City of Fort Bragg

416 N Franklin Street
Fort Bragg, CA 95437
Phone: (707) 961-2823
Fax: (707) 961-2802

Meeting Agenda

Special City Council

THE FORT BRAGG CITY COUNCIL MEETS CONCURRENTLY AS THE FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT NO. 1 AND THE FORT BRAGG REDEVELOPMENT SUCCESSOR AGENCY

Tuesday, March 29, 2016 | **6:00 PM** | **Town Hall, 363 N Main Street**

Joint Meeting with MCRPD - Mid-Year Budget Review for FY 2015-16

MEETING CALLED TO ORDER

ROLL CALL

1. CONDUCT OF BUSINESS

1A. 16-113 Conduct Joint City Council/MCRPD Board Workshop for C.V. Starr Community Center FY 2015/16 Mid-Year Budget Review

Attachments: CV Starr FY 2015-16 Mid-Year Budget Report

ADJOURNMENT

STATE OF CALIFORNIA)
)ss.
COUNTY OF MENDOCINO)
I declare, under penalty of perjury, that I am employed by the City of Fort Bragg and that I caused this agenda to be posted in the City Hall notice case on March 25, 2016.

_____
Brenda Jourdain, Administrative Assistant

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Conduct Joint City Council/MCRPD Board Workshop for C.V. Starr Community Center FY 2015/16 Mid-Year Budget Review

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February 24, 2016

C. V. STARR COMMUNITY CENTER

FY 2015-2016 Mid-Year Budget Report

Overview

The C. V. Starr Community Center FY 2015-2016 Mid-Year Budget Report is prepared for the Fort Bragg City Council and Mendocino Coast Recreation & Park District Board of Directors in accordance with the operating agreement between the two associated entities. This report reflects the C. V. Starr Community Center's financial activity during the first two quarters of FY 2015-2016 and includes projections of the budget with anticipation of activity during the last two quarters of the fiscal year.

The Center as a whole is operating in accordance with the approved FY 2015-2016 budget. Operating revenues are estimated to end the year $51,705 above budget projections and expenses are estimated to end the year $99,639 below budget.

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Operating Revenue and Expenditures

Mid-Year Review - Table 1

REVENUE

	FY15/16 Adopted Budget	FY15/16 Projected Year-End	Variance Favorable (Unfavorable)	Mid-Year	Mid-Year % of Projected
General Admission	$ 541,000	$ 573,425	$ 32,425	$ 304,645	53.1%
Discounts	(26,600)	(21,853)	4,747	(8,533)	39.0%
Rentals	42,100	41,943	(157)	19,443	46.4%
Registration	57,700	60,890	3,190	28,290	46.5%
Merchandise	5,700	6,845	1,145	4,005	58.5%
Miscellaneous	5,100	15,455	10,355	11,005	71.2%
Total	**$ 625,000**	**$ 676,705**	**$ 51,705**	**$ 358,855**	**53.0%**

REVENUES

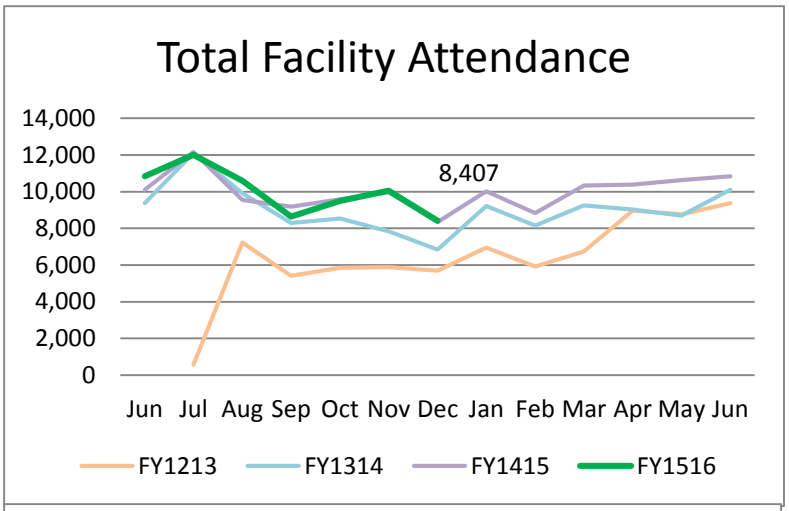
Revenue generated from operating the Center is collected through user fees, the sale of merchandise, and other miscellaneous sources. Overall revenues collected during the first two quarters of the fiscal year exceeded budget projections and are on target to end the year 8.27% above budget projections.

