TOWN OF MANSFIELD

SPECIAL TOWN COUNCIL MEETING

MONDAY, August 27, 2007

COUNCIL CHAMBERS

AUDREY P. BECK MUNICIPAL BUILDING

6:00 p.m.

AGENDA

Call to Order

Opportunity for Public to Address the Council (15 minutes aggregate)

New Business

1. Discussion of Mansfield Community Center

Executive Session

Adjournment

Building a Sustainable Budget for the Mansfield Community Center, Recreation Fund, and Parks & Recreation Department

Submitted by:
Matthew Hart, Town Manager

August 27, 2007

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Background

I believe all would concur that the Mansfield Community Center has been a tremendous asset to our community. On a daily basis, the Center is humming with activity – members are working out in the health and fitness area, families are taking swimming lessons in the pool, middle school students are busy in the Teen Center and residents are busy with conversation and reading the paper in the sitting room. On the weekends and other days throughout the year, you will also see the community engaged in special events at the Center, whether it be a Family Fun Night, the Tour de Mansfield or the Kids Health and Safety Fair. Behind all of these activities is a competent, well-trained staff that values customer service and professionalism; a staff that has worked hard and successfully to create a welcome environment for all.

One significant issue that was highlighted during this past budget season is the financial condition of the Recreation Fund budget that supports the Mansfield Community Center and other Parks and Recreation activities. The Recreation Fund is consistently running a deficit, and, from staff's perspective, is not sustainable under the manner in which the budget is presently structured. We reviewed this issue at length throughout the budget season, and have continued our analysis now that we have the year-end results for FY 2006/07.

During the budget process, we discussed the viability of increasing the General Fund share of the Parks and Recreation Department's budget. We still see merit in that proposal, but believe additional actions to reduce expenditures and increase revenues are required as well. Many of the action steps involve policy, and the Town Council will need to deliberate and decide which course of action it wishes to follow. Regardless of the policy route ultimately undertaken by the Council, staff believes it is important to take the necessary steps to correct the systemic problems that we have identified in order to promote the long-term financial health of the Recreation Fund.

In this communication, we will:

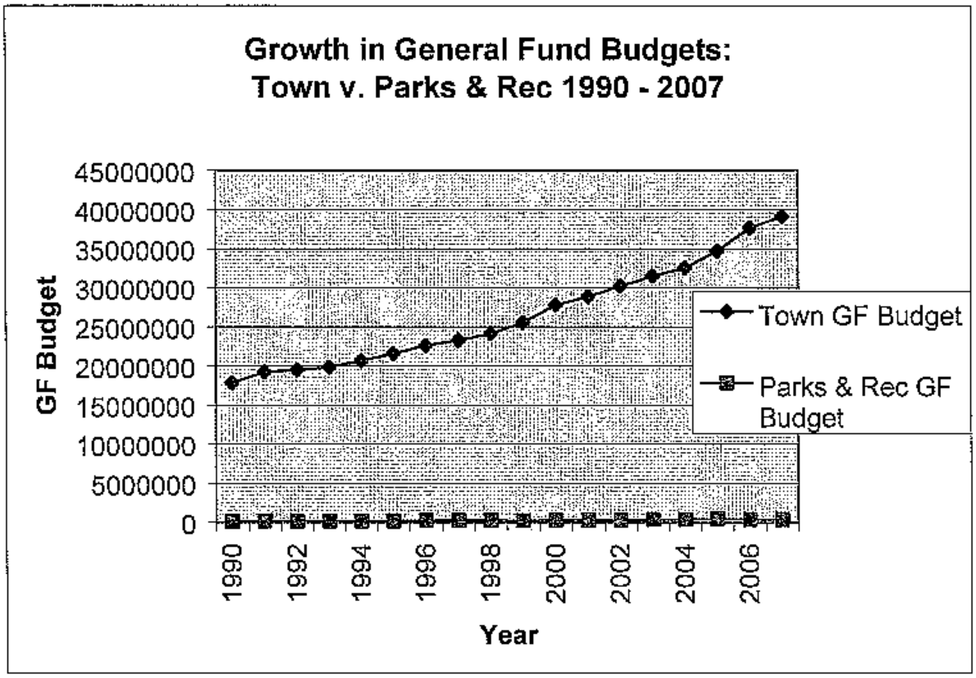
- Identify key issues;
- Review the budget structure of the Department of Parks and Recreation, including the Mansfield Community Center;
- Discuss the analysis; and
- Present recommendations.

Key Issues

1) One key issue is determining the level in which the community is willing to fund general Parks and Recreation Department activity through taxpayer support. Despite the community benefit received through utilization of the Community Center, many of the general Parks and Recreation activities are currently subsidized through Community Center user fees with very little funding provided by the General Fund.

By constructing the Community Center, the Town created infrastructure that enabled Parks and Recreation to provide increased services with a community-wide benefit. Some of these general Parks and Recreation services include swim lessons for youth, the Teen Center, gymnasium space for youth sports, and meeting space for community organizations. Parks and Recreation administrative offices and program space transitioned to the Community Center, thus adding operating and capital costs to the Department.

In the past five fiscal years, the Parks and Recreation Department averaged only 1.05% of all General Fund expenditures. Historically, the General Fund budget as a whole has grown while the General Fund Parks and Recreation budget has seen little growth.



2) As currently structured, the Recreation Fund budget is not sustainable. For three fiscal years the Recreation Fund budget has finished with an operating budget deficit. The operating budget deficits are primarily due to the financial structure of the Fund; Community Center memberships are self-supporting the fitness component of the Parks & Recreation Department. However, Community Center memberships and user fees have been subsidizing community programs and non-member use of the Center. In order for the Recreation Fund to become financially healthy, the General Fund commitment to Parks and Recreation as a department must be carefully reviewed and considered.

Budget Structure
Parks and Recreation operating revenues and expenditures are accounted for in two funds: the Recreation Fund and the General Fund.

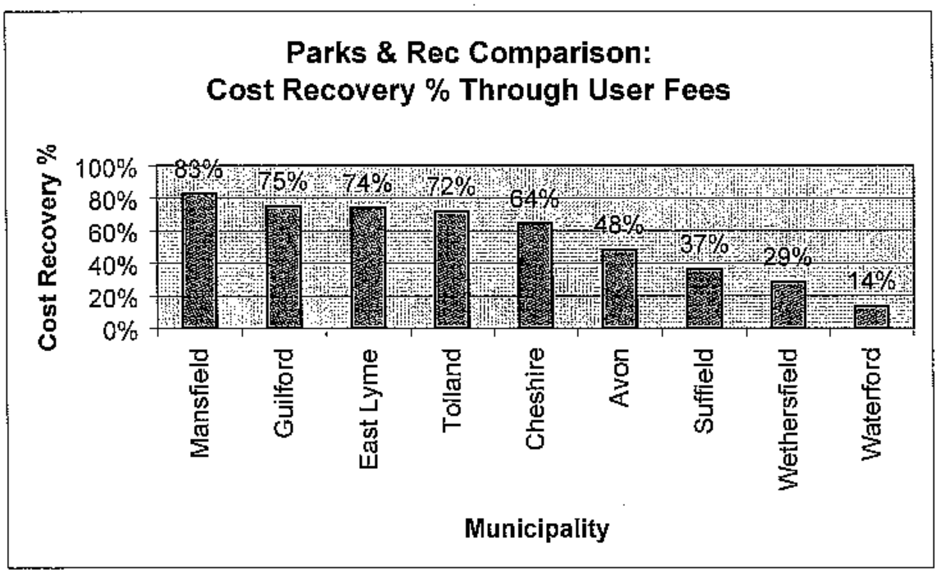
The Recreation Fund is financed almost entirely by user fees (memberships and programs) and a modest transfer from the CNR Fund for the Teen Center and Bicentennial Pond. Recreation Fund revenues are mostly used to fund expenditures related to: 1) Community Center (both member and non-member use) operations, and 2) other activities such as youth recreation programs and adult education.

