

C.V. Starr Community Center



Sigrid & Harry Spath Aquatic Facility



ANNUAL BUDGET REPORT FY2020-2021

C.V. STARR COMMUNITY CENTER

www.mendocoastrec.org

300 S Lincoln Street, Fort Bragg, CA 95437

The C. V. Starr Community Center (CVSCC) FY2020-2021 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 historical actuals for the years ended 2017, 2018, 2019, the midyear approved estimates for 2020, and a more recent year end prediction for 2020 created by staff, taking into consideration the COVID-19 impact and the proposed budget for FY2020-2021.

The Center is operating in accordance with the approved FY2020-2021 budget. The proposed FY2020-2021 budget has been developed to provide the most realistic forecast possible, given the information available to staff at the time. It is recognized by both the MCRPD Board of Directors and City Council that drastic measures needed to be taken for the future longevity of the Facility.



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OVERVIEW

Budget Development

The District's staff and budget organization is divided into four areas:

- Administration
- Maintenance
- Guest Services
- Recreation Services

Typically, department heads are given the opportunity to provide budgetary expense predictions both annually and at midyear. However, with the COVID-19 crisis bringing the world to a halt, resulting in furlough's and layoffs, the FY2020-2021 budget has been development with the few remaining staff members of CVSCC and MCRPD.

Review of Highlights and Challenges for FY2019-2020

The 2019-2020 fiscal year encountered multiple events, both planned and unplanned. The first being the near weeklong Public Safety Power Shutoff (PSPS) in October 2019, forcing an unplanned closure of the Center, resulting in lost revenue. In November and December of 2019, the natatorium was closed for approximately one month due to the resurfacing of the competition, leisure and lazy river pool basins. This was a celebrated accomplishment and came in under budget by approximately \$100K. In March of 2020, the effects of the COVID-19 pandemic became a reality in the community, requiring the closure of the Center for an undetermined amount of time. The residual impact of the closure resulted in the layoff approximately 60 staff positions, including the dismissal of the District Administrator. The decision to lay off staff was made due to the main funding source of the Center, the half-cent Sales Tax, projected to come in at a significant decrease than previous years.

Looking Ahead: FY2020-2021

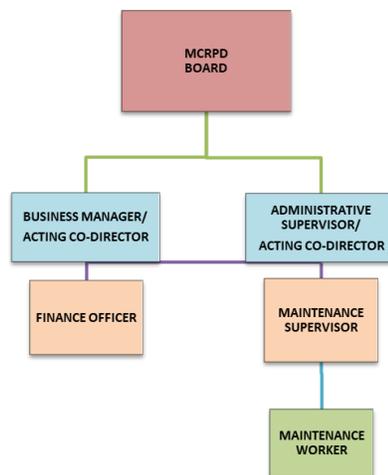
The MCRPD staff have established a plan for FY2020-2021, based on the assumption that the facility will need to remain closed until January 1, 2021. This difficult decision was not made lightly and is a direct result of the projected reduction and Sales and Property tax due to the restrictions of the COVID-19 pandemic has put on the community. Sales tax projections are expected to be approximately \$444,000 less than normal years, which is a substantial hit to the operations and capital improvements of the Center.

During the extended closure, staff will be reorganized to acquire optimal savings while still performing essential and required tasks relating with an emphasis on maintenance. It is important to recognized that this budget is not set in stone, and information, restrictions and financial obstacles are a moving target that are constantly changing.

The CVSCC, assuming it will reopen January 1, 2021 has the following projected timeline:

- **June 7, 2020 - August 30, 2020:** Administrative Staff go on partial unemployment, performing only tasks necessary for compliance and day to day operations. Two maintenance staff stay on full time to ensure the facility and grounds are continually overseen.
- **September 1, 2020 - October 31, 2020:** Reevaluate the sales tax projections and either enhance operations, maintain current operations, or decrease operations. Changes will be submitted through a budget amendment as needed.
- **November 1, 2020 - November 30, 2020:** Onboard Recreation Department Head staff to begin planning for reopening. Begin recruitment for lower level staff that require special training to perform jobs relating to aquatics and fitness.
- **December 1, 2020 - December 31, 2020:** Onboard mid-management staff in preparation for reopening. Do a heavy recruitment push for Aquatics and Fitness staff, giving time to train lifeguard staff.

