

Overview

The C. V. Starr Community Center (CVSCC or Center) FY 16/17 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 15/16 and a proposed budget for FY 16/17.

The Center as a whole is operating in accordance with the approved FY 15/16 budget, as amended. Operating revenues are estimated to end the year \$66,301 above budget projections and expenses are estimated to end the year under budget by \$145,143.

The proposed FY 16/17 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.

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Summary of Revenues and Expenditures

	A	B	C	D	E	F	G
			FY 15/16				
			July-				
			February				
			Actuals +				
			March-June				
			Projection				
Description	FY 15/16 Approved Budget	FY 15/16 Approved Budget	FY 15/16 Actuals + March-June Projection	Variance = C - B	FY 16/17 Proposed	Variance = E - B	% = E / B
				favorable (unfavorable)		favorable (unfavorable)	
Operating Revenue							
General Admission	\$ 541,000	\$ 541,000	\$ 583,266	\$ 42,266	\$ 568,400	\$ 27,400	105.1%
Discounts	(26,600)	(26,600)	(19,827)	6,773	(22,600)	4,000	85.0%
Rentals	42,100	42,100	44,381	2,281	51,300	9,200	121.9%
Registration	57,700	57,700	56,499	(1,201)	64,400	6,700	111.6%
Merchandise	5,700	5,700	7,561	1,861	6,900	1,200	121.1%
Miscellaneous	5,100	5,100	19,421	14,321	3,800	(1,300)	74.5%
Total Revenue	625,000	625,000	691,301	66,301	672,200	47,200	107.6%
				(favorable) unfavorable		(favorable) unfavorable	
Operating Expense							
Wages and Benefits	961,749	961,749	857,291	(104,458)	945,085	(16,664)	98.3%
Utilities	268,851	268,851	220,479	(48,372)	241,400	(27,451)	89.8%
Outreach	31,310	31,310	27,510	(3,800)	32,550	1,240	104.0%
Maintenance	140,000	140,000	143,916	3,916	113,828	(26,172)	81.3%
Operations	180,445	180,445	190,019	9,574	186,174	5,729	103.2%
Other Expenses	28,876	28,876	26,873	(2,003)	31,741	2,865	109.9%
Total Operating Expense	1,611,231	1,611,231	1,466,088	(145,143)	1,550,778	(60,453)	96.2%
Other Income/Expenses							
Web Design	-	-	-	-	12,000	-	
AHU VFD Project	23,906	23,906	23,906	-	-	-	
AHU Duct Improvements	10,000	10,000	10,000	-	-	-	
Floor Drains	4,600	4,600	4,600	-	-	-	
Classification/Comp. Plan	13,754	13,754	10,466	(3,288)	3,288	-	
Exercise Equip. Repl.	22,250	22,250	21,656	(594)	-	-	
Total Other Income/Expense	74,510	74,510	70,628	(3,882)	15,288	-	
COFB Loan Principle Payment	61,369	61,369	61,146	(223)	61,821	-	
COFB Energy Loan Princ. Pmt.					21,360	-	
Total Expenses	1,747,110	1,747,110	1,597,862	(149,248)	1,649,247	(97,863)	94.4%
Net Revenue (Expense)	(1,122,110)	(1,122,110)	(906,561)	215,549	(977,047)	145,063	87.1%
Enterprise Fund Allocation for Operations	1,122,110	1,122,110	906,561	(215,549)	977,047	(145,063)	87.1%
Net Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

(Summary of Revenues and Expenditures continued)

A	B	C	D
Description	FY 15/16 Approved Budget	FY 15/16 July- February Actuals + March-June Projection	FY 16/17 Proposed
Capital Improvements			
Floor Drains	-	-	110,000
Total Facility Improvements	0	0	110,000
Enterprise Fund Allocation for Facility Improvements	-	-	(110,000)
Net Capital Improvements	\$ -	\$ -	\$ -
Enterprise Fund			
Beginning Avail. Net Assets		382,643	558,817
Sales Tax Revenue		850,735	890,715
Property Tax Revenue		230,000	238,000
Other Revenue		2,000	2,321
Total Allocation		(906,561)	(1,087,047)
Net Assets		\$ 558,817	\$ 602,806
Operating Reserve		264,409	286,403
Capital Repair & Equip Reserve		264,409	286,403
Facility Improvement Reserve		30,000	30,000
Net Assets		\$ 558,817	\$ 602,806

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 15/16 will exceed the approved budget amount of \$625,000 by \$66,301 for total revenue collections of \$691,301. Proposed revenue projections for FY 16/17, have been increased by \$47,200 to an amount of \$672,000. This proposed projection also takes into account an annual two-week maintenance closure of the facility.

