

FY 2016-2017 Mid-Year Budget Report

Overview

The C. V. Starr Community Center (CVSCC or Center) FY 2016-2017 Midyear Budget Report is prepared for the Fort Bragg City Council and Mendocino Coast Recreation & Park District (MCRPD) Board in accordance with the operating agreement between the two associated entities. This report reflects the CVSCC’s financial activity during the first two quarters of the FY2016-2017 and includes the projections of the budget with anticipation of activity during the last two quarters of the fiscal year.

Operating revenues are estimated to end the year \$27,889 above budget projections and operating expenses are estimated to end the year under budget by \$4,424.

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Description	FY 16/17 Adopted Budget	FY 16/17 Midyear Proposed Budget Amendments	Variance = E - B	% = E / B
Operating Revenue			favorable (unfavorable)	
General Admission	\$ 568,400	\$ 602,000	\$ 33,600	105.9%
Discounts	(22,600)	(15,441)	7,159	68.3%
Rentals	51,300	51,300	-	100.0%
Registration	64,400	50,830	(13,570)	78.9%
Merchandise	6,900	7,600	700	110.1%
Miscellaneous	3,800	3,800	-	100.0%
Total Revenue	<u>672,200</u>	<u>700,089</u>	<u>27,889</u>	<u>104.1%</u>
Operating Expense			(favorable) unfavorable	
Wages and Benefits	945,085	925,860	(19,225)	98.0%
Utilities	241,400	231,403	(9,997)	95.9%
Outreach	32,550	28,950	(3,600)	88.9%
Maintenance	113,828	133,511	19,683	117.3%
Operations	186,174	194,889	8,715	104.7%
Other Expenses	31,741	31,741	-	100.0%
Total Operating Expense	<u>1,550,778</u>	<u>1,546,354</u>	<u>(4,424)</u>	<u>99.7%</u>
Other Income/Expenses				
Web Design	12,000	12,000	-	100.0%
Classification/Comp. Plan	3,288	7,317	4,029	222.5%
Total Other Income/Expense	<u>15,288</u>	<u>19,317</u>	<u>4,029</u>	<u>126.4%</u>
COFB Loan Principle Payment	61,821	62,098	277	100.4%
COFB Energy Loan Princ. Pmt.	21,360	21,360	-	100.0%
Total Expenses	<u>1,649,247</u>	<u>1,649,129</u>	<u>(118)</u>	<u>100.0%</u>
Net Revenue (Expense)	(977,047)	(949,040)	28,007	97.1%
Enterprise Fund Allocation for Operations	<u>977,047</u>	<u>949,040</u>	<u>(28,007)</u>	<u>97.1%</u>
Net Operating Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Description	FY 16/17 Adopted Budget	FY 16/17 Midyear Proposed Budget Amendments	Variance = E - B favorable (unfavorable)
Capital Improvements			
Floor Drains	110,000	163,795	(53,795)
Total Facility Improvements	<u>110,000</u>	<u>163,795</u>	<u>(53,795)</u>
Enterprise Fund Allocation for Facility Improvements	<u>(110,000)</u>	<u>(163,795)</u>	<u>(53,795)</u>
Net Capital Improvements	<u>-</u>	<u>-</u>	
Enterprise Fund			
Beginning Avail. Net Assets	558,817	558,817	-
Sales Tax Revenue	890,715	890,715	-
Property Tax Revenue	238,000	238,000	-
Other Revenue	2,321	2,321	-
Total Allocation	<u>(1,087,047)</u>	<u>(1,112,835)</u>	<u>(25,788)</u>
Net Assets	<u>602,806</u>	<u>577,018</u>	<u>(25,788)</u>
Operating Reserve	\$ 286,403	\$ 273,509	(12,894)
Capital Repair & Equip Reserve	\$ 286,403	\$ 273,509	(12,894)
Facility Improvement Reserve	30,000	30,000	-
Net Assets	<u>602,806</u>	<u>577,018</u>	<u>(25,788)</u>

Operating Revenues and Proposed Adjustments

Revenue generated from operating the Center is collected through general admissions, facility rentals, program registration, sale of merchandise, and miscellaneous sources. It is estimated revenue collections through the end of FY 16/17 will exceed the approved budget amount of \$672,200 by \$27,889 for total revenue collections of \$700,089.