Organization chart during closure:



CVSCC FY2020-2021 Budget by Month

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Revenues													
Operating Revenues	0	0	0	0	0	0	40,929	51,222	57,712	52,984	54,268	62,070	319,185
Sales Tax	43,250	43,250	43,250	43,250	43,250	43,250	43,250	43,250	43,250	43,250	43,250	43,250	519,000
Property Tax	0	0	0	0	0	0	135,062			88,515		18,423	242,000
Total Revenues	37,880	24,308	37,440	47,385	33,833	41,250	238,582	96,465	109,894	205,328	97,064	141,795	1,111,224
Expenses													
Wages and Benefits	11,463	11,463	11,463	11,463	13,980	42,647	75,831	75,831	75,831	75,831	75,831	75,831	576,693
Utilities	9,500	9,750	10,050	10,000	10,000	10,050	22,683	21,496	21,550	21,250	24,000	26,050	196,379
Outreach	0	0	0	0	0	1,000	1,450	800	6,500	1,950	1,300	800	13,800
Maintenance	2,050	2,550	5,650	2,550	2,550	2,350	12,500	3,957	9,217	6,150	6,150	9,250	62,424
Operations	4,214	17,220	3,961	5,683	5,025	9,247	21,860	20,416	24,808	10,217	8,307	10,524	141,502
Other Expenses	2,500	0	0	2,500	0	0	7,000	0	0	2,500	0	0	14,500
Total Expenses	29,727	40,983	31,124	32,197	31,555	65,294	141,324	122,500	137,905	117,897	115,588	122,454	1,005,298
Net Revenue (Loss)	8,153	(16,675)	6,316	15,188	2,278	(24,044)	97,258	(26,035)	(28,011)	87,430	(18,524)	19,341	105,927

BUDGET SUMMARY

Description	FY 16/17 Audited Results	FY 17/18 Audited Results	FY18/19 Audited Results	FY19/20 Approved Midyear Estimates	FY19/20 Year End Estimates COVID	FY20/21 Proposed Budget - Opening January 2021	Variance COVID Estimates vs. Proposed Budget
Operating Revenue							favorable (unfavorable)
General Admission	\$ 577,372	\$ 587,382	\$ 571,718	\$ 558,202	\$ 391,946	\$ 270,738	\$ (121,208)
Rentals	52,815	54,618	50,241	51,050	30,789	19,231	(11,558)
Registration	57,073	69,151	74,977	65,524	34,035	24,574	(9,461)
Merchandise	8,020	6,999	7,726	5,532	4,057	2,874	(1,183)
Miscellaneous	6,386	24,659	6,745	6,228	4,668	1,769	(2,900)
Total Revenue	701,665	742,808	711,407	686,536	465,495	319,185	(146,309)
Operating Expense							
Wages and Benefits	952,744	1,002,953	995,222	1,057,598	848,400	576,693	271,707
Utilities	254,094	244,671	274,452	252,745	204,964	196,379	8,585
Outreach	27,017	28,152	32,643	23,000	12,755	13,800	(1,045)
Maintenance	160,140	106,748	145,095	151,009	119,447	62,424	57,023
Operations	154,824	225,335	191,503	219,509	169,568	141,502	28,066
Other Expenses	35,687	29,720	29,265	30,206	28,856	14,500	14,356
Total Operating Expense	1,584,506	1,637,580	1,668,180	1,734,067	1,383,990	1,005,298	378,693
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	1,668,180	1,734,067	1,383,990	1,005,298	378,693
Net Revenue (Expense)	(977,706)	(924,571)	(956,773)	(1,047,531)	(918,496)	(686,112)	(232,383)
Enterprise Fund Allocation for Operations	977,706	924,571	956,773	1,047,531	918,496	686,112	232,383
Net Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Improvements							
Prior Year Capital Improvements	38,400	66,405	29,521	91,234	91,234	-	91,234
Mens Bathroom Floor						8,000	-
HVAC Programmer						8,500	-
Total Facility Improvements	38,400	66,405	29,521	91,234	91,234	16,500	74,734
Enterprise Fund Allocation for Facility Improvements	(38,400)	(66,405)	(29,521)	(91,234)	(91,234)	(16,500)	(74,734)
Floor Drains Project	113,661	56,695	-	-	-	-	-
Pool Basin Resurfacing	-	-	-	247,490	247,490	-	247,490
Enterprise Capital Projects - City Managed	(113,661)	(56,695)	-	(247,490)	(247,490)	-	247,490
Total Capital Improvements	152,061	123,100	29,521	338,724	338,724	16,500	322,224

