

Council Meeting of
May 15, 2012

PUBLIC HEARING

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

Subject: Finance - Conduct 2nd Public hearing/budget workshop on proposed revisions to 2nd year of City of Torrance two-year 2011-2013 operating budget.

RECOMMENDATION

Recommendation of the Finance Director that City Council open the second public hearing and budget workshop regarding proposed revisions to the 2nd year of the City of Torrance two-year 2011-2013 operating budget.

BACKGROUND/ANALYSIS

This public hearing was advertised and scheduled for the Council meeting this evening. This is the second of two public hearings/budget workshops scheduled for the 2nd year of the 2011-13 operating budget.

At the public hearing/budget workshop held on May 8, 2012, your Honorable Body had the opportunity to review the City Manager's proposed budget revisions, listen to staff's presentation and hear concerns and comments from the public regarding the proposed revisions to the budget.

After reviewing the materials and comments from the audience, staff was asked to return with additional information for tonight's public hearing (see Attachment B – material available Tuesday.)

Based on the discussions by the City Council during the 1st Budget Workshop, the City Manager is recommending the following revisions for your consideration:

- Use one time funding for the “marketing” efforts for the Community Services and the Cultural Arts Center
 - The City's contribution to Area G costs was reduced one time by 95% for the 2012-13 fiscal year (\$27,000 savings) – (see Attachment C)
 - In lieu of eliminating the coverage for community events in Cable, Staff is recommending using the PEG 1% franchise fee for equipment failures, upgrades, etc. currently in Cable's operating budget using the 5% franchise fee - \$60,000 (see Attachment B – 1)

- Decrease the use of Proposition C funds for street maintenance by \$35,000 for 2012-13 fiscal year to \$240,000

In addition, staff has attached the discussion papers on the proposed reductions and/or revenue increases for the Parks and Recreation Enterprise Fund for further discussion, which includes the senior excursion program.

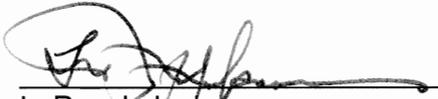
After the close of tonight's second public hearing, staff is also recommending that Council adopt the annual appropriations RESOLUTION for the 2012-13 operating budget and capital budget, which is under Administrative Matters.

Respectfully submitted,



Eric E. Tsao
Finance Director

CONCUR:



LeRoy J. Jackson
City Manager

Attachments:

- A. Recommended Budget Plan Summary
- B. Budget Follow-up Items from May 8, 2012 Budget Hearing
- C. Area G – Fiscal Year 2012-13
- D. Community Services Dept Follow-Up Information/Material
- E. Copy of Daily Breeze advertisement

RECOMMENDED BUDGET PLAN SUMMARY

APPROVED ADJUSTMENTS		Amount
	General Fund	Other Funds
Preservation of 1.0 Police Officer (grant funded)	\$200,000	
Cellular Phone Restructuring of Contracts	-\$70,000	
Library Personnel Realignment	-\$115,000	
Park Services Shift Schedule Change	-\$50,000	
Transferring community outreach programs to Cable	-\$155,000	
Total	-\$190,000	
CONTINUE PAST BUDGETARY POLICY		
Defer funding of post employment benefits	-\$1,000,000	
Maintain shift of gas tax revenue from capital projects to operations	-\$200,000	
Maintain annual interest earnings from Tax Revenue Anticipation Notes (TRAN) from capital projects to operations	-\$500,000	
Total	-\$1,700,000	
OFFSET THE STATES DIVERSION OF CITY REVENUES		
Use Economic Anomaly Reserve to offset State diversion of City anticipated revenue	-\$530,000	
Adjustments to balance the 2012-13 Base Budget without "Enhancements"	-\$2,420,000	
BUDGET ENHANCEMENTS		
Additional Police Officer positions for State's prison release realignment		
-- 1.0 Police Officer (July 2012)	\$200,000	
-- 1.0 Police Officer (Jan 2013)	\$100,000	
-- Continue funding decision to add 2.0 Police Officers in the 2013-15 budget		
Provide performance based contract for marketing efforts for Community Services and the Cultural Arts Center	\$25,000	
<i>*Use savings from the 95% reduction in contribution rate for 2012-13 (\$27,000) - one time</i>	-\$25,000	
Staffing for voter approved Measure R Capital Projects - 2.0 Assistant Engineers, 1.0 Public Works Inspector/Capital Projects		\$385,000
Additional budget for adding High Occupancy Vehicle service to Line #1 and #3 for Transit		\$1,550,000
Total Budget Enhancements	\$300,000	\$1,935,000
OFFSET FOR BUDGET ENHANCEMENTS		
Measure R funding		-\$385,000
Transit Grants		-\$1,550,000
Use of additional Cable funds	-\$47,000	
<i>*Swap PEG 1% franchise fee for 5% franchise fee for equipment failures, upgrades, etc which are capital in nature- \$60,000</i>	\$47,000	
Use of Proposition C funds	-\$60,000	
	-\$275,000	
<i>*Reduce use of Proposition C funds for maintenance by \$35,000 to \$240,000</i>	\$35,000	
Total Offsets	-\$300,000	-\$1,935,000
Difference between "Budget Enhancements" and "Offsets"	\$0	\$0
ITEMS RECOMMENDED FOR DISCUSSION DURING THE 2013-15 BUDGET		
Staffing set aside for maintenance of potential acquired sport fields (court land)	\$90,000	
Strategic Plan Three-Year Update Cycle	\$135,000	
Resources for outreach to a second Sister City	\$42,200	
2014 Rose Float		-

Budget Follow-up Items from May 8, 2012 Budget Hearing

Department	Question	Attachment
City Manager	<ul style="list-style-type: none"> • More information on Cable \$47,000 budget reduction (1.5 FTE Production Assistants for Public Access community events). Councilman Numark wanted to explore options regarding the Michael Smith/Mary Giordano memo. • CM will provide salary survey data methodology and variations in reporting total compensation by agencies. • Police officer entry salary survey with comparable agencies. 	<p align="center">B – 1</p> <p align="center">B – 2</p> <p align="center">B – 3</p>
Community Services	<ul style="list-style-type: none"> • Affordability of excursions for seniors. • \$25,000 in one-time funds (seed money for a performance based contract) to obtain services of a marketing professional to increase recreation program participation and maximize use of the Cultural Arts Center one time Marketing proposal will not be implemented without bringing back a contract for approval. Set aside the funds, and explore options available on the premise that if marketing professional brings in business they obtain a portion of the growth in business as a trade-off. Councilman Numark envisions a dedicated marketing professional that can market recreation programs and the Cultural Arts Center. The Mayor expressed that a fee reduction would be more effective. • The Mayor asked about the Nature Preserve vs. the Nature Center one is \$450,000, the other \$250,000. He wants a breakout as to what those numbers actually refer to as it relates to \$750,000 in subsidies. Explore potential opportunities to achieve budget efficiencies. • The Mayor requested in the supplementary materials from Community Services for subsidies, he wants to see an extra column indicating the subsidy the City is spending on that line item before the multiplication factor of the subsidy that the Parks & Recreation Commission decided to use. • Executive Summary of the proposed reductions and/or revenue increases for the Enterprise Fund 	<p align="center">SEE ATTACHMENT D</p>

Department	Question	Attachment
FINANCE	<ul style="list-style-type: none"> • Provide position reductions over the last several years. • Report of information provided by payroll to State Controller. Compare that info from the State Control report to City's compensation report for wages (or PERSable) wages to indicate differences in reporting requirements. • Look at subsidy as percentage of revenue at the Cultural Arts Center and Community Services (Recreation). • Financial Statements (pg. 228 of proposed 2012-13 budget book) for Cable to show unrestricted vs. restricted funding. • Discuss bond indebtedness from the CAFR on page 54. Respond to Citizen concern regarding increasing debt. • Provide overview of PERS indebtedness 	<p style="text-align: center;">B – 4</p> <p style="text-align: center;">B – 5</p> <p style="text-align: center;">B – 6</p> <p style="text-align: center;">B – 7</p> <p style="text-align: center;">B – 8</p> <p style="text-align: center;">B – 9</p>
GENERAL SERVICES	<ul style="list-style-type: none"> • Councilman Barnett requested information from General Services (Cultural Arts Center) to determine if rental participation is relative to revenue reduction (room vacancy rate). According to the Councilman, the subsidy may be too low and participation will continue to decline. 	<p style="text-align: center;">B - 10</p>
TRANSIT	<ul style="list-style-type: none"> • CNG bus savings (fuel savings from CNG vs. purchase price of CNG vs. diesel buses). 	<p style="text-align: center;">B – 11</p>

CITY OF TORRANCE
INTEROFFICE COMMUNICATION

DATE: 5/11/12

TO: Eric E. Tsao, Finance Director
FROM: Michael Smith, Cable TV Administrator
SUBJECT: Cable TV's Budget Balancing

Alternative proposal. Use PEG Fee (1% collection) to fund the operating capital (index code 7402) in the Gov. Cable Comm and Cable TV Public Access budgets. This would replace unrestricted funds with restricted funds and provide \$60,000 to cover the \$47,000 needed.

	Current Use Franchise Fee	2012/13 Use forward PEG Fee
Gov. Cable Comm	\$ 35,000.00	\$ 35,000.00
Cable TV Public Access	\$ 25,000.00	\$ 25,000.00
TOTAL	\$ 60,000.00	\$ 60,000.00

The operating capital budget (7402) is reserved for equipment needs that occur during the fiscal year that were not necessarily planned due to equipment failures, new project needs, required upgrades, etc. Below is a sample of the types of uses this operating reserve has provided:

	2009/2010	2010/11	2011/12
Assembly Room and Council Conference Room A/V Systems, 2 Tripods, IFB Wireless System			\$ 27,904.00
DSLR Field Camera, Hard drives, DVC Decks, Misc Audio, West Annex A/V system, Multipurpose Room A/V and Furniture		\$ 57,362.00	
Teleprompter, Camera Support, Portable Audio System, Mobile Van Audio Mixer/Amplifier	\$ 31,220.00		

**CITY OF TORRANCE
INTEROFFICE COMMUNICATION
May 15, 2012**

TO: Aram Chaparyan, Assistant to the City Manager

FROM: Melody Lawrence, Human Resources Manager

SUBJECT: Salary Survey Methodology

Salary Surveys are conducted on a routine basis for several purposes such as evaluating the City's current position in the Labor Market to set salary levels for newly created classifications, to determine if existing salary is competitive when recruiting for vacant positions and to make adjustments for existing employees to ensure employee retention.

The survey typically includes agencies of similar size, reflecting comparable labor markets and with similar scope of functions and/or services are selected for comparison. Geographic boundaries and cost of living are also factors in determining which agencies should be compared in the survey. The following agencies are commonly used in surveying for most positions in the City:

City	Population	Services
Anaheim	341,034	Police, Fire, Library, Water and Power Service
Burbank	103,340	Police, Fire, Library, Water and Airport
Glendale	191,719	Police, Fire, Library, Water and Power Service
Garden Grove	170,000	Police, Fire, Water, Sewer, Housing Authority
Huntington Beach	194,600	FIRE, OCEAN/SAFETY, PUBLIC WORKS, AND RECREATION SERVICES
Pomona	163,408	Police, Water, Public Works, Library, Parks & Recreation
Santa Monica	87,000	Police, Fire, Library, Transit, Water and Airport

Staff determines that positions from other agencies are comparable by comparing the scope of responsibility, duties performed, experience and education required and special requirements such as certification or licenses.

Typical elements included in salary surveys are:

- Pay range at entry and maximum
- Longevity Premiums
- Certification Premiums
- Retirement Formula – 2% @55 vs 2.7% @55
- Benefits
 - Employer paid members' contribution to PERS,
 - Maximum amount of employer paid contributions toward Health and Dental insurance premiums.

In order to determine the total compensation for a position being surveys, a comprehensive survey must include additional benefit elements such as:

- Vehicle allowance,
- Performance bonus
- Agency financial contribution to Deferred Compensation for Management and Executives
- Uniform allowance
- Educational incentives
- Employer financial contribution to retiree health
- Merit Pay Plan

These elements are utilized to make comparisons of total compensation when conducting salary surveys.

In most instances, a potential employee also takes into account several indirect benefits that are not included in a typical salary survey. These benefit factors include:

- Work schedule, either a 9/80, 4/10, 3/12
- Proximity of work to home
- Ability to promote in the organization
- On-site training opportunities, such as Torrance University
- Quality and age of equipment, i.e. Police Patrol Units, Transit Buses, Trash Trucks
- Availability of Employee Assistance Programs

Variations from the State Controller's Compensation Report

Compensation elements not typically covered in Salary Surveys but reported to the State Controller include:

- Overtime
- Paid Leave cash out and
- Value of Life Insurance premiums paid for by the City

**Police Officer Salary Survey - Entry
May-12**

Survey Agencies	Effective Date	Hourly Rate	Base Entry	PERS	Holiday Pay	Uniform Pay	Education	Def Comp Cont or Matching	Health (max cont.)	Dental (max cont.)	Vision (max cont.)	Total Comp
Beverly Hills	10/08/11	\$36.67	\$6,356	0%	275	58	350	320	1600	0	0	\$8,959
Burbank	06/01/09	\$29.73	\$5,153	9%	357	83	275	0	1191	88	5	\$7,680
Culver City	07/01/11	\$30.33	\$5,257	0%	263	79	0	0	1093	81	30	\$6,803
Gardena	07/10/11	\$29.45	\$5,105	9%	460	75	613	0	1000	0	0	\$7,816
Glendale	07/01/11	\$47.38	\$8,212	-3.5%	395	117	0	0	1207	123	0	\$9,748
Hawthorne	07/01/11	\$28.06	\$4,863	9%	365	0	146	0	2429	107	16	\$8,409
Inglewood	01/01/10	\$27.34	\$4,738	9%	296	69	0	0	1004	0	0	\$6,566
Pasadena	04/25/10	\$31.56	\$5,469	9%	252	0	500	0	1218	99	0	\$8,099
Redondo Beach	07/01/11	\$26.08	\$4,522	0%	272	54	970	0	1200	0	0	\$7,018
Santa Monica	07/01/11	\$34.93	\$6,055	8%	349	80	775	0	1257	96	12	\$9,205

Torrance	05/10/11	\$34.31	\$5,947	0%	274	0	178	80	1256	76	3	\$7,816
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AVERAGE	\$32.15	\$5,573
Torrance +/- AVG	-\$2	-\$374
% Above / Below	6%	6%

AVERAGE	\$8,084
Torrance +/- AVG	\$269
% Above / Below	-3%

NOTES:

Beverly Hills: holiday pay-90 hrs/yr (7.5hrs/mo), Uniform Pay - \$700/yr (\$58/mo), BA - 5.5%, 2.75% Adv POST.
Burbank: holiday pay-12 days/yr (12 hrs/mo), Uniform Pay-\$1000/yr (\$83/mo); BA/BS-\$200/mo, Adv POST -9% Top Step
Culver City: holiday pay-104hrs/yr (8.67/mo), Uniform Pay-\$950/yr (\$79/mo), Adv POST-21.5% hired before 01/01/2012
Gardena: holiday pay- 15 days/yr -12.5 hrs/shift (15.6/mo), Uniform pay-\$600/yr (\$50/mo), Longevity 2.5%-7 yrs, 5%-12 yrs, 10% -20 yrs, 15%-26 yrs, BA-12%, Adv POST-12%
Glendale: holiday pay -106 hrs/yr (8.83hrs/mo),PERS - employee pays 9% employee cont. and 3.5% employer cont., uniform pay-\$1400/yr (\$117/mo), Adv POST - \$600/mo
Hawthorne: holiday pay-120hrs/yr (10hrs/mo); AA-3%, BA/S-3%, MA/S-3%, Int POST-3%, Adv POST-3%-Can not exceed max of 15% or \$900/mo; longevity-11%-27 yrs.
Inglewood: holiday pay 104hrs/yr (13 days), Uniform pay \$825/yr (\$68.75/mo), Health Ins. Incl. medical, psychiatric, optical & dental, Int & Adv POST each cert - \$100/pay period - 26/yr (max \$433/mo), Longevity 3%-5yrs, 6%-10yrs, 9%-15yrs, 12%-20yrs, 15%-25 yrs., Furlough Eff. 1/11 - 130hrs/yr till 12/13
Pasadena: holiday pay-96 hrs/yr (8 hrs/mo); BA-\$500/mo OR Adv POST \$500/mo (higher one only); City provided uniforms (reports PERS value of \$250)
Redondo Beach: holiday pay-125 hrs/yr (10.4 hr/mo), \$650/yr Clothing (non-PERS-able); Int POST or AA-6% (or 60 POST approved units), Adv POST-12.4% (or 90 POST approved units or Int POST & 30 units) OR BA-21.4% (or 125 Post Approved Units) can receive only one; Longevity 4%-10yrs, 8%-15yrs & 18%-20yrs
Santa Monica: holiday pay-120hrs/yr (10 hrs/mo), Uniform Pay-\$960/yr (\$80/mo), BA or Adv POST -12%, Longevity 2.7%-5yrs, 5.4%-10yrs, 8.1%-15+ yrs., PERS -employees pay 1% of employer cont.
Torrance: holiday pay-96 hrs/yr (8 hrs/mo), Longevity -10%-25 yrs., BA-3%, Adv POST-16% may be combined to a MAX of 19%

May 2012 Salary Survey for Entry Level Police Officer

Entry Comp. - \$71,364
 Maximum Comp. - \$93,792

2010 State Controller Compensation Report

128 police officers listed on the 2010 report
 32 officers less than a year
 Lowest Police Officer Actual Compensation - \$88,666
 Highest Police Officer Actual Compensation - \$185,663 retired in Dec includes cash outs

