



CITY COUNCIL AGENDA REPORT

MEETING DATE: AUGUST 17, 2010

ITEM NUMBER: VIII-1

SUBJECT: ADMINISTRATION SERVICES 2010-2011 BUDGET

DATE: JULY 27, 2010

FROM: ADMINISTRATIVE SERVICES/RECREATION

PRESENTATION BY: ALLAN ROEDER, CITY MANAGER

FOR FURTHER INFORMATION CONTACT: Lisa McPherson, Recreation Supervisor 714-754-5322

RECOMMENDATION:

Provide direction to staff regarding the approval or elimination of some of the 2010-2011 Administrative Services budget reductions continued from the Budget Adoption of June 22, 2010 Special Council Meeting.

BACKGROUND:

At the Special Meeting of June 22, 2010, City Council elected to continue certain Administrative Services Program funding to their second meeting in August to allow staff additional time to secure outside funding sources or cost-free, operating options (Attachment 1). The Administrative Services Program funding and City Council direction were as follows:

1. Suspend the elimination of the Youth Sports Program to secure outside funding sources;
2. Suspend the elimination of the Playground Program, except during the summer, the Recreation Coordinator position, and the school year Teen Program to establish a matching fund program with all the school sites that benefit from the Recreation on Campus For Kids (ROCKS) program with the City matching 50 percent, and to find alternative funding sources for the programs;
3. Prepare a Request for Proposal (RFP) for the operation of the Downtown Community Pool;
4. Hold in abeyance the reduction of the Field Ambassadors hours to weekends only to provide Costa Mesa United and the Costa Mesa Youth Sports Council an opportunity to meet and consider funding of the \$10,000 amount;
5. Suspend the elimination of the funding, equal to \$90,000, for the staffing and operations of the Balearic Community Center (BCC) and for staff to work with the community to find alternative funding sources for the programs; and
6. Suspend for one month to August 1, 2010, the elimination of the part-time Video Production Aide Position to provide staff an opportunity to find a corporate sponsorship to fund that position.

ANALYSIS:

Youth Sports Program

Flag Football - Staff has received a proposal from the Orange County Youth Sports Association, a youth flag football organization (aka Friday Night Lights), to begin a flag football league for Costa Mesa youths in grades K - 8. The league is proposing to run 4 hours on Friday nights from February to May at the Farm Sports Complex. Pop Warner also offers a flag football program for Costa Mesa youth. Staff has not been successful to date in securing outside funding sources to continue the operation of the City's Youth Flag Football program.

Basketball - Staff is working with the National Junior Basketball Association to see if they are interested in renting the Downtown Recreation Center (DRC) gymnasium and expanding their program to Costa Mesa. Staff has not been successful to date in securing outside funding sources to continue the operation of the City's Youth Basketball program.

As an option to either of the above scenarios, the City could choose to retain the current Youth Sports Program but implementing a full cost recovery fee program.

ROCKS and Teens After-School Program

Fundraising efforts have been successful at a number of the school sites that offer the Recreation on Campus for Kids (ROCKS) program. Sonora School has raised sufficient monies to fund one-half of the ROCKS program at their school and TeWinkle Middle School has raised sufficient funds for one-half of the cost for the Teen Center. Taking into account the fact that City Council direction to pursue fundraising at the various school sites was initiated after school recessed for Summer break, the response has been excellent. Attachment 2 provides the ROCKS Program cost, funds needed, funds raised and City match needed for each school site.

A meeting was held with Parent Teacher Association (PTA) representatives to discuss options for joint funding of the ROCKS program. Several options were discussed and PTA representatives volunteered to form three committees to operate the snack bar at the TeWinkle Athletic Sports Complex (subject to City Council authorization), to further research and apply for grants, and to suggest and seek sponsorships. During the summer recess, fundraising efforts have been limited due to vacation schedules and peak demand for recreation services. However, once the schools are in session and PTA members are once again active, it is expected that fundraising efforts will grow significantly. Should the fundraising efforts be successful and the ROCKS programs continue at all 11 of the school sites, the City would need to allocate \$138,128 for the City match as shown on Attachment 2. The Teen Center has raised one-half the needed funds to continue staffing the Teen Center at TeWinkle Middle School requiring a matching contribution by the City of \$15,000

City Staff has confirmed with HUD the ability to use Community Development Block Grant Recovery (CDBG-R) monies to assist in funding the ROCKS program at the 3 schools that service the CDBG target area -- Whittier, Pomona and College Park Elementary Schools. Victoria Elementary is not located in and does not substantially serve a CDBG Target Area. If the City Council supports the use of available one-time CDBG-R funding, City staff will prepare an amendment to the CDBG Plan for future City Council review to shift available funds to public services. A maximum of 15 percent of the original CDBG-R Grant or \$54,961 can be allocated for public services which will be used to provide the City's 50 percent share of costs of \$38,301.50. The remaining funds can be expended for eligible administration costs to assist with the required income verification paperwork and any ongoing monitoring and outreach. Future CDBG funding for the ROCKS Program at the 3 schools would be via the City's CDBG Public Services process. The Program would have to apply and compete with other public services' applicants via the City's regular process.

