

**City of Carson City
Request for Board Action**

Date Submitted: 01/08/13

Agenda Date Requested: 01/17/13

Time Requested: 30 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director
Michael Bertrand, Audit Committee Chairman

Subject Title: For Possible Action: Presentation, discussion, acceptance and possible direction to staff regarding implementation of one or more Community Facility Cost Recovery Analysis recommendations prepared by Moss Adams. (Michael Bertrand)

Staff Summary: Moss-Adams has been contracted by the Carson City Audit Committee and the Board of Supervisors to provide Internal Audit Services to Carson City. At the May 17, 2012 Carson City Board of Supervisors meeting, the Board directed Moss Adams to perform a Community Facility Cost Recovery Analysis. The report was presented and accepted by the Carson City Audit Committee on November 20, 2012. Representatives from Moss Adams will be presenting the report.

Type of Action Requested: (check one)

☐ Resolution

☐ Ordinance

☒ Formal Action/Motion

☐ Other (Specify)

Does this action require a Business Impact Statement: () Yes (X) No

Recommended Board Action: I move to accept the Community Facility Cost Recovery Analysis prepared by Moss Adams and direct staff to bring back an implementation plan based on Board of Supervisors discussion and the recommendations in the report for approval by the Board of Supervisors at a later date.

Explanation of Recommended Board Action: See Staff Summary.

Applicable Statute, Code, Policy, Rule or Regulation: N/A

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: None

Supporting Material: Community Facility Cost Recovery Analysis Report prepared by Moss Adams

Prepared By: Nick Providenti

Reviewed By:

Theresa Blumh
(Department Head)

Date:

1/8/13

:

[Signature]
(City Manager)

Date:

1/8/13

:

[Signature]
(District Attorney)

Date:

1/8/13

:

Theresa Blumh
(Finance Director)

Date:

1/8/13

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

MOSS ADAMS_{LLP}

FINAL REPORT

Carson City Community Facility Cost Recovery Study

November 28, 2012

Moss Adams LLP

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Seattle, WA 98104

(206) 302-6500

TABLE OF CONTENT

I.	EXECUTIVE SUMMARY	1
II.	BACKGROUND, OBJECTIVES AND SCOPE, AND METHODOLOGY	5
A.	BACKGROUND	5
B.	OBJECTIVES AND SCOPE	6
C.	STUDY METHODOLOGY	6
III.	FACILITY OPERATIONS AND COST RECOVERY	8
A.	CARSON COMMUNITY CENTER & BOB BOLDRICK THEATER	8
B.	AQUATIC FACILITY	11
C.	ARLINGTON SQUARE ICE RINK	13
IV.	FINDINGS AND RECOMMENDATIONS	16

I. EXECUTIVE SUMMARY

The objective of this study was to identify opportunities for additional cost recovery at specific community facilities managed by the Carson City Parks and Recreation Department. The study was accomplished by reviewing the fees, business model, and utilization of the Carson Community Center, Bob Boldrick Theater, Aquatic Facility, and Arlington Square Ice Rink. The study did not review operations or cost recovery at Carson City's parks, fairgrounds, or open spaces.

This study is not a financial audit. It is not intended to be an assessment of internal controls, compliance, compensation, or procedures.

Carson City's sports and youth programs are required, in aggregate, to achieve 100% cost recovery. Each program and facility has a specific cost recovery target established by the Board of Supervisors with guidance from the Parks and Recreation Commission and staff. The Carson City Parks and Recreation Department defines cost recovery for programs as pertaining to only the direct costs associated with a program. For example, utilities, registration, and program evaluation costs are not included in direct costs.

Carson City Parks and Recreation Department expenditures decreased 16% from FY 09-10 to FY 11-12, and there is an estimated \$2 million in deferred maintenance department-wide. The last major user fee increase occurred in 2006 and applied to most sports and recreation programs. Carson City School District use of these facilities represents a significant proportion of total usage, and the District uses the facilities for free under a Joint Use Agreement (JUA) between the City and District that has been in place since 1981. Carson City has a strong commitment to supporting resident non-profit organizations. At the direction of the Board of Supervisors, Carson City non-profit organizations receive discounts on facility rentals of 50-75% off full rates.

The financial performance of each facility in FY 11-12 is summarized below.

Facility	FY 11-12 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%

** Notes: The Aquatic Facility is also funded via Question 18. From FY 08-09 through FY 11-12, the Ice Rink was funded by the Redevelopment Authority.*

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The Carson Community Center provides meeting rooms, a gymnasium, and classroom space for youth and adult athletics and fitness programs and latch key and summer youth programs. The Bob Boldrick Theater, located at the Community Center, seats more than 700 guests and is the largest theater in the area. Between FY 09-10 and FY 11-12, Center expenditures decreased 9%, and revenues from room rental fees increased 23%, while room rental rates remained stable. Most of the programs located at the Community Center, such as latch key, contract fitness classes, and sports leagues, achieve at least 100% cost recovery. Non-profits and governments represented approximately 80% of meeting and classroom hours reserved at the Community Center in FY 11-12. School district use, which is free under the JUA, represented 60% of total theater bookings in FY 11-12. Budget cuts in recent years have limited the City's ability to support theater fundraising, merchandising, concessions, ticketing, marketing, and bookings.

