

# City of Plattsburgh Common Council



## Government, Operations, and Strategy Committee (GOSC)

# Recreation Complex Budget Report

- ▶ This report reflects an investigation into Rec Complex conducted by **GOS Committee members, Councilors Rachelle Armstrong and Patrick McFarlin**, in collaboration with **Finance Committee members, Councilors Mike Kelly and Jeff Moore**.

# Facilities under review



**All city parks occupy a different place  
in the budget and are not part of RecCom**

# Background: why did GOSC conduct this investigation?

## Concerns about the Rec Complex:

- ▶ It has consistently been subsidized by the General Fund.
- ▶ Some of its facilities are deteriorating. Capital improvements and ADA compliance have been deferred.
- ▶ Members of the Livable Community Committee and other residents have expressed concern about our facilities.

# Purpose of GOSC Report

- ▶ Present the public with budgetary facts--short term and long term.
- ▶ Pose essential questions about the fiscal challenges, community benefit and future priorities for recreation services.

# Investigation Process

## ▶ Studied Rec Com

- ▶ Public use data
- ▶ Costs--personnel, operational, capital spending and debt service
- ▶ Revenue
- ▶ Toured sites and assessed infrastructural strengths and weakness. Spoke to Director Miller and staff concerning these matters.
- ▶ Met with Finance Committee, Chamberlain Marks to discuss findings.

# Method: it's time to get real about *true costs*

- ▶ Historically, for accounting purposes, the city has tracked costs and revenue in the MUNIS accounting system. This is the information we see during any budget report. However, when data is displayed in this manner, it can be difficult to recognize the **true costs and true revenues**.
- ▶ The budget analysis in this presentation will be laid out to express true costs, as if conducting a strategic analysis.
  - ▶ The data corresponds to budget accounting data, but is organized to show true costs.

# Hidden costs not typically represented in our budget analyses

- ▶ Typically, when Rec Com's shortfalls (or that of any department) are covered by Interfund Transfers from the General Fund. Historically these transfers are counted as revenue. Since IFTs are subsidies, they will not be counted as revenue for this analysis.
- ▶ Though DPW supports many city operations, the cost of their labor has not been reflected in department budgets. These costs will be expressed in this analysis because it is important to evaluate whether DPWs work at Rec Com is a diversion from its central mission.



# City Beach

- ▶ 0.6 miles of beach front and incomparable view of Lake Champlain.
- ▶ Vendor building housing Cabana Beach Bar, Party Factory, Polish Corner,
- ▶ Windsurfing destination
- ▶ Watercross venue
- ▶ Beach volleyball
- ▶ Polar Plunge



# Usage Estimates

2018 visitor totals:

- ▶ 27, 587 (2/3 Canadian, 1/3 US residents)

2019 visitor totals

- ▶ 36,167 (13,660 City/Town residents, 20,000 Canadians,  
2,504 others.

# Beach Budget Summary

## 2018 Actual Costs and Revenues

▶ Total Costs:	\$142,564
▶ Total Revenue	\$ 68,110
▶ Net	<b>\$ 74,453</b>

## 2019 Projected Costs and Revenue

▶ Total Costs:	\$140,295
▶ Total Revenue	\$ 87,569
▶ Net Projection	\$ <b>52,726</b>

# Marina

- ▶ Developed 2014-15
- ▶ 36 slips
- ▶ 25 moorings
- ▶ Navtours is the anchor tenant providing charter cruises.
- ▶ Marina building has office space and bathroom facilities.



# Marina Usage

## 2018, 2019 slip occupants

- ▶ 100% slips were occupied duration of the season 2020. The majority of occupants were Canadian vessels.
- ▶ There is a long waiting list

Moorings are a mix of longer leases and transients. These are consistently booked to capacity.

# Marina Budget Summary

## 2018 Actual Costs and Revenues

▶ Total Costs:	\$183,843
▶ Revenue	\$118,367
▶ Net Results	<b>\$ 65,476</b>

## 2019 Projected Costs and Revenue

▶ Costs	\$248,624
▶ Revenue	\$102,731
▶ Net	<b>\$145,893</b>



# Old BaseGym



- ▶ A part of the former Plattsburgh Air Force Base
- ▶ Built in 1934
- ▶ On the historic registry
- ▶ Acquired in the 2000s from PARC
- ▶ Approximately 63,000 square feet
- ▶ Indoor track
- ▶ Gym space for basketball, pickleball, rooms for events
- ▶ cardio and weight rooms
- ▶ Driving range
- ▶ Racquetball courts
- ▶ Multipurpose rooms

# Usage

*Estimates* based on “check-in” data, that is, what is scanned. It doesn’t account for events, tournaments, etc.

