



Carson City

Board of Supervisors Meeting
January 17, 2013

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

AGENDA

- Overview
- Public Defender Cost and Utilization Study
- Community Facilities Cost Recovery Study
- Eagle Valley Golf Course Cost Recovery Study
- Program Summary

OVERVIEW

INTRODUCTION

- The City retained Moss Adams LLP in January 2012 to serve as the designated City Auditor and conduct projects focusing on:
 - Risk management
 - Department or program efficiency
 - Department or program effectiveness
- Work is being completed under the standards from the Institute of Internal Auditors (IIA) and the AICPA's consultancy standards
- To date, Moss Adams' work has focused on performance auditing and consulting versus internal audit

STATUS REPORT

- May: Audit Committee and Board approved two projects:
 - Community Facility Cost Recovery Study
 - Public Defender Cost and Utilization Study
- June: Audit Committee and Board split Community Facility Study into two components:
 - Eagle Valley Golf Course
 - Community Center, Aquatics Center, and Ice Rink
- October: Internal Auditor presented Golf Final Report to Audit Committee
- November: Internal Auditor presented Public Defender and Community Facilities Final Reports to Audit Committee

STUDY METHODOLOGY

- Interviews – conducted interviews with internal and external stakeholders
- Documents – reviewed relevant documents to understand historical and current environment
- Analysis – market factors, revenues, expenditures, and performance
- Deliverables – submitted draft and final reports, key stakeholders reviewed draft reports
- These studies were not financial audits. They were not intended to be an assessment of internal controls, compliance, compensation, or procedures.

PUBLIC DEFENDER COST AND UTILIZATION STUDY

STUDY OBJECTIVES

- The objective of this study is to determine the most cost-effective way for Carson City to provide public defense services.

KEY FINDINGS

- Carson City has faced significant financial pressure requiring budget reductions
- Indigent defense costs have continued to increase and are not within the City's control
- Indigent defense costs and services are complicated to analyze
- There are strong and contrasting viewpoints on how these services should be delivered

KEY FINDINGS

- There are three options for indigent defense in Nevada: NSPD, County Public Defender, and contract attorneys
- NSPD originally represented 15 eligible counties; now 4 counties use NSPD, 5 counties use a County Public Defender, and 8 counties use contract attorneys
- Carson City is the largest customer of NSPD with 68% of NSPD service hours budgeted to be provided to Carson City in FY 12-13
- For the five-year period FY 07-08 through FY 11-12:
 - NSPD budget for Carson City increased 18.7%
 - NSPD budget for counties increased 3.8%
 - NSPD hours for Carson City increased 23.5%
 - NSPD hours for counties increased 14.7%

NSPD SERVICE HISTORY

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	
NSPD Budgeted Carson City Costs	\$824,696	\$899,484	\$915,691	\$935,193	\$978,924	18.7%
NSPD Budgeted Total County Costs	\$1,313,798	\$1,313,737	\$1,359,834	\$1,366,620	\$1,363,447	3.8%
NSPD Hours for Carson City Cases (includes investigations)	10,443	8,256	11,293	12,096	12,902	23.5%
NSPD Hours for All Counties Served (includes investigations)	15,422	13,177	18,493	18,186	17,688	14.7%
NSPD Total County Cases	3,259	4,007	3,081	3,430	3,187	-2.2%

OPTIONS

NSPD and Conflict Attorneys (Status Quo)		
Advantages	Disadvantages	Cost
<ul style="list-style-type: none"> Administrative simplicity of an outsourced model 	<ul style="list-style-type: none"> Lack of City control 	\$1,392,009
County Public Defender and Conflict Attorneys (replicate current model)		
Advantages	Disadvantages	Cost
<ul style="list-style-type: none"> Increased City control 	<ul style="list-style-type: none"> No cost savings Increased administrative burden on City Added risks 	\$1,464,949
Contract Attorneys Only (6 or 7 attorneys)		
Advantages	Disadvantages	Cost
<ul style="list-style-type: none"> Material cost savings Increased City control 	<ul style="list-style-type: none"> Increased administrative burden on City Increased administrative burden on Courts Risk of extra costs (e.g., murder case) 	\$1,023,000 to \$1,193,500

POTENTIAL ANNUAL COST SAVINGS

	<u>6 FTEs</u>	<u>7 FTEs</u>
• Based on Budget	\$369,000	\$198,500
• Based on Average Refund	\$271,000	\$95,000

RECOMMENDATIONS

1. Optimize the current delivery model by:
 - Working with the NSPD to refine the basis for determining the cost of services charged to Carson City
 - Collecting comprehensive case data from conflict attorneys
 - Incorporating performance standards in attorney contracts
 - Gaining greater visibility by City administration of indigent defense costs paid directly by the courts
2. If the City is unable to achieve more cost effective services from NSPD, then transition to a contract attorney only model after thoroughly considering the advantages and disadvantages of this approach

COMMUNITY FACILITIES COST RECOVERY STUDY

STUDY OBJECTIVES

- The objective of this study is to determine opportunities for greater cost recovery to reduce reliance on the General Fund.

