

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b> Emergency Funding request from the Shoreline Lake Forest Park Senior Center
<b>DEPARTMENT:</b> City Manager's Office
<b>PRESENTED BY:</b> Robert Olander, City Manager

**PROBLEM/ISSUE STATEMENT:**

The Shoreline Lake Forest Park Senior Center has approached the City with a request for emergency funding which will allow them to avoid service cutbacks for the next two years. The Center is requesting \$18,000 for the balance of 2007 and again in 2008. This funding will allow the Center to maintain service levels while it identifies a long term financial strategy and increases revenues.

The City has not established a routine process to address such emergencies and must consider the merits of the request, the availability of City funding and the implications for future support to this and other agencies/programs.

**ALTERNATIVES ANALYZED:**

The City can either grant or deny the request. If the City opts to grant all or a portion of the request staff recommends that the Center be tasked with the development of a short and long term financial and operational plan to ensure the Center's independence and long term financial viability.


**FINANCIAL IMPACT:**

Staff is recommending that the \$36,000 be funded with one-time monies from the \$838,000 of one-time savings generated in 2006. Staff is not recommending that this be funded at an on-going level; rather, the Senior Center will have an opportunity to request the needed level of funding during the regular two year human service funding cycle that will begin in April 2008 for 2009 and 2010. As staff has previously recommended, the City of Shoreline is not in a financial position to commit to any long term funding increases, since the City is projecting serious operating shortfalls for 2009 and beyond. It would be fiscally irresponsible at this time to add to that projected deficit. The two year one time funding will allow time for the city and Council to consider this, and other pending requests, as part of our community outreach strategic financial planning that the Council has endorsed which will start this fall.

**RECOMMENDATION**

Staff recommends that the City allocate an additional \$36,000 (\$18,000 in 2007 and \$18,000 in 2008) of one time funding for the Shoreline Lake Forest Park Senior Center

and require the S/LFP Senior Center to develop a short and long term financial plan prior to the next round of City Human Services Funding.

Approved By:      City Manager  City Attorney \_\_\_\_\_

## INTRODUCTION

The Shoreline Lake Forest Park Senior Center (S/LFP Senior Center) provides services to some 3127 individuals each year. Roughly 50% of those served are Shoreline residents. The City of Shoreline has supported the operation of the Center at increasing levels since the City's incorporation. In 2007, the City increased its level of support by 12% to a total of \$77,708. Like many other non-profits, despite increases in fundraising, revenues are not keeping pace with increases in costs. The Center's revenues have increased each year since 2002 yet it has needed to use reserves to cover operating losses since 2003. Continuing this practice is no longer feasible and the Center is appealing to public funders for emergency support.

In mid-June of 2007 the S/LFP Senior Center announced it would be reducing the hours of operation each day in order to balance its 2007 budget. The S/LFP Senior Center will be closing at 3:00 p.m. rather than at 4:30 p.m. for the months of July and August and possibly throughout the balance of the year. This will save approximately \$1,500/month.

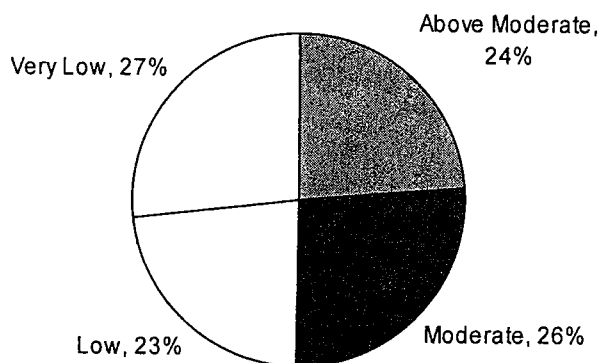
## BACKGROUND

The Center met with the City Council at a dinner meeting on April 23, 2007 and presented information on their current financial situation. At the Council's June 4<sup>th</sup> meeting the S/LFP Senior Center presented a specific request for \$18,000 in emergency funding and the City Council scheduled this item for action at the June 18, 2007 meeting. In these sessions the S/LFP Senior Center reviewed its services, history and finances. These are summarized below.

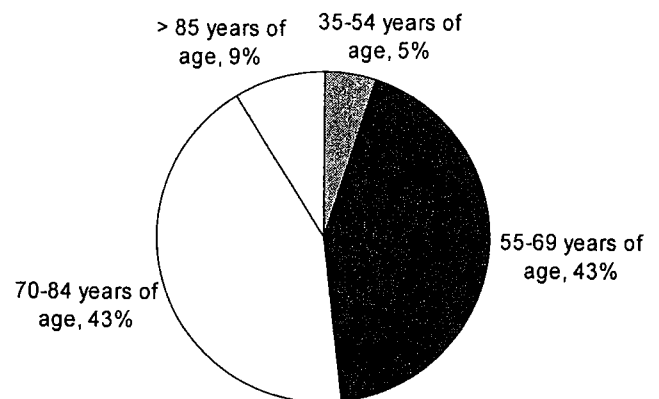
### The S/LFP Center's Services

The S/LFP Senior Center served 3127 unique participants in 2006. As the following chart displays the Center's participants are about equally split between those over and under 75 years of age. Income levels of participants too are split roughly equally around the total household income of \$27,000.

