April 19, 2017

Revised 5/30/17

C. V. STARR COMMUNITY CENTER

FY 2017-2018 Budget Report

The C. V. Starr Community Center (CVSCC or Center) FY 17/18 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 includes the CVSCC's projected financial activity for FY 16/17 and a proposed budget for FY 17/18.

The Center is operating in accordance with the approved FY 16/17 budget, as amended. Operating revenues are estimated to end the year $27,889 above budget projections and expenses are estimated to end the year under budget by $16,924.

The proposed FY 17/18 budget has been developed to provide for the continued operation of the Center with an emphasis on the following; preventative maintenance, janitorial, improving selected structural and mechanical features, program development and delivery, as well as, providing for superior customer service.

Variances from the previous year's budget are the result of an effort to provide revenue and expenditure projections with an even higher degree of accuracy utilizing accounting history actuals. In addition, management has led the budget development process forward this year using a team approach, which helps improve the operational vetting process while increasing financial accountability. Cost allocation is being utilized to maximize operational efficiency throughout the MCRPD agency and CVSCC.

Sections

Summary of Revenues and Expenditures

A	B	C	D	E	F	G
Description	FY 16/17 Approved Budget	FY 16/17 July-December Actuals + January-June Projection	Variance =C-B	FY 17/18 Proposed based on Actuals March 2016-February 2017	Variance =E-B	% =E/B
Operating Revenue			favorable (unfavorable)		favorable (unfavorable)	
General Admission	$ 568,400	$ 602,000	$ 33,600	$ 599,158	$ 30,758	105.4%
Discounts	(22,600)	(15,441)	7,159	(19,065)	3,535	84.4%
Rentals	51,300	51,300	-	46,063	(5,237)	89.8%
Registration	64,400	50,830	(13,570)	59,679	(4,721)	92.7%
Merchandise	6,900	7,600	700	9,072	2,172	131.5%
Miscellaneous	3,800	3,800	-	4,741	941	124.8%
Total Revenue	672,200	700,089	27,889	699,648	27,448	104.1%
Operating Expense			favorable (unfavorable)		favorable (unfavorable)	
Wages and Benefits	945,085	925,860	19,225	1,063,621	(118,536)	112.5%
Utilities	241,400	231,403	9,997	238,996	2,404	99.0%
Outreach	32,550	28,950	3,600	34,060	(1,510)	104.6%
Maintenance	113,828	133,511	(19,683)	131,142	(17,314)	115.2%
Operations	186,174	182,389	3,785	208,059	(21,885)	111.8%
Other Expenses	31,741	31,741	-	30,300	1,441	95.5%
Total Operating Expense	1,550,778	1,533,854	16,924	1,706,178	(155,400)	110.0%
Other Income/Expenses						
Prior Year Expenses						
Contrated Services	-	8,500	(8,500)	-	-	
Web Design	12,000	8,500	3,500	3,500	8,500	29.2%
Classification/Comp. Plan	3,288	7,317	(4,029)	-	3,288	0.0%
Total Other Income/Expense	15,288	24,317	(9,029)	3,500	11,788	22.9%
COFB Loan Principle Payment	61,821	60,327	1,494	-	61,821	0.0%
COFB Energy Loan Princ. Pmt.	21,360	21,360	-	22,540	(1,180)	105.5%
					-	
Total Expenses	1,649,247	1,639,858	9,389	1,732,218	(82,971)	105.0%
					-	
Net Revenue (Expense)	(977,047)	(939,769)	37,278	(1,032,570)	(55,523)	105.7%
					-	
Enterprise Fund Allocation for Operations	977,047	939,769	(37,278)	1,032,570	55,523	105.7%
Net Operating Income	$ -	$ -	$ -	$ -	$ -	

