



AGENCY: Finance & Admin

MEETING DATE: June 14 2023

DEPARTMENT: CV Starr

PRESENTED BY: M. Wooden

AGENDA ITEM SUMMARY

TITLE:

REVIEW PROPOSED FEES AND RECEIVE RECOMMENDATION FROM THE FINANCE & ADMINISTRATION COMMITTEE TO CONDUCT A PUBLIC HEARING TO REVIEW CV STARR FEES FOR FISCAL YEAR 2023-24

ISSUE:

The City reviews and updates the Center's Fees, consistent with the goal to ensure, with only a few exceptions, that fees for the Center's services are sufficient to fully recover the cost of providing those services. The attached proposed fees have been prepared to meet this strategic objective. A comprehensive study of the C V Starr Community Center's fee schedule has never been done. In January the CV Starr Staff began working with the City's finance team and began taking a closer look and a more in-depth approach of analyzing the time each activity described in the fee schedule took to complete. Staff researched and discussed why the historical context of changing fees on an annual basis has never been discussed. During these discussions, it was realized that the current C.V. Starr fee schedule reflects the same rates that were charged in 2012. The conversation evolved to asking the question should the CV Starr/ City do a full analysis of fees charged every year and whether this best serves the Public. Staff time for each task and the cost of any external supplies or services are factored into the estimated average cost of performing the service.

On March 6, 2012, voters in the City of Fort Bragg passed Measure A which enacted Ordinance No. 902-2012 authorizing the City of Fort Bragg to levy one-half of one percent special sales tax to fund operation, maintenance and capital improvements at the C.V. Starr Community Center and to be administered by the State Board of Equalization. The ordinance established that, prior to levying the sales tax, the parties must enter into a property tax sharing agreement and title to the premises must be transferred to the City. Both parties entered into a property tax sharing agreement that allows the City to allocate certain revenues ("Property Tax Revenues") for the operation and maintenance of the C.V. Starr Community Center. The City of Fort Bragg took title of the C.V. Starr Community Center on May 14, 2012

Measure A generates approximately 1.2 million per year. The Property Tax Revenue generates approximately \$275,000 per year. These two revenues together cannot sustain the daily operational cost of the C.V. Starr Community Center, leaving no funds left to put into reserve for the increasingly large list of capital improvements needed.

The attached fee schedule includes a calculation of the cost of providing services offered by the C.V. Starr Community Center.

Legal Requirements

State law contains a number of provisions that affect a City's establishing and updating City fees. They can be summarized generally as follows:

- (i) A City may set fees to recover the full cost of providing services, but fees cannot be levied in excess of the cost of service or for general revenue purposes.
- (ii) A Cost-of-Service Study may be used as the basis to calculate and set fees to recover the full cost of providing services and to make findings that the fees reflect a reasonable estimate of the cost of providing the applicable services.
- (iii) As for the process of adopting fees, State law requires that changes to the City's fees be presented to the City Council at a Public Hearing in accordance with Government Code section 66016, which requires that there be two publications of the meeting notice in the local newspaper, advance notice is provided to any party that requests to be notified of any proposed fee adjustments, and that the full package of the proposal is made available to the Public no less than ten days prior to the Hearing.
- (iv) In addition, approved changes may take effect no less than 60 days after approval.

Cost Recovery Strategy

Staff at the C.V. Starr Community Center used the same basic approach of recovering cost of providing the service. Attached is several program budget sheets. These sheets show each program's current cost and the current fee/revenue collected. Each program has a current budget sheet along with a proposed budget sheet showing the cost and fee/revenue.

Various methods fees charged / revenue collected were used in figuring out each program. Weekend programs used the current and proposed "drop" in daily rate, as these programs consist of mostly "drop" in members from the public. Weekday programs such as river walking and lap pool swimming used the average fee collected from the categories of; Silver Sneakers, Renew Active, memberships and 10 visit punch passes as drop-in rates are less likely to be paid during these times. Each budget sheet contains an explanation of the cost method used. At this time no cost was added to each program for electricity, propane, Co2, chlorine and other miscellaneous items used. Nor was the cost of benefits added to the employee cost. Employee cost consists only of gross wages, employer taxes, and workers compensation. Employee benefits add approximately \$162,000 to the overall cost of employee hourly wages per year. This calculates to an additional expense of running programs at \$3,115.39 per week or \$443.84 per day. Attached to this report is a spreadsheet on both the C.V. Starr Center's propane cost and electricity cost for the purposes of giving a truer picture of what it cost to operate the Center on a day-to-day basis.

FISCAL IMPACT:

Although the exact fiscal effect of the proposed fee changes cannot be accurately estimated, changes in the fees are estimated to bring in an additional \$190,000. The additional funds will help offset the cost of the day-to-day operations of the C.V. Starr Community Center.

RECOMMENDED ACTION:

Following the Committee's review and discussion, the following action is recommended:

Make a recommendation to the City Council to Conduct the Public Hearing and consider adopting the updated fees for the C.V. Starr Community Center

ALTERNATIVE ACTION(S):

Conduct the review and direct Staff to provide additional analysis or changes to the proposed fees for action at a future meeting.

ATTACHMENTS:

1. 2023-2024 Proposed Fee Schedule with Change Comparison
2. Propane Cost Chart
3. Electrical Cost Chart
4. Capital Improvements Chart
5. Program Budget Sheets
6. Facility Survey's

CONSISTENCY

The use of an inflationary index to increase fees with a full analysis every three years is a more efficient method and is consistent with the City Council's financial policy of requiring full cost-recovery for services provided.

IMPLEMENTATION/TIMEFRAMES:

The new fees cannot become effective until at least 60 days after the adoption of the resolutions pursuant to the California Government Code Section 66017(a). The Consolidated Fee Schedule will be updated and distributed to each patron and will be posted on both the C.V. Starr website and C.V. Starr Facebook page.

NOTIFICATION:

None.