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Title: STATUS UPDATE REGARDING THE JOSEPH B. JR. AND MARY ANNE O'NEAL STROKE CENTER - VOLUNTARY DONATION AND NON-RESIDENT FEE (CITY COUNCIL)

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Report to Mayor and City Council

Tuesday, November 21, 2017

Discussion

SUBJECT:

STATUS UPDATE REGARDING THE JOSEPH B. JR. AND MARY ANNE O'NEAL STROKE CENTER - VOLUNTARY DONATION AND NON-RESIDENT FEE (CITY COUNCIL)

I. SUMMARY

The City of Carson operates one of the only municipal stroke centers in the State, at a cost of \$227,604 to the City's General Fund. The Center services approximately 101 stroke survivors, with 64 of those non-residents of Carson. The City Council adopted a voluntary donation of \$30 per year for Carson residents and a \$70 monthly fee for non-residents on June 20, 2017 as a way to help close the funding gap. The estimated annual revenue from the non-resident fee would amount to \$53,760 if all non-residents paid. Council Member Hilton requested a status report post fee implementation.

II. RECOMMENDATION

LISTEN to the presentation and ASK questions if further clarification is needed.

III. ALTERNATIVES

The City Council may take any other action deemed appropriate.

IV. BACKGROUND

Since 2004, the City of Carson has offered free services to stroke survivors regardless of where they lived. In our current database, we have 322 stroke survivors. Of those, 101 are considered “active”, meaning they attend at least twice monthly. There are 37 Carson residents and 64 non-residents. This time last year the stroke center served 110 clients. The annual direct cost to operate the stroke center is \$227,604 in FY2017-2018, including staffing, supplies and contractors. Center staff applied for and received a grant from the Kaiser Foundation for \$7,500 for this fiscal year. It is important to note that the City’s General Fund structure deficit is currently \$8 million annually. The City has adopted eight deficit budgets in the last eleven years. The annual direct cost per person of operating the stroke center is \$2,253.

As in 2016, in 2017, due to the city budget deficit, staff was asked to look into efficiencies that may decrease expenditures and increase revenues in all areas of operations and programs. During the budget subcommittee meetings, the Stroke Center staff was asked to research various options, including moving to a medical model. The medical model was not pursued since it would have required a medical doctor on site and was for more costly.

The Budget Subcommittee recommended and the City Council agreed to a new fee structure in an effort to reduce the non-resident subsidy and increase cost recovery over the course of three years.

During the Council meeting on June 20th, the following fee structure was approved:

- \$70 mandatory monthly fee for non-residents
- \$30 voluntary annual donation for residents

Over the course of the next couple of months, staff worked hard to develop a system for collecting fees, update written materials and publications, send letters to all of the active members informing them of this change, and addressed any questions the members had. On November 1, 2017, the fee was implemented.

The City Treasurer reports that the City collected \$1,305 for the partial month of November. The collection breaks down into 19 non-resident payments of \$45 each, with the volunteer association paying the \$25 difference for 18 non-residents. The City received four donations from Carson residents, which they requested by used to offset the non-resident costs.

V. ANALYSIS

Carson faces unprecedented budget challenges. The City has been unable to balance its General Fund budget in 8 of the last 11 fiscal years. The City has reduced its workforce by 26% - eliminating over 107 positions since 2007. The City has been relying on temporary budget measures, including depleting its General Fund Reserve in order to continue high level of services to the community. The City's General Fund balance has dropped from \$37 million in FY2012-2013 to \$13 million in FY2017-2018.

Faced with these budget challenges the City has declared a fiscal emergency, reduced programs, raised service fees to residents and non-residents and has begun the process of prioritizing services. The City Council also directed staff to explore revenue options, including a gross receipts tax on businesses that refine, mix, blend or store petroleum products. The Council then declared that a special election be held on November 7, 2017 for the voters to decide on the oil business license gross receipts tax (Measure C).

At the drafting of this ordinance, the vote on Measure C has not been certified. However, the preliminary results show Measure C will be approved by the voters.

There is a suggestion that since Measure C is likely to pass that the stroke center fees should be eliminated or reduced. However, there are some uncertainties over the implementation of Measure C. Staff is working on an implementation timeline and will be meeting with the petroleum industries to review the tax ordinance and its implementation. It will be a number of months before any revenue is received and the amount of revenue to be received is unknown at this point in time.

Once more is known on the amount of the tax to be collected, the City Council should comprehensively review the City budget and establish priorities for City staffing, services and capital projects that should be funded through the new revenues. Funding decisions should not be made on a case-by-case basis without information regarding the competing needs of the City. It should also be noted at this point in time the City Council has not established policies on the maximum enrollment for the stroke center, nor have policies been established for income qualifications nor serving of Carson residents first, should an enrollment maximum be established. It's staff's recommendation that city implement a fee study to determine direct costs of its services, and implement a pricing strategy that will set pricing policy determining with services are public (free to the customer), merit (direct cost supported by city), private (all direct cost paid by customer), for profit (customer pays direct and indirect cost and permitting). The city needs also to determine a non-resident premium that differentiates the cost of what residents pay, and establish policy of residents first in all registration and reservation activities.

VI. FISCAL IMPACT

It is estimated that the full collection of the non-resident fee would result in \$53,760 annually to fund the stroke center's \$227,604 annual budget.

VII. EXHIBITS

None.

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