



MEMORANDUM

TO: CITY COUNCIL

FROM: DOUG PERRIN, DIRECTOR OF RECREATION AND MAINTENANCE SERVICES *D.P.*

SUBJECT: CONSIDERATION OF APPROVAL OF THE CHILDREN IN MOTION SUBCOMMITTEE'S RECOMMENDATIONS TO ELIMINATE THE CITY'S SUBSIDY OF THE CHILDREN IN MOTION PROGRAM

DATE: JULY 13, 2010

RECOMMENDATION:

The Children In Motion Subcommittee (Subcommittee) recommends the City Council address the City's subsidy of the Children In Motion (CIM) program by 1) pursuing various fundraising events and seeking straight donations through a Friends of Children In Motion group; 2) expanding specialized after-school enrichment and sports programming; 3) expanding marketing efforts to increase enrollment; 4) reduce future costs by eliminating vacation and sick leave benefits for future part-time teachers and aides; and 5) restructure department staffing and the program sites. The Subcommittee further recommends the City Council delay its decision regarding the Child Care Coordinator position until August in order to consider a reorganization opportunity that may arise due to a possible retirement within the Recreation Division.

FINANCIAL IMPACT:

The current estimated subsidy has been adjusted based on updated figures to be \$50,000 - \$55,000. If approved by the City Council, the actions recommended by the Subcommittee are projected to generate \$10,000 to \$15,000 of revenue to offset the City's subsidy of the Children In Motion program. In addition, salary expenditures could be reduced by \$31,000 in FY 2010-11 and \$62,000 in FY 2011-12, due to the reorganization.

BACKGROUND:

For twenty-two years the Recreation Division has offered the Children In Motion (CIM) before and after school child care program. Children five to thirteen years of age are eligible to participate and approximately 250 are currently registered. Four program sites are available, including Branch Elementary, Harloe Elementary, Ocean View Elementary and the Elm Street Community Center.

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During the school year, child care is available at the three elementary schools from 7:00 a.m. until school starts and from the time school gets out until 6:00 p.m. The Elm Street Community Center is strictly a kindergarten site and is open from 11:30 a.m. until 6:00 p.m. One site is available for full day care during winter, spring and summer school breaks.

In June, 2008, the City Council adopted a fee schedule for the CIM program that instituted a monthly (4 week) fee structure for the school year based upon the number of days used per week. During the school year, participants pay in advance for two, three, four or five day a week plans. During the winter, spring and summer school breaks, full day care is available. Weekly rates are charged with half- day rates available for summer school students.

The intent of the monthly fee schedule was to increase revenues and to enable more efficient scheduling of part-time staff. However, due to the economic down turn and reduced State support of the Equal Opportunity Commission (EOC), the program has experienced declining enrollment and reduced revenues. As of the end of May, program expenditures were approximately 13% less than projected. However, revenues were down approximately 25%. The City's Administrative Services Director projects a year end subsidy for FY 2009-10 of approximately \$50,000 - \$55,000.

At its March 23, 2010 meeting, the City Council considered recommendations from staff to balance the FY 2010-11 budget. One of the measures recommended to reduce the budget shortfall was elimination of the Children In Motion Child Care Coordinator position. After much testimony and discussion, the City Council elected to approve all of staff's recommended measures with the exception of elimination of a Child Care Coordinator position. Staff was directed to form a Subcommittee to investigate methods of increasing revenues and reducing expenditures to help the CIM program become more self-sufficient, as well as the option of transferring the program to the YMCA.

At its April 13, 2010 meeting, the City Council approved formation of the Subcommittee and its membership, which included Council Members Costello and Fellows, along with various City staff and at-large members. Also at its April 13, 2010 meeting, the City Council adopted a Resolution amending the Master Fee Schedule, increasing fees for the City's seasonal playground programs to be more comparable to the fees charged for the Children In Motion program. In addition, since playground staff are interchangeable with CIM staff and are all paid out of the CIM part-time salaries account, the two programs have been combined to more accurately reflect total costs and revenues.

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In mid-June, staff was informed by the Principal of Harloe Elementary School that their school site intended to contract with the YMCA to operate its Bright Futures program. Reasons given for the change included: 1) uncertainty about the Children In Motion program's continued operation, 2) loss of the Lucia Mar staff person who coordinated the Bright Futures Program at Harloe, 3) assignment of the Bright Futures Coordinator from Grover Beach Elementary School, to also coordinate the Harloe site, 4) the Grover Beach Elementary School's Bright Futures Program is operated by the YMCA, and 5) the Principal's desire to have the Coordinator work with only one program provider. Loss of the Bright Futures Program will result in a \$4,500 reduction in Administrative fees. It should be noted that the Principal requested that the CIM program continue to operate a paid before and after school program at the school site.

