

FY 2018-2019 Budget Report

The C. V. Starr Community Center (CVSCC or Center) FY 2018/2019 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 financial activity for FY 2016/2017, projected activity for FY 2017/2018 and a proposed budget for FY 2018/2019.

The Center is operating in accordance with the approved FY 2017/2018 budget, as amended. The proposed FY 2018/2019 budget has been developed to provide for the continued operation of the Center with an emphasis on the following; capital improvement projects, preventative maintenance, improving security, program development, enhanced outreach, as well as providing for superior customer satisfaction.

Variances from the previous year's budget are the result of an effort to provide revenue and expense projections with an even higher degree of accuracy utilizing accounting history actuals. Budget development continues to be 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

Overview	1
Operating Revenues.....	3
Operating Expenses	4
Capital Improvements	5
CVSCC Enterprise Fund	5

Summary of Revenues and Expenditures

CVSCC FY18/19 Budget Summary

CVSCE FY16/17-19 Budget Summary									
	A	B	C	D	E	G	H	I	J
Description	FY 16/17 Adopted Budget	FY 16/17 Revised Budget	FY 16/17 Audited Results	FY 17/18 Adopted Budget	FY 17/18 Revised Budget	FY18/19 Proposed	Variance favorable (unfavorable)	% F/G	
Operating Revenue									
General Admission	\$ 568,400	\$ 575,136	\$ 591,777	\$ 589,000	\$ 588,400	\$ 578,800	\$ (9,600)	-2%	
Discounts	(22,600)	(15,441)	(14,405)	(18,880)	(20,510)	(20,800)	(290)	1%	
Rentals	51,300	45,471	52,815	48,670	48,670	56,600	7,930	16%	
Registration	64,400	52,798	57,073	56,300	57,300	63,500	6,200	11%	
Merchandise	6,900	7,628	8,020	8,550	8,453	7,500	(953)	-11%	
Miscellaneous	3,800	3,800	6,386	4,900	4,941	4,200	(741)	-15%	
Total Revenue	672,200	669,392	701,665	688,540	687,254	689,800	2,546	0%	
Operating Expense									
Wages and Benefits	945,085	925,860	952,744	1,063,621	1,063,621	1,068,238	(4,617)	0%	
Utilities	241,400	231,403	254,094	238,996	238,496	256,488	(17,992)	8%	
Outreach	32,550	28,950	27,017	34,060	34,122	37,134	(3,012)	9%	
Maintenance	113,828	133,511	160,140	131,142	133,396	127,160	6,236	-5%	
Operations	186,174	190,889	154,824	208,059	207,794	203,331	4,463	-2%	
Other Expenses	31,741	31,741	35,687	30,300	24,400	29,382	(4,982)	20%	
Total Operating Expense	1,550,778	1,542,354	1,584,506	1,706,178	1,701,829	1,721,733	(19,904)	1%	
Non-Operating Revenue/Expenses									
Web Design	12,000	8,500	4,367	3,500	7,259	-	(7,259)	-100%	
Classification/Comp. Plan	3,288	7,317	7,317	-	-	-	-	-	
Total Non-Operating Revenue/Expenses	15,288	15,817	11,684	3,500	7,259	-	(7,259)	-100%	
COFB Loan Principle Payment	61,821	60,327	61,821	-	-	-	-	-	
COFB Energy Loan Princ. Pmt.	21,360	21,360	21,360	22,540	22,540	-	-	-100%	
Total Expenses	1,649,247	1,639,858	1,679,371	1,732,218	1,731,628	1,721,733	9,895	-1%	
Net Revenue (Expense)	(977,047)	(970,466)	(977,706)	(1,043,678)	(1,044,374)	(1,031,933)	12,441	-1%	
Enterprise Fund Allocation for Operations	977,047	970,466	977,706	1,043,678	1,044,374	1,031,933	(12,441)	-1%	
Net Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		

