

#118

**City of Carson City  
Agenda Report**

**Date Submitted:** November 10, 2008

**Agenda Date Requested:** November 20, 2008

**Time Requested:** 15 minutes

**To:** Mayor and Supervisors

**From:** Parks and Recreation Department

**Subject Title:** Discussion regarding the use of General Fund money to support the on-going operations and maintenance of the proposed Recreation Center adjacent to the Boys and Girls Club if the revenue generated by the center is not sufficient to cover the operations and maintenance of the center.

**Staff Summary:** At the March 6, 2008, Board of Supervisors' meeting, staff gave a presentation regarding an operations pro-forma or business plan for the proposed indoor recreation center that was developed by Ballard\*King Associates of Denver, Colorado. The pro-forma determined probable revenue and expenditure estimates; made recommendations on staffing levels, marketing plans, fees and charges schedules, and the operations for the proposed indoor multipurpose recreation center. The pro-forma projected annual expenditures of \$897,816 and revenues of \$837,024, which results in a 93% cost recovery rate. Included in the revenues was \$120,000 payment returned from the Boys & Girls Club for operations and maintenance of the facility. Since the latest design has separated the buildings, this payment should not be factored as a revenue. Therefore, the cost recovery rate without this payment is 80% which amounts to an operating deficit of \$180,792. Given the current City budget situation, the City Manager and Parks & Recreation Director are asking the Board whether they are comfortable with this level of subsidy for the proposed recreation center.

**Type of Action Requested:** (check one)

☐ Resolution

☐ Ordinance - First Reading

☐ Formal Action/Motion

☒ Other

**Does This Action Require A Business Impact Statement:** ☐ Yes ☒ No

**Recommended Board Action:**

**Explanation for Recommended Board Action:** As part of the planning of the proposed multipurpose indoor recreation center, staff contracted with Ballard\*King and Associates to conduct an operations pro-forma or business plan for the proposed facility. Ballard\*King and Associates are the foremost recreation center consulting firm in the nation and conducts similar operations plans for recreation center facilities across the nation. Many of the facilities that Ballard\*King have helped plan have received national awards. The purpose of the pro-forma is to both provide operational advice and to provide estimates regarding the financial expectations, including estimated operating costs and revenue generating potential of proposed recreation facilities. The plan incorporates advice regarding staffing levels, marketing, operations, and fees and charges schedules. Estimates are based on conceptual plans developed by Valentiner Crane Architects of Salt Lake City, Utah; general demographic characteristics of the Carson City area; and are based on similar-sized facilities located in similar-sized communities.

The attached pro-forma estimates a 93% cost recovery rate for the proposed Carson City indoor recreation center. This cost recovery includes an annual revenue stream of \$120,000. The original building design concept included a co-joined facility with the Boys & Girls Club clubhouse. Since the latest design includes separate buildings, this revenue is not likely to occur. It is estimated that the recreation center will be online during the 2010/2011 fiscal year. A pro-forma is a basic and essential planning tool when planning

recreation centers. This pro-forma was brought to the Parks and Recreation Commission at their February 23, 2008, meeting. The Commission approved an action to forward the pro-forma to the Board of Supervisors for their review.

**Applicable Statute, Code, Policy, Rule or Regulation:** N/A

**Fiscal Impact:** N/A

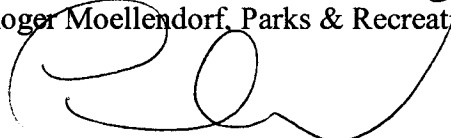
**Explanation of Impact:** N/A

**Funding Source:** N/A

**Alternatives:**

**Supporting Material:**

**Prepared By:**  **Date:** 11/12/08  
Roger Moellendorf, Parks & Recreation Director

**Reviewed By:**  **Date:** 11/12/08  
Larry Werner, City Manager

 **Date:** 11/12/08  
District Attorney's Office

 **Date:** 11/12/08  
Finance Department

**Board Action Taken:**

Motion: \_\_\_\_\_ 1: \_\_\_\_\_ Aye/Nay  
2: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)