

Community Services Advisory Commission
Regular Meeting
Redding City Hall
777 Cypress Avenue
Redding, California
July 8, 2009, 3:05 p.m.

MINUTES

ATTENDANCE

The meeting opened with the following Commissioners present; Susan Hinz, Leona McCoach, Adam McElvain, and Jason Waybright. Absent was Commissioner July Salter.

Also present were City Manager Kurt Starman, Community Services Director Kimberly Niemer, Support Services Director Gerry Kersten, Convention Center and Visitor Bureau Manager Chris Gonzalez, Management Analyst Matthew McCallum, Management Analyst Michele Davis and Executive Assistant Mari Szyal.

PUBLIC COMMENT

None

CONSENT CALENDAR

The minutes from the meeting on June 10, 2009, the monthly Recreation Division Activity Report, the Convention Center Activity Report, the Convention Center Calendar, the Convention Center Capital Projects List were presented.

Motion: To approve Consent Calendar. (Made by Commissioner McCoach, Seconded by Commissioner Waybright)

AYES: Commissioners Hinz, McCoach, McElvain and Waybright

NOES: None

ABSTAIN: None

ABSENT: Commissioner Salter

DISCUSSION WITH CITY MANAGER: EVALUATE THE POSSIBILITY OF PRIVATIZING THE CONVENTION CENTER AND/OR THE CONVENTION & VISITORS BUREAU

City Manager Starman related that at the June 16, 2009, meeting the Redding City Council authorized the Community Services Advisory Commission to evaluate the possibility of privatizing the Convention Center and/or the Convention & Visitors Bureau (CVB) and submit its findings and recommendations to the City Council within six months.

City Manager Starman emphasized that the issue of privatization has arisen solely because of the current severe economic recession. He wanted to be sure the Commissioners understand that the employees working at the Convention Center and the CVB do an outstanding job.

Very few cities in California operate a CVB. These duties are typically performed by a not-for-profit organization such as a local chamber of commerce. Many cities utilize private companies to manage and operate their convention center or assembly facility.

The City has successfully privatized a number of services in the past such as; animal regulation, library services, transit services and museums. The City has not evaluated the possibility of privatizing the Convention Center and/or the CVB for many years, thus, it may be timely to evaluate this issue. It is possible that the City could save money by privatizing the Convention Center and/or the CVB. The Commission is tasked with determining if this is a viable business model for Redding.

The operating budget for the Convention Center currently totals approximately \$1.9 million. It is anticipated that the Convention Center will generate approximately \$0.7 million in operating revenue this fiscal year. The operating budget for the CVB currently totals approximately \$0.9 million and generates very little direct income (less than \$2,000 per year). Thus, the City will utilize a significant portion of its Transient Occupancy Tax (TOT) revenue to cover the remaining costs (approximately \$0.9 million for the CVB and \$1.2 million for the Convention Center.) Thus, nearly \$2.1 million of TOT revenue will be utilized to subsidize these two entities in this fiscal year.

Commissioner McCoach questioned the composition of the \$900,000 CVB budget, as there are only three employees. City Manager Starman replied that the bulk of this covers advertising and promotion through print ads and radio spots with the remainder for employee costs, overhead and travel expenditures to trade shows. He noted that budget detail (both expenses and revenue) will be provided to the Commissioners.

Commissioner Waybright inquired whether there were situations where privatization did not work out. City Manager Starman replied that Shasta County privatized the public defender's office for several years by contracting with private attorneys. This became very expensive as there was little accountability in terms of keeping costs under control and the level of services provided. The Public Defender's Office is now back in-house at Shasta County. In the 1920's residents in the City of Redding decided that the cost of their electricity was too high and thus Redding Electric Utility was formed. One thing to take into consideration is whether the decision to privatize can be reversed. There needs to be flexibility in the process if the situation is not working out well for both parties.

Commissioner McElvain noted that the City Manager had discussed the age of the Convention Center and the capital improvements needed. The Commissioner inquired whether a private company running the Convention Center would be required to pay prevailing wage when contracting out the work. City Manager Starman replied in the affirmative as this is a publicly owned building.

