

CV STARR ENTERPRISE FUND

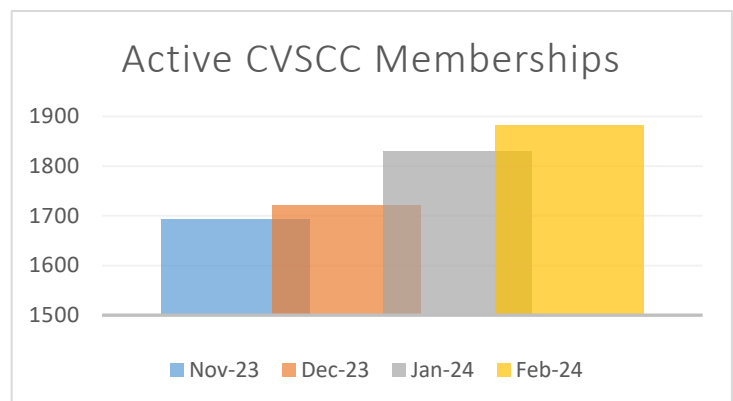
The C.V. Starr Community Center and Sigrid & Harry Spath Aquatic Facility (C.V. Starr Center) represent a comprehensive 43,000-square-foot establishment. This multifaceted facility features an indoor water park, fitness and exercise rooms, weight rooms, and meeting spaces available for community use. The surrounding grounds complement the Center's offerings with amenities such as a dog park, Skateboard Park, and petanque courts. Ownership of the C.V. Starr Center lies with the City, and its operational, maintenance, and capital improvement costs are partially mitigated through restricted sales tax and property tax revenues. These dedicated funds are specifically allocated to the C.V. Starr Enterprise Fund, ensuring a financial framework to support the ongoing success of the facility.

The city has engaged in a contractual arrangement with the Mendocino Coast Recreation and Parks District (MCRPD) for the day-to-day operation and maintenance of the C.V. Starr Center. However, a significant development occurred in August 2023 when the MCRPD Board issued notice to terminate the operating agreement. The MCRPD allowed for a 6-month transition to facilitate a smooth transition. In response to this change, the CV Starr Ad-Hoc Committee, in collaboration with City Staff, has diligently formulated a comprehensive plan. The C.V. Starr Center has transitioned into City operations in February 2024. This strategic plan ensures the continued provision of services and facilities to the community, aligning with the City's commitment to its residents' well-being and recreational needs.

CV STARR ENTERPRISE											
	Audited FY 2021/22 Actuals	Audited FY 2022/23 Actuals	Adopted Budget	Approved Net Budget Amendments	Amended Budget	Pro Rated Budget as of 12/31/2022	YTD Actual 12/31/2023	Mid-Year Variance %	Variance Budget vs. Actual	Estimated Year End	Forecast Surplus/ (Shortfall)
Operating Revenue		\$ 599,048	\$ 596,248	\$ -	\$ 596,248	\$ 298,124	\$ 363,373	61%	\$ 65,249	\$ 626,746	30,497
Sales Tax	1,211,340	1,175,441	1,199,769	-	1,199,769	599,885	616,476	51%	16,591	1,199,769	-
Property Tax	268,596	305,258	283,127	-	283,127	141,563	167,899	59%	26,336	283,127	-
Other Income	982,537	111,910	40,000	-	40,000	20,000	2,457	6%	(17,543)	40,000	-
Total Revenue	2,462,473	2,191,657	2,119,144	-	2,119,144	1,059,572	1,150,205	54%	90,633	2,149,642	30,497
Personnel Costs	826,436	1,168,544	1,439,777	-	1,439,777	719,888	646,116	45%	(73,773)	1,312,850	126,927
Operations	267,253	358,038	172,411	-	172,411	86,206	60,616	35%	(25,590)	155,231	17,180
Repairs & maintenance	5,451	46,441	60,000	7,247	67,247	33,624	25,514	38%	(8,109)	55,000	12,247
Utilities	321,693	365,941	350,000	-	350,000	175,000	187,367	54%	12,367	350,000	-
Professional Services	19,900	56,986	35,419	15,000	50,419	25,210	29,825	59%	4,616	67,500	(17,081)
Insurance	-	60,229	30,208	-	30,208	15,104	13,895	46%	(1,209)	30,208	-
Depreciation **	-	650,590	-	-	-	-	-	0%	-	-	-
Total Expenditures	1,440,733	2,706,769	2,087,814	22,247	2,110,061	1,055,031	963,333	46%	(91,698)	1,970,788	139,273
Net Revenue/(Expense)	\$ 1,021,740	\$ (515,112)	\$ 31,330	\$ (22,247)	\$ 9,083	\$ 4,542	\$ 186,872	2057%	\$ 182,331	\$ 178,854	169,770
Capital Improvements	-	5,996	1,678,226	306,176	1,992,402	996,201	166,679	8%	(829,522)	405,982	1,586,420

Revenue from general admissions includes fees collected from drop-in visits, membership sales, and other admissions. The Center faced closures during the COVID-19 pandemic, affecting membership sign-ups and drop-in visits. Safety measures such as continued mask usage (except in the pool area), closure of showers to minimize unmasked time, and capacity restrictions during Open Swim and Swim Slide Splash sessions contributed to this revenue shortfall.