A	B	C	D
Description	FY 16/17 Approved Budget	FY 16/17 Projection	FY 17/18 Proposed
Capital Improvements			
Floor Drains	163,795	107,100	56,695
Leisure Pool Boiler		18,500	-
Competition Pool Boiler	-	19,900	-
Hydronic Boiler	-	-	16,000
Wattstopper	-	-	21,000
Spin Room Lighting	-	-	3,000
Sign Project	-	-	6,500
Fitness Room Equipment	-	-	21,000
Total Facility Improvements	163,795	145,500	124,195
Enterprise Fund Allocation for Facility Improvements	(163,795)	(145,500)	(124,195)
Net Capital Improvements	$ -	$ -	$ -
Enterprise Fund			
Beginning Avail. Net Assets	558,817	622,651	617,603
Sales Tax Revenue	890,817	847,900	881,100
Property Tax Revenue	238,000	230,000	236,900
Other Revenue	2,321	2,321	-
Total Allocation	(1,087,047)	(1,085,269)	(1,156,765)
Net Assets	$ 602,908	$ 617,603	$ 578,838
Operating Reserve	286,454	293,802	274,419
Capital Repair & Equip Reserve	286,454	293,802	274,419
Facility Improvement Reserve	30,000	30,000	30,000
Net Assets	602,908	$ 617,603	$ 578,838

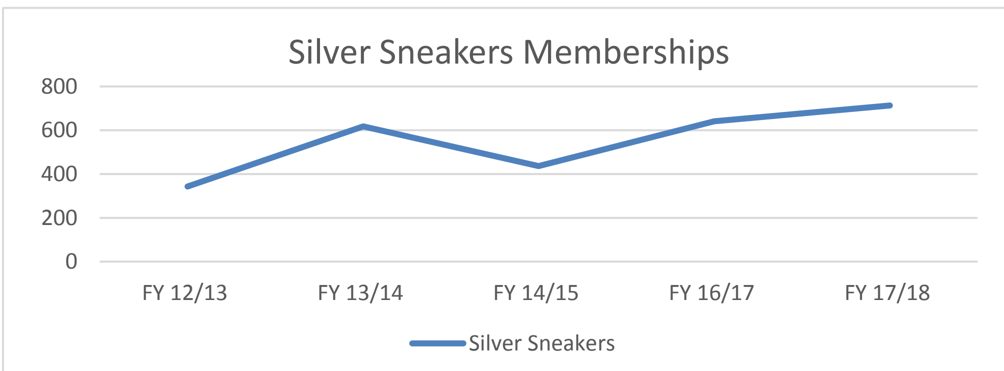
Operating Revenues

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. Proposed revenue projections for FY 17/18, have been increased by $27,448 an amount of $699,648. This increased projection is based on a more aggressive marketing plan, merchandising, and improved staff recruitment and retention efforts.

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 be $33,600 higher than the budget amount for total general admission revenues of $602,000.

A significant portion of the increase in admission revenue can be attributed to a continued increase in admissions and success with the Silver Sneakers Program. The average monthly revenue for the program is $4,000.



The proposed amount for the FY 17/18 general admission revenue budget is being increased by $30,758 to an amount of $599,158. This adjustment is based on providing the same level of service and recent revenue trends.

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 a delay in the implementation of a financial assistance program, and reduced employee membership use. ($19,065) in discounts have been proposed for the FY 17/18 budget. This is a $3,535 decrease from the previous year's budget. This reduction will more accurately reflect the impact of employee membership benefits and yet still provide for a high level of selective promotional opportunities and provide financial assistance. This amount also includes free swim passes for 2nd graders who complete the 2nd grade learn to swim program administered by MCRPD.

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 and is expected for this line item to remain the same. The proposed amount for the FY 17/18 Rental Revenue line item is $46,063 and is ($5,237) lower than what was budgeted the previous fiscal year. This is mainly a result of two local swim teams merging into one, as well as Multi-purpose rooms being used free of charge for election purposes and free enrichment classes.

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 to be less than the approved budget by ($13,570) for a total of $50,830. The proposed FY 17/18 budget amount for registration revenue is $59,679 and is based on the FY 16/17 actual budget. The proposed decrease is $4,721 less than the previous fiscal year. The decrease can be attributed to under staffing of lifeguards and to upper level staff working as lifeguards to cover the short fall, which in turn impedes program development.

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. The proposed FY 17/18 budget amount of $9,072 for merchandise revenue exceeds the previous year's budget by $2,172 and more accurately reflect the upward trend for merchandise.

