



September 19, 2006

SUBJECT: Consider the Effectiveness and Efficiency of the Recreation Fee Waiver Program – Study Issue

EXECUTIVE SUMMARY

Due to the complexity of this Study Issue and the length of this report to Council, an executive summary of the key issues is provided, as well as, an index of the report. (Please refer to Attachment A: Index for Report to Council.)

The Recreation Fee Waiver Program provides a safety net to ensure that eligible economically disadvantaged Sunnyvale residents have access to the City's recreation programs and services. Over time the program has grown from one targeted to meet the needs of low-income youth involved in City-provided recreational activities, to one which encompasses all ages, reimburses third parties providing recreational activities, and which has overspent its budget on a number of occasions. It is also significantly more expansive than any of the fee waiver or scholarship programs offered by Sunnyvale's neighboring cities.

Use of the Recreation Fee Waiver Program has escalated at a pace that the Community Recreation Fund is unable to support. On April 5, 2005, City Council reviewed Report to Council 05-090: Fee Waiver Program – Budget Issue. The report considered options to address a shortfall in the Recreation Fee Waiver program budget in FY2004/2005. At that time, Council asked if the criteria for the program could be modified so that fee waivers could be directed to specific customer groups. Staff indicated that a Study Issue paper was being developed to evaluate the effectiveness of the Recreation Fee Waiver Program. Council approved this Study Issue for study in 2006. (Please see Attachment B: 2006 Study Issue Paper: Consider Effectiveness and Efficiency of the Recreation Fee Waiver Program.)

Because it is necessary to balance the needs of the community against finite resources, this study provides City Council with the opportunity to consider who may benefit most from the program and to restructure the program to provide the service where it will have the strongest impact and benefit to the community. The outcome of this study will be a long term vision for the program and the development of a comprehensive policy for the City's Recreation Fee Waiver Program that may be applied consistently to benefit Sunnyvale residents.

The purpose of this report is to provide City Council with the results of this study, provide a variety of alternatives for improving the effectiveness and efficiency of the Recreation Fee Waiver Program and to seek Council direction regarding changes to the existing criteria and eligibility requirements for the program. Because of the number of issues to be considered as part of the study and the numerous variables and criteria that could be applied to the Recreation Fee Waiver Program, the report is quite lengthy. In an effort to organize the information as clearly as possible the *Discussion*, *Fiscal Impact* and *Alternatives* are broken into five key areas:

1. Who should the City's Recreation Fee Waiver Program serve? (Refer to page 20 for discussion of the various segments of the population that may be served, e.g., youth, disabled adults, seniors.)
2. What programs should the City's Recreation Fee Waiver Program cover? (Refer to page 23 for discussion of what types of programs and activities may be included in the program, e.g., City-provided programs only, youth sports organizations, third party providers.)
3. How should income eligibility requirements be established? (Refer to page 27 for discussion of the various alternatives that may be considered as the criteria for determining income eligibility, e.g., modified Community Block Grant (CDBG) guidelines, Federal Free Lunch Program, Food Bank guidelines.)
4. How much should be available to each participant, and how should that be structured? (Refer to page 31 for discussion of various strategies for determining the maximum allocation per eligible participant, e.g., a fixed amount, a fixed amount adjusted by the CPI each year, a fixed amount plus a co-payment.)
5. How should the fee waiver program budget be managed and how should it be administered? (Refer to page 38 for discussion on the options for administration of the program and for managing the Recreation Fee Waiver Program budget in the future, e.g., qualify individuals until budget is expended or encumber full amount at the time an individual qualifies.)

Fiscal Impact

All of the options included in this report are discussed within the context of the existing Council-approved budget for fee waivers. **No additional funding is being sought.**

When City Council adopted the FY2006/2007 operating budget, Council also adopted a policy that fixed the General Fund subsidy to the Community Recreation Fund at the level adopted by City Council for this year plus an annual inflation factor. Any increases in expenses above the annual rate of inflation that cannot be offset by increased revenue will result in a service level reduction within the Community Recreation Fund. For example, the personnel

costs in the City have increased at an average rate of 6% over the past three years although CPI for the past three years was 3%. In future years, if personnel costs were to increase beyond the rate of inflation and new revenue could not be generated to offset this increase, service levels within the Recreation Division would be decreased at a corresponding level. Alternatively, the General Fund subsidy would need to be increased resulting in increased pressure within the General Fund, which is exactly what Council was attempting to prevent when it adopted the policy of fixing the General Fund subsidy to the Community Recreation Fund. Accordingly, the Recreation Fee Waiver Program allocation has been fixed at a set amount plus the annual inflation factor, barring a need in the future to use part of this allocation to offset other increases in expenses or decreases in revenues within the rest of the Community Recreation Fund.

If use of the Recreation Fee Waiver Program were to continue to increase at the average rate of the past three years (5%), and if the Recreation Fee Waiver Program were to be funded at the increased level, the cost over twenty years could be as much as \$4,440,775 as compared to as much as \$3,587,088 at 3% in the first ten years and 4% in the back ten years, which is the standard inflation used in the City's financial plans. This works out to be roughly \$42,000 annually. This impact would be significantly reduced or eliminated if the Recreation Fee Waiver Program is managed so as not to exceed budgeted resources each year and if only City recreation programs and those conducted by City licensees and contractors are eligible for the fee waivers. It is extremely unlikely that the Community Recreation Fund would be able to absorb \$853,687 without significantly reducing service levels and costs in other areas of Recreation. The service levels that would most likely be targeted for reduction would be those receiving the greatest subsidy (such as youth and seniors), and these reductions would therefore also be apt to hurt the same populations targeted by the Fee Waiver Program.

For the most part, as long as expenditures for the Recreation Fee Waiver Program are at or below the budgeted amount, the net impact of the Recreation Fee Waiver Program is zero. This is because when a fee waiver is used to enable participation in a City program, the amount of the fee waiver is debited from the Recreation Fee Waiver Program's budget but then shows up in an equal amount on the revenue side for the activity the fee waiver is used for.

Three primary exceptions apply to the net zero impact of the Recreation Fee Waiver Program. The first is when fee waivers are granted for participation in one of the youth sports leagues that have agreements with the City. In that case, the amount of the fee waiver is debited from the Recreation Fee Waiver budget but then is paid out of the City and to the youth sports group. There is no corresponding credit on the revenue side – it is only a cost. The second exception is the \$10,000 paid under contract to Sunnyvale Community

Services to offset their costs in administering the Recreation Fee Waiver Program. Here, too, the cost is debited from the Fee Waiver budget with no corresponding credit on the revenue side. The third exception is in the case of co-payments, where any co-pays received would have a positive net impact to the Community Recreation Fund offset by an unknown amount of increased administrative costs associated with collecting the co-payments.

Many of the options discussed would affect distribution of existing funding within the Recreation Fee Waiver Program but would not have a positive or negative net impact on the Community Recreation Fund. Other options would impact the number of individuals who might be served but also would not require additional funding. Each option presented in this report can be paired with other options in what can seem like a limitless number of combinations, each with its own implications, fiscal or otherwise. This Fiscal Impact section therefore looks at the impact within primarily the expense side of the budget of various combinations of modifications with which Council may choose to amend the Fee Waiver Policy. It follows the order of questions addressed in the body of this report and begins on page 44.

Public Contact

Information regarding public outreach and notification may be found on page 56 of the report.

Staff Recommendation

Staff recommends Alternatives 1, 6, 8, 11, 14, 16 and 18, and recommends that the Recreation Fee Waiver Program:

1. Serve only youth 17 years of age and younger;
6. Include only City recreation programs and activities. This includes all City licensees and contractors who provide services directly to the public on behalf of the City. All youth sports organizations with special use agreements with the City will be notified that fee waivers will no longer be accepted for programs that are not directly provided by the City;
8. Income eligibility requirements should be based on the Food Bank Direct Service Eligibility Guidelines (185% of poverty) to establish eligibility for the Recreation Fee Waiver Program;
11. Use a “bundle of services” approach to establish the annual maximum per person amount of recreation fees waived, equivalent to four representative activities a year or one camp, with the specific amount to be established and reviewed administratively;
14. Do not require co-payments from Recreation Fee Waiver Program participants.
16. Budget should be managed by encumbering the maximum per eligible person amount at the time a person is qualified for the program; that new participants will stop being qualified when the fee waiver budget is fully encumbered; and roll over unspent funds to the next year; and,

18. Continue the contract with Sunnyvale Community Services for administration of the Recreation Fee Waiver Program until such time as the City is in the position to assume partial or full responsibility for administering the program. Staff believes that it will be possible for the City to assume responsibility for administration of the Recreation Fee Waiver Program sometime within the next two years.

Discussion of Staff Recommendations

The staff recommendation is based on a desire to re-establish the main purpose of the Recreation Fee Waiver Program as a safety net for low-income youth and to bring it more in line with the practices of neighboring cities. The City has long placed an emphasis on the importance of serving youth, recognizing that the ability to engage youth in healthy, constructive activities may well serve as a deterrent to negative and more costly behaviors. By continuing the recreation fee waiver program at a level that will allow low-income youth to participate in recreational activities all year long, the City will be making a strong commitment to assisting these at-risk youth to participate in their community.

Staff recommends establishing a policy in which youth sports groups are responsible for ensuring the participation of low-income individuals without reimbursement from the City, in effect discontinuing the cash subsidy it has been providing. While participants experience fee waivers in the same way regardless of whether they are for services provided by the City or by a third party, there are no City fees being waived. Instead, it is the youth sports groups' own fees that are waived. By reimbursing youth sports groups through the Recreation Fee Waiver Program the City is providing a direct cash subsidy to the youth sports groups to offset the groups' own costs of waiving fees.

Youth sports groups, through their agreements with the City, are already receiving substantial in-kind subsidies for their programs in terms of very low fees for the use of fields and other facilities and have the ability to pursue fundraising to cover these and other costs. In addition, their special use agreements do not include reimbursement for fee waivers and state that the groups will provide their services at no additional cost to the City. The majority of the youth sports groups have already found a way to absorb the costs associated with allowing low-income youth to participate, and most, in fact, are mandated to do so by their parent organizations.

While it has certainly been a welcome benefit to the groups who have received reimbursement of fee waivers, continuation of the practice would represent a huge, on-going liability for the City, with the likelihood of increased usage of the program as more groups seek equity and reimbursement themselves. As discussed in the fiscal impact section of the report, the cost of providing a cash subsidy to these youth groups has had a significant negative net fiscal impact

on the Community Recreation Fund and the City as the amount reimbursed to the youth groups has averaged \$31,856 annually over the past three years. The three organizations that most recently have requested reimbursements represent only 25% of the groups with whom the City has special use agreements in FY2005/2006. If the other 75% were to request comparable support the financial exposure to the Community Recreation Fund would be extensive. Unlike waiving fees for City-run programs, where the effect is a transfer of funds within the Community Recreation Fund from the Fee Waiver budget to the revenue account associated with the City program and a net zero impact to the Community Recreation Fund, this represents an additional net expense to the City as monies leave the City, and results in a cash subsidy to the youth sports group. Reimbursement of these fee waivers to non-City agencies takes resources away from the Community Recreation Fund.

The City has a long history of supporting the needs of its older adults. While staff recognizes that some low-income seniors would want City assistance in taking recreational trips, enjoying the Senior Lunch Program and participating in other recreational activities, many of these activities are already subsidized. Even were a senior only able to afford the yearly membership fee, that person would have access to a wide variety of free and low cost recreation and social services throughout the year. At only \$1.50 a month for Sunnyvale residents, the value of the Senior Center membership is substantial in terms of the free and reduced price programs and services it includes. (Please refer to Attachment C: Summary of Benefits of Senior Center Membership.) Additionally, there are numerous services and discount programs available in the community for seniors that are not available to other age groups. Examples include access to low cost health care programs, case management services, and restaurant and store discount programs.

Philosophically, staff supports the concept of requiring co-pays as a means of communicating value and helping to offset the costs of the recreation fee waiver program. However, the administrative costs of implementing such a program outweigh the benefits, particularly if recreation fee waivers are limited to youth. The increase in administrative costs would be due to the need to individually calculate the amount of the required co-pay for each registration (for those options where the co-pay is variable); a need for additional communication with each participant about the co-pay requirement; and increased tracking (record-keeping) requirements, particularly in the event of refunds or changes to registrations. Staff projects that an additional five minutes of staff time per transaction would be required resulting in additional administrative costs.

In terms of what criteria is used to qualify participants in the Recreation Fee Waiver program, staff recommends a change from the modified CDBG guidelines used currently to the Food Bank Direct Service Eligibility Guidelines (185% of poverty). This would provide eligibility criteria that is based on a

defensible standard and is regularly reviewed and updated. It would also bring consistency to the eligibility screening criteria used by Sunnyvale Community Services and is comparable to income standards used by the County assistance programs. The Food Bank guidelines would have the immediate effect of making some smaller families (1, 2 and 3 persons) ineligible, because the maximum income is lower. Conversely, larger families (4 people or more) would have a lower threshold to meet in qualifying, with an anticipated end result of an equal number of families qualifying as with the current modified CDBG guidelines.

Staff recommends encumbering the maximum per person amount at the time the person qualifies and then to stop qualifying new participants when the budgeted allocation is fully encumbered. It is critical for staff to have some means of controlling the Recreation Fee Waiver budget. Given the relative unpredictability of use over past years, with periods of high and low usage, there needs to be a way to stay within budgeted resources while also providing clear usage guidelines for participants so that they may plan their activities over the course of an entire year without the threat of resources being cut off mid-year and/or maximum per person amounts being reduced. Encumbering the maximum per person amount at the time an individual qualifies ensures that the person will be able to use all of his/her allotment, even if they use it in the last months of the fiscal year. Such a practice would also encourage people to enroll at the beginning of the year, in order to ensure their ability to participate. Finally, rolling over unspent funds to subsequent years will help to even out funding for a program whose size is notably difficult to predict.

The City's Recreation Division is not yet at a point where it can assume responsibility for administering the Recreation Fee Waiver program; however, staff anticipates that administration for the program could shift to the City sometime in the next one to two years. At this time, it is much more cost effective to continue the contractual arrangement with Sunnyvale Community Services for administration services. The contract can be revisited at such time as the City's capabilities change. Additional information regarding this subject may be found on page 42.

Commission Recommendations

The Parks and Recreation Commission and Arts Commission considered the matter in a joint meeting on August 29, 2006. The Parks and Recreation Commission voted 4-1, with Commissioner Kinder dissenting, and the Arts Commission voted 3 – 2 with Commissioners Carney and Obrey dissenting, to recommend Council direct staff to utilize 80% of the allocated Recreation Fee Waiver budget to serve youth 17 and under; 10% of the Recreation Fee Waiver budget to serve adults age 18-49; and 10% of the Recreation Fee Waiver budget to serve seniors age 50 and older, with Recreation Fee Waivers to be used for City-provided programs only. Dissenting votes were cast because a

Commissioner estimated up to 250 youth would no longer be served if reimbursement of Recreation Fee Waivers to youth sports groups were discontinued; because it did not limit the program to youth only; and because the alternative was felt to be too confusing.

The Parks and Recreation Commission and the Arts Commission further unanimously recommended that Council approve alternatives number 8, 11, 14, 16 and 18 in accordance with staff recommendations:

8. Income eligibility requirements should be based on the Food Bank Direct Service Eligibility Guidelines (185% of poverty) to establish eligibility for the Recreation Fee Waiver Program;
11. Use a “bundle of services” approach to establish the annual maximum per person amount of recreation fees waived, equivalent to four representative activities a year or one camp, with the specific amount to be established and reviewed administratively;
14. Do not require co-payments from Recreation Fee Waiver Program participants.
16. Budget should be managed by encumbering the maximum per eligible person amount at the time a person is qualified for the program; that new participants will stop being qualified when the fee waiver budget is fully encumbered; and roll over unspent funds to the next year; and,
18. Continue the contract with Sunnyvale Community Services for administration of the Recreation Fee Waiver Program until such time as the City is in the position to assume partial or full responsibility for administering the program. Staff believes that it will be possible for the City to assume responsibility for administration of the Recreation Fee Waiver Program sometime within the next two years.

Attachments

- Index for Report to Council
- 2006 Study Issue Paper: Consider Effectiveness and Efficiency of the Recreation Fee Waiver Program
- Summary of Benefits of Senior Center Membership
- Three Year Summary of Participation in Recreation Fee Waiver Program by Age Group
- Four-Year Historical Use of Fee Waivers by Program
- Council Policy 7.2.4 - Relationship With Outside Groups

BACKGROUND

The City's Recreation Fee Waiver Program was originally created to provide children from economically disadvantaged families with access to City-operated after school recreation programs. With the establishment of the Community Recreation Fund in FY 1991/1992 and development of a market based pricing

strategy for recreation programs and services, the value of the fee waiver program as a safety net for low-income families increased. The program was expanded to provide recreation fee waivers to eligible adults and seniors, and a broad array of recreation programs and services were qualified under the program.

