

## Facilities Operating Overview

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### **Introduction:**

The Facilities Committee of the WPCA 's original intent was to do a full review of the facilities of Block 42 for the purpose of determining their current structural condition, future sustainability as well as their revenue generating potential. Currently the reviews that have been done include the Community Hall and the Community Center and not the rental residence.

As I have worked on this project and been involved in the ensuing discussions regarding the facilities I have formed the following questions that I believe are at the core of making appropriate decisions. The review presented forthwith is a beginning attempt to get to some of the answers.

1. What does the community want the primary purpose of these buildings to be?
2. Does the community want to have and hold them primarily for community events and functions?
3. Does the community want them to be a revenue source for other community programs?
4. Are there any functions/activities the community would like their community buildings to provide/facilitate that the current buildings do not?
5. What is the cost of continuing as is? For 5 years? For 10 years? For 25 years?
6. What is the life of the existing structures?
7. How long does the community think the buildings should last?
8. How does the community feel about keeping the current buildings and receiving less and less revenue for sustaining them?
9. How much money is the community willing to invest in the current buildings to sustain their life as is for 10 years? How would the community like the funds necessary for sustaining the buildings be assessed to individuals?
10. What is the maximum amount of money the community is willing to invest in the buildings to make them last the maximum number of years?
11. If acceptable community funds and volunteer labor is exhausted and if renting is no longer an adequate revenue source because of liability issues, what would the community like to do with the buildings?
12. At the end of the life of the buildings, will the community want to build something to take their place?

In light of the request from the WPCA to the Improvement District to consider management of some or all of their assets, I am providing forthwith a summary of the review to date.

## **1. STRUCTURAL CONDITION:**

Bill Little with his engineering expertise, has provided the immense service pro bono to the community of reviewing the buildings' structure. His report has been provided with full details for reference.

Bill Little's report presents the option of spending an estimated \$5,500 for both buildings in order to keep them at their bare necessity status quo for the next two years. The report also presents the option of continuing the life of both buildings in the same basic structural standard for 8 to 9 years for an estimated cost of \$62,000. This option assumes that the buildings would then be demolished and structure work for future sustainability would not then be invested. Please refer to Bill Little's clear and specific report for detail and clarification.

## **2. FUNCTIONALITY:**

Currently the two buildings are being used for community functions and for generating rental revenue for their support.

### **a. Community Functions**

For the past few years community functions have included the following events:

- Christmas Party and dinner
- Canada Day celebration
- Show and Shine
- Superintendent's BBQ
- Floor hockey in Gym in winter
- Local funerals
- Community organization board meetings and AGMs

These community functions have been very successful and served the community with only positive results.

### **b. Rental Functions**

Over the past 5 years the buildings have been rented for the following main categories of usage:

- Meetings
- Music Events
- Reunions
- Training or Retreats
- Weddings
- Sports

Both buildings are being rented for all uses with the obvious exception of the gym being the only Sports venue.

The Kitchen in the Hall is considered better than the kitchen in the community center because of the large range/oven and the open and easy access to the gathering space as well as the bar area with coolers.

The Meeting Rooms in the Center are considered better for small meetings. Both buildings have a large gathering space (gym and open Hall) but the hall's slightly larger capacity is more suited for gatherings which include food and beverage.

The functionality of both buildings is neither focused nor ideal for any of the above listed functions. The Hall, with its open and easy access to kitchen and bar area, functions great for gatherings such as weddings, but it's aged appearance is less attractive for those exacts functions that it is spatially suited for. Only a limited set of wedding renters will accept its 'quirky dated ambiance' for their wedding venue. When the Community Center's gym is used for these large social functions, the equipment room can be utilized as the bar/serving area. Again though, this presents an unfocused / make-do venue which will be very acceptable for some but difficult for general marketing.

The meeting rooms in the Community Center have many useful assets for various meeting purposes (chairs, tables, boards, lots of light, sinks, etc) but they lack modern AV equipment.

The Playground outside the Community Center is often a functionality plus for rentals, however, at this time we are unsure of the public regulations regarding the wood equipment. Leslie Little offered to look into this.

### **3. COSTS OF OPERATION:**

The **maintenance contract** for the two buildings is \$6,000.00 per year. This amount has not changed for at least the last 4 years.

The **gas and electric expenses** for the last 3 years have been in the range of \$5,000 to \$7,000 per year

The **insurance** is approximately \$5,200 per year.

Other **miscellaneous costs** such as administrative fees and office expenses are difficult to properly allocate as the Golf Course office staff is covering those duties.

These expenses are in addition to **Property Taxes** and expenses relating to **Park Land Rent** and the **Capital Water/Sewer Recovery**.

The trend of revenue vs. cost over the last 5 years has been that the revenue generated by the facility rentals have barely covered or almost covered their operating expenses.

This does not seem to be the case for the current year. Rental revenue appears at this time of writing to be less than half of the previous years.