The Aquatic Facility includes an indoor Olympic-size lap pool, therapy pool, smaller outdoor pool with waterslide, a pool for children under six, and a small exercise room. The Aquatic Facility was expanded with Question 18 funds, which also financially support operations of the Facility. The Facility's target cost recovery is 50%, including Question 18 funds. From FY 09-10 to FY 11-12, expenditures at the Aquatic Facility declined 19%, while costs recovered from fees increased from 35% to 43%. The facility is closed to the public approximately ten hours per week for club swim team use.

The Arlington Square Ice Rink, which was developed in 2008, is open in downtown Carson City during the winter, weather permitting. From FY 08-09 through FY 10-11, the rink was funded through the Redevelopment Authority. Revenues increased each year since the rink opened. From FY 09-10 to FY 11-12, the Ice Rink's total expenditures decreased 54%, due largely to the City acquiring capital assets for the Rink through FY 10-11. In FY 11-12, the rink achieved 97% total cost recovery, including capital and operating costs, and 121% recovery of operating costs. Since 2010, the City has purchased equipment in order to operate the ice rink. Opportunities for sponsorships and advertising are integrated into the ice rink through board and fence ads.

The City should be able to recover additional costs at the Community Center and Aquatic Facility, the two facilities that operate on a 50% or greater General Fund subsidy. For example, recovering 25% of the cost incurred by non-profit and School District users of the Theater could generate approximately \$20,500. Raising drop-in fees by \$1 at the Aquatic Facility could have generated an additional \$14,000 in Q1 of FY 12-13. In addition, raising advertising revenues at the Ice Rink to the level they reached in FY 10-11 could generate an additional \$3,000.

The tables below provide a summary of recommendations for each facility addressed by this study.

Management and Policy

Evaluate the cost-effectiveness of School District and other Joint Use Agreement.

Consider reprioritizing reservations and bookings for the Community Center and Theater to better accommodate paying customers.

Evaluate cost recovery and activity prioritization with the input of the Board of Supervisors to develop a comprehensive cost recovery model for the Parks and Recreation Department.

Community Center & Bob Boldrick Theater

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.

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

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

Continue to pursue advertising and sponsorship opportunities.

Explore revenue generating opportunities for renting the Ice Rink for events.

II. BACKGROUND, OBJECTIVES AND SCOPE, AND METHODOLOGY

A. BACKGROUND

The Carson City Parks and Recreation function is somewhat unique in that many of the programs managed by the Department recover a significant portion or all of their costs. Some programs within Parks and Recreation, such as playgrounds and open space, have little to no opportunities for cost recovery, while others, like the Aquatic Facility, generate revenues for the City. The Carson City Parks and Recreation Department defines cost recovery for programs as pertaining to only the direct costs associated with a program. In aggregate, all sports and youth programs strive to achieve 100% direct cost recovery; some activities have less than 100%, and some have more.

The Carson City Parks and Recreation Department budget decreased 16% from FY 09-10 to FY 11-12, and there is an estimated \$2 million in deferred maintenance department-wide. The last major user fee increase occurred in 2006, and applied to most sports and recreation programs. In the past five years, few fee increases have occurred as the City has been sensitive to the ability of individuals, businesses, non-profits, and community groups to afford rentals and programs during tough economic times.

Costs not recovered from user fees are subsidized by either the General Fund or Question 18 funds. The Question 18 measure set aside 20% of proceeds to help subsidize operating costs at facilities constructed with Question 18 funds. Of the facilities addressed in this study, only the Aquatic Facility is eligible for Question 18 operating funds. The Bob Boldrick Theater, which was on the original list of Question 18 capital projects, could be eligible for Question 18 operating funds if the capital projects for this facility are pursued.

A significant proportion of the use of the facilities considered in this study is free by the Carson City School District. The District and the City have had a joint use agreement (JUA) in place since 1981, allowing the City and the District to share the use of City and District facilities. The City's primary use of District facilities is the latchkey program, operated by Parks and Recreation in many schools. The District uses the Bob Boldrick Theater, the Community Center gymnasium, and the Aquatic Facility for regular programs and sports team activities. The City also uses school gymnasiums for youth and adult sports leagues. While the original JUA called for the District and the City to keep time records of facility use, this practice has not been maintained in recent years. In addition, the City and District agreed in 2001 to jointly formulate policies for planning, use, and maintenance of facilities. To date, these policies have not been developed. Under the JUA, the District receives reservation priority over paying customers. There are also similar JUAs in place with Silver State Charter High School and Western Nevada Community College.

Carson City has a strong commitment to supporting resident non-profit organizations. At the direction of the Board of Supervisors, Carson City non-profit organizations receive discounts on

facility rentals of 50-75% off full rates. For the purposes of facility rentals, individuals planning events such as weddings and picnics also qualify as non-profits. In addition, City departments and state government agencies receive free rentals.

B. OBJECTIVES AND SCOPE

The objectives of this study are to review the fees, business model, and utilization of community assets, and identify opportunities for additional cost recovery at these facilities. The following major community facilities in Carson City were studied: the Carson Community Center, Bob Boldrick Theater, Aquatic Facility, and Arlington Square Ice Rink. The study did not review operations or cost recovery at Carson City's parks, fairgrounds, or open spaces.

This study is not a financial audit. It is not intended to be an assessment of internal controls, compliance, compensation, or procedures.

C. STUDY METHODOLOGY

Interviews, Walkthroughs, and Survey

Moss Adams conducted a series of interviews with Carson City staff and leadership in July and August 2012. Except for the ice rink, which was not open, each community facility reviewed was walked through with staff. In September, a web-based survey was distributed to City Parks and Recreation staff to gain employee feedback regarding opportunities for cost recovery, operational improvements, and program offerings.