A. Recent City Council Actions Related to the Recreation Fee Waiver Program

The Recreation Fee Waiver Program has come before City Council several times over the past two years. The following information provides an overview of Council's recent actions on this topic:

April 2005

A report was presented to Council on April 5, 2005, projecting that the fee waiver budget for FY 2004/2005 would be exceeded at year-end if use continued at its current pace. (Report to Council 05-090: Fee Waiver Program – Budget Issue.) At that time, Council directed staff to use the proceeds or interest income from the Dorolou Swirsky Youth Opportunity Fund of approximately \$10,000 - \$12,000 towards the fee waiver program and that these resources were to be used for anyone age 17 and for the remainder of that fiscal year. Additionally, Council directed staff to reduce the maximum amount of fee waiver allowed per individual from \$250 to \$180 and to limit the eligibility income criteria to “very low” income for the remainder of the fiscal year. Any remaining deficit balance for the fee waiver program for all other age groups was to be funded from the General Fund Non-recurring Events Reserve. Council's direction regarding additional funding for the Recreation Fee Waiver Program applied to FY 2004/2005 only. Beginning July 1, 2005, the program returned to the original criteria and funding source in the Community Recreation Fund.

June 2005

On June 21, 2005, Council considered RTC 05-198: Evaluate Options for Administration of Fee Waiver Program, and approved an amended agreement with Sunnyvale Community Services (SCS) to pay SCS on a monthly basis, up to a maximum of \$10,000 per year, to administer the Recreation Fee Waiver Program for FY 2005/2006. Staff was to continue to monitor and evaluate the program, and to provide recommendations on an annual basis via the City Manager's recommended budget.

February 2006

Currently, eligible Sunnyvale residents are granted a waiver for recreation fees up to \$180 per eligible family member. This amount is based on Council action taken February 28, 2006, in response to Report to Council 06-063: Fee Waiver Program – FY 2005/2006 Budget Issue, which advised City Council that at the current rate of use, the budget for the Recreation Fee Waiver Program would

again be exceeded before the end of the fiscal year. Action taken by Council at that time included:

- Reduced the maximum amount of fee waiver allowed per eligible individual from \$250 to \$180;
- Limited income criteria to “Very Low” or below and left this change in place until completion of the 2006 Study Issue;
- Initiated a \$1 per person meal co-payment for those using fee waivers to participate in the Senior Lunch Program;
- Approved a Budget Modification not to exceed \$76,000 in FY2005/2006 for any over-expenditure in the Recreation Fee Waiver Program; and
- Approved a Budget Modification in the amount of \$57,000 for FY 2006/2007 to take the Fee Waiver Program through September 2006 and completion of the Study Issue to consider the efficiency and effectiveness of the Recreation Fee Waiver Program.

Council directed staff to continue with these cost containment measures until completion of this Study Issue, which is to take a broad look at the overall effectiveness and efficiency of the Recreation Fee Waiver Program.

Council Actions Affecting Per Person Amount

As established by City Council action in October 1990, (Report to Council 90-535: Analysis of Parks and Recreation Fee Waiver Program – Legislative Issue) the maximum fee waiver amount per eligible individual was to be determined using a base figure of \$180 in 1990, adjusted annually by the Consumer Price Index (CPI). For several years, however, the maximum per person amount stayed at \$180 and was not adjusted by CPI. This changed in January 2004, when the amount was increased to \$250. Budgetary constraints, however, again came into play and the \$250 was never further adjusted upward by the CPI. In fact, due to Council’s action in February 2006, the maximum per person amount has been reduced from \$250 to \$180 until completion of this Study Issue. If the 1990 formula were to be followed, the maximum per person amount would be \$280 per family member in FY 2006-2007. Therefore, for the purposes of this Study Issue, \$280 is used when discussing the option of continuing the 1990 policy with a base amount of \$180 plus CPI for establishing the maximum per person amount

B. Overview of Recreation Fee Waiver Program

The Parks and Recreation Department provides a wide range of recreation programs and activities to the community. The majority of these services have some sort of fee attached to them. Participant fees range from no cost (programs such as the mobile recreation program for children), to \$5 for drop-in activities, to several hundred dollars for summer youth camps. To ensure

that economically disadvantaged Sunnyvale residents have access to recreation programs, the City of Sunnyvale has offered a recreation fee waiver program since 1981.

C. The Existing Recreation Fee Waiver Program

1. Administration

Sunnyvale Community Services (SCS) qualifies eligible Sunnyvale residents based on the income guidelines in place each year and there are no limitations currently placed on the number of individuals that SCS may qualify for the Recreation Fee Waiver Program annually. Anyone who is identified as being eligible for the fee waiver program is provided with information about City recreation programs and services. Qualified individuals may request fee waiver authorizations for any amount up to the maximum established for that year. Currently the maximum is \$180.

2. Eligibility

Eligibility for the Recreation Fee Waiver program is determined using income guidelines and a definition of low income derived from a modified version of the Community Development Block Grant Program (CDBG). Eligibility for the Recreation Fee Waiver Program is currently met by any individual or family in the “Very Low Income” or below category as indicated in the following chart:

Modified CDBG Income Guideline		
HOUSEHOLD SIZE	VERY LOW INCOME	LOW INCOME
1 Person	\$23,600	\$29,100
2 Person	\$26,950	\$33,300
3 Person	\$30,350	\$37,450
4 Person	\$33,700	\$41,600
5 Person	\$36,400	\$44,950
6 Person	\$39,100	\$48,250
7 Person	\$41,800	\$51,600
8 or more	\$44,500	\$54,900

3. Requirements for Establishing Eligibility as a Sunnyvale Resident

In October 2005, staff implemented a new Sunnyvale resident verification policy in order to ensure that the Recreation Fee Waiver Program was serving only Sunnyvale residents. This action was prompted by substantial abuse by individuals not residing in Sunnyvale. Under the current process in order to qualify for fee waiver benefits, two forms of identification with the same name and Sunnyvale address are required, both to qualify and then to register. One form of identification must be a picture ID. If a participant’s picture ID does not have a Sunnyvale address, then two forms of other documentation must also be submitted. If fee waiver participants do not have two forms of Sunnyvale resident identification when registering, their fee waiver will not be honored

until proof is submitted. If mail is returned from a Sunnyvale address, re-verification of residency may be required.

The following is a list of acceptable forms of identification for those 18 years of age and older. Parents and guardians of minors must provide their own documentation before their child(ren) may be registered as a Sunnyvale resident.

Acceptable Forms of Identification	
Photo Identification	Other Documentation
<ul style="list-style-type: none"> • Driver's License • California Identification Card • Passport 	<ul style="list-style-type: none"> • Payroll Stub • Rental Agreement • Utility Bill • Vehicle Registration • Credit Card Bill • Pre-Printed Check

D. Historical Expenditures for Recreation Fee Waiver Program

1. Ten-Year History of Expenditures

The following chart shows how demand for the Recreation Fee Waiver Program has varied since FY 1996/1997:

<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/2000</u>	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>
\$105,699	\$87,427	\$62,541	\$95,669	\$99,305	\$56,405	\$80,541	\$118,103	\$148,861	\$125,474
Change from prior year	-17.29%	-28.46%	+52.97%	+3.08%	-43.20%	+42.79%	+46.64%	+26.04%	-15.71%

The initial budget for the Recreation Fee Waiver Program in FY 1980/1981 was \$1,000. This budget has been periodically increased to the current level of \$172,748 in FY 2006/2007 (including a \$57,000 Budget Modification approved by Council in February 2006 to cover the first three months of the Fiscal Year) and \$117,191 in FY2007/2008. Over the past four years, beginning in FY2002/2003, there has been a trend towards increased demand for recreation fee waivers.

It should be noted that year-end expenditures for fee waivers in FY2005/2006 were not as high as staff originally projected in February 2006. Staff attributes the lower than anticipated usage, as well as the percentage drop in the last quarter of the fiscal year, to the implementation beginning in October 2006 of a new requirement that each adult participant or the parent/guardian of a minor participant, show two forms of identification, at least one of which is a photo ID. This documentation is required when establishing eligibility for the fee waiver program and at the time the individual uses a Recreation Fee Waiver.

The new requirement was imposed to ensure that only Sunnyvale residents received the fee waiver benefit. This action was prompted by substantial abuse by individuals not residing in Sunnyvale.

2. Three-Year Analysis of Fee Waiver Use by Age Group

Analysis of fee waiver recipients over the past three years indicates that the majority of individuals benefiting from the Recreation Fee Waiver Program are youth age 17 and under. In FY 2003/2004, 84% of total fee waiver recipients were youth, compared to 66% in FY 2004/2005 and 76% in FY 2005/2006. The decrease in percentage of youth fee waiver recipients is tied to an increase in senior fee waiver recipients, primarily due to a surge in use of fee waivers for the Senior Lunch Program.

The actual number of youth recipients (as compared to percentage) was the same in FY 2003/2004 and FY 2004/2005, decreasing by 150 individuals in FY 2005/2006. Staff believes the decrease is also due to tightening of the rules for establishing residency. Only 6% of total recipients were seniors in FY 2003/2004 compared to 22% in FY 2004/2005 and 23% in FY 2005/2006. (For a more detailed summary of participation broken down by age group, please refer to Attachment D: Three Year Summary of Participation in Recreation Fee Waiver Program by Age Group.)

Currently, there is no distinction made between the level of fee waiver support available to adults, children or seniors. Records are not available to show how many eligible individuals use the full value of their fee waiver in any given year and how many people use only a portion of what they are eligible for.

3. Four-Year Historical Analysis of Fee Waiver Use by Program

Currently, fee waivers may be used for any City-provided recreation program or service. In addition, fee waivers have been provided to participants in some youth sports leagues that have special use agreements with the City.

A look at use of the program over the past four years shows that peak use of the fee waiver program occurs during the Pop Warner fall football season and the last two to three months of each fiscal year as families use their fee waivers to register for summer camps and spring youth sports activities. In FY2005/2006, 26% of fee waiver expenditures were reported during the last three months of the year when summer registrations were accepted. In FY 2004/2005, 30% of fee waiver expenditures were reported during this same time period, 44% in FY 2003/2004 and 38% of expenditures were reported during the last three months of FY 2002/2003. (For more details on combined annual program use of fee waivers, please refer to Attachment E: Four-Year Historical Analysis of Fee Waiver Use by Program.)

EXISTING POLICY**2.2 Open Space and Recreation Sub-Element**

Policy 2.2B.10: Develop such fiscal practices as pricing, fee structures and cost recovery targets for open space and recreation programs and services consistent with the City's Fiscal Management Sub-Element policies.

Policy 2.2C.3: Give priority to services, facilities and amenities that fulfill a basic need or teach basic skills (e.g., non-competitive, developmental sports instruction such as learn to swim given priority over competitive sports programming).

Policy 2.2E.3: Provide recreation and enrichment programs, services, facilities and amenities to underserved areas and/or populations of the City. Underserved areas and/or populations could be due to geography, gender, economics or ethnicity, etc.

Socio-Economic Element

Policy 5.1A.2: Strive to assure that all residents have equal access to City services.

DISCUSSION**A. Study Issue to Consider the Effectiveness and Efficiency of the Recreation Fee Waiver Program**

In April 2005, Council took action to address a shortfall in the Recreation Fee Waiver Program budget for FY 2004/2005. At that time, Council asked if the criteria for the program could be modified so that fee waivers could be directed to specific customer groups. A Study Issue was developed to consider the effectiveness and efficiency of the Recreation Fee Waiver Program and was approved by Council for study in 2006. (Please refer to Attachment A: 2006 Study Issue Paper: Consider Effectiveness and Efficiency of the Recreation Fee Waiver Program.) The key elements of this study include the following:

- Examine the purpose and cost benefit of the Recreation Fee Waiver Program.
- Consider limiting the Recreation Fee Waiver Program to specific segments of the Sunnyvale population, rather than the population at large. For example, the program could be limited to youth, developmentally disabled persons, seniors and/or other groups or combinations of groups.
- Review existing family income criteria used to establish eligibility for the Recreation Fee Waiver Program and consider additional eligibility criteria that may be more efficiently managed.
- Review the annual maximum fee waiver amount given to eligible Sunnyvale residents and discuss whether or not the amount should be adjusted.

- Consider whether or not the annual amount should be adjusted yearly for inflation or to address years of positive or negative economy of Sunnyvale.
- Consider Sunnyvale residency requirements and appropriate documents used to ensure that only residents are served by the Recreation Fee Waiver Program.
- Consider types of programs and activities eligible for fee waivers.
- Consider whether this program can be administered more efficiently and effectively.

B. Purpose and Cost Benefit of the Recreation Fee Waiver Program

1. Benefits of Recreation

In discussions about the Recreation Fee Waiver Program, sometimes the philosophical underpinnings of the program get lost in details of fiscal matters surrounding the issue. The philosophical grounds for having a fee waiver program, however, are important.

Overall, recreation has been found to provide many health benefits to all ages, including youth, seniors, disabled and adults. Physical health benefits of active recreation include:

- Reducing obesity;
- Diminishing the risk of chronic disease; and
- Contributing to overall physical health.

The mental health benefits of recreation have been found to include:

- Reducing depression;
- Relieving stress;
- Improving quality of life;
- Improving self-esteem; and
- Contributing to positive personal growth and life satisfaction.

Benefits also accrue to the community when its citizens are involved in positive recreational activities. Participation helps to promote cultural diversity and understanding, supports seniors and individuals with disabilities and promotes social bonds.

Recent survey findings released in June 2006 by “Fight Crime: Invest in Kids California” found that students who are left unsupervised after school for three or more days per week are three times more likely to engage in criminal behavior than teens who are only left unsupervised between zero to two days per week. Minimally supervised young people are also:

- More than twice as likely to hang out with gang members;
- More than three times as likely to smoke marijuana; and
- More than five times as likely to use drugs other than marijuana.

Studies show that after school is the peak time for teens to commit a crime, be a victim of crime, be in or cause a car crash, smoke, drink or use drugs. Quality, constructive and highly supervised programs can have an immediate impact on these issues and help to develop positive skills and behaviors, and deter negative behaviors, thus reducing a dependency on more costly health and social services in the future.

2. Challenge for the Economically Disadvantaged

The economically disadvantaged, particularly youth and teens, are often the most vulnerable to negative influences and are most in need of the types of positive opportunities and experiences recreation programs and services can provide. They are also the least likely to be able to afford market-based participant fees.

The City's FY 1999/2000 comprehensive youth services needs assessment and study, identified the priority needs of Sunnyvale residents by zone (RTC 00-230: Youth Services Study). The primary needs reported in the study included the need for increased programs for children after school, weekends and during school vacations. The zones that reported the highest need for these types of services were those located in the parts of the City with the lowest reported household incomes.

3. Original Purpose of the Recreation Fee Waiver Program

The Recreation Fee Waiver Program was initiated in 1981 to meet the needs of low-income youth involved in City-provided after school recreational activities. The program was developed in an effort to ensure that all Sunnyvale children had access to City recreation classes and programs that they would otherwise not be able to afford. Over time the program expanded and is no longer limited to children or to after school recreation programs directly provided by the City. Instead, eligible adults and seniors may apply for fee waivers and some outside youth sports organizations that have special use agreements with the City.

It should be noted that it is not local government's role to provide social services. That responsibility (and the corresponding funding sources, such that they are,) falls to counties and states. While the City does facilitate, and in some cases provides, some social services at the Senior Center, Columbia Neighborhood Center and through the Outside Group Funding Program, additional funding would be required if the Council wished to expand its social service role.

The size and scope of the Recreation Fee Waiver program are now in question; however, its importance in enabling low-income individuals to enjoy the many benefits of participation in recreation is undisputed.

C. Sunnyvale's Fee Waiver Program Compared to Surrounding Cities

As a first step in studying the effectiveness of the Recreation Fee Waiver Program, staff compared Sunnyvale's fee waiver program to the fee waiver or scholarship programs offered by neighboring cities to see what could be learned from them. It is difficult to do a detailed comparison of fee waiver programs due to the large number of variables affecting each jurisdiction's situation. However, it is clear that Sunnyvale's Recreation Fee Waiver program is significantly more extensive than those in neighboring cities. The following table illustrates the differences in size and scope between Sunnyvale and its neighbors.

