

## TOWN COUNCIL STAFF REPORT

**To:** Honorable Mayor & Town Council  
**From:** Mark Nuaimi, Town Manager  
**Date:** February 15, 2013  
**For Council Meeting:** February 19, 2013 – Budget Workshop

**Subject:** Community Services Programming Decisions / Impacts

**Prior Council Review:** Goal Setting Workshop (January 12, 2013)

**Recommendation:** Review & Comment on Community Services Programming Decisions / Impacts

**Summary:** As staff is developing the FY 13/14 budget, there are likely service reductions that will occur within the organization that might have an immediate impact on the summer programs offered by the Town. Given the time needed to staff and coordinate these programs, Town staff is looking for concurrence from Town Council on probable cuts to programming to allow for adequate notification in the community.

**Order of Procedure:**

- Request Staff Report
- Request Public Comment
- Council Discussion/Questions of Staff
- Motion/Second
- Discussion on Motion
- Roll Call Vote

**Discussion:** At the Goal Setting Workshop (January 12, 2013), Town staff demonstrated that a structural deficit is projected for the upcoming FY 13/14 General Fund budget. In order to balance the budget in the short-term and address the structural deficit for the long-term, Town staff have examined a number of potential service reductions to the organization that require council concurrence on as budget development moves forward.

**Impacts to Town Programming** – As staff examines the organization for possible cost & service reductions, programs that take considerable Town subsidy are being evaluated for possible reduction or elimination. As staff considers these cuts, cost benefits to the community have been difficult to quantify to allow for apples-to-apples comparisons between the programs. For example, if \$10,000 of cuts are required, how do you compare the “benefits” of the subsidy for the Fireworks Show vs the community benefits of after-school programming at Paradise Park?

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Reviewed By:

\_\_\_\_\_  
Town Manager

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Town Attorney

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Mgmt Services

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Dept Head

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Department Report

Ordinance Action

Resolution Action

Public Hearing

Consent

Minute Action

Receive and File

Study Session

This analysis and these types of debates are likely to continue well into the summer. However, some immediate decisions are required for programming that requires considerable subsidy from the Town. As we examine these programs and their potential reduction, there are several questions that should be kept in mind:

- Can the program be reduced and still be viable?
- If the program is eliminated, how easy or difficult is it to reinstate if/when funding is available in the future?
- Are these programs regional services or truly providing benefit to the local community only?
- Are there additional funding sources that could reduce the need for Town subsidy?  
Can user fees be increased that reduce the Town subsidy?

### Aquatics Program

The Town maintains the community's only recreational pool on the campus of Yucca Valley High School. Throughout the year, Town staff maintains the equipment, water quality / chemical level, offers summer programming, coordinates the use of the pool by other groups, and pays the utility costs. As shown below, the annual cost (subsidy) to the Town for that amenity is over \$60,000. Roughly half of that expense exists to maintain the pool without any programming.

	Program Costs	Non Program Costs
Seasonal Staff	\$ (44,281.00)	\$ -
Program Equip	\$ (1,422.00)	\$ -
Program Supplies	\$ (2,504.00)	\$ -
Electric/Natural Gas	\$ (21,726.00)	\$ (7,604.10)
Pool Maintenance Staff	\$ (17,000.00)	\$ (17,000.00)
Maintenance Equip	\$ (1,722.00)	\$ (1,722.00)
Maintenance Supplies	\$ (2,048.00)	\$ (2,048.00)
Chemicals	\$ (5,207.00)	\$ (1,822.45)
	\$ (95,910.00)	\$ (30,196.55)
Revenues from Programs	\$ 33,000.00	\$ -
Net Costs	\$ (62,910.00)	\$ (30,196.55)
Savings	\$ 32,713.45	

Town staff has examined a number of alternatives for consideration as we approach the FY 13/14 budget. They include:

1. Maintain Pool / Offer No Programs – This scenario would eliminate the Town’s summer programming for the pool, which includes swimming lessons, water aerobics, lap swimming, open pool play, and would also not allow for rentals of the facility;

**Policy Issues** – This scenario provides for maintenance of the asset for an additional budget cycle. There is concern that if the Town simply stops maintaining the pool, the pool would be lost to the community as an asset and not easily replaced. This scenario also would stop all use of the pool by the high school swim team, non-profit groups, and other special events. If Town Council supports this approach, Town staff would recommend notifying the high school immediately as this will have an impact on the current season.

2. Maintain Pool / Allow Pool Rental – This scenario would eliminate the Town’s summer programming for the pool, which includes swimming lessons, water aerobics, lap swimming, and open pool play. Town staff estimate that the current pool rental fee (\$40 / hour) does cover the incremental cost increases of utilities and chemicals if the pool is used;

**Policy Issues** – This scenario provides for maintenance of the asset for an additional budget cycle. This scenario would also allow other entities to rent the facility and offer programming, similar to the Town’s current contract services arrangements at the Community Center.