**4. RENTAL REVENUE TRENDS ANALYSIS:**

I have analyzed all the rentals over the last two years and also reviewed the data from 2004 through 2006 which was included in the Community Center Redevelopment Report.

Please refer to the 2007 and 2008 Summary pages in the attachments for the breakdown of individual building usage, functions categories, customer use, and season trends. The spreadsheets with detail are also attached for reference and clarification.

It should be noted that the names of the renters are included on these spreadsheets and should be kept confidential. I have included them as they were also included in the Redevelopment Report for reference.

Year	2004	2005	2006	2007	2008
Total Rev.	\$15,120	\$15,842	\$18,259	\$15,035	\$14,826
Hall Rev.	\$ 7,800	\$ 9,666	\$ 9,270	\$ 4,042	\$ 6,363
Ctr Rev.	\$ 7,320	\$ 6,175	\$ 8,989	\$10,993	\$ 8,463

2008 and 2007 SHORT SUMMARY:

YEAR	2008	2007
Revenue total:	\$14,826	\$15,035
Hall total:	\$ 6,363	\$ 4,042
Center total:	\$ 8,464	\$10,993
Ave. income per hall rental	\$424	\$450
Ave. income per ctr rental	\$249	\$333
Combined Ave. income per <b>days</b> rented	\$280	\$246
Total number of rental days combined	53	61
# of days both buildings rented (2 rentals at same time for both buildings)	2	3
Revenue and % of total rentals by immediate community individuals	\$2,355 (16%)	\$6,661 (44%) if including Rocky Mtn Music Retreat \$2,921 (20%) if not including Rocky Mtn Music Retreat
Revenue and % from weddings	\$3,426 (23%)	\$3,290 (37%)
Revenue and % from schools	\$4,465 (37%)	\$6,662 (44%) if including [REDACTED] \$2,922 (19%) if NOT including [REDACTED]
Revenue and % from Parks Canada	\$1815 (12%)	\$870 (5%)
Revenue and % from ID#4	\$650 (4%)	\$600 (4%)
Summer months (June thru August) Revenue and %	\$8,371 (57%)	\$7,005 (47%)
Shoulder months –Spring (Mar-May) and Fall (Sept-Nov) combined Revenue and %	\$5,925 (40%)	\$7,570 (50%)

## 5. MARKETING COMMENTS FROM REVENUE TRENDS ANALYSIS:

The rental revenue is affected greatly by individual “big chunks” of revenue. For example, one rental, the [REDACTED], contributed significantly to the bottom line. It takes several days of small rentals to make up for loss of one large dollar multi-day rental.

If you consider that at an average event rental of \$303 (as per 2008 data), even 10 more rentals only increases the revenue by \$3,000. Whereas; one rental alone (the multi-day rental to [REDACTED]) produced \$1,215, or almost half that amount. A possible marketing strategy may be to strive to acquire a few “anchor” events. Ideas may include marketing specifically to school districts or retreats, hosting events like marathon, bike race, etc. This is much to the same idea as how the Wildflower Festival and Wildlife Festival have impacted the Waterton business base. However, it is my opinion that the facilities are not currently of a standard of appeal to confidently launch such marketing.

A proper marketing strategy for the facilities is only possible when a larger plan for the facilities’ purpose has been defined. Currently these buildings present a ‘make-do’ venue at best. A marketing strategy should include

- a clear definition of the realistic market
- identify how to meet the needs of the determined market
- assess the corresponding liabilities and risks
- include efforts for repeat rental customers (return and retain)
- a budget to enable advertising and public relations, and finally
- it should also provide a way to measure marketing efforts.

If you look at the year 2007 as an example of *who is renting the facilities*, you will see that if you add the community individuals who rent for reunions, weddings etc, and the park, and the ID, and the hotels, and the [REDACTED] it constitutes over 70% of the rental revenue of that year. This means that the community itself is the market the facilities have been dependent on. If this market, the community itself, no longer feels emotionally invested in these facilities, the rental revenue will likely die off.

## Concluding comments

The current year's revenue appears to be dismal at best. At this writing, the revenue booked is well below half of preceding years. Granted it is difficult to know how the final numbers will look as the accounting procedures do not show the revenue until the receivables are actually collected.

Making decisions regarding the community facilities is impossible without understanding the whole community's view. I believe that the public input forums held for the Community Redevelopment Project are an important reference for all stakeholder's voice but I am unsure if these views hold true today.

Without knowing the community goals and purpose for the facilities, one is stuck between making a purely business decision on the facilities and a purely community decision.

It is important to note here that Bill Little's has reported if either facility were completely closed (winterize the water and sewer lines, etc.) we could minimize the winter utilities by 90% but there would be a probability that the floor tiles would curl and cost to replace would be a minimum of \$42,000. If there is future use planned for the building then that would not be a wise option.

My view is that the two facilities do not serve much greater benefit than one. I do not believe this community should be supporting two facilities with overlapping functionality, especially when there are only 2 or 3 times a year that we are able to book both at the same time. Focusing on one facility, whether that be one of the existing buildings or a new center, would seem more economical and marketable.