



CITY of CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: MARCH 31, 2014

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: JEFF RUBIN, COMMUNITY SERVICES DIRECTOR 

SUBJECT: RECOMMENDATION FROM THE PARKS, RECREATION AND EDUCATION COMMISSION TO ADOPT RESOLUTION NO. 2014-1401, ESTABLISHING A NEW TUITION FEE SCHEDULE FOR SEPTEMBER 2014 FOR THE CALABASAS KLUBHOUSE PRE SCHOOL AND RESCIND RESOLUTION NO. 2012-1319

MEETING DATE: APRIL 9, 2014

SUMMARY RECOMMENDATION:

It is recommended that the City Council adopt Resolution No. 2014-1401, establishing a new tuition fee schedule for September 2014 for the Calabasas Klubhouse Pre School and rescind Resolution No. 2012-1319.

BACKGROUND/DISCUSSION:

Since opening the Calabasas Klubhouse in 1999, a challenge has been the recovery of program expenses through tuition. The initial budget showed a cost recovery rate of direct program costs at 64%. Although we have seen an increase in attendance over the years, program costs continue to rise and the cost recovery rate has fluctuated based upon enrollment, fee structure, staffing and operational costs.

In June 2004, Council agreed to subsidize up to 10% of Pre-School programming costs, and approved staff's recommendation to implement an 8% fee increase for

the 04/05 school year (adopted by Resolution at a Public Hearing on July 7, 2004). At this time, staff was asked to research the legality of creating a resident/non-resident pricing structure for subsequent years. Under such a structure, Calabasas residents would pay a reduced rate, while non-residents would pay higher fees with the concept that the City does not subsidize non-residents and the facility runs at a 90%+ cost recovery rate. Staff reviewed the 1999 Certificates of Participation Guidelines with the City's Chief Financial Officer and City Attorney, and found no stipulations that prohibit the City from implementing a non-resident rate.

In January of 2006 at a public hearing, the City Council approved a new fee structure for the Klubhouse to include a non-resident rate. The non-resident rate was set at 4% above the resident rate. In July of 2011 at a public hearing, the City Council approved a new fee structure for the Klubhouse which included a 10% fee increase for residents and a 17% fee increase for non-residents. In March of 2012 at a public hearing, the City Council approved a new fee structure which included a 10% fee increase for the 2 Year Old Classroom to account for the higher teacher to student ratio as required by State Licensing and a 5% increase for the 3, 4 & 5 Year Old Classrooms. There was no fee increase for the 2013/2014 school year.

The following were the final FY 12/13 budget numbers for Creekside provided by the CFO:

Creekside Klubhouse			
Revenue / Expenditure Report			
			<i>Actual</i>
<u>Revenue</u>			<u>2012/2013</u>
Creekside Preschool Registration			915,733.52
Creekside Holiday Camp			420.00
Creekside Classes			552.80
Facility Rental - Creekside			100.00
Total Revenue			916,806.32
<u>Expenditures</u>			
Salaries & Benefits			972,063.55
Telephone			2,088.87
Office Supplies			3,420.16
Special Dept. Supplies			43,087.51
Printing			169.42
Contractual Services			28,760.82
School Programs			2,713.47
State Mandates			4,950.00
Copier Supplies			-
Custodial Supplies			6,801.69
Refunds - Deposits & Overpays			-
Total Expenditures			1,064,055.49
Net Profit / (Loss)			(147,249.17)
Recovery Rate			86.2%

The current financials provided by the CFO through January 2014 for FY 13/14 are as follows:

Creekside Revenue and Expenditures		
FY through January 2014		
10-000-445001	Creekside PreSchool Registration	\$538,527.25
10-000-445004	Creekside Classes	\$891.20
10-000-445005	Facility Rental - Creekside	\$40.00
TOTAL REVENUE		\$539,458.45
10-135-510000	Full Time Salaries	\$311,683.64
10-135-510002	Full Time Employee Overtime	\$4,068.54
10-135-510400	Benefits	\$148,815.79
10-135-510401	Retirement Benefits	\$0.00
10-135-510600	Employer Taxes	\$44,104.20
10-135-510900	Temporary Employees	\$53,667.52
10-135-510902	Temporary Employee Overtime	\$0.00
10-135-511000	Auto Allowance	\$0.00
10-135-511001	457 Match	\$4,128.47
10-517-520800	Telephone	\$468.19
10-517-522000	Office Supplies	\$2,984.85
10-517-522100	Special Dept. Supplies	\$30,670.67
10-517-522200	Printing	\$58.12
10-517-525200	Contractual Services	\$12,765.46
10-517-525275	School Programs	\$0.00
10-517-526400	State Mandates	\$25.00
10-517-541700	Copier Supplies	\$0.00
10-517-541800	Custodial Supplies	\$5,381.68
10-517-541900	Refunds - Deposits & Overpays	\$0.00
TOTAL EXPENDITURES		\$618,822.13