A							
Description	FY 16/17 Adopted Budget	FY 16/17 Revised Budget	FY 16/17 Audited Results	FY 17/18 Adopted Budget	FY 17/18 Revised Budget	FY18/19 Proposed	Variance favorable (unfavorable)
Capital Improvements							
Leisure Pool Boiler	-	18,500	18,500	-	-	-	-
Competition Pool Boiler	-	19,900	19,900	-	-	-	-
Hydronic Boiler 1	-	-	-	16,000	18,000	-	18,000
Hydronic Boiler 2	-	-	-	-	18,000	-	18,000
Wattstopper	-	-	-	21,000	-	21,000	(21,000)
Spin Room Lighting	-	-	-	3,000	3,000	-	3,000
Sign Project	-	-	-	6,500	6,500	-	6,500
Fitness Room Equipment	-	-	-	21,000	22,086	-	22,086
Pulsar Tubs	-	-	-	-	-	26,000	(26,000)
Security System	-	-	-	-	-	8,500	(8,500)
Total Facility Improvements	-	38,400	38,400	67,500	67,586	55,500	12,086
Enterprise Fund Allocation for Facility Improvements	-	(38,400)	(38,400)	(67,500)	(67,586)	(55,500)	(12,086)
Floor Drains Project	110,000	107,100	113,661	56,695	48,707	-	48,707
Pool Basin Resurfacing	-	-	-	-	-	180,000	(180,000)
Enterprise Capital Projects - City Managed	(110,000)	(107,100)	(113,661)	(56,695)	(48,707)	(180,000)	(131,293)
Total Capital Improvements	-	145,500	152,061	124,195	116,293	235,500	(119,207)

Enterprise Fund

	FY 16/17 Audited Results	FY 17/18 Revised Budget	FY18/19 Proposed
Beginning Unrestricted Net Position	\$ 686,110	\$ 735,611	\$ 725,306
Operating Revenue	695,552	687,254	689,800
Sales Tax Revenue	880,985	908,962	928,120
Property Tax Revenue	234,006	236,900	246,376
Non-Operating Revenue	7,095	4,500	2,000
Operating Expense	(1,589,387)	(1,701,829)	(1,721,733)
Non-Operating Expense	(1,630)	(7,259)	-
Capital Assets Net of Debt payments	(177,120)	(138,833)	(235,500)
Unrestricted Net Position	\$ 735,611	\$ 725,306	\$ 634,368
Operating Reserve	\$ 388,893	\$ 397,347	\$ 425,457
Capital Repair & Equip Reserve	346,719	327,959	208,911
Unrestricted Net Position	\$ 735,611	\$ 725,306	\$ 634,368

Operating Revenues

Revenue generated from operating the Center is collected through general admissions, facility rentals, program registration, sale of merchandise, and miscellaneous sources. Proposed revenue projections for FY 2018/2019, are \$689,800, which is an increase of \$2,546 and includes the projected six-week aquatic closure in November/December.

General Admission

General admission revenue consists of user fees collected through drop-in visits, the sale of memberships and other admissions. Proposed general admission revenues for FY 2018/2019 are \$578,800. The \$9,600 decrease in revenue is due to the forecasted pool closure slated to take place starting in late November with an anticipated project timeline of 45 days. The proposed budget also includes a modest increase in fees, with a planned implementation of January 1, 2019. The closure is to complete the capital improvement project of relining both pools.

Discounts

Revenue discounts account for promotions and the employee membership benefit. This also includes free swim passes for 2nd graders who complete the 2nd grade learn to swim program administered by MCRPD. FY 2018/2019, discounts are budgeted at \$20,800. This is a \$290 increase from the previous year's budget. The increase is due to more staff utilizing their memberships.

Rentals

Rental revenue is collected for private rentals of facilities, such as birthday party room rentals or pool rentals by swim teams. The proposed amount for the FY 2018/2019 Rental Revenue is \$56,600 which is a 16% increase from the previous year. The projected increase is based on trends and adding new party rental packages such as Zumba for kids.

Registration

Registration revenue is collected for registered activities, such as enrichment programs or swimming lessons. The proposed FY 2018/2019 budget amount for registration revenue is \$63,500. The proposed 11% increase is based on new programs offered as well as being fully staffed in aquatics.