Document Review

Moss Adams reviewed financial, program, and policy documents during the course of the study. These included historical and current budgets and fiscal documents, the Parks and Recreation Master Plan, facility operational policies and procedures, applicable Board of Supervisors resolutions, and relevant City and Department policies and procedures.

Benchmarking

Studies conducted by the National Recreation and Park Association (NRPA) and the International City/County Management Association (ICMA) Center for Performance Measurement guided benchmarking. Relevant fiscal and policy information from other municipalities provided a benchmark for Carson City's fees, cost recovery, and operations.

Analysis

Carson City's fiscal policies and operations with respect to the four community facilities were evaluated against current and future economic conditions and industry standards. Cost recovery



alternatives were evaluated for each facility, and overarching management and policy recommendations were developed for the Parks and Recreation Department.

Deliverables

Moss Adams provided a discussion draft report to Carson City study participants to verify facts and verify the practicality of recommendations.

III. FACILITY OPERATIONS AND COST RECOVERY

A. CARSON COMMUNITY CENTER & BOB BOLDRICK THEATER

Facility History

The Carson Community Center was built in 1974 and provides meeting space and indoor sports and recreation opportunities for Carson City residents. Facilities at the Center include a gymnasium, two meeting rooms, a latch key program room, and two classrooms used primarily for contract fitness classes. The Center also has a full kitchen. Two full-time staff members manage and operate the Community Center.

Because there are no other recreation centers or municipal gyms in Carson City, many of the programs offered at the Center are adult fitness classes taught by contract instructors. Approximately 1,500 hours per month are reserved for sports programs at the Center.

The Bob Boldrick Theater is also located at, and shares staff with, the Center. The theater was built in 1974 and has not had any significant capital improvements since it was constructed. Capital improvements to the theater were on the original list of Question 18 projects, but they have not been implemented due to reduced budgets. These improvements include orchestra pit improvements, seating replacement, and lighting and control system renovations.

The two full-time Community Center staff members operate the theater in addition to their daily duties. Volunteers and on-call staff are also used to help operate and maintain the Theater. The Facilities Maintenance Division provides support and restroom-only custodial services to the theater. Other custodial services are provided by the Center's staff. The current budget does not support programming, fundraising, or marketing duties. Theater bookings are managed by an offsite Parks and Recreation employee, who also oversees all other facility rentals.

Current Operations and Cost Recovery

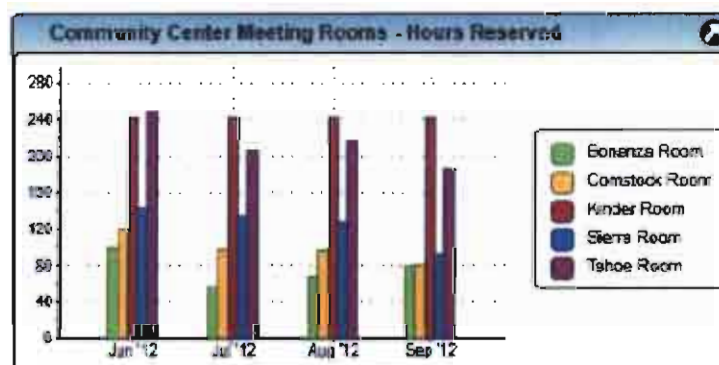
Between FY 09-10 and FY 11-12, the Center's expenditures have decreased 9%, while the percent of costs recovered increased from 31% to 44%. Over that time, fees from room rental fees increased 23%, while room rental rates did not change. The Community Center's last three years of revenues and expenditures are shown in the table below.

	FY 09-10	FY 10-11	FY 11-12
Total Expenditures	\$332,304	\$274,461	\$303,431
User fees	\$104,376	\$100,606	\$132,706
General Fund Support	\$227,928	\$173,855	\$170,725
% Costs Recovered by User Fees: Community Center Total	31%	63%	44%

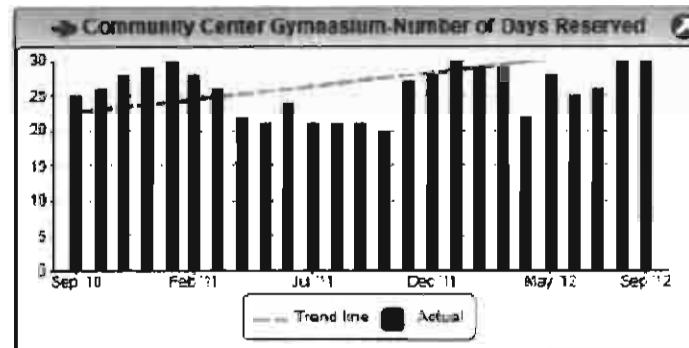
According to a 2010 NRPA study of parks and recreation fees and charges, municipal community centers in the West had median annual revenues of \$189,075, and municipal cultural arts centers revenues in the West had revenues of \$84,705, for a total of \$273,780. The Community Center's FY 11-12 expenditures were 11% higher than the regional median.

Full room rental rates, which apply only to for-profit entities, vary from \$53/hour for 1-4 hours in the Bonanza Room to \$524/hour for a half day in the gymnasium and kitchen. Resident non-profit rental rates vary from \$35 for the Bonanza Room to \$349 for the gymnasium and kitchen. Overall, resident non-profit rates are approximately 33% lower than full rates, while non-resident non-profits receive rates discounts of approximately 17%. The NRPA study reported median hourly room rental rates of \$25-\$45, and gymnasium rental rates of \$133-\$200.

