

**City of Culver City, California
City Council Agenda Item Report**

Meeting Date: <u>03/09/09</u>		Item Number: <u>A-3</u>	
AGENDA ITEM: Approval of Amendments to License Agreements Existing as of November 1, 2008 for Use of the Municipal Plunge to Provide Graduated Implementation of Increases to the Aquatic Fees.			
Contact Person/Dept.: Pam Robinson, Recreation Manager		Phone Number: (310) 253-6655	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master E-mail Notification List (03/04/09); E-mail Notification to Pool User and Sports Groups (03/04/09)			
Department Approval: Bill La Pointe, PRCS Director (02/26/09)		City Attorney Approval: Carol Schwab (by H. Baker) (3/03/09)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (03/04/09)		City Manager Approval: Jerry B. Fulwood (03/04/09)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve amendments to license agreements existing as of November 1, 2008 for use of the Municipal Plunge to provide a graduated implementation of newly adopted aquatic fees. <u>BACKGROUND:</u> On November 10, 2008 the City Council considered and adopted increased fees for use of the Municipal Plunge (Plunge) with the new fees taking affect on March 1, 2009. These new fees, designed to bring Culver City closer to the 'market rate' for similar facilities and increase the cost recovery of the Plunge, marked the first significant increase in many years. Nonprofit organizations saw an increase of nearly 30% over what they were currently paying and commercial entities saw an increase of up to 240% over their existing rates. Excerpted minutes from this meeting are provided as Attachment 1. <u>DISCUSSION:</u> Since the approval of these revised fees, the local, state, national and world economies have been experiencing dramatic changes. Staff has been approached by leaders of the many groups that regularly contract with the City for use of the Plunge voicing concerns about the impact of the new fees given the current economic conditions. Groups expressed particular concern about the financial burden to their organization or business given the unexpected mid-year restructuring of the fee schedule. Further they felt that passing the increase in operating costs on to their participants mid-year would be difficult given the current economic climate.			

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By gradually implementing the new fees during these fiscally challenging times, the City may be better positioned to retain these licensees while simultaneously moving towards achieving the adopted fees in two to three (2-3) years time.

As such, staff is requesting that the City Council approve amendments to the existing license agreements with these organizations to provide the following:

- a) A graduated implementation of the fee increases for nonprofit, private party and commercial rentals with whom the City has existing license agreements as of November 1, 2008 ("Existing Licensees");
- b) Commencement of the implementation of the graduated fees for Existing Licensees on July 1, 2009 in accordance with the adoption of the User Fees and Charges Schedule included in the Annual Budget; and

Staff would continue to apply the fees outlined in the User Fees and Charges (revision adopted November 10, 2008) to all licensees with whom the City did not have an existing agreement on November 1, 2008 with no graduated implementation schedule.

If Council approves the graduated fee increases for Existing Licensees, staff recommends that such graduated fee increases be implemented as follows:

- The fee increase for Existing Licensees, which are nonprofit organizations, be phased in over a two-year time period; with the first phase being a 30% increase in FY 2009-10 and the remaining 70% increase in FY 2010-11.
- The fee increase for Existing Licensees, which are private parties and commercial groups, be phased in over a three-year time period; with the first phase being a 30% increase in FY 2009-10, 35% increase in FY 2010-11 and the remaining 35% increase in FY 2011-12.
- No new special events (after July 1, 2009) by Existing Licensees will be given the graduated fees; these events will be charged the prevailing rate identified in the User Fees and Charges Resolution.

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Fee Category	11/10/08 Adopted Fee (effective 3/01/09)	Year 1: % increase	Fee: Year 1 (2009-10)	Year 2: % increase	Fee: Year 2 (2010-11)	Year 3: % increase	Fee: Year 3 (2011-12)
Hourly Rental: Non-profit Resident	\$ 114	30%	\$ 100	70%	\$ 125		
Hourly Rental: Non-profit Non-Resident	\$ 127	30%	\$ 105	70%	\$ 140		
Hourly Rental: Private Party, Resident	\$ 152	30%	\$ 115	35%	\$ 145	35%	\$ 175
Hourly Rental: Private Party, Non-Resident	\$ 169	30%	\$ 120	35%	\$ 155	35%	\$ 190
Rental: Private Commercial, Resident	\$ 191	30%	\$ 125	35%	\$ 170	35%	\$ 215
Hourly Rental: Private Commercial, Non-Resident	\$ 212	30%	\$ 135	35%	\$ 185	35%	\$ 240

**Fees have been rounded for simplicity*

Staff is recommending that the fee increases for Existing Licensees, which are private parties and commercial groups, be phased in over a longer period of time given the more significant fee increases affecting these groups.

It should also be noted that City User Fees and Charges are typically increased on an annual basis to account for, at minimum, cost-of-living-allowances (COLA). In order to address potential COLA increases, the table above includes a 4% increase to the "11/10/08 Adopted Fee" in each of the fiscal years over which the graduated fees will be implemented (thus the end fee for each category is higher than the figure in the 11/10/08 Adopted Fee column). If the City COLA were to be changed, the fees noted would be adjusted where appropriate. As the economy and the City are of course dynamic in nature, additional revisions to the schedule proposed above would be considered annually during the budget process.

The following organizations and businesses had existing license agreements with the City as of November 1, 2008 and would therefore be eligible for the graduated fee implementation schedule noted in the above table.

- Culver City Swim Club
- Eco Dive Center
- Leukemia and Lymphoma Society - Team in Training
- Notre Dame Academy
- Old Boys Water Polo
- Royal Swim Team
- Sirius Athletes
- Southern California Aquatics (SCAQ)
- Team Santa Monica
- Vixen Training

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Amendments to the agreements for the Existing Licensees would be prepared consistent with Council's direction.

FISCAL ANALYSIS:

Staff estimates that delaying the implementation of the Revised Aquatic Fees adopted by the City Council on November 10, 2008 from an effective date of March 1, 2009 will result in approximately \$7,800 of unrealized projected revenue. However, as the fee revisions were adopted after the fiscal year was already underway, this revenue was not anticipated (i.e.: budgeted) during the 2008-09 Fiscal Year.

ATTACHMENTS:

1. Excerpt of the Minutes of the November 10, 2008 City Council Meeting

MOTIONS:

That the City Council:

1. Approve amendments to the license agreements existing as of November 1, 2008 for use of the Municipal Plunge to provide a graduated implementation of newly adopted aquatic fees, consistent with this report; and
2. Authorize the City Attorney to review/prepare the necessary documents and authorize the City Manager to execute such documents on behalf of the City.

or

3. Direct staff to implement the Municipal Plunge User Fees Adopted on November 10, 2008 without a graduated fee schedule with an effective date of March 1, 2009 for all groups;

or

4. Provide staff with alternate direction.