Enterprise Fund Summary - From City CAFR/Budget

Enterprise Fund	FY 16/17 Audited Results	FY 17/18 Audited Results	FY18/19 Actuals	FY19/20 Approved Midyear Estimates	FY19/20 Year End Estimates COVID	FY20/21 Proposed Budget	Variance
Beginning Unrestricted Net Position	\$ 686,110	\$ 735,611	\$ 874,690	\$ 702,390	\$ 553,026	\$ 343,807	\$ (209,220)
Operating Revenue	695,552	742,808	711,205	686,536	465,495	319,185	(146,309)
Sales Tax Revenue	880,985	915,239	878,737	963,059	793,000	519,000	(274,000)
Property Tax Revenue	234,006	236,035	249,499	255,813	245,000	242,000	(3,000)
Non-Operating Revenue	7,095	4,944	18,024	18,019	10,000	10,000	-
Operating Expense	(1,589,387)	(1,644,558)	(1,993,643)	(1,734,067)	(1,383,990)	(1,005,298)	378,693
Non-Operating Expense	(1,630)	(169)	(6,601)	-	-	-	-
Capital Assets Net of Debt payments	(177,120)	(115,220)	(29,521)	(338,724)	(338,724)	(16,500)	322,224
Unrestricted Net Position	\$ 735,611	\$ 874,690	\$ 702,390	\$ 553,026	\$ 343,807	\$ 412,194	\$ 68,388
Operating Reserve	\$ 388,893	\$ 397,347	\$ 411,140	\$ 498,411	\$ 433,517	\$ 345,998	\$ (87,519)
Capital Repair & Equip Reserve	346,719	477,344	291,251	54,616	(89,710)	66,197	155,907
Unrestricted Net Position	\$ 735,611	\$ 874,690	\$ 702,390	\$ 553,026	\$ 343,807	\$ 412,194	\$ 68,388

OPERATING REVENUES

All operating revenues will follow the same trend with the extended closure of the Center.

General Admissions

General admission revenue consists of user fees collected through drop-in visits, the sale of memberships and other admissions. Proposed general admission revenues for FY2020-2021 are \$270,738. The \$121,208 decrease in revenue is due to closing the facility through December 31, 2020.

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 FY2020-2021 Rental Revenue is \$19,231, which is a \$11,558 decrease from year end estimates for FY2019-2020.

Registrations

Registration revenue is collected for registered activities, such as enrichment programs or swimming lessons. The proposed FY2020-2021 budget amount for registration revenue is \$24,574, which is a \$9,461 decrease compared to FY2019-2020 estimates.

Merchandise

Merchandise revenue is collected for the sale of retail items or extra staff uniforms. Proposed merchandise revenues for the FY2020-2021 budget are \$2,874.