Through the Active Strategy project, the City collects data on how many hours each room is reserved each month. In September 2012, for example, the meeting rooms were reserved for about 700 hours, as shown in the chart below.

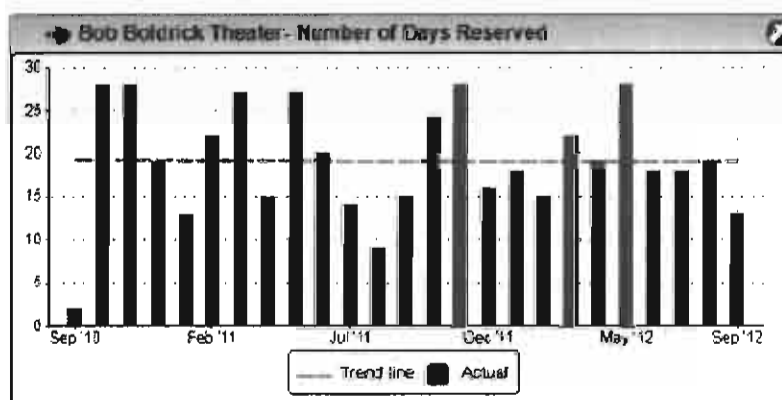


Gymnasium reservations have increased over the last two years, as shown in the chart below from the most recent Active Strategy quarterly review. The gymnasium is typically reserved for eight or more hours every day. During the summer, the Community Center gymnasium is used by the latch key program in the daytime and youth and adult sports programs in the evening.



Non-profits represented 80% of meeting and classroom hours reserved at the Community Center in FY 11-12. Most of the athletic programs, such as contract fitness classes and sports leagues, achieve at least 100% cost recovery. In addition, the latch key program, which has greater than 100% cost recovery, serves more than 400 children a year and could be expanded if space were available.

In FY 10-11, the Theater was reserved for 181 days. Over the past two years, Theater use has been stable, as shown in the chart below from the most recent Active Strategy quarterly report. The City reports that 60% of the Theater's reserved days in FY 11-12 were for free District use.



Theater rental rates range from \$104 to \$119 per hour for for-profit clients. Resident non-profit rates are approximately 66% of for-profit rates, and non-resident, non-profits are charged approximately 83% of the full rate. In addition to hourly fees, the City also charges assorted fees for performances, dark days, operator staff, and equipment.

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An operational assessment of the Theater was conducted earlier this year by a third party consultant specializing in arts and non-profit management. Key findings from the assessment include:

- The current budget does not support marketing, fundraising, bookings, merchandising, concessions, or ticketing.
- Equipment rental rates could be higher.
- Facility rental rates are generally below industry standards, and non-profit discounts are greater than at comparable facilities.
- If full rental fees been charged to discounted and free customers in FY 10-11, then the theater could have generated more than \$82,000 in additional revenues, representing 63% cost recovery.
- Event marketing is not offered as a service to clients.
- New revenue streams could be generated through concession sales, merchandising percentages, ticketing fees, marketing assistance, booking in-house programming, and charging rental fees to government clients.

According to the operational assessment, the Theater's full, for-profit rates are lower than comparable facilities. Non-profit rates were lower than every other facility included in the assessment. When compared to other facilities on a per-seat basis, the Theater had the second-lowest daily rate of comparable facilities, at \$1.44 per seat per day.

Budget cuts in recent years have limited the City's ability to market and promote the Theater. As noted above, the operational assessment found that the current budget does not support fundraising, merchandising, concessions, ticketing, marketing, or bookings. Event marketing is limited to social media and word-of-mouth.

Improvements to the Theater would likely improve utilization. However, budget cuts and the reduced purchasing power of Question 18 funds have impacted the City's ability to implement all planned projects. As noted above, Question 18 operations funds would be available to the Theater if the planned capital improvements were made. Access to additional funds would enable the Theater to further improve operations.

B. AQUATIC FACILITY

Facility History

The Aquatic Facility, constructed in 1997, houses an indoor Olympic-size lap pool, therapy pool, and a tot pool for children under six. Outdoors, an additional, smaller pool with a waterslide is open May through September, weather permitting. The Facility also has a small weightlifting and exercise machine room. Facility employees provide in-person registration and customer service support for all Parks and Recreation activities.

Question 18 funds supported significant capital investments to the Aquatic Facility. Because of the Question 18 investment in the Facility, the cost recovery requirement for the Aquatic Facility is lower than for that of other facilities: user fees plus Question 18 funds must recover 50% of the Facility's direct costs. The general fund contributes the remaining 50% of Facility costs.