Comparison of Sunnyvale's Recreation Fee Waiver Program to Similar Fee Waiver/Scholarship Programs in Neighboring Jurisdictions					
City	Eligibility	Amounts	Estimated Annual Amount of Fees Waived	Approx. # Served Annually	Per Capita Cost
Campbell (pop. 38,138; source US Census 2000)	Youth only - eligibility determined by staff using County guidelines on poverty.	\$50/person; \$150/family.	No money budgeted by City; privately funded (staff; Kiwanis; Chamber) up to approx. \$2,000 annually.	20 - 30	5¢
Cupertino (pop. 50,546; source US Census 2000)	Youth only - qualified through Cupertino Community Services.	1 request per participant per year for 50% of fees waived with a maximum value up to \$75.	City budgets \$1,500 annually, but can increase budget by \$1,000 at Director's discretion.	15	10¢
	Seniors only - residents and non-residents; qualified by Case Manager	Membership of \$22 or some portion of activity fees.	Approx. \$2,500 funded by annual senior volunteer-led fundraiser.	75 - 100	

Comparison of Sunnyvale's Recreation Fee Waiver Program to Similar Fee Waiver/Scholarship Programs in Neighboring Jurisdictions					
City	Eligibility	Amounts	Estimated Annual Amount of Fees Waived	Approx. # Served Annually	Per Capita Cost
Mountain View (pop. 70,708; source US Census 2000)	Youth only – based on eligibility for Federal free/reduced lunch program or qualified through Mountain View Community Services.	\$800/family if eligible for Federal Free Lunch Program (100% of fees waived) or \$400/family if eligible through Federal Program for reduced lunch (50% of fees waived).	City does not budget a set amount for fee waivers. Actual expenditures are covered by increased General Fund subsidy averaging \$20,000 each year.	150 – 200	28¢
Santa Clara (pop. 102,361; source US Census 2000)	Youth only - qualified by Recreation staff using State poverty guidelines.	\$200 per individual	City does not budget any funds for fee waivers. Fee waivers (scholarships) funded through Friends of Parks and Recreation up to approx. \$20-30,000 annually.	150	29¢
Santa Clara provides up to \$500 per non-profit youth group (e.g., Little League) out of a <u>non-city source of funds</u> to offset the cost of the groups waiving fees.					

Comparison of Sunnyvale's Recreation Fee Waiver Program to Similar Fee Waiver/Scholarship Programs in Neighboring Jurisdictions					
City	Eligibility	Amounts	Estimated Annual Amount of Fees Waived	Approx. # Served Annually	Per Capita Cost
Sunnyvale (pop. 133,544; 8/06)	No age restrictions; qualified through Sunnyvale Community Services using modified CDBG guidelines.	\$250/person * (*reduced to \$180 until 9/06)	Actual expenditures in FY 05/06 were \$125,474 <i>(Note: does not include \$10,000 paid to Sunnyvale Community Services)</i>	1,284	\$0.94

The following chart compares the fees charged by each of the neighboring cities surveyed above for a sampling of recreational activities in an effort to determine if the difference in the extent of Sunnyvale's Recreation Fee Waiver Program can be explained by the fees the City charges for participation in recreational programs and activities. However, as depicted in the chart, Sunnyvale's recreation fees are not noticeably higher than the fees charged in surrounding cities, certainly not so much as to explain the greater use of recreation fee waivers within Sunnyvale.

Comparison of Fees Charged by Neighboring Jurisdictions for a Representative Sampling of Recreational Activities					
ACTIVITY	EXAMPLES OF FEES CHARGED July 2006				
	Sunnyvale	Mountain View	Santa Clara	Cupertino	Campbell
YOUTH					
Youth Dance	\$64	\$44	\$49	\$52	\$73
Youth Swim	\$42	\$30	\$44	\$59	\$48
Youth Soccer	\$68	\$63	\$84	\$89	\$80
Wiggle Worms	\$55	\$120	\$41		\$35
Gymnastics	\$77	\$75	\$76	\$70	\$72
Intro to Clay	\$53		\$70		\$84
Youth Cartooning	\$42	\$40	\$61	\$135	\$42
Summer Camp	\$160 -449	\$63 - 245	\$118 - 750	\$129 - 369	\$120 - 270
Tiny Tots (Tu/Th)	\$190	\$180	\$243		\$200
Tiny Tots (M,W,F)	\$272	\$260	\$338		\$300

SENIORS (50 and OLDER)					
Senior Fitness	\$38	Free classes w/ volunteer instructors	Thru Adult Ed.	\$36 - 45	\$32 - 56
Special Interest	\$20			\$30 - 45	\$24 - 32
Ceramics	\$34				
Line Dancing	\$24			\$32	\$25
Membership Fee	\$18	None	None*	\$22	\$20**
* No membership required, but \$30/month fee for use of fitness room					
** \$20 w/newsletter; \$12 for second member in household or for membership w/out newsletter					
ADULTS					
Taijiquan	\$55	Only Tennis, Aquatics and Golf	--	\$80	\$48 - \$60
Yoga for Fitness	\$60		\$60	\$65	\$60 - \$72
Salsa Dancing	\$63		\$66	\$48	\$45
Watercolor	\$67		\$117	--	\$55

Based on these findings, it appears that neighboring cities do not provide good comparators upon which the City might revise its own program, other than to suggest perhaps that the City is being proportionately more generous in its approach to serving economically disadvantaged residents compared to surrounding cities and that the local comparative data suggests scaling back the Recreation Fee Waiver Program. The data from the neighboring cities is consistent with a policy of local governments not being responsible for providing social services. Two of the four cities surveyed have programs funded through donations only. A third budgets only \$1,500 for youth, with its senior program also privately funded.

D. Key Questions to be Addressed in this Report

The questions addressed in the Discussion Section of this report can be roughly broken down into four areas:

1. Who should the City's Recreation Fee Waiver Program serve?
2. What programs should the City's Recreation Fee Waiver Program cover?
3. How should income eligibility requirements be established?
4. How much should be available to each participant and how should that be structured?
5. How should the Recreation Fee Waiver Program budget be managed and how should it be administered?

1. Who Should the City's Recreation Fee Waiver Program Serve?

Philosophically, limiting access to the Recreation Fee Waiver program is a way to target limited funds to the group or groups deemed most critical to be served and to help those for whom participation in recreation programs may be most beneficial. Sunnyvale's fee waiver program for recreation activities and services

is by far the most generous of the four neighboring cities that were surveyed. For example, several neighboring cities limit fee waiver assistance only to children, whereas Sunnyvale currently places no limitations on who is eligible. There are a number of different options that may be considered that could focus the City's limited resources on specific populations as identified by Council.

Options for Which Populations Residing in Sunnyvale Should be Eligible for Recreation Fee Waiver Benefits and Pros and Cons for Each Option		
Options	Pros	Cons
Limit to youth age 17 and under only.	<ul style="list-style-type: none"> • Returns the fee waiver program to its original purpose to provide recreational opportunities for economically disadvantaged youth. • Consistent with neighboring cities. • Would help to contain the City's fiscal liability for fee waivers by excluding seniors and adults. 	<ul style="list-style-type: none"> • Would not address the recreation needs of low-income seniors, disabled adults or the general adult population. • Many of the youth programs are already offered at a discount or less than full cost recovery. • There would likely be backlash from some seniors and some adults who no longer would be eligible.
Limit to disabled adults only.	<ul style="list-style-type: none"> • Disabled adults make up a very small percentage of the City's participants (even fewer are also in economically disadvantaged households), so including them would have limited fiscal impact. • Would dramatically help to contain the City's fiscal liability for fee waivers by excluding reimbursement to youth, adults and seniors. 	<ul style="list-style-type: none"> • Would not address recreation needs of youth, low-income seniors or the general adult population. • Would result in virtual elimination of the Fee Waiver Program as only one to two disabled adults apply for fee waivers each year. • There would likely be backlash from youth or parents of youth, some adults and seniors who would no longer be eligible.

Options for Which Populations Residing in Sunnyvale Should be Eligible for Recreation Fee Waiver Benefits and Pros and Cons for Each Option		
Options	Pros	Cons
Limit it to seniors age 50 and older.	<ul style="list-style-type: none"> • Consistent with the age used for participation at Sunnyvale Senior Center • Economically disadvantaged individuals ages 50 and older would be able to participate in and accrue the benefits from recreational activities. • Would help to contain the City's fiscal liability for fee waivers by excluding reimbursement to youth and adults. 	<ul style="list-style-type: none"> • Would not address recreation needs of the low-income youth, disabled adults or the general adult population. • Seniors may have similar restricted incomes as compared to other groups; however, there are more options for support. Many available recreation programs for seniors, including those offered by the City, are already offered at a discount or at less than full cost recovery. Additionally, seniors have access to health care services, case management services, restaurant discounts, store discounts etc. that are not available to other age groups. • There would likely be backlash from youth or parents of youth and some adults who would no longer be eligible.
No limitation other than income as is currently in place.	<ul style="list-style-type: none"> • Economically disadvantaged youth, disabled adults, seniors and adults would be able to participate in and accrue the benefits from recreational activities. • Would continue existing practice and would be readily accepted. 	<ul style="list-style-type: none"> • The general adult population is the one most likely to be able to work and to have other recreational options available to them. • The cost of providing fee waivers to all economically disadvantaged, regardless of age, would be significant. There would be continuing demand on resources without any limitations.

2. What Programs Should the City's Recreation Fee Waiver Program Cover?

a. Current Practice

The City has not traditionally excluded any City recreation programs from eligibility for fee waivers and with unlimited resources, staff would not propose doing so. However, in addition to recreation programs offered by the City or on behalf of the City by licensees or contractors, Recreation Fee Waivers have been used to support participation in some youth sports organizations with formal relationships with the City. There may be some benefit in looking more closely at whether certain types of programs should be excluded from the Recreation Fee Waiver Program.

b. Youth Sports Organizations

The City has twelve formal agreements in place with youth sports organizations such as Little Leagues, Pop Warner Football and Sunnyvale Alliance Soccer Club. These groups formerly operated under the City's Co-Sponsorship program and were transitioned to special use agreements after City Council eliminated the Co-Sponsorship Policy and adopted the Relationships with Outside Groups Policy in 2003. (Please refer to Attachment F: Relationships with Outside Groups Policy.) Although many of these groups charge a fee for participation, membership is not generally denied for lack of ability to pay. Several years ago, formerly co-sponsored arts, sports and other special interest organizations, including the Sunnyvale Community Players, were weaned away from dependence on the City to provide recreation opportunities for economically disadvantaged Sunnyvale residents. Some of the youth sports groups continue to absorb the impact of waiving fees for the economically disadvantaged. Others, however, have continued to request and receive fee waiver reimbursements from the City based on past practice.

The use of fee waivers in this instance is relatively seamless, from a participant standpoint – it is irrelevant to them whether the fees are City fees or fees charged by an outside organization. From the City's standpoint, it is not a matter of waiving fees the City charges. Instead it is the youth sports groups that are waiving their own fees. By reimbursing youth sports groups through the Recreation Fee Waiver program, the City is providing a direct cash subsidy to the youth sports groups to offset the groups' own costs of waiving fees. Despite the fact that no City fees are waived, such reimbursements are handled the same as all other fee waivers and charged to the budget for fee waivers.

It is important to note that in exchange for heavily reduced field rental fees (\$1 per hour rather than the \$25 per hour that is charged other user groups) there is a clause in each of the youth sports special use agreements with the City that states that the groups "shall provide all activities and programs associated with the planning, organizing, scheduling and hosting of league games, practices and associated activities at no cost to the City." The City has not

enforced this clause to date as it pertains to fee waivers. The full market value of the field usage that the combined youth sports groups get is estimated at more than \$500,000 annually, for which they pay a combined \$21,000 annually. It is unlikely that were the fields rented out at full market value that the City would be able to have the same high level of field utilization that exists with the current youth sports groups. However, demand for athletic fields is high, and the City would be able to generate significant revenue if the fields were no longer promised through agreements to youth sports groups at the below market rate. These special use agreements do provide a mechanism to address on a negotiated basis any unique needs of the youth sports groups.

It should be further noted that Sunnyvale is the only known local jurisdiction to provide any cash subsidy from city funds to support to youth sports groups to offset their costs in waiving fees for participation in their organizations. (The City of Santa Clara provides up to \$500 per group from a non-city funding source.) This means that youth sports groups based in Sunnyvale that serve youth from outside the City must find a means of allowing low-income youth to participate without government assistance. Similarly, youth sports groups based outside of Sunnyvale but serving Sunnyvale residents also must find a way to provide access without government assistance. In fact, according to many groups' charters with their parent organizations (such as Little League), groups are mandated to accept all interested participants, regardless of their ability to pay.

The cost of reimbursing these youth groups has had a significant fiscal impact on the City, and represents a cash subsidy to these youth groups (three in FY2005/06; nine in FY2004/05; and eight in FY2003/04) of an average of \$31,856 annually over the past three years. Unlike waiving fees for City-run programs, where the effect is a transfer of funds within the Community Recreation Fund from the Fee Waiver budget to the revenue account associated with the City program, this is money leaving the Community Recreation Fund. In other words, a cash subsidy is being given to a handful of community organizations without a basis in City policy and without consistency among organizations, and the reimbursement of these fee waivers to non-City agencies negatively impacts the Community Recreation Fund by creating an additional expense the City would otherwise not have.

There is no question of the value that the youth sports organizations provide within the community. The majority of the activities and programs that they conduct occur through the efforts of literally hundreds of dedicated volunteers, including adult coordinators, coaches and teachers, as well as parents, board members and others. Their contributions of both time and money leverage community resources to provide increased recreational opportunities and activities that the City is not in a financial position to provide.

However, youth sports groups establish their own participant fees without input from the City, so there is no way to limit potential costs to the Recreation Fee Waiver Program. Additionally, these groups have the advantage of being able to raise funds on their own and if the City continues to reimburse the sports groups for fee waivers, the groups have less motivation to initiate fundraising efforts to provide “scholarships” on their own and instead will continue to rely on the City to subsidize their funding.

Without changes to the practice of reimbursing youth sports organizations, the future fiscal liability of reimbursing youth sports organizations for fee waivers has the potential to grow. Other youth groups are beginning to seek agreements with the City, in part, in order to receive this benefit. There are agreements with two more such groups that will be brought to Council in the near future. It is also possible that the arts groups, such as the Sunnyvale Community Players, may question why this benefit is provided only to sports groups when the arts also provide many documented benefits to youth and others.

c. Options for Determining which Programs and Activities Qualify for the Recreation Fee Waiver Program.

The chart below, outlining options for determining what recreation programs and/or services should qualify for the Recreation Fee Waiver Program, begins with an option which limits fee waivers to most City-provided recreational programs or activities with some limited exceptions such as for merchandise, facility rentals and drop-in activities costing less than \$5. Additional alternatives are proposed in which types of programs or categories of services could be included. Council could then determine that none, one or several of the identified services should be included in the Recreation Fee Waiver Program.

Various Options for Which Programs and Activities, Recreation Fee Waivers Can Be Used and Pros and Cons for Each Option		
Options	Pros	Cons
Include only City recreation programs, activities or services (some limited exceptions such as merchandise, facility rental fees and drop-in activities costing less than \$5). This includes those activities provided	<ul style="list-style-type: none"> • Provides a wide range of choices to participants. • Fee Waiver dollars stay within the Community Recreation Fund. 	<ul style="list-style-type: none"> • Because the practice of reimbursing some youth sports organizations has been in place for so long there is the potential for significant backlash from the community. • Some youth sports organizations could suffer hardship by having to cover the costs of participation of economically disadvantaged.

Various Options for Which Programs and Activities, Recreation Fee Waivers Can Be Used and Pros and Cons for Each Option		
Options	Pros	Cons
by City licensees and contractors directly providing recreation services on behalf of the City.		
Adopt a policy to allow City fee waiver reimbursement for participation in youth sports leagues.	<ul style="list-style-type: none"> • Youth sports groups provide significant recreational opportunities for Sunnyvale youth. • Fees to participate can be prohibitive to some youth. • Some youth groups may have difficulty in absorbing the costs of waiving their fees. • There has been a long tradition of reimbursing some of these groups for accepting City fee waivers. Some youth sports organizations have grown to be dependent on the program to supplement their income. 	<ul style="list-style-type: none"> • The cost of providing fee waivers to youth is significant and could be even more significant if more of the youth sports groups chose to pursue reimbursement through the City's fee waiver program. This would have a negative impact on the Community Recreation Fund. • Creates a disincentive for youth sports groups to fundraise to offset their costs or provide "scholarships" to economically disadvantaged youth and negates any need for youth sports groups to demonstrate a commitment to serving all Sunnyvale youth, including those that are economically disadvantaged. • The City has no control over the fees charged by the youth sports groups and increases in league fees place increased demand on the Recreation Fee Waiver Program beyond budgeted resources. • The practice of fee waiver reimbursement has not been universally applied and most of the youth sports groups already absorb the impact of

Various Options for Which Programs and Activities, Recreation Fee Waivers Can Be Used and Pros and Cons for Each Option		
Options	Pros	Cons
		waiving fees for the economically disadvantaged.

