City of Detroit

CITY COUNCIL

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TO: COUNCILMEMBERS

FROM: Irvin Corley, Jr., Director ICJ
Derrick Headd, Fiscal Staff Analyst DH

DATE: December 4, 2008

RE: Reopening the 13 Closed Recreation Centers (**Regarding Line Item 10 Neighborhood and Community Services Committee**)

On October 23, 2008, in a meeting of the Neighborhood & Community Services Committee, Councilmember Collins asked the Fiscal Analysis Division to report on the costs required to re-open the Recreation Department's 13 closed Recreation Centers, which would include both the operational and capital costs. In addition, Councilmember Collins also requested how much of a millage increase would be required to finance such an endeavor. Lastly, Councilmember Watson asked if there are any unspent Recreation capital dollars available.

Operational Costs for the Closed Recreation Centers

With the cooperation and assistance of the Recreation, General Services and Budget Departments, we have derived a rough cost estimate range to re-open the closed centers and we are able to provide answers to the other questions that were raised in regard to the closed recreation centers. In using the costs related to operate the Adams Butzel Recreation Center, provided by the Recreation Department, we used that as our primary benchmark in order to derive a operational cost estimate range to reopen, staff and operate the 13 closed recreation centers (**see attachment**).

We have estimated the annual cost to operate the 13 closed recreation centers (after re-opening them) to be from **$29.7 million to $16.9 million**. This amounts to an average of $2.29 to $1.3 million per recreation center. Given the fact that the number of programs and size of the department's recreation centers vary and that we had one center's costs to rely on accounts for the wide-ranging estimate.

Capital Costs to Re-open the Recreation Centers

Additionally, we had a discussion with the General Services Department in order to derive an *average* capital cost estimate to re-open the 13 closed recreation centers. General Services estimated that *on average* it would cost the City **$500,000** per recreation center to rehab and return the facilities to a condition adequate for recreational activities, given the vandalism, and the length of time some of the centers have been closed.

The General Services Department (GSD) added, that in their evaluations of the closed recreation centers, five of the recreations facilities were not even feasible for repair, given the current condition of those centers. GSD states that the repairs for the closed centers may range from $80,000 to in excess of a million dollars. Included in the repairs of some of the centers may include the replacement of the primary heating and cooling systems, which costs may be in excess of $100,000 alone. Several other require the replacement of the parquet wood floors, due to the lack of heat and or water damage that have cause the wood to warp. Given these conditions, at the estimated average capital cost of $500,000 per closed recreation center for 13 centers, brings the estimated capital cost to re-open the aforementioned centers to **$6.5 million**.

Total Costs to Re-open the 13 Closed Centers and Funding Options

To sum up, the total cost involved to reopen the 13 closed recreation centers, include $29.7 million to $16.9 million for the annual operational cost for the 13 centers and an additional $6.5 million in capital cost for a grand total of **$36.2 to $23.4 million** in the first year. In all other subsequent years, however, the cost involved would only include for the annual operational cost for the 13 centers at $29.7 million to $16.9 million.

Accounting for the current limitations on available City resources, Councilmember Collins suggested that a vote by the taxpayers to increase the millage rate be considered as an alternative means to finance the reopening of the 13 closed recreation centers. In order to evaluate this option, Fiscal was directed to determine how much of a millage increase would be needed in order to fund both the operational and capital cost to reopen the closed rec centers. A mill is equal to $1.00 of tax for each $1,000 of assessment. For example, a property with an assessed value of $50,000 located in a municipality with a mill rate of 20 mills would have a property tax bill of $1,000 per year.

In order to fund the capital cost alone, in order to restore the 13 facilities for recreational activities at $6.5 million, would require an increase of 0.67 mills. The 0.67 mill increase would translate to a tax bill increase of $16.68 for a home assessed at $25,000 and $33.36 for a home assessed at $50,000. In order to fund the operational cost estimated at $29.7 million to $16.9 million, this would require an increase of 3.06 to 1.74 mills. This 3.06 to 1.74 mill increase translates as a $76.44 to $43.41 property tax increase for a home assessed at $25,000 and $152.89 to $86.82 for a home assessed at $50,000.