The General Fund Parks and Recreation budget primarily funds salary and benefits for 2.76 administrative positions that the support the Department as a whole.

For FY 2007/08, the expenditures for the three main components of the Department of Parks and Recreation operating budget break down as follows:

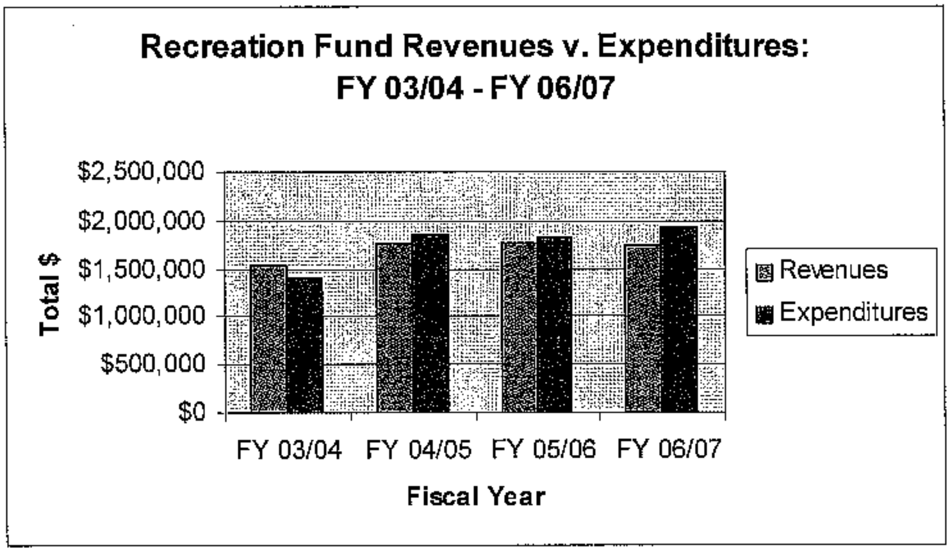
	FY 07/08 Adopted Budget	% Budget
Recreation Fund - Community Center	$1,550,449	
Recreation Fund - All Other Activities	$299,715	
Sub-Total Recreation Fund	*$1,850,164*	*90.5%*
General Fund - Parks & Recreation Admin	$194,610	9.5%
Total All Funds	**$2,044,774**	**100%**

Cost recovery for Parks and Recreation services through user fees is high in Mansfield – 83%. This is much higher than many communities in Connecticut as indicated in the table below.



Analysis of Recreation Fund

Within the Recreation Fund expenditures have exceeded revenues for each of the past three fiscal years (see table below). In FY 2004/05, the Recreation Fund ran a deficit of $71,474. In FY 2005/06, we overspent the budget by $47,273 and in FY 2006/07 the deficit climbed to $183,382 for the Recreation Fund as a whole.



Note: Actual expenditures includes encumbrances; Actual revenues includes debits

Note: Data per General Ledger 8/21/07

Note: FY 03/04 was not a full fiscal year

Why is the Recreation Fund running a consistent deficit and why is the budget structure proving unsustainable? We will briefly review what occurred in FY 2006/07 and then move on to discuss the more systemic causes behind the problem.

Analysis of revenues and expenditures for FY 2006/07

Looking at the Recreation Fund budget, in April 2007 we estimated that total expenditures by June 30th would exceed revenues by $102,718[1] and Fund Balance would decrease from $81,844 to a negative of $20,874. Actual results by June 30th were worse than we anticipated. Expenditures exceeded revenues by $183,382 and Fund Balance decreased from $81,844 to a negative $101,538. In particular, revenues derived from program fees and facilities rent were lower than expected. The largest over-expenditures were for Professional and Technical Services, Purchased Property Services, Recreation Supplies, and a capital expenditure.

If we analyze the Community Center budget[2] (expenditures related to member and non-member use), revenues were $20,298 more than anticipated and expenditures were $58,900 more than anticipated, for a budget gap of $39,892. Contributing to the expenditure over-runs were the following unanticipated expenses: $23,128 increase in salaries (settled a

[1] In April 2007, revenues were projected at $30,895 less than anticipated and expenditures which were $49,769 more than anticipated.

[2] April – June 2007.

collective bargaining agreement); $9,699 increase in property services caused by a $15,000 water bill from UConn (we recently learned that UConn had been reading the meter incorrectly and we are using much more water than they had been charging us); and a capital expenditure for $9,850. Savings in other accounts helped to minimize the impact of the over-runs, but they were not enough to fully close the budget gap. Professional and Technical expenses for contracted instructors and personal trainers were $23,281 more than budgeted, but were offset by an increase in program user fee revenue.

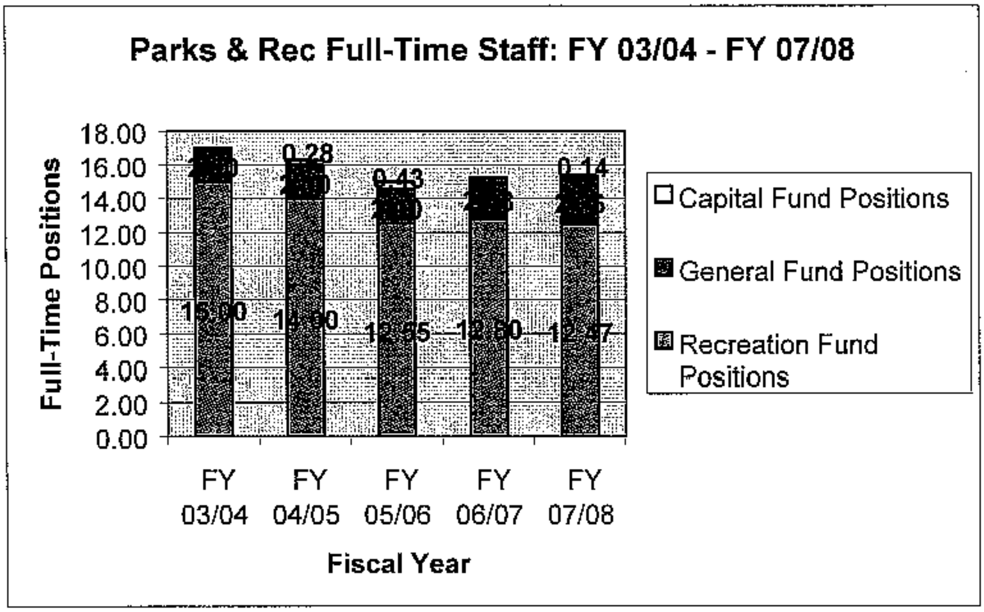
Systemic causes

On a staff level, we have also identified what we perceive as some systemic causes behind the recurring deficit in the Recreation Fund. As we all know, our goal was to supplement the Community Center operating budget for a three-year period, and then to run the Center as a self-supporting entity.