3. How Should Income Eligibility Requirements Be Established?

Regardless of what economic threshold is used to determine eligibility for Recreation Fee Waivers, it is important to clarify how the thresholds are applied.

Eligibility is based on **total family income**. For example, seniors who are living with their adult child(ren) where the adult child(ren) are paying the bills are screened based on the adult child(ren)'s income **plus** the individual's income. Similarly, for adult children residing in the same household as their parent(s) and who are dependent on their parents, a combined household income for all household members including the adult child and the parent(s) is used to establish eligibility for the fee waiver program.

With this clarification in mind, Council may consider a number of different standards or guidelines for determining the maximum family income participants may have to qualify for fee waivers.

a. Utilize (Modified) Community Development Block Grant Definitions (CDBG)

The current eligibility guidelines are derived from the CDBG program's definition of "low income" and below, as described in the background of this report and have not been updated for several years. Created in 1974, the CDBG program is one of the longest continuously run programs at the Department of Housing and Urban Development (HUD). The program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low-income and moderate-income persons. The Federal Government provides income guidelines for participants in the CDBG rehabilitation housing program. Current income guidelines for 2005-2006 are significantly higher than the modified guidelines being used by Sunnyvale Community Services to screen applicants for the City's Recreation Fee Waiver Program. These "unmodified" CDBG guidelines are not considered by staff or Sunnyvale Community Services to be a good indicator of need, and are therefore not proposed for use in the Recreation Fee Waiver Program.

Current Modified CDBG Guidelines		
HOUSEHOLD SIZE	VERY LOW INCOME	LOW INCOME
1 Person	\$23,600	\$29,100
2 Person	\$26,950	\$33,300
3 Person	\$30,350	\$37,450
4 Person	\$33,700	\$41,600
5 Person	\$36,400	\$44,950
6 Person	\$39,100	\$48,250
7 Person	\$41,800	\$51,600
8 or more	\$44,500	\$54,900

Option of Utilizing Modified CDBG Guidelines to Determine Eligibility for Recreation Fee Waiver Program and Pros and Cons of That Option	
Pros	Cons
<ul style="list-style-type: none"> Consistent with current process, so no need to educate public. 	<ul style="list-style-type: none"> No longer connected to any State or Federal income guidelines, so there is no basis with which to update the guidelines. Over time, the number of families eligible for the Recreation Fee Waiver Program would be continually decreasing as guidelines not adjusted to account for inflation or cost of living. If modified CDGB guidelines were updated with actual CDBG Guidelines (e.g., Federal HOME Program income guidelines) number of families eligible for Fee Waiver services would balloon.

b. Utilize Participation in Federal School Lunch as Qualifier for Recreation Fee Waiver Program

Another option is to use participation in the federal school lunch program (free or reduced price meals) as qualifier for the fee waiver program. Children from families with incomes at or below 130 percent of the federal poverty level are eligible for free meals. Those with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals, through this federally funded program. Applications are submitted to the school district in which the child resides. Per Federal rules, school districts accept applicants' self-declarations of income and spot check only 3% of applications, only then requiring documentation of income. Those applying for free or reduced lunches through this program are then provided a letter confirming or denying their eligibility. Based on how the Recreation Fee Waiver Program is currently

administered, those who have a letter confirming eligibility in the school lunch program could then provide it to Sunnyvale Community Services (SCS) to automatically qualify for the fee waiver program without undergoing further screening. SCS would then issue the fee waiver authorization form, as described in the background of this report and track each individual's usage. At such time as the City becomes able to track fee waiver use using the new recreation registration software, individuals could completely forgo the need to work through SCS. Applicants could present their letter confirming eligibility in the school lunch program directly to City recreation registration staff.

It should be noted that statewide reports have just come out indicating that for the first time more than half of California's K-12 public education students were enrolled in the free or reduced lunch program this past year. Researchers point out, however, that this does not mean that half the state's families are poor. Statewide, the child poverty rate is around 20%. Research conducted as part of the recent update to the Open Space and Recreation Sub-Element showed that within Sunnyvale there is a wide range of participation in the Federal School Lunch Program, from a low of 2% at West Valley Elementary School in 2004, to 66% of the student body at Bishop Elementary School. If Council were to adopt the Federal School Lunch eligibility standards, it is likely that there would be a corresponding increase in those requesting and using fee waivers.

Option of Utilizing Participation in Federal School Lunch Program as Qualifier for Recreation Fee Waiver Program and Pros and Cons of That Option	
Pros	Cons
<ul style="list-style-type: none"> • Families have only one application process for both free/reduced lunch and access to the Recreation Fee Waiver Program. • Neither Sunnyvale Community Services nor the City would screen applicants for qualifying for the School Lunch Program. 	<ul style="list-style-type: none"> • Families who might be eligible for free or reduced lunch but who have not applied for that program for whatever reason would be required to do that first, before they could apply for a recreation fee waiver. • There could be a delay as families wait for approval of their application for free/reduced lunch from their school district. • It would not determine eligibility for those families with children not enrolled in school. This includes children younger than five, students attending private schools and youth who are home schooled. • This option would not determine eligibility for adults and seniors, necessitating a parallel screening process through SCS.

Option of Utilizing Participation in Federal School Lunch Program as Qualifier for Recreation Fee Waiver Program and Pros and Cons of That Option	
Pros	Cons
<ul style="list-style-type: none"> Since eligibility for free or reduced lunch is based on a lower standard than the modified CDBG guidelines, fewer individuals would likely qualify which could have a positive impact on the budget. 	<ul style="list-style-type: none"> Eligibility is based on self-declaration of income and only 3% of applications are verified. There is the potential that the Recreation Fee Waiver Program could be significantly abused. Eligibility for free or reduced lunch is based on a lower standard than the modified CDBG guidelines; thus more individuals would be screened out than under the current guidelines. Potentially more children would be qualified than are now, thus placing increasing demand on the Recreation Fee Waiver Program rather than controlling costs because participants self-declare their income and because the Federal Free/Reduced Lunch Program is well publicized.

c. Utilize Food Bank Direct Service Eligibility Guidelines (185% of Poverty)

SCS utilizes income guidelines provided by Second Harvest Food Bank when screening clients for eligibility for emergency food assistance. The guidelines are issued by the Food Bank to determine eligibility for their direct services and are based upon 185% of Federal poverty guidelines. This is the same standard used to qualify individuals for reduced-price meals under the Federal Free Lunch Program. (130% of poverty level is required for **free** lunch; the threshold to qualify for the **reduced** price lunch is between 130% and 185% of poverty level.) The poverty guidelines are reviewed at least annually by the Federal Government and updated as needed. The guidelines are listed below and shown in comparison with the modified CDBG standard currently being used to screen for eligibility in the Recreation Fee Waiver Program.

Comparison of Modified CDBG Income Guidelines with Food Bank Direct Service Eligibility Guidelines (185% of Poverty)			
HOUSEHOLD SIZE	Current Modified CDBG Guidelines		Food Bank Guidelines 2006
	VERY LOW INCOME	LOW INCOME	MAXIMUM INCOME
1 Person	\$23,600	\$29,100	\$17,705
2 Person	\$26,950	\$33,300	\$23,736
3 Person	\$30,350	\$37,450	\$29,767
4 Person	\$33,700	\$41,600	\$35,798
5 Person	\$36,400	\$44,950	\$41,829
6 Person	\$39,100	\$48,250	\$47,860
7 Person	\$41,800	\$51,600	\$53,891
8 or more	\$44,500	\$54,900	\$59,922

As compared to the modified CDBG guidelines currently being used to screen for eligibility in the fee waiver program, the Food Bank guidelines would make some smaller families (1, 2 and 3 persons) ineligible, because the maximum income is lower. Conversely, larger families (4 people or more) would have a lower threshold to meet in qualifying, with an anticipated end result of having an equal number of families qualifying as with the currently used modified CDBG guidelines.

Option of Utilizing Food Bank Direct Service Eligibility Guidelines (185 % of Poverty) to Determine Eligibility for Recreation Fee Waiver Program and Pros and Cons of That Option	
Pros	Cons
<ul style="list-style-type: none"> • Consistent with criteria already used by SCS to screen clients for other services. • Tied to a defensible standard. • Standard/guidelines are updated on an annual basis by the State of California to account for inflation and cost of living, and would allow for a relatively constant number of families to be eligible over time. • More larger families would be eligible than under the modified CDBG guidelines, offsetting the reduction in eligibility of some smaller households. 	<ul style="list-style-type: none"> • Some smaller households currently eligible under the modified CDBG income guidelines would no longer be eligible for Fee Waivers.

4. How Much Should Be Available to Each Participant and How Should That Be Structured?

a. Amount Per Participant

The City has any number of options for establishing the maximum amount of fees waived for any individual. If the City were to fund fee waivers according to the formula set up in 1990, each eligible individual would be allocated up to \$280 for FY 2006/2007 and this amount would increase each year with inflation. The base figure of \$180 stems from a formula allocating approximately \$45 per quarter per individual. It is not clear why that amount was chosen or how much value or service level that equated to. This approach then would provide an amount equivalent to historical practice. Drawbacks of this approach are the City's increasing inability to support this amount, as evidenced by the Council's actions to reduce the amount to \$180 in the past two fiscal years.

Another approach would be to set an amount equivalent to a defined purchasing value, such as the ability to participate in a typical class each quarter or one basic camp (for youth). The amount could be adjusted as the costs for that mix of representative classes changed. This could allow different amounts per age group, as appropriate. For example, bundling youth dance,

swim, soccer and cartooning, valued at \$234, would allow a youth to participate in a range of different activities at approximately one per quarter (although they could be used in any combination) or would enable a youth to instead select from among a wide array of one-week, intensive summer camp experiences. The amount could be reviewed annually and adjusted administratively as appropriate.

Similarly, bundling senior fitness, special interest and ceramics, along with the membership fee, valued at \$125, would allow a senior to select up to four typical class offerings, one a quarter, each year. This is a significant reduction from the originally budgeted \$250 per person allocation and even the currently budgeted amount of \$180 per person. If implemented, this alternative would reduce the amount needed to fund senior recreation fee waivers. Along those lines, allocating the amount of the annual membership fee alone would provide a further reduction in liability for the Fee Waiver budget while still providing a significant range of year-long services and activities. (See Attachment C: Summary of Benefits of Senior Center Membership.)

Example of How a Youth "Bundle" of Recreational Activities Could Be Determined to Establish a Maximum Per Youth Amount for Fee Waivers		
Sampling of Typical Youth Activities	Cost for Multi-Session Class	
Youth Dance	\$64	Average cost of \$57 per youth class or \$234 for one per quarter OR one camp.
Youth Swim	\$42	
Youth Soccer	\$68	
Wiggle Worms	\$55	
Gymnastics	\$77	
Intro to Clay	\$53	
Youth Cartooning	\$42	
Summer Camp	\$160 - \$449 (most below \$240)	
Tiny Tots (Pre-School-like parent/child experience)	\$190 (Tu/Th) - \$272 (MWF)	

Example of How a Senior “Bundle” of Recreational Activities Could Be Determined to Establish a Maximum Per Senior Amount for Fee Waivers		
	Cost for Multi-Session Class Note: Does not include classes offered through Fremont Adult Education or Foothill/DeAnza College.	
Senior Fitness	\$20 - \$30	Total for four representative senior classes (one per quarter) plus required membership fee: \$125.
Special Interest	\$20	
Ceramics	\$34	
Membership Fee	\$18 annually	

Example of How an Adult “Bundle” of Recreational Activities Could Be Determined to Establish a Maximum Per Adult Amount for Fee Waivers		
	Cost for Multi-Session Class	
Taijiquan	\$55	Average cost of \$61 per adult class or \$244 for one per quarter.
Yoga for Fitness	\$60	
Salsa Dancing	\$63	
Watercolor	\$67	

The following chart contrasts the options presented for establishing a maximum amount of fees waived and includes pros and cons for each option.

Various Options for Establishing a Maximum Per Person Amount for Recreation Fee Waivers and Pros and Cons for Each Option		
Options	Pros	Cons
\$180	<ul style="list-style-type: none"> • Consistent with current amount. • Objective way of determining maximum per person amount. 	<ul style="list-style-type: none"> • Not tied to any standard or level of service. • Diminishing value over time to the participant unless adjusted for inflation.

Various Options for Establishing a Maximum Per Person Amount for Recreation Fee Waivers and Pros and Cons for Each Option		
Options	Pros	Cons
\$280, indexed annually for inflation (\$280 is 1990 level at FY 2006/07 value).	<ul style="list-style-type: none"> • Objective way of determining maximum per person amount. • Most generous option for the participant. 	<ul style="list-style-type: none"> • Not tied to any standard or level of service. • City's fiscal liability would increase each year without necessarily being tied to proportionately equal increases in fees for recreational activities. • Would exert ever-increasing pressure on the Community Recreation Fund.
Amount equivalent to representative package of services, e.g., 1 class per quarter or 1 camp (for youth) or 1 class per quarter for adults/seniors .	<ul style="list-style-type: none"> • Rational approach that is tied to a meaningful standard of service. • Could be set administratively, which would allow staff to manage the fee waiver budget within the Community Recreation Fund more effectively. • "Bundle" could be adjusted to match actual increases (or decreases) in fees. 	<ul style="list-style-type: none"> • Would require some regular analysis of how much each package of services is worth. • Requires some subjective determination of what services to include when calculating the annual amount.

b. Require "Co-Payment" for Some or All Services

Per Council direction in March 2006, a co-pay of \$1 has been required for each senior lunch purchased with fee waivers. It is interesting to note that since Council instituted the \$1 co-pay for the Senior Lunch Program, use of fee waivers for the lunch program fell off significantly; however, participation in the Senior Lunch Program overall has remained the same. Only sixteen individuals requested fee waivers for lunches between April and June 30, (one quarter of the year) as compared to one hundred sixty-seven individuals requesting fee waivers for lunch in the preceding nine months (an average of fifty-six people a quarter).

Council directed staff to consider whether co-payments should be considered in all cases of fee waiver usage. Options for determining the appropriate amount of co-pay include charging a percentage of the activity's total fee or charging a flat rate. Of the two, charging a flat rate is significantly easier to administer

and to communicate. A flat rate, however, poses a greater burden for lower cost activities than higher cost activities. This could be somewhat mitigated by creating a tiered system in which those activities with fees in the lowest group might pay \$1 rising to \$5 for activities with fees in a middle range, to \$10 for fees in the next range and \$20 for fees in the top range.

At one time, Sunnyvale's fee waiver program required participants to pay 25%, 50% or 75% of the charged fee depending on what the family income was. This structure was eliminated due to the high administrative overhead required to implement the co-pay and due to a philosophical belief that the individuals applying for fee waivers were so economically disadvantaged as to merit the City waiving the entire fee for participation. However, this illustrates one of the many ways a co-pay requirement could be implemented. Other variations are possible. For example, Council could consider establishing a maximum amount to reimburse each sports group for fee waivers from participants whose family meets the income eligibility requirement to qualify for the Recreation Fee Waiver Program. This would in essence, require a co-pay for a portion of each fee waiver the sports organization accepted. Another variation would be to require co-pays for only some programs and activities. The following chart compares these different approaches, illustrating what a participant would pay depending on the co-pay option determined.

Comparison of Various Approaches to Requiring Co-Pays, Noting How Much and the Percentage Equivalency of What Participants Would Pay					
Range of Activity Fees	Tiered Co-Pay Required	% Equivalent for Tiered Co-Pay	Flat Rate Co-Pay of \$10	% Equivalent for Flat Rate Co-Pay	25% Co-Pay
\$5 - \$14	\$1	20% - 7%	\$10	100% - 71%	\$1.25 - \$3.50
\$15 - \$49	\$5	33% - 10%	\$10	67% - 20%	\$3.75 - \$12.25
\$50 - \$74	\$10	30% - 14%	\$10	20% - 14%	\$12.50 - \$18.50
\$75 - \$124	\$15	20% - 12%	\$10	13% - 8%	\$18.75 - \$31.00
\$125+	\$20	16% <	\$10	8% <	\$31.25 +

Note: Activities costing less than \$5 in this example would not be eligible for fee waivers and would therefore not be subject to co-pays.

Various Options for Requiring Co-Pays of Participants in Recreation Fee Waiver Program and Pros and Cons of Each Option		
Options	Pros	Cons
Require no co-pay.	<ul style="list-style-type: none"> Traditional approach; what most fee waiver participants are familiar with. No added administrative costs. 	<ul style="list-style-type: none"> Provides no revenue stream to the Community Recreation Fund. Does not contribute to creating a sense of buy-in or value on the part of the participant.

