

## REPORT TO THE CITY COUNCIL

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**DATE:** December 3, 2013

**TITLE:** Health & Wellness Center Budget Update

**PREPARED BY:** Amy Aguer, Director of Finance & Administration

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### **RECOMMENDATION**

**Review and provide direction to Staff.**

### **DISCUSSION**

The Health & Wellness Center ("H&WC") has proven to be a wonderful resource for the residents of Desert Hot Springs. The services provided at the Health & Wellness Center include:

1. A medical and dental clinic, including laboratory and x-ray facilities
2. A community gym, with state-of-the-art exercise equipment
3. The Boys & Girls' Club
4. The Aquatic Center

The residents of Desert Hot Springs have been historically medically underserved; access to proper medical and dental care is a significant challenge for many residents. The new health clinic includes space for both doctors and dentists. It offers screening services in its laboratory & x-ray facilities. These are services that are desperately needed in the City of Desert Hot Springs. A recent Health Fair was attended by several hundred people.

The Boys and Girls Club has over 1,000 young people registered, offering daily after school programs and activities for youth. This part of the facility is being used from approximately 2 pm to 6 pm. This creates a safe environment for the City's young residents and encourages the youth to participate in positive activities. This has resulted in reduced juvenile disturbance afternoon calls to the Police Department.

Our contract with the Boys and Girls Club calls for the City to provide direct annual funding in the amount of \$250,000/year. The City is also responsible for paying the following utilities for the Boys & Girls Club portion of the H&WC facility: water, gas, electricity, light, heat, power and other utilities. The Boys & Girls Club in turn, pays for the following utilities: telephone, fax, internet, cable TV and/or satellite TV. Two checks, in the amount of \$125,000, have been previously issued to the Boys and Girls Club. The first check was paid 3/14/13. The second check was paid 6/20/13. The contract was executed on February 2, 2010. The contract calls for payment to be made on the anniversary of the effective date of the agreement and the balance six months later. Therefore, the next payment is due February 2, 2014.

The Aquatic Center has been enjoyed by many residents of the City during the summer months. It is a beautiful, Olympic-size pool. Both children and adults were able to exercise and cool off in the H&WC's pool. Administration of the Aquatic Center, and lifeguard services, were provided by a contract with the Desert Recreation District ("DRD"). The DRD provided a report to City Council on the usage of the pool.

Staff has updated the FY 13/14 budget for the Health & Wellness Center. The adopted budget for the Health & Wellness Center included salary and benefits, for a full-time position, for the full fiscal year 13/14. Staff has reduced the estimated salaries and benefits to reflect the anticipated actual costs for FY 13/14.

The City received a Developer Reimbursement fee from the funding of the Health & Wellness Center New Market Tax Credit. The previous City Manager designated this funding for reimbursement to cover City's cost for staff salaries and benefits, as well as other operating costs. These funds are discretionary revenues that can be designated by the City Council for whatever purposes it deems appropriate.

#### Recommendations:

1. Direct staff to work with Community Partners, including, but not limited to, the Desert Health Care District, the Palm Springs Unified School District, the Boys and Girls Club of the Coachella Valley, the Desert Recreation District, and others, to develop long-term funding solutions for the H&WC.
2. Direct staff to work with the Boys and Girls Club to develop a budget, including cost accountability, for their contract services.
3. The Boys & Girls Club has requested the next installment \$125,000 from the City. This payment is due February 2, 2014. Provide direction to staff regarding the payment of this next installment.
4. The City of Desert Hot Springs Health & Wellness Foundation Board had discussions on creating a new staff person to provide Public Relations, Marketing and Grant Writing Services. City staff is recommending that this position be cut from the budget for the foreseeable future. The City's Acting Public Works Director is currently providing his time to resolve outstanding construction issues related to the H&WC. Provide direction regarding the staffing of the Health & Wellness Center.
5. Provide direction to staff regarding the allocation of the discretionary Developer Fee Reimbursement received from the construction of the H&WC; the final installment of \$692,589 has been received in FY 2013/14.

#### **FISCAL IMPACT**

Long-term funding solutions need to be developed in order to keep this beautiful and much needed facility open for the residents of Desert Hot Springs. The City does not have the financial wherewithal to fund the facility at this time.

#### **EXHIBIT(S)**

1. Health & Wellness Center Budget Update – November, 2013
2. Facilities Use Agreement by and between the City of Desert Hot Springs and the Boys & Girls Club of Coachella Valley.