

# FY 2017-2018 Mid-Year Budget Report

C. V. STARR COMMUNITY CENTER

## Overview

The C. V. Starr Community Center (CVSCC or Center) FY 2017-2018 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 FY2017-2018 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 at \$687,254 which is \$1,286 under the approved budget. Operating expenses are estimated to end the year under budget by \$4,349.



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**CVSCC FY17/18 Midyear Budget Summary**

A	B	C	D	E	F	G	I	H
Description	FY 16/17 Adopted Budget	FY 16/17 Revised Budget	FY 16/17 Audited Results	FY 17/18 Adopted Budget	Actuals as of 12/31/17	FY 17/18 Projections	Variance	% F/G
Operating Revenue							favorable (unfavorable)	
General Admission	\$ 568,400	\$ 575,136	\$ 591,777	\$ 589,000	\$ 301,236	\$ 588,400	\$ (600)	51%
Discounts	(22,600)	(15,441)	(14,405)	(18,880)	(8,290)	(20,510)	(1630)	40%
Rentals	51,300	45,471	52,815	48,670	24,321	48,670	0	50%
Registration	64,400	52,798	57,073	56,300	31,402	57,300	1000	55%
Merchandise	6,900	7,628	8,020	8,550	3,996	8,453	(97)	47%
Miscellaneous	3,800	3,800	6,386	4,900	2,382	4,941	41	48%
Total Revenue	672,200	669,392	701,665	688,540	355,046	687,254	(1,286)	52%
Operating Expense								
Wages and Benefits	945,085	925,860	952,744	1,063,621	457,664	1,063,621	-	43%
Utilities	241,400	231,403	254,094	238,996	116,389	238,496	500	49%
Outreach	32,550	28,950	27,017	34,060	13,470	34,122	(62)	39%
Maintenance	113,828	133,511	160,140	131,142	34,893	133,396	(2,254)	26%
Operations	186,174	190,889	154,824	208,059	125,658	207,794	265	60%
Other Expenses	31,741	31,741	35,687	30,300	12,200	24,400	5,900	50%
Total Operating Expense	1,550,778	1,542,354	1,584,506	1,706,178	760,273	1,701,829	4,349	45%
Non-Operating Revenue/Expenses								
Web Design	12,000	8,500	4,367	3,500	3,500	7,259	(3,759)	48%
Classification/Comp. Plan	3,288	7,317	7,317	-	-	-	-	0%
Total Non-Operating Revenue/Expenses	15,288	15,817	11,684	3,500	3,500	7,259	(3,759)	48%
COFB Loan Principle Payment	61,821	60,327	61,821	-	-	-	-	0%
COFB Energy Loan Princ. Pmt.	21,360	21,360	21,360	22,540	22,540	22,540	-	100%
Total Expenses	1,649,247	1,639,858	1,679,371	1,732,218	786,313	1,731,628	590	45%
Net Revenue (Expense)	(977,047)	(970,466)	(977,706)	(1,043,678)	(431,267)	(1,044,374)	696	41%
Enterprise Fund Allocation for Operations	977,047	970,466	977,706	1,043,678	431,267	1,044,374	(696)	41%
Net Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

