

At the January 8th meeting, the City Council directed staff to negotiate a new agreement with the Boys and Girls Clubs of Capistrano Valley that “addresses the comments expressed by the Council.” The Council further directed staff and the Boys and Girls Clubs to meet by the end of January. This City Manager’s Report is to provide an update on the status of those negotiations and the requested Council direction.

By way of background, the Boys and Girls Clubs has operated under an agreement to provide youth recreation programming at the Bell Tower since 2012. Cumulatively, the City has paid over \$1.2 million for these services and has provided the space at the Bell Tower at no charge – a combined total value close to \$2 million. The current agreement to provide youth recreation programs and services was set to expire on July 13, 2024. In reviewing the current agreement in April 2024, the City Council expressed significant concerns over decreased attendance, cost effectiveness of the programming, service and transportation offerings, and parity of RSM contributions compared to the city contributions at the other Boys and Girls Clubs’ locations. At that time, the City Council voted to provide a one-year extension to the current agreement at the existing rate of \$120,000 per year and continued no charge for the use of the facility. This extension also required the Boys and Girls Clubs to submit a six-month report to address all of the concerns expressed by Council, including the issue of parity among the three locations. The Boys and Girls Clubs agreed at the meeting and through execution of the extension to provide this report and the required information.

The Boys and Girls Clubs submitted its six-month report and requested a new three year agreement with a two-year extension. However, the six-month report did not include all of the requested information, particularly the cost and service comparisons with its other locations; therefore, staff was unable to provide a recommendation, and the Council was unable to evaluate the status of the issues previously identified. Despite the unwillingness of the Boys and Girls Clubs to provide such comparison data as agreed upon in the extension, the City Council voted to direct staff to negotiate a new agreement, but one that would address the comments and concerns expressed by Council. Again, the concerns identified and expressed by Council included average daily attendance, transportation offerings, number and percentage of attendees from outside of RSM, inequity of funding by both the Boys and Girls Clubs for its RSM location and the City, parity with the other cities contributing to the Boys and Girls Clubs locations, and overall cost of the program.

It should be noted that the City of San Juan Capistrano budgets \$105,000 per year, which had been \$75,000 until approximately 18 months ago, with an average daily attendance of 277. Aliso Viejo pays \$175,000 per year with an average daily attendance of 44. Dana Point contributes \$25,000 toward the Boys and Girls Clubs programming. Absent receiving the requested comparison information from the Boys and Girls Clubs, a simple averaging of all four cities’ contributions divided by the total Club average daily

attendance, yields an annual City contribution of \$1,004 per average daily attendee. At the current RSM daily attendance, this would suggest a potential RSM contribution of approximately \$85,000 per year.

City staff met with the Boys and Girls Clubs representatives on four occasions from late January to late February. For the most part, the meetings were quite positive. Conceptual discussions about the structure and cost of a new agreement were discussed at these meetings. Such discussions included varying lengths of contract term and the City's goal of a lower cost and contribution to achieve closer parity with other cities. The Boys and Girls Clubs expressed concern over their increasing programmatic and staffing costs and also a desire to grow the program, which included a discussion on the possibility of alternative sites. Again, the meetings were quite positive.

During our meeting on February 27th, the City made an initial offer of a two year agreement at \$100,000 per year, plus \$100,000 toward relocation to another space along with City assistance in identifying a suitable location within the City. This was a total of \$300,000 under a new agreement with future City operational funding subject to the City's annual budget process. This initial offer of \$100,000 per year is 18% higher than the averaged city contribution per average daily attendee within the entire Boys and Girls Clubs of Capistrano Valley program. This initial offer was made with the clear understanding that each of the three elements – term, operating contribution by the City, and relocation assistance – were subject to negotiation. The City's negotiating team also invited the Boys and Girls Clubs representatives to provide an estimated relocation funding amount given the market research for alternative commercial space that the Boys and Girls Clubs had said they had performed.

The Boys and Girls Clubs rejected the initial offer and did not make a counter offer. Instead, the Boys and Girls Clubs responded that they would terminate services at the end of the agreement extension, July 13, 2025, but requested one additional month to finish out the summer program. The City reiterated at that time that the terms of the initial offer were open for negotiation and that staff had some room to negotiate those terms. The Boys and Girls Clubs representatives were further asked if they would consider a two- to three-year agreement at the current rate (\$120,000 per year), which they also declined. Staff indicated at that time that the City would willingly accommodate their request for a one month extension to finish out the summer program.

In conclusion, the City and the Boys and Girls Clubs of Capistrano Valley were unable to successfully negotiate a new agreement for youth recreation services at the Bell Tower. Negotiations and discussions were cut off by the Boys and Girls Clubs, including the suggestion of a status quo offer. It is our understanding that they have notified their members and the broader community that they will be ceasing services at the Bell Tower in August and vacating the Bell Tower by August 13th. The City's Community Services

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Department is developing alternative plans to provide some type of active recreation programming in the space, which may accommodate a variety of users and uses, including youth. This plan will be presented for council consideration during the budget development process. No further action is required by the City Council regarding this Agreement, which will expire in July with a one-month extension to August 13th.