Various Options for Requiring Co-Pays of Participants in Recreation Fee Waiver Program and Pros and Cons of Each Option		
Options	Pros	Cons
Require co-pay % of activity	<ul style="list-style-type: none"> • Can help to create a sense of “value.” • Would increase revenue to the Community Recreation Fund and help offset cost of fee waiver program. • Would be a fair way to assess co-pay, since percentage charged would be the same regardless of the cost of the activity. • Would be fairly easy to communicate to participants. 	<ul style="list-style-type: none"> • Any kind of co-pay requirement would create a barrier to participation for extremely low income individuals and families. • Would increase administrative costs for tracking fee waiver use and if refunds needed to be processed. • Would be the most difficult to administer, in that the actual amount of required co-pay would need to be calculated on an individual basis and would vary from case to case. • Was done in the past but was eliminated due to high administrative overhead and belief that individuals were so low income as to merit their full fees being waived.
Require flat co-pay	<ul style="list-style-type: none"> • Can help to create a sense of “value.” • Would increase revenue to Community Recreation Fund and help offset costs of fee waiver program. • Would be easy to communicate • Would be relatively easy to administer. 	<ul style="list-style-type: none"> • Any kind of co-pay requirement would create a barrier to participation for extremely low income individuals and families. • Would have the greatest inequities in that those seeking fee waivers for lower cost activities would pay proportionately more than those seeking fee waivers for higher cost activities. • Would increase administrative costs for tracking fee waiver use and if refunds needed to be processed, but would be the easiest of the co-pay options to implement.

Various Options for Requiring Co-Pays of Participants in Recreation Fee Waiver Program and Pros and Cons of Each Option		
Options	Pros	Cons
Require tiered system of flat rate co-pay	<ul style="list-style-type: none"> • Can help to create a sense of “value.” • Would increase revenue to Community Recreation Fund and help offset some portion of the cost to support the fee waiver program. • Would be fairer than the single tiered co-pay approach. 	<ul style="list-style-type: none"> • Any kind of co-pay requirement would create a barrier to participation for extremely low income individuals and families. • Would have some modest inequities within the tiers. • Would increase administrative costs for tracking and if refunds needed to be processed – more so than the single tiered approach but less than the percentage approach.

c. Create a “Family Pool” of Recreation Fee Waiver Funds

In the scenarios posed above, each allocation discussed is on a per person basis, meaning that each eligible individual in a family has a set allocation to use as he or she pleases, but the allocation cannot be shared with another eligible family member. This requirement could be changed so that a family would have a pool of money equivalent to the number of eligible individuals, times the maximum allocation. For example, under current policy using the base year amount of \$180 increasing annually by CPI, the maximum per person amount in FY 2006/2007 would be \$280 and with all ages eligible, this would be equal to \$280 times the number of family members. If Council were to limit the availability of fee waivers to youth and the maximum was \$280, this pool of money would be equivalent to \$280 times the number of youth in the family. In either case, the pool of money in this alternative could be spent all on one person’s activities or spent equally by each family member at the family’s discretion.

This could provide families with greater flexibility. It is unknown what the fiscal impact would be; however, this alternative could have the effect of increasing demand on the Recreation Fee Waiver Program budget. For example a family with three youth would previously have been required to use their fee waiver allocations by child and all three children may not have actually participated in the Fee Waiver Program. In this scenario, the family could pool the full fee waiver allocation to increase recreational opportunities for one when the other two would not have participated in recreation programs anyway.

Option to Allow Families to Pool Recreation Fee Waiver Funds and Pros and Cons of That Option	
Pros	Cons
<ul style="list-style-type: none"> Families provided maximum flexibility in determining how to meet family's recreational needs. 	<ul style="list-style-type: none"> Individuals within larger families could have a larger benefit than individuals in smaller families if the benefit was pooled and directed to one individual. If all ages were eligible for fee waivers, it would be possible for families to direct all of the resources to one or more adults in the family and none to any children. Tracking is more complicated, particularly if family members have different last names. The purpose of the Fee Waiver program has been to provide benefits to the maximum number of individuals. Pooling funds could actually limit or reduce the number of individuals served.

5. How Should the Recreation Fee Waiver Program Budget Be Managed and How Should the Program Be Administered?

a. Options for Managing the Fee Waiver Budget

Fee waiver usage has varied widely over the years and is difficult to predict, although recent years have seen an upswing in use and therefore in the dollar amount of fees waived. As currently structured, there is no way to know how much demand there will be for fee waivers in any given year. Indeed, there is potential for a significant financial cost to the City if the City were to honor fee waivers for every economically disadvantaged individual in the City and if those individuals were all to seek to utilize the program. In other words, the demand for fee waivers could be ever growing. The City currently does little to recruit participants in the program other than noting the availability of the program on all printed and web-based materials.

There are two basic approaches that could be used to control costs and manage the fee waiver budget from year to year. One is to set a budget and when that budget has been fully expended, no more fee waivers would be honored until the next budget year. Depending on usage, the budget allocation could be reached halfway through the fiscal year, three quarters of the way through, in the last month of the year or not at all.

The second approach is to encumber the maximum per person amount at the time the individual first qualifies for a fee waiver. When the full budgeted amount for fee waivers is encumbered the City could then direct Sunnyvale Community Services (SCS) to stop qualifying individuals until the start of the next fiscal year.

Currently, when an individual qualifies for a fee waiver it is only for the amount of the activity they plan to participate in at that time. SCS then debits that amount against the individual's pool of possible funding. When the City receives a fee waiver from a participant, the City sees only the dollar amount of the current activity – not how much the participant may have used in the preceding months of the fiscal year nor how much the participant may have remaining in his/her pool of funding (i.e., what the City's remaining liability for fee waivers is for that individual). If the City encumbered the full amount at the onset, the City would be protected against its full liability for fee waivers for that individual.

Three charts illustrate how many people might be qualified under these two basic approaches to managing the Recreation Fee Waiver budget with different assumptions for how much of a participant's fee waiver allotment is used.

Scenario A: Stop qualifying participants when budget is fully expended.				
	Budget	# Participants assuming average of \$98 fees waived (actual average spent in FY 2005/06)	# of Participants assuming \$234 each of fees waived (based on value of youth "Bundle" of services)	# of Participants assuming \$280 each of fees waived (based on 1990 base year amount plus CPI)
FY 2006/07	\$162,748* **	1661	696	581
FY 2007/08	\$107,191**	1094	458	383
FY 2008/09	\$108,656**	1109	464	388
<p>*Budget for FY 2006/2007 includes Budget Modification in the amount of \$57,000, equivalent to an additional \$19,000 for each of the first three months of the Fiscal Year, per Council action in February 2006.</p> <p>**Budgeted amount reflects amount available for fee waivers and does not include the \$10,000 budgeted for payment to Sunnyvale Community Services for administration of the program.</p> <p>Note: Money may run out before the end of the year such that those who have already been qualified for fee waivers but who are planning to apply their fee waivers in the last quarter of the year are unable to do so. As individuals use more of the maximum amount allowed to them, the total number of participants decreases.</p>				

Scenario B: Encumber full amount of possible waived fees at time participant is qualified for recreation fee waiver program and stop qualifying when full budgeted amount for fee waivers is encumbered. Assume that participants use an average of \$98 of their fee waiver allotment.

	Budget (plus carryovers)	# Participants qualified @ \$234/person (based on value of youth "Bundle" of services)	Annual expenditures, assuming average \$98 fees waived (based on actual average spent in FY 2005/06)	Amount to Carry Over
FY 2006/07	\$162,748* **	696	\$68,208	\$94,540
FY 2007/08	\$107,191**	458	\$44,884	\$62,307
FY 2008/09	\$108,656**	464	\$45,472	\$63,184

*Budget for FY 2006/2007 includes Budget Modification in the amount of \$57,000, equivalent to an additional \$19,000 for each of the first three months of the Fiscal Year, per Council action in February 2006.

**Budgeted amount reflects amount available for fee waivers and does not include the \$10,000 budgeted for payment to Sunnyvale Community Services for administration of the program.

Note: Lower number of participants in first year, since maximum amount of fee waiver encumbered even if participants use a lower amount on average. However, number of participants may potentially increase in subsequent years if unspent monies are carried forward and applied to Fee Waiver Program. As the average amount of actual fees increase, the amount of budget that is carried forward to the subsequent year decreases.

Scenario C: Encumber full amount of possible waived fees at time participant is qualified for recreation fee waiver program and stop qualifying when full budgeted amount for fee waivers is encumbered. Assume that participants use their full fee waiver allotment.

	Budget (plus carryovers)	# Participants qualified @ \$234/person (based on value of youth "Bundle" of services)	Annual Expenditures, assuming full allotment (\$234) is used	Amount to Carry Over
FY 2006/07	\$162,748* **	696	\$162,748	\$00.00
FY 2007/08	\$107,191**	458	\$107,191	\$00.00
FY 2008/09	\$108,656**	464	\$108,656	\$00.00

*Budget for FY 2006/2007 includes Budget Modification in the amount of \$57,000, equivalent to an additional \$19,000 for each of the first three months of the Fiscal Year, per Council action in February 2006.

**Budgeted amount reflects amount available for fee waivers and does not include the \$10,000 budgeted for payment to Sunnyvale Community Services for administration of the program.

Pros and Cons of these options for managing the Recreation Fee Waiver budget are listed below, along with pros and cons of returning to Council for direction each time staff projects that the Fee Waiver budget may be insufficient under current usage patterns.

Various Approaches to Managing the Recreation Fee Waiver Budget and Pros and Cons of Each Option		
Options	Pros	Cons
Limit Amount of Fee Waivers Available; e.g., when the funding is used up, no more fee waivers are provided.	<ul style="list-style-type: none"> • Would provide clear direction to staff by having definitive budgeted amount. • Council could determine upfront what the City's financial liability would be each year. 	<ul style="list-style-type: none"> • Some economically disadvantaged persons could be denied assistance at the end of the fiscal year, because of lack of funds. • Would be a disincentive for people to plan and budget their allocation to allow them to attend summer camps, since summer camp payments are due at the end of the City's fiscal year (June) for camps occurring during the summer. Highest use of fee waivers traditionally has come in the last three months of the fiscal year.
Encumber full amount when individuals first enroll and stop enrolling when budget has been encumbered.	<ul style="list-style-type: none"> • City would be able to manage fee waiver budget and would be able to fulfill all requests for fee waivers within budget of those who had been qualified or enrolled. • Participants could be encouraged to qualify in the beginning months of the fiscal year, which could help SCS to manage their staff and volunteer resources. • Would give everyone a more even playing field for being able to utilize the fee waiver program since those who qualified early would be guaranteed the full amount that they could use at 	<ul style="list-style-type: none"> • Likely that fewer individuals than currently planned will be served because some participants may not use their full fee waiver allocation, since this has occurred in the past.

Various Approaches to Managing the Recreation Fee Waiver Budget and Pros and Cons of Each Option		
Options	Pros	Cons
	<p>any time during the fiscal year; e.g., they could budget its use throughout the year.</p> <ul style="list-style-type: none"> • The “surplus” created when qualified participants did not use the full fee waiver allocation could be rolled into the Community Recreation Fund balance and carried over to the following year. This would increase flexibility within the Fund for activities including development of new programs, absorbing increased staff costs without reducing service levels or increasing the Recreation Fee Waiver budget depending on the fiscal requirements of the Community Recreation Fund in any given year. 	
Return to Council to request additional funds when/if budget is expected to be exceeded	<ul style="list-style-type: none"> • Council could decide on a case-by-case basis whether or not to allocate additional funds, to reduce per person amount, reduce who is eligible or other means of addressing the expected budget imbalance. 	<ul style="list-style-type: none"> • Time consuming process • Provides uncertainty for staff and participants about how much may be available and what the rules are. • May lead to inequities in how participants are treated under the Fee Waiver Program if Council changes the rules for eligibility or the amounts available mid-year.

b. Options for Administration of Recreation Fee Waiver Program

As discussed in RTC 05-198: Evaluate Options for Administration of Fee Waiver Program, two basic options existed for administration of the Recreation Fee Waiver Program. The first option, adopted by Council, continued the existing process utilizing SCS to screen fee waiver applicants for eligibility and to provide administrative support for the Recreation Fee Waiver Program, since

SCS has the organizational resources and structure to screen applicants. SCS receives \$10,000 annually to offset a portion of their operating costs.

The other option that was considered was for City staff to perform these administrative tasks themselves, but staff estimated that it would cost more than \$46,000 annually to assume this role and to support the program in its current form, including working with applicants who do not speak English or who speak English as a second language. Adjusted by 6%, the average rate of inflation over the past three years for labor costs, the estimate increases to almost \$51,700.

The Recreation Division is in the process of implementing a new registration/reservation software system. This system has components that should allow City staff to efficiently assume the majority of administrative tasks that are presently completed by Sunnyvale Community Services (SCS) caseworkers. Implementation of the new registration software system has not proceeded as smoothly as originally hoped, and it is premature to know how easily the new system will enable staff to complete such tasks as:

- Maintaining records of each eligible Sunnyvale resident's fee waiver account by fiscal year and the amount(s) spent during the year.
- Monitoring and tracking eligible residents' use of fee waivers for various recreation programs in which they chose to participate. This could be done by issuing an identification card once eligibility has been confirmed.
- Eliminating the need for participants to return to SCS for a new fee waiver authorization form each time they register for a new activity once they have already been screened and qualified for the program.

The new registration and reservations system will not assist City staff in screening the eligibility of fee waiver applicants and this can be a time-intensive process particularly if the applicant does not speak English or if English is their second language. There is a service contract that has been established for the Department of Public Safety that provides interpreting assistance. The account could be expanded to include service to the Parks and Recreation Department if necessary. The cost is approximately \$1.65 per minute. Use of interpreting assistance is at present an unknown cost and if paid for from the existing fee waiver budget, this would result in fewer individuals being served by the Recreation Fee Waiver Program.

Assuming responsibility for screening applicants to the Recreation Fee Waiver Program would be a major new program initiative, requiring additional resources even if translation requirements are addressed fully or partially through other means. Other local Parks and Recreation agencies that handle the eligibility screening for their fee waiver or scholarship programs in-house have reported that often times, individuals will bring their own interpreters

with them, which can reduce the need for translation services. However, the scale of their programs (as shown in the chart beginning on pages 17, 18 and 19) is dramatically smaller than Sunnyvale's. Additionally, the Volunteer Office may be able to assist in recruiting interpreters to supplement staff's capabilities; however, this too would require significant ongoing organization and staff coordination.

FISCAL IMPACT

All of the options included in this report are discussed within the context of the existing Council-approved budget for fee waivers. **No additional funding is being sought.**

When City Council adopted the FY2006/2007 operating budget, Council also adopted a policy that fixed the General Fund subsidy to the Community Recreation Fund at the level adopted by City Council for this year plus an annual inflation factor. Accordingly, the Recreation Fee Waiver Program allocation has been fixed at a set amount plus the annual inflation factor, barring a need in the future to use part of this allocation to offset other increases in expenses or decreases in revenues within the rest of the Community Recreation Fund. Any increases in expenses within the Community Recreation Fund above the annual rate of inflation that cannot be offset by increased revenue will result in a service level reduction somewhere within the Community Recreation Fund. For example, the personnel costs in the City have increased at an average rate of 6% over the past three years. In future years, if personnel costs were to increase beyond the rate of inflation and new revenue could not be generated to offset this increase, service levels within the Recreation Division would be decreased at a corresponding level. Alternatively, the General Fund subsidy would need to be increased resulting in increased pressure within the General Fund, which is exactly what Council was attempting to prevent when it adopted the policy of fixing the General Fund subsidy to the Community Recreation Fund. Therefore, some service level reductions could be expected, with the most likely targets being those service levels that are most highly subsidized, largely youth and current services for seniors.

If use of the Recreation Fee Waiver Program were to continue to increase at the average rate of the past three years (5%), and if the Recreation Fee Waiver Program were to be funded at the increased level, the cost over twenty years could be as much as \$4,440,775 as compared to as much as \$3,587,088 at 3% in the first ten years and 4% in the back ten years, which is the standard inflation used in the City's financial plans. This works out to be roughly \$42,000 annually. This impact would be significantly reduced or eliminated if the Recreation Fee Waiver Program is managed so as not to exceed budgeted resources each year and only City recreation programs and those conducted by City licensees and contractors are eligible for the fee waivers. It is extremely

unlikely that the Community Recreation Fund would be able to absorb \$853,687 without significantly reducing service levels and costs in other areas of Recreation. The service levels that would most likely be targeted for reduction would be those receiving the greatest subsidy (such as youth and seniors), and these reductions would therefore also be apt to hurt the same populations targeted by the Fee Waiver Program.