A	B	C	D	E	F	G	H
Description	FY 16/17 Adopted Budget	FY 16/17 Revised Budget	FY 16/17 Audited Results	FY 17/18 Adopted Budget	Actuals as of 12/31/17	FY 17/18 Projections	Variance
Capital Improvements							favorable (unfavorable)
Leisure Pool Boiler	-	18,500	18,500	-	-	-	-
Competition Pool Boiler	-	19,900	19,900	-	-	-	-
Hydronic Boiler	-	-	-	16,000	18,000	18,000	(2,000)
Wattstopper	-	-	-	21,000	-	21,000	-
Spin Room Lighting	-	-	-	3,000	-	3,000	-
Sign Project	-	-	-	6,500	-	6,500	-
Fitness Room Equipment	-	-	-	21,000	22,086	22,086	(1,086)
Total Facility Improvements	-	38,400	38,400	67,500	40,086	70,586	(3,086)
Enterprise Fund Allocation for Facility Improvements	-	(38,400)	(38,400)	(67,500)	(40,086)	(70,586)	3,086
Floor Drain Project	110,000	107,100	113,661	56,695	48,707	48,707	7,988
Net Capital Improvements	(110,000)	(107,100)	(113,661)	(56,695)	(48,707)	(48,707)	(7,988)
Enterprise Fund							
Beginning Avail. Net Assets	578,560	622,651	586,906	586,906		579,225	(7,681)
Sales Tax Revenue	890,817	847,900	880,985	881,100		898,300	17,200
Property Tax Revenue	238,000	230,000	234,006	236,900		239,635	2,735
Other Revenue	2,321	2,321	7,095	2,321		4,500	2,179
Total Allocation	(977,047)	(1,008,866)	(1,016,106)	(1,111,178.35)		(1,114,960)	(3,782)
Enterprise Fund Direct Payments	(110,000)	(107,100)	(113,661)	(56,695)		(48,707)	7,988
Net Assets	622,651	586,906	579,225	539,354		557,993	18,639
Operating Reserve	\$ 296,326	\$ 278,453	\$ 409,965	\$ 419,843		\$ 433,055	13,212
Capital Repair & Equip Reserve	\$ 326,326	\$ 308,453	\$ 169,261	\$ 119,511		\$ 124,938	5,428
Net Assets	622,651	586,906	579,225	539,354		557,993	18,639

## **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. The revenue in the adopted budget is \$688,540. The proposed adjusted budget is \$687,254, which will end the FY 17/18 under budget by \$1,286.

### **General Admission**

General admission revenue consists of user fees collected through drop-in visits, the sale of memberships and other admissions. General admission revenue for the FY 17/18 budget was approved at \$589,000. End of year general admission revenue projections are \$588,400 which is a decrease of \$600.

### **Discounts**

Revenue discounts account for promotions, financial assistance and the employee membership benefit. FY 17/18, discounts were budgeted at (\$18,800). End of year estimates are projected to be (\$20,510) which is an increase of \$1,630. The higher estimate for discounts is due to increased employee membership use.

### **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 17/18 was approved at \$48,670. It is no anticipated changes for Rental revenue.

### **Registration**

Registration revenue is collected for registered activities, such as enrichment programs or swimming lessons. Registration revenues for FY 17/18 were budgeted at \$56,300. The end of year projection is \$57,300 which is a revenue increase of \$1,000. The increase is due to higher participation in enrichment programs.

### **Merchandise**

Merchandise revenue is collected for the sale of retail items or extra staff uniforms. Merchandise revenue for the FY 17/18 budget was approved in the amount of \$8,550. End of year projections suggest it will be \$8,453. This number is slightly decreased by the amount of \$97.

### **Miscellaneous**

Miscellaneous revenue includes items such as vending machine commissions and other revenue that does not fall into any of the previous categories. Miscellaneous revenue for the FY 17/18 budget are approved in the amount of \$4,900. End of year estimates projections indicate this number will remain on target.

## **Operating Expenditures and Proposed Adjustments**

Operating expenditures are costs directly related to the operation of the Center. Operating expenditures for the FY 17/18 budget were approved in the amount of \$1,706,178. The anticipated end of year projections for this line item is expected to be \$4,349 less than budgeted for a total of \$1,701,829.

### **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 17/18 wages and benefits were approved at \$1,063,621. There are no anticipated changes in this item.

### **Utilities**

Utilities include propane, electricity, water, and sewer service. The FY 17/18 budget amount for utility expense was approved at \$238,996 and it is anticipated this expense will end the year at \$500 less than budgeted for a total of \$238,496.