Overall, the total mill increase required to cover both the operational and the capital costs for the reopening of the 13 recreation centers would be from a high of 3.72 mills to 2.40 mills, translating to a $90.45 tax increase to $58.37 for a home assessed at $25,000 and $186.24 to $120.18 for a home assessed at $50,000. Unfortunately, according to the Budget Department, the City of Detroit is essentially at its General City operations tax rate limit of 20 mills (19.9520 mills) and at this point, according to State law, cannot add to this millage rate. In regard to the City's Debt Service millage, we are currently facing challenges in this area as well. Council may want RAD and the Law Department to provide opinions on the impact of Headlee and the State's Constitutional Limits in regard to the City's General City operations' millage limits.

In regards to Councilmember Watson question, are there are any unspent Recreation capital dollars available, according to the Budget department, the only capital dollars on the horizon for Recreation are $2.085 million in 2007-08 bonds that have not been sold and an additional $2 million in earnings. Currently the State will not allow the City to sell the bonds until the CAFR (Comprehensive Annual Financial Report) is submitted and the City is up-to-date in this regard.

Recreation Department Strategic Master Plan

On January 11, 2007, the Council received a copy of the Recreation Department's Strategic Master Plan. The report included condition and capacity reports for both the Recreation Department's parks and recreation centers. At that time the Recreation Department stated that of the department's 308 parks, 153 are in fair condition (49.7%), 124 are in poor condition (40.2%) and 33 are in good condition (10.7%). In addition, a majority of the parks do not have sufficient improvements for their park classification and recreation function. Also at that time, in regard to its Recreation Centers, the department reported that of its 21 open recreation centers (9 were closed in January 2006), nine (9) are open and in good condition (42.9%), five (5) are in fair condition (23.8%), and seven (7) are in poor condition (33%).

Since the submission of the plan, the department has reduced the number of open recreation centers to 18. According to Parsons Brinckerhoff's website (**attached**), in May of 2006, the company provided the Detroit Recreation Department a full investigation of the department's resources to create a comprehensive database of all city-owned parks and recreation centers. The database includes a listing of their individual condition and capacity.

These characteristics were then related to expected changes in land use, population (including SEMCOG data), and shifts in residential/commercial space. In addition, each property was examined for its ability to meet the community and city's needs. The public involvement effort included community forums, telephone surveys and questionnaires. This enabled them to learn which facilities, programs, and attributes were important to area residents. This Strategic Master Plan was submitted by the previous administration, so it is not clear how committed the current administration is to the plan, which featured primarily a repositioning strategy.

The Recreation Department's Strategic Master Plan's future park system calls for:

- 220 parks, including 5 regional parks – (**Time of the report, 308 parks**)
- 27 parks in new strategic locations
- Repositioning of 113 park sites
- Repositioning of eight currently operating recreation centers
- 14 community recreation centers
- Two (2) regional recreation centers
- One special use recreation center

The costs for the capital improvement and maintenance improvement outlined in the Strategic Master plan are estimated at **$447 million.** This does not include land acquisition costs. It is not clear how the new Strategic Master Plan relates to the Capital Agenda for Recreation, given the fact that the Repositioning Strategies implementation is projected to last 20 years or more, and the information provided lacked specific implementation details. What the department submitted is more of a concept and not a specific detailed plan.

The Strategic Master Plan calls for the financing the plan from a *numerous* variety of funding sources under four general categories: Public-Local, Public-Non Local, Private (Non-User), and User (Beneficiary).

The Public-Local funding mechanism calls for the retention of Recreation Department land sales proceeds from its surplus property sales. This is contrary to current policy, which dictates that Recreation Department land sales proceeds are to be deposited into the General Fund. In these challenging fiscal times, it is questionable how committed the Administration can remain to diverting the Recreation Department's surplus land sale revenue from the General Fund.

