

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

Meeting Date: <u>12/10/12</u>		Item Number: <u>A-5</u>
CITY COUNCIL AGENDA ITEM: Consideration of Adoption of a City Council Policy Regarding Providing Fee Reductions/Subsidies to Long-Term Regular Veterans' Memorial Complex Users.		
Contact Person/Dept.: Dan Hernandez, PRCS Director		Phone Number: 310-253-6655
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐
Public Hearing: ☐	Action Item: ☐	Attachments: ☒
Commission Action Required: Yes ☐ No ☒		Date: _____
Public Notification: (E-Mail) Meetings and Agendas – City Council (12/07/12); (E-Mail / Telephone) Long-Term Regular Users – Veterans' Memorial Building (11/09/12).		
Department Approval: Dan Hernandez (11/21/12)		City Attorney Approval: Carol Schwab (by H. Baker) (12/06/12)
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (12/05/12)		City Manager Approval: John M. Nachbar (12/07/12)
<u>RECOMMENDATION:</u> Staff recommends that the City Council consider adopting a City Council Policy providing fee reductions/subsidies to long-term regular Veterans' Memorial Building users. <u>BACKGROUND:</u> Since 2011, staff has been working with various user groups of City facilities managed by the Parks, Recreation and Community Services Department to implement the fees and charges adopted by the City Council in 2009. The PRCS Department oversees rental of the Veterans' Memorial Complex, which includes the Veterans' Memorial Building, the Teen Center, the Plunge and the Senior Center. There are approximately fifty-nine (59) users that regularly schedule events and/or meetings in the Veterans' Memorial Building (VMB). Currently, the majority of these regular users, including religious organizations, pay the appropriate fees and charges based on their fee category as adopted by the City Council for Fiscal Year 2012/2013 (Attachment). The only exceptions to this standard operating procedure are four groups that have a history of being subsidized by the City in past years: the La Ballona Valley Bromeliad Society, the Culver City Rock and Mineral Club, the Los Angeles School of Gymnastics and the Culver City Symphony Orchestra. Previously, the Culver City Garden Club was included in this group; however, as of January 2012 the group relocated to other facilities.		

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DISCUSSION:

Past Practices Regarding Fee Subsidies

While staff has been largely successful in implementing the City Council adopted fee schedule, certain regular users with a history of receiving significantly discounted rental rates have expressed an interest in continuing to receive the existing rate.

Each of the four groups in question has been using the VMB in excess of ten consecutive years. However, it is difficult to determine what, if any, objective criteria were applied when those historical rental rates were offered. For example, some groups get an overall rental discount that includes equipment and other extras, while another group gets a discounted rental fee for the space (in this case the Auditorium) and separate discounts for specific equipment and extras. Also, the use of the VMB varies, as below:

SUBSIDIZED GROUP	FEE CATEGORY	MONTHLY MEETINGS	ANNUAL EVENTS	TYPE OF EVENT(S)	FEE TO ATTEND EVENT(S)
La Ballona Valley Bromeliad Society	C	Yes	One	Trade Show & Sale	No
Culver City Rock and Mineral Club	B	Yes	One	Trade Show & Sale	No
Los Angeles School of Gymnastics	B	No	One	Exhibition	Yes
Culver City Symphony Orchestra	C	No	Three to Four	Concerts	Yes; but at least 1 free performance per season.

For reference, the detailed description of the fee categories above (as contained in the City Council adopted fee schedule) is as follows:

Category B: “Non-Profit, Resident,” any 501(c) Non-Profit Organization that is headquartered in the City of Culver City. Groups shall submit a copy of their most current IRS Form 990 (cannot be older than 2 years) to be placed on file with the PRCS Department as well as their General Liability Insurance with corresponding Culver City headquarters address.

Category C: “Non-Profit, Non-Resident,” any 501(c) Non-Profit Organization that is not headquartered in the City of Culver City. Groups shall submit a copy of their most current IRS Form 990 (Cannot be older than 2

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years) to be placed on file with the PRCS Department as well as their General Liability Insurance with corresponding headquarters address.

Establishing a Fee Subsidy Policy

When establishing fees for the recreational services provided by the Parks, Recreation, and Community Services Department, in the past, the City Council has determined to not implement full cost recovery. In other words, recreation classes and use of City facilities are offered to the public at a rate less than that needed for the City to recover its costs in providing those services. By applying objective criteria, the City Council has determined that groups that meet such criteria are eligible for a further fee reduction ("resident" non-profit groups and "non-resident" non-profit groups).

