



CITY OF KIRKLAND
Department of Parks & Community Services
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MEMORANDUM

To: David Ramsay, City Manager

From: Jennifer Schroder, Director of Parks and Community Services
Carrie Hite, Deputy Director of Parks and Community Services

Date: February 2, 2010

Subject: KTUB Operations

Recommendation:

City Council be briefed on options for KTUB operations. Staff recommend City Council consider option five.

Background

The Parks and Community Center Youth Services section and the Youth Council adopted a work plan item in 1995 to develop a teen center for Kirkland. After extensive work with the Park Board, City Council, and public, the decision was made to build the teen center in Peter Kirk Park. Additionally, staff researched options for the operations of the teen center, and it was decided to publish a request for proposal to determine interest and feasibility for third party operations. In June of 2001, the City of Kirkland opened the Kirkland Teen Union Building, and signed a ten year Use and Occupancy Agreement with Friends of Youth. At full term, this lease would expire on May 31, 2011. However, the termination clause allows either party to initiate an early termination of the lease. Friends of Youth opted to terminate early, and have given the required notice.

Friends of Youth has been an excellent partner, continuing to satisfy the scope of work, and often providing additional services to Kirkland youth. Their decision to terminate the agreement was based on redefining their mission, and concentrating on their core services. Friends of Youth intends to operate the KTUB until July 1, 2010. After this date, they would like to continue providing youth outreach services at the KTUB. These services provide case management for some of the most vulnerable, at risk for homeless youth in Kirkland.

The current scope of service includes:

- Staffing the Teen Center a minimum of 36 hours a week, 5 days a week
- Maintaining an Advisory Board of youth and adults
- Develop, promote, and implement a diverse array of programs that anticipate and meet the needs and interests of Kirkland teens.
- Develop and implement a comprehensive evaluation plan to access the effectiveness of programs and operations.

Current City Resources for KTUB

Currently, the City allocates a total of \$220,120 to the operations of KTUB. This is divided among operations, facility, and services. The City funds Friends of Youth for the operations of the KTUB for \$160,000. In addition, the City spends \$32,689 for facility operations and maintenance and facility sinking fund charges. The City also funds \$27,431 to Youth Eastside Services to provide half time counseling services on-site at the KTUB through human services contract funding.

Options for Operation

Since July, staff have researched various options for operation of the KTUB. Attachment A outlines each option, some considerations, pros and cons, and budgetary information.

The options include:

1. Close KTUB.
2. RFP operations to a third party.
3. City assists in operations of KTUB for 1-3 years, contracting with current staff, while the current KTUB Director works to establish a 501c3 organization.
4. Discuss possibility with Friends of Youth to continue operations through May, 2011.
5. City operates KTUB.

Staff is recommending the City Council consider option five. There are several reasons this makes good sense for the city at this time of budget difficulties. Attachment B outlines a proposed budget for the operation of KTUB. As Council can determine from the spreadsheet, the operating costs for the city, compared to Friends of Youth are increased about \$20,000. This is due mostly to the fact that salary and benefits charges are more expensive for the city. However, even though the costs are higher, implementing several different program strategies would allow the city to operate the KTUB without a deficit, and with future potential.

In order to develop a balanced budget for operating the KTUB, we can implement several strategies:

- Reallocate \$27,431 from the human services per capita fund to support youth development at the KTUB. Youth development includes providing opportunities for youth to be engaged, active, and part of their community, thus deterring them from mischief and crime. Currently, the city has a contract with Youth Eastside Services to provide counseling services for 15 hours per week at the KTUB. This is a great model, and has been successful for working with youth in crisis. Currently, Friends of Youth also offers crisis intervention services through their Outreach program, located at KTUB. Friends of Youth would like to remain on site, as the program is part of a larger program funded by a Federal homeless prevention grant. In addition, the city just completed a project to offer the Forbes house to Youth Eastside Services to provide expanded counseling for youth and families in Kirkland. We currently provide an additional \$30,000 to YES to provide this counseling for youth and families in Kirkland. We could certainly work with the KTUB staff and the Friends of Youth staff to refer youth to YES for further counseling if warranted.
- Currently, Friends of Youth raises \$30,000 annually in revenue from KTUB activities. Part of the budget proposal is to increase revenues by \$5000 to help balance the

budget. This increase is very conservative; because of annexation, there is a need for more recreation program space to serve the increased need, thus increasing revenues. If we are able to program fitness and preschool programs during the daytime, before the KTUB opens at 3:00 p.m., there could be significant revenue potential.