For the most part, as long as expenditures for the Recreation Fee Waiver Program are at or below the budgeted amount, the net impact of the Recreation Fee Waiver Program is zero. This is because when a fee waiver is used to enable participation in a City program, the amount of the fee waiver is debited from the Recreation Fee Waiver Program but then shows up in equal amount on the revenue side for that activity. Three primary exceptions apply. The first is when fee waivers are granted for participation in one of the youth sports leagues that have agreements with the City. In that case, the amount of the fee waiver is debited from the Recreation Fee Waiver budget but then is paid out of the City and to the youth sports group. There is no corresponding credit on the revenue side – it is only a cost. The second exception is the \$10,000 paid under contract to Sunnyvale Community Services to offset their costs in administering the Recreation Fee Waiver Program. Here, too, the cost is debited from the Fee Waiver budget with no corresponding credit on the revenue side. The third exception is in the case of co-payments, where any co-pays received would have a positive net impact to the Community Recreation Fund offset by an unknown amount of increased administrative costs associated with collecting the co-payments.

Many of the options discussed would affect distribution of existing funding within the Recreation Fee Waiver Program (e.g., who would receive the services) but most of these options would not have a positive or negative net impact to the Community Recreation Fund. Other options would impact the number of individuals who might be served (e.g., maximum per person allotment) but, again, would not require additional funding. Each option presented in this report can be paired with other options in what can seem like a limitless number of combinations, each with its own implications, fiscal or otherwise. This Fiscal Impact section therefore looks at the impact within primarily the expense side of the budget of various combinations of modifications with which Council may choose to amend the Fee Waiver Policy. It follows the order and questions addressed in the body of this report. Those options which would affect the net impact to the Community Recreation Fund by the Recreation Fee Waiver Program are noted in bold.

1. Who should the City's Recreational Fee Waiver Program serve?

A chart follows to illustrate the fiscal impact of including various populations in the Recreation Fee Waiver Program. The chart looks at the City's potential fiscal liability for funding fee waivers if no controls were put in place to limit

expenditures. In other words, it looks at the amount of funding that would be required to support current levels of participation in the fee waiver program for various populations, looking at different maximum per person amounts. Since it is impossible to know how many of the individuals would utilize their entire allotment, two scenarios are provided for each population; one assumes use of the entire allotment and one assumes 50% usage. This information provides a range of potential expenditures or "liability" if no changes are made to eligibility requirements and screening criteria. This is for illustration purposes only. There is no additional funding being sought and no impact on the Community Recreation Fund of any of these options.

	# of people based on FY 2005/06 Actuals	Per Person Maximum of \$180, based on current actual maximum	Per Person Maximum of \$280 Based on FY 1990/91 base amount plus CPI	Per Person Maximum Based on "Bundle"* Approach
Youth (using 100% of allotment)	850	\$153,000	\$238,000	\$198,900
Youth (using 50% of allotment)		\$76,500	\$119,000	\$99,450
Disabled (using 100% of allotment)	2	\$360	\$560	\$468
Disabled (using 50% of allotment)		\$180	\$280	\$234
Adults 18 - 49 (using 100% of allotment)	141	\$25,380	\$39,480	\$34,404
Adults 18 - 49 (using 50% of allotment)		\$12,690	\$19,740	\$17,202
Seniors 50+ (using 100% of allotment)	291	\$52,380	\$81,480	\$36,375
Seniors 50+ (using 50% of allotment)		\$26,190	\$40,470	\$18,188
No Age limits (using 100% of allotment)	1284	\$231,120	\$359,520	\$270,167
No Age limits (using 50% of allotment)		\$115,560	\$179,760	\$135,084
Sunnyvale Community Services		\$10,000	\$10,000	\$10,000

*Sample Bundle is \$234 for youth and disabled adults; \$125 for seniors; or \$244 for adults.

Note: For reference, actual expenditures in FY2005/2006 were \$125,474.

Note: Shaded areas indicate criteria currently in use.

What is clearly demonstrated by this chart is that if left unchecked, the resources required to support the Recreation Fee Waiver Program would far exceed what is budgeted.

The next chart projects fee waiver expenditures for each age group based on each group's share of FY 2005/2006 actual expenditures. The elimination of

one or more of the age categories would provide additional resources for other groups and potentially assist staff in managing the budget more efficiently. The percentages in the following chart are drawn from the charts in Attachment D showing participation by age group.

	66.2 % of Fee Waiver Projected Expenditures used by Youth based on FY 05/06 actual % of participation	10.98% of Fee Waiver Projected Expenditures used by Adults (18-49) based on FY 05/06 actual % of participation	0.16 % of Fee Waiver Projected Expenditures used by Disabled Adults based on FY 05/06 actual % of participation	22.66% of Fee Waiver Projected Expenditures used by Seniors (50+) based on FY 05/06 actual % of participation
Planned Budget FY 06/07 \$115,748 plus \$57,000 Budget Mod less \$10,000 SCS Admin Fee	\$107,739	\$17,870	\$260	\$36,879
Planned Budget FY 07/08 \$117,191 less \$10,000 SCS Admin Fee	\$70,960	\$11,770	\$172	\$24,289

2. What programs should the City's Recreational Fee Waiver Program cover?

The following chart projects the amount of the Council-approved budget for FY 2006/2007 and for FY 2007/2008 that would go to each program area, were Council to allow recreation fee waivers to be used for the same programs as are currently allowed. For the purpose of deriving numbers, FY 2005/2006 actual percentage of participation was used, although staff would anticipate that youth sports groups' share of the fee waiver budget would increase by an unknown amount if Council formalized a policy of reimbursing youth sports groups for fee waivers and in effect of providing youth sports groups with a direct cash subsidy. In contrast to use of fee waivers for City programs, **fee waiver reimbursements to youth sports groups negatively impact the Community Recreation Fund and continued reimbursement to these groups will create an additional expense the City would otherwise not have.** The Community Recreation Fund will not be able to absorb these costs and the increased expenses would have to be offset by new revenue; service level reductions in program areas that are subsidized including City recreation programs for youth, seniors and the disabled; or, an increase in the subsidy from the General Fund.

The three-year average dollar amount of cash subsidy to youth sports groups to cover the amount of the groups' waived fees is \$31,856, with payments to as many as nine groups in one year. Subsidies totaling \$25,295 were given in FY2005/2006 to only three of the twelve youth sports organizations, or 25% of the groups with whom the City has special use agreements in FY2005/2006 (Note that nine groups sought reimbursement in FY2004/2005 and eight groups sought reimbursement in FY 2003/2004). If all of the groups were to take advantage of the opportunity to have fee waivers reimbursed, requests for what amounts to a cash subsidy could easily top \$50,000 annually. Compounding the potential fiscal liability is the fact that the City is receiving requests from additional youth sports groups wanting special agreements. One of the reasons for their interest is the desire to receive reimbursement for fee waivers too. Additionally, if the City were to adopt a policy of providing cash subsidies to youth sports groups to cover the costs of waiving their own fees, the City could expect a push for equity from non-sports youth non-profit groups (e.g., Sunnyvale Community Players Junior Theatre; Boy Scouts; Girls Scouts) also wanting to receive these subsidies.

Note: Details on how percentages for each category were derived can be found in Attachment D: Three-Year Analysis of Fee Waiver Use by Age Group as well as Attachment E: Four-Year Historical Use of Fee Waivers by Program.

	20 % of Fee Waiver Projected Expenditures used as cash subsidy to Youth Sports Leagues based on FY 05/06 actuals	57% of Fee Waiver Projected Expenditures used for City-programs for youth, disabled adults and adults age 18 - 49 based on FY 05/06 actuals	23% of Fee Waiver Projected Expenditures used for City-Provided Senior Programs based on FY 05/06 actuals
Planned Budget FY 06/07 \$115,748 plus \$57,000 Budget Mod less \$10,000 SCS Admin Fee	\$32,550 (Net impact to Community Recreation Fund is \$-32,550)	\$92,766 (Net impact to Community Recreation Fund is \$-0-)	\$37,432 (Net impact to Community Recreation Fund is \$-0-)
Planned Budget FY 07/08 \$117,191 less \$10,000 SCS Admin Fee	\$21,438 (Net impact to Community Recreation Fund is \$-21,438)	\$61,099 (Net impact to Community Recreation Fund is \$-0-)	\$24,654 (Net impact to Community Recreation Fund is \$-0-)

3. How should income eligibility requirements be established?

The next chart compares the different maximum income guidelines that could be used to determine eligibility in the Recreation Fee Waiver Program. The higher the maximum income threshold, the more households and individuals that will be eligible for fee waivers. There is no impact on the Community Recreation Fund of any of these options.

Household Size	FY 2005/06 Modified CDBG Guidelines Used in Sunnyvale's Fee Waiver Program		Food Bank Direct Service Eligibility Guidelines (185% of Poverty) 2006	Federal Free/Reduced Lunch Program FY 2005/06	
	Very Low Income	Low Income	Maximum Income	130% Poverty	185% Poverty
1 Person	\$23,600	\$29,100	\$17,705	\$12,441	\$17,705
2 Person	\$26,950	\$33,300	\$23,736	\$16,679	\$23,736
3 Person	\$30,350	\$37,450	\$29,767	\$20,917	\$29,767
4 Person	\$33,700	\$41,600	\$35,798	\$25,155	\$35,798
5 Person	\$36,400	\$44,950	\$41,829	\$29,393	\$41,829
6 Person	\$39,100	\$48,250	\$47,860	\$33,631	\$47,860
7 Person	\$41,800	\$51,600	\$53,891	\$37,869	\$53,891
8 Person	\$44,500	\$54,900	\$59,922	\$42,107	\$59,922

Maintaining the existing, modified CDBG Guidelines would have the effect over time of continually reducing the number of families eligible for the Recreation Fee Waiver Program, since there is no mechanism by which the numbers get adjusted to account for inflation/cost of living increases. As compared to the modified CDBG guidelines currently being used to screen for eligibility in the fee waiver program, the Food Bank guidelines would have the immediate effect of making some smaller families ineligible (1, 2 and 3 persons when compared to "Very Low Income" and below as per Council direction in April 2006); because the maximum income is lower. Conversely, larger families (5 people or more when compared to "Very Low Income") have a lower threshold to meet in qualifying, with an anticipated end result of approximately the same number of families qualifying as with the current modified CDBG guidelines. However, over time these guidelines would be adjusted upward to account for inflation/cost of living increases, so that generally the same families should continue to be eligible for the Recreation Fee Waiver Program. Since the Federal Free Lunch Program guidelines are the same as those used by the Food Bank, these numbers too would be adjusted upward to account for inflation/cost of living, allowing the same families to be eligible for the Recreation Fee Waiver Program. However, since the Federal School Lunch Program relies on self-declaration of income in 97% of the cases, it is expected that this would result in a sizable number of people qualifying for the Recreation Fee Waiver Program fraudulently.

4. How much should be available to each participant, and how should that be structured?

a. Amount Per Participant

The following tables look at each major population group that could be funded for fee waivers and looks at how many individuals within that group could be served under different maximum per person amounts. Past practice has shown

that many individuals do not use their full maximum allotment, but there are no guarantees that will always be the case. Therefore, the tables show two scenarios. One assumes full usage of each maximum per person amount. The other assumes 50% usage. The reality will likely lie in between. Additionally, the tables use Council's approved budget amounts for FY 2006/2007 and for FY 2007/2008, less the \$10,000 annual payment to Sunnyvale Community Services to offset some of their costs in administering the Recreation Fee Waiver Program. There is therefore no impact to the Community Recreation Fund of any of these options.

Maximum Number of Youth Participants Possible Under Different Per Participant Amounts After Having Set Aside Budget for Contract Administration					
		Maximum Per Person Amounts			
FY 2006/07 Budget Available for Fee Waivers		\$180*	\$234/ \$244/ \$125**	\$280***	FY05/06 Actual
\$162,748	Number of Youth Recipients (Full Utilization of Fee Waiver Allocation)	904 youth	696 youth	581 youth	850
	Number of Youth Recipients (50% Utilization of Fee Waiver Allocation)	1808 youth	1391 youth	1162 youth	
\$162,748	Number of Adult Recipients (Full Utilization of Fee Waiver Allocation)	904 adults	667 adults	581 adults	143
	Number of Adult Recipients (50% Utilization of Fee Waiver Allocation)	1808 adults	1334 adults	1162 adults	
\$162,748	Number of Senior Recipients (Full Utilization of Fee Waiver Allocation)	904 seniors	1302 seniors	581 seniors	291
	Number of Senior Recipients (50% Utilization of Fee Waiver Allocation)	1808 seniors	1604 seniors	1162 seniors	

FY 2007/08 Budget Available for Youth Fee Waivers		Maximum Per Person Amounts				FY05/06 Actual
		\$180*	\$234/ \$244/ \$125**	\$280***		
\$107,191	Number of Youth Recipients (Full Utilization of Fee Waiver Allocation)	595 youth	458 youth	383 youth	850	
	Number of Youth Recipients (50% Utilization of Fee Waiver Allocation)	1191 youth	916 youth	766 youth		
\$107,191	Number of Adult Recipients (Full Utilization of Fee Waiver Allocation)	595 adults	439 adults	383 adults	143	
	Number of Adult Recipients (50% Utilization of Fee Waiver Allocation)	1191 adults	978 adults	766 adults		
\$107,191	Number of Senior Recipients (Full Utilization of Fee Waiver Allocation)	595 seniors	858 seniors	383 seniors	291	
	Number of Senior Recipients (50% Utilization of Fee Waiver Allocation)	1191 seniors	1715 seniors	766 seniors		
<p>* \$180 is equivalent to maximum per person amount currently being used.</p> <p>** \$234 is the value of the youth "Bundle" of services. \$244 is the value of an adult "Bundle" of services. \$125 is the value of a senior "Bundle of services.</p> <p>*** \$280 is equivalent to the FY 1990/1991 base year amount of \$180 plus CPI.</p>						

b. Require "Co-Payment" for Some or All Services

There would be a positive impact to the Community Recreation Fund if co-payments were required for some or all services. In an example where a flat co-pay of \$10 was charged for an activity costing \$75, only \$65 would be debited from the Recreation Fee Waiver budget, \$65 of "fee waiver" along with \$10 co-pay revenue would be credited to the activity's revenue account, for a net improvement to the Community Recreation Fund of the amount of the co-pay collected. There would also be an increase in administrative costs due to the need to individually calculate the amount of the required co-pay for each registration (for those options where the co-pay is variable); a need for additional communication with each participant about the co-pay requirement;

and increased tracking requirements, particularly in the event of refunds or changes to registrations.

The following chart looks at the potential fiscal impact of charging various co-pays. Note that the option of requiring a tiered co-pay is not included because of the lack of data regarding itemized usage by cost of the activity. Instead, the chart uses actual total number of participants and total amount of fees waived to project the impact of a co-pay. As a means of estimating the additional administrative costs, staff projects that an additional five minutes of staff time per transaction would be required.

Comparison of Two Scenarios Where Co-Pays Are Required, Noting Potential Net Positive Gain to the Community Recreation Fund				
Total # of Participants based on FY 05/06 Actuals	Flat-Rate Co-Pay of \$10	Additional Staff Time Required at 5 minutes per Transaction	Cost of Staff Time Using Part-Time Office Assistant (SEIU)	Resulting Net Positive Income to the Community Recreation Fund
1284	\$12,840	321 Hours	\$10,002	\$2,838
Total \$ of Fees Waived Based on FY 05/06 Actuals	Flat-Rate Percentage Co-Pay of 25%	Additional Staff Time Required at 5 minutes per Transaction	Cost of Staff Time Using Part-Time Office Assistant (SEIU)	Resulting Net Positive Income to the Community Recreation Fund
\$125,474	\$31,369	321 Hours	\$10,002	\$21,367
Note: This assumes each participant has fees waived for only one activity, while it is known that some participants will have fees waived for multiple activities.				

c. Create a “Family Pool” of Recreation Fee Waiver Funds

Allowing families to pool all eligible family members’ allocations to be used however the family wishes would not have a net impact on the Community Recreation Fund. The cost of their fee waivers would be offset by corresponding revenue (unless the fee waivers were used for participation with a youth sports group).

5. How should the Recreation Fee Waiver Program budget be managed and how should it be administered?

a. Managing the Recreation Fee Waiver Budget

There are two basic approaches that could be used to control costs and manage the fee waiver budget from year to year. One is to set a budget and when that budget has been fully expended, no more fee waivers would be honored until the next budget year. Depending on usage, the budget allocation could be reached halfway through the fiscal year, three quarters of the way through, in the last month of the year or not at all.

The second approach is to encumber the maximum per person amount at the time the individual first qualifies for a fee waiver. When the full budgeted amount for fee waivers is encumbered the City could then direct Sunnyvale

Community Services (SCS) to stop qualifying individuals until the start of the next fiscal year.