3. Maintain Pool / Allow Pool Rental/ Increase User Fees for Town Programs – This scenarios modifies the Town’s prior aquatics program in the following ways:
  - a. Discontinues pre-season lap swim
  - b. Discontinues mid-day lap swim
  - c. Discontinues Saturday morning lap swim
  - d. Reduces Open Fun Swim from 3 hours to 1.5 hours
  - e. Discontinues evening Family Swim
  - f. Discontinues Guard Start training
  - g. Discontinues Adult Swim lessons
  - h. Lessons 10 minutes longer;

This approach would also increase the user fees on all of the programs offered by the Town.

**Policy Issues** – This scenario assumes that fee increases will not impact the attendance at the programming. There are up-front costs associated with the training of staff and establishment of the programs.

	Current Program	Scenario 1 -- No Program; Asset Maintenance	Scenario 2 -- No Program; Asset Maintenance; Rental to Groups	Scenario 3 -- Increased User Fees; Reduced Programs; Rentals
Seasonal Staff	\$ (44,281.00)	\$ -	\$ -	\$ (25,000.00)
Program Equip	\$ (1,422.00)	\$ -	\$ -	\$ (1,000.00)
Program Supplies	\$ (2,504.00)	\$ -	\$ -	\$ (1,000.00)
Electric/Natural Gas	\$ (21,726.00)	\$ (7,604.10)	\$ (16,294.50)	\$ (21,726.00)
Pool Maintenance Staff	\$ (17,000.00)	\$ (17,000.00)	\$ (17,000.00)	\$ (17,000.00)
Maintenance Equip	\$ (1,722.00)	\$ (1,722.00)	\$ (1,722.00)	\$ (1,722.00)
Maintenance Supplies	\$ (2,048.00)	\$ (2,048.00)	\$ (2,048.00)	\$ (2,048.00)
Chemicals	\$ (5,207.00)	\$ (1,822.45)	\$ (3,905.25)	\$ (5,207.00)
	\$ (95,910.00)	\$ (30,196.55)	\$ (40,969.75)	\$ (74,703.00)
Revenues from Programs	\$ 33,000.00	\$ -	\$ 7,640.00	\$ 37,640.00
Net Costs	\$ (62,910.00)	\$ (30,196.55)	\$ (33,329.75)	\$ (37,063.00)
Savings		\$ 32,713.45	\$ 29,580.25	\$ 25,847.00

**Town Manager Recommendation** – The Town Manager would recommend Scenario #2 to the Town Council for the following reasons:

- 1) Preventing pool rental would have an immediate impact on the Yucca Valley High School swim team. They are literally doing conditioning exercises in the parking lot awaiting the Town’s decision to heat the pool;
- 2) While scenario #3 does reduce costs from the current programming, there continues to be the risk that fee increases will deter program acceptance and the Town would lose the start-up costs associated with the program;
- 3) Scenario #2 allows other organizations in the community to demonstrate their ability to offer programming in Town-maintained facilities. There has been discussion in the community that other non-profit entities are ready to assume the delivery of Town programming.

### Summer Music Festival

The Town offers eight (8) summer concerts. Total town subsidy for these special events is approximately \$22,000, including an allocation of the full-time staff assigned to the activity. This is just one of a number of special events / activities that staff has evaluated for possible reduction. In order to offer the Summer Music Festival, the Town needs to begin lining up performers in March. Therefore, a decision is required.

Community Services Department 2012 Recreation Program Expense & Revenue Summary														
	Participation	Registration fee	Temp staff expense	Prof. Services	Equipment & Supplies	Printing & other expense	Facility Expense	Reg staff expense	Total Expense	Registration Revenue	Sponsor & Grant Revenue	Sales/ Vending Revenue	Total Revenue	Net Revenue / (Subsidy)
Summer Music Festival (8 concerts)	6800	0	\$ 2,160	\$12,860	\$ 274	\$ 441	\$ -	\$ 10,000	\$ 25,735	\$ -	\$ 3,000	\$ 650	\$ 3,650	\$ (22,085)

Options to maintaining the program include the following:

1. Reduced Summer Music Festival – The Town can save approximately \$2,000 for each concert eliminated. Curtailing the program to 4-concerts would result in \$8,000 savings;
2. Reduce Town’s Role in Summer Music Festival – The Town could seek interested entities to offer the Summer Music Festival. The Town could continue to provide the stage and field and limited Town staff to support the event. This would save approximately \$15,000. It is unlikely, however, that another entity will be willing to assume this responsibility. Further, this places the Town in a position of indirect sponsorship with limited control over quality of programming;
3. Seek Increased Sponsorships or Cancel the Summer Music Festival – The Town Council has already formed an Ad-Hoc committee to meet with Supervisor Ramos to discuss service reductions that impact the Basin. This Summer Music Festival clearly falls within that category. In this approach, Town staff would work for the next month to secure additional sponsors for the event to cover the total costs of the event. If unsuccessful, the Summer Music Festival would be canceled for Summer 2013.

**Town Manager Recommendation** – The Town Manager recommends Option #3.

**Alternatives:** Multiple options exist within the staff report and modifications to those recommendations.

**Fiscal impact:** None at this time

**Attachments:** None