

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: YMCA Request for Funding DEPARTMENT: Finance PRESENTED BY: Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

The Shoreline/South County Family YMCA is building a new facility at the south end of Echo Lake. In March 2007 the YMCA provided a presentation to the City Council on the status of the development of their new facility in Shoreline. At that time they requested that the Council waive their permitting fees (estimated at \$60,000) and have the City enter into a service agreement for \$1 million payable over 20 years.

BACKGROUND

At the June 4, 2007 City Council meeting Council discussed the YMCA's request for funding and requested that staff develop recommendations for one-time and ongoing financial support.

There are legal obligations that must be met with the distribution of any City funds. The State Constitution prohibits the gift of public funds to private entities, including non-profit organizations. Although the City is allowed to contract with private organizations for services and programs that accomplish a municipal purpose, we typically fund those services that we are not currently providing or are not able to provide ourselves, such as museum, art, and senior services. Thus, if there is a program or service that the YMCA will offer in its new facility which is outside the scope of our current City of Shoreline recreation programs, it would be legally possible to contract. It would be a matter of determining what the appropriate service would be, whether the service should be contracted, and how that service compares in priority to other services.

The original request from the YMCA requested that the City and the YMCA enter into a service agreement for \$50,000 annually (over and above current jointly provided programs) over a twenty year period commencing in 2008. As was discussed with Council on June 4, 2007, the City does not currently have any agreements in which we have obligated a service to a specific service provider for this period of time. Also at this point in time, staff does not believe that it is financially prudent for the City to enter into such an agreement. In the later part of 2007 the City will be initiating a long-term financial strategy process with a Citizen Advisory Group. This process is primarily to dialogue with representatives of the community on how to address the projected operating budget gaps for 2010 and beyond. Through the process, which is anticipated to take twelve to eighteen months, we will hear their suggestions on priorities for

services and funding options. From staff's perspective, it is premature to add a large on-going obligation to the City's budget prior to completing this process.

The City already contracts with the YMCA for two programs: youth diversity program and the after school Hang-Time program that is held at Kellogg Middle School. The City pays the YMCA \$13,000 annually for these programs and in addition provides an additional \$19,000 in in-kind services, for a total of \$32,000 annually. In-kind services include staffing, supplies, and some contractual services.

In addition to these services the YMCA has been allowed to rent park facilities for their summer programs at the resident youth rate (\$3/hr) even though the YMCA charges a fee for participant participation. The primary site is Shoreview Park. In 2007 the City anticipates receiving \$3,735 in rental revenue related to City facilities. This includes 650 hours of baseball field usage at Hamlin Park, Ridgecrest and Shoreview (\$1,950), 455 hours of soccer field usage at Paramount School Park, Shoreview Park, and Field B at Shoreline Park (\$1,785), and 173 hours of tennis court usage at Shoreview Park at no charge. The rental rates which the City charges the YMCA do not capture the actual cost of providing the various parks or facilities. The value of the existing contracts, in-kind services, and below cost field rental may well meet or exceed the \$50,000 per year that the YMCA is requesting.

The YMCA has also requested that the City consider waiving permitting fees. The permit fees due to the City are estimated at \$60,000. RCW 43.09.210 requires separate accounting by division or department, for example the City cannot waive the fees on its own projects. The waiver proposal would require our development services division to subsidize the parks and recreation benefits received by agreement for YMCA services. The lost fee revenue must be considered along with other general fund revenue paid in negotiating an equivalent value from the YMCA.

Given the City's long-term financial challenges, staff has recommended that the City not commit to additional on-going expenditure obligations until such time as on-going resources are identified to support the on-going costs.

ALTERNATIVES

If Council desires to provide one-time funding to the YMCA, then staff recommends that we enter into a service agreement with the YMCA for a total of \$80,000 over a two year period or \$40,000 annually. Since the City currently provides approximately \$32,000 in direct and indirect resources annually to the YMCA, adding this additional funding would bring the total annual level of funding to approximately \$72,000 for two years. Staff will identify the highest priority needs that the YMCA could fulfill in deliverable services and bring back a contract for your review and approval allowing the City to incorporate this agreement into the City's 2008 budget process. Legally the City can not exchange the funds with the YMCA until the time that services are provided, and therefore the timing of the distribution will be determined as part of the service contract. The funding source for the service agreement will be the use one-time dollars from the fund balance in the General Fund. The City currently has approximately \$952,000 of one-time dollars available.

If Council desires to direct staff to enter into a long-term service agreement over a five, ten or twenty year period, this would represent a new ongoing commitment for the City. Since the City is currently projecting future gaps between ongoing revenues and expenditures, the City would need to either reduce current ongoing expenditures or implement new ongoing revenue sources such as a levy lid lift.

SUMMARY

As the City engages the community in the long-term financial strategy planning process, one aspect will be hearing from the community their desire for changes in service levels provided by the City. This will provide the Council information on any increases to services that may be desired in future years and possible funding sources to provide those services. Until this process has been completed the City can enter into a service agreement using one-time resources for a limited period of time.

The services that the YMCA provides to our community are valuable and the City will continue to look for ways to partner with the YMCA to best serve our community in the areas of recreation and social services. The City already partners with the YMCA to provide the Hang-Time and Youth Diversity program. In addition the City has partnered with the YMCA in providing recreational sites for their summer programming at a minimal cost.

RECOMMENDATION

Staff recommends that the Council direct staff to negotiate a service contract with the YMCA for services not to exceed \$80,000.

Approved By: City Manager  City Attorney ____