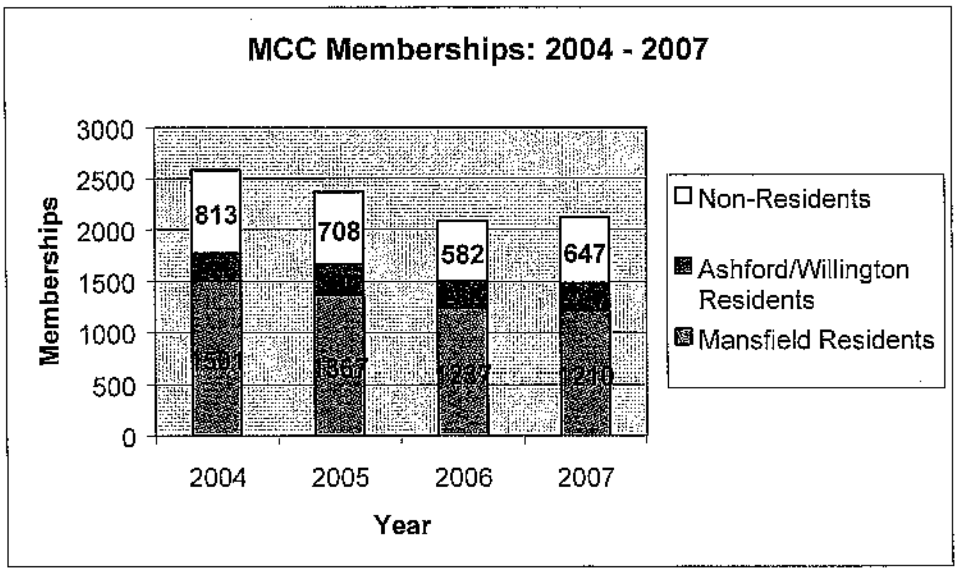
This approach has not worked entirely as planned. To quote from our budget issue paper on this topic, "the Community Center in its current configuration is neither fish nor fowl." That is to say, the Center is not akin to other Connecticut community centers that are primarily tax supported and run a variety of community-oriented programs with little to no cost recovery. Also, the Community Center is not a self-supporting athletic facility that is run primarily to offer health and fitness programs to its members. Instead, what we are attempting to do is run a facility that is both member-supported and open to the public – approaches that are to some extent mutually exclusive.

One systemic cause to the recurring deficit is the staffing model that we employ. Due to the wide range of programs and services provided to members and non-members, the Center carries more full-time positions than would a private sector facility. The General Fund is only financially supporting 17.9% of full-time Parks and Recreation positions. Although the scope and services provided by Parks and Recreation has grown since the Community Center has opened, only .76 FTE has been added to the General Fund budget for the Department. As a result, Community Center user fees from the Recreation Fund are most certainly subsidizing staff time dedicated to Parks and Recreation activity unrelated to the Community Center members.

Our staff is also better compensated than their private sector counterparts, with a more generous benefits package. Over the years, however, we have reduced the number of both full-time staff and part-time staff hours to reduce operating expenditures. We established the Center in October 2003 with a staffing level of 17 full-time Parks and Recreation positions. Today, we have 15.4 full-time Parks and Recreation positions. Consequently, you will note that we plan to spend less in salaries, wages and benefits in the FY 2007/08 Proposed Budget than what we spent in FY 2004/05. Despite the reductions we have made over the years, our staffing model is still expensive. We are fortunate to have good people, and we compensate them well.

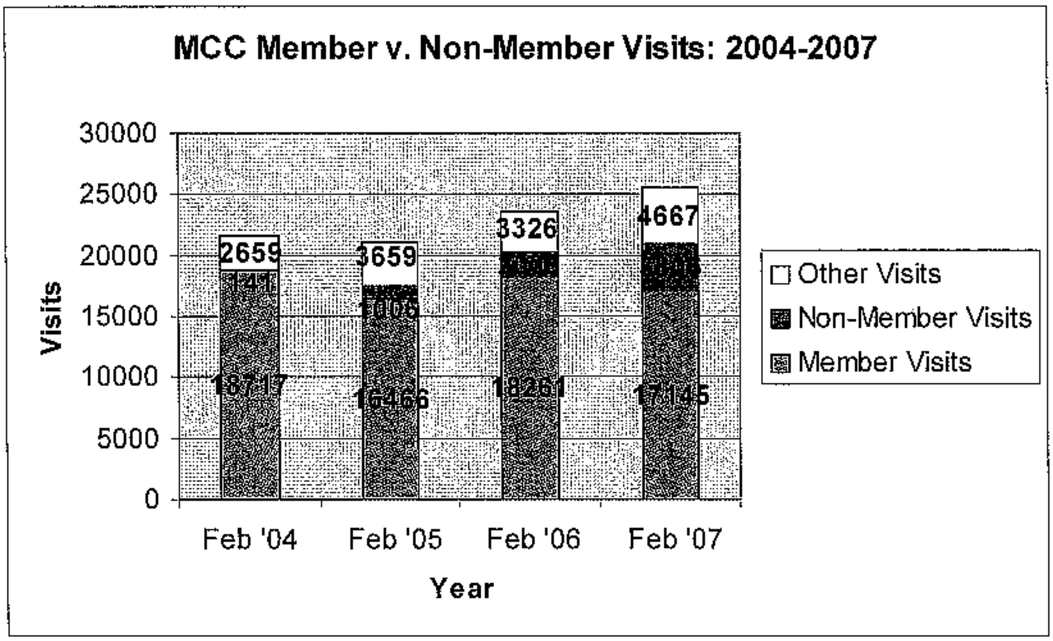


A second systemic factor that the management team would point to is that our membership level has declined and reached a plateau. In October 2004, we hit a high-water mark of 2,877 memberships. Membership then tailed off to 2,400, and has averaged 2,124 memberships during the current calendar year. In July 2007, we had 2,001 memberships but the middle of the summer is when we typically experience our lowest membership numbers of the year. We do anticipate a boost as we move into the fall and winter seasons. I also wish to point out that we have been conservative with our membership estimates and have consistently met our projections for this revenue base. However, for various reasons that we will discuss in greater detail below, our overall expenditures have not decreased commensurate with the declining membership, and this condition has clearly impacted the budget in a negative manner.



The third systemic factor that we see as contributing to the Recreation Fund deficit was the main topic of our budget issue paper. **Namely, the Community Center is experiencing increased community use with lower cost recovery**. Although membership visits are not as high as they were a few years ago, daily and non-member program visits have increased and the Center is busier than ever. Much of these daily and non-member program visits are for what we have loosely labeled as "community use," which includes attendance at special events and for non-health and fitness programs such as adult education and other youth programs. We offer a wide variety of community programs and activities that you would not find at your typical health and fitness center. In order to promote inclusion and participation, these programs are not priced to capture all direct and indirect costs. Also, dozens of part-time and seasonal instructors are needed to run these community programs and events and it is very difficult to recruit, coach and manage this corps of part-time and seasonal instructors without a full-time professional staff.

Over the last few years, the number of non-member and other community based visits have increased 20%.



For the public and for the members to enjoy the Community Center, it must be staffed and maintained everyday, not just on the days that it is used by a particular individual. Memberships were designed to cover those costs. But as more people who are not members use the Center, the burden to run the facility without additional taxpayer support increases.

