

City of Morro Bay

Recreation and Parks Commission Agenda

Mission Statement

The City of Morro Bay is dedicated to the preservation and enhancement of the quality of life. The City shall be committed to this purpose and will provide a level of municipal service and safety consistent with and responsive to the needs of the public.

**NOTICE OF SPECIAL MEETING
WEDNESDAY, AUGUST 19, 2015
MORRO BAY VETERAN'S HALL – 6:00 P.M.
209 SURF STREET, MORRO BAY, CA**

**ESTABLISH QUORUM AND CALL TO ORDER
PUBLIC COMMENT RE: ITEMS ON THE AGENDA
SPECIAL MEETING AGENDA ITEM:**

- I. CONSIDERATION OF RECREATION SERVICES DIVISION PROGRAM FEES & COST RECOVERY

ADJOURNMENT

DATED: August 12, 2015



Drew Sidaris, Chairperson

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL LOCATED AT 595 HARBOR STREET; MORRO BAY LIBRARY LOCATED AT 625 HARBOR STREET; AND MILL'S COPY CENTER LOCATED AT 495 MORRO BAY BOULEVARD DURING NORMAL BUSINESS HOURS. IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 24 HOURS PRIOR TO THE MEETING TO INSURE THAT REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.



AGENDA NO: 1

MEETING DATE: August 19, 2015

Staff Report

TO: Recreation & Parks Commission Members **DATE:** August 10, 2015

FROM: Sam Taylor, Deputy City Manager

SUBJECT: Consideration of Recreation Services Division Program Fees & Cost Recovery

RECOMMENDATION

The Recreation and Parks Commission (RPC) should provide a recommendation to the City Council regarding the Recreation Services Division's program cost recovery model as to whether it should remain the same or be modified in some way.

ALTERNATIVES

No alternatives are recommended.

FISCAL IMPACT

Fiscal impacts of modifying the cost recovery model vary. Lowering the individual cost recovery goals would mean the City's taxpayers would further subsidize recreational programming through the General Fund budget. Increasing the individual cost recovery goals would alleviate some burden on the General Fund, but it would likely have a negative impact on children and families, who may not be able to afford the full cost of participation.

BACKGROUND

In May 2015, the City of Morro Bay received an organization and financial study from Management Partners, Inc., suggesting ways to improve the overall efficiency and effectiveness of City operations.

One of the major suggestions from our consultants at Management Partners was the City needed to work on ensuring appropriate cost recovery for services provided. They noted that there are cases in which the City is not capturing 100 percent of the cost of a service through the fees it charges to provide the work.

However, in the 2015 study, Management Partners did note that the Recreation Services Division had implemented a cost recovery model to establish targets for recovery levels based on program type. They lauded this best management practice by the Recreation Services Division.

Based on the recommendations of Management Partners, various departments are reviewing their cost

Prepared By: <u>ST</u>	Dept Review: _____
City Manager Review: _____	
City Attorney Review: _____	

recovery models and seeking adoption of updated models from the City Council. In the case of the Recreation Services Division, it is appropriate for the Recreation & Parks Commission to review the existing model and supplemental information and make a recommendation to the City Council.

DISCUSSION

Staff has conducted a basic analysis of costs of programs based on available information. This process was not easy, nor perfect, in particular due to the limitations of the City's current budget software program. Much of this analysis had to utilize a minor error factor and also an individual program cost allocation was not possible with time available related to each individual sport. For that reason, the analysis is an average of most of the City's sports program offerings, as well as an average of Kids Camp and Kids Club. Staff believes, however, that this is an adequate snapshot of program costs in order to review the cost recovery model. In the future, staff intends to further refine and build program budgets (as opposed to line item budgets, which is the only actual option within the City's budget software, therefore a lot of work will be necessary to create detailed program budgets ... but it is feasible) over the next year.

As noted in Exhibit A (attached), the Division is doing well in most categories based on the existing cost recovery model, though technically not meeting all recovery goals.

Where the City excels is in cost recovery for softball tournaments (intended to capture 100 percent of the costs of staff time and materials) and Jr. Lifeguards, the minimum standards for sports programs, Kids Camp and Kids Club are very nearly met. The City does not meet the cost recovery model's goal for the Teen Center, and could not meet it under the existing operating plan for the Center (i.e. ~ no fees are charged for participation and the only revenue generated is from concessions at the Center).

It is crucial that the City of Morro Bay understand each of its programs and services, what they cost, and what funding sources are available to provide those programs and services. In the case of recreational programming, much of the costs are recovered through fees paid by users of those programs. However, as noted by the cost recovery chart, there are cases in which some programs are also supported by the City's General Fund. In other words, other taxpayer funds are used to supplement funding for these programs.

This is not a statement for or against such supplementation. Many cities spend community funds – as opposed to user fees – to pay for recreational programming. However, such a decision is a policy decision and should be borne out of thoughtful community conversation by our residents, the RPC, and the City Council.

The question, then, becomes, how much of each type of program should be paid by user fees and how much should be paid by the rest of the community.

There is no denying that recreational programming provides numerous benefits to the community. Recreational opportunities provide personal benefit to users; build family unity; increase health and fitness; work to provide children with activity opportunities that can help reduce incidents of crime, drug use; and more.

The community, the RPC and the Council must have a healthy community conversation about the costs versus those community benefits.

The City of Morro Bay's goal will be to continue to ensure our community has amazing recreational opportunities. The model for how to deliver those services will be one of innovation and creativity, and ever mindful of the expenditures we make on behalf of taxpayers.

