

Overview

The C. V. Starr Community Center (CVSCC) FY2019/2020 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 audited actuals for FY2016/2017 and FY2017/2018, the adopted budget for FY2018/2019 the proposed budget for FY2019/2020.

The Center is operating in accordance with the approved FY2018/2019 budget, as amended. The proposed FY2019/2020 budget has been developed to provide for the continued operation of the Center with an emphasis on the following; capital improvement projects, preventative maintenance, 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.



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Summary of Revenues and Expenditures

Budget Summary

CVSCC FY2019/2020 Budget Summary

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Description	FY 16/17 Audited Results	FY 17/18 Audited Results	FY18/19 Adopted Budget	FY19/20 Proposed Budget	Variance	%
Operating Revenue					favorable (unfavorable)	
General Admission	\$ 577,372	\$ 587,382	\$ 584,550	\$ 613,763	\$ 29,213	5%
Rentals	52,815	54,618	51,785	55,284	3,499	6%
Registration	57,073	69,151	62,612	69,801	7,189	10%
Merchandise	8,020	6,999	7,500	7,683	183	2%
Miscellaneous	6,386	24,659	4,392	4,326	(66)	-2%
Total Revenue	701,665	742,808	710,839	750,857	40,018	5%
Operating Expense						
Wages and Benefits	952,744	1,002,953	1,059,601	1,047,362	12,239	-1%
Utilities	254,094	244,671	286,082	287,455	(1,373)	0%
Outreach	27,017	28,152	31,634	38,534	(6,900)	18%
Maintenance	160,140	106,748	131,580	162,981	(31,401)	19%
Operations	154,824	225,335	198,569	208,092	(9,523)	5%
Other Expenses	35,687	29,720	29,382	30,206	(824)	3%
Total Operating Expense	1,584,506	1,637,580	1,736,848	1,774,630	(37,782)	2%
Non-Operating Revenue/Expenses						
Web Design	4,367	7,259	-	-	-	
Classification/Comp. Plan	7,317	-	-	-	-	
Total Non-Operating Revenue/Expenses	11,684	7,259	-	-	-	
COFB Loan Principle Payment	61,821	-	-	-	-	
COFB Energy Loan Princ. Pmt.	21,360	22,540	-	-	-	
Total Expenses	1,679,371	1,667,379	1,736,848	1,774,630	(37,782)	2%
Net Revenue (Expense)	(977,706)	(924,571)	(1,026,009)	(1,023,773)	2,236	0%
Enterprise Fund Allocation for Operations	977,706	924,571	1,026,009	1,023,773	(2,236)	0%
Net Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	
Description	FY 16/17 Audited Results	FY 17/18 Audited Results	FY18/19 Adopted Budget	FY19/20 Proposed Budget	Variance	%
Capital Improvements						
Prior Year Capital Improvements	38,400	66,405	50,521	-		
IT System Update	-	-	-	17,760	(17,760)	
Matrix Ascent Trainer	-	-	-	5,847	(5,847)	
Emergency Lighting System Battery Replacement	-	-	-	16,000	(16,000)	
Floor Cleaning Machine	-	-	-	6,510	(6,510)	
Total Facility Improvements	38,400	66,405	50,521	46,117	4,404	
Enterprise Fund Allocation for Facility Improvements	(38,400)	(66,405)	(50,521)	(46,117)	(4,404)	
Floor Drains Project	113,661	56,695	-	-	-	
Pool Basin Resurfacing	-	-	-	350,000	(350,000)	
Enterprise Capital Projects - City Managed	(113,661)	(56,695)	-	(350,000)	(350,000)	
Total Capital Improvements	152,061	123,100	50,521	396,117	(345,596)	
Enterprise Fund Summary - From City CAFR/Budget						
Enterprise Fund	FY 16/17 Audited Results	FY 17/18 Audited Results	FY18/19 Adopted Budget	FY19/20 Proposed Budget	Variance	%
Beginning Unrestricted Net Position	\$ 686,110	\$ 735,611	\$ 874,690	\$ 993,659	\$ 118,968	12%
Operating Revenue	695,552	742,808	710,839	750,857	40,018	5%
Sales Tax Revenue	880,985	915,239	932,336	955,175	22,839	2%
Property Tax Revenue	234,006	236,035	253,162	261,770	8,608	3%
Non-Operating Revenue	7,095	4,944	10,000	10,000	-	0%
Operating Expense	(1,589,387)	(1,644,558)	(1,736,848)	(1,774,630)	(37,782)	2%
Non-Operating Expense	(1,630)	(169)	-	-	-	
Capital Assets Net of Debt payments	(177,120)	(115,220)	(50,521)	(396,117)	(345,596)	87%
Unrestricted Net Position	\$ 735,611	\$ 874,690	\$ 993,659	\$ 800,714	\$ (192,945)	-24%
Operating Reserve	\$ 388,893	\$ 397,347	\$ 411,140	\$ 434,212	\$ 23,072	5%
Capital Repair & Equip Reserve	346,719	477,344	582,519	366,502	(216,017)	-59%
Unrestricted Net Position	\$ 735,611	\$ 874,690	\$ 993,659	\$ 800,714	\$ (192,945)	-24%

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 FY2019/2020, are \$750,857, which is an increase of \$40,018 compared to the FY2018-2019 budget, which is a 5% increase.

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Miscellaneous	6,386	24,659	4,392	4,326	(66)	-2%
Total Revenue	701,665	742,808	710,839	750,857	40,018	5%

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 FY2019/2020 are \$613,763. The \$29,213 increase in revenue is due to a modest fee schedule increase that will be implemented in January 2020. The fee increase, as well as new senior membership options account for the 5% increase from the FY18/19 budget.