Recommendations

Staff has identified a number of initiatives to stabilize the Recreation Fund and the Community Center program budget. As discussed earlier, we have generally met our revenue targets but these targets have been conservative. We have not budgeted for contingencies and expenditures have been greater than anticipated, which has contributed to the recurring deficit and the erosion of fund balance. Consequently, in order to make the fund and the budget more sustainable, the management team believes it necessary to employ strategies to both reduce expenditures and to increase revenues. The strategies that we have identified for discussion and consideration are as follows:

Strategies to reduce expenditures

1) Install renewable and more efficient energy technologies to reduce energy consumption – due to the presence of the two pools and the size of the building, as well as the fact that the facility is open so many hours during the day, the Community Center is a substantial energy user. As an illustration of this point, the current year Community Center budget includes $176,750 for energy costs, which appropriation represents 11.4 percent of the $1.55 million operating budget. To lower our energy costs, we have a number of initiatives underway at the Center that will enable us to conserve and use energy more efficiently. For example, we are installing solar panels on the roof which will provide, at approximately one-third of the cost, roughly one-third of the electricity needed to power the facility. We also intend to purchase covers for the pool to prevent heat loss and to lower energy use. In addition, we are working on a proposal to locate a cogeneration facility at the Center, which will provide the balance of the electricity needed to power the facility, and will at the same time provide a substantial amount of our heating and hot water needs. Finally we have engaged Siemans Corporation to make further energy saving changes. The total savings in energy costs (in electricity and natural gas) is estimated between $65,000 - $85,000 per year.

2) Critically analyze staffing levels to promote most efficient deployment of staff –during the past few years we have reduced and otherwise modified the deployment of staff to lower costs and to gain efficiencies. For example, in FY 2005/06 management reduced the budget approximately $95,000 by eliminating three full-time positions via employee attrition and by reducing part-time hours. Also, in FY 2006/07 we realized another $11,000 in savings by reducing part-time hours and adjusting the schedules of the full-time aquatics staff to reduce overlaps (which reduced the need for part-time hours). We need to continue to monitor and adjust our staffing levels to promote the most efficient deployment of staff. Careful consideration must also be given to balance staffing needs to maintain a high level of customer service and provide a safe, clean, and vibrant facility.

3) Continuously review programs and services and adjust resources as appropriate – this is an ongoing effort that we need to continue. Programs that suffer from a lack of enrollment will continue to be evaluated and staff is aware that we need to either make those programs more attractive to increase participation or drop the programs altogether. I am not suggesting that we eliminate community-based programs that are low-cost

recovery because many of those programs offer our residents valuable quality of life services. What I am suggesting is that we continue to design our programs to meet the needs of our residents, and that we realize that some of those programs may need to be supported by the larger community, not just Community Center members.

Strategies to increase revenues

1) Increase membership and daily use rates – in September, we will present the Town Council with a recommendation to increase membership fees by three percent. This is in keeping with our practice of adjusting the fees incrementally each year to keep pace with inflation, as opposed to raising fees on a more substantial basis every two to three years. We will also propose a modest $1 increase in daily use rates, which have not been adjusted since the opening of the Community Center. What we are not recommending this year is an increase in program fees, as the feedback we have received from members indicates that our program fees, while still at or below market rate, are becoming cost prohibitive. If approved, the proposed increases to the membership and daily use fees should generate an additional $25,000 to $30,000 in revenue with the current membership base.

2) Enhance marketing efforts to increase membership, business partnerships and program participation – as the Town Council is well aware, marketing and member retention has been a focus of management since the opening of the Community Center. However, I think there is more we can do in this area and that we should target 2,500+ members as a reasonable goal. To attain this goal, we must be more creative and dynamic with respect to membership and program development, and we need to be more willing to take risks and try something new. An example here would be the development of a premier membership category in which the members could purchase some number of programs as part of his/her membership. We have also begun to hit the pavement and approach area employers with proposals to provide employee wellness programs, and to explore business partnerships with area medical providers. In addition, we have talked for some time about developing a discounted membership rate for first responders and selling this program to area towns and fire departments. We need to make these initiatives happen in an effort to bring in more revenue.

3) Establish a foundation to fund ongoing capital needs and other improvements – it is becoming common for public sector organizations to establish foundations to assist with fund raising and related activities. In the past few years, EO Smith High School created a foundation, which has readily received the support of the Region 19 community and is a benefit to the school. Similarly, we should consider creating a Friends of the Mansfield Community Center organization to establish a foundation to provide financial assistance to the center, particularly for items such as capital equipment that are not funded out of the center's operating budget. A friends organization and a foundation would have other benefits as well, such as fostering a loyal base of support for the Community Center and its activities.

4) Increase General Fund contributions to support community use of the facility – we believe that management can make the case that additional General Fund support is warranted to support the community use at the Community Center. As stated in our budget issue paper, many of the towns and cities around the nation that operate community centers such as ours provide their facilities with a General Fund subsidy equal to ten to twenty five percent of the Center's operating budget, exclusive of debt service. The primary challenge that we would face here is how would we fairly divide the costs of running the Center between our taxpayers and our members? To address this issue, Jeff Smith has prepared two analyses – one based upon a comparative space analysis and the other prepared on activity based accounting model. Both of these analyses indicate that additional General Fund support in the range of $165,000 to $270,000 would be appropriate. If the Town Council were to support this recommendation, management understands that in fairness to our residents we could not get to this level in one year, and would need to build up the General Fund share of the budget over time. Also, we would not want an increased General Fund contribution to the Recreation Fund to be viewed as a panacea, and that is why we think we need to embark upon a host of strategies designed to reduce expenditures and enhance revenues.

Conclusion

The management team appreciates the opportunity to review our thoughts and analysis with the Town Council, and to assist you in your policy deliberations. We are not looking for a "quick fix" and understand that in order to build a sustainable budget structure for the Recreation Fund and the Community Center, we need to review the issues in a deliberative manner. We also understand that the Town Council may very well choose to go in a policy direction that differs from the recommendations that we have set forth. However, we are confident that we can work together successfully to stabilize the Recreation Fund and to improve the long-term fiscal health of the Mansfield Community Center, a facility which has become so important to our residents and enhances the quality of life for the entire community.

APPENDICES

Recreation Program Fund

Analysis of Revenues, Expenditures and Changes in Fund Balance for FY 2006/07

Comparison of April, 2007 to June , 2007

Consolidated Budget:

In April 2007, we estimated that total expenditures by June 30th would exceed revenues by $102,718 and Fund Balance would decrease from $81, 844 to a negative ($20,874). Actual results by June 30th were worse than we anticipated. Expenditures exceeded revenues by $183,382 and Fund Balance decreased from $81,844 to a net deficit of $101,538 (Attachment 1). This was the result of revenues that were $30,895 less than anticipated in April and expenditures, which were $49,769 more than anticipated. The revenues were primarily Program Fees and Facilities Rent with a variety of other accounts both over and under. The largest over expenditures were Professional and Technical Services, Purchased Property Services, Recreation Supplies, and Capital Expenditures offset by savings in other accounts.

Community Center - Stand Alone:

There are two types of programs that take place at the Community Center. First are those programs and activities specifically designed for health and fitness. They are paid for by membership fees and program fees. The other types of programs are community programs. With community programs our goal is to provide the community with a service and recover the direct costs of running the program.

