

# Community Center Operating Budget Update

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Finance Subcommittee - November 17, 2020



City of **Upper  
Arlington**

# Proforma Update

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# Full Potential Proforma

## Assumptions:

- Based on current size, design, partnerships and participation level
- 3% market capture for memberships
- 70% program capacity

### Pro Forma Revenues & Expenditures

UPPER ARLINGTON COMMUNITY CENTER

BASELINE: REVENUES AND EXPENDITURES

| Revenues               | 1st Year              | 2nd Year              | 3rd Year              | 4th Year              | 5th Year              | 6th Year              |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Passes                 | \$2,282,644.20        | \$2,396,776.41        | \$2,492,647.47        | \$2,592,353.37        | \$2,670,123.97        | \$2,750,227.68        |
| Youth Programs         | \$388,449.00          | \$407,871.45          | \$424,186.31          | \$441,153.76          | \$454,388.37          | \$468,020.02          |
| Adult Programs         | \$124,665.00          | \$130,898.25          | \$136,134.18          | \$141,579.55          | \$145,826.93          | \$150,201.74          |
| Seniors                | \$246,218.00          | \$258,528.90          | \$268,870.06          | \$279,624.86          | \$288,013.60          | \$296,654.01          |
| Aquatics               | \$85,855.00           | \$90,147.75           | \$93,753.66           | \$97,503.81           | \$100,428.92          | \$103,441.79          |
| Health & Wellness      | \$126,845.00          | \$133,187.25          | \$138,514.74          | \$144,055.33          | \$148,376.99          | \$152,828.30          |
| Therapeutic Recreation | \$8,070.00            | \$8,473.50            | \$8,812.44            | \$9,164.94            | \$9,439.89            | \$9,723.08            |
| Rental / Other         | \$87,885.00           | \$92,279.25           | \$95,970.42           | \$99,809.24           | \$102,803.51          | \$105,887.62          |
| <b>Total</b>           | <b>\$3,350,631.20</b> | <b>\$3,518,162.76</b> | <b>\$3,658,889.27</b> | <b>\$3,805,244.84</b> | <b>\$3,919,402.19</b> | <b>\$4,036,984.25</b> |

| Expenditures             | 1st Year              | 2nd Year              | 3rd Year              | 4th Year              | 5th Year              | 6th Year              |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Personnel Services       | \$1,686,562.29        | \$1,754,024.79        | \$1,824,185.78        | \$1,897,153.21        | \$1,973,039.34        | \$2,051,960.91        |
| Supplies                 | \$173,500.00          | \$178,705.00          | \$184,066.15          | \$189,588.13          | \$195,275.78          | \$201,134.05          |
| Other Services & Charges | \$1,117,476.42        | \$1,162,175.48        | \$1,208,662.50        | \$1,257,009.00        | \$1,307,289.36        | \$1,359,580.93        |
| <b>Total</b>             | <b>\$2,977,538.72</b> | <b>\$3,094,905.27</b> | <b>\$3,216,914.43</b> | <b>\$3,343,750.34</b> | <b>\$3,475,604.48</b> | <b>\$3,612,675.90</b> |

| Capital Outlay                             | 1st Year            | 2nd Year            | 3rd Year            | 4th Year            | 5th Year            | 6th Year            |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Maintenance Endowment Fund (5% of revenue) | \$167,531.56        | \$175,908.14        | \$182,944.46        | \$190,262.24        | \$195,970.11        | \$201,849.21        |
| <b>Total</b>                               | <b>\$167,531.56</b> | <b>\$175,908.14</b> | <b>\$182,944.46</b> | <b>\$190,262.24</b> | <b>\$195,970.11</b> | <b>\$201,849.21</b> |

|   |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total Gain / Loss (less Maint. Endowment Fund)</b> | <b>\$205,560.92</b> | <b>\$247,349.36</b> | <b>\$259,030.38</b> | <b>\$271,232.26</b> | <b>\$247,827.60</b> | <b>\$222,459.14</b> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|

|                            |             |             |             |             |             |             |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total Cost Recovery</b> | <b>107%</b> | <b>108%</b> | <b>108%</b> | <b>108%</b> | <b>107%</b> | <b>106%</b> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|