- Part of the proposed budget uses existing funds that are currently used to support the KTUB, including Youth Services (\$100,000), Facilities (\$32,689), and Outside Agency ongoing funds (\$60,000). With the Human services funds, we currently have \$220,120 dedicated to KTUB operations.
- There would be some city overhead charges that need to be added, but these would not contribute to any new net increase, but would be reallocated.

In addition to proposing a balanced budget for operation of the KTUB, this model also has additional benefits. There may be less staff turnover, thus more stability and consistency in operations. The City can continue operations with a youth advisory board, and create more of a connection to the Youth Council. The City Youth Services could help promote and market KTUB, help with programming for the needs of youth. With annexation being implemented, taking over operations of this facility will add to the city's facility inventory, thus giving the city the opportunity to maximize the use of space, programming more services during the daytime hours when youth are still in school, and will help to meet the needs of the recreation goals for annexation.

Kirkland Teen Union Building Operations

Options	Questions/Considerations	Pros	Cons	Budget
1. Close KTUB	Impact to youth community? Impact to police interventions?	Save \$100,000 in Youth Services, \$60,000 in Outside agency ongoing funds, \$32,689 in facilities, \$27,431 in human services for a total of \$220,120 in budget. Free up facility for other use.	No youth center, opportunities, recreational space, gathering place, music, computers, etc. Possible increase in crime, loitering, youth mischief, etc.	Budget savings to the city of \$220,120 less the cost to mothball facility.
2. RFP to third party. Possibilities include Kirkland Boys and Girls club, YMCA. Continue to grant \$160,000. Continue to grant \$27,431 for counselor. Continue internal services funds of 32,689 for facility. Friends of Youth continue outreach program.	Are there other nonprofits that will emerge during the RFP process that have not been identified? Will the ones that emerge be able to offer the same level of service for this amount of funding?	Both potential partners are supported by national initiatives, larger organization, more infrastructure. Large scale organizations, experienced in fund development, and potential to bring existing partners to the operations. Fixed cost of \$220,120 for the City.	Mission based programming could be limiting. Will Kirkland youth have a voice? Will KTUB lose identity? Will there still be opportunity for youth decision making, self expression? Will KTUB continue to serve all youth, or only those that are members of the BGClub, YMCA? Not a seamless transition. FOY staff laid off, new agency will bring their staff, or hire back FOY staff. Is \$160,000 operational funds be enough to attract respondents, providing same service level?	Fixes cost at current level: \$220,120
3. City assists KTUB in operations for 1-3 years, while establishing a 501 c3. Contract with current Director and staff for services, assist in transitioning KTUB into a separate 501(c) 3.	What kind of assistance can we offer? Can we help them establish business relationships to help them fundraise, staff an advisory board? Would need to work through any Human resource issues in regards to contract staff.	Current director willing/able/interested, but limited experience in forming a nonprofit. Keeps local identity. Community could "own" it. This would be a fixed cost of \$220,120 for the city. If model doesn't work for some reason, still have the option to RFP after a year, or take over operations.	Takes time to establish strong board. Risk in fundraising: if it is not successful, who is going to bear the burden? Would this new nonprofit be competing for funds of existing nonprofits providing services to Kirkland citizens? Is it too difficult to start a new nonprofit in this economy?	Similar costs to city operational model for one year, with the goal of reducing costs to a fixed amount after 1-3 years (\$220,120).
4. Discuss possibility with Friends of Youth to operate to full term, giving economy time to recover, consider possibilities with 2011-12 biennial budget.	Friends of Youth has indicated that they would consider this option if the City of Kirkland would provide funding to fill their deficit on the KTUB.	Gives us time to ride out recession, there may be more options in the next 6 months to a year, other non profits may emerge that are more financially stable to start new operations.	Delay the inevitable? What if economy doesn't get better, we are still back to the same scenario.	Cost the city an additional \$30,000 through December 31, 2010(end of budget year). Cost the city an additional \$55,000 through May 31, 2011 (end of lease term).
5. City operates KTUB.	Budget concerns, there will be an increased expense from \$220,120. Can city operate within current funding?	More quality control, youth voice, empowerment model. Connection to KYC, possibly having them take more of a leadership role. Less time overseeing and forming partnership model. Lower staff turnover rate (there have been three directors in 9 years of operation). Infrastructure, facilities, can afford to keep it up better, help with the community relationship. Gives the City the opportunity to maximize the use of the facility, programming more services during the daytime hours when teens are in school. With Annexation, and space being scarce, this would add space to the city's inventory to increase services. Current recreation staff could program in KTUB for the morning, early afternoon hours.	Limited on what we can do as a government running? Not as many controversial issues? More expensive. Increased costs each year (i.e. salary, benefits, IT, etc). Redirecting human services per capita for Counseling to be used for youth development program. Youth development includes providing opportunities for youth to be engaged, active, and part of their community, thus deterring them from mischief and crime.	Cost of operations is higher than current allocation, but within the current funding proposal. Budget analysis provide on attached spreadsheet