POLICE OFFICER SALARY SURVEY May 2012
Ranking Report @ Entry

Rank by base pay

Rank	Survey Agencies	Monthly Salary
1	Glendale	\$8,212
2	Beverly Hills	\$6,356
3	Santa Monica	\$6,055
4	Torrance	\$5,947
5	Pasadena	\$5,469
6	Culver City	\$5,257
7	Burbank	\$5,153
8	Gardena	\$5,105
9	Hawthorne	\$4,863
10	Inglewood	\$4,738
11	Redondo Beach	\$4,522

Rank by base + benefits

Rank	Survey Agencies	Range Max w/ Benefits
1	Glendale	\$9,748
2	Santa Monica	\$9,277
3	Beverly Hills	\$8,959
4	Hawthorne	\$8,409
5	Pasadena	\$8,099
6	Gardena	\$7,816
6	Torrance	\$7,816
7	Burbank	\$7,563
8	Redondo Beach	\$7,018
9	Culver City	\$6,803
10	Inglewood	\$6,566

Summary of Position Changes by Department and Employee Group

Department	EY											FS
	AF AFSCME	CC Council	CE Clerical	CR TPPREO	EA Engineers	EX Executives	Non-Rep w/Benefits	Sr. Aides	FA TFFA	FB Batt. Chiefs	FS Fiscal	
2000-01 Adopted	431.6	7.0	122.4	14.0	80.0	32.5	121.0	6.0	166.0	-	-	25.0
City Attorney	-	-	(2.0)	-	-	(1.5)	-	-	-	-	-	-
City Clerk	-	-	(0.5)	-	-	-	-	-	-	-	-	-
City Manager	-	-	(1.5)	-	-	(1.0)	0.3	-	-	-	-	-
City Treasurer	-	-	-	-	-	-	-	-	-	-	-	1.0
Comm. Dev.	-	-	(6.0)	-	3.5	(1.0)	-	-	-	-	-	-
Comm. Info. Tech.	(1.5)	-	(7.4)	-	-	-	-	-	-	-	-	-
Comm. Svcs.	(10.5)	-	-	(2.0)	-	(1.0)	7.8	(3.5)	-	-	-	-
Finance	(3.0)	-	3.5	-	-	-	2.0	(1.5)	-	-	-	(3.0)
Fire	-	-	1.0	-	4.0	-	1.0	-	(27.0)	4.0	-	-
General Services	(5.0)	-	1.5	-	1.0	-	(0.3)	(1.0)	-	-	-	1.0
Human Resources	-	-	(8.5)	-	-	(1.0)	(86.0)	-	-	-	-	(1.0)
Police	17.0	-	(3.0)	-	-	-	3.8	-	-	-	-	-
Public Works	5.5	-	(4.5)	-	(14.0)	(1.0)	-	-	-	-	-	-
Transit	4.5	-	(1.0)	-	-	-	2.8	-	-	-	-	-
Proposed 2012-13	438.6	7.0	94.0	12.0	74.5	26.0	52.4	-	139.0	4.0	4.0	23.0
2000-01 to proposed 2012-13 Change	7.0	-	(28.4)	(2.0)	(5.5)	(6.5)	(68.6)	(6.0)	(27.0)	4.0	4.0	(2.0)
Primary Shifts/Changes In Employee Groups												
Creation of Battalion Chief employee group									(5.0)	5.0		
Consolidation of Public Safety Dispatch	9.0								(9.0)			
Deletion of Workforce Invest. Network (WIN)			(5.0)				(84.5)					(1.0)
Creation of Police Lieutenant employee group												
Conversions to non-sworn positions	2.0						3.0		(1.0)	(1.0)		
Total Primary Shifts/Changes in Employee Groups	11.0	-	(5.0)	-	-	-	(81.5)	-	(15.0)	4.0	4.0	(1.0)
Revised 2000-01 to Proposed 2012-13 Change	(4.0)	-	(23.4)	(2.0)	(5.5)	(6.5)	12.9	(6.0)	(12.0)	-	-	(1.0)

Summary of Position Changes by Department and Employee Group

Department	HL P/T Library	HR P/T Rec.	HX X-ing Guards	LA F/T Library	ME Managers	MM TPSA	MS Safety Mgmt	PA TPOA	PL Lieut.	UN Non-Rep. w/out ben.	UR Non-Rep. Ltd. Ben.	Total
2000-01 Adopted	27.0	102.0	13.0	39.5	44.0	105.5	6.0	242.0	-	31.2	12.9	1,628.6
City Attorney	-	-	-	-	-	-	-	-	-	-	-	(3.5)
City Clerk	-	-	-	-	-	-	-	-	-	-	-	(0.5)
City Manager	-	-	-	-	1.0	(1.0)	-	-	-	(1.0)	-	(3.2)
City Treasurer	-	-	-	-	-	-	-	-	-	-	-	1.0
Comm. Dev.	-	-	-	-	(3.0)	-	-	-	-	-	-	(6.5)
Comm. Info. Tech.	-	-	-	-	(1.0)	14.0	-	-	-	1.0	-	5.1
Comm. Svcs.	1.5	2.4	-	(2.0)	1.0	(1.0)	-	-	-	-	-	(7.3)
Finance	-	-	-	-	1.0	-	-	-	-	4.0	-	3.0
Fire	-	-	-	-	1.0	1.0	-	-	-	(3.1)	-	(18.1)
General Services	-	(1.2)	-	-	-	(1.0)	-	-	-	-	(0.5)	(5.5)
Human Resources	-	-	-	-	(2.0)	(1.0)	-	-	-	(18.0)	-	(117.5)
Police	-	-	-	-	-	7.0	(1.0)	(38.0)	14.0	-	-	(0.2)
Public Works	-	-	-	-	(3.0)	(6.0)	-	-	-	-	-	(23.0)
Transit	-	-	-	-	-	(1.0)	-	-	-	-	-	5.3
Proposed 2012-13	28.5	103.2	13.0	37.5	39.0	116.5	5.0	204.0	14.0	14.1	12.4	1,457.7
2000-01 to proposed 2012-13 Change	1.5	1.2	-	(2.0)	(5.0)	11.0	(1.0)	(38.0)	14.0	(17.1)	(0.5)	(170.9)
Primary Shifts/Changes In Employee Groups												
Creation of Battalion Chief employee group												-
Consolidation of Public Safety Dispatch					(2.0)					(18.0)		(110.5)
Deletion of Workforce Invest. Network (WIN)								(15.0)	15.0			-
Creation of Police Lieutenant employee group					1.0	7.0		(11.0)				-
Conversions to non-sworn positions					(1.0)	7.0		(26.0)	15.0	(18.0)		(110.5)
Total Primary Shifts/Changes in Employee Groups	1.5	1.2	-	(2.0)	(4.0)	4.0	(1.0)	(12.0)	(1.0)	0.9	(0.5)	(60.4)

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: 5/10/12

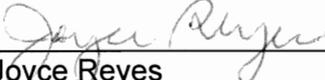
TO: Eric E. Tsao, Finance Director
FROM: Joyce Reyes, Accounting Manager
SUBJECT: State Controller's "Government Compensation in California"

The State Controller's website contains a report "Government Compensation in California" for local governments. The report reflects the following column headings:

Department; Classification; Multiple Positions; Annual Salary – Minimum; Annual Salary – Maximum; Total Wages subject to Medicare; Applicable Defined Benefit Pension Formula; Employees' Share of Pension Contributions; Deferred Compensation; and Health, Dental, Vision

For the City of Torrance:

- "Multiple Positions" is not used since we report by each individual employee
- "Annual Salary (Min/Max)" is the first step in the pay range and the last step in the pay range
- "Total Wages" include all taxable wages such as overtime, premiums, taxable benefits, holiday and leave cash outs



Joyce Reyes
Accounting Manager

History of Cultural Arts Center Fund and Recreation Fund Subsidies

	Total		Revenues Less		Transfers		Transfers		Subsidy as	
	Revenues	Expend. Budget	Expenditures	(Subsidy)	In	Out	% of Total Budgeted Revenues	% of Total Budgeted Expenditures		
Cultural Arts Center										
2001-02 Adopted	1,526,475	1,472,495	53,980	770,075	770,075	770,075	50%	52%		
2002-03 Adopted	1,553,995	1,596,892	(42,897)	780,075	780,075	780,075	50%	49%		
2003-04 Adopted	1,553,995	1,606,110	(52,115)	780,075	780,075	780,075	50%	49%		
2004-05 Adopted	1,553,995	1,701,562	(147,567)	780,075	780,075	780,075	50%	46%		
2005-06 Adopted	1,581,275	1,827,051	(245,776)	780,075	780,075	780,075	49%	43%		
2006-07 Adopted	1,619,275	1,894,698	(275,423)	780,075	780,075	780,075	48%	41%		
2007-08 Adopted	1,919,275	1,964,554	(45,279)	1,065,075	1,065,075	1,065,075	55%	54%		
2008-09 Adopted	2,061,315	2,098,229	(36,914)	1,149,875	1,149,875	1,149,875	56%	55%		
2009-10 Adopted	2,524,785	2,198,265	326,520	1,156,255	1,156,255	1,156,255	46%	53%		
2010-11 Adopted	2,009,005	2,177,687	(168,682)	780,075	780,075	780,075	39%	36%		
2011-12 Adopted	1,984,117	2,161,885	(177,768)	713,187	713,187	713,187	36%	33%		
2012-13 Original Adopted	2,088,627	2,167,985	(79,358)	713,187	713,187	713,187	34%	33%		
2012-13 Revised	1,984,117	2,169,223	(185,106)	713,187	713,187	713,187	36%	33%		
Recreation Fund										
2001-02 Adopted	5,896,083	6,273,336	(377,253)	2,703,830	2,703,830	2,703,830	46%	43%		
2002-03 Adopted	6,251,472	6,415,869	(164,397)	3,073,830	3,073,830	3,073,830	49%	48%		
2003-04 Adopted	6,502,121	6,567,509	(65,388)	2,919,830	2,919,830	2,919,830	45%	44%		
2004-05 Adopted	7,027,693	7,374,123	(346,430)	2,919,830	2,919,830	2,919,830	42%	40%		
2005-06 Adopted	6,925,412	7,251,857	(326,445)	2,893,847	2,893,847	2,893,847	42%	40%		
2006-07 Adopted	7,254,427	7,476,952	(222,525)	3,043,847	3,043,847	3,043,847	42%	41%		
2007-08 Adopted	7,620,787	7,691,373	(70,586)	3,410,597	3,410,597	3,410,597	45%	44%		
2008-09 Adopted	8,147,790	8,270,863	(123,073)	3,745,750	3,745,750	3,745,750	46%	45%		
2009-10 Adopted	8,211,790	8,177,922	33,868	3,745,750	3,745,750	3,745,750	46%	46%		
2010-11 Adopted	7,939,890	8,154,592	(214,702)	3,283,695	3,283,695	3,283,695	41%	40%		
2011-12 Adopted	8,099,304	8,502,368	(403,064)	3,283,695	3,283,695	3,283,695	41%	39%		
2012-13 Original Adopted	8,099,304	8,514,968	(415,664)	3,283,695	3,283,695	3,283,695	41%	39%		
2012-13 Revised	8,099,304	8,501,678	(402,374)	3,283,695	3,283,695	3,283,695	41%	39%		

CABLE TV
BALANCE SHEET
FISCAL YEARS ENDED JUNE 30

	<i>Audited</i> <i>08-09</i>	<i>Audited</i> <i>09-10</i>	<i>Audited</i> <i>10-11</i>
ASSETS			
Current Assets			
Pooled cash and investments	\$ 2,340,989	\$ 2,777,253	\$ 3,283,483
Accounts receivable	447,553	500,027	512,953
Accrued interest receivable	26,352	23,782	17,748
Total Assets	\$ 2,814,894	\$ 3,301,062	\$ 3,814,184
LIABILITIES AND FUND EQUITY			
Current Liabilities :			
Accounts Payable	\$ 187,067	\$ 166,530	\$ 190,221
Total Current Liabilities	187,067	166,530	190,221
Fund Equity:			
Restricted	117,456	433,867	772,425
Assigned	2,510,371	2,700,665	2,851,538
Total Fund Equity	2,627,827	3,134,532	3,623,963
Total Liabilities and Fund Equity	\$ 2,814,894	\$ 3,301,062	\$ 3,814,184

CABLE TV**STATEMENT OF REVENUES AND EXPENSES - ACTUALS
FISCAL YEARS ENDED JUNE 30**

	<i>Audited</i> 08-09	<i>Audited</i> 09-10	<i>Audited</i> 10-11
OPERATING REVENUES			
Franchise Fees	\$ 1,577,106	\$ 1,575,202	\$ 1,691,147
Public educational government fees	167,456	316,411	338,557
Cable TV access fees	83,452	-	-
TCTV workshops	1,388	905	400
Miscellaneous	13,863	5,723	6,934
Total Operating Revenues	1,843,265	1,898,241	2,037,038
OPERATING EXPENSES			
Salaries and employee benefits	1,154,933	1,219,461	1,251,161
Services and supplies	72,846	47,264	60,114
Other professional services	93,686	114,486	84,946
Insurance and claims	6,614	6,614	6,614
Capital outlay	29,366	19,578	14,887
Interdepartmental charges	114,521	112,697	106,994
Other	14,302	13,718	9,626
Total Operating Expenses	1,486,268	1,533,818	1,534,342
OPERATING INCOME	356,997	364,423	502,696
NON-OPERATING REVENUES (EXPENSES)			
Investment Earnings	97,269	83,046	49,973
Capital Expenditures	(299,621)	(69,054)	(42,475)
Total Non-Operating Revenues (Expenses)	(202,352)	13,992	7,498
Net Income Before Transfers	154,645	378,415	510,194
TRANSFERS IN	-	153,138	-
TRANSFERS OUT	(25,868)	(24,848)	(20,763)
NET INCOME:			
Restricted	167,456	316,411	338,557
Unrestricted	(38,679)	190,294	150,874
TOTAL NET INCOME	\$ 128,777	\$ 506,705	\$ 489,431

CABLE TV**STATEMENT OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30**

	Audited 08-09	Audited 09-10	Audited 10-11
Cash flows from operating activities:			
Operating income	\$ 356,997	\$ 364,423	\$ 502,694
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in accrued interest receivable	(84)	2,570	6,035
(Increase) decrease in prepaids	259	(2,100)	2,100
Increase in accounts receivable	(4,125)	(50,374)	(15,025)
Increase (decrease) in accrued liabilities	18,612	19,407	36,539
Increase (decrease) in accounts payable	32,169	(39,944)	(12,848)
Net cash provided by operating activities	<u>403,828</u>	<u>293,982</u>	<u>519,495</u>
Cash flows from capital financing activities:			
Payments for capital expenditures	<u>(299,621)</u>	<u>(69,054)</u>	<u>(42,475)</u>
Net cash used by capital financing activities	<u>(299,621)</u>	<u>(69,054)</u>	<u>(42,475)</u>
Cash flows from noncapital financing activities:			
Cash transfers received from other funds	-	153,138	-
Cash transfers paid to other funds	<u>(25,868)</u>	<u>(24,848)</u>	<u>(20,763)</u>
Net cash provided (used) by noncapital financing activities	<u>(25,868)</u>	<u>128,290</u>	<u>(20,763)</u>
Cash flows from investing activities:			
Cash received from interest on investments	<u>97,269</u>	<u>83,046</u>	<u>49,973</u>
Net cash provided by investing activities	<u>97,269</u>	<u>83,046</u>	<u>49,973</u>
Net increase in cash, restricted cash and cash equivalents	175,608	436,264	506,230
Cash, restricted cash and cash equivalents, July 1:			
Public Educational Government	-	43,444	350,879
Cable and Community Relations	<u>2,165,381</u>	<u>2,297,545</u>	<u>2,426,374</u>
Total cash, restricted cash and cash equivalents, July 1	<u>2,165,381</u>	<u>2,340,989</u>	<u>2,777,253</u>
Cash, restricted cash and cash equivalents, June 30:			
Public Educational Government	43,444	350,879	686,932
Cable and Community Relations	<u>2,297,545</u>	<u>2,426,374</u>	<u>2,596,551</u>
Total cash, restricted cash and cash equivalents, June 30	<u>\$2,340,989</u>	<u>\$2,777,253</u>	<u>\$3,283,483</u>

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: 5/10/12

TO: Eric E. Tsao, Finance Director
FROM: Ken Flewellyn, Assistant Finance Director
SUBJECT: Debt Service Schedule

Attached for your review, please find the Long-Term Debt Service Schedule.

As is reflected in the schedule, the long term debt service payments is showing relatively level payments for the next two fiscal years and is declining as the debt nears maturity beginning in fiscal year 2014-15. The debt service payments for the City, Redevelopment and Enterprise funds do not increase.

The "Notes to the Financial Statements" for long term debt shows the annual debt service requirement each fiscal year ending 2012, 2013, 2014, 2015 & 2016 and then shows the debt service requirements in five year increments 2017-2021, 2022-2026 and 2027-29 when the date of maturity of the remaining bond issue.

The manner in which long term debt is presented in the City's Comprehensive Financial Report is in accordance with Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP).

For fiscal year ending 2012, the debt of the Redevelopment Agency will change and may not be presented in the Financial Statements of the City of Torrance due to the passing of ABX1-26. ABX1-26 dissolved Redevelopment agencies and as such, questions exist with respect to which government agency is responsible for the debt.