ANALYSIS OF ISSUES:

The Subcommittee met three times and formulated recommendations to the City Council, which includes the following activities and projected annual revenues or savings:

- Donations and fundraising - \$10,000
- Supplemental programs/ increased enrollment/reduced personnel costs - \$5,000
- Salary savings from restructuring program - \$31,000

Donations and Fundraising

The Subcommittee has recommended pursuing donations and fundraisers to generate \$10,000. Staff will establish a "Friends of Children In Motion" group to organize events. Public members of the Subcommittee have agreed to head up initiation of the effort. Initial activities identified include a BBQ fundraiser (the Lion's Club has offered to cook), a golf tournament, 10k run, and raffle. In addition, local businesses will be contacted to provide donations of supplies for the CIM program, which can reduce City expenditures for materials and supplies.

Supplemental Programs

One of the primary problems causing the current subsidy is overhead costs. This problem was increased by the Bright Futures program at Harloe School because the amount of reimbursement for administrative costs is limited. Therefore, it is recommended to expand specialized after-school enrichment and sports programs, which will help increase revenue from the program. Cuts in art, music, language, sports and other programs by the Lucia Mar Unified School District was identified as an opportunity to both address an unmet need in the community, while increasing revenue to the program by offering instructional programs in these areas on a fee for service basis. Parents on the Subcommittee felt these services would be popular and provide a valuable service.

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Staff met with the Superintendent of the Lucia Mar School District to discuss the possibility of filling unmet needs of students by offering integrated enrichment opportunities into the CIM program, as well as potentially offering sports programs at Paulding Middle School. The Superintendent was very receptive and tentatively agreed to allow access to classrooms for the program.

Marketing

Subcommittee members recommended more mass marketing to solicit additional participants. As a result, the CIM staff has already distributed program flyers, attended the "Kindergarten Roundups" at each of the schools and put up banners advertising the summer program. In addition, press releases and radio announcement have been sent out. Arrangements are being made to address parents at "Back to School Night." Additionally, Subcommittee members agreed to assist with additional promotional activities through the Friends of Children In Motion group. Staff believes positive results are already evident due to an average increase in participation in the summer program of eleven (11) children per day, when compared to the prior year.

As permanent part-time employees, teachers and aides in the Children In Motion program receive sick leave and vacation benefits. Given State teacher ratio requirements, when an employee uses sick or vacation leave, the City must pay for that employee and another employee to cover the hours. Therefore, it is recommended the position be re-classified as temporary part-time for future new hires. Temporary part-time employees do not receive sick and vacation leave benefits. Staff researched other similar programs, such as the City of San Luis Obispo, and determined they typically do not provide these benefits to part-time teachers and aides. Savings are unknown and will be dependent on staff turnover.

It is also recommended to review special event activities offered by the Recreation Division and eliminate those that no longer serve an unmet need. For example, the Annual Talent Show is now redundant because each of the elementary schools now conducts their own talent shows.

Staff has been notified of a potential retirement in the Recreation Division that could occur in December, but won't be determined until next month. If it occurs, it would provide an opportunity to restructure the responsibilities of the position, reduce staffing overhead in the CIM program without elimination of a full position, and address the budget subsidy without a layoff. Potential savings could be \$31,000 in FY 2010-11 and \$62,000 in FY 2011-12. Therefore, additional time is required to pursue this opportunity.

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Relationship with Other Recreation Programming

Staff was requested by City Council to outline the impacts on other programming and positions if the CIM program were eliminated. Other than providing much needed before and after school child care, the CIM program has additional benefits, including providing a pool of staff for seasonal playground programs, providing substitute pre-school teachers, providing support staff for special events and providing the opportunity to engage participating children and their families in other City recreation activities.

The Child Care Coordinator position is funded entirely by the Children In Motion program, with a current annual salary and benefit cost of approximately \$70,000. This position also provides assistance with special events. In addition, 60% of a Recreation Supervisor's position is applied to the Children In Motion program at an annual cost of \$58,300. This was recently reduced from 70% to more accurately reflect the time spent by this employee involved with the CIM program, as well as the projected subsidy of the program. Therefore, elimination of the CIM program would eliminate the \$70,000 subsidy, but most of the savings would be eliminated by creating an increased cost of \$58,300 to the General Fund for the Recreation Supervisor to supervise other recreation programs.

During the discussion of the proposed budget strategies, staff recommended that the Child Care Coordinator's responsibilities could be assumed by the Recreation Supervisor. However, the City Council identified a concern that the CIM program could not be effectively administered without the Child Care Coordinator position. If the Subcommittee recommendations are not approved, this concern could potentially be addressed by funding additional part-time assistance, curtailing some of the community wide special events organized by the Recreation Division to reduce the Recreation Supervisor's workload, along with the reduction in workload that will result from the elimination of the Bright Futures program. If this is not sufficient, elimination of the program at Branch School has been discussed, which could be assumed by the YMCA.