Merchandise

Merchandise revenue is collected for the sale of retail items or extra staff uniforms. Proposed merchandise revenues for the FY 2018/2019 budget are \$7,500 which is an 11% decrease from the previous year. This decrease in revenue is due to the pool closure as most of merchandise is aquatic based.

Miscellaneous

Miscellaneous revenue includes items such as vending machine commission and other revenue that does not fall into any of the previous categories. Proposed miscellaneous revenues for the FY 2018/2019 are \$4,200 which is a 15% decrease.

Operating Expenses

Operating expenditures are costs directly related to the operation of the Center. Operating expenditures for the FY 2018/2019 budget are proposed at \$1,721,733. This is an increase of \$19,904 (1%).

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 proposed FY 2018/2019 wages and benefits are \$1,068,238 which is an increase of \$4,617 from the previous year. This includes a cost of living increase of 2%. Healthcare benefits contributions were increased but budgeted with actual costs and opt out amounts.

Utilities

Utilities include propane, electricity, water, and sewer service. The proposed budget number is based on utility usage history, trending utility costs and cost allocation to MCRPD. The FY 2018/2019 budget amount for utility expense is \$256,488. This expense is anticipated to experience an increase of \$17,992. A significant portion of the increase is from re-filling both pools after the basin re-plastering project has been completed.

Outreach

Outreach expenditures are for the marketing of the Center, such as advertisements in local publications brochure production, and community sponsorships. The proposed outreach expense for FY 2018/2019 is \$37,134, which is an increase of \$3,012 from FY2017/2018. This supports increased costs related to newspaper/publication advertising, brochure production, online presence and a more aggressive marketing strategy with an emphasis on targeting tourism dollars and corporate memberships.

Maintenance

Maintenance includes pool chemicals, repair parts, grounds keeping, tools and other maintenance related supplies and services. The proposed maintenance expense for FY 2018/2019 is \$127,160. This is a decrease in maintenance costs of \$6,236. The decrease can be attributed to equipment upgrades and replacement, as well as the aquatic closure.

Operations

Operations account for attorney services, engineering services, bank fees, communications, janitorial supplies, insurance, laundry service, office supplies, permits, postage/shipping, program supplies, recruitment, training and uniforms. Operation expenses for FY 2018/2019 are budgeted at \$203,331 which is a decrease of 20% from the previous year.

Other Expenses

Other expenses include interest payments, property tax administration, LAFCO, (Local Agency Formation Commission), MCRPD administration and COFB administration. For FY 2018/2019, the proposed budget is \$29,382. The 20% increase is due to an anticipated increase in LAFCO fees.

Capital Improvements

Wattstopper

The existing wattstopper unit serves as a master lighting control for the entire facility. The existing wattstopper is nearing the end of its dependable life expectancy and needs to be replaced for an expense of \$21,000. Funding for the replacement of this unit was approved in the FY 2017-2018 budget. As a result of the remaining original hydronic boiler reaching critical operating status, staff is requested to use existing wattstopper project funds to be reallocated towards the immediate replacement of the remaining initial hydronic boiler and to move forward with rescheduling the replacement of the wattstopper for FY 2018-2019. The remaining hydronic boiler can be replaced in an amount not to exceed \$20,000.

Pool Basin Resurfacing

The pool basins are in very poor condition and have been patched for the past five years. The process of removing the old lining and re-lining the pools with plaster, will take approximately 6 weeks, the closure is planned for late November/December when it will have the least amount of impact on the community and the CV Starr budget. The proposed capital expenditure for this project is \$180,000.

Pulsar Tubs

The Pulsar system provides consistent chlorination for keeping the pool water sanitized. The pulsar tubs have reached their maximum life and need replacing. The proposed expenditure for the replacement is \$26,000.

Security System

Provides an enhancement for public and staff safety within the facility.

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 an account to record the revenue and expense of CVSCC and maintain the activity of the CVSCC separately 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).

Given the proposed FY18/19 operating budget and estimated tax revenue, the CVSCC Enterprise Fund is projected to end the year with a net asset balance of \$634,368

The Funds are separated as follows; Operating Reserve, is 25% of the prior year projected operating expenditures, and the Capital Reserve which absorbs any excess amount above what goes into the Operating Reserve.