Proposed Kirkland Teen Union Building Budget

Expenditures	Friends of Youth Current	City of Kirkland Current	City of Kirkland Proposed
Salaries/Benefits			
Admin Salary % Overhead FOY	46,669		
Salaries/Benefits (dir/coord + hourly)	192,484		
Regular Sal/Ben (dir/coord)			124,851
Hrly Wages/Ben (hourly only)			67,176
Training	1,850		1,500
Subtotal Salaries/Benefits	241,003	0	193,527
Professional Services			
	5,000		
Subtotal Professional Services	5,000	0	0
Supplies			
Office Supplies			600
Program Supplies	5,300		11,000
Recruitment/Printing	250		1,200
Postage (non dept)	25		
Subtotal Supplies	5,575	0	12,800
Interfund Charges (IT & Fleet)			
Interfund - IT Rental	300		12,422
Interfund - IT Rsv			580
Telecom	4,046		518
Transportation (van oper/no replace)	500		635
Subtotal Interfund Charges (IT & Fleet)	4,846	0	14,155
Facilities			
Repairs & Maintenance	14,500	3,300	5,627
Professional Svcs - janitorial	4,000	4,770	8,810
Admin staff Overhead		2,052	5,690
Maintenance Staff			9,743
Operating Supplies		325	2,111
Repair Supplies		435	945
Communication			2,000
Insurance	4,858	3,168	3,168
Utilities - electric/internet	9,269		5,757
Utilities - WSG		2,400	2,400
Misc	290	50	355
Facilities Sinking Fund		16,189	16,189
Subtotal Facilities	32,917	32,689	62,795
Current City Support			
Youth Services		100,000	
Outside Agency/Ongoing general fund		60,000	
Counselor (YES) HS per capita		27,431	
Subtotal Current City Support	0	187,431	0
Total Expenditures	\$ 289,341	\$ 220,120	\$ 283,277
Revenue			
Café Revenue	2,400		2,400
Program Revenue	30,000		35,000
Business Contribution	9,996		10,000
Subtotal Revenue	42,396	0	47,400
Current City Support			
Facilities paid by general fund		32,689	32,689
Youth Services	100,000	100,000	100,000
Outside Agency/Ongoing general fund	60,000	60,000	60,000
Human Services per capita		27,431	27,431
Reallocated costs			16,299
Subtotal Current City Support	160,000	220,120	236,419
Total Revenue	\$ 202,396	\$ 220,120	\$ 283,819
Net	\$ (86,945)		\$ 542