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 FY2020-2021 are \$1,769 which is a \$2,900 decrease.

OPERATING EXPENSES

The operating expenditures were determined with one main goal: minimize expenses now to maximize funding for the reopening.

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 FY2020-2021 wages and benefits are \$576,693 which is a significant decrease from prior years, as a result, layoffs during the closure and staff reorganization.

With the information available to us now, it has been decided that maintenance on the building during the closure is critical and plan to continue with the full time Maintenance Supervisor and a Maintenance Worker. The other critical tasks will be split among the Administrative Supervisor, the Business Manager, and the Finance Officer who will be on partial unemployment. Wages and benefits for these staff members are partly allocated to the MCRPD budget, to allow for more saving in the CVSCC budget. Staff understands the importance of saving as much as possible now in the early months to maximize the reserves for the re-opening of the Center in January.

Utilities

Utilities include propane, electricity, water, and sewer service. The proposed FY2020-2021 budget amount for utility expense is expected to be \$196,379, which is decreased from the prior year due to the facility closure. It is possible as more information is received that there may be potential for a further reduction in utility costs. Utilities are split between MCRPD and CVSCC.

Utilities:

Electricity	0.75% MCRPD and 99.25% CVSCC
Propane.....	0.75% MCRPD and 99.25% CVSCC
Water.....	100% CVSCC

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 FY2020-2021 is \$13,800, which is a decrease from prior years due to the facility closure as well doing brochure design and production in house.

Maintenance

Maintenance includes pool chemicals, repair parts, grounds keeping, tools, equipment and other maintenance related supplies and services. The proposed maintenance expense for FY2020-2021 is \$62,424. Staff is hoping that this amount will be sufficient to keep the facility maintained during the extended 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 FY2020-2021 are budgeted at \$141,502. The decrease is due removing any travel, training, honorarium, and programming supplies that were deemed not critical for operations.

Dues, memberships and subscriptions	38% MCRPD; 62% CVSCC
Information technology (IT) equipment.....	100% CVSCC
Information technology (IT) services.....	38% MCRPD; 62% CVSCC

Other Expenses

Other expenses include interest payments, property tax administration, LAFCO, (Local Agency Formation Commission), and COFB administration fee in the amount of \$10,000. In the past MCRPD also received and administrative fee from CVSCC, but it is no longer deemed necessary due to the cost allocation practices. For FY2020-2021, the proposed budget is \$14,500 which is a decrease of \$14,856 from FY2019-2020.

LAFCO expenses	55% MCRPD and 45% CVSCC
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CAPITAL IMPROVEMENTS

Men's Restroom Floor – Lobby

The Men's Restroom Floor in the lobby has chipping and has both aesthetic and functional deficiencies and has been identified as a possible safety risk. The cost for the repairing the floor is approximately \$8,000.



HVAC Programmer

The HVAC Programmer has been found to be nearing the end of its serviceable life. The cost of replacement for the programmer is expected to be \$8,500

OTHER REVENUES – CV STARR ENTERPRISE FUND

Sales Tax

The CVSCC receives from the State Board of Equalization a voter approved half-cent sales tax that is held by the City of Fort Bragg in the CV Starr Enterprise Fund, per the operating agreement between MCRPD and the City. 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). Sales tax revenues are estimated to end the FY2020-2021 at \$519,000 which is drastically lower than during a normal year.

Property Tax

Pursuant to the Property Tax Exchange Agreement between the MCRPD and the City of Fort Bragg, property taxes received from the Mendocino County Tax Collector with 45% of the Districts allocable share being entitled to the City to be used solely for parks and recreation purposes with the City (including CVSCC). The property tax revenue is expected to come in at \$242,000 for FY2020-2021, also a decrease from the prior year.

Reserves

Given the proposed FY2020-2021 operating budget, capital improvements and estimated tax revenue, the CVSCC Enterprise Fund is projected to end the year with a net asset balance of \$412,194. 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.