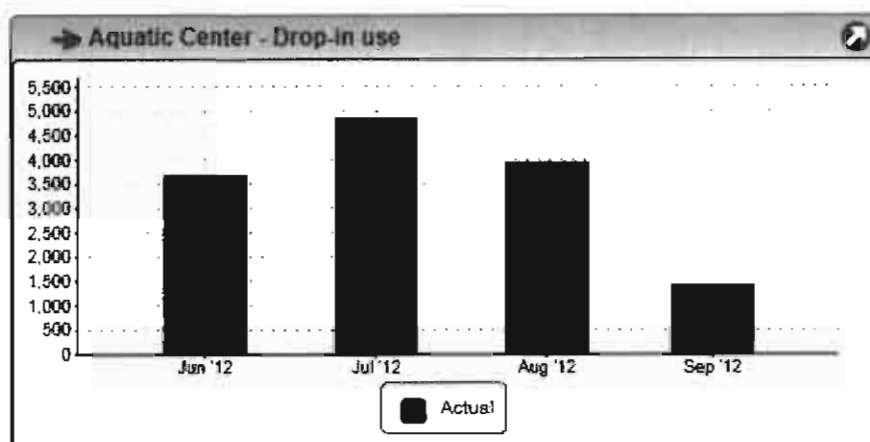
The Aquatic Facility is primarily a fitness facility, and has limited recreation offerings. The outdoor pool, which has a waterslide, is used mostly for lap swimming. When designed, the Facility was primarily intended to support competitive and fitness activities rather than leisure and recreation swimming.

Current Operations and Cost Recovery

Over the past three years, expenditures at the Aquatic Facility have declined 19%. Pool admission fee revenues increased 17%, and costs recovered by fees increased from 35% in FY 09-10 to 43% in FY 11-12. The Aquatic Facility's last three years of revenues and expenditures are shown in the table below.

	FY 09-10	FY 10-11	FY 11-12
Total Expenditures	\$718,898	\$633,683	\$607,861
User Fees (Pool Admissions)	\$249,468	\$242,840	\$263,419
Question 18 Support	\$109,981	\$74,001	\$40,512
General Fund Support	\$359,449	\$316,842	\$303,931
% Costs Recovered by User Fees	35%	38%	43%

User fees are generated by drop-in admissions and pass sales. Adult drop-in admission is \$4, and senior and youth drop-in admission is \$3. From June through September 2012, there were approximately 14,000 drop-in users of the Facility, as shown in the Active Strategy chart below. For Carson City residents, the Aquatic Facility offers discounted 10, 20, 30, 40, and 50-punch cards, as well as one- and three-month unlimited passes. In FY 11-12, admission fees and passes generated \$263,419 and recovered 45% of total expenditures. According to a 2010 national fee survey conducted by the NRPA, admission fees are in line with the national median fees, which are also \$4 for adults and \$3 for youth and seniors. The NRPA survey also showed that the Aquatic Facility's FY 11-12 revenues were \$15,000 lower than the regional average of \$278,470.



Based on the Fall/Winter 2012 facility schedule, club swim teams use the pool for practice for approximately 10 hours a week. The teams pay \$900 a month to rent the pool during these times. During that time, the pool is closed to the public. Due to budget cuts in recent years, the Aquatic Facility has cut Saturday hours, is closed Sundays, and has extended holiday closures.

C. ARLINGTON SQUARE ICE RINK

Facility History

The Arlington Square Ice Rink was developed in partnership by the Redevelopment Authority with the Carson Nugget in 2008. It is located on the Carson Nugget parking lot, which the Nugget provides at no charge. The Rink initially proved successful, so it was expanded in 2010. Over the last three years, the City has purchased equipment to operate the Ice Rink. Some equipment, such as the tents, sound equipment, heaters, and lights, can be used for other events. Opportunities for sponsorships and advertising are integrated into the ice rink through board and fence ads.

The Rink was established to provide a recreation opportunity to citizens and tourists, as well as drive economic development in downtown Carson City. The ice rink is typically open late November through February, depending on the weather.

Current Operations and Cost Recovery

From FY 08-09 through FY 10-11, the Rink was funded through the Redevelopment Authority. From FY 09-10 to FY 11-12, the Ice Rink's total expenditures decreased 54%, due largely to the City acquiring capital assets for the Rink through FY 10-11. Revenues have increased each year since the Rink opened, and in FY 11-12, the Rink recovered 97% of total costs. The Ice Rink's last three years of revenues and expenditures are shown in the table below.

	FY 09-10	FY 10-11	FY 11-12
Total Expenditures	\$184,999	\$237,753	\$85,522
One-time Capital Expenditures	\$153,643	\$128,458	\$16,936
Operating Costs	\$31,356	\$109,295	\$68,586
User Fees & Advertising	\$58,225	\$74,570	\$82,673
% Costs Recovered by User Fees	31%	31%	97%

The major source of revenues for the Ice Rink is user fees, in the form of passes and single skate fees. In FY 11-12, the Rink earned \$55,000 in participation revenue. In that year, the Rink also earned over \$25,000 in concessions and rentals, as well as \$3,100 in advertisement revenue. In FY 11-12, participation, concessions, and rental revenues increased over the prior year, growing 17.7% and 12.4%, respectively. Advertising revenues, however, fell by 47.6% from \$6,000 in FY 10-11. A detailed breakdown of FY 11-12 revenues is shown in the table below.

Revenue Category	FY 11-12 Revenues
Participation Revenue	\$54,795
Passes: Adult	\$808
Passes: Youth	\$1,256
Single-skate admission: Adult	\$23,240
Single-skate admission: Youth	\$19,850
Discounted single-skate*	\$9,276
Gift cards	\$365
Additional Revenues	\$25,096
Concessions	\$6,286
Tent rentals	\$900
Skate rental	\$17,910

Revenue Category	FY 11-12 Revenues
Advertising Revenues	\$3,132
Fence banner ads	\$200
Dasher board ads	\$2,925
Revenue adjustments	\$7

**Note: Discounts include employees, special events, and family skates*

IV. FINDINGS AND RECOMMENDATIONS

Management and Policy

Finding: The Carson City School District is a major user of many community facilities at no cost.

