

**HONEY LAKE VALLEY RECREATION AUTHORITY
GOVERNING BOARD MEETING
Regular Meeting Minutes
November 21, 2017 – 3:00 p.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 3:02 p.m. by President Wilson.

Roll Call of Board of Board members present: Dave Meserve, Jeff Hemphill, David Teeter, Kathie Garnier and Brian Wilson.

Staff Present: Dan Newton, Executive Officer, Heidi Whitlock, Secretary and Quincy McCourt, Project Manager.

APPROVAL OF AGENDA: Motion by Vice President Garnier, second by Board member Teeter, to approve the agenda. Motion carried unanimously.

2 APPROVAL OF MINUTES: A request was made to remove one line from the minutes. Motion by Vice President Garnier, second by Board member Teeter, to approve minutes for the October 4, 2017 meeting with the requested change. Motion carried unanimously. Abstain: Hemphill.

Motion by Vice President Garnier, second by Board member Teeter, to approve the minutes for the October 17, 2017 meeting. Motion carried unanimously. Abstain: Hemphill.

3 CORRESPONDENCE: None.

4 PUBLIC COMMENT: None.

5 MATTERS FOR BOARD CONSIDERATION:

5A Financial Reports through November 15, 2017

Mr. Newton stated that item 5A refers to the financial reports provided by the County. The reports go through November 15, 2017 and were provided by Ms. Wemple. He continued that the reports provided include the general ledger, the budget status report, the expenditure detail report, the revenue report and the revenue account detail. He added that he would try to answer any questions, if possible.

Tony Jonas (public) stated that page two of two stated \$9,902.18 for natural gas. He inquired if it was truly all natural gas or a combination of that and geothermal.

Mr. Newton responded that he noticed the item as well and reviewed the numbers. He added that \$182.28 was for natural gas and \$9,720.90 was for geothermal. He continued that the geothermal was not billed for the summer months until recently however, it is now current.

5B Approve City Reimbursement Request for Expenses through November 3, 2017

Mr. Newton stated that the Board was reviewing another City reimbursement request for the use of staff and direct costs. He stated that there were \$3,576.89 in administrative staff costs, \$15,642.53 in pool staff costs and an additional \$492.35 in landscaping costs.

Sam Williams (Lassen County Times) asked who the Parks Superintendent was for the City.

Mr. Newton responded, Dow Davis.

Motion by Vice President Garnier, second by Board member Meserve, to approve the City Reimbursement request for \$19,711.77.

5C Discussion Regarding 2016/2017 Pool Season

Mr. McCourt stated that, for the last four months, the pool has been open and he hoped that the presentation he is providing would help answer any questions the Board, or public, had. He continued that there are four charts including a cash flow chart, costs chart, sales chart, and a weather/temperature head count chart. He added that there are six charts total, two in the next item, and chart one and six have been updated and the numbers provided are now within \$3,000 of the actual amount. Mr. McCourt then presented the cash flow chart.

Mr. McCourt stated that staff needed to be considered as well as orders that still need to be placed. He stated that approximately \$73,000 will remain at that point. He continued that staff is still anticipating the County contribution of \$80,000 which would bring the total cash to approximately \$150,000 to start next season.

President Wilson inquired as to whether or not Mr. McCourt had a chart showing fixed costs to run the pool versus variable costs, such as the pool equipment.

Mr. McCourt responded yes, and presented the associated slide. He stated that staffing is a higher fixed cost but we may have a way to fix that. He added that if there were any other items that the Board wanted him to adjust, to let him know.

Mr. McCourt also added that the numbers being reviewed are only from July 1 through current however, all revenues were included since staff was taking money a few days prior to July.

Mr. McCourt offered another chart that reflected the numbers in a different manner. He stated that this chart showed the anticipated sales compared to the actual sales, broken down by category. The categories include lessons, programs, daily passes, monthly passes and rentals.

Mr. McCourt then reviewed the pool sales breakdown chart. He showed the area where we thought sales would be versus where they really were. He continued that the first color(s) to the left, were the actuals and those on the right were anticipated sales. He concluded that, in this case, sales were higher than anticipated.

Mr. McCourt continued that the lessons were better than expected at first but added that people were buying August and September monthly passes the previous month which makes those months look higher.

Mr. Jonas stated that if swim lessons were sold in one month, for a different month, they should technically be represented in the month for which they were purchased. He wondered how much the numbers were skewed based on them being represented in the months sold.

Mr. McCourt responded that staff has the information and has different ways to present it, such as when it was paid for or when it would be used. Staff can certainly make that change and show when it was purchased for use and not when purchased.

Mr. Jonas continued that it just comes down to how many paid patrons there are per day. He continued, how do we currently figure that number per day so we can compare it to how much it costs to run the facility per day. He stressed the importance of representing the correct financial amounts associated with the correct month so we would know if there is something we have to do to help the numbers.

Ms. Buehler inquired as to whether or not the swim team academy was reflected in the charts.

Mr. McCourt responded yes.

Ms. Buehler asked if it was under programs or lessons etc.

Mr. McCourt asked Ms. Whitlock if swim team was reflected in the programming line. She responded it was its own line item. He continued that he would have moved it into programs however, the 50 percent that is to go to the swim team is not yet accounted for.

Board member Teeter inquired as to how staff had the numbers without doing an actual head count.

Mr. Newton responded that a pool count was done at various times during the day.

