TOWN OF PALM BEACH

RECREATION DEPARTMENT

MINUTES OF THE RECREATION ADVISORY COMMISSION HELD ON WEDNESDAY, SEPTEMBER 1, 2010

I. CALL TO ORDER & ROLL CALL

A meeting of the Town of Palm Beach Recreation Advisory Commission was held on September 1, 2010, at the Recreation Center. The meeting was called to order by Mrs. Danielle More, Chairwoman at 9:00 a.m. Commission members in attendance were Mr. Della Giustina, Mr. Stephen Hall, Mrs. Danielle Moore, Mr. Henry Jamison, Mr. Daniel McDonnell, Mr. Donald Singer and Mr. Timothy O'Hara. Alternate members in attendance were Mrs. Pamela McIver and Mr. Chris Storkerson. Absent from the meeting was Dr. Ellen Howe. Staff members in attendance were Director Mr. Jay Boodheshwar, Assistant Directors Mr. Alan Brown and Mr. Rod Gardiner, Dockmaster Mr. Jon Luscomb and Office Manager Mrs. Lisa Walkowich. Also in attendance were Town Council President Pro Tem Mrs. Gail Coniglio, and Council Members Mr. William Diamond and Mr. Richard Kleid.

II. COMMUNICATIONS FROM CITIZENS

Mrs. Moore entered into the minutes two letters that were received from residents regarding the potential privatization of the Recreation Department programs or facilities.

The following residents provided public comment:

Mrs. Missy Agnello stated that she strongly opposes the privatization of the recreation services.

Mr. Phil Smith stated that he opposed the privatization of the Recreation Department.

Mr. John McDonald stated one of the reasons he moved to Palm Beach was because of the recreation services provided, he felt the Town was doing a great job and the department should not be privatized.

Mrs. Lynn George said that she has lived here since 1966 and gave one of the first contributions to build the recreation center. She stated that she was opposed to privatizing the recreation department.

Mr. Hagenback stated that he did not understand the rationale of the privatization and was opposed.

Mrs. Beth Cole stated that she has used the recreation center for 14 years and said that if the Town does not retain control of these facilities then there is no guarantee that they will continue to be Town serving. These facilities are an integral part of the quality of life to the residents of this community.

Mr. Steve Marks stated that he was opposed to the privatization of the recreation department, particularly tennis. He stated that if the Town cannot make money running the tennis facility an outside company would not be able to unless they destroyed the facility.

Additional members of the public also provided feedback throughout the rest of the meeting.

III. APPROVAL OF AGENDA

Mrs. Moore asked if there were any changes to the agenda. There were none. Mr. Della Giustina made the motion to approve the revised agenda, seconded by Mr. Singer, all were in favor.

IV. APPROVAL OF MAY 5, 2010, MEETING MINUTES

Mrs. Moore asked for a motion to approve the May 5, 2010, minutes. Mr. Della Giustina made the motion to approve the minutes, seconded by Mr. McDonnell, all were in favor.

V. OLD BUSINESS – none

VI. NEW BUSINESS

A. Approval of 2010/2011 Meeting Schedule – Mrs. Moore asked for a motion to approve the meeting schedule. Mr. Della Giustina made the motion to approve the schedule, seconded by Mr. O'Hara, all were in favor.

B. Review Annual Report Outline to the Mayor and Town Council – Mrs. Moore stated that at the October 12, 2010, Town Council Meeting Mr. Della Giustina would be giving the commission's annual report. She asked Mr. Boodheshwar to give an update of the annual report.

Mr. Boodheshwar stated that every year the various boards and commissions prepare an annual report to present to the Mayor and Town Council. He stated that the commissioners had received a copy of the draft outline of the report and asked if there were any suggestions for specific items the commission would like included. There were none. Mr. Boodheshwar stated that once the report was finalized he would send copies to all the commissioners before the presentation to the Town Council.

C. Discussion Regarding Privatization of Recreation Facilities – Mrs. Moore reported that Mr. Boodheshwar would begin the discussion by providing background information on the Recreation Department's history, current structure, department policies and a financial overview of the past five years as well as the financial plan for the next 10 years.

Mr. Boodheshwar began with a brief history of the department beginning with the establishment of a Playground Commission in 1932, which was formed to oversee and advise on public recreation programs and facilities. He provided milestone dates in the evolution of the Recreation Department, including when the various facilities first opened.

Mr. Boodheshwar reviewed the department's mission statement and the 5 program areas that comprise it. He explained that the department functions as an enterprise operation, and serves is the primary provider of public recreation on the island.

Mr. Boodheshwar stated that in 2006 the recreation department staff completed an internal operational self-assessment which has resulted in departmental re-organization, staff reduction through attrition, and budget/revenue enhancement.

Mr. Boodheshwar stated that during the 2008 Comprehensive Review of Town Operations, staff had determined that subsidy levels could be decreased by reducing certain expenses and adding new/expanded revenue sources. Staff had cautioned at that time against any excessive increase in "transfer of services" to the General Fund, as a variety of capital improvements would be necessary at several facilities in the near future.

Mr. Boodheshwar reviewed staffing levels, including the attrition rate since 2007.