General Admission

General admission revenue consists of user fees collected through drop-in visits, the sale of memberships and other admissions. General admission revenues for the FY 16/17 budget was approved at \$568,400. End of year general admission revenue projections are expected to increase by \$33,600 to \$602,000 total, per the current trends of the first half of the year and the steadily rising number Silver Sneakers Memberships.

Discounts

Revenue discounts account for promotions, financial assistance and the employee membership benefit. FY 16/17, discounts were budgeted at (\$22,600). End of year estimates project discounts in the amount of \$7,159 lower than the budget amount for a total discount line item of (\$15,441). The lower estimate for discounts is due to absence of an approved financial assistance program, and reduced employee membership use.

The proposed adjustment for discounts includes free swim passes to complement the 2nd Grade Swim Lesson program. It is being requested that each student who completes the program will receive a single day youth drop-in pass to encourage a return visit to the Center.

Rentals

Rental revenue is collected for private rentals of facilities, such as birthday party room rentals or pool rentals by swim teams. Rental revenue for FY 16/17 was approved at \$51,300. It is expected for this line item to remain the same as budgeted.

Registration

Registration revenue is collected for registered activities, such as enrichment programs or swimming lessons. Registration revenues for FY 16/17 were budgeted at \$64,400. End of year estimates project this line item to come in \$13,570 under budget for a total of \$50,830 registration revenue for the year. This is due to lack of sign-ups for enrichment programs as well as lack of reliable staff to implement programs.

Merchandise

Merchandise revenue is collected for the sale of retail items or extra staff uniforms. Merchandise revenues for the FY 16/17 budget were approved in the amount of \$6,900. End of year projections suggest this number will exceed the budgeted amount by \$700 for a total of \$7,600. This is attributed to increased sales of swim gear and towels.

Miscellaneous

Miscellaneous revenue includes items such as vending machine commissions and other revenue that does not fall into any of the previous categories. Miscellaneous revenues for the FY 16/17 budget were approved in the amount of \$3,800. End of year estimates projections indicate this number will remain the same.

Operating Expenditures and Proposed Adjustments

Operating expenditures are costs directly related to the operation of the Center. Operating expenditures for the FY 16/17 budget were approved in the amount of \$1,550,778. The anticipated end of year projections for this line item is expected to be \$4,424 less than budgeted for a total of \$1,546,354.

Wages and Benefits

Wages and benefits account for the monetary compensation paid to employees, healthcare benefits, workers compensation insurance, state unemployment insurance, state employment training tax, federal insurance contribution act tax (FICA), and federal Medicare tax. The FY 16/17 wages and benefits were approved at \$945,085, and the line item is expected to end the year \$19,225 under budget in wage and benefit expense for an estimated total of \$925,860.

The following proposed adjustments for wages and benefits include job classification and rate changes for select positions highlighted in the Koff & Associates Classification and Compensation Study as well as internal staffing proposals:

- *Administrative Assistant classification change to Administrative Technician*
- *Administrative Technician wage bracket adjustment from the Administrative Assistant rate of \$13.00-\$15.00/hour to Administrative Technician \$16.29-\$19.79/hour in accordance with the Koff study.*
- *Custodial/Maintenance Worker II wage bracket adjustment from \$11.00-\$13.00/hour to \$14.39-\$17.50 in accordance with the Koff study*
- *Implementation of Senior Guest Services Representative job classification with a proposed rate of \$13.04-\$15.85/hour in accordance with the Koff study.*
- *Lifeguard rate adjustment from \$10.50-\$12.00 to \$10.97-\$13.33 in accordance with the Koff study.*

Utilities

Utilities include propane, electricity, water, and sewer service. The FY 16/17 budget amount for utility expense was approved at \$241,400 and it is anticipated this expense will end the year at \$9,997 less than budgeted for a total of \$231,403. This savings is due to an increase in energy efficiency within the facility.

Outreach

Outreach expenditures are for the marketing of the Center, such as advertisements in local publications and brochure production. The approved outreach expense for FY 16/17 was \$32,550 and end of year projections for this line item will be \$3,600 less than expected for a total of \$28,950. This is due to not accounting for the cost allocation of brochure design and printing paid by MCRPD in the original FY 16/17 budget.