Conclusion

Given the limited resources, and the challenges the City faces in regard to funding any reopening of the 13 closed recreation centers, the Council at this point may need to hear from the Recreation Department, General Services Department, Planning and Development, on what are the plans for the closed recreation facilities, what aspects of the Recreation Strategic Master plan are feasible and doable, and what funding mechanisms are available for enhancing recreation in the City for the residents neighboring the closed recreation centers. Additionally, as we stated earlier, the Council may need to hear from Law and RAD on the limits on the General City operations millage.

Our final questions to the Recreation Department are:

How committed is the department and the current administration to the concepts and conclusions reached in the Recreation Strategic Master Plan? If the Recreation department is committed to the Recreation Strategic Master Plan, please detail how much does the Recreation Department anticipate it will collect from each of the following sources towards the $447 million required for the proposed Strategic Master Plan and how it plans to administer the numerous sources listed in the four categories of Public-Local, Public-Non Local, Private (Non-User), and User (Beneficiary), listed below (as detailed in the strategic master plan)?

- **Public-Local**

Property Sales, GO Bonds, Revenue Bonds, Cost Avoidance, Interlocal agreements, Special Fundraisers, and Maintenance endowments.

- **Public-Non Local**

Federal Intermodal Transportation and Efficiency Act, Land and Water Conservation Fund, Grants, Labor Assistance, Grant Funding Sources & Strategies for Land Acquisition, Michigan Land Trusts, Partners for Fish and Wildlife, Community Development Block Grant Funds (CDBG), Urban and Community Forestry Grants

- **Private Non-User**

Corporate Sponsorships, Partnership, Foundation/Gifts and Grants, Land Trust, "friends of.." Associations, Irrevocable Remainder Trusts, Life Estes, Volunteerism, Leasebacks on Recreational Facilities, Family Tree Program, and License Plate Funds

- **User Beneficiary**

Dedication/development Fees, Recreation Service Fees, Fees/Charges, dog Park Fees, Trail Fee, Lighting Fees, Program Contractor Fees, Signage Fees, Special Improvement District/Benefit District, Private Concessionaires, Real Estate transfer Fees, naming Rights, Rental Car Tax, cell Towers, Private Developers, Benefit Assessments, facilities Benefit Assessment (Local Improvement Districts), The Mello-Roos Act, Sales Tax, Merchandising Sales, Concession Management, Advertising Sales, Subordinate Easements-recreation / natural Area Easements, Permits, Reservations, Catering Permit Services, Integrated Financing Act, Parking Fees, Equipment Rental, Utility Roundup Programs, Franchise Fee on Cable, earning Fee, Room Over Rides on Hotels for Sports Tournaments and Special Events, Gift Catalogs, Subordinate Development Rights, Booth Lease Space and Reverse Sponsorships.

Please contact us if we can be of any further assistance.

Attachments:

Fiscal's Projected Cost to Reopen 13 Closed Rec Centers
Outline of Parsons Brinckerhoff's Recreation Master Plan

cc: Council Divisions
Auditor General's Office
Alicia Minter, Recreation Department
Joe Harris, Chief Financial Officer, Finance Department
Terrence King, General Services Department
Pamela Scales, Budget Department Director
Donna McAlister, Budget Department
Kathleen Leavey, Law Department
Arese Robinson, Mayor's Office

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Fiscal's Projected Cost to Reopen 13 Closed Recreation Centers