# Proforma with Market Stress Test

## Assumptions:

## Reductions from Full Potential Proforma:

- 33% in memberships
- 50% daily admission
- 20% program capacity
- 33% - 50% in rentals

### Pro Forma Revenues & Expenditures

UPPER ARLINGTON COMMUNITY CENTER

BASELINE: REVENUES AND EXPENDITURES

| Revenues               | 1st Year              | 2nd Year              | 3rd Year              | 4th Year              | 5th Year              | 6th Year              |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Passes                 | \$1,514,569.60        | \$1,590,298.08        | \$1,653,910.00        | \$1,720,066.40        | \$1,771,668.40        | \$1,824,818.45        |
| Youth Programs         | \$276,358.00          | \$290,175.90          | \$301,782.94          | \$313,854.25          | \$323,269.88          | \$332,967.98          |
| Adult Programs         | \$88,383.00           | \$92,802.15           | \$96,514.24           | \$100,374.81          | \$103,386.05          | \$106,487.63          |
| Seniors                | \$173,879.00          | \$182,572.95          | \$189,875.87          | \$197,470.90          | \$203,395.03          | \$209,496.88          |
| Aquatics               | \$70,615.00           | \$74,145.75           | \$77,111.58           | \$80,196.04           | \$82,601.92           | \$85,079.98           |
| Health & Wellness      | \$126,845.00          | \$133,187.25          | \$138,514.74          | \$144,055.33          | \$148,376.99          | \$152,828.30          |
| Therapeutic Recreation | \$5,610.00            | \$5,890.50            | \$6,126.12            | \$6,371.16            | \$6,562.30            | \$6,759.17            |
| Rental / Other         | \$46,012.50           | \$48,313.13           | \$50,245.65           | \$52,255.48           | \$53,823.14           | \$55,437.83           |
| <b>Total</b>           | <b>\$2,302,272.10</b> | <b>\$2,417,385.71</b> | <b>\$2,514,081.13</b> | <b>\$2,614,644.38</b> | <b>\$2,693,083.71</b> | <b>\$2,773,876.22</b> |

| Expenditures             | 1st Year              | 2nd Year              | 3rd Year              | 4th Year              | 5th Year              | 6th Year              |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Personnel Services       | \$1,686,433.11        | \$1,753,890.44        | \$1,824,046.06        | \$1,897,007.90        | \$1,972,888.21        | \$2,051,803.74        |
| Supplies                 | \$156,500.00          | \$161,195.00          | \$166,030.85          | \$171,011.78          | \$176,142.13          | \$181,426.39          |
| Other Services & Charges | \$960,944.94          | \$999,382.74          | \$1,039,358.05        | \$1,080,932.37        | \$1,124,169.67        | \$1,169,136.45        |
| <b>Total</b>             | <b>\$2,803,878.06</b> | <b>\$2,914,468.18</b> | <b>\$3,029,434.96</b> | <b>\$3,148,952.04</b> | <b>\$3,273,200.01</b> | <b>\$3,402,366.59</b> |

| Capital Outlay                             | 1st Year            | 2nd Year            | 3rd Year            | 4th Year            | 5th Year            | 6th Year            |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Maintenance Endowment Fund (5% of revenue) | \$115,113.61        | \$120,869.29        | \$125,704.06        | \$130,732.22        | \$134,654.19        | \$138,693.81        |
| <b>Total</b>                               | <b>\$115,113.61</b> | <b>\$120,869.29</b> | <b>\$125,704.06</b> | <b>\$130,732.22</b> | <b>\$134,654.19</b> | <b>\$138,693.81</b> |

|  |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Gain / Loss (less Maint. Endowment Fund) | (\$616,719.56) | (\$617,951.76) | (\$641,057.88) | (\$665,039.89) | (\$714,770.48) | (\$767,184.18) |
|--|----------------|----------------|----------------|----------------|----------------|----------------|

|                            |            |            |            |            |            |            |
|----------------------------|------------|------------|------------|------------|------------|------------|
| <b>Total Cost Recovery</b> | <b>79%</b> | <b>80%</b> | <b>80%</b> | <b>80%</b> | <b>79%</b> | <b>78%</b> |
|----------------------------|------------|------------|------------|------------|------------|------------|