When considering what groups, if any, might warrant additional fee subsidies from those already provided in the existing fee schedule for non-profit organizations, it seems that a membership comprised primarily of Culver City residents might be a factor; however, only one of the groups listed above, the Culver City Rock and Mineral Club, meets this standard.

Staff recommends that, if the City Council wishes to continue to subsidize the VMC rental fees for long-term regular users, the City Council adopt a policy establishing consistent and objective criteria in implementing such subsidies.

For example, below are two possible options which the City Council may wish to consider in developing a policy for long-term regular VMC users. The provisions of the basic fee categories listed above, including current, accurate IRS documentation, with verification of Culver City address for Non-Profits headquartered in Culver City, and proof of General Liability insurance for all groups are required documentation and serve as the baseline upon which discounts could be applied. In addition, staff recommends that for all groups, incidental expenses for equipment and extras are charged as specified in the Adopted Fees and Charges Schedule and that discounts are applied to the room/space rental fee only.

Option 1

One option would be to apply discounts to the baseline fee category based on meeting certain criteria, with each criterion representing a percentage of an overall possible discount. Criteria for discounted fees could include:

1. An established record of being a regular user of the Veterans' Memorial Complex for a period of ten consecutive years or more.
2. No admission charge to participants for all open-to-the-public events.
3. Accurate documentation demonstrating that a non-profit has generated less than \$25,000 annually over the past three years.

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4. Current documentation verifying that membership of the group is equal to or greater than 51% Culver City residents.
5. An established record of contributing to the Culver City community above and beyond the group's regular events and meetings (for example, by offering free classes or demonstrations, working with Culver City Unified School District students, hosting additional special events that educate, inform or entertain the public).

As an example, if the City Council determined that each criterion above merited a 10% discount, groups meeting all the above criteria would receive a 50% subsidy for VMC room/space rental only.

Option 2

A second option would be to set a fixed dollar amount discount for long-term regular VMC users. For example, perhaps Non-Profit, Resident groups could be given a credit by the City for the first \$2,000 toward room/space rental and Non-Profit, Non-Resident groups could be given a \$1,000 annual credit.

As an alternative to continuing the subsidy, one way to soften the impact to the four groups is to adopt a fee increase phase-in period. For example, the City Council could determine to adopt a phase in period of 5 years with any increase from the currently paid fee to the full City Council adopted fee. The differential would increase 20% each year until the group reaches 100% of the applicable fee in 2017.

FISCAL ANALYSIS:

Should the City Council decide to adopt a rental fee reduction/subsidy policy for long-term regular Veterans' Memorial Complex users, the fiscal impact will depend upon the exact nature of the policy and the ways in which the new policy impacts specific users. In the past, fees charged to the groups mentioned above were implemented in a very inconsistent manner with rental fee subsidies ranging from 40% to 100%, regardless of Non-Profit fee category. If Option 1 is adopted as presented, discounts would not exceed 50% of the appropriate rental rate. If Option 2 is adopted as presented, the fixed-rate discount will provide a greater benefit in terms of percentage discount to those who incur less charges overall during the course of the year. In either case, there are sure to be savings in staff time and expense spent addressing questions and concerns that have arisen over the years due to the lack of a clear, consistent rental fee reduction/subsidy policy for long-term regular Veterans' Memorial Complex users. In addition, any policy adopted can be used to address fee issues and subsidies related to rentals of other City facilities including parks and field areas for new or expanded uses by various organizations.

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Should the City Council decide not to adopt any changes to the rental fee structure, staff will continue to work with current users to bring their fees and charges into line with those set forth in the City's Adopted Fees and Charges Schedule, with the objective of phasing out all existing fee subsidies over the course of the next two fiscal years.

ATTACHMENT:

1. Fiscal Year 2012/2013 Fees and Charges Schedule for the Veterans' Memorial Complex.

MOTIONS:

That the City Council:

- 1) Adopt Option 1, or some variation thereof, as the City Council Policy Regarding Providing Fee Reductions/Subsidies to Long-Term Regular Veterans' Memorial Complex Users;

OR

- 2) Adopt Option 2, or some variation thereof, as the City Council Policy Regarding Providing Fee Reductions/Subsidies to Long-Term Regular Veterans' Memorial Complex Users;

OR

- 3) Specify an Alternate Option as the City Council Policy Regarding Providing Fee Reductions/Subsidies to Long-Term Regular Veterans' Memorial Complex Users;

OR

- 4) Provide staff with alternate direction.