- ▶ 21,533 “check ins” 69% residents\*
- ▶ 9,836 “check ins” 31% non-residents

## Membership fees

- ▶ \$299, per year, or \$29 per month, resident
- ▶ \$359 per year, or \$35 per month, non-resident

# Old Base Gym Budget Summary

## 2018 Actual Costs and Revenues

▶ Total Costs:	\$494,752
▶ Total Revenue	\$218,976
▶ Net Results	<b>\$275,776</b>

## 2019 Projected Costs and Revenue

▶ Costs	\$498,963
▶ Revenue	\$237,070
▶ Net	<b>\$261,893</b>

# The Crete Center



- ▶ Built in the 1970's
- ▶ Located in the Beach Complex
- ▶ 49,000 square feet
- ▶ Once an ice arena

# Usage

- ▶ Trade Shows—regional attendees estimated at 12,000
- ▶ Winter indoor soccer leagues
  - ▶ City residents (5,150 individuals)—43%
  - ▶ Non-city residents (6,850 individuals)—57%
  - ▶ Total--12,000 individuals

# Crete Center Budget Summary

## 2018 Actual Costs and Revenue

▶ Costs	\$285,915
▶ Revenue	\$139,687
▶ Net	<b>\$146,228</b>

## 2019 Projected Costs and Revenue

▶ Costs	\$318,853
▶ Revenue	\$144,015
▶ Net	<b>\$174,838</b>



## In unpacking budget numbers, hidden costs and expenses that have been deferred and not accounted for in previous analyses are uncovered

- ▶ Interfund transfers have subsidized the facilities.
- ▶ Investment in Rec Com facilities has been neglected for decades.
- ▶ Because of budgetary stress, some maintenance, and repair costs have been deferred.
  - ▶ This has resulted in annual repairs or bandaids being applied when an operation was necessary.
- ▶ ADA compliance has been deferred, though a 2015 study by the Spine Institute indicated a need.

# Strategic, Long-term Planning

## Facts and Assumptions

- ▶ The Rec Complex facilities offer recreational opportunities to city and regional patrons.
- ▶ Maintenance of recreational assets has been deferred, and funds are stretched thin.
- ▶ This year the General Fund will need to **subsidize** \$635,351 for Rec Com.
- ▶ When maintenance, repair, and renovation is deferred, facilities deteriorate, adding to more costs and decline in services.
- ▶ These facts and assumptions point to the need for strategic planning and consideration of long-term investments.

## Possible solutions

- ▶ Finally confronting the facts about the Recreation Complex and considering the long term financial and social impact of our decisions is difficult but necessary.
- ▶ Our mission is to evaluate what recreational services the city can offer and sustain to benefit the public.

The City could choose  
to renovate aging facilities:  
“operate” to stem further decay

- ▶ What might a capital plan that renovates the two structures that are in need of the most extensive repairs?
  - ▶ The Old Base Gym
  - ▶ The Crete Center

How would investing in the gym  
affect the budget?

Consider projections expressed in  
the spreadsheet.

# Estimates for a Proactive Capital Plan--Gym

Project	2020	2021	2022	2023	5 year total	Fund Source
ADA Compliance		\$250,000				GenFund
Building repairs	\$50,000	\$1,895,000				GenFund
Elevator			\$200,000			GenFund
Cardio Equip	\$30,000		\$30,000			GenFund
Air Con.		\$300,000			\$2,755,200	GenFund

How would investing in  
The Crete Center affect the budget?  
Consider projections expressed in  
the spreadsheet.

# Estimates for a Proactive Capital Plan: Crete Center

Project	2020	2021	2022	2023	5 year total	Source of Funds
Roof Repair, ADA Compliance Deferred maintenance	\$600,000	\$3,000,000			3,600,000	Gen Fund

Note: the figures are extrapolated from the 2015 report on the Beach Complex by McFarland, an engineering company. Extensive repairs were indicated.



*What if . . .*

The city decided to enter into a licensed management agreement for the marina?  
How would that affect the budget?

- ▶ The Chamberlain has estimated that this would reduce losses to \$25-30,000 until debt is retired in 2026 which would save about \$115,000 per year based on projected 2019 figures.

# Essential Questions to Guide Budgeting Decisions

It is a given: recreation services enhance quality of life. But **what can the city afford short and long term?**

- ▶ Who do these facilities serve?
- ▶ How can the city best serve the greatest number of its residents?
- ▶ What values and facts should be considered in setting priorities?
- ▶ Should the city explore establishing public/private partnerships as it considers the future of some facilities?
- ▶ Is closure of some facilities a prudent solution?

# Process going forward

- ▶ Council must consider the information and all variables contained in this report. It will be important to consider the Rec Complex budget within the context of the entire 2020 budget.
- ▶ GOSC will confer, consider feedback, and make recommendations before its next meeting, November 7, 2019.