Agenda Item No.: **44.**

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: FEBRUARY 3, 2010

DEPARTMENT: LEISURE SERVICES
DIRECTOR: BILLIE BASTIAN ☐**Consent** ☒ **Discussion**

SUBJECT:
Report and possible action concerning: Leisure Services/Pros Consulting Pricing and Revenue Plan for Improved Program Services, Efficiencies and Sustainability - All Wards

Fiscal Impact
☐ **No Impact** ☐ **Augmentation Required**
☐ **Budget Funds Available**
Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:
To support the city's priority to reduce the general fund structural budget deficit and to ensure continued service delivery, the Department of Leisure Services is endeavoring to develop a more financially sustainable approach to doing business. Currently a wide array of programs, activities, rentals and services are offered to our citizens. A new progressive revenue and pricing plan has been developed. The plan will allow the Department of Leisure Services to better manage assets by collecting appropriate fees to offset costs associated with specific programs and services, which is essential to sustain and maintain quality parks and leisure experiences through a business model with measurable social aspects.

RECOMMENDATION:
Staff recommends the City Council accept the report and authorize the City Manager to incorporate the new pricing plan into the annual budget cycle

BACKUP DOCUMENTATION:
1. Leisure Services/Pros Consulting Pricing and Revenue Plan for Improved Program Services, Efficiencies and Sustainability
2. Submitted after Meeting - PowerPoint Presentation by Staff

Motion made by GARY REESE to Approve

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0
RICKI Y. BARLOW, LOIS TARKANIAN, STEVE WOLFSON, OSCAR B. GOODMAN, GARY REESE, STEVEN D. ROSS, STAVROS S. ANTHONY; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:
LONNY ZIMMERMAN, Deputy Director of Leisure Services, indicated that as part of the Fundamental Services Review, the department contracted Pros Consulting to take a look at how

to be more efficient during this difficult budget time. He presented a detailed PowerPoint on the development of a more financially sustainable approach to doing business.

Currently, a wide array of programs, activities, rentals and services are offered to the citizens. A new progressive revenue and pricing plan has been developed, which will allow the Department of Leisure Services to better manage assets by collecting appropriate fees to offset costs associated with specific programs and services. This is essential to sustain and maintain quality parks and leisure experiences through a business model with measurable social aspects. The vision of the City Council is to set the standard of excellence for all citizens.

COUNCILMAN WOLFSON asked if the 32 percent cost recovery is the total for Leisure Services, to which MR. ZIMMERMAN replied in the affirmative, adding that it is just under the 34 percent national average. He noted that the goal is to become a world-class department and, as a department, it needs to lead its way out.

COUNCILMAN ROSS asked how this affects the cost for those families struggling to make ends meet. MR. ZIMMERMAN replied that this gives the department an opportunity to examine all pricing and explain any recommended increases, such as rentals at the Darling Tennis Center, some safe-key centers, but none of those are set in stone.

COUNCILMAN ROSS noted that citizens may panic about pricing; therefore, it is important to let the residents know about the programs and promote them because volume is important. MR. ZIMMERMAN stated that many residents do not realize what services are available.

COUNCILMAN REESE asked what would happen to the sports program if nothing is done. MR. ZIMMERMAN replied that the people would continue to use the fields, which he believes to be undervalued. COUNCILMAN REESE stated that he has always been very active in programming offered by the City and County but wonders if this is the right time to raise fees at any level for any use. MR. ZIMMERMAN responded that during prosperous times fees could not be raised to serve all, but raising fees needs to be explored in order to maintain the facilities and quality of programs. He added that the fees are comparable to the County and other entities.

COUNCILMAN REESE stated that some of the people he represents are moderate incomes, and asked that he be kept informed about what is being done. MR. ZIMMERMAN stated that if a service is mispriced, it will have a cascading effect. The goal is to charge adequately for good service.

Regarding organizations that pay for tournaments that pay a nominal fee and make large profits, COUNCILMAN WOLFSON stated there is a need to distinguish between the two types of services, services to individuals and those provided to groups. He verified with MR. ZIMMERMAN that the City does not control what organizations charge individual members. MR. ZIMMERMAN indicated that this is an area that they have been looking at and suggested better communication and book inspections. CITY ATTORNEY BRAD JERBIC stated that that would depend on the contract of the organization and whether their profit margins could be inspected.

COUNCILWOMAN TARKANIAN agreed that some of these groups are making good profits. She noted that residents see lights in parks late at night, and asked if there is a way to shut off the lights in no one is in the park. She pointed out that at Baskin Park the City had a machine that took money to turn on the lights. MR. ZIMMERMAN replied that there are 122 sports fields operating every night and it is difficult to police that. This proposal included a fine for failing to turn off lights and leaving fields open. He assured the Councilwoman that steps are being taken to correct this problem.

In defense of some of the leagues, COUNCILMAN ROSS stated that many are not making a profit and do a good job of taking care of the fields. The Councilwoman agreed there are groups that charge a lot of money and others that do not.

At the request of COUNCILMAN BARLOW, MR. ZIMMERMAN explained the price of each category, specifically sports and adaptive recreation division. In the past, staff would align money to adaptive recreation and run with that, but as they move forward, there might be available public and merit opportunities where the community would benefit. There is more public benefit for the day programs for an individual with a disability. Moving forward, staff would set cost recovery goals within a program and review all costs and where to save.

COUNCILMAN BARLOW asked if he looked at set pricing of other communities. MR. ZIMMERMAN answered that they have always looked at Henderson and the County and outside the state, including Phoenix, who has laid off about 50 percent of its parks and recreation staff, mainly because it is not being as progressive as the City of Las Vegas. Other cities did not cut the pricing, but have cut programs.

COUNCILMAN BARLOW stated that in looking at revenue from the various divisions within Leisure Services, the revenue in 2008 was $12.6 million and the expenditures were $32.2 million, it appears that $19.5 million was subsidized by the City. MR. ZIMMERMAN explained that there are other things that impact the budget. The coding has become very essential and the one thing that the department is not good at is factoring in administrative costs. The safe-key program is 100 percent cost recovery. However, due to the economy, safe-key recovery has decreased and it is at about 85 percent.

BILLIE BASTIAN, Director of Leisure Services, stated that staff is taking a more comprehensive look at all revenues and expenditures for all 70 safe-key sites and will be preparing to discuss the report with COUNCILMAN BARLOW.

COUNCILWOMAN TARKANIAN was impressed with the business approach Leisure Services has taken, along with the humanistic ingredient.

MAYOR GOODMAN thanked staff for an impressive presentation.