Miscellaneous

Miscellaneous revenue includes items such as vending machine commission 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. Year-end projections indicate this number will remain the same. The proposed FY 17/18 budget amount of $4,741 for miscellaneous revenue is increased by $941 over the previous year's budget.

Operating Expenditures

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. The favorable decrease in operating expenditures is a result of energy efficiency upgrades and unfilled positions. The proposed amount for the FY 17/18 budget for operating expenses is $1,706,178 which is an increase of $155,400 from the previous year. This adjustment is based on increased outreach (marketing), maintenance, operations, proposed wages/benefit and other expenses.

Wages and Benefits

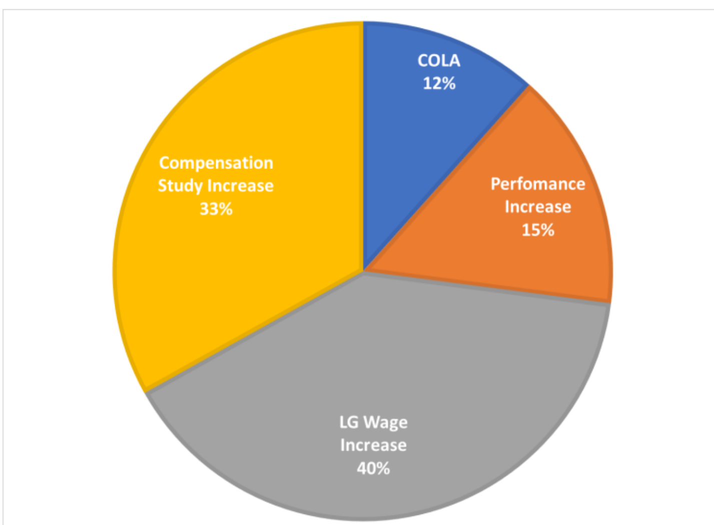
Wages and benefits account for the monetary compensation paid to employees, healthcare benefits, workers compensation insurance, state unemployment insurance, state employment training tax, federal insurance contribution act tax (FICA), and federal Medicare tax. The FY 16/17 wages and benefits were approved at $945,085 and are expected to end the year $19,225 under budget, for an estimated total of $925,860. This savings is a mainly a result of unfilled positions, as well as employees opting out of the insurance program.

For the past year, the CVSCC has experienced staff shortages. The highest shortage is in the aquatics department, specifically the Lifeguard positions. The optimal level of lifeguards, when fully staffed, is approximately 25. The present staff consist of 14 lifeguards. To be a competitive employer, a comparison has identified lifeguard wages are below standards. Lifeguards wages needs to be adjusted to surpass the minimum wage due to the skilled nature and level of responsibility. The increased staff is also needed to accommodate our fast-growing Silver Sneaker's population.

Other key positions were also identified during the compensation classification study requiring wage adjustments.

The proposed amount for the FY 17/18 budget for wages and benefits is ($118,536) more than the previous year's budget for a total of $1,063,621. The proposed budget number considers the following:

- Cost of living increase July 1, 2017; (1.5% of wages) *approx. $13,930*
- Performance based period increases; (2.0% of wages) *approx. $18,510*
- Compensation and Classification Study Wage adjustments; *approx. $39,040*
- Recognized need for Lifeguard pay scale adjustment; *approx. $47,060*
- Compliance with California minimum wage increases.
- Competitive employee recruitment and increasing employee retention.



Utilities

Utilities include propane, electricity, water, and sewer service. The FY 16/17 budget amount for utility expense was approved at $241,400. This expense is anticipated end the year $9,997 less than budgeted for a total of $231,403. This savings is due to energy efficiency upgrades and improved facility management. The proposed amount for the FY 17/18 budget for utility expense is $238,996 and is $2,404 less than the previous year budget. The proposed budget number is based on utility usage history, trending utility costs and cost allocation to MCRPD. Staff has been working diligently to find the best sources for competitive utility services and pricing. In addition, there are plans to improve lighting efficiency and obtain higher quality equipment to reduce use and decrease negative environmental impacts.