In addition to the CDBG-R funds, the City is considering holding localized "Neighbors for Neighbors" events in order to generate funds for ROCKS afterschool programs. The City receives donations for the "Neighbors for Neighbors" program throughout the year and currently has a fund balance of approximately \$30,000 that can only be spent on clean-up programs. Staff is considering using some of these donated funds to support "Neighbors for Neighbors" projects on school campuses throughout Costa Mesa. Proposals would be requested from PTA organizations from schools that currently have a ROCKS afterschool program on their campus. Qualified community service projects that can demonstrate a benefit to both the local neighborhood and the schools as a whole, could receive a grant (or stipend) of up to \$1,500 which could then be used to help local schools towards their individual fundraising goals to support their local ROCKS program. In summary, local PTA organizations would be provided a grant (from donated funds) to help organize a clean-up program on or near their campus and this stipend would be used to help offset the direct costs for their campus ROCKS program.

Downtown Community Pool

After researching other cities with municipal pools and competitive swim organizations, staff determined the YMCA is the only organization that would respond to a Request for Proposal to operate a municipal pool. The Downtown Pool is not large enough to be used for competitive sports (swim teams and water polo); therefore it is not a pool that swim organizations generally are interested in operating. Staff contacted the YMCA to request their consideration of operating the Downtown Pool. The YMCA studied the potential of operating the Pool and determined there would be a sizeable operating deficiency and has declined to submit a proposal.

If the Downtown Pool is closed September through mid June as originally proposed, the City will eliminate the hours for the full-time Recreation Specialist position and all part-time life guard staff as of September 10th for the 8-month pool closure period. The 8-month closure will allow for a reduction to the budget of \$87,775. In addition, there will be approximately \$12,000 in maintenance cost savings during the closure period. Part time City staff will need to be rehired in April 2011 to handle the recruitment, scheduling, hiring and training of aquatic staff in preparation for the 2011 summer season. Funds will remain in the Aquatic Program budget to cover these costs.

Field Ambassador Hours

Staff has met with Costa Mesa United to request their consideration of funding \$10,000 to provide school year continuation of weekday hours for Field Ambassadors. No decision was made by Costa Mesa United at the time this report was submitted.

Balearic Community Center

Staff suggests funding the operation of the Balearic Community Center in a reduced amount of \$30,550 for part-time staff and material and operating expenses to continue operating the BCC for the school year Day Camp, Summer Teen Camp, the Early Childhood Program, rental of the multi-purpose/meeting rooms, and the long-held contract classes such as Karate, Yoga, and Mommy and Me classes. This suggested funding will be fully covered from the revenue received from the operations at the Balearic Community Center. The facility will no longer be open for community meetings, walk-in registration, or for general information. The exterior restrooms will remain available to the public using the outdoor areas and the playground. The suggested funding provides for minimal interior maintenance of the facility, the building alarm system, and a reduced number of phones, office equipment and supplies. The annual lease payment to the Newport Mesa Unified School District of \$71,000 has been suspended for the 2010-2011 year by agreement.

Recreation Coordinator Position

At this time, there is insufficient independent funding for the programs/facilities supervised by the Recreation Coordinator position to justify retention as a full-time position. Should the ROCKS Program resume at all 11 school sites and the Balearic Community Center return to full operation and open 7 days per week for both revenue and non-revenue supported operations, the City would need to retain the Recreation Coordinator position to oversee the operations at that facility.

Video Production Aide Position

Council direction was to suspend the layoffs of Video Production Aides until August 1st to enable staff to find appropriate funding through program sponsorship. Due to Federal Communication Commission (FCC) regulations governing sponsorship funding of public television broadcasting, the City must develop a policy consistent with those requirements. While staff has been unable to complete a draft sponsorship policy consistent with FCC requirements since the City Council's action of June 22, 2010, the intent is to continue to move forward with establishing a sponsorship policy for media advertisement. At such time as a policy is in place and funding obtained through sponsorships, Video Productions Aides (part-time positions) will be hired.

ALTERNATIVES CONSIDERED:

City Council can choose to approve City funding for some, none, or all of the Administrative Services Programs discussed above.

FISCAL REVIEW

The following summarizes the suggested direction for each program and the fiscal impacts and options, if any:

Youth Sports Program

- A. Proceed in working with private program providers for flag football and basketball;
- or
- B. Authorize staff to bring forward to the Parks & Recreation Commission a full cost recovery fee program.