If we analyze the Community Center by itself, revenues were $19,098 more than anticipated and expenditures were $58,900 more than anticipated. On the expenditure side, Professional and Technical Fees were over by $23,281 but that was offset by an increase in Program Fee revenue that is largely generated by professional fees for instructors. The increases that we did not anticipate were: $23,128 more in salaries, $9,699 in property services caused by a $15,000 bill for water from UConn (we recently learned that UConn had been reading the meter incorrectly and we are using much more water than they have been charging us for) and finally a capital expenditure of $9,850 for professional services dealing with the original Community Center expansion.

All Other Activities:

All Other Activities are community programs that do not take place within the Community Center but at other Town and school facilities. Again, we try to recover our direct costs. In addition, we have added some estimated salaries and related benefits for administration.

When we analyze All Other Activities, revenues were less than we anticipated in April by $49,993 (this was primarily in Program Fees) and expenditures were less than anticipated by $9,221. The Fund Balance Deficit projected to be ($206,099) in April, actually increased to ($246,871) at June 30th.

Since the opening of the Community Center, we have attempted to segregate program costs between the Community Center and All Other Activities by recording revenues and expenditures by where the program took place and adding in some administrative salaries in the case of All Other Activities. This has worked to a limited degree for two reasons:

1. It does not appear that community programs whether run at the Community Center or at other facilities are being charged for the full cost of administrative salaries needed to run them.
2. The community programs are not paying for any of the overhead costs of running the Community Center facility. This being the case, actual expenditures for All Other Activities has been understated and Fund Balance overstated i.e., Fund Balance should show a greater cumulative loss.

Actual to Budget: July, 2006 to June, 2007

Community Center - Stand Alone:

While it is a worthwhile exercise to review the difference between our final results and our estimated results in April, it is also worthwhile to look at our original budget and what were the variances there (Attachment 2). In the Community Center the reasons for over expenditures in Professional and Technical Services and Property Services are the same as above. In addition, we also spent about $10,000 more on repairs and $6,000 more on supplies than we budgeted. The major problem however was energy where we overspent the budget by nearly $60,000. In reviewing prior year expenditures, this was clearly a case where we budgeted much less than we should have.

All Other Activities:

All Other Activities budget anticipated an operating loss of $16,290 and an ending Fund Balance deficit of ($201,621). Actual results included an operating loss of $61,540 and a Fund Balance deficit of ($246,881). The operating loss is entirely attributable to Program Fees being $75,812 less than budgeted.

Finally, if we review the Consolidated Statement of Revenues, Expenditures and Changes in Fund Balance for the entire period since the opening of the Community Center in 2002/03 (Attachment 2), it seems clear that operating profits in the Community Center have masked operating losses in other programs. On a final note, Operating Transfers In (community support) was $183,630 in fiscal year 2003/04. That support declined to $40,000 for fiscal year 2006/07. Support was programmed to decline because we were confident that the Community Center could be self-supporting. What we did not fully appreciate was the cost of running a full plate of community programs in a new building with its own overhead costs. If we had, and if community support had remained at $183,630 per year, our Fund Balance in the Recreation Program Fund would be $150,662 to the good rather than a $101,538 deficit.

Program Cost Analysis

Attachment 3 is an analysis of Revenues, Expenditure and Gain or Loss by Program for fiscal year 2006/2007. Because we have done this by program and not by location, the results can only be compared with Attachment 2 in total. In this analysis we have combined community programs run at the Community Center with community programs run at other facilities. This will provide us with both an overview of the number of programs being run as well as a fiscal analysis by program. We have also listed all the health and fitness programs being administered by the department for Community Center members and paying participants. What is clear is that the programs are for the most part paying for themselves with some exceptions. However, what we do not have is a realistic way to accurately assign overhead costs to each program. Therefore, in order to complete the analysis, we have used the overhead costs for community programs based on square feet from our May 3, 2007 memo. Based on the number of programs being administered by the department, it is our opinion that we are still understating the true cost of community based programs.

Conclusion

1. The cost of providing community based programs did not contemplate the added cost of moving the administrative offices of the Community Center from Town Hall, where those costs were fully subsidized, to a new building
2. We did not fully appreciate that changing the use of the Community Center from a building centered around health and fitness to a community center running a broad range of community programs, would significantly change our operating costs and the revenues needed to support those costs.
3. It is important that as we cut expenditures, we carefully analyze its effect on revenues. Where possible, we need to trim costs that will have the least impact on revenues.
4. Finally, we need to review the programs we provide and decide which ones can be scaled back. This is not simply a financial decision but one that takes into consideration how change will impact our residents.

Attachment 1

Comparison of April, 2007 Estimates to June, 2007 Actuals

	Total	Fitness	Community Programs
Beginning Fund Balance	$ 81,844	$ 267,175	$ (185,331)
Estimated Results	(102,718)	(81,950)	(20,768)
Revenue Variance	(30,895)	19,098	(49,993)
Expenditure Variance	(49,769)	(58,990)	9,221
Actual Results	(183,382)	(121,842)	(61,540)
Ending Fund Balance	$ (101,538)	$ 145,333	$ (246,871)

FUND 260 - RECREATION PROGRAM
CONSOLIDATED
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ROLL FORWARD FOR 2006/07
AS OF JUNE 30, 2007