ADAMS BUTZEL RECREATION CENTER OPERATIONS COST SHEET

		EMPLOYEES	HOURS		COST	FTE	PROJECTED COST TO OPEN 13 CLOSED REC CENTERS (HIGH)	PROJECTED COST TO OPEN 13 CLOSED REC CENTERS (LOW)
OPERATIONAL PLAN								
RECREATION CENTER SUPERVISOR II		1		$	73,471			
RECREATION INSTRUCTOR		2		$	115,884	2		
RECREATION LEADER		2		$	96,848			
SWIM INSTRUCTOR		1		$	57,942	1		
SWIM LEADERS (SR. LIFEGUARD)		1		$	39,570			
BUILDING ATTENDANT (estimated on high end)		6		$	346,152			
TOTAL COST				$	**656,396**		$ **8,533,148**	$ **4,266,574**
SUMMER								
PLAYLEADERS-9 WEEKS		36	12960	$	206,014	6.2		
LIFEGUARDS-9 WEEKS		11	3960	$	62,814	1.9		
LOCKER FACILITIES ATTENDANTS	9 WEEKS	8	2880	$	29,537	1.4		
TOTAL COST				$	**298,364**		$ **3,878,737**	$ **1,939,368**
FALL/WINTER								
PLAYLEADERS-43 WEEKS		36	30960	$	492,145	14.9		
LIFEGUARDS-43 WEEKS		11	9460	$	362,923	4.5		
LOCKER FACILITIES ATTENDANTS	43 WEEKS	8	6880	$	170,656	3.3		
BOXING INSTRUCTOR		1						
TOTAL COST				$	**1,025,724**	**35.3**	$ **13,334,411**	$ **6,667,206**
2007 Expenses for a 50,000 sq ft facility								
Gas (DTE Energy)	$ 26,110							
Electricity (Public Lighting Dept.)	$ 211,996							
Water (Detroit Water & Sewerage Dept.)	$ 33,128							
Total Utilities				$	**271,233**		$ **3,526,032**	$ **3,526,032**
Annual Security Cost				$	**40,000**		$ **520,000**	$ **520,000**
ANNUAL OPERATIONAL COST				$	**2,291,718**		$ **29,792,328**	$ **16,919,180**
AVERAGE ANNUAL OPERATIONAL COST PER CENTER				$	**2,291,718**		$ 2,291,718	$ 1,301,475

Fiscal's Projected Cost to Reopen 13 Closed Recreation Centers

ADAMS BUTZEL RECREATION CENTER OPERATIONS COST SHEET	*PROJECTED COST TO OPEN 13 CLOSED REC CENTERS (HIGH)*	*PROJECTED COST TO OPEN 13 CLOSED REC CENTERS (LOW)*
TOTAL CAPITAL COST TO REOPEN 13 CLOSED REC CENTERS AT AN AVG. OF $500,000	**$ 6,500,000**	**$ 6,500,000**
TOTAL OPERATIONAL COST AND CAPITAL COST TO REOPEN 13 CLOSED REC CENTERS	**$ 36,292,328**	**$ 23,419,180**

ADDITIONAL MILLAGE REQUIRED TO FINANCE THE REOPENING OF THE 13 CLOSED RECREATION CENTERS

TOTAL MILLS REQUIRED TO COVER THE ANNUAL OPERATIONAL COST ONLY TO REOPEN THE 13 CLOSED REC CENTERS	**3.06**	**1.74**
TOTAL MILLS REQUIRED TO COVER THE ANNUAL CAPITAL COST ONLY TO REOPEN THE 13 CLOSED REC CENTERS	**0.67**	**0.67**
TOTAL MILLS REQUIRED TO COVER THE ANNUAL OPERATIONAL COST TO REOPEN AND COVER THE CAPITAL COST FOR THE 13 CLOSED REC CENTERS	**3.72**	**2.40**

DOLLAR ASSESSMENT PER HOUSEHOLD FOR HOMES ASSESSED AT $25,000 AND $50,000 PER ADDITIONAL RATE

COST PER HOUSEHOLD ASSESSMENT AT **$25,000** TO COVER THE ANNUAL OPERATIONAL COST ONLY TO REOPEN THE 13 CLOSED REC CENTERS (**3.06 mills and 1.74 mills**)	**$ 76.44**	**$ 43.41**
COST PER HOUSEHOLD ASSESSMENT AT **$25,000** TO COVER THE ANNUAL CAPITAL COST TO REOPEN AND COVER THE CAPITAL COST FOR THE 13 CLOSED REC CENTERS (**0.67 mills**)	**$ 16.68**	**$ 16.68**
COST PER HOUSEHOLD ASSESSMENT AT **$25,000** TO COVER THE ANNUAL OPERATIONAL COST TO REOPEN AND COVER THE CAPITAL COST FOR THE 13 CLOSED REC CENTERS (**3.72 mills and 2.40 mills**)	**$ 93.12**	**$ 60.09**
COST PER HOUSEHOLD ASSESSMENT AT **$50,000** TO COVER THE ANNUAL OPERATIONAL COST ONLY TO REOPEN THE 13 CLOSED REC CENTERS (**3.06 mills and 1.74 mills**)	**$ 152.89**	**$ 86.82**
COST PER HOUSEHOLD ASSESSMENT AT **$50,000** TO COVER THE ANNUAL CAPITAL COST TO REOPEN AND COVER THE CAPITAL COST FOR THE 13 CLOSED REC CENTERS (**0.67 mills**)	**$ 33.36**	**$ 33.36**
COST PER HOUSEHOLD ASSESSMENT AT **$50,000** TO COVER THE ANNUAL OPERATIONAL COST TO REOPEN AND COVER THE CAPITAL COST FOR THE 13 CLOSED REC CENTERS (**3.06 mills and 1.74 mills**)	**$ 186.24**	**$ 120.18**