Kenneth A. Flewellyn
Assistant Finance Director

Attachment:
Long Term Debt Service Schedule

CITY OF TORRANCE
Long-Term Debt Schedule

In-debtdress	Original Principal	Maturity date	Outstanding Principal As of 6-30-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	13 YEAR TOTAL
TORRANCE PUBLIC FINANCING AUTHORITY																	
Series 2004A Torrance Public Financing COP	\$ 19,215,000	06/01/2034	\$ 13,150,000	\$ 1,539,659	\$ 1,540,753	\$ 1,544,238	\$ 819,738	\$ 823,713	\$ 826,750	\$ 824,500	\$ 821,500	\$ 827,750	\$ 827,750	\$ 821,750	\$ 825,000	\$ 822,000	\$ 12,665,101
Series 2004B Torrance Public Financing COP	23,915,000	06/01/2034	1,232,962	1,232,962	1,232,962	1,952,962	1,951,963	1,949,713	1,949,713	1,949,713	1,953,213	1,949,463	1,948,713	1,950,712	1,950,213	1,952,212	23,207,285
Series 2009A Land Acquisition	18,880,000	09/01/2039	1,255,194	1,255,194	1,256,694	1,254,631	1,256,394	1,256,394	1,256,694	1,256,394	1,255,241	1,257,856	1,253,925	1,256,819	1,256,748	1,255,369	16,326,553
1998 COP Fire /Police Station	10,300,000	12/01/2028	6,540,000	543,365	547,346	540,630	543,188	539,986	541,063	541,456	541,138	540,106	538,363	535,906	537,819	538,381	7,028,519
Sub-total	72,310,000		62,175,000	4,571,181	4,576,657	4,573,525	4,570,519	4,572,026	4,573,720	4,572,063	4,571,092	4,575,175	4,568,751	4,565,187	4,569,960	4,567,962	69,427,838
Transfers from Airport			(450,327)	(450,277)	(449,815)	(165,282)	(164,654)										(1,680,355)
Interest Earnings(2004A & 2004B Torr Public Fin)			(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(925,000)
Interest Earnings(2009A Torr Public Fin)			(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(156,000)
Interest Earnings(Fire & Police 1998 COP)			(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(31,000)	(403,000)
Total	72,310,000		62,175,000	4,062,854	4,058,380	4,055,710	4,337,237	4,339,372	4,505,720	4,504,063	4,503,092	4,507,175	4,500,751	4,497,187	4,501,680	4,489,962	66,863,083
Admin. Fees			23,750	23,750	23,750	23,750	23,750	23,750	23,750	23,750	23,750	23,750	23,750	23,750	23,750	23,750	308,750
Audit Fees			2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	32,500
Grand Total Debt Svc. + Fees	72,310,000		62,175,000	4,078,104	4,084,630	4,081,960	4,363,487	4,365,622	4,531,970	4,530,313	4,529,342	4,533,425	4,527,001	4,523,437	4,527,830	4,526,212	57,204,335
REDEVELOPMENT AGENCY																	
2001 Skybank Refunding	2,470,143	07/01/2012	488,616	352,144	176,072	-	-	-	-	-	-	-	-	-	-	-	528,216
1998 Industrial Refunding, B	12,770,000	09/01/2028	8,695,000	1,133,724	1,165,556	1,192,703	642,047	645,453	642,875	644,313	639,766	639,234	642,438	639,375	640,047	639,313	9,906,844
1999 Industrial Refunding, C	18,500,000	09/01/2028	14,605,000	1,282,374	1,284,579	1,280,285	1,284,356	1,281,656	1,282,185	1,280,806	1,277,520	1,277,000	1,274,100	1,273,863	1,271,150	1,270,825	16,620,699
1998 Downtown Project, A	8,500,000	09/01/2028	6,535,000	577,932	576,007	578,114	579,100	579,254	578,575	577,084	574,720	576,320	576,720	576,000	574,160	571,200	7,495,166
Sub-Total	42,240,143		30,323,616	3,346,174	3,202,214	3,051,102	2,505,503	2,506,363	2,503,635	2,502,183	2,492,006	2,492,554	2,493,258	2,485,357	2,481,336	2,481,336	34,550,925
AIRPORT FUND																	
Part of 2004A(2004B COP refunding	5,721,935	06/30/2016	1,418,495	450,327	450,277	449,815	165,282	164,654	-	-	-	-	-	-	-	-	1,680,355
WATER FUND																	
2004 Series A Water Revenue Refunding Bonds	5,050,000	03/01/2014	1,730,000	620,300	623,300	644,800	-	-	-	-	-	-	-	-	-	-	1,888,400
GRAND TOTAL	\$ 125,322,078		\$ 95,647,111	\$ 8,495,905	\$ 8,360,421	\$ 8,227,677	\$ 7,034,272	\$ 7,036,639	\$ 7,035,605	\$ 7,032,496	\$ 7,021,948	\$ 7,025,979	\$ 7,020,259	\$ 7,012,675	\$ 7,013,187	\$ 7,007,550	\$ 95,324,013

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: 5/10/12

TO: Eric E. Tsao, Finance Director
FROM: Joyce Reyes, Accounting Manager
SUBJECT: Pension Plan - Note (8)

The following was reported in the City's Comprehensive Annual Financial Report for fiscal year 2010-11:

Pension Plan

All permanent City employees are members of the State of California Public Employees' Retirement System (PERS). The City funds substantially all pension costs as determined annually by PERS actuarial evaluation (see note 8).

(8) Employee Benefits

Defined Benefit Pension Plan

Plan Description

The City of Torrance's Defined Benefit Pension Plan (Plan) provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California. A menu of benefit provisions as well as other requirements is established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Headquarters Office – 400 Q Street, Sacramento, CA 95811.

All full-time and part-time benefited City employees are eligible to participate in CalPERS. Benefits vest after five years of service. City employees who retire at or after age 50 with 5 years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to the following: Police - 3% of their average salary during their last year of employment who retire at or after age 50; Fire - 3% of their average salary during their last year of employment who retire at or after age 50; and Miscellaneous - 2% of their average salary during their last year of employment who retire at or after age 55. This percentage increases incrementally after each year of credited service up to 30 years for safety employees and no limit on years of service for miscellaneous employees. The system also provides for death and disability benefits. The

retirement benefit for each above group is calculated by multiplying the number of years of service times the above stated percentages with a maximum cap for safety at 90% of salary and no cap for miscellaneous employees. These benefit provisions and all other requirements are established by statute and City ordinance.

Funding Policy

Safety and miscellaneous plan members are required to contribute 9% and 7%, respectively, of their annual covered salary, which the City assumes on behalf of substantially all of their employees hired prior to fiscal year 2010-2011. At various dates in fiscal year 2010-2011, employee group agreements were changed and employees hired after these dates are required to pay their contribution themselves. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2011 was 10.468% for miscellaneous employees, 33.917% for fire employees and 37.926% for police employees. The contribution requirements for Plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation. For the year ended June 30, 2011 the City's APC and its actual contributions were \$30,245,722. The City contributed \$22,011,379 on behalf of their employees. Employees directly contributed \$8,234,343. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2011, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2010 to June 30, 2011. The ARC for the year ended June 30, 2011 was determined as part of the June 30, 2008 actuarial valuation using the entry-age-normal-actuarial-cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45% for miscellaneous members and from 3.55% to 13.15% for safety members; (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0% and an annual production growth of 0.25%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two- to five-year period depending on the size of investment gains and/or losses. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The schedule of funding progress that follows shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The schedule of funding progress also presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

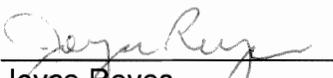
Three-Year Trend Information for the Plan

Fiscal year ended June 30	Annual pension cost (APC)		Annual pension cost (APC) Total	Percentage of APC contributed	Net pension obligations
	Miscellaneous	Safety			
2009	\$10,898,092	\$18,615,520	\$29,513,612	100%	—
2010	10,817,264	19,463,464	30,280,728	100%	—
2011	10,651,054	19,594,668	30,245,722	100%	—

Required Supplementary Information-Pension Funding Information

**Funded Status of the Plan
(Dollars in millions)**

Valuation date (June 30)	Entry age normal accrued liability	Actuarial value of assets	Unfunded/(overfunded) liability (UAAL)	Funded ratio	Annual covered payroll	UAAL as a % of payroll
Misc:						
2008	\$ 387.6	\$ 367.5	\$ 20.2	94.8%	\$ 59.3	34.0%
2009	420.6	382.7	37.9	91.0	61.6	61.4
2010	437.5	399.0	38.5	91.2	61.8	62.3
Safety:						
2008	\$ 577.1	\$ 457.4	\$ 119.6	79.3%	\$ 39.5	303.0%
2009	623.5	470.8	152.7	75.5	41.6	367.0
2010	649.1	485.5	163.6	74.8	42.3	386.7
Total:						
2008	\$ 964.7	\$ 824.9	\$ 139.8	85.5%	\$ 98.8	141.5%
2009	1,044.1	853.5	190.6	81.7	103.2	184.6
2010	1,086.6	884.5	202.1	81.4	104.1	194.2


 Joyce Reyes
 Accounting Manager

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: May 11, 2012

TO: Eric Tsao, Finance Director
FROM: Sheryl Ballew, General Services Director
SUBJECT: Councilman Barnett/Numark Request: Item 13A, Council Meeting 5/8/12

At the City Council meeting of 5/8/12, under *Item 13A: Finance - Conduct 1st Public Hearing/Budget Workshop On Proposed Revisions To 2nd Year Of City Of Torrance Two-Year 2011-2013 Operating Budget*, Council sought to explore the feasibility of retaining an external marketing/sales consultant who would generate new revenues through class enrollment and facility usage at the Cultural Arts Center. As part of this consideration, Councilmen Barnett and Numark requested staff response on revenue levels and trends for Cultural Arts Center facilities.

Revenues & Rates

The following chart provides operating revenue summaries for the three program categories that comprise facility rentals at the Center. Labor revenue for the entire Center is also listed:

OPERATING REVENUES	Audited 08-09	Audited 09-10	Audited 10-11	YTD 11-12 (through 3/31)
Meeting Rooms	\$ 273,325	247,370	207,711	193,986
Classrooms*	168,976	255,518	233,904	159,873
Theatre	118,308	224,516	208,646	123,714
Labor	337,648	360,049	344,689	241,357
Total	\$ 898,257	1,087,453	994,950	718,930

**Classroom occupancy levels declined during the most recent twelve month period (ending 4/30/12) as a result of interdepartmental cancellations estimated at 4,923 hours, representing a reduction in rental revenues of \$98,460.*

With the exception of the 2009-10 fiscal year, rates at the Center have increased annually in accordance with CPI-W figures by an average 3.27% over the years listed above. During the 2009-10 budget process, one-time rate increases were approved at the Council meeting of 7/7/09, *Item 12D: Finance - Adopt Resolution Setting User Fees*, as follows:

<i>Fee Description</i>	<i>Department Fees 08-09</i>	<i>Department Fees 09-10</i>
Armstrong Theatre: Interdepartmental ¹	\$ No charge	70.00/hr
Armstrong Theatre: Resident Non-Profit	60.25/hr	70.00/hr
Armstrong Theatre: Resident Private/Non-Resident Non-Profit	146.00/hr	168.00/hr
Armstrong Theatre: Non-Resident Private / Commercial	268.25/hr	308.00/hr
Nakano Theatre: Interdepartmental ¹	10.00/hr	20.00/hr
Studios: Interdepartmental ¹	10.00/hr	20.00/hr
Box Office Service Fee ¹	No charge	2.50/ticket

¹Not indexed to CPI-W

In addition, theatre labor rates were consolidated in 2009-10 from a dual-tiered non-profit/profit fee structure to a single rate for all users.

Coinciding with the 2009-10 adoption of the aforementioned rental, labor, and ticketing fees, the Center's operating revenue budget was increased by 57% from the previous fiscal year to a total of \$1,259,090. Correspondingly, the Center's subsidy was decreased by \$326,356 for 2009-10, \$49,824 for 2010-11, and \$66,888 for 2011-12.

Facility Utilization

The Center's standard operating hours are 10 a.m. – 10 p.m., seven days per week. Spread across all facilities, this provides a total of approximately 61,380 hours of available use per year, excluding closed holidays and average annual maintenance periods.

For the twelve month period ending 4/30/12, occupancy rates during standard hours of operation were as follows:

Theatre:	36%
Meeting Rooms:	18.5%
Classrooms:	19%

Primetime operating hours for each of the three programs listed above are variable by day and season, but may be seen in general trends as follows:

Theatre:	Friday – Sunday
Meeting Rooms:	Saturday – Sunday
Classrooms:	Weekday mornings and evenings, Saturday

Emerging Trends

A sustained, national economic downturn since 2008 has impacted the arts and hospitality industries on the whole. However, the Center's overall revenues have remained relatively consistent, and in some instances have increased, when compared to prior years. Despite this achievement, current revenue targets have not been met in full since the 2009-10 fiscal year. In large part, this lack of anticipated growth can be seen as a result of trends which have emerged during this time:

- External economic factors continue to heavily impact the public's discretionary spending on arts education, live theatre, and special events planning.
- Diminished funding via grants, donations, and corporate sponsorships have severely limited spending by non-profit arts organizations.
- Interdepartmental usage of the Center has declined, most notably in the classroom and theatre spaces. Reduced attendance and enrollment have played a factor in this, as well as migrations to smaller, lower cost City venues such as the Torrance Theatre Company space in downtown.
- Commercial use of the Center has become increasingly challenged as companies downsize or opt to use their own facilities for special events, training, etc.
- Reduced programming and audience attendance have resulted in lower than expected revenues from the ticket service fee. In addition, some groups have elected to begin selling their own tickets to avoid incurring the Box Office ticket fee.

Marketing Efforts

Currently, (1) fulltime Assistant Booking Manager serves as the public relations and marketing liaison for event promotions, community outreach, and advertising at the Center. When feasible, additional fulltime staff are also assigned to special marketing projects throughout the year. The following outline provides a brief summary of the internal marketing campaign at the Center:

Printed & Broadcast Media

- Monthly press releases covering all public events at the Center are sent to an average of 60 publications, including the L.A. Times, Daily Breeze, and L.A. Weekly among others.
- Targeted advertisements and listings are placed in a wide variety of bridal, arts, community, and industry specific publications.
- Booklets, postcards, and rate sheets emphasizing rental opportunities at the Center are marketed to potential clients throughout the South Bay.
- Informational segments, performances, and event listings are aired on Torrance CitiCable.
- Select radio stations are provided with relevant concert information for broadcast.
- Permanent outdoor marquees, kiosks, and signs at the Torrance Civic Center and the 405 freeway provide both static and dynamic information on the Center year-round. Periodic event banners are also displayed at sites around the City.
- Through the Los Angeles County 211 phone system, visitors and citizens can discover the Center as a performing arts destination.

Online

- Social media sites such as Facebook, Twitter, and MySpace are utilized to promote the Center via personal networking and news blasts.
- The Cultural Arts Center's official website (tcac.torranceca.gov) provides information on all aspects of activity at the Center, including a calendar of events, quarterly *At the Center* brochure, facility specifications, and links to class registration and the Cultural Arts Foundation.
- Calendars, directory listings, special features, and links are established on dozens of websites catering to both the general public and tailored interests in the arts, business and tourism.

Networking

- As an ambassador to the Torrance Chamber, staff participate in local business events, monthly meetings, conventions, and other related functions.
- Open house luncheons and mixers are conducted to encourage attendance at the Center by business and arts community members.
- Staff serve as exhibitors and board members for events around the greater Los Angeles area presented by organizations such as the Wedding & Special Events Association, South Bay Event Professionals, and Association of Bridal Consultants.
- Local business networking with hotels, banquet venues, caterers, and the newly opened Special Events & Planning Center in downtown Torrance is routinely performed to promote word-of-mouth advertising.

Sales Consultant

Should the City Council decide to enact a third-party consulting contract to assist with the sales and marketing of City programs and facilities, the following areas of revenue development may be useful for consideration:

- *Nonprime Rental Hours:* Attract corporate and private rentals for midweek use of the theatre and meeting room facilities at the Center.
- *Naming Opportunities:* Obtain one-time corporate and private donations via naming opportunities for the studios, Japanese Garden, and Garden Rooms.
- *Filming Location:* Actively promote the Center as a filming location to studios throughout Los Angeles.
- *Fundraising:* Establish a City affiliated non-profit entity to serve as a fundraising arm for capital improvements at the Center.



Memo

To: Eric, Tsao, Finance Director
From: Kim Turner, Transit Director
Date: 5/9/2012
Re: Cost Analysis of Fleet Conversion to Compressed Natural Gas

As requested, staff conducted a brief study to analyze the potential costs and savings of converting the Torrance Transit System (TTS) bus fleet into a fully alternative fuel fleet. The three areas examined in this analysis are: 1) Cost of Fleet Conversion; 2) Potential Savings Through Fuel; and 3) Cost of Infrastructure Retrofitting.

I. COST OF FLEET CONVERSION:

It should be noted that with the passage of the South Coast Air Quality Management District's (SCAQMD) Rule 1192 "Clean On-Road Transit Buses" (**Attachment A**), the purchase of Diesel fueled buses were no longer allowed, and public transit fleet operators were required - by law - to seek Alternative Fueled Vehicles.

The last diesel bus purchased by TTS was in 2002 at a market price of \$288,446, while a 2012 Compressed Natural Gas (CNG) bus is worth \$544,695 (after taxes and registration). While this initially shows a difference of \$256,249 in purchase price, the difference is misleading as it does not account for inflation and cost increases in the past ten years. Staff contacted two major bus manufacturers in North America, and were told that an equivalent, modern day Diesel bus would cost roughly \$450,000 to \$475,000 (\$489,375 and \$516,562 after taxes and registration). This denotes a price difference of roughly \$94,695 to \$69,695 per vehicle, contingent upon vehicle configuration and amenities. The table below illustrates the additional costs that TTS must incur in order to switch from a Diesel bus fleet to an Alternative Fuel bus fleet.

