City of Culver City

Staff Report

File #: 26-903, **Version:** 1 **Item #:** PH-2.

CC - PUBLIC HEARING: Adoption of a Resolution Approving and Adopting the Parks, Recreation and Community Services Update to the Comprehensive Fee Schedule for Fiscal Year 2026-2027.

Meeting Date: May 26, 2026

Contact Person/Dept: Adam Ferguson/ Parks, Recreation and Community Services

Phone Number: (310) 253-6685

Fiscal Impact: Yes [X] No [] **General Fund:** Yes [X] No []

Attachments: Yes [X] No []

Public Notification: Website Posting - Proposed Fees and Rate Study (5/14/2026); (E-Mail) Meetings and Agendas - City Council (05/21/2026)

Department Approval: Adam Ferguson, PRCS Deputy Director (05/18/2026)

RECOMMENDATION

Staff recommends the City Council adopt a resolution approving and adopting the Parks, Recreation and Community Services (PRCS) Update to the Comprehensive Fee Schedule for Fiscal Year 2026-2027 (Attachment 1).

PROCEDURE

1. Mayor seeks motion to receive and file the Affidavit of Publication;
2. Mayor seeks a Motion to open the Public Hearing;
3. Mayor requests a staff report, if desired;
4. Mayor calls for, and the City Council receive, public testimony;
5. Mayor seeks a Motion to close the Public Hearing;
6. City Council adopts resolution approving and adopting the PRCS Update to the Comprehensive Fee Schedule for Fiscal Year 2026-2027

BACKGROUND

On April 28, 2025, the City Council adopted Resolution No. 2025-R040 approving and adopting the

Comprehensive Fee Schedule for Fiscal Year 2025-2026. The Citywide Comprehensive Fee Schedule was supported by a cost of service study prepared by NBS consultants, dated November 5, 2024 (Attachment 4). PRCS programs and services were not updated at that time because there was strong support for significant subsidies to the various programs, but the exact amounts for the subsidies were not yet developed by PRCS staff. Therefore, PRCS undertook a separate, detailed, and robust process to review all of its programs, related costs, and benefits to the general public, and develop policy recommendations for cost recovery and cost subsidy for all of the various PRCS program offerings without delaying the City's process for implementing Citywide fee updates for most of the other City departments. Over the last year, PRCS staff has been carefully reviewing its programs, costs, and fees, and analyzing the various policy considerations. Through this analysis, the PRCS Department is recommending the proposed methodology to balance policy goals with cost considerations. To support this process, NBS consulted the City as to cost recovery methodology and calculations, and provided additional review and recommendations for PRCS fees in a memorandum dated May 20, 2026 (Attachment 5).

On April 9, 2025, PRCS Deputy Director Adam Ferguson gave a presentation to the Finance Advisory Committee (FAC). The FAC commended the work that PRCS had done and recommended that PRCS staff reexamine the classification and fees proposed for certain select programs such as the teen center and senior pool programs in recognition of the population they serve, investigate a separate subsidy or program for lower income residents, look at revenue projections based on Fiscal Year 2023-2024 totals as if the new methodology had been in place, explore increasing the resident subsidy, take a closer look at the top revenue generating programs, and explore outside funding such as grants or donations; and reevaluate their fees annually.

On April 17, 2025, Ferguson presented the resulting findings and possible recommendations to the PRCS Commission. The PRCS Commission unanimously supported the approach and transparency that PRCS is taking towards reviewing its programs and fees and analyzing the various policy considerations. The PRCS Commission raised concerns with specific costs to teen programs and aquatic programs. A discussion ensued between the Commissioners on the effects a larger subsidy for residents has on the department's cost recovery goals.

A Community Meeting was held on May 1, 2025 at the Culver City Senior Center. The feedback received included concerns for the teen center programs. The community members in attendance supported the analysis and the proposed methodology for creating PRCS service charges and fees.

Finally, on May 6, 2025, Ferguson presented to the City Council's Audit, Financial Planning, and Budget Subcommittee. Through that meeting, the combined recommendations were considered and used to draft the PRCS Fee schedule, attached to the proposed Resolution (Attachment 1).

DISCUSSION

The City may impose user and regulatory fees for services which comply with the limitations set forth in California Constitution, Article XIII C. Under this legal framework, a fee may not exceed the reasonable cost of providing the service to the fee payor. The City may also charge for entrance to or use of a City facilities which is not limited to cost of service. The City may set fees lower than the reasonable cost to provide the services for which the fees are charged and use unrestricted General

Fund revenues to subsidize the service. In accordance with these constitutional limitations, Culver City Council Policy No. 5002 calls for a comprehensive user fee and cost of services study to ensure that fees continue to meet cost recovery targets.