MCRPD staff has been working closely with energy efficiency representatives from PG&E to review the existing lighting inventory at the CVSCC, while exploring LED replacement alternatives and possible financing options.

The current proposal calls for a project cost of \$112,003 with rebates and incentives in the amount of \$6,915 for a net project cost of \$105,088. The annual projected energy savings is \$26,383 with a proposed payback period of 87 months. During the payback period, PG&E will use the energy savings to pay down the loan at a rate of \$14,446 per year, while providing CVSCC with an immediate projected annual savings of \$11,937. No cash transfers occur between CVSCC and PG&E. In addition, MCRPD will realize a savings in bulb and ballast replacement expense, (FY16/17 Actual \$1,284.79, FY17/18 YTD \$1,380.91) while substantially reducing associated maintenance time by an estimated 283 hours. At the end of the 87 month period, MCRPD will be eligible to receive the energy savings in full. PG&E's incentive program is subject to change and MCRPD believes we should move as quickly as possible to take advantage of both the current incentive program and the substantial savings in both utility and maintenance expense.

Approval of this project during the FY 17/18 mid-year budget adjustment process will enable MCRPD and COFB staff to begin the procurement process for the LED Lighting Project. It is expected for the benefits of this project to be realized during the FY18/19 fiscal cycle.

### **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 17/18 is \$34,060 and end of year projections are \$34,122 and increase of \$62.

## **Maintenance**

Maintenance includes pool chemicals, repair parts, grounds keeping, tools and other maintenance related supplies and services. The approved maintenance expense for FY 17/18 was approved at \$131,142. The end of year estimates is increased by \$2,254 for a total of \$133,396.

## **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 17/18 are expected to be \$265 under budget for a total of \$207,794.

## **Other Expenses**

Other expenses include interest payments, property tax administration, LAFCO, MCRPD administration and COFB administration. For FY 17/18 other expenses were approved in the amount of \$30,300. The end of year projection is \$24,400, which is decrease of \$5,900.

## **Other Income/Expense**

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**Web Design:** The web site consulting services were approved for FY 17/18 in the amount of \$3,500. The end of year projection is \$7,259. End of FY 16/17 was under budget by \$4,367. The 17/18 end of year projections are over budget in the amount of \$3,759. The net difference is under budget by \$608. This is due to the project starting later than anticipated.

### **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 are budgeted to be \$22,540. The loan is anticipated to be paid off in full by June 30, 2018.

## Capital Improvements

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### Floor Drains

Professional design services to complete the floor drainage issues in the family changing area were approved for FY 17/18 in the amount of \$56,695. The projected amount is \$48,707 which is a favorable change of \$7,988.

### Hydronic Boiler

The domestic boiler for the facility reached the end of its dependable life expectancy. The FY 17/18 approved budget for the replacement of this item is \$16,000. The actual cost for the items was \$18,000 which is \$2,000 over budget.

### 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 which is reflected in the approved FY 17/18 budget. This item has not been replaced yet, therefore no change at this time.

### Spin Room Lighting

For customer retention and satisfaction, room darkening shades need to be installed in the spin class room. The amount in the approved FY 17/18 budget is \$3,000. Shades have not been purchased yet, therefore no change.

### Sign Project

Funding was approved for FY 17/18 budget \$6,500 for design services for a comprehensive facility signage plan. The project designs have been received and are presently under review. There are no anticipated changes in this item for the remainder of the FY 17/18.

### Fitness Room Equipment

The Fitness Room Equipment budget for FY 17/18 was approved at \$21,000. The projected end of year amount is \$22,086 which is an increase of \$1,086.

## CVSCC Enterprise Fund

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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 17/18 CVSCC budget was projected to end the year with a net asset balance of \$539,354. With the proposed FY 17/18 mid-year adjustments, the CVSCC Enterprise Fund is projected to end the FY 17/18 \$18,639 less than budgeted for a total of \$557,993.