities. This might be done by reimbursing them to perform the function, but allowing them to utilize their efficiencies and volunteer power to achieve savings. Places where this strategy could possibly be employed are:

4. Effie Yeaw Native Center

We understand that the EYNC non-profit doubts that it can totally make it on its own, but might be close. We would suggest that consideration should be given to annually reimbursing them for services in the \$250-300,000 range.

Estimated Savings *\$400-450,000*

5. Open Space Areas

We would suggest that perhaps the Sac Valley Conservancy could take over these functions if they were paid for services.

Estimated Savings *\$ 50,000*

6. AR Parkway & Trail Operation & Maintenance



We believe that it may be possible to contract out the basic maintenance and fee collection programs for the parkway itself to the American River Parkway Foundation (ARPF). They in turn could contract with private companies for basic maintenance services. Volunteers could perhaps focus as a corps of “greeters” to the various parkway access points to add a presence, provide information, and collect revenues. The proposed budget for this item is approximately \$2,190,000. We believe some savings can be realized through contracting out, some funds could be raised by ARPF through fundraising and special events, and some increases in revenue could be achieved through modern payment systems.

<i>Estimated Savings</i>	<i>\$750,000</i>
<i>Subtotal-Reimbursed Non-profit</i>	<i>\$1,200,000-1,250,000</i>
<i>Say</i>	<i>\$1,200,000</i>

The third potential layer would involve **performing certain functions differently**. A possibility is:

7. Mather, Dry Creek & Delta O&M

The O&M of these three dispersed facilities could be contracted out, rather than operated by County staff.

<i>Subtotal-Change Operation</i>	<i>\$200,000</i>
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A fourth potential layer is to evaluate potential **alternatives to the existing Ranger Program**.

8. Ranger Program

Our understanding is that SARA is presently conducting such evaluations. The projected budget cost for this item is presently \$3,900,000. It may be possible to reconfigure classifications and achieve the same result at a reduction of 25%. The same number of “boots on the ground” during prime use times could be achieved but at a lesser cost.

<i>Estimated Savings</i>	<i>\$1,000,000</i>
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<i>Subtotal-Ranger Program</i>	<i>\$1,000,000</i>
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The final potential grouping would be to **concession** a complete park unit.

9. Gibson Ranch

This park unit has been suggested as a total private concession operation. It seems to us that this deserves much greater scrutiny before accepting it as a potential.

<i>Estimated Savings – Concessionaire</i>	<i>\$500,000</i>
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Subtotals – Key Groupings

<i>A. Cost Reductions</i>	<i>\$ 600,000</i>
<i>B. Reimbursed Non-Profits</i>	<i>1,200,000</i>
<i>C. Change Operation Methods</i>	<i>200,000</i>



<i>D Change Ranger Program</i>	<i>1,000,000</i>
<i>E. Concessionaire</i>	<u><i>500,000</i></u>
<i>Total</i>	<i>\$3,500,000</i>

All of these suggestions should be evaluated in more depth than was possible with this study.

Obviously, the last two groupings would require the biggest changes in thinking and could be the least palatable. The best time to implement such changes, however, would be when a new organization is formed.

In addition to savings from the above potential efficiencies, we have done a quick analysis of potential revenue increases from increased service to the public. (Basically, where the marginal increase of revenue exceeds increased marginal cost.) Our experience is that some increased revenues are possible from program enhancements on existing facilities, while most occur through selective increases or enhancements of revenue positive facilities. In our analysis of the non-profit operation of the entire system, we guesstimated that it should be possible to increase revenues by 20%, or \$500,000, over a three year period.

All together, between all of the potential savings and the revenue increases, we believe that a \$4 million reduction in support would be possible to achieve (by the fourth full year of operation), while maintaining a high level of park excellence and services to the public.

Pete Dangermond
President
The Dangermond Group