

City of Culver City, California  
**Parks and Recreation Commission Agenda Item Report**

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Meeting Date: <u>03/03/09</u>                                                                                                                                                                | Item Number: <u>A-3</u>                                                                |
| <b>AGENDA ITEM: Consideration of a Recommendation to City Council Regarding Graduated Implementation of Newly Adopted Aquatic Fees for Contracted Groups Utilizing the Municipal Plunge.</b> |                                                                                        |
| Contact Person/Dept.: Pam Robinson,<br>Recreation Manager                                                                                                                                    | Phone Number: (310) 253-6632                                                           |
| Fiscal Impact: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                                                                                           | General Fund: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>      |
| Public Hearing: <input type="checkbox"/>                                                                                                                                                     | Action Item: <input checked="" type="checkbox"/> Attachments: <input type="checkbox"/> |
| Public Notification: E-mail Notification to Pool User and Sports Groups (02/26/09); PRCS E-mail Master Notification List (02/26/09)                                                          |                                                                                        |
| Department Approval: Bill La Pointe,<br>PRCS Director (02/25/09)                                                                                                                             | City Attorney Approval: N/A                                                            |
| Fiscal Impact Approval: N/A                                                                                                                                                                  | City Manager Approval: N/A                                                             |

**RECOMMENDATION:**

Staff recommends that the Parks, Recreation and Community Services (PRCS) Commission consider making a recommendation to City Council regarding the Graduated Implementation of Newly Adopted Aquatic Fees for Contracted Groups Utilizing the Municipal Plunge.

**BACKGROUND:**

On November 10, 2008 the City Council considered and adopted increased fees for use of the Municipal Plunge (Plunge) fees 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.

**DISCUSSION:**

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 by restructuring the fee schedule mid-year; a cost that would need to be passed on to their participants' mid-year in order to address the increase in costs.

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

As such, staff is recommending the user fees adopted for the Municipal Plunge be amended to: 1) Provide for a graduated implementation of the fee increases for nonprofit, private party and commercial rentals; 2) Commence implementation of the graduated fees on July 1, 2009 in accordance with the adoption of the User Fees and Charges Schedule included in the Annual Budget.

Staff further recommends that the fee increases be implemented as follows:

- The fee increase for rentals by 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 rentals by 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.

| <b>Fee Category</b>                             | <b>11/10/08<br/>Adopted Fee<br/>(effective 3/01/09)</b> | <b>Year 1: %<br/>increase</b> | <b>Fee: Year 1<br/>(2009-10)</b> | <b>Year 2: %<br/>increase</b> | <b>Fee: Year 2<br/>(2010-11)</b> | <b>Year 3: %<br/>increase</b> | <b>Fee: Year 3<br/>(2011-12)</b> |
|-------------------------------------------------|---------------------------------------------------------|-------------------------------|----------------------------------|-------------------------------|----------------------------------|-------------------------------|----------------------------------|
| Hourly Rental: Non-profit Resident              | \$ 114                                                  | 30%                           | \$ 100                           | 70%                           | \$ 125                           | (TBD)                         | (TBD)                            |
| Hourly Rental: Non-profit Non-Resident          | \$ 127                                                  | 30%                           | \$ 105                           | 70%                           | \$ 140                           | (TBD)                         | (TBD)                            |
| 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 rentals by 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

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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.

**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 revenue. However, as the fee revisions were adopted once the fiscal year was already underway, this revenue was not anticipated (i.e.: budgeted) during the 2008-09 Fiscal Year.

**ATTACHMENTS:**

None

**MOTION:**

That the Parks, Recreation and Community Services Commission:

1. Recommend to the City Council that implementation of the Municipal Plunge User Fees Adopted on November 10, 2008 be applied via a graduated fee-schedule over two (2) years for contracted nonprofit user groups and three (3) years for contracted private party and commercial user groups;

and

2. (If Motion 1 is approved) That Municipal Plunge user groups continue to pay the rates identified in their contract as of February 1, 2009 for the remainder of the 2008-09 FY;

or

3. Recommend to the City Council that implementation of the Municipal Plunge User Fees Adopted on November 10, 2008 be applied without a graduated fee schedule with an effective date of March 1, 2009;

or

4. Provide staff with an alternate recommendation or additional comments.