Recreation Services Division staff has already begun to consider ways to provide services to the community in creative ways or to help reduce costs for participants, and we will continue to do so. For instance, staff is preparing to reach out to local businesses to be sponsors for youth basketball teams in the upcoming season. An entire team's T-shirts can be purchased for \$90, and this can save \$11.25 for each child who wants to play. If a business sponsors the team, children would receive nearly a 10 percent discount on registration. We will also not force every child to purchase their own ball, instead providing balls for use by teams and spreading the cost of those purchased balls over numerous years, further reducing the cost of participation. Every bit of savings goes a long way toward both helping more children participate.

CONCLUSION

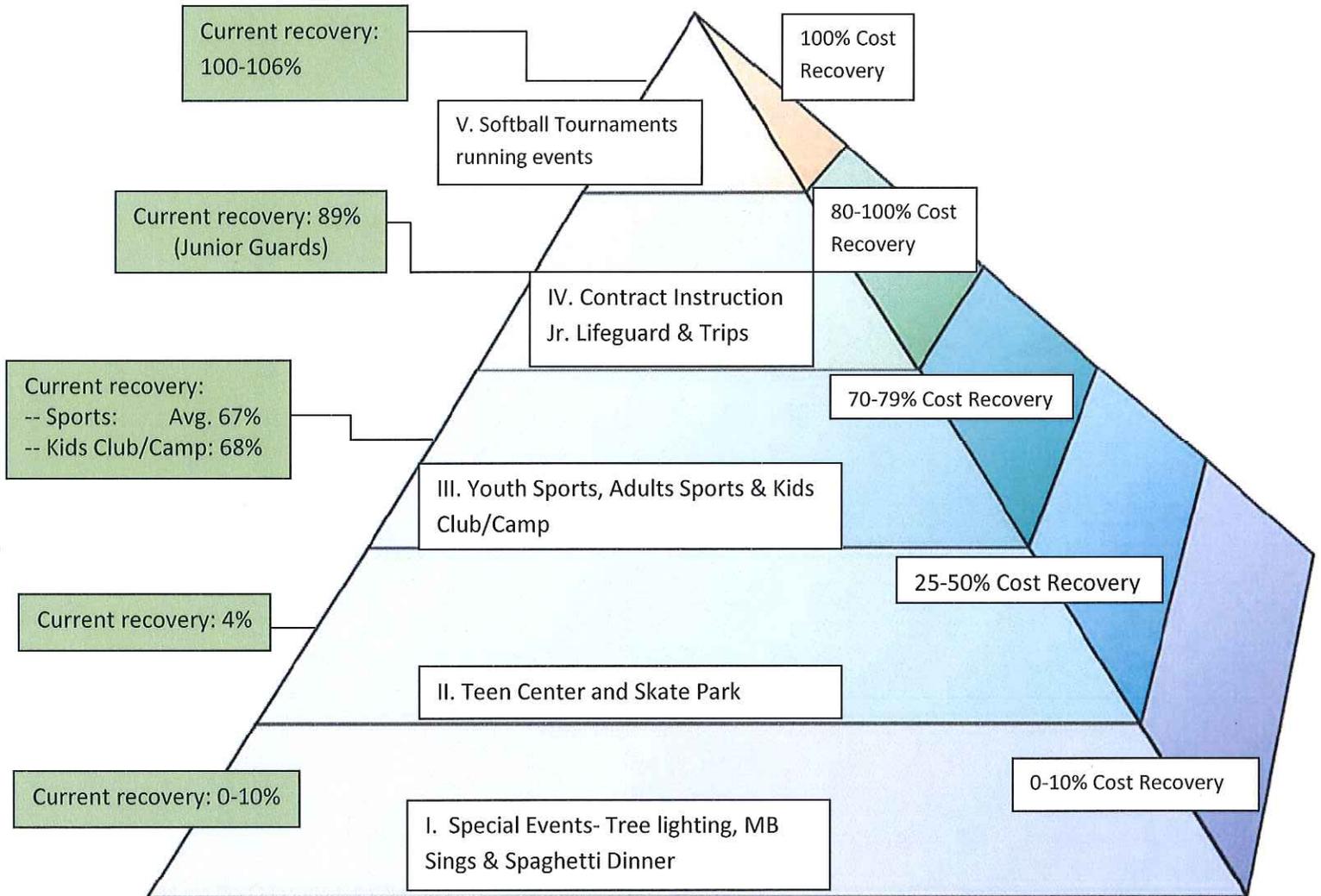
The RPC should review the cost recovery information provided and make a recommendation to the City Council about the model. This recommendation can be to leave the model where it is, to increase the recovery goals or to decrease the recovery goals. If the RPC increases or decreases the recovery goals, staff asks that RPC members provide a clear explanation of why so that can be transmitted to the City Council for their understanding.

EXHIBIT A

Morro Bay Recreation and Parks: Cost Recovery and Subsidy Allocation

This Pyramid shows the Community Benefit and Individual benefit of the programs and services that Morro Bay Recreation and Parks offers. As well as the cost recovery level these programs and services have been set at. This model was adopted after the 2008 Management Partners report.

This document shows the current model and how the City is meeting these goals.



Pyramid Level
V- Mostly Individual (Enterprise Service)
IV- Considerable Individual Benefit (Private Service)
III. Individual/Community Benefit (Merit Service)
II. Considerable Community Benefit (Enhanced Service)
I. Mostly Community Benefit (Basic Service)