# Cost Recovery

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# Upper Arlington Parks & Recreation

## Recreation Program and Facility Operating Budgets

| Cost Recovery   | 2018 Actual | 2019 Actual | Comprehensive Plan Recommendation |
|---|-------------|-------------|-----------------------------------|
| <b>General Fund</b>   |             |             |                                   |
| Recreation<br>(Youth, Teen, Family, Events)                   | 87%         | 83%         | 40-100%                           |
| Senior Center   | 29%         | 41%         | 20-100%                           |
| Northam Tennis  | 91%         | 88%         | 75-100%                           |
| Shelter & Barn  | 114%        | 127%        | 75-100%                           |
| <b>Life Long Learning and Leisure Fund (Adult Recreation)</b> |             |             |                                   |
|   | 94%         | 83%         | 80-100%                           |
| <b>Swimming Pool Fund</b>                                     |             |             |                                   |
|   | 98%         | 105%        | 60-100%                           |



# Department Subsidy with Community Center

| Recreation General Fund Services     | Recreation Services 2020 Budget | Recreation Services with Community Center at Stress Test Level | Recreation Services with Community Center at Full Potential |
|--------------------------------------|---------------------------------|--|---|
| Revenue                              | \$1,070,000                     | \$3,157,032  | \$4,219,641   |
| Expense                              | \$1,593,600                     | \$4,039,780  | \$4,266,867   |
| Net Income/Subsidy                   | -\$523,600                      | -\$882,748   | -\$47,226   |
| Cost Recovery                        | 67%                             | 78%  | 99%   |
| Change in Overall Net Income/Subsidy |                                 | Increases \$349,148  | Decreases \$476,374   |



# Regional Cost Recovery Models

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## City of Dublin

- Community Recreation Center, Recreation Programs and Outdoor Pools target aggregate 50%
- Any revenue above budget amount is set aside for future capital





# Regional Cost Recovery Models

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## City of Westerville

- Target 85%
- Senior Center
  - Separate budget from Community Center
  - Target cost recovery 20-25%
- Lower cost capital expenses included in community center operating budget
  - Expenses included in Cost Recovery target and subsidy
- Major Capital (roof replacement) uses Capital Improvement Plan
- Replacement Reserve Fund for future capital
  - Funded with a portion of the dedicated 0.25% Income Tax for Parks & Recreation
  - Revenue from fees and charges is not set aside