Neither of the options proposed for managing the Recreation Fee Waiver budget would require additional resources over and above what Council has already approved. Instead, the options would ensure that expenditures for the program would be within approved levels. The main fiscal difference is that in the option where the maximum per person funds are encumbered at the time an individual initially qualifies, staff proposes that unexpended funds be rolled into the Community Recreation Fund balance and carried over to the following year. This would increase flexibility within the Fund for activities including development of new programs, absorbing increased staff costs without reducing service levels or increasing the Recreation Fee Waiver budget, depending on the fiscal requirements of the Community Recreation Fund in any given year.

b. Administration of the Recreation Fee Waiver Budget

Of the two basic options for administering the Recreation Fee Waiver Budget, continuing to contract with Sunnyvale Community Services (SCS) to screen applicants for eligibility and to provide administrative support for the Fee Waiver Program has no additional fiscal impact on the Community Recreation Fund. Under the terms of agreement with SCS, the City pays \$10,000 annually to offset their costs. While this is a net negative impact to the Community Recreation Fund as there are no revenues to offset this cost, this is a budgeted expense.

In contrast, if Council were to direct staff to assume full responsibility for administering the Recreation Fee Waiver Program, staff costs for this function are estimated at \$51,700 annually. If a co-pay requirement is added to the program this cost could potentially increase by approximately \$7,000 due to the additional staff time required. Given that only \$10,000 is currently budgeted for administration costs, this would necessitate a minimum increase in subsidy from the General Fund of \$41,700 annually, or it could be taken from the existing fee waiver budget, which would have a crippling effect on the program. As noted in the body of the report, staff would expect to review its ability to assume administrative functions sometime within the next one to two years when the new registration/facility reservation software system is fully implemented.

CONCLUSION

The Sunnyvale Recreation Fee Waiver Program is a complex program involving many variables. Over time the program has grown from one targeted to meet the needs of low-income youth involved in City-provided recreational activities, to one which encompasses all ages, reimburses third parties providing recreational activities, and which has overspent its budget on numerous

occasions. It is also significantly more expansive than any of the fee waiver or scholarship programs offered by Sunnyvale's neighboring cities.

The questions addressed by this report can be roughly broken down into five areas:

1. Who should the City's Recreation Fee Waiver Program serve?
2. What programs should the City's Recreation Fee Waiver Program cover?
3. How should income eligibility requirements be established?
4. How much should be available to each participant and how should that be structured? And,
5. How should the Recreation Fee Waiver Program budget be managed and how should it be administered?

Within each of these five areas are various options which can be combined in many different ways, depending on Council priorities. The following information summarizes the options that are available in each area. Council could then select one or more options from within each area in order to address all of the questions posed in the Study Issue paper.

1. Who Should the Recreation Fee Waiver Program Serve?

Summary of options for which population residing in Sunnyvale could be served by the Recreation Fee Waiver Program:

- Youth.
- Disabled adults.
- Adults aged 18-49.
- Seniors aged 50 and older.
- Any combination of the above populations.
- No limitations on who is eligible other than Sunnyvale residency and income.

2. What Programs should the City's Recreation Fee Waiver Program Cover?

Summary of options for which programs could be covered by the Recreation Fee Waiver Program:

- Include only City-provided recreation programs, activities or services (some limited exceptions may apply such as merchandise, facility rental fees and drop-in activities costing less than \$5).
- Adopt a policy to allow City fee waiver reimbursement for participation in youth sports leagues. (This is the only option which has a negative net impact on the Community Recreation Fund.)

3. How Should Income Eligibility Requirements Be Established?

Summary of options for which eligibility criteria could be used for eligibility:

- Use modified CDBG Guidelines to determine eligibility (current criteria).

- Utilize participation in the Federal Free/Reduced Lunch Program as a qualifier for the Recreation Fee Waiver Program.
- Utilize Food Bank Direct Service Eligibility Guidelines (185% of Poverty) to determine eligibility.

4. How Much Should Be Available to Each Participant and How Should That Be Structured?

Summary of options for setting the maximum per person amount and for co-payment options:

Maximum Allocation Per Person

- \$180 (Current allocation).
- \$280 – Base year of \$180 in 1991 plus annual CPI adjustment (Maximum amount will increase each year according to CPI).
- Amount equivalent to representative package of services; e.g., 1 class per quarter or 1 camp (for youth) or 1 class per quarter for adults/seniors.
- Create a pool of funds for families to use as they decide.

Co-Payment Options

Requiring co-payment for some or all activities would have a positive net impact on the Community Recreation Fund, although there would be additional administrative costs that are difficult to quantify at this point.

- Do not require a co-pay from Recreation Fee Waiver Program participants. (This would result in elimination of the \$1 co-pay for those seniors currently using fee waivers for the Senior Lunch Program if seniors are included in the Recreation Fee Waiver program.)
- Require a co-pay of a flat percentage of participant fee.
- Require a flat co-pay of a set amount per participant fee.
- Require a tiered system of flat rate co-pay per participant fee.
- Require a co-pay for only some activities.

Create a “Family Pool” of Recreation Fee Waiver Funds

Families could be allowed to pool the fee waiver allocation of all eligible family members to be used at the family’s discretion for some or all of the eligible family members.

5. How Should the Recreation Fee Waiver Program Budget Be Managed and How Should the Program Be Administered?

Summary of options for controlling costs/managing budget and for administering the program:

Management of the Recreation Fee Waiver Budget

- Encumber maximum per person amount at time person qualifies; stop qualifying when budgeted amount is encumbered; roll unspent funds into the Community Recreation Fund balance and carry over to the following year.
- Stop enrolling and accepting fee waivers at time budget is fully extended.
- Return to Council for direction if it is projected that budget will be overspent.

Administration of the Recreation Fee Waiver Budget

- Continue existing process utilizing Sunnyvale Community Services (SCS) to screen fee waiver applicants for eligibility and to provide administrative support to the Recreation Fee Waiver Program. Pay SCS \$10,000 annually to offset a portion of their operating costs.
- City staff screen fee waiver applicants for eligibility and provide all administrative support at an estimated increased cost of \$51,700 annually.

PUBLIC CONTACT

Notice of Commission and Council meetings regarding this report were also distributed to the “Friends of Parks and Recreation” mailing list (a list of organizations and individuals who have expressed an interest in Parks and Recreation issues). A copy of this report and notice of the meetings was also provided to Sunnyvale Community Services; and to the presidents of the youth sports groups with whom the City has special use agreements. This topic was placed on the September 11, 2007 agenda of the Senior Center Advisory Committee, and an informational flyer was also distributed at the Senior Center.

Public contact was made through posting of the Parks and Recreation Commission, Arts Commission and Council agendas on the City’s official notice bulletin board, posting of the agendas and report on the City’s web page, publication of the Council agenda in the San Jose Mercury News, and the availability of the report in the City Clerk’s office, Library, Parks and Recreation Administration, Community Center, and Senior Center.

Public comment provided for the joint Parks and Recreation Commission and Arts Commission meeting on August 29, 2006, focused on the impact to youth sports groups if reimbursement of Recreation Fee Waivers is discontinued, with one group supporting the change, one group in opposition and one group saying it would have no impact on the group. In all three cases a request was made to provide assistance in screening youth sports participants for eligibility, even if reimbursement is no longer provided.

ALTERNATIVES

A. Who Should the City Recreation Fee Waiver Program Serve?

1. Direct staff to modify the eligibility criteria so that the City's Recreation Fee Waiver Program serves only youth 17 years of age and younger.
2. Direct staff to modify the eligibility criteria so that the City's Recreation Fee Waiver Program serves disabled adults.
3. Direct staff to modify the eligibility criteria so that the City's Recreation Fee Waiver Program serves seniors aged 50 and older.
4. Direct staff to modify the eligibility criteria so that the City's Recreation Fee Waiver Program serves adults aged 18 – 49.
5. Direct staff to modify the eligibility criteria so that the City's Recreation Fee Waiver Program serves some or all of the populations listed above.

B. What Programs Should the City's Recreation Fee Waiver Program Cover?

6. Direct staff to authorize use of Recreation Fee Waivers for City-provided recreation programs only. Notify all youth sports organizations with special use agreements with the City that fee waivers will no longer be accepted for programs that are not directly provided by the City.
7. Allow Recreation Fee Waivers to be used for some combination of programs as proposed by City Council.

C. How Should Income Eligibility Requirements Be Established?

8. Direct staff to utilize Food Bank Direct Service Eligibility Guidelines (185% of Poverty) to establish eligibility for Recreation Fee Waiver Program.
9. Direct staff to utilize participation in the Federal School Lunch Program as a Qualifier for Recreation Fee Waiver Program.
10. Direct staff to utilize some other form of income guidelines as established by City Council.

D. How Much Should Be Available to Each Participant and How Should That be Structured?

11. Direct staff to utilize "bundle" of services approach to establish annual maximum per person amount of recreational fees waived, equivalent to four representative activities a year or one camp; amount to be established and reviewed administratively.
12. Direct staff to use \$180 as the base maximum amount per eligible person and adjust by CPI annually.
13. Direct staff to use some other approach to establishing the maximum per eligible person amount for the Recreation Fee Waiver Program.

14. Require no form of co-payment for any services provided by the Recreation Fee Waiver Program.
15. Require some form of co-payment for some or all services provided by the Recreation Fee Waiver Program.

E. How Should the Recreation Fee Waiver Program Budget be Managed and How Should it be Administered?

16. Direct staff to manage the Fee Waiver Program budget by encumbering the maximum per eligible person amount at time person qualifies; stop qualifying new participants when budgeted amount is encumbered; roll unspent funds into the Community Recreation Fund balance and carry over to the following year.
17. Direct staff to manage the Fee Waiver Program by stopping enrollment in and use of the Recreation Fee Waiver Program at the time the Recreation Fee Waiver Program is fully expended.
18. Direct staff to continue contracting with Sunnyvale Community Services for administration of the Recreation Fee Waiver Program. At such time as the City is in a position to assume partial or full responsibility for administering the program, negotiate with Sunnyvale Community Services to reduce or eliminate contract amount.
19. Direct staff to discontinue contracting with Sunnyvale Community Services for administration of the Recreation Fee Waiver Program and direct staff to prepare a Budget Modification in order to assume responsibility for administration of the Recreation Fee Waiver Program.

RECOMMENDATION

Staff recommends Alternatives: 1, 6, 8, 11, 14, 16 and 18.

1. Direct staff to modify the eligibility criteria so that the City's Recreation Fee Waiver Program serves only youth 17 years of age and younger.
6. Direct staff to authorize use of Recreation Fee Waivers for City-provided recreation programs only. Notify all youth sports organizations with special use agreements with the City that fee waivers will no longer be accepted for programs that are not directly provided by the City.
8. Direct staff to utilize Food Bank Direct Service Eligibility Guidelines (185% of Poverty) to establish eligibility for Recreation Fee Waiver Program.
11. Direct staff to utilize "bundle" of services approach to establish annual maximum per person amount of recreational fees waived, equivalent to four representative activities a year or one camp, amount to be established and reviewed administratively.

14. Require no form of co-payment for any services provided by the Recreation Fee Waiver Program.
16. Direct staff to manage the Fee Waiver Program budget by encumbering the maximum per eligible person amount at time person qualifies; stop qualifying new participants when budgeted amount is encumbered; roll unspent funds into Community Recreation Fund balance.
18. Direct staff to continue contracting with Sunnyvale Community Services for administration of the Recreation Fee Waiver Program. At such time as the City is in a position to assume partial or full responsibility for administering the program, negotiate with Sunnyvale Community Services to reduce or eliminate contract amount.

Discussion of Staff Recommendations

The staff recommendation is based on re-establishing the original purpose of the Recreation Fee Waiver Program as a safety net for low-income youth and to bring the City's program more in line with the practices of neighboring cities. The City has long placed an emphasis on the importance of serving youth, recognizing that the ability to engage youth in healthy, constructive activities may well serve as a deterrent to negative and more costly behaviors. By continuing the recreation fee waiver program at a level that will allow low-income youth to participate in recreational activities all year long, the City will be making a strong commitment to assisting these at-risk youth to participate in their community.

Staff recommends establishing a policy in which youth sports groups are responsible for ensuring the participation of low-income individuals without reimbursement from the City, in effect discontinuing the cash subsidy it has been providing. While participants experience fee waivers in the same way regardless of whether they are for services provided by the City or by a third party, the City is not in point of fact waiving any fees for the youth sports groups when it allows youth sports groups to be reimbursed through the Recreation Fee Waiver Program. Instead, the City is providing a direct cash subsidy to the youth sports groups to offset the groups' own costs of waiving fees.

Youth sports groups, through their agreements with the City, are already receiving substantial in-kind subsidies for their programs in terms of very low fees for the use of fields and other facilities and have the ability to pursue fundraising to cover these and other costs. In addition, their special use agreements do not include reimbursement for fee waivers and state that the groups will provide their services at no additional cost to the City. The majority of the youth sports groups have already found a way to absorb the costs

associated with allowing low-income youth to participate, and most, in fact, are mandated to do so by their parent organizations.

While it has certainly been a welcome benefit to the groups who have received reimbursement of fee waivers, continuation of the practice would represent a huge, on-going liability for the City, with the likelihood of increased usage of the program as more groups seek equity and reimbursement themselves. As discussed in the fiscal impact section of the report, the cost of providing a cash subsidy to these youth groups has had a significant negative net fiscal impact on the Community Recreation Fund and the City as the amount reimbursed to the youth groups has averaged \$31,856 annually over the past three years. The three organizations that most recently have requested reimbursements represent only 25% of the groups with whom the City has special use agreements in FY2005/2006. If the other 75% were to request comparable support the financial exposure to the Community Recreation Fund would be extensive. Unlike waiving fees for City-run programs, where the effect is a transfer of funds within the Community Recreation Fund from the Fee Waiver budget to the revenue account associated with the City program and a net zero impact to the Community Recreation Fund, this represents an additional net expense to the City and a drain on the Community Recreation Fund as monies leave the City, and results in a cash subsidy to the youth sports group. Reimbursement of these fee waivers to non-City agencies takes away much needed resources and control that staff needs to effectively manage from the Community Recreation Fund.

The City has a long history of supporting the needs of its older adults. Even were a senior only able to afford the yearly membership fee, that person would have access to a wide variety of free and low cost recreation and social services throughout the year. At only \$1.50 a month, the value of the Senior Center membership is substantial in terms of the free and reduced price programs and services it includes. (Please refer to Attachment C: Summary of Benefits of Senior Center Membership)

Philosophically, staff supports the concept of requiring co-pays as a means of communicating value and helping to offset the costs of the recreation fee waiver program. However, the administrative costs of implementing such a program outweigh the benefits, particularly if recreation fee waivers are limited to youth.

In terms of what criteria is used to qualify participants in the Recreation Fee Waiver program, staff recommends a change from the modified CDBG guidelines used currently to the Food Bank Direct Service Eligibility Guidelines (185% of poverty). This would provide eligibility criteria that is based on a defensible standard and is regularly reviewed and updated. It would also bring consistency to the eligibility screening criteria used by Sunnyvale Community Services.

Staff recommends encumbering the maximum per person amount at the time the person qualifies and then to stop qualifying new participants when the budgeted allocation is fully encumbered. It is critical for staff to have some means of controlling the Recreation Fee Waiver budget. Given the relative unpredictability of demand on the Recreation Fee Waiver Program over the past years, with periods of high and low usage, there must be a way to stay within budgeted resources while also providing clear usage guidelines for participants so that they may plan their activities over the course of an entire year without the threat of resources being cut off mid-year and/or maximum per person amounts being reduced. Encumbering the maximum per person amount at the time an individual qualifies ensures that the person will be able to use all of his/her allotment, even if they use it in the last months of the fiscal year. Such a practice would also encourage people to enroll at the beginning of the year, in order to ensure their ability to participate. Rolling unspent funds into the Community Recreation Fund balance for use in subsequent years will increase flexibility within the Fund for activities such as development of new recreation programs, absorbing increased staff costs without reducing service levels or increasing the Recreation Fee Waiver budget, depending on the fiscal requirements of the Community Fund in any given year.

Finally, the City is not yet at a point where it can assume responsibility for administering the Recreation Fee Waiver Program. At this time, it is much more cost effective to continue the contractual arrangement with Sunnyvale Community Services for administration services. The contract can be revisited at such time as the City's capabilities change. Staff anticipates that administration of the Recreation Fee Waiver Program may be assumed by the City sometime within the next one to two years should City Council wish to do so at that time.

