

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Emergency Funding request from the Shoreline Lake Forest Park Senior Center
DEPARTMENT:	City Manager's Office
PRESENTED BY:	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.

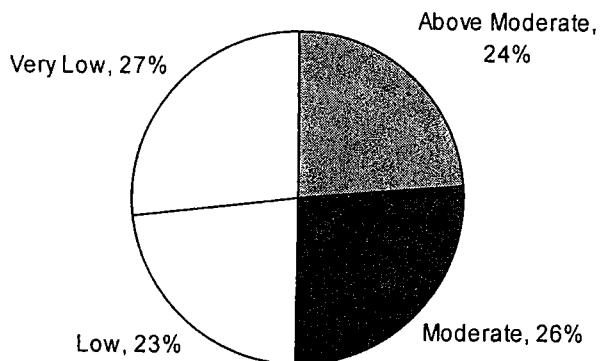
BACKGROUND

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 4th 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.

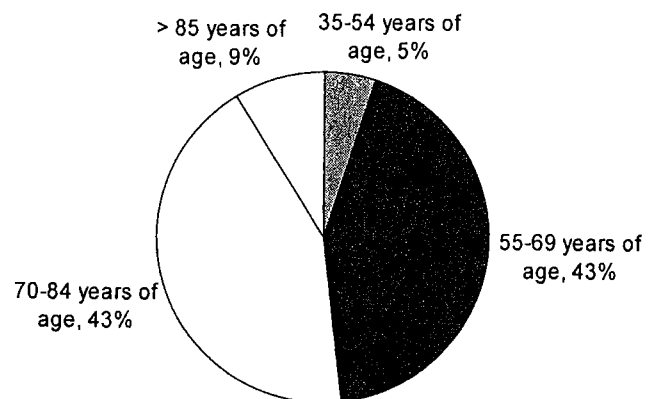
The S/LFP Center's Services

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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