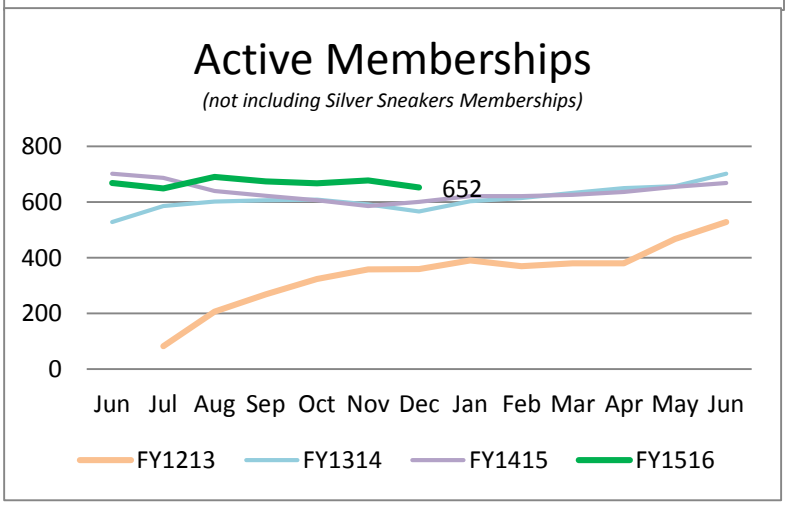
General Admission

General admission revenue consists of user fees collected through drop-in visits, the sale of memberships and other admissions. General admission revenues are projected to be $32,425 (or 5.9%) more than budgeted, due to higher than anticipated level of membership and drop-in sales. A significant portion of this increased revenue is due to the increasing level of memberships including Silver Sneakers memberships. In December 2015, the Center had 1272 Silver Sneaker Membership visits.

Discounts

Revenue discounts account for promotions, financial assistance and the employee membership benefit. Discounts are projected to be $4,747 (or 17.9%) less than budgeted, due to delay in implementing the financial assistance program. Since discounts are reflected as a "negative revenue" in the budget, this results in a projected net increase in year-end revenues.