KEY FINDINGS

- Most sports and youth programs at the Community Center achieve 100% or greater cost recovery
- Significant facility usage of Community Center and Theater by non-paying and highly-discounted users
- Non-paying reservations take precedence over paying customers
- Theater and Aquatic Facility require 60% and 50% General Fund subsidy, respectively
- Question 18 funds have yet to benefit the Theater
- Theater does not have dedicated marketing and has no fundraising, sponsorship, or advertising
- Aquatic Facility has limited leisure use
- Ice Rink advertising revenues have diminished and use does not include rental for private events

FY 11-12 FINANCIAL SUMMARY

	Expenses	User Fees	General Fund	Cost Recovery
Carson Community Center & Bob Boldrick Theater	\$303,431	\$132,706	\$170,725	44%
Aquatic Facility	\$607,861	\$263,419	\$303,931	43%
Arlington Square Ice Rink	\$85,522	\$82,673	\$0	97%
Total	\$996,814	\$478,798	\$474,656	48%

MANAGEMENT AND POLICY

Recommendations

- Evaluate the cost-effectiveness of School District and other Joint Use Agreements.
- Consider reprioritizing reservations and bookings for the Community Center and Theater to accommodate paying customers.
- Evaluate cost recovery and activity prioritization process with the input of the Board of Supervisors to develop a comprehensive cost recovery model for the Parks and Recreation Department.

COMMUNITY CENTER AND BOB BOLDRICK THEATER

Recommendations

- Continue to pursue programs with the highest amount of cost recovery.
- Pursue opportunities to increase revenues, particularly for the Theater.
- Itemize Community Center revenues and expenditures to determine the sources and uses of funds and enable more precise budgeting.

COMMUNITY CENTER AND BOB BOLDRICK THEATER

Recommendations

- Determine how to leverage Question 18 funds to make capital improvements and unlock operations funding.
- Investigate the feasibility of employing a dedicated marketing and booking staff member to manage and promote Theater reservations.
- Explore opportunities for sponsorships, fundraising, and advertising for the Theater.
- Evaluate the opportunity for outsourcing management and operations of the Theater to a non-profit.

AQUATIC FACILITY

Recommendations

- Consider raising admissions fees.
- Market the outdoor pool for recreational use during the summer.
- Collaborate with the Convention and Visitors Bureau to market the Aquatic Facility to residents and visitors.

ARLINGTON SQUARE ICE RINK

Recommendations

- Continue to pursue advertising and sponsorship opportunities.
- Explore the revenue generating capacity of renting the Ice Rink for events.

EAGLE VALLEY GOLF COURSE COST RECOVERY STUDY

STUDY OBJECTIVES

- The objective of this study is to determine opportunities for cost recovery and operational improvements at the Eagle Valley golf courses.

KEY FINDINGS

- Constructed in 1974 and expanded in 1985, Eagle Valley supports recreational and tournament golf activities and treated wastewater effluent disposition
- Since 1997, managed by CCMGC, generally profitable, and regular investments have been made in course improvements
- FY 08-09 through FY 11-12 reflect financial challenges:
 - \$480,000 required payments
 - \$210,000 deferred by Board of Supervisors
 - \$70,000 paid by CCMGC
 - \$200,000 unpaid by CCMGC
- Current annual payment requirement is \$120,000

KEY FINDINGS

- CCMGC should be able to increase bottom line performance by \$50,000 to \$100,000 per year through:
 - Enhanced oversight by the City
 - Marketing and operations collaboration between the City and CCMGC
 - Added CCMGC focus on increasing revenues and decreasing costs

OVERSIGHT

Recommendations

The City should hold a voting seat on CCMGC's Board.

CCMGC should develop an operating budget against which the City can evaluate operations.

The City should integrate Eagle Valley into Parks and Recreation marketing, maintenance, and operations, where beneficial.

The City should enforce lease terms, renegotiate the terms of the lease, or re-bid the Eagle Valley lease.

OPERATIONS

Recommendations

CCMGC should continue to set rates at a competitive level and pursue opportunities to generate additional revenue.

CCMGC should recover some costs from complimentary rounds.

CCMGC should continue to pursue efficiencies in operations.

CCMGC should fully develop and implement the Eagle Valley marketing plan.

POLICY

Recommendations

The City should develop alternative areas as contingency for additional wastewater effluent.

The City should consider evaluating alternative land use scenarios for the Eagle Valley East Course.

PROGRAM SUMMARY

2012 PROGRAM REVIEW

Project	Professional Fees	Potential Savings	Potential ROI
Risk Assessment/Meetings	\$40,000	\$0	n/a
Public Defender Study	\$20,000	\$95,000 - \$369,000	5/1 to 18.5/1
Eagle Valley Golf Study	\$20,000	\$50,000 - \$100,000	2.5/1 to 5/1
Community Facilities Study	\$15,000	\$30,000 - \$60,000	2/1 to 4/1
Total	\$95,000	\$175,000 - \$529,000	2/1 to 5.5/1

2013-14 PROPOSED PROGRAM

- Fraud, Waste, and Abuse (FWA) Program Development: Develop a FWA policy and establish a program framework (8-12 weeks, \$20,000, plus expenses)
- Fleet Management Efficiency Study: Determine whether the fleet management group could operate more efficiently (10-12 weeks, \$25,000, plus expenses)