General Admission & Discounts

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 15/16 budget was approved at \$541,000. End of year general admission revenue projections are expected to be \$42,266 higher than budget amount for total general admission revenues of \$583,266. 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.

FY 12/13 silver sneakers memberships 343
FY 13/14 silver sneakers memberships 618
FY 14/15 silver sneakers memberships 436
FY 15/16 silver sneakers memberships 641
Average monthly Silver Sneakers revenue \$3,000

The proposed amount for the FY 16/17 general admission revenue budget is being increased by \$27,400 to an amount of \$568,400. This adjustment is based on providing the same level of service and recent revenue history.

Revenue discounts account for promotions, financial assistance and the employee membership benefit. FY 15/16, discounts were budgeted at (\$26,600). End of year estimates project discounts in the amount of \$6,773 lower than the budget amount for a total discount line item of (\$19,827). The lower estimate for discounts is due to absence of an approved financial assistance program, and: reduced employee membership use. (\$22,600) in discounts have been proposed for the FY 16/17 budget. This is a \$4,000 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 \$ 4,800 in financial assistance.

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 15/16 was approved at \$42,100. It is expected for this line item to exceed the approved budget figure by \$2,281 for a total of \$44,381. Revenue increases are the result of greater than anticipated number of facility rentals. The proposed amount for the FY 16/17 Rental Revenue line item is \$51,300 and is \$9,200 greater than what was budgeted the previous fiscal year.

Registration

Registration revenue is collected for registered activities, such as enrichment programs or swimming lessons. Registration revenues for FY 15/16 were budgeted at \$57,700. End of year estimates project this line item to come in less than the approved budget by (\$1,201) for a total of \$56,499. The proposed FY 16/17 budget amount for registration revenue is \$64,400. The proposed increase in this line item is \$6,700 more than the previous fiscal year and amount is based on actuals.

Merchandise

Merchandise revenue is collected for the sale of retail items or extra staff uniforms. Merchandise revenues for the FY 15/16 budget were approved in the amount of \$5,700. End of year projections suggest this number will exceed the budgeted amount by \$1,861 for a total of \$7,561. The proposed FY 15/16 budget amount of \$6,900 for merchandise revenue exceeds the previous year's budget by \$1,200 and more accurately reflect the upward trend for this particular line item.

Miscellaneous

Miscellaneous revenue includes items such as; energy rebates, advertisement sales and other revenue that does not fall into any of the previous categories. Miscellaneous revenues for the FY 15/16 budget were approved in the amount of \$5,100. End of year estimates projections indicate this number will exceed the budget number by \$14,321 for a total of \$19,421. The reason behind this unanticipated but favorable increase is largely a result of Interim Director Agreement. The proposed FY 16/17 budget amount of \$3,800 for miscellaneous revenue is less than the previous year's budget by \$1,300.

Operating Expenditures

Operating expenditures are costs directly related to the operation of the Center. Operating expenditures for the FY 15/16 budget were approved in the amount of \$1,611,231. The anticipated end of year projections for this line item is expected to be \$145,143 less than budgeted for a total of \$1,466,088. The reason behind this favorable decrease in operating expenditures is a result of unfilled positions, and energy efficiency upgrades. The proposed amount for the FY 16/17 budget for operating expenses is \$1,550,778, which is a decrease of \$60,453 from the previous year. This adjustment is based on proposed wages and benefits, utilities, outreach, maintenance, operations, 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 15/16 wages and benefits were approved at \$961,749 and the line item is expected to end the year with (\$104,458.) less in wage and benefit expense for an estimated total of \$857,291. This savings is a result of: unfilled positions and a reduction in the District Administrators wage.