If either A or B above are authorized, the Recreation budget for Youth Sports can be reduced by \$30,000.

ROCKS Program

- A. Provide City matching funds to retain the ROCKS program at those schools where matching funds have been generated to date;
- B. Extend the matching offer by the City for the ROCKS program for 3 months for those schools that have not raised matching funds at this time;
- C. Provide City matching funds to retain the TeWinkle Middle School Teen Center;
- D. Authorize the utilization of CDBG funds to provide a 50% City match for qualifying schools (Whittier Elementary, Pomona Elementary and College Park Elementary Schools);

- E. Authorize operation of the snack bar at the TeWinkle Athletic Sports Complex by school organizations to generate matching revenues; and

The combined fiscal impact of the above involves a matching contribution by the City of \$138,128 and private funds in an equal amount.

Downtown Community Pool

Reduce operation of the Downtown Community as recommended in the proposed budget resulting in a budget reduction of \$87,775.

Balearic Community Center

Reduce operation of Balearic Community Center to fee supported programs only as described in the **Analysis** section of this report. This will result in a budget reduction of \$60,450 above the \$71,000 savings by way of the lease waiver from the Newport Mesa Unified School District.

Video Production Aide Position

Develop a sponsorship policy consistent with FCC requirements and submit for City Council consideration. As funding for the part-time Video Production Aide position was eliminated from the FY 2010-11 adopted budget, no further action is needed at this time.

Additional Funding Option

Since action taken by the City Council, a significant staffing change has taken place in the Recreation Division which presents the City with salary savings not anticipated for FY 2010-11. The Recreation Manager position has become vacant as the result if the incumbent making a career change with another community. Department and City Management are currently reviewing options for continuing oversight of the Division until such time as the Recreation Manager position can be filled. Using an estimate of approximately 4 months to advertise & recruit, interview and selection of a finalist to fill this vacancy, the City is expected to realize a salary savings of \$65,000. The City Council may choose to use some or all of this amount to supplement the funding recommendations in the preceding.

It should be noted that savings from unanticipated vacancies typically are accrued in Fund Balance at the end of the fiscal year. While staff is comfortable in recommending this as an option in this specific circumstance given the level of program and staffing reductions to date, this is not recommended as a standard practice for all unanticipated salary savings.

LEGAL REVIEW:

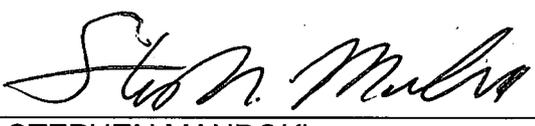
No legal review required.

CONCLUSION:

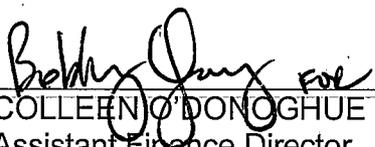
City Council has allowed additional time for staff to secure outside funding sources for various Administrative Services programs. Staff has worked with community groups and businesses to find alternate funding or alternate delivery of programs to enable the continuation of several of the programs. These efforts have shown success over the last two months at arguably one of the more difficult times of the year with Summer Recess and peak Recreation program demand. Staff is requesting Council approval or direction on the various programs, positions and staff hours slated for reduction...



LISA MCPHERSON
Recreation Supervisor



STEPHEN MANDOKI
Director of Administrative Services



COLLEEN O'DONOGHUE
Assistant Finance Director

DISTRIBUTION: City Manager
 City Attorney
 Assistant Finance Director
 City Clerk
 Staff

ATTACHMENTS: 1 Council Action Minutes from the June 22, 2010
 Meeting
 2 ROCKS Program Costs

Recreation Program 2010-2011 Budget

August 5, 2010

9:30 am

City Council
Action Agenda
6/22/10

ACTION: In the addition the following actions were taken by the City Council.

