



AGENDA

PSC WORK SESSION FOR THE COLUMBIA ASSOCIATION BOARD OF DIRECTORS

February 6, 2014
CA Headquarters Building
Board Room
7:30 p.m.

1. Call to Order
2. Approval of the Agenda 1 min.
3. Compensation Study Presentation 30 min.
4. PSC Hosts Board Work Session on the
Proposed Draft FY 15 and FY 16 Capital Budgets 120 min.
5. Adjournment



January 31, 2014

TO: CA Board of Directors

FROM: Susan Krabbe

THROUGH: Phil Nelson

RE: Compensation Study Presentation

The consultants conducting the compensation study will be presenting the results of the study at the February 6, 2014 budget work session. The work is still in process, but it will be completed for the meeting, and they will provide copies of their results that evening.



January 31, 2014

TO: Michael Cornell, Chair
Planning and Strategy Committee

FROM: CA Management Team Members

THROUGH: Phil Nelson

CC: CA Board of Directors

RE: FY15 Capital Budget – Sport & Fitness Equipment Upgrades/ SportsPark Indoor Tennis

Background

A new indoor tennis facility was originally presented to the CA Board of Directors in November 2012, and the Board approved the project, with the understanding that a request for funding in the next budget cycle would be required. The Board approved \$100,000 in FY 14 for planning and design. When the proposed draft FY 15 and FY 16 capital budgets were being developed, CA management believed that waiting until FY 16 for taking the next steps on this project would not be a problem and that other priorities were more important. CA management team members (Rob Goldman, Marc Kolp, Michelle Miller and Susan Krabbe) now believe that the priorities should be re-ordered.

We believe that the \$350,000 currently proposed for FY15 for “Sport & Fitness Facilities and Equipment Upgrades” should be used instead to fund the architectural/engineering work for the SportsPark Indoor Tennis facility, which is currently proposed for FY16.

We are proposing the change because we now believe it is prudent to move forward as quickly as possible with the planning and construction of the SportsPark Indoor Tennis facility. The reasons are:

1. Turf Valley has announced their intention to construct a six-indoor tennis court facility. If that facility is built prior to CA building the SportsPark facility, members would surely be lost to that new facility. While there is no way of knowing whether CA’s action would change Turf Valley’s decision, first is always the best marketing position.
2. We have confirmed that Howard County will proceed with building outdoor courts near Turf Valley, which would further erode CA’s tennis program and market share.

3. This proposed facility directly responds to Board members' and staff's concerns about aging infrastructure. The Owen Brown Bubble is nearing the end of its useful life. The manufacturer has projected its life to be 15-20 years and it is currently 17+ years old. If it were to fail, CA would lose five of the nine indoor courts for our 3000+ tennis players. That would cause a major disruption for the tennis program and some members would take their business elsewhere.

The \$350,000 proposed for Sport & Fitness Upgrades was intended for enhancements that would further demonstrate to CA members CA's commitment to improving our current fitness facilities, especially as we bring online our new wellness retreat, Haven on the Lake. In light of the concerns about indoor tennis, we took another look at the other proposed projects for FY 15. We feel that the proposed \$270,000 in the draft FY15 budget for Supreme Sports Club Arena Upgrades (new flooring, lights and sound system), as well as \$180,000 for painting and other upgrades to the exterior of the Athletic Club indicate CA's commitment to enhancing these facilities. Additionally, there is a Category III allocation for the three fitness facilities. We believe these FY15 expenditures, plus the proposed \$350,000 for Sport & Fitness upgrades in the draft FY16 budget, will demonstrate our continued commitment to continual enhancements to CA's fitness facilities.

In serving children to seniors by providing tennis facilities, CA's tennis program as it currently exists also contributes significantly to CA's financial position. The attached spreadsheet shows the tennis program's contribution to CA finances. Some portion of this is at risk when the Bubble fails, if there are no indoor courts ready to replace it.

The chart below summarizes the proposed change. Moving the funds for the architectural and engineering (A&E) work forward one year would enable CA to obtain permits for the facility. We would then come to the Board for the FY 17 budget requesting construction funds, which the Board could approve or deny, to actually build in FY17. If we do not move the A&E funds forward, permits would not be available until FY17, delaying construction (if approved by the Board) until late in FY17, if not FY 18. We are very concerned that will be too late related to the competition.

	FY 15	FY 16	FY 17
Activity	A&E work to get to permitting	Permitting process	Construction
Proposed Funding	\$350,000	\$0	To be determined and requested

Budget Considerations

There is no change to the total FY 15 capital budget, and the FY 16 would decrease by \$360,000, to \$9,540,000.

Legal Considerations

None

Policy Implications

Moving up the A&E work on an indoor tennis facility would meet Goals 1 and 2 of the new Strategic Plan, "Deliver programs and services that meet stakeholders' expectations and enhance the quality of life in Columbia; and, Maintain and enhance Columbia's facilities, open spaces, connectivity and environmental stewardship."

Recommendations

We recommend using the \$350,000 currently proposed for FY15 for “Sport & Fitness Facilities and Equipment Upgrades” to fund the architectural/engineering work for the SportsPark Indoor Tennis facility, which is currently proposed for FY16.