Income Levels of Participants



Ages of Participants



Shoreline residents made up 46% or 1440 of the participants. The largest other grouping of participants comes from Seattle, 35% and Lake Forest Park residents account for a total of 6%, or 127 of the Center's patrons. The distribution of participants among various cities is typical of senior centers across the region. Participants often will cross municipal and county boundaries to attend activities that provide an activity that is of specific interest and is offered at convenient time.

Each month the S/LFP Center provides an average of 6055 hours of service. These services are split 60/40 between Education/Recreation and Health/Exercise. Education/Recreation includes programs such as computer literacy, crafts and socialization. Health/exercise includes counseling, health clinics, exercise classes and support groups. The S/LFP Center has two full time and one half time staff and many volunteers that provide these services.

#### Funding History

When the Center was first started in 1975 the Shoreline Community College provided an organizational home. In 1980 the Center came under the umbrella and fiscal sponsorship of Senior Services of King County. Today the S/LFP Senior Center joins 7 other senior centers as a part of Senior Services of King County and receives specific financial support and management/organizational support from this organization.

Throughout the early days of the S/LFP Senior Center operation King County provided a substantial portion of its budget. When the City incorporated, the County began to withdraw its funding and has since completely eliminated the Center, as well as all other centers serving incorporated areas, from ongoing funding.

The City of Shoreline has and continues to provide funding to the S/LFP Senior Center through its Human Services Allocation process. In 2007 this funding stands at \$77,708 and accounts for roughly 25% of total revenue.

#### Structural Problem in Senior Serving Community

The S/LFP Senior Center has seen a steady but small increase in expenses since 2002. Costs have risen by a modest of 7% over the past 3 years. At the same time revenues have increased by just over 2%. While the overall support from Senior Services has increased so to have its administrative fees charged to the S/LFP Senior Center. This year the S/LFP Center has been notified by its landlord, Shoreline Public Schools that its rent will increase by a substantially larger measure than typical. Typically rent has been rising 3-4%/year. Shoreline Public Schools is reevaluating their rental fees across the board and has notified the S/LFP Senior Center that they may see an increase in the 10 – 20% range. This would mean an additional \$3100 to \$7800 for rent over and above their current projections.

Many other senior centers around the region, particularly in King County, are facing the same financial squeeze. Major historical funders are tightening their budgets, focusing and prioritizing their funding priorities and as a result support for generalized senior activities is declining. As an example, Senior Services has recently had to scale back its Meals on Wheels and noon time nutrition programs. It is likely that the coming years will see a continued erosion in financial support from traditional funders. Some but not all centers have been able to meet this challenge with significant new revenue

producing activities. The S/LFP Center is successfully developing some new revenue producing events. These have increased the annual revenue from fundraising by \$15,000 since 2002. However, even this increase is not yet producing sufficient income to close the projected gap. While the requested emergency funding will see the S/LFP Center through the next two years, a long term solution must be found.

### **ANALYSIS**

The S/LFP Center's precise financial situation is in flux. The S/LFP staff and Board are considering implementing cost saving measures and the ultimate size of rent increases is not known. It is clear from the S/LFP Senior Center's financial history that 2007 and 2008 will show a deficit absent any infusion of revenue. This deficit is estimated to be from \$15,000 to \$20,000. The Center is also seeking funding from King County and from the City of Lake Forest Park. These appeals have yet to be fully considered. It does appear likely though that some additional funding, perhaps small, will be forthcoming from at least one of these sources. As noted above, this will not address the long term financial trends the S/LFP Senior Center is facing.

The S/LFP Center provides a unique service to the community and has received significant support from the City throughout its history. By providing the requested funding the City would be supporting efforts to maintain this service for the 1400 Shoreline residents who now use the S/LFP Center. The S/LFP remains a strong organization and is a going concern with viable options to address their current shortfall. With this request the Board and staff are asking for the City's support to grant them sufficient time to develop and implement longer term solutions.

Support from the City for the balance of our current two-year Human Services Funding Cycle (2007-2008) would provide the Senior Center with the bulk of the revenue needed to address their shortfall and give the Board and staff time to address the structural problems they are facing. This then allows the City to consider any ongoing needs of the Senior Center along with other human services needs in the community.

The City's funding should both support continuing operations as well as the S/LFP Senior Center's staff and Board's development of a short and long term financial and operating plan. This plan will need to be submitted to the City for review prior to the consideration of any further funding of the S/LFP Senior Center.

### **RECOMMENDATION**

Staff recommends that the City allocate an additional \$36,000 (\$18,000 in 2007 and \$18,000 in 2008) of one time funding for the Shoreline Lake Forest Park Senior Center and require the S/LFP Senior Center to develop a short and long term financial plan prior to the next round of City Human Services Funding.

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**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<p><b>AGENDA TITLE:</b> YMCA Request for Funding <b>DEPARTMENT:</b> Finance <b>PRESENTED BY:</b> Debbie Tarry, Finance Director</p>
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**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 \_\_\_\_