Attachment 2

	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Budget	2006/07 Actual	Budget vs Actual Variance	April Estimates	April vs.Actual Variance	2007/08 Proposed
REVENUES:										
Membership Fees	$ -	$ 857,008	$ 909,202	$ 935,336	$ 900,000	$ 944,089	$ 44,089	$ 920,000	$ 24,089	$ 925,000
Employee Wellness	-	-	6,000	2,250	5,000	5,145	145	5,000	145	5,000
Bicentennial Pond Fees	940	3,840	34	800	3,300	3,034	(266)	3,000	34	2,750
Sale of Food	-	2,984	2,929	4,177	4,500	4,807	307	4,500	307	4,500
Advertising Income	-	12,815	2,332	14,664	13,480	12,692	(788)	20,250	(7,558)	21,000
Program Fees	307,960	387,682	569,756	537,111	575,370	540,410	(34,960)	560,500	(20,090)	560,500
Daily Admission Fees	-	35,873	51,268	52,364	54,460	53,563	(897)	50,275	3,288	52,380
Fee Waivers	-	-	50,000	77,649	75,000	75,000	-	83,070	(8,070)	85,000
Sale of Merchandise	-	-	3,045	11,203	11,000	18,071	7,071	20,500	(2,429)	20,500
Rent	-	-	7,350	-	-	-	-	-	-	-
Rent - E.O. Smith	-	-	11,525	6,500	12,500	4,550	(7,950)	12,500	(7,950)	12,500
Rent - Facilities/Parties	-	8,960	14,760	24,410	15,000	15,727	727	30,600	(14,873)	30,600
Contributions	38,082	31,617	23,667	27,080	20,000	17,973	(2,027)	15,514	2,459	17,500
Other	-	691	1,767	243	-	(247)	(247)	-	(247)	-
Total Revenues	346,982	1,341,470	1,653,635	1,693,787	1,689,610	1,694,814	5,204	1,725,709	(30,895)	1,737,230
OPERATING TRANSFERS:										
General Fund - Bicent. Pond	72,500	64,500	25,000	25,000	21,200	-	(21,200)	-	-	-
General Fund - Teen Center	-	-	10,000	10,000	-	-	-	-	-	-
CNR Fund - Bicent. Pond	-	-	-	-	-	26,200	26,200	25,000	1,200	25,000
CNR Fund - Teen Center	65,000	119,130	80,000	40,000	13,800	13,800	-	15,000	(1,200)	25,000
Total Rev. & Op Trans	484,482	1,525,100	1,768,635	1,768,787	1,724,610	1,734,814	10,204	1,765,709	(30,895)	1,787,230
EXPENDITURES:										
Salaries & Wages	243,277	844,503	1,089,173	1,034,348	1,102,900	1,089,447	(13,453)	1,082,970	6,477	1,056,401
Benefits	5,330	8,152	165,914	146,107	146,640	139,800	(6,840)	144,565	(4,765)	147,430
Professional & Technical	59,016	74,002	111,776	118,381	86,170	148,510	62,340	113,802	34,708	101,533
Purchased Property Services	30,323	2,188	8,489	15,468	13,260	24,109	10,849	14,410	9,699	14,750
Repairs & Maintenance	-	6,300	9,377	16,119	15,000	24,795	9,795	25,000	(205)	26,000
Other Purchased Services/Rentals	51,420	193,649	166,864	201,664	195,550	192,758	(2,792)	199,810	(7,052)	196,800
Other Supplies	49,680	70,916	34,661	33,779	31,160	34,870	3,710	37,700	(2,830)	39,185
Energy	98	121,876	119,574	150,121	100,000	159,199	59,199	163,000	(3,801)	176,750
Building Supplies	-	24,388	50,333	46,269	46,500	43,750	(2,750)	46,500	(2,750)	46,500
Recreation Supplies	180	37,426	73,948	53,804	57,920	51,108	(6,812)	40,670	10,438	44,815
Capital Projects	-	-	10,000	-	-	9,850	9,850	-	9,850	-
Total Expenditures	439,324	1,383,400	1,840,109	1,816,060	1,795,100	1,918,196	123,096	1,868,427	49769	1,850,164
EXCESS/DEFICIENCY	45,158	141,700	(71,474)	(47,273)	(70,490)	(183,382)	(112,892)	(102,718)	(80,664)	(62,934)
FUND BALANCE, JULY1	13,733	58,891	200,591	129,117	81,844	81,844	-	81,844	-	(101,538)
FUND BALANCE, End of Period	$ 58,891	$ 200,591	$ 129,117	$ 81,844	$ 11,354	$ (101,538)	$ (112,892)	$ (20,874)	$ (80,664)	$ (164,472)

FUND 260 - RECREATION PROGRAM
ACTIVITY 44102 - COMMUNITY CENTER
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ROLL FORWARD FOR 2006/07
AS OF JUNE 30, 2007

Attachment 2

	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Budget	2006/07 Actual	Budget vs Actual Variance	April Estimates	April vs.Actual Variance	2007/08 Proposed
REVENUES:										
Membership Fees	$ -	$ 857,008	$ 909,202	$ 935,336	$ 900,000	$ 944,089	$ 44,089	$ 920,000	$ 24,089	$ 925,000
Employee Wellness			6,000	2,250	5,000	5,145	145	5,000	145	5,000
Bicentennial Pond Fees							-		-	
Sale of Food		2,984	2,929	4,177	4,500	4,807	307	4,500	307	4,500
Advertising Income		7,533	836	14,241	11,980	2,908	(9,072)	15,750	(12,842)	16,500
Program Fees		112,759	208,507	284,504	285,960	326,812	40,852	299,110	27,702	327,049
Daily Admission Fees		35,873	49,901	50,142	51,440	53,453	2,013	48,275	5,178	50,180
Fee Waivers			50,000	54,219	51,340	51,340	-	51,340	-	53,070
Sale of Merchandise			3,045	5,522	5,000	7,469	2,469	10,500	(3,031)	10,500
Rent			7,350				-		-	
Rent - E.O. Smith			11,525	6,500	12,500	4,550	(7,950)	12,500	(7,950)	12,500
Rent - Facilities/Parties		8,619	14,841	23,855	14,600	15,589	989	30,400	(14,811)	30,400
Contributions	27,956	28,653	13,247	25,127	14,850	14,008	(842)	12,250	1,758	14,250
Other		691	1,767	243		(247)	(247)		(247)	
Total Revenues	27,956	1,054,120	1,279,150	1,406,116	1,357,170	1,429,923	72,753	1,409,625	20,298	1,448,949
OPERATING TRANSFERS:										
General Fund - Bicent. Pond							-		-	
General Fund - Teen Center			10,000	10,000			-		-	
CNR Fund - Bicent. Pond							-		-	
CNR Fund - Teen Center	65,000	119,130	80,000	40,000	13,800	13,800	-	15,000	(1,200)	25,000
Total Rev. & Op Trans	92,956	1,173,250	1,369,150	1,456,116	1,370,970	1,443,723	72,753	1,424,625	19,098	1,473,949
EXPENDITURES:										
Salaries & Wages	4,223	592,860	703,713	824,422	878,430	879,798	1,368	856,670	23,128	894,856
Benefits		6,152	137,756	112,988	113,660	110,202	(3,458)	112,735	(2,533)	114,160
Professional & Technical	25567	31,510	64,109	82,306	56,920	103,151	46,231	79,870	23,281	67,733
Purchased Property Services		2,188	8,489	15,468	13,260	24,109	10,849	14,410	9,699	14,750
Repairs & Maintenance		6,300	9,377	16,119	15,000	24,795	9,795	25,000	(205)	26,000
Other Purchased Services/Rentals	51,420	161,118	131,338	164,853	156,800	160,991	4,191	159,610	1,381	156,200
Other Supplies		15,912	32,207	25,558	19,350	25,600	6,250	25,930	(330)	27,510
Energy	98	121,876	119,574	150,121	100,000	159,199	59,199	163,000	(3,801)	176,750
Building Supplies		24,388	49,985	46,269	46,500	43,750	(2,750)	46,500	(2,750)	46,500
Recreation Supplies	180	37,426	20,972	17,455	25,250	24,120	(1,130)	22,850	1,270	25,990
Capital Projects			10,000			9,850	9,850		9,850	
Total Expenditures	81,488	999,730	1,287,520	1,455,559	1,425,170	1,565,565	140,395	1,506,575	58990	1,550,449
EXCESS/DEFICIENCY	11,468	173,520	81,630	557	(54,200)	(121,842)	(67,642)	(81,950)	(39,892)	(76,500)
FUND BALANCE, JULY1		11,468	184,988	266,618	267,175	267,175	-	267,175	-	145,333
FUND BALANCE, End of Period	$ 11,468	$ 184,988	$ 266,618	$ 267,175	$ 212,975	$ 145,333	$ (67,642)	$ 185,225	$ (39,892)	$ 68,833

FUND 260 - RECREATION PROGRAM
ALL OTHER ACTIVITIES
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ROLL FORWARD FOR 2006/07
AS OF JUNE 30, 2007