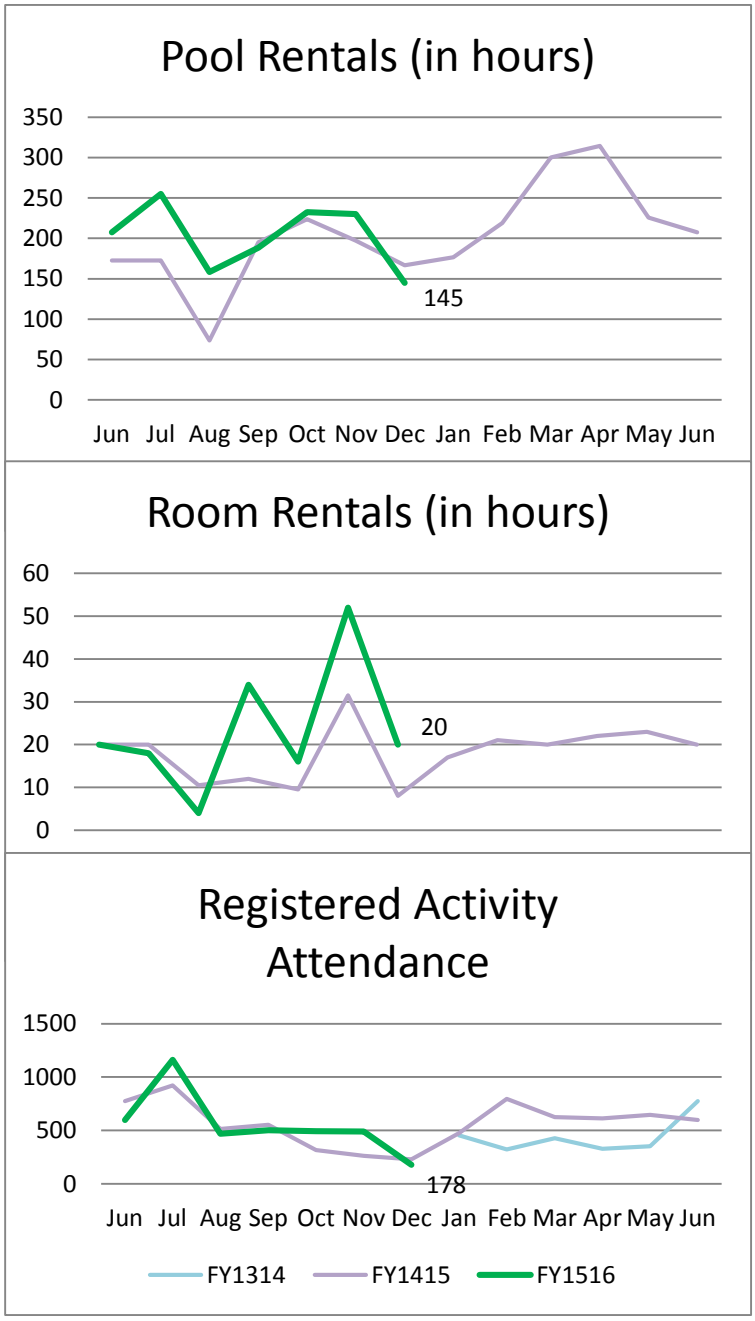


Rentals
Rental revenue is collected for private rentals of facilities, such as birthday party room rentals or pool rentals by swim teams. Rental revenue is projected to be $157 (or 0.4%) less than budgeted.

Registration
Registration revenue is collected for registered activities, such as enrichment programs or swimming lessons. Registration revenues are projected to be $3,190 (or 5.5%) more than budgeted due to more programs being offered.

Merchandise
Merchandise revenue is collected for the sale of retail items or extra uniform parts to staff. Merchandise revenues are projected to be $1,145 (or 20.1%) more than budgeted.

Miscellaneous
Miscellaneous revenue includes energy rebates, advertisement sales and other revenue that does not fall into any of the aforementioned categories. Miscellaneous revenues are projected to be $10,355 (or 203%) more than budgeted, due to solar rebates that were thought to expire during this fiscal year.



Mid-Year Review - Table 2

OPERATING EXPENSES

	FY15/16 Adopted Budget	FY15/16 Projected Year-End	Variance Favorable (Unfavorable)	Mid-Year	Mid-Year % of Projected
Wages and Benefits	$ 961,749	$ 871,550	$ 90,199	$ 423,138	48.6%
Utilities	268,850	221,843	47,007	95,544	43.1%
Outreach	31,310	25,481	5,829	11,051	43.4%
Maintenance	100,582	139,775	(39,193)	88,600	63.4%
Operations	173,953	177,546	(3,593)	96,526	54.4%
Other Expenses	28,876	29,486	(610)	16,104	54.6%
Total	**$ 1,565,320**	**$ 1,465,681**	**$ 99,639**	**$ 730,964**	**49.9%**

OPERATING EXPENDITURES

Operating expenditures are costs directly related to the operation of the Center, such as wages and benefits, utilities, outreach, maintenance, operations and other expenses. Overall, expenditures during the first two quarters are tracking to end the year over budget. While we will see savings in several categories there are some projects that were in the budget for fiscal year 14/15 that are being completed in fiscal year 15/16 and funds for the expenses were not appropriated in the 15/16 budget. A budget amendment is necessary to appropriate funds for these activities.

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. Wages and benefits are projected to be $90,199 (or 9.38%) less than budgeted. This is due to staff reorganization and vacant positions.

Utilities

Utilities include propane, electricity, and water and sewer service. Utilities are projected to be $47,007 (or 17.48%) less than budgeted due to lower propane costs, lower propane consumption due to increased efficiency with the boilers, and the reprogramming of the air handlers by Johnson Controls.