The JUA between the City and the District provides the District with significant free use of City facilities. Theater bookings are 60% District use, and the high school swim team uses the pool for ten hours per week from March through May. The City uses school facilities for the latch key program and for adult and youth sports leagues. The initial purpose of the JUA was to maximize the use of public facilities and to avoid duplication of facilities by the City and District. Cost savings from the JUA have benefitted Carson City taxpayers.

The original JUA states, “time records will be kept of the use of school and city recreation facilities,” and that an annual accounting will take place “regarding a balance of payment between the two governmental entities.” This accounting does not currently occur, and it is unclear when it stopped. There is no historical data on facility usage with which the City can evaluate the equity of the JUA, but the City has recently begun collecting data.

Recommendation: Evaluate the cost-effectiveness of School District and other Joint Use Agreements.

The City should collect a years’ worth of data of city usage of school facilities and school usage of city facilities to determine whether the JUA is advantageous to both parties. If the usage is equitable, the agreement should stand. However, if the usage is lopsided, the City and District should explore alternative agreement scenarios.

It may be more cost-effective to remove specific facilities from the JUA. For example, District use represents 60% of theater reservations, and the Theater is the highest-value rental facility in the City. As noted above, the theater operational assessment noted that in FY 10-11, charging the full rate to free and discounted customers could have generated an additional \$82,000. Even charging a small fee would make an impact on theater cost recovery and could enable the City to make some theater improvements.

The City should also evaluate the efficiency of JUAs with other entities. While the District has multiple facilities that are regularly utilized by City programs, the charter high school and community college may not be effective partners for the City. If these agreements turn out to be lopsided, then they should be renegotiated to give the City more equitable benefits.

Finding: School District reservations take precedence over paying customers.

The JUA stipulates that District will receive first priority for City bookings, and vice versa. The original agreement applied only to specific requested services for the tennis, golf, and swim teams, as well as swimming units in physical education class. Today, the District uses the Community Center and Theater in addition to the Aquatic Facility and other assets.

Recommendation: Consider reprioritizing reservations and bookings at the Community Center and Theater to better accommodate paying customers.

The City and District should consider renegotiating the JUA to more cost-effectively prioritize bookings at certain facilities. Because the City recovers no costs from District use, it is in the City's best interest to attempt to book some paying customers first. This reprioritization should follow the collection of use data and evaluation of efficiency recommended above and the potential removal of some facilities from the JUA.

It is important to note that a reprioritization could create administrative issues for the District, which designs annual curriculum around theater use. To preserve the arts curriculum, the City and District could renegotiate the JUA to allow some form of payment for Theater use. For example, the City could charge a ticket surcharge or fee per seat to recover some costs to the City of District use.

Finding: Program and facility cost recovery and discounts vary widely between Parks and Recreation activities, largely driven by Board of Supervisors resolutions.

While sports and youth programs are intended to achieve 100% cost recovery in aggregate, the specific level of cost recovery for each program and facility is set by the Board of Supervisors with guidance from the Parks and Recreation Commission and staff. Cost recovery levels are set on a per-facility basis as needs arise. The Theater receives about a 60% general fund subsidy, and the Aquatics Facility receives a 50% general fund subsidy.

Since 2010, the budgeted revenues for the facilities in this study have declined 12% to 20%. Cuts to operations, maintenance, and programming have occurred for several years in a row. The Parks Master Plan, completed in 2006, was developed pre-recession, in a time of much higher revenues.

In addition, the Board's intended target level of cost recovery may not be achieved because of the nature of facility usage. For example, the Board's commitment to supporting resident, non-profit organizations impacts cost recovery at the Community Center, where meeting room reservations at the Community Center are used almost exclusively by non-profits. Likewise, the high level of District and non-profit use of the Theater causes a vast majority of customers to receive discounted or free rates.

Recommendation: Conduct a cost recovery and activity prioritization process with the input of the Board of Supervisors to develop an updated cost recovery model and mission for the Parks and Recreation Department.

After several years of budget and operating cuts, the City should prioritize Parks and Recreation activities and programs based on need, usage, community benefit, and cost recovery potential. Cost recovery requirements for each activity should be comprehensively established during this process. The Board of Supervisors should develop a mission for each facility, defining whether it is intended to provide subsidized community benefit or recover some or all of its costs. Many municipalities use a cost recovery pyramid methodology, where the programs with the widest community benefit (i.e., parks and open space) receive the greatest amount of subsidy, while those with the greatest individual benefit (i.e., individual lessons, fitness classes) generate 100% cost recovery.

Carson Community Center & Bob Boldrick Theater

Finding: Most programs and activities housed at the Community Center achieve 100% or greater cost recovery.

Adult fitness classes and youth and adult sports leagues located at the Community Center consistently achieve 100% or greater cost recovery. City staff is constantly evaluating the usage, need, and cost recovery of recreation offerings to ensure the most effective activities are supported. Currently, the City is constrained by the lack of available space to offer youth and adult athletic activities at the Community Center.

Recommendation: Continue to support programs with the highest amount of cost recovery.

The City should continue to support those activities that have high demand, as well as high cost recovery, such as the latch key program. Expansion of the most revenue-generating activities could help to support other programs with lower cost recovery.

Finding: The Community Center receives a 56% General Fund subsidy.