Mr. Boodheshwar reviewed the operational and fiscal policies for the department. He said that as an enterprise fund staff worked towards maintaining a balance between service and profit motives. Current cost recover goals for each division are: Town Docks – 330% (revenue is generated through annual and seasonal leases and transient business.); Golf Course – 100% (revenue is generated through green fees, cart rentals, club rentals, practice range and golf pro fees.) Tennis Facilities/Programs – 30% (revenue sources, including court usage fees, annual passes, tennis pro fees, tournaments and special event registrations.); Recreation Center – 40% of all costs and 100% of direct costs of programs, including class supplies and contractual instructors. He pointed out that approximately $200,000 of the recreation center budget was for maintenance of the park.

Mr. Boodheshwar reviewed the 5-year variances of each program area of the department's budget. Over all for the department there has been a 7% increase in operating revenues and a 6% increase in operating expenses from FY2006 – FY2010.

Mr. Boodheshwar reported that staff had prepared a long-term financial plan in the spring of 2010. He said that we anticipate that over the next 10 years expenses are projected to increase by 2% annually and revenue is expected to increase 3% annually.

Mr. Boodheshwar reported that the privatization questions to be studied included: 1) should the town be in the business of providing recreational services? Is it a primary function?, and 2) should recreational facilities be leased to private operators, eliminating the current subsidies of certain programs and potentially allowing for additional funds to be generated for broader Town use?

Mr. Boodheshwar reviewed the various types of privatization concepts, but explained that privatization is generally accepted as a process that transfers services, previously performed by the government to the private sector. Popular approaches that have been used by other municipalities include, contracting out, management companies, short term and long term leases and the sale of assets.

He stated that currently the Recreation Department has privatized certain functions including, security services at the docks, maintenance labor at the Par 3, program instructors and sports officials at the recreation center, hedge trimming at Seaview and Phipps parks, janitorial services and teaching services at tennis and golf facilities, to name a few.

Mrs. Moore thanked Mr. Boodheshwar for his report and explained the review process for the privatization study. Study groups comprised of Recreation Advisory Commissioners and resident users of recreation facilities would be established for all of the recreational facilities. Mrs. Moore, Mr. Boodheshwar and the appropriate recreation staff members would participate with each study group.

The study groups will hold public meetings to complete a thorough review of facility operations, policies, staffing and budgets, including options for privatizing either service delivery or entire facilities. Study groups will report their findings and provide recommendations to the Recreation Advisory Commission who will discuss these recommendations and make a final recommendation to the Mayor and Town Council.

Mrs. Moore reported that the entire process will take months and require several meetings. It was decided to hold study group meetings the last two weeks in September and have the groups, report back at a special Recreation Advisory Commission meeting on October 6, 2010. Based on the findings of the commission, further discussion by the study groups would take place in October and November with a presentation by the Recreation Commission to the Mayor and Town Council sometime in December or January.

After a lengthy discussion and questions and comments by the residents in the audience Mrs. Moore asked the commissioners to give their opinion on the subject of privatization. Mr. Singer stated that we are going to go through a very important process with direction from the council that they want a complete study before making any decision. Mr. Hall stated that he was pleased that so many residents came to the meeting to voice their opinion. He said that it seemed that the study was an exercise in futility and felt that we had wonderful recreation facilities that we should hold onto. Mr. McDonnell said that we service the community from 2 months old to seniors. He said that he had done some research regarding municipal recreation and found that most have tax supported recreation. He said that he would be as unbiased as possible during the study. Mr. O'Hara said that he didn't feel that the department as a whole needed to be privatized but had no objection to looking at specific items within the department that could possibly be privatized. Mr. Della Giustina said that he did not see privatization being beneficial to the Town but would complete the study with an open mind. Mr. Jamison stated that we have brand new assets and it's hard to imagine that we would let go of them and put someone else in charge. He said that he will do what has been asked, but felt it would be better to look at the department as a whole and not as individual divisions. Mrs. McIver said that she felt that she was open to the study and it would be interesting to see if there were areas that could be privatized. She didn't feel that it would be wise to privatize the department as a whole. Mr. Storkerson said that he felt the study was going to be extremely important and that it plays into a bigger picture of what is going on in the Town. He said that he felt that this was also a quality of life issue that needs to be addressed and maybe there are some areas where we can improve, but not lose site of longer term goals for the sake of short term finances and that we act in a unison group.

VII. ANY OTHER MATTERS

A. September 2010, Staff Report - Mr. Boodheshwar asked the commission if there were any questions regarding the report that they had received. There were none.

Mrs. Moore acknowledged the Mr. Rick Dytrych, retired as the Golf Pro Manager on August 16, 2010. She stated that he has served the community well and has done an outstanding job in the 32 years that he worked for the Town. Mr. Boodheshwar also thanked Mr. Dytrych for his service to the Town and dedication to the Par 3. He said reported that due to the upcoming privatization study, staff will not fill this position until it permanently deciding what approach with be used for management and leadership for the Par 3. He stated that Mr. Alan Brown will serve as manager of the Par 3 and Mr. Rod Gardiner will take on the management of tennis operations in the interim.

VIII. ADJOURNMENT

The meeting was adjourned by Mrs. Moore at 11:55 a.m.