



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Ralph Wright, Parks and Recreation Director

MEETING DATE: April 9, 2024

SUBJECT: Second Reading and Adoption of Ordinance 1602, Amending Section 3.36.020 (Definition) and Table C (Parks and Recreation Services) of Section 3.36.080 (Schedule of Fees and Service Charges) of Chapter 3.36 (Fee and Service Charge Revenue / Cost comparison of Title 3 (Finance and Revenue) of the Banning Municipal Code to define Direct Variable Program Costs and amend the cost recovery percentage of certain Parks and Recreation Program areas; and making a Determination of Exemption from the California Environmental Quality Act

RECOMMENDATION:

Conduct the second reading of and adopt Ordinance 1602.

BACKGROUND:

At the March 26, 2024 City Council Meeting, the City Council waived the full reading and introduced Ordinance 1602 as read by title only. Ordinance 1602 is presented for the second reading and adoption. Since introduction and first reading, staff have made minor clerical, non-substantive revisions to Table 2 in Section 3 of Ordinance 1602 that clarify which fees and charges will remain subject to a percentage of costs reasonably borne to be recovered and which fees and charges staff proposes should be subject to percentage of direct variable program costs. These minor clerical, non-substantive revisions do not require re-introduction of Ordinance 1602 by the City Council.

The Cost Recovery Subcommittee of the Parks and Recreation Commission and Parks and Recreation Commission as a whole have been reviewing the Parks and Recreation Program fees and recommended changes to the cost recovery methodology associated with Parks and Recreation Department program fees. The methodology was previously based on a percentage of the full costs borne for program that involved all department costs including both indirect and direct costs. The Commission after evaluating the program costs deemed using the Direct Variable Program Cost model beneficial as the calculation results in a similar fee calculation with the previous cost recovery methodology but using the direct variable program costs is more efficient in reviewing and calculating those costs as compared to using all direct and indirect department costs. This proposed change required a modification of the Banning Municipal Code to add the definition of "Direct Variable program Costs and the goal of 100% Direct Variable Program Cost recovery for certain Parks and Recreation programs areas.

Ordinance 1602 amends Chapter 3.36.020 by adding the definition of "Direct Variable Program Costs" and recommends modifying Cost Recovery Table C in Section 3.36.080(Schedule of Fees and Service charges) for Parks and Recreation Services to reflect a cost recovery goal of 100% of the direct variable program costs for Number S-57(swimming Pool Operations; S-58(Swim Lessons); S-60 - (Youth Sports

Leagues) and S-69 - (Day Camp Programs)

The Parks and Recreation fees were last modified as part of a City-wide Fee study adopted in 2019. Program fees will no longer be included in the City-wide Cost of service studies and will instead be reviewed annually by the Parks and Recreation Commission and as appropriate, recommend changes to the City Council for adoption to reach the goal of covering 100% of the direct variable program costs at a minimum.

Because fees have not been adjusted since the 2019 Master Fee Study was adopted, the existing fees were significantly below the cost recovery goal of 100% of the Direct Variable program Costs. The Parks and Recreation Commission felt that adjusting the fees for all program areas to the 100% cost recovery at this time would be too significant a burden for the participants and initially proposed fees below the 100% cost recovery threshold for some program areas and anticipates adjusting the fees annually as appropriate based on the goal to reach the direct variable program costs within the next two to three years. Additionally, the Parks and Recreation Department will be instituting soliciting sponsorships a support programs to assist in the cost recovery model and mitigate the hardship on the participants in the community.

At the March 26, 2024 City Council Meeting, the Banning City Council adopted Resolution 2024-52 modifying certain Parks and Recreation Program Fees for the following program areas: 1) Youth Sports; 2) Open Recreation Swim; 3) Swim Lessons; and 4) Day Camps

A Public Hearing Notice for and Summary of Ordinance 1602, and the proposed fee adjustments, were published in the Record Gazette on March 15, 2024 and again on March 22, 2024.

JUSTIFICATION:

Ordinance 1602 modifies the cost recovery methodology calculation used for certain Parks and Recreation Program Fees and allows the department to more efficiently review the direct variable program costs on an annual basis and recommend setting fees that align with the cost recovery goal.

It is anticipated that as the Parks and Recreation Commission formulates and completes a full Department Pricing Policy, there may be future recommended modifications to specific program area cost recovery goals in the Municipal Code Chapter.

FISCAL IMPACT:

The recommended amendments in Ordinance 1602 do not present a fiscal impact to the Department's budget itself. As future review and recommended adjustments to specific program area fees to reach the adopted cost recovery goal, the revenue generated from program areas will more directly align with the direct program expenditures.

ALTERNATIVES:

1. Conduct second reading of Ordinance 1602, and adopt, as recommended;
2. Conduct second reading of Ordinance 1602, with minor clerical revisions only, with modifications;
3. Provide alternative direction to staff.

ATTACHMENTS:

1. [Public Notice Summary - Ordinance 1602.docx](#)
2. [2024 03 26_Proof of Publication - Ord 1602.pdf](#)
3. [Ordinance 1602, Parks and Recreation Fees.docx](#)