Attachment 2

	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Budget	2006/07 Actual	Budget vs Actual Variance	April Estimates	April vs.Actual Variance	2007/08 Proposed
REVENUES:										
Membership Fees							$ -		$ -	
Employee Wellness							-		-	
Bicentennial Pond Fees	$ 940	$ 3,840	$ 34	$ 800	$ 3,300	$ 3,034	(266)	$ 3,000	34	$ 2,750
Sale of Food							-		-	
Advertising Income		5,282	1,496	423	1,500	9,784	8,284	4,500	5,284	4,500
Program Fees	307,960	274,923	361,249	252,607	289,410	213,598	(75,812)	261,390	(47,792)	233,451
Daily Admission Fees			1,367	2,222	3,020	110	(2,910)	2,000	(1,890)	2,200
Fee Waivers				23,430	23,660	23,660	-	31,730	(8,070)	31,930
Sale of Merchandise				5,681	6,000	10,602	4,602	10,000	602	10,000
Rent							-		-	
Rent - E.O. Smith							-		-	
Rent - Facilities/Parties		341	(81)	555	400	138	(262)	200	(62)	200
Contributions	10,126	2,964	10,420	1,953	5,150	3,965	(1,185)	3,264	701	3,250
Other							-		-	
Total Revenues	319,026	287,350	374,485	287,671	332,440	264,891	(67,549)	316,084	(51,193)	288,281
OPERATING TRANSFERS:										
General Fund - Bicent. Pond	72,500	64,500	25,000	25,000	21,200		(21,200)		-	
General Fund - Teen Center							-		-	
CNR Fund - Bicent. Pond						26,200	26,200	25,000	1,200	25,000
CNR Fund - Teen Center							-		-	
Total Rev. & Op Trans	391,526	351,850	399,485	312,671	353,640	291,091	(62,549)	341,084	(49,993)	313,281
EXPENDITURES:										
Salaries & Wages	239,054	251,643	385,460	209,926	224,470	209,649	(14,821)	226,300	(16,651)	161,545
Benefits	5,330	2,000	28,158	33,119	32,980	29,598	(3,382)	31,830	(2,232)	33,270
Professional & Technical	33,449	42,492	47,667	36,075	29,250	45,359	16,109	33,932	11,427	33,800
Purchased Property Services	30,323						-		-	
Repairs & Maintenance							-		-	
Other Purchased Services/Rentals		32,531	35,526	36,811	38,750	31,767	(6,983)	40,200	(8,433)	40,600
Other Supplies	49,680	55,004	2,454	8,221	11,810	9,270	(2,540)	11,770	(2,500)	11,675
Energy							-		-	
Building Supplies			348				-		-	
Recreation Supplies			52,976	36,349	32,670	26,988	(5,682)	17,820	9,168	18,825
Capital Projects							-		-	
Total Expenditures	357,836	383,670	552,589	360,501	369,930	352,631	(17,299)	361,852	(9,221)	299,715
EXCESS/DEFICIENCY	33,690	(31,820)	(153,104)	(47,830)	(16,290)	(61,540)	(45,250)	(20,768)	(40,772)	13,566
FUND BALANCE, JULY1	13,733	47,423	15,603	(137,501)	(185,331)	(185,331)	-	(185,331)	-	(246,871)
FUND BALANCE, End of Period	$ 47,423	$ 15,603	$ (137,501)	$ (185,331)	$ (201,621)	$ (246,871)	$ (45,250)	$ (206,099)	$ (40,772)	$ (233,305)

Recreation Program Fund
Revenues, Expenditures, Gain (Loss)
By Program - 2007

	Direct	Indirect		Total
Revenues:				
Community Programs	335,833	9,785		345,618
Fitness Programs	324,377	1,064,820		1,389,197
Total	660,210	1,074,605		1,734,815
Expenditures:				
Community Programs	237,475	273,975	*	511,450
Fitness Programs	361,380	1,047,826		1,409,206
Total	598,855	1,321,801		1,920,656
Gain/(Loss)	61,355	(247,196)		(185,841)

RECAP:	**Community Programs**	**Fitness Programs**	**Total**
Revenues	345,618	1,389,197	1,734,815
Expenditures	511,450	1,409,206	1,920,656
Gain/(Loss)	(165,832)	(20,009)	(185,841)

* From May 3, 2007

COMMUNITY PROGRAMS

	DIRECT REVENUES	DIRECT EXPENDITURES	GAIN / LOSS
YOUTH PROGRAMS	$ 75,600	$ 42,051	$ 33,549
GRADE SCHOOL PROGRAMS	17,913	80,666	(62,753)
PRESCHOOL	3,481	-	3,481
GRADE K-6 CIT	77,573	11,705	65,868
ADVENTURER GR 7 - 8	23,478	2,984	20,494
CAMP CARE	13,969	-	13,969
SPORT CAMP	39,744	36,708	3,036
SPECIALTY CAMP	15,434	10,081	5,353
VACATION CAMP	12,448	8,786	3,662
TRIPS	9,146	7,568	1,578
SPECIAL EVENTS	1,869	78	1,791
HOLIDAY PARTIES	7,555	1,266	6,289
MISCELLANEOUS	2,565	2,561	4
COMM & ADULT EDU	30,001	18,758	11,243
PARKS PROGRAMS	1,088	52	1,036
COMM CTR TEEN CTR	29	9,942	(9,913)
TEEN TRIPS	495	479	16
CONCERTS	3,445	3,790	(345)
TOTAL	$ 335,833	$ 237,475	$ 98,358

FITNESS PROGRAMS

	DIRECT REVENUES	DIRECT EXPENDITURES	GAIN / LOSS
CHILD CARE	$ 15,230	$ 39,046	$ (23,816)
AQUATICS	146,413	189,304	(42,891)
FITNESS	126,873	104,459	22,414
PERSONAL TRAINING	33,505	22,848	10,657
MASSAGE THERAPY	2,332	1,294	1,038
MEMBER EVENTS	24	4,429	(4,405)
TOTAL	$ 324,377	$ 361,380	$ (37,003)
GRAND TOTAL	$ 660,210	$ 598,855	$ 61,355

Finance Department
Town of Mansfield

Memo

To: Town Council

From: Jeff Smith, Finance Director

CC: Matthew Hart, Town Manager; Cherie Trahan, Controller/Treasurer; Curt Vincente, Parks & Recreation Director; Maria Capriola, Assistant to Town Manager

Date: 8/22/2007

Re: Community Center Cost Analyses - Summary

The following information is a summary of the Community Center Cost Analyses conducted by Finance during Spring and early Summer of 2007.

Background

The essential question to ask is why are people willing to pay a membership fee or a user fee to use the facilities available at the Community Center? For the vast majority of paying customers, the health and fitness aspect of the CC is the reason to make a financial commitment. A Health & Fitness Center does not need a sitting room, a community room, a huge main lobby, a conference room, general office space, arts & crafts room, and a teen center. Although these are very nice things to have for a Community Center, they are not the reason to become a member of a health and fitness center. Our members are paying for a fitness room, and a dance/aerobics room. The addition of the pool and gym/walking track also increases the attractiveness of the Center for paying members.

The rest of the space is superfluous and increases the costs to the Center with little or no return. For instance, the teen center is a community facility and should not be supported by user fees. A health and fitness facility would not have built a community room, it would have built a larger fitness center or aerobics room. In short, we designed a camel (a very nice camel we might add) and are asking the members to pay 100% of the operating costs.