The proposed amount for the FY 16/17 budget for wages and benefits is \$16,664 less than the previous year's budget for a total of \$945,085. The proposed budget number for this line item takes into account the following:

- Performance qualifying step increases (1.5% of wages)
- Possible wage and benefit adjustments as a result of the Koff Compensation Study.
- Comply with minimum wage increase.
- Reduction in the District Administrators salary.

Utilities

Utilities include propane, electricity, water, and sewer service. The FY 15/16 budget amount for utility expense was approved at \$268,851 and it is anticipated this expense will end the year at \$48,372 less than budgeted for a total of \$220,479. This savings is due to energy efficiency upgrades. The proposed amount for the FY 15/16 budget for utility expense is \$241,400 and is \$27,451 less than the previous year budget. The proposed budget number is based on utility usage history, trending utility costs and cost allocation to MCRPD.

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 15/16 was \$31,310 and end of year projections for this line item will be \$3,800 less than expected for a total of \$27,510. The proposed amount for the FY 15/16 outreach expense is \$32,550 and is \$1,240 higher than what was approved during this last fiscal year. This line item supports increased costs related to newspaper/publication advertising, brochure production and a slightly more aggressive marketing strategy. Increased costs are partly offset by cost allocation to MCRPD for brochure production.

Maintenance

Maintenance includes pool chemicals, repair parts, groundskeeping, tools and other maintenance related supplies and services. The approved maintenance expense for FY 15/16 was approved at \$140,000 and end of year estimates for this line item are expected to come in over budget by \$3,916 for a total of \$143,916. This line item is higher than anticipated due to improvements to dog park, repair of existing mechanical systems due to failure. The proposed amount for the FY 15/16 maintenance expense line item is \$26,172 less than the previous year for a total of \$186,174.

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 15/16 are expected to come in \$9,574 higher than budgeted for a total of \$190,019. The unanticipated increase is a result of IT system upgrades by KLH. The proposed amount for the FY 15/16 operations expense line item is \$5,729 higher than the previous year for a total of \$113,828. This budget adjustment is to accommodate the following:

Other Expenses

Other expenses include interest payments, property tax administration, LAFCO, MCRPD administration and COFB administration. For FY 15/16 the line item identified as, Other expenses are projected to be less than planned by \$2,003 for a total of \$26,873. The proposed for the FY 16/17 budget other expenses line item is \$2,865 higher than the previous year for a total of \$31,741. This increase will accommodate adjustments to costs associated with: interest payments, property tax administration, LAFCO, MCRPD administration, COFB administration.

Other Income/Expenses

Web Design: Hire web site consulting services to upgrade existing site. Proposed for FY16/17 \$12,0000

AHU VFD Project: Install variable drive motors in pool area. FY 15/16 budgeted amount of \$23,906. and projected to spend \$23,906

AHU Duct Improvements: Professional design services for roof top duct improvements. FY 15/16 budgeted amount of \$10,000 and projected to spend \$10,000.

Floor Drains: Professional design services to correct floor drainage. FY 15/16 budgeted amount of \$4,600 and projected to spend \$4,600

Classification/Comp. Plan: Conduct the Koff classification and compensation study. FY 15/16 budgeted amount of \$13,754 and projected to spend \$10,466. Proposed amount to complete the project FY 16/17 \$3,288

Exercise Equipment Replacement: FY 15/16 budgeted amount of \$22,250 and projected to spend \$21,656

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 in order 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. and 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

Floor drains were also originally budgeted for FY 14/15 to address drainage issues in the family changing rooms.

AHU Duct Improvements: NA

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).

For FY 2015/16 the CVSCC Enterprise Fund is projected to end the year with a net asset balance of \$558,817. Given the proposed FY 2016/17 operating budget and estimated tax revenue, the CVSCC Enterprise Fund is projected to end FY 2016/17 with a net asset balance of \$602,806.

FY 2015/16 sales tax revenues are projected to be at \$850,735 while the proposed budget number for FY 16/17 is expected to come in at \$890,715.

FY 2015/16 property tax revenues are projected to come in at \$230,000. FY 2016/17 property tax revenues are projected to be \$238,000. This line item includes the RDA pass through of \$19,000, an increase of \$2,335. FY 2016/17 projections are based on prior year property tax receipt trends.