**** 87% Recovery Rate through 7 Months**

Below is the current enrollment breakdown by day and fees for the 107 students enrolled for the 13/14 school year:

78 Residents (72.9%)
 29 Non Residents (27.1%)

RESIDENTS	Age 18mo.-2	Age 2-2.5	Age 2.6-3	Age 3-4	Age 4-5	2-year-old Tuition	3 to 5 year-old Tuition
3 Half Days	0	1	3	2	0	\$534.00	\$509.00
3 Full Days	2	5	4	4	0	\$635.00	\$606.00
4 Half Days	1	0	2	3	5	\$601.00	\$573.00
4 Full Days	0	1	4	5	7	\$732.00	\$698.00
5 Half Days	1	0	3	0	1	\$691.00	\$659.00
5 Full Days	1	3	1	5	14	\$915.00	\$874.00
TOTAL RESIDENTS:	5	10	17	19	27		
NON RESIDENTS	Age 18mo.-2	Age 2-2.5	Age 2.6-3	Age 3-4	Age 4-5	2-year-old Tuition	3 to 5 year-old Tuition
3 Half Days	1	1	1	1	0	\$589.00	\$562.00
3 Full Days	0	1	1	2	0	\$700.00	\$668.00
4 Half Days	0	0	2	1	3	\$661.00	\$631.00
4 Full Days		1	1	1	2	\$807.00	\$771.00
5 Half Days		0		0	1	\$762.00	\$728.00
5 Full Days		0	0	5	4	\$1,009.00	\$963.00
TOTAL NON-RESIDENTS:	1	3	5	10	10		

The Parks, Recreation and Education Commission met on Monday, March 10th to discuss the Pre School fee structure and after discussion agreed that the fees need to be adjusted up in order to continue to close the financial gap. Staff presented several options within the staff report; however the PRE recommended that the Pre School Sub Committee (Chair Bercy, Commissioner Strauss) review in more detail with staff and were fully supportive of what the staff and Sub Committee decided.

After Meeting on both March 13th and 19th, it was decided to increase the Full Day Rate by 3%; the 4 and 5 Half Day Rate by 5%; and the 3 Half Day Rate by 7.5%. The main reasoning behind the higher increase for the Half Day Programs is that those students take up a slot that could be filled by a Full Day Student. In addition, there are 11 (12 budgeted) full time teachers that work 8 hours per day and half day students only attend 4 hours per day. It is anticipated (if enrollment numbers stay the same) with the new rate structure, an additional \$34,080.00 in revenue will be posted next school year.

Below are the current and proposed rate structures for the 14/15 School Year with open enrollment beginning on Monday, April 14th:

2 Year Old Room

Enrollment Type	Current Monthly Resident*	Proposed Monthly Resident*		Current Monthly Non-Resident	Proposed Monthly Non-Resident
5 Full Days	\$915	\$942		\$1009	\$1039
5 Half Days	\$691	\$726		\$762	\$800
4 Full Days	\$732	\$754		\$807	\$831
4 Half Days	\$601	\$631		\$661	\$694
3 Full Days	\$635	\$654		\$700	\$721
3 Half Days	\$534	\$574		\$589	\$633

3, 4 & 5 Year Old Rooms

Enrollment Type	Current Monthly Resident*	Proposed Monthly Resident*		Current Monthly Non-Resident	Proposed Monthly Non-Resident
5 Full Days	\$874	\$900		\$963	\$992
5 Half Days	\$659	\$692		\$728	\$764
4 Full Days	\$698	\$719		\$771	\$794
4 Half Days	\$573	\$602		\$631	\$663
3 Full Days	\$606	\$624		\$668	\$688
3 Half Days	\$509	\$547		\$562	\$604

*Proof of residency must be provided in the form of a home utility bill.

FISCAL IMPACT/SOURCE OF FUNDING:

The total expenditures will be split between accounts in 10-135 and 10-517 based upon personnel costs and supplies and services.

The total revenue will be posted to account 10-000-445001.

REQUESTED ACTION:

It is requested that the City Council adopt Resolution No. 2014-1401, establishing a new tuition fee schedule for September 2012 for the Calabasas Klubhouse Pre School and rescind Resolution No. 2012-1319.

ATTACHMENTS: Resolution No. 2014-1401