The total estimated cost for FY 06/07 (on a square foot basis) to operate : Child Care, locker rooms, pool, gym/walking track, dance/aerobics room, and the fitness area is $1,171,600. The total income associated with these areas is $1,387,625. That leaves a profit of $216,025. The real cost of "community use" is much closer to $273,975, much of which is masked by user fees.

Our problem is that there is too much community use of the Community Center for it to be funded 100% from user fees. Our goal must be to bring user fees more in line with the actual costs of those facilities that the members/ paying customers are using. This means the community must pay for community space and use. The attached analysis demonstrates this imbalance.

In 2005 we hired a senior officer of HealthTrac Corp. to review our membership development and labor costs in comparison with private industry. The study was very helpful to us as we developed and ran the Community Center. One of the things that stuck with me most during our many meeting with this individual was the comment that our Community Center, in contrast to a private health center, had much more non-revenue producing space than a commercial for profit center. Based on that insight, I tried to exclude space that I don't believe we would have built or we would have built much smaller if we had stayed with our original concept of a health and fitness center. The sitting room is a good example. I don't remember that as part of our conceptual design, but as the building committee, council and citizens reviewed plans and discussed various options, the design and purpose of the facility gradually changed from a health and fitness center to a combination fitness/community center.

Cost Analysis

MANSFIELD COMMUNITY CENTER
COST ANALYSIS FITNESS CENTER VS. COMMUNITY CENTER

	Estimated 2006/07[1]		
	Fitness Center	Community Use	Total
User Fees:			
Fees	$ 1,301,725	$ -	$ 1,301,725
Rent	42,900		42,900
Miscellaneous	43,000		43,000
Total User Fees	1,387,625		1,387,625
Costs (per sq. ft):			
Sitting Room		35,759	35,759
Community Room		57,747	57,747
Main Lobby		34,656	34,656
Conference Room		11,032	11,032
General Offices		55,008	55,008
Child Care	27,504		27,504
Arts & Crafts		33,020	33,020
Teen Center		46,753	46,753
Locker Rooms	93,506		93,506
Pool	473,045		473,045
Gym/Walking Track	434,509		434,509
Dance/Aerobics Room	60,524		60,524
Fitness Center	82,512		82,512
Total Estimated Costs	1,171,600	273,975	1,445,575

1 As prepared by staff in May 2007.

Net Revenues Over (Under) Expenditures	$ 216,025	$ (273,975)	$ (57,950)

Discussion

There have been many questions raised concerning the division of revenues and expenditures between "Community Use" and "Fitness Use" as they relate to the Community Center.

First, let me say that there is no definitive answer. Much of what we do at the Community Center is blended. That is to say, the staff is providing services to members, paying customers, non-paying customers and visitors. There is no practical way to accurately account for and prorate all of our costs by program or by customer without establishing an extensive cost accounting system. Such a system would be costly to establish, costly to maintain and not provide value equal to tits expense. With that said, we feel that we can arrive at a reasonable division of costs with the accounting records we currently maintain to answer the questions "Is the community Center self supporting?" or more accurately "Is that portion of the Community Center dedicated to physical fitness self-supporting or are the tax payers of Mansfield subsidizing citizens from other towns to exercise in our facility?"

1. Why didn't we divide areas and thus revenues and expenditures proportionately between community use and fitness use?

As mentioned above, we do not have accounting records that can accurately provide this information. Therefore, any prorating becomes subjective and raises more questions than it answers. For example, we did not include the sitting area even though members certainly sit there for several reasons. When a member using the sitting area he does so as a community member not a fitness center member.

*The people who pay to join the Community Center do so to exercise. They would have joined whether we had a sitting room or not.

Finally, we also did not attempt to prorate community use to the pool or to the gym/walking track. So, while we could have prorated member use to the community room, lobby, general office space we took the position that one would offset the other. Given the relative differences in size we suspect that our analysis is conservative in that a prorating if possible would increase community use costs.

2. We did not include other sources of income such as the town subsidy.

The question we are attempting to answer is who is receiving services and who is paying for them. One of the answers we are groping for is "what should the subsidy be in the future and why?" To include any town subsidy in our analysis would cloud what the analysis is looking to answer.

3. Move the lobby sitting area and 75% of the office into the "fitness center" column.

As previously mentioned, we did not try to prorate the use of the pool and gym area's to community use, but rather left the lobby sitting area, and general office areas in community use as offsets. It seemed reasonable, given our lack of information on how to prorate. Also, there are a number of office areas throughout the building that were charged to the "Fitness Center". Again it seemed a reasonable compromise.

Finally, there are a number of programs at the Community Center that do not neatly fit into either category. For instance, we run a vacation camp program for children at the Community Center when school is not in session during the school year. We charge for that service to offset the direct costs of running the program. We do not charge for overhead costs (heat, light, general administration etc) because the cost of the program would be prohibitive. We have included the revenues and expenditures for these programs under "fitness Center yet they certainly contain a heavy dose of community service.

In conclusion, we believe very strongly that the "Fitness Center" is self-supporting and in fact provides a subsidy to the community use of the building. As we go forward we will continue to modify our accounting systems to capture the appropriate data to help us make policy decisions as they relate to support for the center.

MANSFIELD PARKS and RECREATION DEPARTMENT

8/22/2007

Implemented/Proposed Payroll Savings - FY 05/06, 06/07

Item	Explanation	Savings	Cost	Net Savings
PAYROLL POSITION				
FY 05/06				
FT Health & Fitness Specialist	salary (100%)	43,172		43,172
	benefits (100%)	10,000		10,000
FT Member Services Coordinator	50% (Jan. 1 target)			0
	adjustment for budgeted hours at new rate, 19.54-11.85=7.69, 25 hrsx26wks.		-5,000	-5,000
	10 additional hours x 19.54 x 26 wks.		-5,080	-5,080
	benefits		-500	-500
PT Weekend/Evening Facility Super.	Supervisor 1 (60%) 31 weeks, 17.92 x 14/wk		-7,800	-7,800
	Supervisor 2 (60%) 31 weeks, 17.92 x 14/wk		-7,800	-7,800
FT Head Lifeguard	salary (83%)	35,833		35,833
	benefits	1,000		1,000
PT Lifeguard	deck coverage reductions 8/hr x 9.5hrs/wk x 32wks	2,432		2,432
PT Reception Staff	2nd Member Service Position never filled 11.85/hr x 10hrs/wk x 52wks	6,162		6,162
	minimize staff overlaps at defined slow periods 504hrs x 11.85/hr	5,972		5,972
FT Maintainer	salary (75%)	26,669		26,669
	benefits (75%)	7,500		7,500
PT Custodial	coverage for FT Maintainer 2080hrs x 12.30/hr		-25,600	-25,600
	reduced coverage 312 hrs x 12.30/hr	3,838		3,838
PT Locker Room Attendant	reduced hours 440hrs x 7.65/hr	3,366		3,366
PT Gym Supervisors	reduced hours 182hrs x 7.65/hr	1,392		1,392
TOTAL		147,336	-51,780	95,556
FY06/07				
Reduced PT Custodial hours	eliminated 255 hours. 5hr wk X51 wk	3,137		3,137
Reduced PT Reception hours	eliminated 17 hours per week at mid-year, 17 x 26 weeks x 11.28/hr.	5,000		5,000
Reduced FT Aquatic Staff overlaps	reduced FT staff overlaps in last quarter of FY which reduced need for Sr. Guards at times	3,000		3,000
TOTAL		11,137	#REF!	11,137