	Bus Manufacturer 1	Bus Manufacturer 2
CNG Bus Price	\$544,695.00	\$544,695.00
Diesel Bus Price	\$450,000.00	\$475,000.00
Price Difference	\$94,695.00	\$69,695.00
Buses Needed	53	53
TOTAL	\$5,018,835	\$3,693,835

Although converting to a CNG fleet is costing TTS an additional \$3.7M to \$5M in total, there is no alternative. Diesel buses are essentially banned from Southern California, and the repeal of Rule 1192 is highly unlikely. However, this being stated, TTS is actually supportive of Rule 1192 and advocates converting to an alternative fuel fleet. Reductions in emission and the local carbon footprint, and improvements to air quality have been substantial over the last several years, and TTS is proud to have contributed to the region's efforts to "Go Green".

Attachment B of this memo demonstrates the role that TTS is playing in the region to help reduce vehicle pollution/emissions by converting to a CNG bus fleet.

II. POTENTIAL SAVINGS THROUGH FUEL

Savings on fuel is difficult to predict as the market has fluctuated wildly during these last several years. The previous recession and ongoing instability in the Middle East has affected the market, and can send fuel prices plummeting or sky rocketing at a moment's notice. However, by taking current market prices, a rough projection on potential savings through switching to an alternative fuel bus fleet can be illustrated.

Current market prices for diesel fuel is approximately \$3.51 per gallon (bulk purchase). During the last 60 days, the CNG equivalent has been as high as \$2.07 per gallon. The price difference between diesel and CNG averages about \$1.32 per gallon over the course of a Fiscal Year (FY). Using this data and noting the changing fuel requirements for Transit over the next several years, approximate savings by reducing Diesel consumption and increasing CNG usage can be estimated. The table below illustrates the changes in fueling requirements for TTS as we continue with our Fleet Modernization Plan. Fuel prices were fixed at their current market costs for this projection.

Year	Diesel Fuel Consumed			CNG Fuel Consumed			Potential Savings	
	Gallons	Price	Cost	Gallons	Price	Cost	Total Fuel	Diff. from FY11
FY11	600000	\$ 3.51	\$ 2,106,000	0	\$ 2.07	\$ -	\$ 2,106,000	\$ -
FY12	400000	\$ 3.51	\$ 1,404,000	200000	\$ 2.07	\$ 414,000	\$ 1,818,000	\$ 288,000
FY13	320000	\$ 3.51	\$ 1,123,200	280000	\$ 2.07	\$ 579,600	\$ 1,702,800	\$ 403,200
FY14	220000	\$ 3.51	\$ 772,200	380000	\$ 2.07	\$ 786,600	\$ 1,558,800	\$ 547,200
FY15	70000	\$ 3.51	\$ 245,700	530000	\$ 2.07	\$ 1,097,100	\$ 1,342,800	\$ 763,200

Although staff cannot guarantee a \$763K reduction in the fuel budget by FY2015, staff believes it is safe to predict that the market price for one gallon of CNG will consistently be less than a gallon of Diesel for the foreseeable future by at least \$1.00 (and hence a savings is experienced).

III. COST OF INFRASTRUCTURE RETROFITTING

Converting to a CNG Fuel bus fleet requires substantial retrofitting to TTS' Maintenance and Fueling infrastructures. In order to safely provide preventive maintenance and vehicle repair, the TTS garage bays and shop must undergo extensive CNG retrofit. This includes changes to shop lighting, the ventilation system, heating units and potential exposure to open flames. It is estimated that the cost of such a retrofit will be approximately \$937,000. Staff has submitted a grant application for Federal Transit Administration (FTA) Section 5307 funds for this full amount. Because Transit has requested the use of one-time, Federal Toll Credits for this project, there is no local match requirement for funding this project.

To address fueling needs, TTS and the City Manager's Office are participating in contract negotiations with Clean Energy to install and maintain a "Fast Fill" CNG Fueling station in the Transit portion of the City Yard. (A "Slow Fill" public station is already in existence at the City

Yard, and is being used temporarily by TTS. But, the stations capability and capacity are inadequate to fulfill TTS' long- term needs. At a projected cost of \$2.1 Million, Clean Energy would construct and maintain the new CNG station for a 10 year period. During this time, TTS would be required to pay a \$1 overhead surcharge for the first 2.0 Million gallons of CNG purchased, \$0.50 for the next 2.0 Million gallons purchased, and then \$0.25 for the remaining life and usage of the station. Although, this project does not require a local match (aside from the overhead surcharge), TTS successfully applied for and will receive \$175,000 from the South Coast Air Quality Management District (SCAQMD) in support of this project.

Both of these projects will allow TTS to implement infrastructure improvements to our facility at essentially no cost to ourselves or the City of Torrance.

CONCLUSION:

Staff is available for any questions or comments regarding this initial analysis of converting the TTS fleet to a fully alternative fuel fleet.

###

(Adopted June 16, 2000)

RULE 1192. CLEAN ON-ROAD TRANSIT BUSES

(a) Purpose

For public transit fleets operating in the South Coast Air Quality Management (District), this rule requires public transit fleet operators to acquire alternative-fuel heavy-duty vehicles when procuring or leasing these vehicles to reduce air toxic and criteria pollutant emissions.

(b) Applicability

This rule applies to those public transit fleets with 15 or more public transit vehicle or urban buses, operated by government agencies or operated by private entities under contract to government agencies, that provide passenger transportation services including intra- and intercity shuttle services. This rule shall not apply to vehicles or services pursuant to paragraph (e) including school transportation services, long-distance services, and heavy-duty on-road vehicles not used for the express purpose of public transportation.

No provisions of this rule shall preclude applicability of more stringent regulations developed by the State of California or the federal government imposed on heavy-duty vehicles or urban buses used for the express purpose of transporting passengers.

(c) Definitions

For purposes of this rule, the following definitions shall apply:

- (1) **ALTERNATIVE-FUEL HEAVY-DUTY VEHICLE** means a heavy-duty vehicle, urban bus or engine that uses compressed or liquified natural gas, propane, methanol, electricity, fuel cells, or other advanced technologies that do not rely on diesel fuel, and meets the emission requirements of Title 13, Section 1956.1 of the California Code of Regulations [adopted by the California Air Resources Board (CARB) on February 24, 2000]. For the purpose of this rule, hybrid-electric and dual-fuel technologies that use diesel fuel are not considered alternative-fuel technologies.

Rule 1192 (Cont.)**(Adopted June 16, 2000)**

- (2) HEAVY-DUTY VEHICLE means any vehicle having a gross vehicle weight of at least 14,000 pounds.
- (3) PARATRANSIT VEHICLE means any heavy-duty transit vehicle as defined in Sections 336 and 462 of the California Vehicle Code and has a gross vehicle weight of at least 14,000 pounds but no greater than 33,000 pounds.
- (4) PUBLIC TRANSIT VEHICLE means any heavy-duty vehicle used for the express purpose of transporting passengers. A transit vehicle usually has a gross vehicle weight of at least 14,000 pounds but no greater than 33,000 pounds.
- (5) PUBLIC TRANSIT FLEET OPERATOR is a person who owns, leases, or operates substantially public transit vehicles or urban buses in the District. A person is any public entity responsible for administering and managing transit activities and services. Public transit fleet operators can directly operate transit service or contract out for all or part of the total transit service provided and includes transit districts, included transit districts, municipal operators, included municipal operators, and transit development board as defined in Chapter 4, Article 1 of the Public Utilities Code. Public transit fleet operator includes any private transit operator that is contracted by a government agency or a public transit agency.
- (6) URBAN BUS means a passenger-carrying vehicle with a gross vehicle weight of at least 33,000 pounds, powered by a heavy heavy-duty diesel engine, or of a type normally powered by a heavy heavy-duty diesel engine, with a load capacity of fifteen (15) or more passengers and intended primarily for intra-city operation, i.e., within the confines of a city or greater metropolitan area. Urban bus operation is characterized by short rides and frequent stops. To facilitate this type of operation, more than one set of quick-operating entrance and exit doors would normally be installed. Since fares are usually paid in cash or token, rather than purchased in advance in the form of tickets, urban buses would normally have equipment installed for collection of fares.
- (7) VEHICLE means any self-propelled, motorized device that is permitted to operate on public roads through Department of Motor Vehicle registration or the federal government.

Rule 1192 (Cont.)**(Adopted June 16, 2000)****(d) Fleet Requirements**

- (1) Beginning upon adoption of this rule, for public transit fleet operators that are considered transit districts or included transit districts, or any public entity, joint powers agency, or combination thereof that provides public transportation services, with 15 or more transit vehicles or urban buses, except municipal or included municipal operators with fewer than 100 transit vehicles or urban buses, all new transit vehicle or urban bus purchases or leases must be alternative-fuel heavy-duty vehicles when adding or replacing buses to their vehicle fleet.
- (2) Beginning July 1, 2001, for public transit fleet operators that are considered municipal operators or included municipal operators with 15 or more but less than 100 transit vehicles or urban buses, all new transit vehicle or urban bus purchases or leases must be alternative-fuel heavy-duty vehicles when adding or replacing buses to their vehicle fleets.
- (3) Private transit operators contracted by a transit agency or government agency shall meet the requirements of either subparagraphs (d)(1) or (d)(2) depending on the transit agency or government agency.

(e) Exemptions

- (1) The provisions of this rule shall not apply to the following:
 - (A) Paratransit vehicles.
 - (B) Buses used for the expressed purpose of providing long-distance service (out-of-District), that are generally equipped with luggage compartments, restrooms, and overhead storage.
 - (C) No more than ten evaluation/test vehicles per fleet, provided by or operated by vehicle manufacturer for testing or evaluation, exclusively.
 - (D) School buses as defined in the California Vehicle Code.
 - (E) Buses that are not used for the express purpose of public transportation such as employee transportation or transportation of prisoners.
 - (F) Signed contract agreements as of the date of adoption of this rule for the purchase or lease of new transit vehicles or urban buses. This exemption does not apply to execution of options to purchase transit vehicles following the date of adoption of this rule.

Rule 1192 (Cont.)**(Adopted June 16, 2000)**

- (2) Upon demonstration to the Executive Officer, heavy-duty vehicles used for the express purpose of transporting passenger for which no alternative-fuel engine and chassis configuration is available commercially or could be used.
- (f) Compliance Auditing and Enforcement
- (1) The fleet operator shall provide at the request of the District any files and/or records created to comply with subdivision (d) including fleet-specific information, such as a list of official DMV registrations, and manufacturer, model-year, model, engine family number, and fuel type of each fleet vehicle. The fleet operator shall keep all required records for a minimum of two years.
 - (2) Any fleet operator seeking an exemption under subdivision (e) shall supply proof that their vehicle or fleet is exempted from this rule when requested by the District.
- (g) Severability
- If any provision of this rule is held by judicial order to be invalid, or invalid or inapplicable to any person or circumstance, such order shall not affect the validity of the remainder of this rule, or the validity or applicability of such provision to other persons or circumstances. In the event any of the exceptions to this rule is held by judicial order to be invalid, the persons or circumstances covered by the exception shall instead be required to comply with the remainder of this rule.

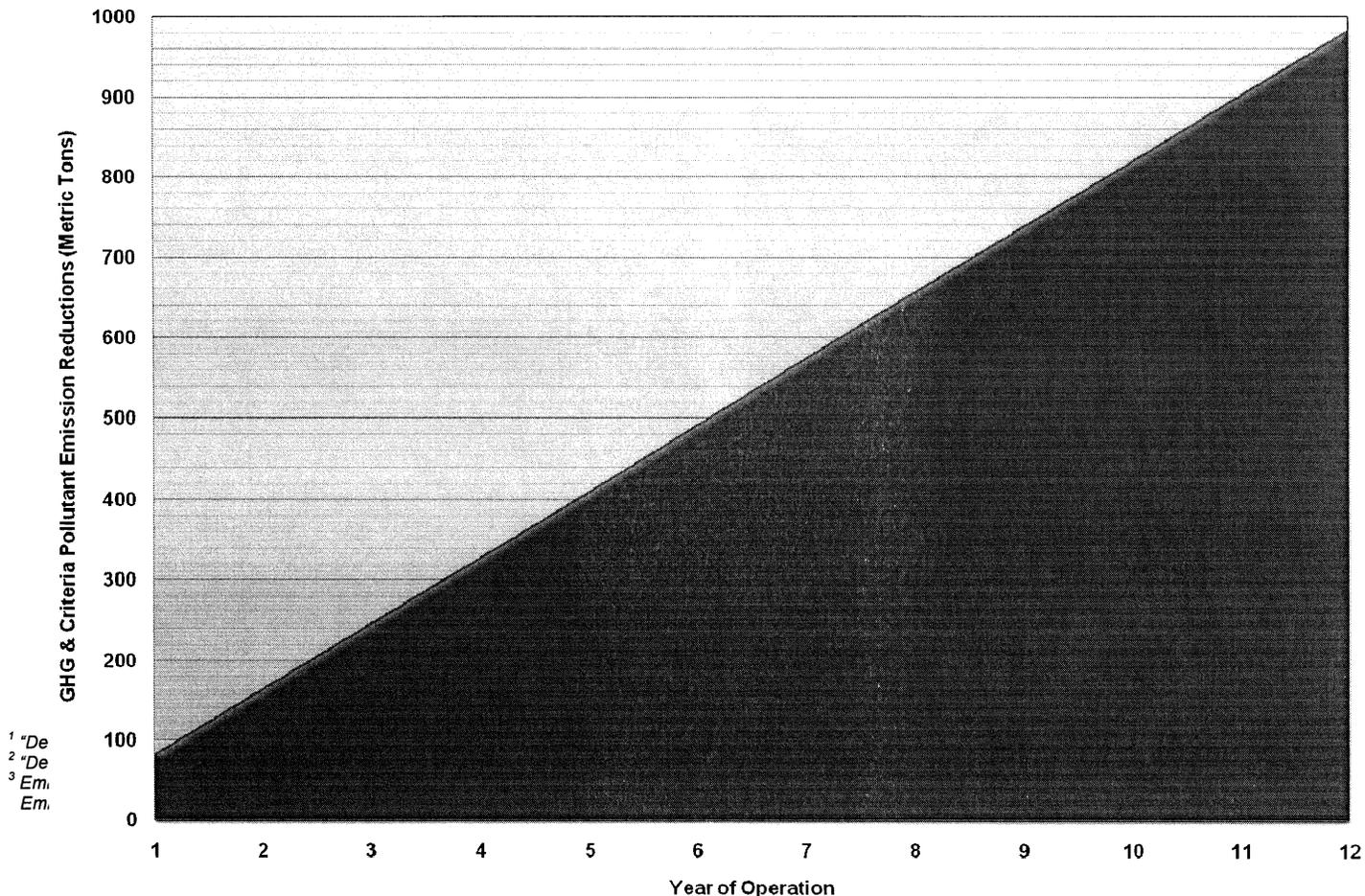
ATTACHMENT B

Emissions Reductions

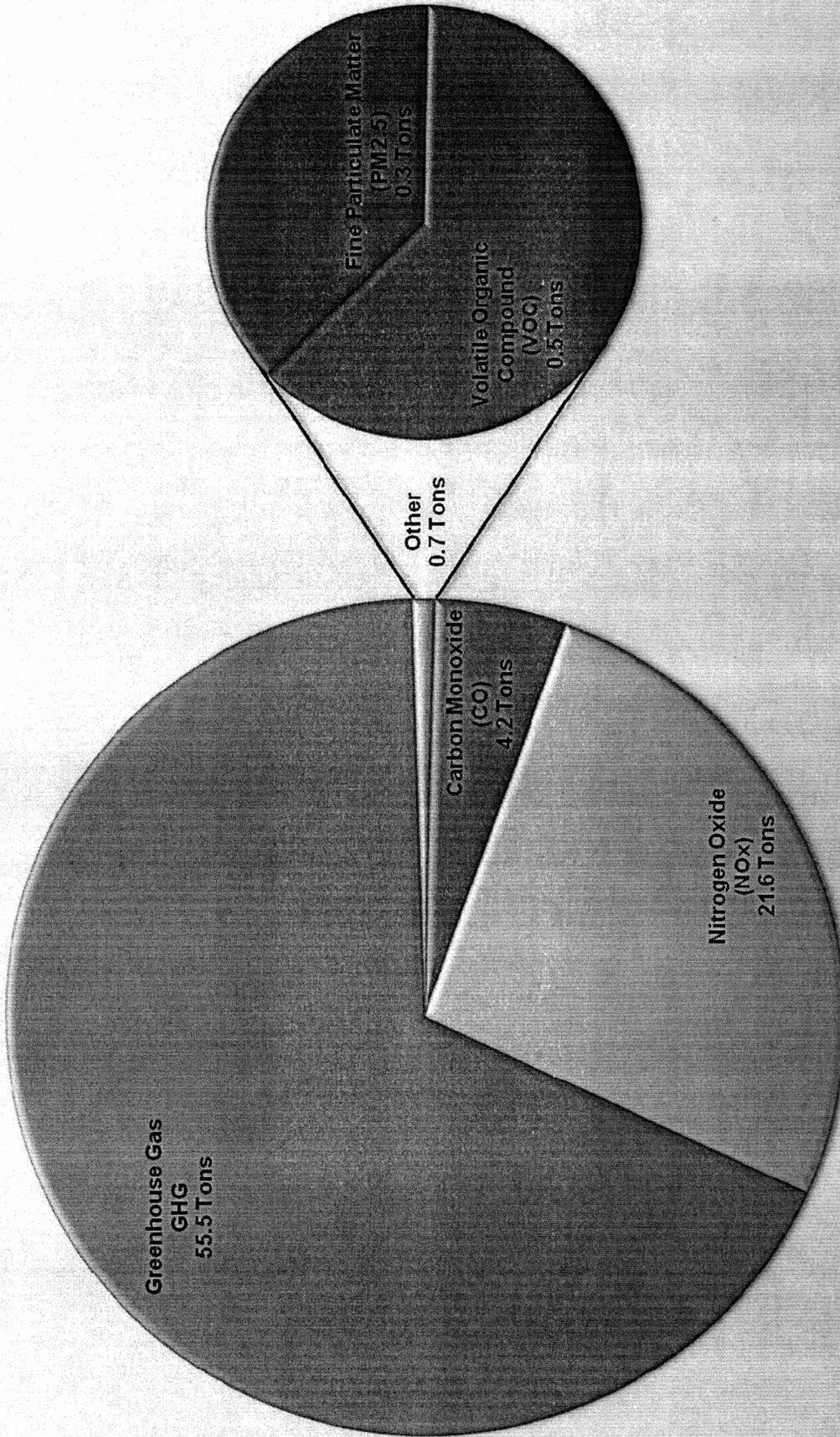
Natural gas is the cleanest choice of fuel readily available today. Natural gas powered vehicles produce up to 23% fewer greenhouse gas emissions (GHG)¹ than comparable diesel models². By replacing existing diesel buses with new CNG buses, Torrance Transit will significantly reduce its criteria and greenhouse gas emissions. Once Torrance Transit completes its 53 diesel to CNG bus transition in 2015, **81.99 metric tons of criteria pollutant and greenhouse gas emissions will be reduced per year of operation, which equals nearly 984 metric tons of over a 12-year operational life!**³