Mid-Year Review – Utilities

	Adopted Budget (July-June)	Actual (July-June)	Variance
Propane	$ 106,435	$ 77,855	$ 28,580
Electricity	$ 119,715	$ 105,468	$ 14,247
Water	$ 42,700	$ 38,520	$ 4,180
Total			**$ 47,007**

Outreach

Outreach expenditures are for marketing, such as advertisements in local publications and recreation guide production. Outreach expenses are projected to be $5,829 (or 18.6%) less than budgeted, due to shared costs of the recreation guide with the MCRPD.

Maintenance

Maintenance includes facility maintenance, pool chemicals and maintenance of the grounds. Maintenance expenses are projected to be $39,193 (or 38.96%) more than budgeted, due to the following items:

- Johnson Controls reprograming of the air handling units and training of staff to use the computerized system.
- Upgrades to the front entrance handicap doors.
- Pump repairs that were budgeted in FY14/15 and funds were not carried forward.
- CO2 project that was budgeted in FY14/15 and funds were not carried forward.

Mid-Year Review – Maintenance

	Adopted Budget (July-June)	Actual (July-June)	Variance
Pool Supplies	$ 36,880	$ 39,636	$ (2,756)
Ground Supplies	$ 1,690	$ 2,530	$ (840)
Repair Parts	$ 16,840	$ 14,407	$ 2,433
Facility Equipment	$ 7,680	$ 9,016	$ (1,336)
Small Tools	$ 2,400	$ 1,676	$ 724
Facility & Equipment Maintenance	$ 26,242	$ 63,039	$ (36,797)
Grounds Maintenance	$ 5,000	$ 2,939	$ 2,061
Equipment Rental	$ 900	$ 3,981	$ (3,081)
Security and Alarm	$ 2,950	$ 2,551	$ 399
Total			**$ (39,193)**

Operations

Operations includes bank fees, communications, credit card processing, information technology, insurance, laundry service, merchandise, office supplies, permits, pool supplies, postage/shipping, program supplies, recruitment, rentals, training and uniforms. Operation expenses are projected to be $3,593 (or 2.1%) over budget, due to an IT project that was budgeted in the last fiscal year that was not rolled forward into this year and the purchase of two new hard drives that were not anticipated.

Other Expenses

Other expenses include loan interest, property tax administration, LAFCO, MCRPD administration and COFB administration. Other expenses are projected to be $610 (or 2.1%) more than budget.

Net Income & Cost Recovery

The Center is tracking to end the year with a net gain of $151,343 (16.09%) greater than projected in the budget.

Mid-Year Review - Table 3

NET OPERATING INCOME

	FY15/16 Adopted Budget	FY15/16 Projected Year-End	Variance Favorable (Unfavorable)	Mid-Year	Mid-Year % of Projected
Revenue	$ 625,000	$ 676,705	$ 51,705	$ 358,855	53.0%
Operating Expenses	1,565,320	1,465,681	99,639	730,964	49.9%
Net Operating Income	**$ (940,320)**	**$ (788,976)**	**$ 151,344**	**$ (372,109)**	**47.2%**

The budgeted cost recovery rate was 39.9%. As of the mid-year point, the Center is on target to end the year with a cost recovery rate of 46.2%.

Mid-Year Review - Table 4

OPERATING COST RECOVERY

	FY15/16 Adopted Budget	FY15/16 Projected Year-End
Cost Recovery	39.9%	46.2%

Other Income/Expenses

Mid-Year Review - Table 5

OTHER INCOME/EXPENSES

	FY15/16 Adopted Budget	FY15/16 Projected Year-End	Variance Favorable (Unfavorable)	Mid-Year	Mid-Year % of Projected
Classification/Comp Study	$ 13,754	$ 13,754	$ -	$ -	0.0%
Exercise Equipment Replacement	$ 22,250	$ 21,656	$ 594	$ 21,656	100.0%
Total	**$ 36,004**	**$ 35,410**	**$ 594**	**$ 21,656**	**61.2%**

Classification and Compensation Study

As recommended in an operational assessment completed by consultant Mike Shellito, the MCRPD and CVSCC have "an inconsistent approach to the use of position titles, salary ranges and benefits." The classification and compensation study cost is shared between the CVSCC and MCRPD budgets with the allocation determined by the proportion of FTEs between the budgets. The total cost allocated to the CVSCC budget is $13,753.