At the City Council Meeting on January 13, 2025, it was discussed that PRCS Department accounted for the lion's share of the activities that are subsidized by General Fund revenues during FY 2024-2025. Subsiding recreation programs with General Fund revenues is a common practice across most cities as PRCS programs inherently provide some of the greatest and most visible benefits to the community. However, staff recognized the need to ensure prudent fiscal management, and therefore, PRCS worked to rethink its cost recovery targets and subsidy policies.

Methodology

A cost recovery target is a process to recover or offset the expenses used for delivering a service or offering a specific public program. In contrast, a subsidy is a benefit given by a municipality to remove some type of burden and is considered to be in the overall interest of the common good of the public. In Culver City, PRCS subsidies are funded through the General Fund. Cost recovery targets and subsidies operate in tandem. As cost recovery goals rise, the subsidy goals lower and vice versa. Understanding this relationship, PRCS has set out a system of setting fees and charges that allows for decision-makers to choose where government subsidy is applied to PRCS programs based on how they serve the common good or benefit the community. To achieve this, the PRCS Department is recommending a Revenue Enhancement Policy that is supported by three factors: 1) Service Categories, 2) Beneficiary of Service, and 3) Cost of Service.

Service Categories versus Service Areas

Currently, PRCS utilizes service areas when discussing its programs and services. A Service area is where "likeness" of service is the principal consideration in the coordination or grouping of various services. Examples of PRCS service areas include aquatics, youth and teen programming, and parks maintenance. In contrast, a service category is where "like purpose" is the principal consideration in the grouping of services. Examples of PRCS service categories include beginner level activities, specialized activities, and community events. By switching to a service category system of grouping PRCS activities, it eliminates arbitrary goal setting for cost recovery targets and subsidy. It also discourages attempts to make cost recovery goals based on special interest and allows for more equity-based decisions because age, interest, and demographics become unrelated. The cost recovery targets and subsidy goals are related solely to the public purpose the activity has and benefit to the community.

Over the past months, PRCS reviewed all of their activities and grouped them based on like purpose. Attachment 2 shows the 8 service categories that were created based on current program offerings and their definitions. Attachment 3 provides a detailed list of which programs fall into which category. Based on the feedback received from the various meetings with Committees, Commissions, City Council members, and members of the public, the department organized them from common good services to exclusive services. Common good services contribute to the common or "greater good" having community-wide impact. Typically, there are no similar or like services provided by Non-Profit or Non-Government Organizations. In contrast, exclusive services serve specialized interests benefitting the individual more than the common or "greater good" with less community-wide impact. Typically, similar or like services are provided by the Non-Profit or Non-Governmental Organizations

or private sectors.

Through this analysis, the department is recommending the following cost recovery targets and subsidy goals for its service categories.

Service Category	Subsidy P from Gene Fund	Cost Recover Target
Open Access	100%	0%
Community Events	90%	10%
Health and Human Services	90%	10%
Recreational Activities	60%	40%
Specialized Activities	40%	60%
Out of School Activities	30%	70%
Rentals & Reservations	0%	100%
Resales	0%	100%

Understanding PRCS Cost of Service

Before any cost recovery target or subsidy goal can be applied to a PRCS service, the cost of the service per participant must be understood. In order to figure out the cost of a PRCS service, the department is recommending the below formula:

A + B + C = Amount/ Number of Participants

A is the direct costs found in the City Council approved budget for the program. This includes the amount of money assigned for items such as supplies, contracts, and uniforms and the amount of money assigned to pay part-time employees. This number does not include any items or costs that are encumbered by other departments, such as Public Works.

B is the cost of the full-time staff assigned to the program. This includes the staff listed in the Culver City Cost Allocation Plan adopted on January 8, 2026, and PRCS managers, supervisors, and coordinators specific to the PRCS service. In order to accurately align the annual cost of the fully burdened rates for PRCS positions, a percent of the whole approach was used. This takes the percentage that a specific program has within the overall PRCS budget and applies that percentage to the employee's rate. For example, if an activity has a budget that is 10% of the full department budget, then 10% of the PRCS coordinator's fully burdened salary is applied to the cost.

C is the cost for the room and/or field space. Room and field spaces have been calculated based on a square footage cost in connection with the rentals budget.

Resident and Non-Profit Subsidy

The department has received a lot of feedback concerning resident fees. Some community groups

have requested it to be a larger subsidy, and some have requested it be eliminated. Providing a resident discount is in line with other cities in the area. Some provide flat fees for their programs and others provide specific rates for residents and higher rates for non-residents. PRCS is recommending that the department have a 10% discount to all residents across all programs and services, subsidized by the General Fund. PRCS has found that a flat fee becomes problematic if the PRCS activity cost falls below the flat fee discount and setting different rates has in the past been arbitrary. The 10% discount across all programs and fees allows for an equitable discount based on the total cost of the program. PRCS is also recommending that a resident be defined as anyone with a Culver City address or whose child attends a Culver City Unified School District school.