City Manager Starman took a few moments to discuss the Scope of Work which the City Council has tasked the Community Services Advisory Commission with. The Commission is being asked to provide preliminary recommendations to the City Council within six months. This is not a strict deadline and the Commission should be sure to fully research the situation. The Commission is being asked to complete the following work:

1. Perform a comprehensive review of how the City currently operates the Convention Center and the CVB;
2. Identify comparable facilities on the West Coast that are managed and operated by private companies. Evaluate this business model and determine if it is applicable to Redding.
3. Develop a comprehensive list of pros and cons associated with the idea of privatizing the Convention Center and/or the CVB;
4. Identify other business models or ideas that may be applicable to the Convention Center and/or the CVB; and
5. Recommend if the City should issue a request for proposals to identify private companies that would be interested in operating the Convention Center and/or the CVB.

City Manager Starman noted that the Commission might want to begin with a tour of the facility and interviews with key staff members. Director Kersten continued that the Commissioners can expect staff support in identifying stakeholders (i.e., the Redding Hotel Association, the Rodeo Association, Turtle Bay, US Bank Broadway Series) whom they may want to contact.

City Manager Starman observed that it is important to take into consideration the community dimension - the number of non-profits which utilize the Convention Center (i.e., Kids Unlimited, Community Concerts) and are heavily subsidized by the city. One way of looking at this is the bottom line which would involve charging the non-profits more, but another way is that this is facility is a community amenity (i.e., city parks and trails).

Commissioner McElvain inquired whether there is a list of regular users of the Convention Center whom the Commission might contact. Support Services Director replied that staff would supply a list of groups who have used the facility over the past couple of years. City Manager Starman added that the former and now retired Community Services Director John Gorman would be a good resource for the Commission to interview.

Commissioner Waybright asked what might happen to city employees in the case of privatization. City Manager Starman responded that would depend on how the agreement is structured. In the situation with the Redding Library, all Shasta County employees who sought interviews were granted one and all were hired. The employees who wanted to stay with County were able to find other positions within that agency.

Commissioner Waybright inquired what potential savings might result from privatization. City Manager Starman commented that comparing public to private sector costs is not an apples-to-apples comparison. The city's wages and benefits might be higher than a private firm, but the city does not have the requirement to make a profit to satisfy investors. The private sector pays taxes to state and federal governments, while the city does not pay taxes. There are advantages to each option.

Commissioner Hinz requested information on the cost of the pending capital improvements needed for the Convention Center. Director Kersten replied that he has a list of the improvements along with a rough estimate of what they will cost.

Director Kersten advised that he would email the Commissioners with a selection of dates in August to hold a meeting at the Convention Center.

No action was required on this informational item.

CONSIDERATION: UTILIZE PARK FUND MONIES FOR COMPUTER PURCHASE AT MARTIN LUTHER KING JR. CENTER

Director Niemer observed that the computer lab at the Martin Luther King Jr. Center (MLK) has not been operable for some time. Commissioner McElvain took a leadership role in evaluating the equipment and developing a plan to get the lab up and running. Commissioner McElvain secured a partnership with the local firm *N Computing* to set up a network system which would support up to 15 seats in the lab.

Computer access is a top priority for the children at the Center and access to computers was mentioned at the recently held parent and neighborhood meetings. Access to computers and the internet is critical to children competing in this economy and provides additional academic support. The lab will serve both the after-school program participants and other community users, as we plan to offer open lab hours for the neighborhood. We will develop a curriculum to teach computer skills, software applications, and other practical uses.

Staff is requesting that the Commission, sitting as the Board of the Redding Parks Fund grant \$1,200 to purchase additional equipment to support the computer network. The computer lab is a valued amenity at the MLK Center and additional equipment is needed to get the lab functional again. This investment combined with the expertise and additional equipment from *N Computing* will bring the lab back to life.

Commissioner McElvain explained that *N Computing* is donating all of their products as to the MLK Center. The funds will be used to purchase two desktop towers, which will allow us to serve up to 18 people at the same time. *N Computing* has also offered to run computer classes at the Center.

Commissioner Hinz inquired into the cost for the internet connection to the MLK Center. Director Niemer responded that Charter Communications donates that service to the Center.

Motion: The Commission, acting as the Board of the Redding Parks Fund, approve the grant request for \$1,200 to purchase computer equipment for the Martin Luther King Jr. Center computer lab. (Made by Commissioner Waybright, Seconded by Commissioner McCoach)

AYES: Commissioners Hinz, McCoach, McElvain and Waybright

NOES: None

ABSTAIN: None

ABSENT: Commissioner Salter

PROJECTS UPDATES

None.

COMMISSIONER COMMENTS

None.

DIRECTORS' COMMENTS

None.

ADJOURNMENT

There being no further business, at the hour of 4:32 p.m. Vice Chair Hinz declared the meeting adjourned.

Susan Hinz, Vice Chair