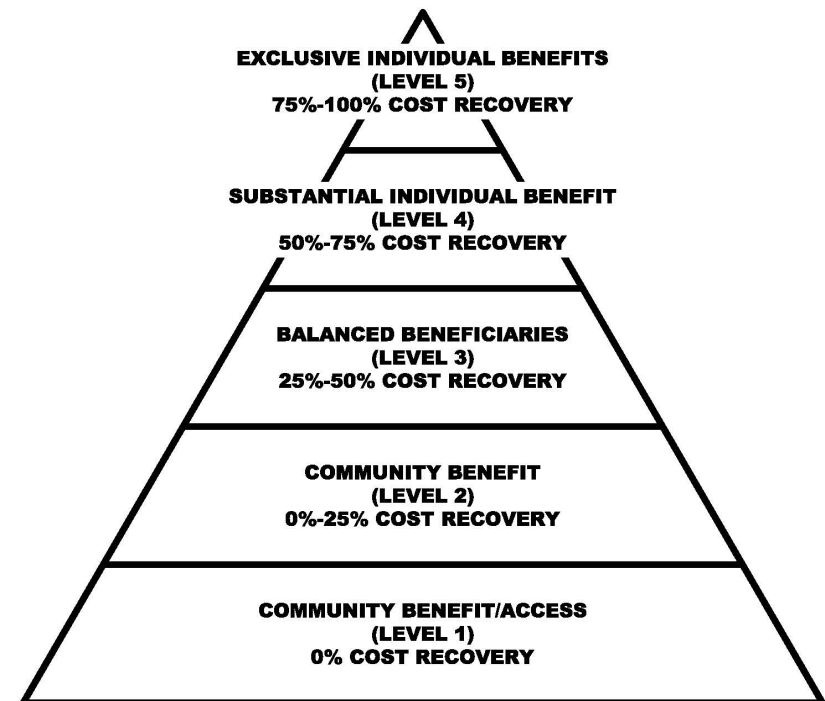


# Regional Cost Recovery Models

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## City of Worthington

- Current Target 70%
- Department conducting assessment to establish cost recovery goals
- Utilize a Community Benefit Pyramid model
  - Cost recovery based on range between individual and community benefit



# Scholarship Program

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# History

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Scholarships funded by private donations

- Low awareness of program limits donations
- Communicate with School Counselors and Community organizations for program utilization
- Scholarships Awarded
  - \$5,000 in scholarships between 2016 – 2019
    - **Pool memberships, swim lessons, Senior Center fitness pass**
    - **Most awards full program cost, recent awards 50% to spread reach**
    - **These scholarships depleted the fund**
  - \$3,800 in reduced pool admission in 2020
    - **Donation specific to this purpose**



# Structure

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## Resources

- Funded by donations, limits program
- Staff time necessary to market and solicit donations
- Donations possible through Department registration process
- City match donations through fee reduction
- Scholarship reduces fee 50%

## Example:

Membership \$100

- Scholarship funds \$25
- Fee Reduction \$25
- Customer Pays \$50



# Funding Options

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## Establish percent of revenue as a scholarship fund

- 2% of membership revenue
- Full Potential Proforma  $\$2,282,644 \times 2\% = \$45,653$
- Conservative Proforma  $\$1,545,569 \times 2\% = \$30,911$

## Allocate set amount of membership fees

- \$1 of each monthly payment
- 4,591 passes x 12 months = \$55,092



# Upper Arlington Community Center Capital Modeling

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November 17, 2020



City of **Upper  
Arlington**

# Kingsdale Site Assumptions

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- Community Center will be 95,300 square feet
- \$50,437,900M in Capital Expenses - All In Cost
- 10% Private Fundraising
- Office Space \$10M (\$200 sq/ft)
- Office Space Must Cover Debt thru leases +





# TIF Funding

TIFs (in annual dollars available)\*

|                     |                                 |
|---------------------|---------------------------------|
| • Surrounding TIFs  | \$377,900*                      |
| • Horizons TIF      | \$400,000*                      |
| • Kingsdale Central | \$809,941 (based on 3.15% rate) |
| <b>TOTAL</b>        | <b>\$1.586M</b>                 |

\* TIFs vary in length, suggesting that debt may need to be front loaded



## Other Capital Funding Sources

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- Office Net Lease                      \$264,512
- Bed Tax                                      \$500,000 (annual)\*
- Office Income Tax                      \$450,000

\* Bed Tax can also be used for operating expenses



## Annual Debt Payments for Community Center

|   | Amount   | Total          |
|---|----------|----------------|
| Total Cost                                    |          | \$50,437,900   |
| 10% Private Fundraising                       | \$5.44M  | \$45M          |
| City Cash Contribution                        | \$5M     | \$40M          |
| Total Gross Bond Issue<br>@3.15% 30 yr        | \$43.86M | \$2,386,175/yr |
| Gap After TIF Resources<br>Front Loading Debt |          | \$615,000/yr   |



Non-TIF Revenues to Cover Debt  
(in rank order)

| Source                      | Amount    | Gap         |
|-----------------------------|-----------|-------------|
| Gap After TIF Resources     |           | 615,000/yr  |
| Net Office Lease            | \$264,512 | \$350,488   |
| Bed Tax                     | \$500,000 | (\$149,512) |
| Office Income Tax from Site | \$450,000 | (\$599,512) |



# Summary

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- \$50M Community Center
- \$10M in cash and private fundraising
- Front loaded debt structure – TIF pays for all but \$615,000/yr
- Net Office Lease and Bed Tax can cover remaining gap
- Income Tax serves as backstop