Exercise Equipment Replacement

Exercise Equipment Replacement is on track to be right on budget this year. We have added several weights to the aerobics room due to the high level of participant attendance. We replaced four treadmills in the cardio/ weight room.

COFB 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 Community Center loan is structured with a 0.725% interest rate on a 5-year loan with payments made quarterly in the amount of $15,286.50. The loan is anticipated to be paid off in full by June 30, 2017.

The first COFB Energy Loan Principal Payment was originally thought to be due in this fiscal year and later discovered that it is not due until Fiscal Year 16/17.

Mid-Year Review - Table 6

COFB LOAN

	FY15/16 Adopted Budget	FY15/16 Projected Year-End	Variance Favorable (Unfavorable)	Mid-Year	Mid-Year % of Projected
Principal Payment	$ 61,369	$ 61,146	$ 223	$ 30,404	49.7%
Energy Principal Payment	$ 4,570	$ -	$ 4,570	$ -	0.0%
Total	**$ 65,939**	**$ 61,146**	**$ 4,793**	**$ 30,404**	**49.7%**

Capital Improvements

Several capital expenditures were approved for FY 2015-2016.

Mid-Year Review - Table 7

CAPITAL IMPROVEMENTS

	FY15/16 Adopted Budget	FY15/16 Projected Year-End	Variance Favorable (Unfavorable)	Mid-Year	Mid-Year % of Projected
AHU VFD Project	$ 23,906	$ 23,906	$ -	$ 14,772	61.8%
AHU Duct Iprovements	10,000	10,000	-	-	0.0%
Floor Drains	4,600	4,600	-	-	0.0%
Total	**$ 38,506**	**$ 38,506**	**$ -**	**$ 14,772**	**38.4%**

AHU VFD Project- Added VFD to supply fan so that the supply and return fans are able to work together properly and the heat exchange is more efficient. Fans are operating at optimum efficiency which is about half the speed that they were operating at prior to the upgrade. This was performed on both air handlers HU1 and HU2.

AHU Duct Improvements- Plans have been developed to modify the Air Handers air intake. Currently the handlers are recycling air due to their placement on the building. Modifications will be made and allow for both air handlers to intake fresh air to circulate through the natatorium.

Floor Drains

The services of Glass Architects have been requested to complete the planning and design services related to installing floor drains in each of the family changing rooms and the adjacent vestibule. Planning and design services are budgeted to not exceed $4,600.

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 the 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 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 the CVSCC).

Based on the projected FY 2015/2016 operating budget and estimated tax revenues, the CVSCC Enterprise Fund is projected to end FY 2015/2016 with a net asset balance of $498,605. In accordance with the reserve policy established by the Fort Bragg City Council, net assets are to be allocated among three reserves: operating reserve, capital repair and equipment reserve, and facility improvement and expansion reserve.

Mid-Year Review - Table 8

C.V. Starr Center Enterprise Fund		FY 15/16 Mid-Year Projections
Audited C.V. Starr Center Enterprise Net Assets - June 30, 2015	$	23,328,795
Balance Representing Fixed Assets		(22,946,152)
Available Enterprise Net Assets - June 30, 2015		382,643
Projected Sales Tax Revenue through June 30, 2016		810,000
Projected Property Tax Revenue through June 30, 2016		230,000
Projected Allocation for C.V. Starr Center through June 30, 2016		(924,038)
Projected Available C.V. Starr Center Enterprise Net Assets - June 30, 2016	$	498,605
Operating Reserve	$	234,303
Capital Repair and Equipment Reserve		234,303
Facility Improvement and Expansion Reserve		30,000
Projected Available C.V. Starr Center Enterprise Net Assets - June 30, 2016	**$**	**498,605**

