

## Community Center Pricing & Policies

### Purpose:

The Commission shall determine if the current Community Center (CC) and Beach pricing and usage policies should be modified and if so, how.

### Background:

The CC is a blessing and a curse. It was never meant to be a money maker but it has turned into a major drain, both financially and staff hours.

On Tuesday, March 28, Town staff had a meeting with representatives of the Town civic groups – POA, Seaside, Ladies Auxiliary – to discuss common issues regarding the CC. In addition, the CC was the topic of a resident forum at the April 3 POA Community Meeting.

Service Providers are using the property much less than in the past which cuts into our revenues. The majority of events are private resident rentals for weddings, birthdays, fund raisers, memorial services, etc. Residents are routinely abusing the privilege and renting it on behalf of friends and family who do not treat the building as if it was their own. The beach is supposed to be left clean but often requires cleanup following events.

It takes the staff an average of 9 hours to service an event. This includes scheduling, billing, tours, security, setup, breakdown, cleaning and repairs. The property has to be thoroughly cleaned for each event including vacuum and spot clean carpet, clean windows, wipe down railings, clean and store tables, stack and store chairs, clean all kitchen appliances plus mop interior floors, exterior balconies and elevator.

It takes 3 ½ hours to clean the downstairs BBQ grill.

Repairs are needed after nearly every large event including replacing broken trim, spackling/painting walls and repairing broken items such as toilets.

In order to quantify the costs to the Town, we asked our resident Finance Professor, Kathleen McGahran, to develop a P&L for our consideration. Dr. McGahran provided the structure and our staff provided the costs and staff hour estimates.

### Financial Analysis:

- 1) As evidenced by the attached P&L, the CC cost the Town \$69,452 in 2016 before capital investments. The total expense was \$106,352 offset by \$36,900 revenues. Including capital expenses brings the loss to \$107,152.

- 2) Expenses were allocated on a per event basis including staff time, utilities, maintenance expenses and capital investments.
- 3) Separate P&Ls were developed for the four groups utilizing the CC: Service Providers, Private Residents, Civic Groups and Town Government.
- 4) Service Providers: The service providers (Islander, C'est Si Bon) produced a small operating profit of \$1,922 but only break even when capital expenses are allocated. Currently, all service provider contracts have expired. We have not initiated new contract negotiations pending policy direction from the Commission.
- 5) Resident Rentals: 59% of the events were resident rentals. They do not cover their operating expenses producing \$30,700 in revenue against \$63,251 in operating expenses. We receive an average of \$287/event but our costs are an average of \$571. We are currently not accepting any reservations for resident events until the commission determines our pricing strategy.
- 6) Civic Groups: It costs the Town's taxpayers \$22-\$32,000/year to support their free use of the CC. We are continuing to schedule their activities into 2018.
- 7) Government: This is mostly Fire Department training with an occasional Town event such as a League of Cities luncheon.

For Discussion:

- 1) Should we continue the policy of renting to service providers? If so, should the pricing be adjusted?
- 2) Should the pricing of private resident rentals be adjusted to more fairly cover the costs to provide the service? What policies or pricing should we consider to limit the rentals by residents for use by others? Or should we create a non-resident pricing structure?
- 3) Should the civic groups be charged? Should we require liability insurance as we do for every other group?
- 4) Policy enforcement during events is an issue. Should we outsource management to an outside firm or require an on-site manager for large events?
- 5) Should we require a Public Safety Officer when alcohol is served?
- 6) Should we hire and pass through costs of a cleaning firm to renters?
- 7) How should we price Beach events?