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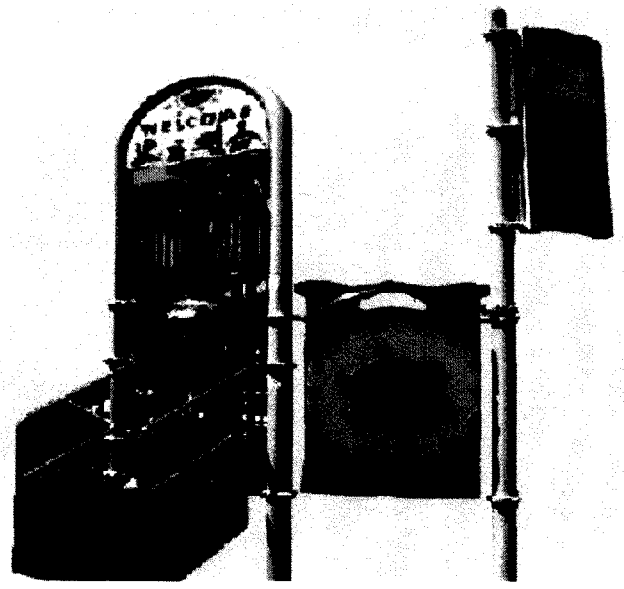
Detroit Recreation Department Strategic Master Plan
Detroit, Michigan
Detroit Recreation Department
Completed May 2006



Plotting the future of Detroit's parks

The Detroit Recreation Department (DRD) faced a variety of challenges in serving the city's nearly 900,000 residents, including budget cuts, the impact of urban blight and renewal, and an uneven distribution of facilities throughout the region. In an attempt to revitalize the economy of Detroit—the tenth-largest city in the U.S.—the DRD sought to reenergize its parks and recreation centers, which it viewed as economic assets. The DRD enlisted PB's assistance in developing a strategic master plan that would govern the long-term management and capital development of its park and recreation center properties and facilities.

In May 2006, the DRD completed a year-long effort to draft the first-of-a-kind plan. This master planning process enabled the department to make informed decisions as to the use of existing park assets to meet current and projected needs of all segments of the community, to develop appropriate funding strategies, and to promote the efficient use of resources during capital development.

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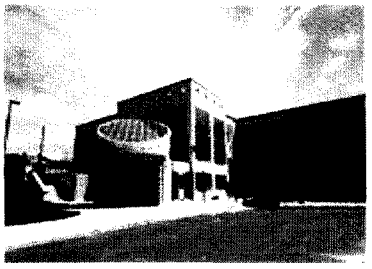
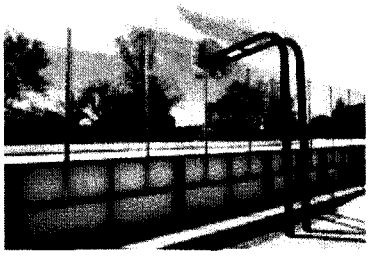
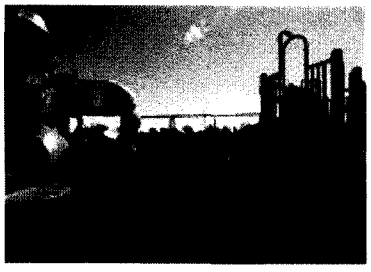
Detroit Recreation Department Strategic Master Plan



The DRD views its parks as economic assets. At left, Patton Recreation Center.