53 CNG Buses: Annual Emission Reductions (metric tons)					
Criteria Pollutants				GHG	TOTAL
Carbon Monoxide (CO)	Volatile Organic Compound (VOC)	Nitrogen Oxide (NOx)	Fine Particulate Matter (PM2.5)	Greenhouse Gas	Criteria Pollutants & GHG
4.2	0.5	21.6	0.3	55.5	81.99

53 CNG Transit Buses Cumulative Emission Reductions: 12 Year Life



**Torrance Transit 53 CNG Transit Buses
Total Annual Emission Reductions: 81.99 Metric Tons**



Area G - Fiscal Year 2012-2013										
Cities' Contribution-Revenue Projection										
City	Population 2010*	% Population	Assessed Valuation 2010 **	% Valuation	Sum of %	Average %	Amount***	95% Reduction	Amount due 2012-13	
El Segundo	16,708	2.5443%	\$8,155,003,470	8.4948%	11.0391%	5.5196%	\$6,955	\$347.75	\$348	
Gardena	59,009	8.9859%	\$4,363,324,304	4.5452%	13.5310%	6.7655%	\$8,525	\$426.25	\$426	
Hawthorne	84,854	12.9215%	\$5,349,933,617	5.5729%	18.4944%	9.2472%	\$11,652	\$582.60	\$583	
Hermosa Beach	19,557	2.9781%	\$4,825,080,309	5.0262%	8.0043%	4.0021%	\$5,043	\$252.15	\$252	
Inglewood	110,028	16.7550%	\$6,444,621,705	6.7132%	23.4682%	11.7341%	\$14,785	\$739.25	\$739	
Lawndale	32,860	5.0039%	\$1,784,384,720	1.8587%	6.8627%	3.4313%	\$4,324	\$216.20	\$216	
Lomita	20,319	3.0942%	\$1,723,591,949	1.7954%	4.8896%	2.4448%	\$3,081	\$154.05	\$154	
Manhattan Beach	35,248	5.3675%	\$11,604,979,716	12.0886%	17.4561%	8.7281%	\$10,998	\$549.90	\$550	
Palos Verdes Estates	13,480	2.0527%	\$5,177,444,700	5.3932%	7.4459%	3.7230%	\$4,691	\$234.55	\$235	
Rancho Palos Verdes	41,766	6.3601%	\$9,250,887,401	9.6364%	15.9965%	7.9983%	\$10,078	\$503.90	\$504	
Redondo Beach	66,970	10.1982%	\$11,238,245,546	11.7066%	21.9047%	10.9524%	\$13,800	\$690.00	\$690	
Rolling Hills	1,868	0.2845%	\$1,169,245,525	1.2180%	1.5024%	0.7512%	\$1,500	\$75.00	\$75	
Rolling Hills Estates	8,093	1.2324%	\$2,341,464,634	2.4390%	3.6714%	1.8357%	\$2,313	\$115.65	\$116	
Torrance	145,927	22.2217%	\$22,571,188,689	23.5118%	45.7335%	22.8668%	\$28,813	\$1,440.65	\$1,440	
Savings - One time								-\$27,372.35		
Totals, excluding L.A. County	656,687	100.00%	\$95,999,396,285	100.00%	200.00%	100.00%	\$126,558	\$6,327.90	\$6,328	
*2010 Figures from U.S. Census Bureau										
** Based upon 2010 valuations from Los Angeles County Tax Assessor's Office-Taxpayers Guide 2010-2011										
***Minimum billing is \$1,500.00										

Community Services	<ul style="list-style-type: none"> Affordability of excursions for seniors. 	D – 1
	<ul style="list-style-type: none"> \$25,000 in one-time funds (seed money for a performance based contract) to obtain services of a marketing professional to increase recreation program participation and maximize use of the Cultural Arts Center one time Marketing proposal will not be implemented without bringing back a contract for approval. Set aside the funds, and explore options available on the premise that if marketing professional brings in business they obtain a portion of the growth in business as a trade-off. Councilman Numark envisions a dedicated marketing professional that can market recreation programs and the Cultural Arts Center. The Mayor expressed that a fee reduction would be more effective. 	D – 2
	<ul style="list-style-type: none"> The Mayor asked about the Nature Preserve vs. the Nature Center one is \$450,000, the other \$250,000. He wants a breakout as to what those numbers actually refer to as it relates to \$750,000 in subsidies. Explore potential opportunities to achieve budget efficiencies. 	D – 3
	<ul style="list-style-type: none"> The Mayor requested in the supplementary materials from Community Services for subsidies, he wants to see an extra column indicating the subsidy the City is spending on that line item before the multiplication factor of the subsidy that the Parks & Recreation Commission decided to use. 	D – 4
	<ul style="list-style-type: none"> Executive Summary of the proposed reductions and/or revenue increases for the Enterprise Fund 	D - 5

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: May 11, 2012

TO: Eric Tsao, Finance Director

FROM: John Jones, Community Services Director

SUBJECT: SENIOR CITIZENS EXCURSION PROGRAM

The Community Services Department has offered a Senior Citizens Excursion program for the past 37 years. Excursion fees were set to cover the direct costs for the individual excursions. The Senior Excursion Program provides a wonderful opportunity for seniors to experience new places, make new friends, and stimulate their minds.

For many years, the Excursion Program (then called the *Young Seniors Association Tours*) was very successful. However, in the early 2000's, it began to be more difficult to fill trips. Staff saw it necessary to complete an analysis of the program to determine whether or not the program goals and individual excursions were still relevant to the senior citizen population. Staff completed participant and non-participant surveys, meetings with tour industry experts, and discussions with other agencies and organizations, to redefine goals for the program. Staff then incorporated changes to the program including new tour escorts, registration procedures, and marketing strategies and re-launched the program in April 2009.

Initial returns on the program were high, as the program thrived from April 2009 through December 2011 with only one cancelled trip in 33 months). In most cases the trips were filled to capacity and included waiting lists.

In February 2012, staff implemented the new Cost Recovery/Subsidy Plan that included the Indirect Cost for the Senior Excursion program. This increased the fees for each excursion which immediately impacted registration totals. Since the additional fees were added four of the five trips were cancelled. Many of the seniors felt that the value of the excursion didn't match the increased fee that was being charged.

Prior to the indirect costs being added to the fee, the program fees included the following:

- Fee to Main Street Tours (includes admission to venue, transportation, as well as lodging and some meals on overnight tours)
- Tour escort salaries (Two Recurrent staff)
- Planning and preparation (Recurrent staff)
- Snacks for bus ride

At the present time, the cost breakdown for a day trip ticket includes:

Fee to Main Street Tours (admission and transportation)	\$68
Tour chaperon salary (One Recurrent staff)	\$5
Planning and preparation (Recurrent staff)	\$4
Snacks for bus ride	\$1
Current Direct Cost Per Participant	\$78
Indirect Rate for the Excursion Program	\$43
Total Cost Per Participant	\$121
Less City Subsidy (20%)	(\$24)
Ticket Price Per Participant	\$97

As staff have received complaints regarding the increased fees, staff have explored two options to make the trips more affordable.

1. Increase the Subsidy: The current subsidy level for the Excursion Program is 20%. Increasing the subsidy level to 40% would reduce the ticket price of the trip an additional \$24 to approximately \$73. Additional subsidy in the amount of \$41,000 would have to be added from the General Fund, or other programs within the Division would have to bear the additional cost.

2. Restructure the Department's Scholarship Program: The Department has a scholarship program designed to provide recreational and cultural opportunities to low income families, including senior citizens. The current program as approved by Council does not allow scholarships to be used for Excursions. With modification to the program, and additional scholarship funding of \$15,000, the scholarship program can be expanded to cover excursions. Participants would be required to meet low income criteria as established in the current scholarship program.

City Manager Note:

While the Community Services Director has explored two additional options, the City Manager would recommend referring this to the Citizens Development and Enrichment Committee. The Committee would be tasked with the goal of exploring additional options that would benefit those seniors who are most in need. Funding options would be addressed at that time.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: May 11, 2012

TO: Eric Tsao, Finance Director

FROM: John Jones, Community Services Director

SUBJECT: **\$25,000 MARKETING OF CULTURAL ARTS CENTER - USE OF A CONTRACTOR TO ASSIST IN FILLING OUR CULTURAL SERVICES DIVISION EMPLOYEE TAUGHT CLASSES**

The Community Services Department suggests using a contractor, on a performance basis, to enhance the efforts of maximizing revenue within the Enterprise Fund. The use of this contractor would be to specifically target the employee taught classes that have met the class minimum level, but have not reached the class capacity level that still allows for quality instruction for this class experience.

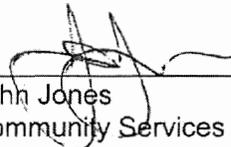
The goal of this individual would be to target those employee taught classes between the week before classes begin and the second week of classes in order to encourage additional class participants to meet each class capacity. The capacity level is identified as the maximum number who can be accommodated while still providing a quality participant experience.

We anticipate utilizing the contractor for approximately 6-8 weeks a year, payment should be tied to performance based on the contractor's success in bringing in additional participants during the 2-3 week period identified above.

Staff were also asked to estimate the total additional gross revenue that could be achieved if the aforementioned contract is implemented. Staff reviewed last years employee taught classes' enrollment numbers versus capacity and have provided the following estimate:

Summary Data by Season

Season	Capacity	Enrolled	Potential Gross Revenue
Summer 2011	1,871	1,607	\$21,529
Fall 2011	1,487	1,158	\$29,016
Winter 2012	1,370	977	\$30,165
Spring 2012	1,353	1,014	\$26,277
Totals	6,081	4,756	\$106,987



 John Jones
 Community Services Director

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: May 11, 2012

TO: Eric Tsao, Finance Director

FROM: John Jones, Community Services Director

SUBJECT: BREAKDOWN OF THE MADRONA MARSH NATURE CENTER AND PRESERVE BUDGETS

At the May 8, 2012 Budget Hearing, the Mayor requested staff to provide a breakdown of the Madrona Marsh Nature Center and Preserve Budgets. This request was an effort to better understand how this budget is being subsidized. Staff has provided the following information that shows the breakdown for these budgets. The approved annual budget for the Madrona Marsh and Nature Center is as follows:

	Direct Costs	Indirect Costs	Total
Madrona Marsh Nature Center	\$280,304	\$178,822	\$459,126
Madrona Marsh Preserve	\$142,233	\$90,738	\$232,971
Totals	\$422,537	\$269,560	\$692,097

Direct Costs

Nature Center:

- 1 Full time Naturalist/Preserve Manager \$115,900
- 9 Part time staff \$111,313
 - 1 Recreation Specialist II (1,664 hours)
 - 1 Intern (1,040 hours)
 - 7 Senior Recreation Leaders (4,368 hours)
- Materials and Supplies: \$16,959
 - Food and supplies for animals
 - Educational and Training equipment
 - Audio visual equipment
- Professional/Contract Services: \$36,132
 - Janitorial Services
 - Security Alarm
 - Copier/Printing Services
 - Utilities

SUB TOTAL \$280,304

Preserve:

- | | |
|---------------------------------------|----------|
| • 1 Full time Lead Maintenance Worker | \$85,300 |
| • Materials/Supplies: | \$18,128 |
| ○ Plants and chemicals | |
| ○ Fertilizer and containers | |
| ○ Hoses, tools, equipment | |
| • Professional/Contract Services: | \$38,805 |
| ○ Rental equipment | |
| ○ Pumping Services | |

SUB TOTAL	\$142,233
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Indirect Costs

The Indirect Cost were developed from a formula that was spread throughout each of the programs based on their budget size. This formula is made up of the entire divisions overhead costs, including management and clerical staff, employee training, professional memberships, and City Interdepartmental Charges including phone, internet and data service, computer replacement, liability/insurance funds, and general building maintenance. Staff took the Total Divisional Overhead costs, which are \$2,328,126, and divided them between each of the different program areas based on their respective share of total Direct Costs.

Community Benefits

The Madrona Marsh Nature Center and Preserve offers the community numerous programs and volunteer opportunities throughout the year. The types of programs focus on Nature related educational classes, Service Learning Community Programs, and Special Events.

In 2011 the Madrona Marsh was visited by over 30,000 participants, including walking tours, field trips, classes, clean up days, and other special activities. Of these participants nearly 10,000 participated in some sort of scheduled program. In terms of volunteerism, in 2011 there were over 7,700 volunteers who contributed over 20,000 volunteer hours to the programs at the Marsh. Volunteers assist in habitat restoration, classes and education opportunities, and the many programs provided at both the Nature Center and Preserve.



 John Jones
 Community Services Director

FY 2012-2013
Cultural Services Division
Net Cost Review

All Rec Div Programs, Classes, and Activities	P & L's Direct Costs		Cultural Div Indirect Costs		Direct Costs + Div indirect Costs		% Recovery	Department Admin	City Indirect	Total City Cost	Revenue P & L's	% of Revenue to Total City Cost	Total Subsidy Current	Subsidy Target	Proposed Subsidy based on Subsidy Plan		Subsidy Delta Value
	a	b	c	d	e	f									g	h	
Torrance Art Museum	\$ 128,884	\$ 56,334	\$ 185,218	\$ 10,831	\$ 10,851	\$ 206,901	0%			\$ 206,901	\$ -	100%	\$ 185,218	100%	\$ 185,218	\$ -	
Civic Chorale	\$ 40,800	\$ 17,833	\$ 58,633	\$ 3,429	\$ 3,435	\$ 65,497	60%			\$ 65,497	\$ 30,000	54%	\$ 28,633	40%	\$ 23,453	\$ 5,180	
Staff Taught Classes-Youth	\$ 260,049	\$ 113,666	\$ 373,715	\$ 21,854	\$ 21,895	\$ 417,463	60%			\$ 417,463	\$ 312,442	25%	\$ 61,273	40%	\$ 149,466	\$ (88,213)	
Contract Classes-Youth	\$ 312,942	\$ 136,785	\$ 449,727	\$ 26,299	\$ 26,348	\$ 502,374	60%			\$ 502,374	\$ 336,995	33%	\$ 112,732	40%	\$ 176,891	\$ (67,159)	
Early Childhood Dev	\$ 127,335	\$ 55,657	\$ 182,992	\$ 10,701	\$ 10,721	\$ 204,414	80%			\$ 204,414	\$ 139,000	32%	\$ 43,992	20%	\$ 36,598	\$ 7,394	
Theater Company	\$ 108,680	\$ 47,503	\$ 156,183	\$ 9,133	\$ 9,150	\$ 174,467	80%			\$ 174,467	\$ 50,000	71%	\$ 106,183	20%	\$ 31,237	\$ 74,947	
Contract Classes-Adult	\$ 208,628	\$ 91,190	\$ 299,818	\$ 17,533	\$ 17,565	\$ 334,916	90%			\$ 334,916	\$ 221,636	34%	\$ 78,182	10%	\$ 29,982	\$ 48,200	
Staff Taught Classes-Adult	\$ 173,366	\$ 75,777	\$ 249,143	\$ 14,569	\$ 14,596	\$ 278,309	90%			\$ 278,309	\$ 204,578	26%	\$ 44,565	10%	\$ 24,914	\$ 19,651	
Excursions	\$ 5,000	\$ 2,185	\$ 7,185	\$ 420	\$ 421	\$ 8,027	100%			\$ 8,027	\$ 7,185	10%	\$ 0	0%	\$ 0	\$ 0	
TOTAL	\$ 1,365,684	\$ 596,931	\$ 1,962,615	\$ 114,770	\$ 114,983	\$ 2,192,367				\$ 2,192,367	\$ 1,307,638		\$ 660,779		\$ 660,779	\$ (0)	

Cultural Services Division Operations Cost \$ 1,365,684
Cultural Services Division Admin Cost \$ 596,931
Division Total \$ 1,962,615

