

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 7/1/03
Department Name: Parks/Auditor-Controller
Department No.: 061
Agenda Date: 7/15/03
Placement: Departmental
Estimate Time: 15 minutes
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Terri Maus-Nisich, Director, Parks
Robert W. Geis CPA, Auditor-Controller

STAFF CONTACT: John Torell CPA, Asst. Auditor-Controller
2102

SUBJECT: Page Youth Center

Recommendation(s):

That the Board of Supervisors:

- 1). Receive and file reports for the Page Youth Center including a proposed business plan, proforma financial statements for the period ending July 31, 2003 and a proposed budget for fiscal year 03-04.
- 2). Execute an agreement with the Page Youth Center authorizing distribution of funds.
- 3). Execute amendments to the lease for operation of the Page Youth Center.

Alignment with Board Strategic Plan:

The recommendations are primarily aligned with Goal No. 7 A community that Fosters the Safety and Well-Being of Families and Children.

Executive Summary and Discussion:

During the budget hearings for FY03-04, the Board of Supervisors appropriated \$200,000 in County Service Area #3 for the Page Youth Center. Actual distribution of funds is contingent upon execution of an Agreement between Page Youth Center and the County. The Agreement requires the Center to successfully re-negotiate debts with its major creditors. Also included with this Board letter is an Amendment to the current lease to require additional financial reporting requirements by the Center to the County. The Amendment also provides the County authority to audit the Center's financial records, and for the County Auditor-Controller to appoint a designee to participate in a financial advisory capacity to the Center's Board of Directors and the Center's finance committee. Also attached is a memorandum prepared by County

Counsel and the Parks department during the budget hearings that provides an overview and history of the Page Youth Center operation.

Since the close of the County's budget hearings, the Page Youth Center has successfully negotiated settlements with its major creditors. With a County distribution of \$150,000 prior to the Center's July 31, 2003 year-end, the attached proforma financial statements for the period ending July 31, 2003 have been prepared to show the restructuring and pay down of its debt. Current liabilities will be reduced by over \$350,000 with only one long-term liability of \$144,000 remaining – a situation we believe to be sustainable. The final \$50,000 County contribution will be released to the center in their new fiscal year to subsidize operations. The Center believes that once the outstanding liabilities are significantly reduced then fundraising efforts for this and future years operations will be enhanced.

Attached is Page Youth Center FY 2003-04 budget including the County distributions. It should be noted that the Center has eliminated an after school program that was not sustainable. The plan also refocuses on the Center's core services that include very successful youth basketball and volleyball programs. The plan includes net income of 5% (contingency) and an allocation to a reserve to guard against fluctuations in fundraising or event costs.

The Page business plan includes changes to the organization's board of directors. The plan proposes to eliminate programs that operate at a deficit and sponsor new programs only if they are self sustaining. A new approach to fund raising has been developed and a grant writer will be engaged to seek new revenue for qualifying programs.

To add accountability, the bylaws have been amended to permit a member of the County Auditor-Controller staff to attend and participate in Page Youth Center board meetings. The Auditor staff will also be able to participate in meetings of the board finance committee. It has also been agreed that for the next few years the Center and Auditor-Controller staff will provide updates to the Board of Supervisors concerning the financial condition of the entity at least annually.

Mandates and Service Levels:

Discretionary to provide these recreation programs within County Service Area #3.

Fiscal and Facilities Impacts:

The Page Youth Center is a recreational facility located within County Service Area #3. The \$200,000 appropriated is available from a designation release within CSA #3. The County Auditor was suggesting additional contributions to the Page Youth Center of \$50,000 per year for two more years. While the remaining balance of the designation would be \$225,000 there are other competing interests within County Service Area #3. We need to assess reserves for street lighting, maintenance of open space, parkways and facilities. We believe the current one-time infusion of funds to the Page Youth Center will provide for its continued operations, avoid bankruptcy and a complete reorganization.

Special Instructions:

None

Concurrence:

County Counsel

County Administrator

Attachments:

County Memorandum dated June 13,2003

Lease Amendment

Distribution Agreement

Business Plan

Pro Forma Financial Statement