With the elimination of the non-profit category for rentals and reservations. PRCS is recommending a 10% discount to all non-profits renting meeting space or fields.

Low-Income Subsidy

The last update to PRCS fees occurred in 2014. Within the eleven years, costs have risen but our fees have remained the same. This can be seen clearly through the cost analysis of PRCS programs and the large increase to the fees. Many user groups expressed concerns that some of the increases would negatively affect low-income users and price them out of the services. PRCS is interested in researching and developing a low-income scholarship program for users and applying for grants and donations to cover the fees for some programs. However, these are long-term goals for the department. In order to address the immediacy of the new fees, PRCS is recommending that the increase be divided up among two to four years for any programming whose increase is above 100%.

For example, the Culver City Afterschool Recreational Programs (CCARP) is currently $51. The proposed fee increase is $153, which is an increase of 200%, or $102. Instead of immediately applying the $102 increase for FY 2026-2027, the amount is divided up among two years making the cost $102 for FY 2026-2027, or an increase of only $51.

Services not Affected by the Fee Changes

PRCS currently offers several programs through agreements with instructors. The fees for these classes and activities are set by the instructor with a profit share of 30% to the City and 70% to the instructor. These agreements are not being changed at this time.

PRCS also allows filming to occur at its parks and recreational facilities. At this time, PRCS is not raising any fees for filming in response to City Council's request to help encourage filming in the City.

Finally, PRCS partners with the Culver City Senior Citizen's Association (CCSCA) on all programming that occurs for seniors at the senior center. The public must join the CCSCA in order to take part in the activities, and the fees for those activities are set by the CCSCA.

Facilities and Fields

PRCS has done a square footage analysis of the cost for meeting room space and field rental space for City owned properties. The square footage cost is based on the budget for staffing the spaces and maintaining their condition. In accordance with California Constitution, Article XIII C, the City

may charge for entrance to or use of a City facilities. PRCS contacted the following cities for their rental rates and information:

- Beverly Hills
- El Segundo
- Santa Monica
- West Hollywood

Based on the surrounding cities, PRCS is recommending setting the rates for rooms, picnic shelters, fields, and park buildings at a comparable market rate for use.

PRCS has also redefined the fields as follows:

- Small fields are under 16,000 square feet and are intended for small gatherings near picnic shelters.
- Large fields are over 35,000 square feet and are intended for game play, such as soccer or softball.

Review of PRCS Fees

The City worked with NBS to review the methodology and fees for PRCS. NBS has a strong history in municipal fees and cost having worked on the Culver City Fee Study and the Culver City Cost Allocation Plan. After review, NBS concurred that the proposed PRCS fee schedule is supported by a methodologically defensible cost of service analysis and is suitable for adoption by the City Council.

The presentation slides from PRCS are included as Attachment 6. A breakdown of each of the program costs with service category and recommended fee is Attachment 7.

FISCAL ANALYSIS

Staff anticipates that the recommended adjustments to the PRCS fees will generate approximately $700,000 in additional General Fund revenue, which been incorporated into the Fiscal Year 2026-2027 Proposed budget. Upon Council approval and adoption, all PRCS-related user fees will take effect on July 1, 2026.

Because of the advance nature of facility rentals and program registrations, any fees paid prior to July 1, 2026 will not be retroactively adjusted. The fiscal impact of any modifications made to the proposed PRCS fees during tonight's public hearing will be reflected in the FY 2026-27 Adopted Budget, scheduled for Council consideration on June 8, 2026.

ATTACHMENTS

1. 2026-05-26 - ATT 1 Resolution Approving and Adopting PRCS Update to the Comprehensive Fee Schedule for FY 26-27 (including Exhibit)
2. 2026-05-26 - ATT 2 PRCS Service Categories with Definitions

3. 2026-05-26 - ATT 3 Service Categories Classifications of PRCS Activities
4. 2026-05-26 - ATT 4 Citywide User Fee Study - November 5, 2024
5. 2026-05-26 - ATT 5 NBS Memorandum - May 20, 2026
6. 2026-05-26 - ATT 6 PRCS Fees Presentation
7. 2026-05-26- ATT 7 Cost of PRCS Programs with Subsidy Category and Background
8. 2026-05-26_ATT 8_Affidavit of Publication

MOTION

That the City Council:

Adopt a resolution approving and adopting the Parks, Recreation and Community Services (PRCS) Update to the Comprehensive Fee Schedule for Fiscal Year 2026-2027.

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