Commission Recommendations

The Parks and Recreation Commission and Arts Commission considered the matter in a joint meeting with the Arts Commission on August 29, 2006. There was considerable discussion on the merits of continuing reimbursements of Recreation Fee Waivers to youth sports groups under agreement with the City. Commissioners emphasized that the reimbursements constituted a cash subsidy to the groups and therefore should potentially not be accounted for in the Recreation Fee Waiver budget. While Commissioners expressed strong support for the youth sports groups, the majority felt that youth sports groups already receive significant in-kind subsidy already through reduced fees for field use, and felt that these groups had other mechanisms available to them to offset the costs of allowing low income youth to participate. In opposition to this idea, one Commissioner expressed concern that some groups are disproportionately affected because the geographic areas that they recruit from are lower income. These leagues may not have the means to absorb additional

costs, also noting that youth sports groups previously had not been charged for field usage, and the obligation to pay \$1 an hour placed a new financial burden on local groups beginning in FY2004/2005.

The Parks and Recreation Commission voted 4-1, with Commissioner Kinder dissenting, and the Arts Commission voted 3 – 2 with Commissioners Carney and Obrey dissenting, to recommend Council direct staff to utilize 80% of the allocated Recreation Fee Waiver budget to serve youth 17 and under; 10% of the Recreation Fee Waiver budget to serve adults age 18-49; and 10% of the Recreation Fee Waiver budget to serve seniors age 50 and older, with Recreation Fee Waivers to be used for City-provided programs only. Commissioners noted they did not want to exclude age groups that had previously been eligible. Dissenting votes were cast because a Commissioner estimated up to 250 youth would no longer be served if reimbursement of Recreation Fee Waivers to youth sports groups were discontinued; because the alternative did not limit the program to youth only; and because the alternative was felt to be too confusing.

The Parks and Recreation Commission and the Arts Commission further unanimously recommended that Council approve alternatives number 8, 11, 14, 16 and 18 in accordance with staff recommendations:

8. Income eligibility requirements should be based on the Food Bank Direct Service Eligibility Guidelines (185% of poverty) to establish eligibility for the Recreation Fee Waiver Program;
11. Use a “bundle of services” approach to establish the annual maximum per person amount of recreation fees waived, equivalent to four representative activities a year or one camp, with the specific amount to be established and reviewed administratively;
14. Do not require co-payments from Recreation Fee Waiver Program participants.
16. Budget should be managed by encumbering the maximum per eligible person amount at the time a person is qualified for the program; that new participants will stop being qualified when the fee waiver budget is fully encumbered; and roll over unspent funds to the next year; and,
18. Continue the contract with Sunnyvale Community Services for administration of the Recreation Fee Waiver Program until such time as the City is in the position to assume partial or full responsibility for administering the program. Staff believes that it will be possible for the City to assume responsibility for administration of the Recreation Fee Waiver Program sometime within the next two years.

Reviewed by:

David A. Lewis, Director, Parks and Recreation

Prepared by: Nancy Bolgard Steward, Superintendent of Recreation
and Jenny L. Shain, Part-Time Parks and Recreation Manager

Mary Bradley, Director, Finance

Approved by:

Amy Chan
City Manager

Attachments

- A. Index for Report to Council
- B. 2006 Study Issue Paper: Consider Effectiveness and Efficiency of the Recreation Fee Waiver Program
- C. Summary of Benefits of Senior Center Membership
- D. Three Year Summary of Participation in Recreation Fee Waiver Program by Age Group
- E. Four-Year Historical Use of Fee Waivers by Program
- F. Council Policy 7.2.4 - Relationship With Outside Groups

ATTACHMENT A

**Index for Report to Council: Consider the Effectiveness and Efficiency of
the Recreation Fee Waiver Program - Study Issue**

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Proposed New Council Study Issue

Number PRD-03
Status Pending
Calendar Year 2006
New or Old New
Title Consider the Effectiveness and Efficiency of the Recreation Fee Waiver Program
Lead Department Parks and Recreation
Element or SubElement Recreation Sub-Element

1. What are the key elements of the issue? What precipitated it?

On April 5, 2005, City Council reviewed RTC 05-090 that considered options to address a shortfall in the Recreation Fee Waiver Program budget in FY 2004/2005. Council asked if the criteria for the program could be modified so that fee waivers could be directed to specific customer groups. Staff indicated that a Study Issue was being developed to evaluate the effectiveness of the Recreation Fee Waiver Program and that these criteria could also be considered. The key elements of this study will include the following:

- Examine the purpose and cost benefit of the Recreation Fee Waiver Program.
- Consider limiting the Recreation Fee Waiver Program to specific segments of the Sunnyvale population, rather than the population at large. For example, the program could be limited to youth, developmentally disabled persons, seniors and/or other groups or combinations of groups.
- Review existing family income criteria used to establish eligibility for the Recreation Fee Waiver Program and consider additional eligibility criteria that may be more efficiently managed.
- Review the annual maximum fee waiver amount given to eligible Sunnyvale residents and discuss whether or not the amount should be adjusted.
- Consider whether or not the annual amount should be adjusted yearly for inflation or to address years of positive or negative economy of Sunnyvale.
- Consider Sunnyvale residency requirements and appropriate documents used to ensure that only residents are served by the Recreation Fee Waiver Program.
- Consider types of programs and activities eligible for fee waivers.
- Consider whether this can be administered more efficiently and effectively.

2. How does this relate to the General Plan or existing City Policy?

Sunnyvale General Plan, Recreation Sub-Element:

Policy 6.1C4: Provide a system to allow persons who are economically disadvantaged to participate and use programs, facilities, and services.

Policy 6.1C.4a: Evaluate the effectiveness of the Fee Waiver Program and the criteria to determine eligibility, and make appropriate adjustments.

Policy 6.1C.4b: Provide pricing advantages to economically disadvantaged individuals for programs, facilities and services.

3. Origin of issue

Council Member(s)
General Plan
City Staff
Public
Board or Commission

Parks and Recreation Department

none

Board or Commission ranked this study issue ____ of ____
See below.

Board or Commission ranking comments

At their October 12, 2005, meeting, the Parks and Recreation Commission ranked this study issue No. 1 out of 5 study issues ranked for Council consideration in calendar year 2006.

At their October 19, 2005, meeting, the Arts Commission ranked this study issue No. 1 out of 2 study issues ranked for Council consideration in calendar year 2006.

4. Multiple Year Project? No Planned Complete Date 2006

5. Estimated work hours for completion of the study issue (use 5 or 8-hour increments)

Consultants	0
Finance	
Office of the City Attorney	10
Parks and Recreation	160
Total Hours	190

6. Expected participation involved in the study issue process?

Does Council need to approve a work plan? No
Does this issue require review by a Board/Commission? Yes
If so, which?
 Arts Commission, Parks and Recreation Commission
Is a Council Study Session anticipated? No
What is the public participation process?
 Both the Parks and Recreation Commission and the Arts Commission will conduct public hearings on this item.

7. Cost of Study

Operating Budget Program covering costs

642 Recreation & 601 P&R Management

Project Budget covering costs

Budget modification \$ amount needed for study

Explain below what the additional funding will be used for

8. Potential fiscal impact to implement recommendations in the Study approved by Council

Capital expenditure range

None

Operating expenditure range

None

New revenues/savings range

\$51K - \$100K

Explain impact briefly

The primary purpose of the study is to reexamine the criteria used to determine eligibility for the Recreation Fee Waiver Program. A great deal of information will be made available for Council's use in providing direction for the future policy of Recreation fee waiver qualifications and distribution. Depending on the criteria that are approved, costs could increase, remain the same or decrease.

9. Staff Recommendation for this calendar year

Recommendation For Study

If 'For Study' or 'Against Study', explain

For many years the City's Recreation Fee Waiver Program has been an important safety net for low income families. Currently the majority of fee waivers are issued to allow Sunnyvale children and teens the opportunity to participate in a wide variety of recreation, enrichment, sports and arts classes and activities. However, many adults and seniors also receive waivers.

Use of the Recreation Fee Waiver Program fluctuates widely from year to year and does not appear to follow any particular trend. Given the City's current fiscal situation and status of the Community Recreation Fund, there is a possibility that the City may not have the resources available to continue the Recreation Fee Waiver Program at its current level. It appears to be an appropriate time to review the existing program and examine related criteria and expenditures so that appropriate future levels of support may be provided for the community.

Note: If staff's recommendation is 'For Study' or 'Against Study', the Director should note the relative importance of this Study to other major projects that the department is currently working on or that are soon to begin, and the impact on existing services/priorities.

Reviewed by



Department Director

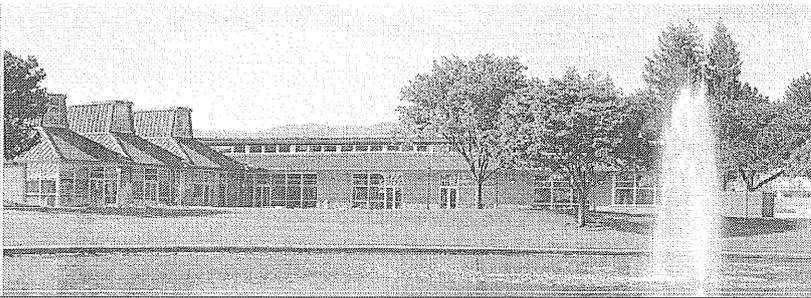
10-25-05

Date

Approved by



10/27/05



2006 Membership Information

SUNNYVALE SENIOR CENTER...where life continues to shine!

Benefits of Membership

BE FIRST. Members enjoy:

- Priority registration for classes, activities and trips.
- Priority access to services such as Flu Shots, Income Tax Assistance, Podiatry, Health Insurance Counseling (HICAP), Hearing Evaluations, Homeowners and Renters Rebate Program, and Notary Services.

SAVE MONEY. Members enjoy:

- Free use of Fitness and Billiards Rooms at the Senior Center.
- Free drop-in programs, lectures, and movie days at the Senior Center.
- Table Tennis and Lawn Bowling at Murphy Park.
- Discounts for classes, trips, special events, daily lunches and dances.

BE SAFE. Members enjoy:

- Peace of mind knowing that data collected when they join the Senior Center will allow staff to provide vital information to emergency responders—including information regarding their native language that might be critical to responders attempting to provide care, and personal contact information.

Why a Membership Fee?

While membership provides a sense of community and camaraderie, fees impart a sense of responsibility and ownership, and help reduce reliance on the annual General Fund subsidy.

Although membership is not required for any activity or service at the Sunnyvale Senior Center, patrons must: be at least 50 years of age (proof of age may be requested), pay applicable fees, and sign a liability waiver/photo release statement if requested to do so depending on the activity or service they use. Members receive many free or discounted prices on classes and activities.

Compare, Then Choose

Please see information on the back of this form describing new membership options.

Programs Available to All Seniors

Membership is **not** required for the following services; however, fees may apply and participants may be required to provide proof of age and to sign a liability waiver/photo release statement (standard with Recreation Division programs):

- Advance Health Care Directive
- Assisted Listening Devices (for use at the Center)
- BART Tickets at a discounted rate for seniors
- Blood Pressure Screening
- Community News – Information and Referral
- Flu Shot Vaccines – Available after priority time for members
- Health Service Related Clubs, i.e., Diabetes Support Group
- Information and Referral on Senior-related Services & Programs
- Live Oak Adult Day Services
- Project Match and Project Sentinel
- Proven People Senior Employment
- Senior Adult Legal Assistance (SALA) – offered at Sunnyvale Community Services site
- V.T.A. Senior/Disabled Photo ID Card and OUTREACH information
- Senior Lunch Program

Senior Lunch

The Sunnyvale Senior Center is very pleased to announce that Culinary Magic Catering is preparing Senior Lunch meals—fresh, on-site—and serving them in the Orchard Café, Monday through Friday. Beginning January 1, 2006 the fees will be \$4.50 for members who make reservations, \$5.00 for drop-in members, and \$7.00 for non-members.

Fee Waiver Assistance

Eligible Sunnyvale residents may apply for a recreation fee waiver by calling (408) 738-4321.

ATTACHMENT D

**Three Year Summary of Participation in Recreation Fee Waiver Program
by Age Group**

FY 2003/2004 Fee Waiver Use Broken Down by Age:

Total Fee Waiver Recipients	50+ Years of Age	18-49 Years of Age	Under 18 Years of Age	Totals
First Quarter	10	39	274	323
Second Quarter	7	18	125	150
Third Quarter	12	16	209	237
Fourth Quarter	37	51	393	481
Totals	66	124	1,001	1,191
By percentage for the Fiscal Year	5.66%	10.63%	83.71%	100.00%

FY 2004/2005 Fee Waiver Use Broken Down by Age:

Total Fee Waiver Recipients	50+ Years of Age	18-49 Years of Age	Under 18 Years of Age	Totals
First Quarter	78	45	316	439
Second Quarter	37	28	129	194
Third Quarter	87	38	203	328
Fourth Quarter	134	65	362	561
Totals	336	176	1,010	1,522
By percentage for the Fiscal Year	22.08%	11.56%	66.36%	100.00%

FY 2005/2006 Fee Waiver Use Broken Down by Age:

Total Fee Waiver Recipients	50+ Years of Age	18-49 Years of Age	Under 18 Years of Age	Totals
First Quarter	122	39	291	452
Second Quarter	74	31	116	221
Third Quarter	71	31	202	304
Fourth Quarter	24	42	241	307
Totals	291	143	850	1,284
By percentage for the Fiscal Year	22.66%	11.14%	66.20%	100.00%

ATTACHMENT E

Four-Year Historical Analysis of Fee Waiver Use by Program

	% of Fee Waiver Actual Expenditures used by Youth Sports Leagues	% of Fee Waiver Actual Expenditures for City Recreation Programs
Actual Expenditures FY 02/03 \$80,541	28% \$22,551	72% \$57,989
Actual Expenditures FY 03/04 \$118,103	28% \$33,019	72% \$85,084
Actual Expenditures FY 04/05 \$148,861 <i>(Note: Does not include \$10,000 payment to Sunnyvale Community Services)</i>	27% \$39,997	63% \$108,864
Actual Expenditures FY 05/06 \$125,474 <i>(Note: Does not include \$10,000 payment to Sunnyvale Community Services)</i>	20% \$25,295	80% \$100,179

Policy 7.2.4 Relationships with Outside Groups

POLICY PURPOSE:

The intent of this policy is to identify the various types of support the City will provide to outside groups and/or independent organizations, as well as the circumstances under which support will be provided.

POLICY STATEMENTS:

Eligibility

Outside groups and/or independent organizations provided support under this policy shall provide a community service, or promote an informed interest in the City's objectives, services, facilities and programs for the benefit of its residents and businesses, and/or have its purpose the raising of funds and provision of financial support for the City's programs, and comply with the First Amendment, pertinent federal and state laws as well as City ordinances.

Types of Support

1. Financial Support

Human Services Groups seeking financial support from the City must comply with the City's Human Services Policy (Council Policy 5.1.3) administered by the Department of Community Development. This is true regardless of the type of funding desired by the group (i.e., printing costs, facility rental fees, insurance costs, general operating expenditure support, etc.)

Additional financial support is available only through a Special Agreement (see below).

2. Use of City Facilities

It is the City's policy to afford use of specific City facilities-during such times the City does not itself have use for said facilities- to outside groups and/or independent organizations. Outside groups and independent organizations using City facilities shall do so consistent with City policies on facility use and shall pay all required fees in accordance with established fee schedules.

Additional use of City Facilities is available only through a Special Agreement (see below).

Publicity

Groups seeking assistance with publicity shall comply with the following:

1. Council Banner Policy (Council Policy 2.5.2) which defines conditions and circumstances under which outside groups are allowed to hang banners on City property.
2. Administrative policies governing City publications and other forms of media (e.g. KSUN-15), and the display or distribution of printed materials on City property.
3. Outside groups are prohibited from using the City's logo for any purpose unless specifically authorized to do so by the City.

COUNCIL POLICY MANUAL

Other Support (Special Agreements)

Outside Groups or independent organizations seeking higher levels of support or different types of support than are provided for above, shall submit a written request to the appropriate Department for review.

Examples include, but are not limited to: approval to put the City's logo on the independent organization's printer materials; use of City spaces for special uses not covered by standard facility rental fees (e.g., storage, snack shacks; construction of special structures or fixtures on City property). Following review, staff shall inform the requestor as to:

1. Whether staff supports the provision of the requested support.
2. The required approval process (Does it require City Manager or City Council approval? Does it require a study issue to be ranked by City Council?) Any agreement including the provision of City facilities, goods or services to an outside group for less than the approved fee for those goods or services (or in cases where there is no approved fee where City goods or services are provided at less than the cost incurred by the City to provide them) shall require Council approval. Any Special Agreement requiring Council approval shall first be reviewed by the appropriate board or commission. Where no appropriate board or commission exists, the Office of the City Manager shall provide its recommendation to City Council.

(Adopted: RTC 84-644(12/4/1984); Amended: RTC 88-238(5/17/1988), 92-519(10/27/1992, 03-361(10/21/2003); (Clerical/clarity update, Policy Update Project 7/2005); Amended: RTC 06-112 (4/11/2006))

Lead Department: Department of Parks and Recreation