PB created a database of all parks and recreation centers, Clark Park Ice Rink & Basketball Courts.



A system of prototype facilities was created. At left, Tolan Playfield.

Designing a city-specific system

A full investigation of the DRD's resources enabled PB to create a comprehensive database of all city-owned parks and recreation centers, listing their individual condition and capacity. These characteristics were then related to expected changes in land use, population, and shifts in residential/commercial space.

The team worked with the department to design a system of prototype parks and recreation centers, as well as operation, maintenance and programming standards that were tailored to Detroit's size and character. Features included environmentally friendly design, maintenance and programming that extend the life of facilities.

Project Manager Paul Morris says, "Parks are often perceived as a luxury. However, the availability of strategically placed and appropriately designed parks often informs people's decisions on how much they are willing to spend on a home and how long they will love in a neighborhood, making parks a defining influence on the quality of life and future economic vitality of a city."

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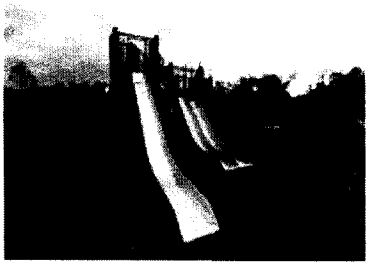
Detroit Recreation Department Strategic Master Plan

PB conducted extensive community outreach. At left, Riverside Promenade.

Each property was examined for its ability to meet the community's needs, Peterson Playground.



The firm's services included master planning. At left, Mallette Playground.

Getting the public's input

Throughout the planning process, the PB team combined extensive community and stakeholder outreach with a systematic analysis of 10 geographic investment areas, addressing socioeconomic and environmental influences that inform patterns of urban growth and change. In addition, each property was examined for its ability to meet the community and city's needs. PB's public involvement effort included face-to-face interaction such as community forums, as well as telephone surveys and questionnaires. This enabled the team to learn which facilities, programs, and attributes were important to area residents.

PB's services included:

- Master planning;
- Public involvement;
- Environmental, demographic and socioeconomic analyses; and
- Assessment of park and recreation facilities and equipment

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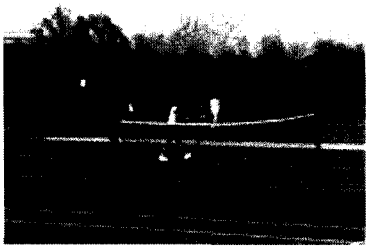
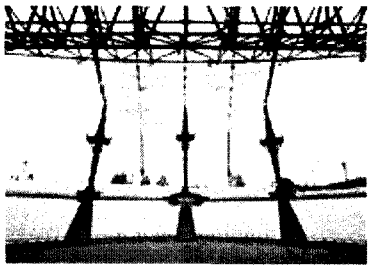
Detroit Recreation Department Strategic Master Plan



The plan ensures equitable distribution of recreation centers throughout the city.

Detroits future system will feature 220 parks. At left, Lasky Family Fun Center.



Capital improvements are scheduled over a 20-year period. At left, Chene Park Amphitheater.

Prioritizing and positioning resources

The PB plan ensures a proper, equitable distribution of park land and recreation centers throughout Detroit, while improving the DRD's overall service level by increasing the size and quality of its facilities. A repositioning strategy determines the appropriate location of new facilities based on accessibility and convenience, and identifies existing facilities that are inadequate and should be moved. The prioritization of capital improvements includes a phasing plan that schedules implementation over a 20-year period, with annual re-evaluations. All of these components will lead to a revamped, more sustainable and more accessible park and recreation system for the city.

"It is sensible and proactive for the city to realign and reposition its resources based on the present population and their needs without compromising the quality of services," says DRD General Manager Vincent Anwunah. "The strategic master plan will enable the city to invest its resources judiciously and carry out capital projects with highest priorities."

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