The Community Center's General Fund subsidy has decreased in recent years, from 69% in FY 09-10 to 56% in FY 11-12. Operations of the Community Center have always been considered an indirect cost in support of programs. Outside of the Theater, programs that operate at the Community Center, such as latch key and adult and youth sports and fitness, achieve 100% or greater cost recovery on the whole.

Recommendation: Pursue opportunities to increase revenues, particularly for the Theater.

While the Center's maintenance and capital costs are considered indirect, the City should explore ways to recover additional costs to reduce the General Fund subsidy and/or enable investments in capital improvements or programming. As the facility with the largest revenue-generating potential

for the City, the Theater should be the focus of initiatives to increase revenues and recover additional costs. Recommendations for increasing Theater revenues are provided below.

Finding: Theater operations, budgeting, and planning are integrated with the Community Center.

The Theater, while a part of the Community Center building and operations, has a significantly different business model and needs from the rest of the Center. However, the Parks and Recreation budget is not itemized to distinguish between user fees for the meeting rooms, gymnasium, and Theater. Contractual class revenues are itemized beginning in FY 12-13.

Recommendation: Itemize Community Center revenues and expenditures to determine the sources and uses of funds and enable more precise budgeting.

The City should itemize revenues and expenditures for the Community Center to better understand the sources and uses of funds. A more detailed budget will help the City to determine how to better allocate funds toward the Center. An itemized budget will help to bring visibility to the Theater, which has significant outstanding capital, maintenance, and operating needs.

Finding: Question 18 funds would be available to support Theater operations if planned capital improvements were made.

Lower than expected revenues combined with the declining purchasing power of the Question 18 levy have led to several unfinished projects, including improvements to the Theater. One of the provisions of Question 18 is a set-aside of funds for the operation of facilities constructed with Question 18 dollars. Currently, the Theater's budget is met with a General Fund subsidy of over 60%. If capital improvements were made via Question 18, then additional funds would be available for operations. These funds could help to meet maintenance or staffing needs.

Recommendation: Determine how to leverage Question 18 funds to make capital improvements and unlock operations funding.

While Question 18 funding is now less than planned, and several projects have not yet been pursued, the City should investigate the potential for making planned Question 18 investments in the Theater. Doing so would lessen the General Fund subsidy for the Theater. In addition, the improvements, plus additional operating funds, would almost certainly improve the quality of the facility and increase bookings.

Finding: The Theater does not have dedicated marketing or booking support.

The Theater operational assessment noted that the current staffing model and budget does not support marketing, booking, or promotions. The Theater is currently primarily marketed through word-of-mouth and social media by Community Center staff members that do not have expertise in the theater industry or marketing. As noted above, Community Center staff members perform

theater management duties on top of their full-time Community Center positions, and booking for the Theater is handled by an offsite Parks and Recreation employee, who also does not have theater industry or marketing expertise. No current City employee is tasked with promoting the Theater as a venue to potential customers.

Recommendation: Investigate the feasibility of employing a dedicated marketing and booking staff member to manage and promote Theater reservations.

The City should determine whether it is feasible and cost-effective to employ a dedicated part- or full-time staff member to manage Theater bookings, promotions, and marketing. Investing in a marketing and bookings staff member would likely increase the number of days the Theater is reserved. A single point of contact to represent and promote the Theater in the community would improve the customer experience from reservation to production.

After several years of budget cuts, it may not be feasible to add staff to the Theater. However, the City could charge for event marketing assistance, which is not currently offered, and recover some of the cost of this employee. In addition, the City may be able to take advantage of internship or training programs at Western Nevada College for free or low-cost marketing staff.

Finding: There are currently no fundraising, sponsorship, or advertising initiatives for the Theater.

As noted above, the Theater is currently marketed primarily by social media and word-of-mouth. There were no funds allocated for marketing the Theater in the last three years. The City also does not raise funds from the community to support the Theater, nor does it offer sponsorship or advertising opportunities for businesses and community organizations.

Recommendation: Explore opportunities for sponsorships, fundraising, and advertising for the Theater.

The City should develop a fundraising plan for the Theater to include individual and business donations, as well as sponsorship and advertising opportunities. First, the City should determine what level of community fundraising is permitted, considering that the Theater is a government program and not a non-profit organization. Second, a comprehensive fundraising plan for the Theater should include capital and operating needs, a staffing assessment, short- and long-term goals, and implementation steps.

For example, a fundraising effort to replace the original seating could be undertaken where individuals sponsor or "purchase" a new seat. The Theater could also sell individual and business memberships and sponsorships that could be renewable year-to-year and provide a relatively stable source of revenues. Special events to support the Theater, such as benefit performances, could also be organized. However, it is important to note that administrative, marketing, and development support would need to be retained for a significant fundraising campaign. The City would need to balance the potential for dollars raised with the up-front investment in staffing and

resources. One low-cost option, mentioned above, would be to partner with an arts management program at Western Nevada College for an internship or class project to develop and implement the fundraising plan.

Finding: Marketing, coordination, fundraising, maintenance, and management of the Theater are limited by City budget constraints.

The Theater is currently run by two full-time Community Center staff members, who perform theater management, maintenance, and operations duties on top of their full-time workload. The operational assessment reported that both staff members regularly record more than 60 hours per week. Due to budget cuts, there is little administrative, maintenance, or technical staff time or expertise available to effectively manage, market, and operate the Theater.

Recommendation: Evaluate the opportunity for outsourcing management and operations of the Theater to a non-profit.