2011-2012

Department Admin is in column d is 10% of Admin Div Cost \$ 114,770
Note: City indirect in column e is 19.39% of Division FT Salaries \$ 114,983

Note: Subsidy Target in column i was developed to recover Direct Costs and Divisional Overhead only.
Does not include Department Overhead or City Indirect Costs

Recreation Budget
less Revenue
Difference

Difference
less Subsidy
Balance

FY 2012-2013
Recreation Services Division
Net Cost Review

All Rec Div Programs, Classes, and Activities	Direct Costs		Rec Div Indirect Costs		Direct Costs + Div Overhead		Department Admin Overhead		City Indirect		Total City Cost		Revenue		% of Revenue to Total City Cost		Revenues less Total Costs		Total Subsidy Current		Subsidy Target		Proposed Subsidy based on Subsidy Plan		Subsidy Delta Value	
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z
Seniors - Facilities	\$ 92,587	\$ 59,066	\$ 151,653	\$ 5,824	\$ 10,070	\$ 167,547	\$ 17,631	\$ 30,487	\$ 507,243	\$ 10,070	\$ 167,547	\$ 10,070	\$ 167,547	\$ 10,070	\$ 167,547	100%	\$ 151,653	\$ 151,653	100%	\$ 151,653	100%	\$ 151,653	\$ 151,653	\$ 151,653	\$ 151,653	\$ -
Madrona Marsh Nature Center	\$ 280,304	\$ 178,822	\$ 459,126	\$ 17,631	\$ 30,487	\$ 507,243	\$ 5,824	\$ 10,070	\$ 517,317	\$ 30,487	\$ 547,804	\$ 30,487	\$ 547,804	\$ 30,487	\$ 547,804	100%	\$ 459,126	\$ 459,126	100%	\$ 459,126	100%	\$ 459,126	\$ 459,126	\$ 459,126	\$ 459,126	\$ -
Summer Drop-In Park Programs	\$ 86,770	\$ 56,631	\$ 143,401	\$ 5,824	\$ 10,070	\$ 159,295	\$ 5,824	\$ 10,070	\$ 169,369	\$ 10,070	\$ 179,439	\$ 10,070	\$ 179,439	\$ 10,070	\$ 179,439	100%	\$ 143,401	\$ 143,401	100%	\$ 143,401	100%	\$ 143,401	\$ 143,401	\$ 143,401	\$ 143,401	\$ -
Madrona Marsh Preserve	\$ 149,312	\$ 90,738	\$ 240,050	\$ 9,946	\$ 15,470	\$ 257,387	\$ 9,946	\$ 15,470	\$ 267,333	\$ 15,470	\$ 282,803	\$ 15,470	\$ 282,803	\$ 15,470	\$ 282,803	100%	\$ 240,050	\$ 240,050	100%	\$ 240,050	100%	\$ 240,050	\$ 240,050	\$ 240,050	\$ 240,050	\$ -
Teen Activities-The ATTC	\$ 149,312	\$ 90,738	\$ 240,050	\$ 9,946	\$ 15,470	\$ 257,387	\$ 9,946	\$ 15,470	\$ 267,333	\$ 15,470	\$ 282,803	\$ 15,470	\$ 282,803	\$ 15,470	\$ 282,803	100%	\$ 240,050	\$ 240,050	100%	\$ 240,050	100%	\$ 240,050	\$ 240,050	\$ 240,050	\$ 240,050	\$ -
Special Needs	\$ 50,911	\$ 32,479	\$ 83,390	\$ 3,202	\$ 5,537	\$ 92,129	\$ 3,202	\$ 5,537	\$ 97,666	\$ 5,537	\$ 103,203	\$ 5,537	\$ 103,203	\$ 5,537	\$ 103,203	100%	\$ 83,390	\$ 83,390	100%	\$ 83,390	100%	\$ 83,390	\$ 83,390	\$ 83,390	\$ 83,390	\$ -
Seniors - Program	\$ 86,347	\$ 55,086	\$ 141,433	\$ 5,431	\$ 9,391	\$ 156,255	\$ 5,431	\$ 9,391	\$ 161,686	\$ 9,391	\$ 171,077	\$ 9,391	\$ 171,077	\$ 9,391	\$ 171,077	100%	\$ 141,433	\$ 141,433	100%	\$ 141,433	100%	\$ 141,433	\$ 141,433	\$ 141,433	\$ 141,433	\$ -
Youth Sports	\$ 237,981	\$ 151,822	\$ 389,803	\$ 10,204	\$ 17,644	\$ 407,447	\$ 10,204	\$ 17,644	\$ 417,651	\$ 17,644	\$ 435,295	\$ 17,644	\$ 435,295	\$ 17,644	\$ 435,295	100%	\$ 389,803	\$ 389,803	100%	\$ 389,803	100%	\$ 389,803	\$ 389,803	\$ 389,803	\$ 389,803	\$ -
D/H Sports Center	\$ 162,222	\$ 103,491	\$ 265,713	\$ 3,202	\$ 5,537	\$ 274,452	\$ 3,202	\$ 5,537	\$ 279,889	\$ 5,537	\$ 285,426	\$ 5,537	\$ 285,426	\$ 5,537	\$ 285,426	100%	\$ 265,713	\$ 265,713	100%	\$ 265,713	100%	\$ 265,713	\$ 265,713	\$ 265,713	\$ 265,713	\$ -
Teen Activities-Co Rec	\$ 50,901	\$ 32,473	\$ 83,374	\$ 5,666	\$ 9,797	\$ 93,171	\$ 5,666	\$ 9,797	\$ 98,968	\$ 9,797	\$ 108,765	\$ 9,797	\$ 108,765	\$ 9,797	\$ 108,765	100%	\$ 83,374	\$ 83,374	100%	\$ 83,374	100%	\$ 83,374	\$ 83,374	\$ 83,374	\$ 83,374	\$ -
Special Events (Multiple)	\$ 90,080	\$ 57,467	\$ 147,547	\$ 3,296	\$ 6,491	\$ 154,038	\$ 3,296	\$ 6,491	\$ 157,334	\$ 6,491	\$ 163,825	\$ 6,491	\$ 163,825	\$ 6,491	\$ 163,825	100%	\$ 147,547	\$ 147,547	100%	\$ 147,547	100%	\$ 147,547	\$ 147,547	\$ 147,547	\$ 147,547	\$ -
Courtball	\$ 392,952	\$ 378,280	\$ 771,232	\$ 19,250	\$ 33,281	\$ 804,513	\$ 19,250	\$ 33,281	\$ 813,763	\$ 33,281	\$ 847,044	\$ 33,281	\$ 847,044	\$ 33,281	\$ 847,044	100%	\$ 771,232	\$ 771,232	100%	\$ 771,232	100%	\$ 771,232	\$ 771,232	\$ 771,232	\$ 771,232	\$ -
Winter Classes- Youth	\$ 385,919	\$ 246,200	\$ 632,119	\$ 19,250	\$ 33,281	\$ 665,400	\$ 19,250	\$ 33,281	\$ 684,650	\$ 33,281	\$ 717,931	\$ 33,281	\$ 717,931	\$ 33,281	\$ 717,931	100%	\$ 632,119	\$ 632,119	100%	\$ 632,119	100%	\$ 632,119	\$ 632,119	\$ 632,119	\$ 632,119	\$ -
After School Club	\$ 306,035	\$ 195,250	\$ 501,285	\$ 9,573	\$ 16,553	\$ 517,838	\$ 9,573	\$ 16,553	\$ 527,411	\$ 16,553	\$ 543,964	\$ 16,553	\$ 543,964	\$ 16,553	\$ 543,964	100%	\$ 501,285	\$ 501,285	100%	\$ 501,285	100%	\$ 501,285	\$ 501,285	\$ 501,285	\$ 501,285	\$ -
Roller Hockey-Youth, Adult, & Rink	\$ 152,132	\$ 97,092	\$ 249,224	\$ 9,573	\$ 16,553	\$ 265,277	\$ 9,573	\$ 16,553	\$ 274,850	\$ 16,553	\$ 291,403	\$ 16,553	\$ 291,403	\$ 16,553	\$ 291,403	100%	\$ 249,224	\$ 249,224	100%	\$ 249,224	100%	\$ 249,224	\$ 249,224	\$ 249,224	\$ 249,224	\$ -
Seniors - Excursions	\$ 86,367	\$ 55,098	\$ 141,465	\$ 15,964	\$ 27,605	\$ 169,070	\$ 15,964	\$ 27,605	\$ 185,034	\$ 27,605	\$ 212,639	\$ 27,605	\$ 212,639	\$ 27,605	\$ 212,639	100%	\$ 141,465	\$ 141,465	100%	\$ 141,465	100%	\$ 141,465	\$ 141,465	\$ 141,465	\$ 141,465	\$ -
Day Camps	\$ 253,807	\$ 161,918	\$ 415,725	\$ 2,755	\$ 4,763	\$ 420,488	\$ 2,755	\$ 4,763	\$ 425,243	\$ 4,763	\$ 430,006	\$ 4,763	\$ 430,006	\$ 4,763	\$ 430,006	100%	\$ 415,725	\$ 415,725	100%	\$ 415,725	100%	\$ 415,725	\$ 415,725	\$ 415,725	\$ 415,725	\$ -
Contract Classes-Adult	\$ 43,796	\$ 27,940	\$ 71,736	\$ 12,919	\$ 22,339	\$ 84,075	\$ 12,919	\$ 22,339	\$ 96,994	\$ 22,339	\$ 119,333	\$ 22,339	\$ 119,333	\$ 22,339	\$ 119,333	100%	\$ 71,736	\$ 71,736	100%	\$ 71,736	100%	\$ 71,736	\$ 71,736	\$ 71,736	\$ 71,736	\$ -
Farmers Market	\$ 205,392	\$ 131,031	\$ 336,423	\$ -	\$ -	\$ 336,423	\$ -	\$ -	\$ 336,423	\$ -	\$ 336,423	\$ -	\$ 336,423	\$ -	\$ 336,423	100%	\$ 336,423	\$ 336,423	100%	\$ 336,423	100%	\$ 336,423	\$ 336,423	\$ 336,423	\$ 336,423	\$ -
Special Events-Turkey Trot adult rev	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100%	\$ -	\$ -	100%	\$ -	100%	\$ -	\$ -	\$ -	\$ -	\$ -
Community Gardens	\$ 6,489	\$ 4,139	\$ 10,627	\$ 408	\$ 706	\$ 11,333	\$ 408	\$ 706	\$ 11,741	\$ 706	\$ 12,447	\$ 706	\$ 12,447	\$ 706	\$ 12,447	100%	\$ 10,627	\$ 10,627	100%	\$ 10,627	100%	\$ 10,627	\$ 10,627	\$ 10,627	\$ 10,627	\$ -
Las Canchas Tennis Center	\$ 10,289	\$ 6,564	\$ 16,853	\$ 647	\$ 1,119	\$ 18,619	\$ 647	\$ 1,119	\$ 19,736	\$ 1,119	\$ 20,855	\$ 1,119	\$ 20,855	\$ 1,119	\$ 20,855	100%	\$ 16,853	\$ 16,853	100%	\$ 16,853	100%	\$ 16,853	\$ 16,853	\$ 16,853	\$ 16,853	\$ -
Sea Air Golf Course	\$ 68,732	\$ 43,848	\$ 112,580	\$ 4,323	\$ 7,475	\$ 120,055	\$ 4,323	\$ 7,475	\$ 127,528	\$ 7,475	\$ 135,003	\$ 7,475	\$ 135,003	\$ 7,475	\$ 135,003	100%	\$ 112,580	\$ 112,580	100%	\$ 112,580	100%	\$ 112,580	\$ 112,580	\$ 112,580	\$ 112,580	\$ -
Battling Cages	\$ 3,000	\$ 1,914	\$ 4,914	\$ 189	\$ 326	\$ 5,240	\$ 189	\$ 326	\$ 5,429	\$ 326	\$ 5,755	\$ 326	\$ 5,755	\$ 326	\$ 5,755	100%	\$ 4,914	\$ 4,914	100%	\$ 4,914	100%	\$ 4,914	\$ 4,914	\$ 4,914	\$ 4,914	\$ -
Shane Park	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100%	\$ -	\$ -	100%	\$ -	100%	\$ -	\$ -	\$ -	\$ -	\$ -
Beverage Agreement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100%	\$ -	\$ -	100%	\$ -	100%	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 3,645,348	\$ 2,328,128	\$ 5,973,476	\$ 229,539	\$ 396,913	\$ 6,600,926	\$ 229,539	\$ 396,913	\$ 6,997,865	\$ 396,913	\$ 7,394,778	\$ 396,913	\$ 7,394,778	\$ 396,913	\$ 7,394,778	0%	\$ 5,973,476	\$ 5,973,476	0%	\$ 5,973,476	0%	\$ 5,973,476	\$ 5,973,476	\$ 5,973,476	\$ 5,973,476	\$ -

Recreation Division Operations Cost \$ 3,640,946
 Recreation Division Admin Cost \$ 2,328,128
 Division Total \$ 5,973,474

2011-2012
 Recreation Budget less Revenue Difference

Difference less Subsidy Balance

Department Admin in column d is 20% of Admin Div Cost \$ 229,539
 Note: City indirect in column e is 19.39% of Division FT Salaries \$ 396,913

Note: Subsidy Target in column i was developed to recover Direct Costs and Divisional Overhead only. Does not include Department Overhead or City Indirect Costs

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

Date: March 16, 2012

TO: Mayor and Members of the City Council
Via: LeRoy J. Jackson, City Manager

FROM: John Jones, Community Services Director

**SUBJECT: EXECUTIVE SUMMARY OF THE PROPOSED REDUCTIONS
 AND/OR REVENUE INCREASES FOR THE ENTERPRISE FUND**

The purpose of this report is to review reduction goals, provide an overview of recommended reductions and fee increases, demonstrate how these changes fit within the Department's vision and connect to the new philosophy provided by the Parks and Recreation and Cultural Arts Commissions.

The following summarizes the proposed reductions and/or revenue increases by categories within the Enterprise Fund. In addition, I have provided a prioritized listing of programs that I would save if not all of the funds were needed, as well as providing potential community impacts with the implementation of these reductions.

Deletions - \$140,006

Full Time Labor—Vacant Typist Clerk 1.0 FTE	(\$65,400)
Part Time Labor	(\$31,156)
Contracts	(\$43,450)

Reductions - \$137,783

Part Time Labor	(\$77,133)
Materials and Supplies	(\$28,210)
Contracts	(\$32,440)

Fee Increases - \$170,100

Miscellaneous Classes and Programs	\$170,100
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Total Recommended Deletions, Reductions, and Fee Increases	\$447,889
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As my reduction goal was \$400,000, and \$447,889 was identified for reduction, I am providing you with a prioritized listing of programs that I would save if not all of the funds were needed, they are as follows:

1. Works in Progress \$20,450
 - This Reader's/Performance Theatre Program serves approximately 500 participants over the course of 5 one-hour performances, and fills a very unique niche within our community. This program is fee-offset at a ticket fee that is already at the top tier.
2. Shakespeare in the Park \$ 3,000
 - This full performance program is offered by a non-profit organization that serves approximately 1,000 community members over the course of 2 free shows.
3. Symphony in the Park \$16,000
 - This free concert is offered by the Torrance Symphony at Wilson Park that serves approximately 500 community members in a very unique outdoor environment.
4. Concert in the Park \$ 4,000
 - This singular concert is offered by the city at Columbia Park and serves approximately 200 community members. This program would be more effective if we were able to hold a series of concerts.
5. School year Park Program at Pueblo Park \$ 5,478
 - This is the only park program that is offered during the school year. Because this park site is somewhat isolated it has been provided year round recreational leadership.

Potential Community Impacts with Implementation

- Increase Bartlett Lunch Fee from \$2.00 to \$2.50 (Fee Increase) \$ 4,638
 - Fee Increase to a Senior Citizen Program that is attended by approximately 50 seniors that are mostly on a fixed income.
- Delete School Year Park Program at Pueblo Park (PT Labor) (\$ 5,478)
 - This was the only park provided with Recreational Leadership during the school year that serves approximately 8-10 youth daily.
- Delete Saturday hours at the Attic (PT Labor) (\$ 2,800)
 - Displacement of approximately 5-10 teens on Saturdays.
- Delete Symphony in the Park (Contracts) (\$16,000)
 - This funding is allocated to the Torrance Symphony that provides this concert to approximately 500 participants.

- Delete Works in Progress (Contracts) (\$20,450)
 - This Reader's/Performance Theatre Program provides 5 new and unique performances to audiences; approximately 100 are in attendance at each show.
- Delete Shakespeare in the Park (Contracts) (\$ 3,000)
 - A non-profit organization provides this service to the community with approximately 1,000 participants.
- Reduce Lifeguards hours for the TUSD Swim and Water Polo practices and games. (\$28,279)
 - Requires TUSD coaches to have a WSI Cards and Red Cross Certification Training. Per the Recreation Agreement for use of COT facilities, they are responsible for labor. Both the Risk Manager and the City Attorney have approved this concept with appropriate signage on the pool deck.

In addition, this report addresses participation by non-residents within our classes and programs, as well as an analysis of the financial impacts of adjusting the non-resident flat fee of \$20 to a percentage of the value of the class or program. This report also provides a review and reporting of a 3-5 year timeframe for our classes in order to identify how fees for individual Community Services Department classes have changed over this time period. Lastly, this report highlights action items or next steps that are to be addressed to complete the overall review of the Enterprise Fund.