Maintenance

Maintenance includes pool chemicals, repair parts, grounds keeping, tools and other maintenance related supplies and services. The approved maintenance expense for FY 16/17 was approved at \$113,828 and end of year estimates for this line item are expected to come in over budget by \$19,683 for a total of \$133,511.

This proposed amount significantly increased from the approved FY 16/17 budget due to the aging nature of the building and costs associated with repairs and preventative maintenance. Projects included in the proposed amendment include plans for interior and exterior concrete repair as well as electrical system updates.

Operations

Operations account for attorney services, auditor services, bank fees, communications, janitorial supplies, insurance, interest expenses, laundry service, office supplies, permits, postage/shipping, program supplies, recruitment, training and uniforms. Operation expenses for FY 16/17 are expected to come in \$8,715 higher than budgeted for a total of \$194,889.

The proposed amount is significantly higher than projected due to multiple in-house improvement projects such as a phone system upgrade and facility sign upgrade.

Other Expenses

Other expenses include interest payments, property tax administration, LAFCO, MCRPD administration and COFB administration. For FY 16/17 other expenses are projected to be the same as anticipated in the approved FY 16/17 budget totaling \$31,741.

Other Income/Expense

Web Design: Hire web site consulting services to upgrade existing site with same as projected cost for FY16/17 \$12,000.

Classification/Compensation Study: The Koff Classification and Compensation study came in \$4,029 higher than budgeted, finishing at \$7,317 for the year and completion of project.

City of Fort Bragg Loan

The City of Fort Bragg provided a loan in the amount of \$244,604 to the C. V. Starr Community Center to help cover re-opening costs for the Center to open its doors on July 28th, 2012. In accordance with the City's established inter-fund loan policies, the C. V. Starr Center loan is structured with a .725% interest on a 5-year loan with payments made quarterly in the amount of \$15,525.

At the beginning of FY 16/17, the loan balance is scheduled to be \$ 61,821. In accordance with the loan amortization schedule, the proposed FY 16/17 principle payments on the loan are budgeted to be \$61,821. However, a slight increase of \$277 is expected to occur to complete the final loan payment, making the final amount for the year and completion of loan repayment \$62,098. The interest payments are budgeted to be \$ 281. The loan is anticipated to be paid off in full by June 30, 2017.

City of Fort Bragg Energy Loan

The City of Fort Bragg received a loan to complete energy efficiency improvements, including an amount of \$43,900 which was allocated to the C. V. Starr Community Center to install Variable Frequency Drives (VFDs) on two pool circulation pumps. This work was completed in 2013. In accordance with the loan amortization schedule, the proposed FY 16/17 principle payments on the loan are budgeted to be \$21,360 and the interest payments are budgeted to be \$1,349. The loan is anticipated to be paid off in full by June 30, 2018.

Capital Improvements

Floor Drains

Professional design services to correct floor drainage issues in the family changing area originally had a projected cost of \$110,000 for FY 16/17, but is now expected to increase to \$163,795 per bid of the project.

CVSCC Enterprise Fund

The City of Fort Bragg (City) maintains an “Enterprise Fund” to account for the activity related to the CVSCC. The Enterprise Fund is a set of self-balancing accounts to record the revenue and expense of CVSCC and maintain the activity of the CVSCC separate and apart from other City activities. The fund is named the C. V. Starr Center Enterprise Fund.

The CVSCC Enterprise Fund accounts for operations of the CVSCC, the receipt of the special half cent sales tax revenues received from the State Board of Equalization and property taxes received from the Mendocino County Tax Collector under the Property Tax Exchange Agreement between the City and MCRPD. All proceeds from the sales tax are dedicated to operation, maintenance, and capital improvements at the C. V. Starr Community Center in compliance with the Fort Bragg Municipal Code Chapter 3.11 (Ordinance No. 902, passed 03-06-2012). Pursuant to the Property Tax Exchange Agreement between the City and the MCRPD property tax revenues are to be used solely for parks and recreation purposes with the City (including CVSCC).

The approved FY 16/17 CVSCC budget was projected to end the year with a net asset balance of \$602,806. With the proposed FY 2016/17 mid-year adjustments, the CVSCC Enterprise Fund is projected to end the FY 16/17 \$25,788 less than budgeted for a total of \$577,018. This is due to the higher than anticipated cost of the Floor Drain Project, partially offset by the increase in projected Net Revenue.