The operational assessment reported that the vast majority of performance venues are “municipally owned and operated by an independent non-profit tax-exempt management organization.” The City should evaluate the potential benefits and costs of outsourcing theater operations to a non-profit. Benefits of outsourcing theater operations include 1) retaining theater management with industry expertise and dedicated staff and 2) enabling unrestricted pursuit of grants and private donations to support theater operations, improvements, and productions. The operational assessment also noted that management non-profits can focus more on programming than the City and “are more immune to political repercussions associated with operational policy changes.” The agreement could be structured in a similar manner to other outsourcing agreements for the golf course, trap shooting range, Mills Park train, and other facilities. An outsourced management agreement could fully or partially maintain the JUA and resident, non-profit discounts.

Aquatic Facility

Finding: The Aquatic Facility receives a 50% General Fund subsidy.

As shown in the facility overview above, admission fees to the Aquatic Center are comparable to the national average. However, the caliber of the Aquatic Facility and its amenities are well above average. The Olympic-sized swimming pool is unique to the region, and the therapy pool is also not common among other aquatic facilities. Facilities are in excellent condition and attract customers from other jurisdictions. Fees at the Aquatic Facility have not been raised since 2006.

Recommendation: Consider raising admissions fees.

The City should review the fee structure at the Aquatic Facility and consider raising fees or altering the fee structure. Survey respondents suggested that the community would accept a small fee increase for the Aquatic Facility. For example, the City could charge different rates for the lap, outdoor, tot, and therapy pools. Raising fees could enable the facility to return to pre-recession

hours of operation, including restoring Sunday service, giving the City the opportunity to attract more customers and recover additional costs. Another option for fees would be to charge non-residents more for admission and passes. Since Carson City residents already subsidize the Facility through General Fund and Q18 monies, they could continue to pay the current entry fee, while out-of-town residents could be charged more.

Finding: Recreational leisure use of the Aquatic Facility is limited.

Exclusive of the tot pool, the Aquatic Facility is primarily a fitness and athletics facility. The outdoor pool, although it has a waterslide, is mostly used for lap swimming. While there is a high demand for youth summer programs at the Aquatic Facility, drop-in leisure swimming is rare. The Parks and Recreation Master Plan identifies a need for a “leisure pool” in Carson City with a shallow area for children. The closest leisure pool to Carson City is located in Minden, 15 miles away.

Recommendation: Market the outdoor pool for recreational use during the summer.

To increase pool usage during the summer, the outdoor pool should be marketed to residents and visitors as a recreation activity. The Aquatics Director should work with the CVB to develop a marketing strategy and programming options for the outdoor pool. The City should consider charging a higher rate for leisure pool use to accommodate additional lifeguards or amenities. Some capital investment may be required to increase recreational use of the pool, and the pool schedule would have to be adjusted to accommodate increased drop-in hours.

The outdoor pool could also be marketed for parties and special events during the summer, especially given the proximity of the pool to Mills Park playground and picnic areas. The NRPA reports median hourly pool rental rates of \$75 to \$115, with additional hourly lifeguard fees and damage deposits. The City should also consider whether the ability to generate additional revenues from rentals and leisure use would support re-opening the aquatic facility on Sundays.

Finding: The Aquatic Facility is not promoted on the Convention and Visitors Bureau website.

The Carson City CVB website’s “Recreation” section only references the Aquatic Facility as part of Mills Park amenities. As noted previously, the 50-meter, Olympic-size pool is unique to the area and draws swimmers from neighboring communities. The Parks and Recreation Department’s 2011 sports tournament Economic Impact Report showed the Aquatic Facility generating more than \$2 million of economic impact to Carson City businesses. There is an opportunity to more effectively market the Aquatic Facility as part of Carson City’s array of fitness and recreation activities.

Recommendation: Collaborate with the Convention and Visitors Bureau to market the Aquatic Facility to residents and visitors.

The City should collaborate with the CVB to market the Aquatic Facility for both athletic and leisure use to residents and visitors. The CVB, which is primarily interested in attracting tournaments and

out-of-town visitors, should also market the Facility as one of Carson City's comprehensive recreation opportunities for visitors.

Arlington Square Ice Rink

Finding: Ice Rink advertising revenues fell 47.6% from FY 10-11 to FY 11-12.

Advertising is available both on the fences and the dasher boards surrounding the rink. While ice rink use and revenues have increased every year since opening, advertising revenues were cut nearly in half over the last fiscal year. The Ice Rink was intended, in part, to function as an economic development vehicle to attract residents and tourists downtown. Many downtown Carson City businesses have testified to the Board of Supervisors of the benefit that the Ice Rink has on their business in the winter.

Recommendation: Continue to pursue advertising and sponsorship opportunities.

The City should continue to aggressively pursue advertising sales from regional businesses. In addition, there may be individual or business sponsorship opportunities with the rink and supporting infrastructure, including the pavilion, heaters, and concessions. At a minimum, businesses in close proximity to the rink that benefit from its presence should be approached for advertising and sponsorship opportunities.

Finding: The Ice Rink is not available to rent for private events.

While the Ice Rink pavilion is available for rent for events, the rink itself is not available to rent. There may be some opportunity to generate additional revenues by renting the rink for parties and events. The NRPA study reported median ice rink rental rates ranging from \$137 to \$172 per hour.

Recommendation: Explore revenue generating opportunities for renting the Ice Rink for events.

The City should evaluate whether renting the rink out for events and parties could generate additional revenues.