 John Jones
 Community Services Director

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

Date: February 16, 2012

TO: LeRoy J. Jackson, City Manager

FROM: John Jones, Community Services Director

**SUBJECT: EXECUTIVE SUMMARY OF THE PROPOSED REDUCTIONS
AND/OR REVENUE INCREASES FOR THE ENTERPRISE FUND**

The purpose of this report is to review reduction goals, provide an overview of recommended reductions and fee increases, demonstrate how these changes fit within the Department's vision and connect to the new philosophy provided by the Parks and Recreation and Cultural Arts Commissions.

The following summarizes the proposed reductions and/or revenue increases categories within the Enterprise, and highlights potential community impacts with their implementation.

Deletions - \$140,006

Full Time Labor—Vacant Typist Clerk 1.0 FTE	(\$65,400)
Part Time Labor	(\$31,156)
Contracts	(\$43,450)

Reductions - \$137,783

Part Time Labor	(\$80,133)
Materials and Supplies	(\$25,210)
Contracts	(\$32,440)

Fee Increases - \$170,100

Miscellaneous Classes and Programs	\$170,100
------------------------------------	-----------

Total Recommended Deletions, Reductions, and Increases	\$447,889
---	------------------

Potential Community Impacts

- | | |
|---|------------|
| 1. Increase Bartlett Lunch Fee from \$2.00 to \$2.50 (Fee Increase) | \$ 4,638 |
| ◦ Fee Increase to a Senior Citizen Program that is attended by approximately 50 seniors that are mostly on a fixed income. | |
| 2. Delete School Year Park Program at Pueblo Park (PT Labor) | (\$ 5,478) |
| ◦ This was the only park provided with Recreational Leadership during the school year that serves approximately 8-10 youth daily. | |
| 3. Delete Saturday hours at the Attic (PT Labor) | (\$ 2,800) |
| ◦ Displacement of approximately 5-10 teens on Saturdays. | |
| 4. Delete Symphony in the Park (Contracts) | (\$16,000) |
| ◦ This funding is tied to the Torrance Symphony that provides this concert to approximately 500 participants | |
| 5. Delete Works in Progress (Contracts) | (\$20,450) |
| ◦ This Reading Theatre Program provides 5 shows to audiences approximately 100 in attendance each show. | |
| 6. Delete Shakespeare in the Park (Contracts) | (\$ 3,000) |
| ◦ A non-profit organization provides this service to the community with approximately 500 participants. | |
| 7. Reduce Lifeguards hours for the TUSD Swim and Water Polo practices and games. | (\$28,279) |
| ◦ Requires TUSD coaches to have a WSI Cards and Red Cross Certification Training. Per the Recreation Agreement for use of COT facilities, they are responsible for labor. Both the Risk Manager and the City Attorney have approved this concept with appropriate signage on the pool deck. | |

In addition, this report addresses participation by non-residents within our classes and programs, as well as an analysis of the financial impacts of adjusting the non-resident flat fee of \$20 to a percentage of the value of the class or program. This report also provides a review and reporting of a 3-5 year timeframe for our classes in order to identify how fees for individual Community Services Department classes have changed over this time period. Lastly, this report highlights action items or next steps that are to be addressed to complete the overall review of the Enterprise Fund.



 John Jones
 Community Services Director

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

Date: February 16, 2012

TO: LeRoy J. Jackson, City Manager

FROM: John Jones, Community Services Director

**SUBJECT: COMMUNITY SERVICES DEPARTMENT PROPOSED BUDGET
REDUCTIONS AND/OR REVENUE INCREASES FOR THE
ENTERPRISE FUND (CULTURAL & RECREATION SERVICES)**

The purpose of this report is to review reduction goals, provide an overview of recommended reductions and fee increases, demonstrate how these changes fit within the Department's vision and connect to the new philosophy provided by the Parks and Recreation and Cultural Arts Commissions.

REDUCTION TARGET

During the 2011-13 Budget Process, the Community Services Department was tasked with reducing the General Fund Annual Subsidy of the Parks and Recreation Enterprise Fund from \$4,000,000 to approximately \$3,200,000, a reduction of approximately \$800,000. To accomplish this reduction, staff developed and implemented a Cost Recovery/Subsidy Plan that proposed the creation of a subsidy matrix. This subsidy matrix identified each of the program areas within the Enterprise Fund Budget and assigned them a subsidy level based on the type of activity and user group. The subsidy matrix would serve as the benchmark for all future program budgeting and would allow for adjustments to be made each Fiscal Year to meet the needs of the Department and Community.

Along with this plan that was submitted in June 2011, staff provided approximately \$400,000 in recommended expenditure reductions and revenue increases for immediate implementation. These modifications were based on the evaluation of programs by function, community demand, and through a comparison to the Department Market Rate analysis. Staff also agreed to develop a recommendation for an additional \$400,000 in expenditure reductions and revenue increases by February 2012 for implementation to the FY 2012-13 budget. Ultimately, the combination of the \$800,000 of expenditure reductions and revenue increases would lower the General Fund subsidy of the Parks and Recreation Enterprise Fund to approximately \$3,200,000.

The first round of reductions included minor program changes, fee increases, and service adjustments that could be quickly and efficiently implemented with little or no

impact felt by the community. For the current recommendations, staff evaluated every program area within the Cultural and Recreation Services Divisions and rebuilt them within the context of a "zero based" budget. With the completion of this review, staff then assessed and identified how the additional \$400,000 of reductions and revenue increases would be accomplished. Many of the programs and events offered within the Enterprise Fund are associated with a fee structure. However, the real savings are often just the net difference between the expenditure and the actual revenue, causing this list to be quite extensive and have potential impact to the community. The proposed adjustments to programs, events, classes and staffing are broken down into three categories; deletions, reductions, and fee increases. It is further broken down into sub categories of full time labor, part time labor, materials and supplies, and contract funding. (Attachment A)

RECOMMENDED REDUCTIONS & REVENUE INCREASES

The proposed deletions include the elimination of a vacant full time clerical position (Typist Clerk), several youth programs, and contract funding for several community events. They also require the reduction of staffing levels within several youth, senior and special needs programs as well as fee increases to these and other programs. All fee increases will not exceed that of the market rate as defined by the Department's market rate analysis.

After these aforementioned deletions, reductions and revenue increases are implemented in July 2012, staff believes that the new Cost Recovery/Subsidy Plan will maintain the subsidy level at the achieved goal of approximately \$3,200,000.

The proposed deletions, reductions and fee changes may have a significant impact to the community. These include the increase to the Bartlett Lunch Fee, deletion of the school year park program at Pueblo Park, deletion of Saturday hours at the Attic Teen Center, and deletion of contract funding for the Symphony in the Park, Works in Progress, and Shakespeare in the Park. As each of these programs provide personal enrichment and quality of life for our residents, these proposed reductions will limit the opportunity or restrict the service quality in each of these programs as the staffing levels have been reduced for peak efficiency.

It is important to note that all future Cost of Living increases provided to the direct program costs (part-time labor) of providing these services can be included. Staff believe these increases can be recovered by fee increases to these classes and programs. Although, if future Cost of Living increases are provided to the indirect divisional costs (full time labor), staff recommend that this same amount of funding be added to the city subsidy level of approximately \$3,200,000. Additional fee increases for the programs and classes will not be able to support or keep pace with these Cost of Living increases.

COST RECOVERY/SUBSIDY PLAN

As an overview, the Cost Recovery/Subsidy Plan takes into consideration the fully burdened costs of the direct and indirect costs for each of the programs within the Enterprise Fund (Attachment B). Further explanations of these costs are below:

Direct Program Costs: Direct Program Costs are defined as all costs directly related to the program that would not be needed and/or spent if the program was not offered. Direct costs can be identified specifically with a final cost objective, and will be charged directly to that objective. Direct costs do not require any further allocation or breakdown by funding source or cost category. These costs may include, but are not limited to:

- Part time staff specific to the program or class
- Materials and Supplies to support the specific program or class
- Contract funding specific to the event or class

Indirect Divisional Costs: Indirect Divisional Costs are defined as costs that are incurred for a common or joint purpose benefiting more than one cost objective. Indirect costs are not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. Measuring benefit is the critical requirement and central task to be performed in allocating indirect costs. Certain indirect costs benefit several programs or cost objectives (while being for a specific service or function) are outlined below. These costs may include, but are not limited to:

- Full time staff salaries/benefits
- Utilities
- Training/Education
- Subscriptions
- Memberships
- Certain equipment
- Certain furniture
- City Interdepartmental Charges

With the identification of the direct and indirect divisional costs, staff then addressed the appropriate subsidy levels to be recommended for each of the programs. A five column matrix was presented in June 2011 but was revised to add a sixth column specifically for adult classes. Staff reviewed each of the columns and subsidy levels to ensure that the programs were in the appropriate category. The six categories are as follows:

1. Programs are not required to cover their respective Direct Costs or Indirect Divisional Costs (100% subsidized – i.e. city facilities and community events and programs)
2. Programs recover a portion of their Direct Costs and Indirect Divisional Costs (60% subsidized – Youth, Senior Citizens and Special Needs Classes and Programs)

3. Programs recover a portion of their Direct Costs and Indirect Divisional Costs (40% subsidized – Youth and Senior Citizen Classes and Programs that can recover a greater amount of revenue)
4. Programs recover a portion of their Direct Costs and Indirect Divisional Costs (20% subsidized – Youth, Senior Citizen, and Adult Programs that promote Personal Enrichment and Quality of Life in the Community)
5. Programs recover a portion of their Direct Costs and Indirect Divisional Costs (10% subsidized – Adult Classes)
6. Programs are expected to recover their Direct Costs and Indirect Divisional Costs (No subsidy – Special Interest Adult Programs and Community Facilities that promote Personal Development)

Each of these six categories are defined by criteria that justify the need for subsidy. For example Category I includes *“Programs, Activities, Events and Facilities that promote a safe, healthy, and secure community with an emphasis on Environmental Education, youth, fixed income seniors and community cultural awareness.”* (Attachment C)

PHILOSOPHY OF THE CULTURAL ARTS AND PARKS AND RECREATION COMMISSIONS

There are two Commissions that provide oversight to the Parks and Recreation Enterprise Fund Divisions of the Department. They are the Cultural Arts Commission and the Parks and Recreation Commission. Both Commissions review and discuss programming needs, capital projects, and budget priorities for their respective divisions. Both are aware of the Department’s Vision of “Creating and Enriching Community through People, Programs and Partnerships” and provide oversight and direction to the department to assist meeting this vision. Often times, these commissions will create guidelines to ensure equity and fairness to the community dependent on the program type, value to the community, and targeted participants.

In June of 2011, the City Council requested that the Commissions discuss and develop a philosophy statement about the programs and classes offered by the Community Services Department. In the Fall of 2011, the Cultural Arts and Parks and Recreation Commissions held a joint meeting to discuss, review and develop an overall philosophy statement for all Enterprise Fund classes and programs. They met again as individual Commissions for final approval of their philosophy statement. This new Philosophy Statement not only sets the direction for the services and programs that should be provided by the Community Services Department but also embraces the Community Services Department Vision, Mission, and Values.

This Philosophy Statement provides critical principles and values that must be considered as the City continues to provide personal enrichment opportunities and a high “quality of life” for all who live, learn, work, and play in Torrance. These services

are to be provided regardless of status or the ability to pay and include youth, adults and senior citizens (Attachment D). The Philosophy embraces the importance of providing inclusive and affordable recreational and cultural classes, programs, and activities to all members of the community.

The Commissions agreed that these services should be offered to both residents and non-residents who choose to participate in our recreation and cultural programs and classes. They felt that the non-residents should be allowed this opportunity for an additional fee and only after the residents have first registration opportunity. They also believe that allowing non-residents to participate, even with a very small subsidy, benefits our residents as the non-residents assist in filling the program or class so they meet the minimum enrollment level. Traditionally, non-resident participants have played a very important role within the Community Services Department, as their involvement has allowed our residents to enjoy programs and classes that they may never have had an opportunity to participate in due to enrollment numbers.

PARTICIPATION BY NON-TORRANCE RESIDENTS

For years, the Department's Cultural and Recreation Divisions have valued participation from non-Torrance residents. While a majority of programs focus on Torrance residents and on those students that attend Torrance Unified School District schools or private schools located in Torrance, the contract and staff taught classes do draw participants from neighboring cities. Over the years, staff have surveyed non-resident participants and learned that there are four main reasons why non-residents pay more to participate in City of Torrance classes. First, they work in the City and therefore it's convenient to take a class on the way to or from work. Second, Torrance has a reputation of being very safe and secure. Third, Torrance offers a wide variety of classes that are not available in other cities. And, finally, Torrance has excellent facilities for its classes and programs, i.e. the Cultural Arts Center, Wilson Park (and all of its amenities), and Sea Aire Golf Course.

Staff reviewed all of the enrollments for the fall 2011 season to determine what percentage of participants were Torrance residents versus non-residents. Of the 3,389 enrollments, 2,802 were residents (83%), while 587 were non-residents (17%). While these numbers will vary season to season, staff will continue to evaluate them in terms of the effects of non-resident fee changes. Staff have reviewed enrollments based on a class-by-class basis and found that the majority of classes have between 10%-20% non-residents. Staff will continue to evaluate all class rosters with a goal of maintaining at least 75% residents in all classes.

It is important to note that some of our classes do not charge non-resident fees if they are held at facilities that were constructed or updated using Proposition A Grant funds. One of the stipulations of this funding is that the City cannot discriminate based on residency. This applies to all of our swimming classes and tennis lessons.

In June 2009, the City Council approved an increase to the non-resident fee from \$10 to \$20. This increase was implemented in the fall of 2009. With approximately 8,000

non-residents in our programs, staff estimated that the potential revenue growth could be up to \$80,000, unless non-resident decided not to enroll in our classes. The Department did not reach this goal, and therefore lost not only the expected revenue associated with the non-resident fee, but also whatever revenue would have been generated by the class fees. Participation by non-residents has decreased by approximately 27% over the last two years, and the number of classes cancelled has increased by roughly 10% over the same span.

In June 2011, the City Council requested staff to analyze the financial impacts of adjusting the non-resident flat fee of \$20 to a percentage of the value of the class or program. Staff have created a tiered system for non-resident fees that hopefully can be applied to all classes and programs to provide a more fairly distributed fee. This tiered system is roughly based on a non-resident fee of 10% of the value of the class. The tiered system defines four ranges for non-resident fees as follows:

Cost of Class	Non-resident Fee
Less than \$50	\$5
\$51-\$100	\$10
\$101-\$150	\$15
Greater than \$151	\$20

While it is difficult to estimate the effect this new non-resident fee structure will have on our registration, staff do believe that by implementing the tiered system defined above that some of the non-residents will return. The advantage this gives our residents is that non-residents can often help classes or programs meet minimum enrollment levels, allowing the residents to participate in the programs that suit their interests.

Included in the Subsidy Plan above was an additional category for Adult Classes in both the Cultural and Recreation Divisions. The reason this new category was added at the 10% level was to emphasize the importance of covering the costs of classes for non-residents, as there has been much concern over the City's subsidy of non-residents. With a non-resident fee of approximately 10% of the value of each class, the City's subsidy of 10% for all adult classes would be covered by the additional fee paid by the participant. Therefore, for Adult classes, there would in effect be no subsidy for any non-resident enrolled in an Adult class.

This formula does not hold true for youth classes, as they have a recommended subsidy of 40%. In these cases, the non-resident fee of approximately 10% would not cover the full subsidy of non-resident enrollments. However, staff continues to estimate the significance of non-resident enrollments in classes and programs, and have found that there are economic benefits, as well as quality of life benefits, to having non-resident youth enrolled in our Classes and Programs. For instance, many parents drive their kids to classes, drop them off, and head off to do errands. This is especially true for participants at the Cultural Arts Center, with its proximity to the Del Amo Fashion Center. But the same can be said for restaurants, gas stations, and other shopping

centers, some of which are within walking distance for the parents that do not sit and wait during their kids classes.

Staff are currently developing a survey for non-residents to learn more about the things they do during class time, to better understand the impacts of non-resident enrollments. Unfortunately, it is difficult to put a dollar figure on the financial impact these have on Torrance businesses, and it is understood that many non-residents do stay on site during the classes. However, many of the non-residents enroll in our programs through the Torrance Unified School District, where they are on permit to attend. This includes participants in the After School Program (7% non-residents) in which all participants must attend a TUSD school and the Youth Sports Program (8% non-residents) which is tied heavily to the schools for team placement and registration.

The Vision of the Community Services Department is 'Creating and Enriching Community through People, Programs, and Partnerships'. The Mission of the Community Services Department is to provide quality services, activities, programs, and facilities for all those who live, learn, work, and play in the City of Torrance. In doing so, the Department accepts the value of non-resident registrations to our programs in hopes of enhancing the opportunities for our own residents. Our registration policy continues to offer classes to residents first, and allows non-residents the opportunity to fill seats, helping to meet minimum enrollment numbers, and bringing additional revenue into the City.

IMPACT OF FEE INCREASES

Lastly, in June 2011, the City Council requested staff to review and report 3 – 5 year timeframe to identify how fees for individual Community Services classes have changed.