Although the Children In Motion program is integral to the City's overall recreation operation, there are other operators such as the SLO County YMCA or the South County Boys and Girls Club that could take over before and after child care services in Arroyo Grande. However, as indicated above, the loss of the program would impact the Recreation Division's ability to operate many of its special events and programs. Examples of these programs include the Egg Hunt and Family Festival with approximately 3,000 participants, the Father Daughter Date Night with approximately 200 dads and daughters, the Turkey Trot Fun Run with 200 – 250 participants, seasonal playground programs with approximately 35 children per day and the pre-school program which has 70 – 80 children registered. In addition, if the City Council elects to eliminate the CIM program it

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would take the YMCA or the Boys and Girls Club approximately three months to complete the State orientation and certification process.

Comparison to YMCA Program

The Children In Motion and the YMCA Child Care programs are very similar. Both programs offer licensed care before and after school and both organizations offer full day programs during school breaks. Both programs offer a 2, 3, 4, or 5 day per week monthly plan during the school year. The fee structures are similar, but the YMCA's cost per hour is higher. The cost per hour for CIM ranges from \$3.00 to \$3.75 per hour, while YMCA prices range from \$3.50 - \$7.00 per hour. The fewer days per week a participant uses the programs, the higher the hourly cost. It should be noted that according to the Executive Director of the SLO County YMCA, County-wide the program fees for child care cover all direct costs, such as facility rental, on site staff, materials and supplies, as well as about 95% of the overhead. However, the YMCA's South County Regional Director spends only 50% of her time on child care. Within the Lucia Mar Unified School District, the YMCA currently provides programming at Shell Beach, Grover Beach and Fairgrove elementary schools. The afternoon programs at Grover Beach and Fairgrove are both Bright Futures.

Analysis of Costs and Revenues

The estimated revenues, expenditures and contribution to administrative costs for each child care site, including direct costs for part-time staff, rent, materials and supplies is as follows;

	<u>Revenues</u>	<u>Direct Costs</u>
Branch Elementary School –	\$35,100	20,500
Harloe Elementary School –	\$35,500	19,000
Ocean View Elementary School –	\$66,300	34,400
Elm Community Center (Kindergarten) –	\$32,700	35,000
Bright Futures (Harloe) –	\$66,600	62,100
School Breaks (Winter, Spring, Summer) –	\$64,500	55,200

Enrollment at each of the program sites during Spring 2010 is as follows: Ocean View 45, Margaret Harloe 37, Branch 39, Elm Street Center afternoon kindergarten 22, Bright Futures (Harloe) 110. However, not all the children participate every day.

Eliminating any of the child care sites will reduce the program's opportunity to generate revenues to offset overall direct and administrative costs. All sites generate revenue that exceeds direct costs for rent, supplies and part-time staff. In addition, due to State licensing restrictions, other agencies such as the YMCA

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or the Boys and Girls Club, would not be able to provide child care at any of City run school sites until January 2011.

Based on Fiscal Year 2009-10 revenues and expenditures the financial impact on the subsidy by eliminating child care sites and staff is as follows:

Elimination of the Child Care Coordinator position would result in savings of approximately \$70,000.

Elimination of Ocean View School program would result in a revenue reduction of \$66,300 and a net loss after direct costs of \$31,900.

Elimination of Branch School program would result in a revenue reduction of \$35,100 and a net loss after direct costs of \$14,600.

Elimination of the Harloe paid program would result in a revenue reduction of \$35,500 and a net loss after direct costs of \$16,500

Elimination of the Elm Street Kindergarten program would result in a revenue reduction of \$32,700 and a net gain after direct costs of \$2,300.

Loss of the Bright Futures program at Harloe School will result in a revenue reduction of \$66,599 and a net loss after direct costs of \$4,500.

Therefore, an additional alternative would be to eliminate the program at one site in order to reduce the workload on the Recreation Supervisor if the Council does not approve the Subcommittee's recommendations and elects to eliminate the Child Care Coordinator position to address the subsidy. Staff believes that Branch School would be the most appropriate site because it is located outside the City limits and would result in the least reduction in revenue.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

- Approve the CIM Subcommittee recommendations and direct staff to proceed with implementation of fundraising, marketing and expanding specialized afterschool enrichment and sports programming, but delay the decision regarding the Child Care Coordinator position until August;
- Do not approved the CIM Subcommittee recommendations, eliminate the Child Care Coordinator position, and increase part-time staffing and reduce special event programming to reduce the Recreation Supervisor's workload;

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- Do not approve the recommendations of the CIM Subcommittee and direct staff to eliminate the Child Care Coordinator position and the program at Branch School;
- Do not approve the CIM Subcommittee recommendations and eliminate the CIM Program;
- Choose to subsidize the program due to its benefits and direct staff to seek other budget savings; or
- Provide staff direction.

ADVANTAGES:

Approval of the Subcommittee's recommendations will provide the opportunity for staff and volunteers to implement measures to eliminate the City's subsidy of the Children In Motion program, while maintaining the benefits of the program for the community and City Recreation Division operations.

DISADVANTAGES:

The recommendations may result in some level of reduced subsidy in FY 2010-11 since the full savings will not be experienced until the following year.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted in front of City Hall on Thursday, July 8, 2010 and on the City's website on Friday, July 9, 2010. No public comments were received.