Approved Budget Comparison

Mid-Year Review - Table 9

Description	FY 15/16 Approved Amended	FY 15/16 Projected
Operating Revenue		
General Admission	$ 541,000	573,425
Discounts	(26,600)	(21,853)
Rentals	42,100	41,943
Registration	57,700	60,890
Merchandise	5,700	6,845
Miscellaneous	5,100	15,455
Total Revenue	625,000	676,705
Operating Expense		
Wages and Benefits	961,749	871,550
Utilities	268,850	221,843
Outreach	31,310	25,481
Maintenance	100,582	139,775
Operations	173,953	177,546
Other Expenses	28,876	29,486
Total Operating Expense	1,565,320	1,465,681
Other Income/Expenses		
Classification/Comp. Plan	13,754	13,754
Exercise Equip. Repl.	22,250	21,656
Switches for HRU's		
HWS Automation		
Total Other Income/Expense	36,004	35,410
COFB Loan Principle Payment	61,369	61,146
COFB Energy Loan Princ. Pmt.	4,570	0
Total Expenses	1,667,263	1,562,237
Proposed Budget Amendments		
Net Revenue (Expense)	(1,042,263)	(885,532)
Enterprise Fund Allocation for Operations	1,042,263	885,532
Net Operating Income	(1,042,263)	(885,532)
Capital Improvements		
AHU VFD Project	$ 23,906	$ 23,906
AHU Duct Improvements	10,000	10,000
Floor Drains	4,600	4,600
Total Facility Improvements	38,506	38,506
Enterprise Fund Allocation for Facility Improvements	(38,506)	(38,506)
Net Capital Improvements	$ -	$ -
Enterprise Fund		
Beginning Avail. Net Assets	316,292	382,643
Sales Tax Revenue	810,000	810,000
Property Tax Revenue	230,000	230,000
Total Allocation	(1,080,769)	(924,038)
Net Assets	$ 275,523	$ 498,605
Operating Reserve	122,762	234,303
Capital Repair & Equip Reserve	122,762	234,303
Facility Improvement Reserve	30,000	30,000
Net Assets	$ 275,523	$ 498,605

Additional Reconciliations

Mid-Year Review - Table 11

Reconciliation - Operating Net Income to Enterprise Fund Allocation

Projected Net Operating Income	(788,976)
Projected Other Income/Expense	(35,410)
Projected COFB Loan Payment	(61,146)
Projected Capital Improvements	(38,506)
Total Allocation	$ (924,038)

Proposed Budget Adjustments

The following are proposed budget adjustments to allow for the continued operation and development of the Center.

Mid-Year Review - Table 12

PROPOSED BUDGET ADJUSTMENTS

	Recurring or 1x Cost?	FY 15/16 Add'l Cost (Savings)
1) Maintenance Adjustment	1 x	$ 39,418
2) Operations Adjustment	1 x	6,492
3) Switches for HRU's	1x	1,025
4) HWS Automation	1x	6,000
5) COFB Energy Loan Principal Payment	1x	(4,570)
Total		**$ 48,365**

1) Maintenance Adjustment- There were a few projects in last year's budget that were not carried forward in the FY 2015-16 budget, yet were completed this year including $14, 800 for pump repair, and $1,973 for the CO2 Project. We also had to make unexpected upgrades to the handicap accessible doors at the entrance to the building in the amount of $9,000 to remain compliant. We have had Johnson Controls send a tech up to help us overhaul the air handling system and train staff to operate it correctly to save on utilities. We have spent $13,645 on consulting with Johnson Controls and we have already began to see cost saving on our monthly utility bills.

2) Operating Adjustment– Operations is slightly higher than in budget, we had part of the IT project from last year fall into this year's budget. We have four computers that are at the end of their life, we would like to purchase two new ones this year and budget for the other two in the next fiscal year. The cost for computers will be $800 per hard drive and $1000 for the programming and installation.

3) Switches for HRU's- Currently the switches for the low load fans indicate false fan failures and lock out the heating operation. We would like to replace 10 switches.

4) HWS Automation- Currently the Boiler system has three points of automation, one controlling the boilers (which has failed several times,) one controlling the pumps and one monitoring the status of the system. Johnson Controls proposes to combine all three into one system and utilize the existing Metasys FEC controller, which is currently monitoring the system. By integrating the boilers into the building management we can perform several integration improvements such as staging of the boilers and pumps based on actual building load, outside air lock outs, heating lockouts when HWS is off.

5) COFB Energy Loan Principal Payment- The first COFB Energy Loan Principal Payment was originally thought to be due in this fiscal year and later discovered that it is not due until Fiscal Year 16/17.