INDOOR/OUTDOOR TENNIS CLUBS
FINANCIAL CONTRIBUTION TO CA
(\$000'S)

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
	Actual	Actual	Actual	Estimate	Budget	Budget
Income:						
Tuition & Enrollment	1			40	41	42
Membership	37	38	44	61	74	76
Fees	1,204	1,200	1,155	1,283	1,408	1,480
Rental Income	3	4	4	4	8	8
Sales	11	10	9	13	8	8
Other Income	2	3	3	6	2	2
Package Plan Allocation	288	276	300	200	377	388
Total Income	1,546	1,531	1,515	1,607	1,918	2,004
Expenses:						
Salary & Wages	663	694	708	700	760	782
Annual Performance Incentives	5	6	4	5	5	5
Payroll Taxes	60	66	62	60	64	66
Employee Benefits	69	67	57	71	106	109
Cost of Sales	9	9	7	9	6	6
Operating Supplies/Expenses	102	98	80	95	75	78
Insurance	5	10	11	12	15	15
Fees	10	5	5	8	3	3
Rentals	2	6	1	3	1	1
Taxes	16	16	16	8	16	17
Utilities	195	161	172	139	141	145
Repair & Maintenance	42	64	72	70	63	65
Depreciation	179	153	146	152	280	285
Interest Expense Allocation	40	34	18	15	24	28
Total Operating Expenses (excluding Allocated Expenses)	1,397	1,389	1,359	1,347	1,559	1,605
** Contribution - Increase/(Decrease) In Net Assets Before						
Allocated Expenses	149	142	156	260	359	399
Allocated Expenses:						
Alloc. of Admin. Expenses	183	122	121	129	153	160
Alloc. of Selling Expenses	37	38	42	35	58	59
Alloc. of Division's Admin.	43	42	45	39	42	46
Alloc. of Prod./Welcome Ct.& Com. Engagement	27	33	26	38	41	41
Increase/(Decrease in Net Assets)	(141)	(93)	(78)	19	65	93

** The Increase/(Decrease) in Net Assets Before Allocations shows the financial contribution from the Indoor/Outdoor Tennis Clubs.



January 31, 2014

TO: CA Board of Directors
FROM: Susan Krabbe
THROUGH: Phil Nelson
CC: Rob Goldman
Michelle Miller
Dennis Matthey
RE: Financing the Turnhouse at Hobbit's Glen Golf Club

Background

A turnhouse between the ninth green and the tenth tee has always been a priority item in the program for the new Hobbit's Glen clubhouse. The turnhouse will have restrooms and a snack bar, and will facilitate play as golfers will not need to go into the club house to use the rest rooms or to grab some food and drink. In addition to improving the flow of play on the course, it will be a very nice amenity / convenience for the golfers.

The turnhouse was included in the \$6,000,000 budget for the Hobbit's clubhouse and both the cost estimator for Chambers Architects and CA's internal cost estimator projected that the actual cost of construction, including the turnhouse, would be \$6,000,000 or less.

CA put the project out to bid a few months ago, and six companies submitted proposals/bids. The least expensive bid was over \$700,000 greater than CA's \$6,000,000 budget.

The CA team in conjunction with Chambers and the low bidder worked hard and value engineered \$400,000 out of the job without compromising any features or the overall quality of the project. Since the cost to construct the turnhouse is approximately \$300,000, we were able to move forward with the clubhouse, excluding the turnhouse, within the \$6,000,000 budget.

Since the golf community is expecting the turnhouse to be built and since it is a high priority, staff looked to alternative ways to fund its construction. The Category III Capital Allocation for the golf courses is greater than \$300,000, and both the General Manager for CA Golf and the Golf Course Superintendent agreed that this was a priority for the golf courses and they believe other Category III needs can be delayed a year. Consequently, CA staff made plans to use FY15 Category III Capital funds to build the turnhouse.

At the January 13, 2014 CA Board of Director's meeting, a Board Member questioned using Category III funds for this purpose and asked that the issue be brought to the Board of Directors for discussion.

Legal Considerations

None

Budget Considerations

The cost of the turnhouse is approximately \$300,000. It is not currently included in the Hobbit's Glen clubhouse budget allocation, or in any other part of the Capital Budget.

The Board asked if additional funding should be placed in Category II Capital Projects to fund turnhouse construction. The answer would be that adding funds to Category II funds would necessitate the elimination of some other Category I or II projects or reduce the amount of funds available for Category III projects by a like amount, impacting every facility and Open Space.

Policy Implications

The construction of the turnhouse will meet the goals and objectives of the Hobbit's Glen clubhouse project. It will improve the speed of play on the golf course and be a welcome amenity to the golfers.

Construction of a turnhouse would meet Goals 1 and 2 of the new Strategic Plan, "Deliver programs and services that meet stakeholders' expectations and enhance the quality of life in Columbia; and, Maintain and enhance Columbia's facilities, open spaces, connectivity and environmental stewardship."

Recommendations

We recommend that the turnhouse be funded with FY15 Category III capital funds for the golf courses.

If the Board does not want to use the golf courses' FY 15 Category III funds, then the Board could direct staff to present reductions in the FY 15 Category I and II proposed projects.