Outreach

Outreach expenditures are for the marketing of the Center, such as advertisements in local publications brochure production, and community sponsorships. 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. The proposed amount for the FY 17/18 outreach expense is $34,060 and is ($1,510) higher than what was approved during this last fiscal year. This supports increased costs related to newspaper/publication advertising, brochure production, online presence and a more aggressive marketing strategy. The new website it is expected to bolster online presence, ease patron navigation and enable e-commerce payment functionality.

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 are expected to be over budget by ($19,683) for a total of $133,511. Expenses are higher than anticipated due to repairs of existing mechanical systems. The proposed amount for the FY 17/18 maintenance expense is $131,142, which is ($17,314) more than the previous year.

Operations

Operations account for attorney services, engineering 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 be $3,785 lower than budgeted for a total of $182,389. This is due to replacing facility's phone system and other in-house improvements. The proposed amount for the FY 17/18 operations expense is $21,885 higher than the previous year for a total of $208,059.

Other Expenses

Other expenses include interest payments, property tax administration, LAFCO, MCRPD administration and COFB administration. For FY 16/17, the line item identified as other expenses are projected to remain at the approved budget amount of $31,741. The proposed for the FY 17/18 budget other expenses line item is ($1,441) lower than the previous year for a total of $30,300. This decrease will accommodate adjustments to costs associated with those listed above.

Other Income/Expenses Prior Year

Web Design

Funding for the merger of the CV Starr and MCRPD web sites was approved in the FY 17/18 budget in the amount of $12,000. Because of challenges associated with vendor contract negotiation, the procurement process was delayed from the initial start of December 2016 to May 2017. The project is now scheduled to begin the week of May 1, 2017 and is expected to be completed by September 1, 2017. The anticipated project expenses for the FY 16/17 is $ 8,500 leaving a project balance of $3,500 to be carried into FY 17/18.

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 17/18 principle payments on the loan are budgeted to be $22,540. The loan is anticipated to be paid off in full by June 30, 2018.

Capital Improvements

Floor Drains

Funding for the floor drain project was approved in FY 17/18 in the amount of $110,000. Through a competitive bid process, the City of Fort Bragg received and accepted one bid in the amount of $163, 795. The difference of $53,795 was approved for the project during the FY 16/17 mid-year budget adjustment process. The project is expected to begin the week of May 1, 2017 and receive final inspection during the week of July 12, 2017. The anticipated project expenses for the FY 16/17 is $107,100, leaving a project balance of $53, 900 to be carried into FY 17/18.

Hydronic Boiler

The domestic boiler for the facility has reached the end of its dependable life expectancy and will need to be replaced for an estimated $16,000. This would also include a reset of the controller and associated pump

Wattstopper

The existing wattstopper unit serves as a master lighting control for the entire facility. Our current wattstopper is nearing the end of its dependable life expectancy and needs to be replaced for an expense of $21,000.

Spin Room Lighting

For customer retention and satisfaction, room darkening shades need to be installed in the spin class room. This expense is estimated to be $3,000. Presently there are no shades to make the spin room dark for classes. The installation of room darkening shades would increase the class popularity and make the patron experience more enjoyable.

Sign Project

Funding was approved during the FY 16/17 mid-year budget process in the amount of $4,000 for design services for a comprehensive facility signage plan, also the development and installation of the resulting temporary signage plan. Funding is requested in FY 17/18 to develop and install the permanent signage plan in the amount of $6,500. Presently the signage used is not uniform throughout the facility and makes a cluttered, unprofessional appearance. In addition, the permanent signs are out of date.

Fitness Room Equipment

MCRPD staff has been working with several fitness industry experts to help us analyze our inventory of fitness equipment and consider growing trends within the industry for developing a comprehensive fitness equipment replacement and upgrade plan. The primary emphasis this year is for the replacement of (6) cardio units. This equipment can be replaced and upgraded for an estimated value of $21,000.

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 MCPRD property tax revenues are to be used solely for parks and recreation purposes with the City (including CVSCC).

For FY 16/17 the CVSCC Enterprise Fund is projected to end the year with a net asset balance of $617,603. Given the proposed FY 17/18 operating budget and estimated tax revenue, the CVSCC Enterprise Fund is projected to end the year with a net asset balance of $578,838.