Rentals

Rental revenue is collected for private rentals of facilities, such as birthday party room rentals or pool rentals by swim teams. New for the FY2019/2020 is the implementation of the recurring room rentals that has been initiated in response to the recent changes in legislation regarding independent contractors. The proposed amount for the FY2019/2020 Rental Revenue is \$55,284 which is a 6% increase from the FY2018/2019 budget.

Registration

Registration revenue is collected for registered activities, such as enrichment programs or swimming lessons. The proposed FY2019/2020 budget amount for registration revenue is \$69,801. The proposed 10% 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 FY2019/2020 budget are \$7,683 which is an increase of 2% from the previous year.

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 FY2019/2020 are \$4,326 which is a 2% decrease.

Operating Expenses

Operating expenditures are costs directly related to the operation of the Center. Operating expenditures for the FY2019/2020 budget are proposed at \$1,774,630. This is a 2% increase of \$37,782.

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Utilities	254,094	244,671	286,082	287,455	(1,373)	0%
Outreach	27,017	28,152	31,634	38,534	(6,900)	18%
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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 FY2019/2020 wages and benefits are \$1,047,362 which is a decrease of \$12,239 from the previous year. This is attributed to the restructuring of the cost allocation between CVSCC and MCRPD staff. This new allocation reflects a more accurate and realistic usage of staff time between the two entities.

In addition to the change in allocations, measures have been taken to contribute to the further retention and professional development of our greatest resource, the employees. To achieve this, the proposal calls for all employees on July 1, 2019, to receive a 2% COLA, as well as the option to pay into a retirement plan, in which the employer will provide a match up to 3%. Moreover, on January 1, 2020, employees would have the opportunity for an additional wage increase based on their annual performance evaluation. Should an employee's performance evaluation result with a quantified rating of 70% or higher, the employee would be eligible for a 3% step increase. If the results of the measured performance are 85% or higher, the employee would be eligible for an increase of an additional 3% based on merit. With the pending minimum wage increase occurring on January 1, 2020, the proposed increase in compensation and benefits will help CVSCC to remain a competitive employer in the community, as a means of continuing to provide excellent service.

Utilities

Utilities include propane, electricity, water, and sewer service. The proposed budget number is based on utility usage history and trending utility costs. The CVSCC saw an abnormal increase in water and sewer costs during the FY2018/2019. This unexpected spike in usage led CVSCC and City of Fort Bragg staff to identify a water leak in the pool deck shower system. This water leak has since been resolved. The proposed FY2019/2020 budget amount for utility expense is currently \$287,455 but is subject to change due to potential credits for the overages in usage during the time of the leak.

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 FY2019/2020 is \$38,534, which is an increase of \$6,900 from FY2018/2019. 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 via the hotel industry.

Maintenance

Maintenance includes pool chemicals, repair parts, grounds keeping, tools, equipment and other maintenance related supplies and services. The proposed maintenance expense for FY2019/2020 is \$162,981. This is an increase in maintenance costs of \$31,401. The facility is approaching its tenth year in operation and funding is being request to address items identified in the recent asset management and valuation project report. In addition to the aging nature of the building, there is a plan to purchase 5 fitness bikes that cost approximately \$3,000 each.

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 FY2019/2020 are budgeted at \$208,092, which is an increase of 5% from the previous year. The increase is due to the recommended replacement of four computer workstations by our IT service provider, KLH. .

Other Expenses

Other expenses include interest payments, property tax administration, LAFCO, (Local Agency Formation Commission), MCRPD administration and COFB administration. For FY2019/2020, the proposed budget is \$30,206 which is an increase of \$824.

Capital Improvements

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IT System Update

Provide for the purchase and installation of a new VM Host & UPS to replace existing the ESXi Host (server) for the CV Starr Center's computer system. This scheduled replacement is a means to help ensure the CVSCC's ability to provide uninterrupted technical service. The replacement schedule for this system has been recommended by KLH, the District's contracted IT Service provider. The replacement server is projected to cost \$17,760.

Matrix Ascent Trainer

The current elliptical machine has reached end of useful life and is no longer functional, as replacement parts have been discontinued. Staff is recommending to replace this piece of fitness equipment with an Ascent Trainer, preferably from Matrix for a projected cost of \$5,847.

Emergency Lighting System Battery Replacement

Provide for the purchase and installation of (24) replacement Myers OEM batteries 12-volt 105 AH, DC Capacitor 1000 MF @ 200 VDC, new combo control – interface and backplane for the facilities ten-year-old emergency lighting system. The anticipated cost is \$16,000.

Floor Cleaning Machine

Provide for the purchase of a floor maintenance machine, referred to as a Viper Fang Auto Scrubber with a 215 AH Battery and 20HD charger. This floor cleaning machine will greatly assist staff with keeping the hard surface floors clean, while reducing associated labor. The projected cost is \$6,510.

Pool Basin Resurfacing

The competition and leisure pool basins are in very poor condition and have been extensively patched for the last several years. The process of removing the old lining and re-lining the pools with plaster will take approximately two – three weeks. The proposed closure is planned for the month of September when ground water is at its lowest point. The capital expenditure for this project is estimated to be \$350,000.

CVSCC Enterprise Fund

Enterprise Fund	Enterprise Fund Summary - From City CAFR/Budget					
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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 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 MCPRD property tax revenues are to be used solely for parks and recreation purposes with the City (including CVSCC).

Given the proposed FY2019/2020 operating budget, capital improvements and estimated tax revenue, the CVSCC Enterprise Fund is projected to end the year with a net asset balance of \$800,714. 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.