Over the course of the last three years, fees for classes and programs in the Parks and Recreation Enterprise Fund have risen by 20%. In 2008, the average class fee was \$66.35, and in 2009, the average class fee was \$67.52. While in 2010 the average class fee was up \$5.39 to \$72.91, in 2011 the average class fee was up another \$8.48 to \$81.39. These fee increases across the board have had a significant impact on enrollments. If we look back to 2008, comparing total enrollments across the board, there is a decrease in total annual enrollments every year. To summarize, here is a look at the net revenue, total enrollments, resident enrollments, and non-resident enrollments for each calendar year:

	Net Revenue	Total Enrollments	Total Residents	Total Non- residents	Average Class Fee
2008	\$3,239,383	41,674	32,838	8,836	\$66.35
2009	\$3,109,825	39,646	31,457	8,189	\$67.52
2010	\$3,188,118	37,672	29,739	7,933	\$72.91
2011	\$3,238,401	33,324	27,340	5,984	\$81.39

Staff have evaluated the impact of the fee increases on a random sample of classes and found that while in some cases fee increases have had little effect on enrollments, such as adult golf and youth creative ballet, some classes have dramatically decreased including Yoga, Aerobics, and Drawing, Painting and Watercolor. In some cases, the result has been a decrease of more than 50% of the class attendance. In addition to fee increases, there are multiple factors that must be considered when reviewing the enrollment numbers. These include a tough economy, increased unemployment, and a reduction of discretionary income.

SUMMARY

In summary, with the implementation of these expenditure reductions and revenue increases in the Parks and Recreation Enterprise Fund, the following action items will be addressed:

- Present to the Parks and Recreation and Cultural Arts Commissions the implementation of the Fee Recovery/Subsidy Plan. Discuss how the Commissions Philosophy Statement coincides with this plan.
- Work with Human Resources on the evaluation of the part-time labor resources within the Enterprise Fund to be completed by May 2012. This review will require a complete analysis of similar municipal agencies part-time labor resources as to how they are used and compensated and evaluate if these resources are still relevant within the industry.
- Work with Finance to implement these proposed adjustments to the Cultural and Recreation Services Divisions budgets for July 1, 2012.



 John Jones
 Community Services Director

Attachments: A. Enterprise Fund Proposed Budget Reductions and/or Revenue Increases
 B. Enterprise Fund Cost Recovery/Subsidy Plan
 C. Subsidy Justification Criteria
 D. Commissions Enterprise Fund Philosophy Statement

Reductions and Revenue Enhancements

Recreation and Cultural Services Divisions

Deletions--Full Time Labor						
Deletion/Reduction Fee Increase	Subcategory	Recommendation	Change	Reduction	Revenue	Total Reduction/ Revenue Per Program
Deletions	Full Time Labor	Delete Vacant Typist Clerk II position	(1.0 FTE)	\$ (65,400)	\$	\$ 65,400
						\$ 65,400

Deletions--Part Time Labor						
Deletion/Reduction Fee Increase	Subcategory	Recommendation	Change	Reduction	Revenue	Total Reduction/ Revenue Per Program
Deletions	Part Time Labor	Delete Winter Park Program		\$ (14,137)	\$	\$ 14,137
Deletions	Part Time Labor	Delete School Year Park Program at Pueblo Park		\$ (5,478)	\$	\$ 5,478
Deletions	Part Time Labor	Delete Summer STAR Program		\$ (8,741)	\$	\$ 8,741
Deletions	Part Time Labor	Delete Saturday hours at the ATTIC		\$ (2,800)	\$	\$ 2,800
						\$ 31,156

Deletions--Contracts						
Deletion/Reduction Fee Increase	Subcategory	Recommendation	Change	Reduction	Revenue	Total Reduction/ Revenue Per Program
Deletion	Concert in the Park	Delete--Special Event	Delete Concert in the Park	\$ (4,000)	\$	\$ 4,000
Deletion	Symphony in the Park	Delete--Special Event	Delete Symphony in the Park	\$ (16,000)	\$	\$ 16,000
Deletion	Shakespeare in the Park	Delete--Special Event	Delete Shakespeare in the Park	\$ (3,000)	\$	\$ 3,000
Deletion	Works in Progress	Program Deletion--John Powers Contract	Delete Works in Progress	\$ (20,450)	\$	\$ 20,450
						\$ 43,450

Community Services Department
Enterprise Fund

Reductions and Revenue Enhancements

Deletions/Reduction Fee Increase	Subcategory	Recommendation	Change	Reduction	Revenue	Total Reduction/ Revenue Per Program
Reductions	Part Time Labor	Reduce TUSD staffing (Lifeguards)		\$ (28,279)	\$ -	\$ 28,279
Reductions	Part Time Labor	Reduce one week of Spring Parks Program		\$ (8,349)	\$ -	\$ 8,349
Reductions	Part Time Labor	Reduce program staff for Carpenter Wagon and Earth Ball		\$ (3,632)	\$ -	\$ 3,632
Reductions	Part Time Labor	Reduce PT Staff to Roller Hockey Program		\$ (10,042)	\$ -	\$ 10,042
Reductions	Part Time Labor	Reduce staffing on Torrance Travelers Trips from 2 to 1 staff		\$ (1,735)	\$ -	\$ 1,735
Reductions	Part Time Labor	Reduce PT staffing levels for STAR After School Program		\$ (9,606)	\$ -	\$ 9,606
Reductions	Part Time Labor	Reduce PT staffing PALS Bowling		\$ (799)	\$ -	\$ 799
Reductions	Part Time Labor	Reduce PT staffing PALS Dances		\$ (407)	\$ -	\$ 407
Reductions	Part Time Labor	Reduce PT staffing Special O/Special Needs Sports		\$ (7,559)	\$ -	\$ 7,559
Reductions	Part Time Labor	Reduce PT labor at Co Rec Swim Night		\$ (550)	\$ -	\$ 550
Reductions	Part Time Labor	Reduce Torrettes PT Staff Hours		\$ (3,700)	\$ -	\$ 3,700
Reductions	Part Time Labor	Reduce Staffing Levels during Dodge ball		\$ (1,285)	\$ -	\$ 1,285
Reductions	Part Time Labor	Reduce Staffing Levels during Volleyball		\$ (1,190)	\$ -	\$ 1,190
Reductions PT Labor	Gallery--Torrance Art Museum	Reduction--PT Labor--TAM	Delete one exhibition per year	\$ (3,000)	\$ -	\$ 3,000
				\$	\$	\$ 80,133

Community Services Department
Enterprise Fund

Reductions and Revenue Enhancements

Reductions--Materials and Supplies

Deletion/Reduction	Fee Increase	Subcategory	Recommendation	Change	Reduction	Revenue	Total Reduction/ Revenue Per Program
Reductions		Materials and Supplies	Purchase less expensive softballs for Adult Softball Leagues		\$ (3,850)	\$ -	\$ 3,850
Reductions		Materials and Supplies	Delete Runner Up Trophies-Adult Leagues		\$ (2,380)	\$ -	\$ 2,380
Reductions		Materials and Supplies	Reduce food and snack budget at Nature Center		\$ (3,000)	\$ -	\$ 3,000
Reductions		Materials and Supplies	Reduce Roller Hockey Materials and Supplies Budget		\$ (7,350)	\$ -	\$ 7,350
Reductions		Materials and Supplies	Reduce budgeted amount for furniture and fixtures for Roller Hockey		\$ (7,000)	\$ -	\$ 7,000
Reductions		Materials and Supplies	Co-Rec supplies reduced		\$ (1,630)	\$ -	\$ 1,630
							\$ 25,210

Reductions--Contracts

Deletion/Reduction	Fee Increase	Subcategory	Recommendation	Change	Reduction	Revenue	Total Reduction/ Revenue Per Program
Reductions		Contracts	Reduce Batting Cage Maintenance Budget		\$ (2,000)	\$ -	\$ 2,000
Reductions		Contracts	Reduce budgeted amount for Contracts and Services--Roller Hockey		\$ (17,440)	\$ -	\$ 17,440
Reductions--Contract		Excursions	Reduction--Excursion Contract	Reduce Excursion Program	\$ (13,000)	\$ -	\$ 13,000
							\$ 32,440

Community Services Department
Enterprise Fund
Reductions and Revenue Enhancements

Revenue/Fee Increases		Subcategory	Recommendation	Change	Reduction	Revenue	Total Reduction/ Revenue Per Program
Fee Increase	Council	Reimbursement of Part Time Labor and supplies from revenue of Youth Council Boutique.	110 hours per year	\$ -	\$ -	2,300	2,300
Fee Increase	Fee Increase	After School Program	from \$33/wk To \$35/wk	\$ -	\$ -	16,259	16,259
Fee Increase	Fee Increase	Learn to Swim	from \$49 to \$54	\$ -	\$ -	35,300	35,300
Fee Increase	Fee Increase	Parent and Me	from \$49 to \$54	\$ -	\$ -	2,000	2,000
Fee Increase	Fee Increase	Tadpole	from \$49 to \$54	\$ -	\$ -	3,300	3,300
Fee Increase	Fee Increase	Youth Swim	from \$49 to \$54	\$ -	\$ -	4,700	4,700
Fee Increase	Fee Increase	Water Polo	from \$49 to \$53.4	\$ -	\$ -	330	330
Fee Increase	Fee Increase	Sync or Swim	from \$465 to \$510	\$ -	\$ -	10,100	10,100
Fee Increase	Fee Increase	Youth Swim Team	from \$150 to \$165	\$ -	\$ -	3,700	3,700
Fee Increase	Fee Increase	Raise Day Camp Rate by \$5 per week	from \$125 to \$130/wk	\$ -	\$ -	10,560	10,560
Fee Increase	Fee Increase	Increase Bartlett Lunch fee from \$2 to \$2.50	from \$2.00 To \$2.50	\$ -	\$ -	4,638	4,638
Fee Increase	Fee Increase	Increase Senior Faire and Holiday Arts Crafts Booth fees	from \$10 to \$20	\$ -	\$ -	1,600	1,600
Fee Increase	Fee Increase	Raise Turkey Trot fees & reallocate sponsor fees.	from \$25 (regular fee) to \$30	\$ -	\$ -	24,500	24,500
Fee Increase	Fee Increase	Increase PALS/Special Needs Sports fee \$4.00	from \$16/yr to \$20/yr	\$ -	\$ -	600	600
Fee Increase	Fee Increase	Increase STAR weekly fee by \$2.00	from \$33/wk To \$35/wk	\$ -	\$ -	888	888
Fee Increase	Fee Increase	Increase Special Needs Sports Kick Off Dinner by \$5.00	from \$15 to \$20 ticket	\$ -	\$ -	750	750
Fee Increase	Fee Increase	Restructure Discount/Donation dance-1/2 off admission	from \$2000 donation to \$1000 donation	\$ -	\$ -	1,000	1,000
Fee Increase	Fee Increase	Increase Youth Sports League fees	from \$59 to \$69	\$ -	\$ -	19,200	19,200
Fee Increase	Fee Increase	Increase Torrelles Competitive Team Fees	from \$65 to \$195	\$ -	\$ -	3,375	3,375
Fee Increase	Revenue Increase	Donation of Revenue from Friends of Madrona Marsh for Tyke Hyke, Native Plant Gardening.	appropriate donation into budget	\$ -	\$ -	5,000	5,000
Fee Increase	Revenue Increase	Sea Aire Open early Mondays and Holidays	approx 150 additional open hours per year	\$ -	\$ -	20,000	20,000
							170,100

Recreation and Cultural Services Divisions **GRAND TOTAL** \$ **447,889**

All Cult Div Programs, Classes, and Activities	P & L's		% of CULT Div Total	Cult Div Indirect Costs		Direct Costs		Cost Recovery	% Recovery	% Subsidy	Si
	Direct Costs	a		b	Indirect Costs	Div Indirect Costs	Category				
930702 Torrance Art Museum	\$ 128,884	\$	9%	\$ 56,334	\$ 185,218	1	0%		100%		
930703 Cultural Events	\$ -	\$	0%	\$ -	\$ -	1	0%		100%		
930705 Civic Chorale	\$ 40,800	\$	3%	\$ 17,833	\$ 58,633	3	60%		40%		
930706 Staff Taught Classes-Youth (60% of total)	\$ 260,049	\$	19%	\$ 113,666	\$ 373,715	3	60%		40%		
930708 Contract Classes-Youth (60% of total)	\$ 312,942	\$	23%	\$ 136,785	\$ 449,727	3	60%		40%		
930711 Early Childhood Dev	\$ 127,335	\$	9%	\$ 55,657	\$ 182,992	4	80%		20%		
930710 Theater Company	\$ 108,680	\$	8%	\$ 47,503	\$ 156,183	4	80%		20%		
930708 Contract Classes-Adult (40% of total)	\$ 208,628	\$	15%	\$ 91,190	\$ 299,818	5	90%		10%		
930706 Staff Taught Classes-Adult (40% of total)	\$ 173,366	\$	13%	\$ 75,777	\$ 249,143	5	90%		10%		
930707 Excursions	\$ 5,000	\$	0%	\$ 2,185	\$ 7,185	6	100%		0%		
	\$ 1,365,684	\$	100%	\$ 596,931	\$ 1,962,615					\$	

Recreation Division Operations Cost	\$	1,365,684
Recreation Division Admin Cost	\$	596,931
Division Total	\$	1,962,615

2011-2012 Subsidy \$

Cultural Budget	\$
less Revenue	\$
Difference	\$
Difference	\$
less Subsidy	\$
Balance	\$

COST RECOVERY & CITY SUBSIDY GUIDELINES FOR CULTURAL AND RECREATIONAL CLASSES, PROGRAMS & ACTIVITIES

The following guidelines will be used in developing Cultural and Recreation Division program fees and to determine the appropriate cost recovery and/or the amount of City subsidy necessary for the program to operate.

Category 1	Category 2	Category 3	Category 4	Category 5	Category 6
<p>Programs are not required to cover their respective Direct Costs or Indirect Divisional Costs. (100% subsidized)</p> <p>Cultural Services Cultural Events Torrance Art Museum</p>	<p>Programs recover a portion of their Direct Costs and Indirect Divisional Costs. (60% subsidized)</p> <p>Cultural Services Civic Chorale Contract Youth Classes Staff Youth Classes</p>	<p>Programs recover a portion of their Direct Costs and Indirect Divisional Costs. (40% subsidized)</p> <p>Cultural Services Early Childhood Development Theater Company</p>	<p>Programs recover the majority of their Direct Costs and Indirect Divisional Costs. (10% subsidized)</p> <p>Cultural Services Contract Adult Classes Staff Adult Classes</p>	<p>Programs are expected to recover their Direct Costs and Indirect Divisional Costs. (No subsidy)</p> <p>Cultural Services Cultural Excursions</p>	
<p>Recreation Services Madrona Marsh Nature Center Madrona Marsh Preserve Senior Facilities Summer Parks</p> <p>Programs, activities, and facilities that promote a balanced community with an emphasis on environmental education, youth, seniors citizens, and cultural awareness</p>	<p>Recreation Services ATTIC Teen Center DH Sports Center Senior Programs Senior Lunch Program Special Needs Youth Sports</p> <p>Programs, activities, and facilities that promote a balanced community with an emphasis on high school teens, special needs individuals, fixed income seniors, and youth</p>	<p>Recreation Services Aquatics Contract Youth Classes Co-Rec Teen Activities Special Events</p> <p>Programs, activities, and facilities that increase the quality of life in the community and provide a wide range of healthy, affordable activities to youth, teens, adults, and families.</p>	<p>Recreation Services Adult Sports Afterschool Clubs Day Camps Roller Hockey Senior Excursions</p> <p>Programs, activities, and facilities that increase the quality of life in the community and enhance physical and cultural opportunities to participants of all ages</p>	<p>Recreation Services Contract Adult Classes</p> <p>Classes targeted specifically for adults that are for personal development.</p>	<p>Recreation Services Batting Cages Community Gardens Farmers Market Las Canchas Tennis Center Sea Aire Golf Course Turkey Trot</p> <p>Programs, activities and facilities that revenue producing special interest areas offered primarily for adults for personal development.</p>

Direct Costs include all costs directly related to the program that would not be needed &/or spent if the program was not offered. This includes part-time staff, materials/supplies, contract services, etc.

Indirect Divisional Costs are set at a percentage based on Divisional budget relative to the program and recover Indirect costs including full-time/support staff, administrative materials/supplies, & contract services covered by the respective Division.

Parks and Recreation and Cultural Arts Commission Philosophy Statement

Our philosophy for the services provided by the Community Services Department is to:

- Deliver services with integrity and honesty respecting all users
- Foster lifelong learning and personal development
- Cultivate joy, delight, and wonder
- Embrace diversity and offer equal access to services and programs to all our citizens
- Incorporate innovation and adopt new technologies to extend, expand, and enhance services
- Be responsible stewards of City resources
- Provide opportunities for civic participation and contribution
- Recognize and celebrate accomplishments and successes

It is understood and well documented that Recreation and Cultural programs and classes augment and enhance "quality of life" for all our citizens. These programs and classes are not optional; they are *essential* parts of our community making it better now and in the future.

All who live, learn, work, and play in Torrance including youth, juveniles, adults and senior citizens, should have access to individual and group recreational and cultural activities, programs, instructional classes and facilities for free or, at least, at an affordable amount; and it should be available regardless of status or the ability to pay.

ATTACHMENT E

Copy of Daily Breeze Advertisement

**DB 4-89
CITY OF TORRANCE
NOTICE OF BUDGET WORKSHOPS/
PUBLIC HEARINGS**

NOTICE IS HEREBY GIVEN that two budget workshops/public hearings will be held before the City Council on the proposed budget revisions for the 2nd year (2012-13) of the City's adopted two-year 2011-13 operating budget on Tuesday, May 8, 7:00 p.m., and Tuesday, May 15, 7:00 p.m., or as soon thereafter as Council business will permit, in the Council Chambers, 3031 Torrance Boulevard, Torrance.

Anyone with an interest in the matter may appear and be heard in person, or they may submit written material for Council consideration as long as it is delivered to the City Clerk, 3031 Torrance Boulevard, Torrance, CA, 90503, prior to the hearing.

This notice is given pursuant to the order of the City Council by order of LeRoy J. Jackson, City Manager, City of Torrance.

Published: April 28; May 3, 2012