Despite these challenges, membership revenue and general admissions have rebounded, reaching 61% by the end of the second quarter since reopening. Additionally, rate increases approved by the City Council in the second quarter, effective January 2024, are expected to generate an estimated \$90k in additional revenue. It is gratifying to note that our sales tax figures are in line



with quarterly budget projections, indicating that we are on track to meet our overall budget expectations of \$1.2 million.

Property tax funds are typically received in the third quarter of the fiscal year, aligning with our budget planning and contributing to the overall financial well-being of the Center.

Cost cutting Measures

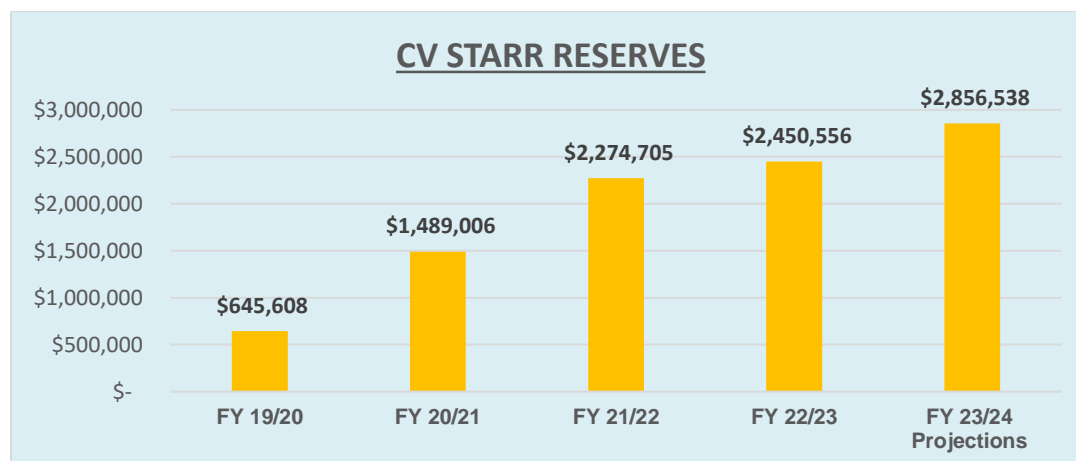
Since assuming management of the Center, the City of Fort Bragg has embarked on several cost-saving initiatives to enhance operational efficiency and drive membership growth. A significant step was the consolidation of fitness class offerings from 70 to 27, ensuring a more financially sustainable program.

Additionally, fitness instructors—excluding those certified in Silver Sneakers—have transitioned from employee status to independent contractors. This move aims to uphold instructional quality while enhancing cost-effectiveness. Plans are in progress to expand class offerings under this revised model.

To further streamline operations, staffing needs were meticulously evaluated across departments, resulting in certain positions transitioning to part-time roles or remaining vacant in Guest Services and Administration. Moreover, due to staffing shortages, the Center temporarily suspended operations on Sundays, yielding personnel cost savings equivalent to 45% of the personnel budget at mid-year.

Efforts are underway to recruit lifeguards to fill at least five vacant part-time positions, ensuring seamless operations seven days a week, including holidays, and upholding safety standards. In July 2024, eleven full-time employees will begin receiving City benefits (Dental, Medical, Vision, and CalPERS), with these costs factored into the Fiscal Year 2025 budget development.

A mid-year budget amendment of \$24,851 is proposed for IT network upgrades, focusing on monitoring and security, as well as a new Wi-Fi system at the Center. These expenses will be offset by savings in other expense categories such as Operations and Repairs and Maintenance, which are anticipated to end the fiscal year under budget due to cost-saving measures. As we progress through the fiscal year, we remain committed to prudent financial management, ensuring that our budget allocations align with our operational needs and strategic goals.



The CV Starr reserves are expected to reach \$2,856,538 by the end of the fiscal year, reflecting a notable increase of \$405,982. However, the Center has allocated \$2.6 million for Capital Improvement Program (CIP) projects over the next four years, which is anticipated to deplete the reserves. In response, the City is proactively pursuing grants to mitigate these expenses and alleviate the financial burden on the CV Starr reserves.