1. Directed staff to bring back for consideration the formation of an Economic Development Committee, and for the charge of the committee to make recommendations regarding the business license fees, outreach, and to discuss the business license fees and related topics with the business community. MONAHAN/MANSOOR. (4-1, Council member Bever voting "no"). MOTION CARRIED.
2. Directed staff to bring back for consideration increasing the solid waste franchise fees for non-residential up to 16%. MONAHAN/FOLEY (4-1, Mayor Pro Tem Leece voting "no"). MOTION CARRIED.
3. Directed staff to dialogue with the Costa Mesa Sanitary District and CR&R regarding establishing a solid waste franchise fee for residential and for consideration of street sweeping services. MONAHAN/FOLEY (4-1, Mayor Pro Tem Leece voting "no"). MOTION CARRIED
4. Directed the City Manager to meet with the Mesa Verde Partners to raise green fees. MONAHAN/FOLEY (4-1, Mayor Pro Tem Leece voting "no"). MOTION CARRIED
5. Directed staff to bring back for consideration the raising of animal licensing fees to the county average. MONAHAN/FOLEY ALL AYES. MOTION CARRIED.
6. Direct staff to bring forward increases to the civil citations for violations of the Municipal Code as recommended by the Planning Commission. MONAHAN/BEVER. (3-2, Mayor Pro Tem Leece and Council Member Foley voting "no"). MOTION CARRIED
7. Directed staff to come back with a parking metering study. MONAHAN/FOLEY (4-1, Mayor Pro Tem Leece voting "no"). MOTION CARRIED
- * 8. Suspend the elimination of the following items: Youth Sports Program; Playground Program, except during the summer; Recreation Coordinator position; and the School Year Teen Program, keeping them in the budget to provide time for staff to worked with the community to create a matching fund program with all the school sites that benefit from the ROCKS program, with the city matching 50%; and to find alternative funding sources for the programs, with the caveat that if by the second meeting in August funds are not secured then the program(s) will be eliminated. FOLEY/LEECE (4-1, Council Member Bever voting "no"). MOTION CARRIED
9. Approve the recommended reductions for personnel except for those positions slotted for lay-off. FOLEY/LEECE (4-1, Mayor Mansoor, Mayor Pro Tem Leece, Council Member Bever, Council Member Monahan voting "no"). MOTION FAILED.
- * 10. To suspend for one month to August 1, 2010, the elimination of the part-time Video Production Aide Position to provide staff an opportunity to find a corporate sponsorship to fund that position.

FOLEY/MONAHAN. ALL AYES. MOTION CARRIED.

11. Directed staff to implement a canvassing program for dog licensing for greater compliance. **FOLEY/MONAHAN. ALL AYES. MOTION CARRIED.**

*12. Direct staff to prepare an RFP for the operation of the Downtown Community pool. **FOLEY/LEECE. ALL AYES. MOTION CARRIED.**

*13. Hold in ambience the reduction of Field Ambassadors hours to weekend only, until the 2nd week in July to provide Costa Mesa United and the Costa Mesa Youth Sports Council to meet and consider funding of the \$10,000 amount. **FOLEY/MONAHAN (4-1, Council Member Bever voting "no"). MOTION CARRIED.**

14. Eliminate the quarterly Community News Publication unless corporate sponsorship can be found. **FOLEY/MANSOOR (4-1, Council Member Bever voting "no"). MOTION CARRIED.**

*15. To suspend the elimination of the funding, equal to \$90,000, for the staffing and operations of Balearic Community Center, and direct staff to include in their efforts to work with the community to find alternative funding sources for the programs, with the caveat that if by the second meeting in August funds are not secured then the funding will be eliminated. **FOLEY/LEECE (3-2, Council Member Bever and Council Member Monahan, voting "no"). MOTION CARRIED.**

IV REGULAR AGENDA ITEM

1. Proposed Ballot Measure relative to an increase to the Transient Occupancy Tax (TOT) and adding the measure to the General Municipal Election to be held on November 2, 2010.
 - (a) A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A MUNICIPAL ELECTION ON NOVEMBER 2, 2010 FOR THE SUBMISSION OF A BALLOT MEASURE RELATING TO AND INCREASE IN THE CITY'S TRANSIENT OCCUPANCY TAX.

Recommendation: Adopt resolution

ACTION: Adopted Resolution No. 10-44. MONAHAN/BEVER. (4-1, MAYOR MANSOOR voting "no"). MOTION CARRIED.

RECREATION ON CAMPUS FOR KIDS PROGRAM COSTS

School	Total Cost	1/2 School Match	School Funds Raised/Acquired	School Funds Needed	1/2 City Match
1 Sonora	38,488	19,244	20,000	(756)	19,244
2 College Park	29,366	14,683	719	13,964	14,683
3 Davis	29,188	14,594	7,000	7,594	14,594
4 Whittier	29,128	14,564	2,500	12,064	14,564
5 Victoria	28,923	14,462	2,474	11,988	14,461
6 California	22,347	11,174	-	11,174	11,173
7 Paularino	22,347	11,174	2,156	9,018	11,173
8 Killybrooke	22,347	11,174	-	11,174	11,173
9 Pomona	18,109	9,055	-	9,055	9,054
10 Kaiser	18,023	9,012	-	9,012	9,011
11 Adams	17,996	8,998	513	8,485	8,998
Sub-total			35,362	102,772	
Community Foundation Donations			10,800	(10,800)	
Daily Pilot Cup			750	(750)	
Sub-total			46,912	91,222	
CDBG-R Funds			38,302	(38,302)	
TOTAL	\$ 276,262	\$ 138,134	\$ 85,214	\$ 52,920	\$ 138,128