Mr. McCourt stated that a head count was taken every hour and also mentioned that when the high temperature got below 75 and the low temperature got below 50 the head count dropped off.

Vice President Garnier mentioned that the counts would also be affected by school going back into session.

Mr. McCourt then discussed pool staffing. He stated that the chart reflected both the anticipated and actual staffing numbers. Originally, it was thought that staffing would cost approximately \$13,000 however the number was off by more than \$11,000. He added that a lot of conclusions could be made from looking at the last slides and, now that we have the historical data, we can be more prepared next season.

Board member Meserve inquired as to whether the staff number was for both pool and administrative costs or just pool costs.

Mr. McCourt responded, just pool staffing costs.

Board member Hemphill asked if we had a chart showing both.

Mr. McCourt responded that it was reflected in the first chart but not on the one currently being discussed.

Board member Teeter inquired as to how reflective the numbers would be since we started in July and not April last season.

Mr. McCourt responded that he understood where he was coming from. He continued that he is not aware of whether or not it was based on weather etc. but, at least we have four months of data.

President Wilson asked Mr. McCourt if he went back and looked at the original budget and if he could see where we went wrong with the budgeting as it was a pretty significant miss in terms of staffing costs. The Board already thought they were on the high side for staffing costs since they adopted the program intensive budget.

Mr. McCourt responded yes, he did review and stated that it was his belief that a consultant was used to determine what the budget may look like then, based on discussions and experience, after applying all the costs etc...associated with it, these were just the numbers that seemed logical at that time. We also had anticipated sales, which ended up being surpassed, which caused a lot of excitement since we thought we would be ahead. But, we are trying to be careful on how we present this information as there is much to share and then it will be up to everyone to arrive at their own conclusions.

President Wilson asked if anyone had further questions.

Mr. McCourt stated that this item was for information since it was requested but he would be happy to answer any questions.

President Wilson stated that the Board always knew that they would be subsidizing the pool operations but also that the budget would need to be reviewed. He added that, if the Board is willing to bleed a bit of money, they had to

determine the rate at which they were willing to bleed. He inquired as to how many people actually used the pool during the shoulder season and wondered if we should have closed sooner.

Vice President Garnier asked if there was additional money that could have been realized. She offered that maybe there could have been more outreach. For example, those who bought monthly passes prior to expiring for the next month, emailing or mailing reminders.

Mr. McCourt stated that he has heard two questions, what is his comfort level and staffing. He responded, as for comfort level, he is not exactly scared right now as we will be starting the next season with approximately \$153,000, which is more than last season. He added that there will also be less in equipment costs as they were already purchased last season. He continued, as for the \$80,000 contributions and what happens when they run out, we have a lot of areas to work through. He offered that we could look at adding extra features, funding depreciation accounts prior, as well as looking at marketing options and reevaluate the programming options. All of this can be looked at, as well as chemical costs, as there was a chemical purchasing learning curve last season.

Vice President Garnier stated that a lot of people approached her about water aerobics space and that more classes were needed. She inquired as to what was thought about that option and if there would be more revenue as there would be more cost.

President Wilson added that, in response to the water aerobics, it was previously discussed to piggy back water aerobics classes but the Pool Manager preferred to add a Tuesday/Thursday class instead.

Reesa Rice (Assistant Pool Manager) responded that, with being onsite, she felt those who wanted those classes are Monday, Wednesday, Friday people. Giving them Tuesday, Thursday, Friday may not work for them. She added that summer months would be best.

President Wilson asked Mr. McCourt if he had the fixed pool costs for 2017. This should include costs to man the pool and the chemicals. He added that he had only received percentages in the past for how much it would cost to run the pool with no extra amenities and we heard around 70 percent. He inquired as to how efficiently the pool was running this year, how much the bleed rate was and whether or not other items needed to be considered, like a splash park. He added that he wanted to know how much we needed to make in the summer months to be able to meet the shoulder season costs.

Mr. McCourt responded that he could provide those numbers.

Board member Hemphill inquired as to what the \$189,250 reflected.

Mr. McCourt responded all the costs for the year to date and approximately \$60,000 of that will not be seen next year as it is equipment costs.

Board member Teeter stated that it did not look too bad currently.

Mr. McCourt responded that we can add it all up and bring it back to the next meeting.

Vice President Garnier asked if the information can be provided prior to the next meeting.

Mr. Newton responded that we can get the reports to the Board.

Vice President Garnier stated that she was not interested in looking at charts for an hour at a meeting but preferably before the meeting.

Board member Hemphill inquired as to how much of the sales in July were actually used versus unused, as the unused would all be gravy.

Mr. McCourt responded that we did not have a way to track that yet but we could look into it for next season.

President Wilson stated that he would also like to see that happen. He added that he would like to see cards for people to have better counts and be able to track monthly users.

Mr. McCourt stated that he would review equipment for the next meeting as long as Mr. Newton directs him to.

President Wilson stated he wanted to see as much as possible and not just charts to make his decision.

Vice President Garnier responded that the Board need to make an educated decision based on the facts.

Mr. McCourt asked for clarification on the best way to provide the information. President Wilson asked him to decide on the best format. President Wilson added that, at one time, a breakdown per category like a real budget showing the grand total was provided to them.

Mr. Newton responded that yes, we have that data in excel and should only needed to be tweaked to be in a presentation format.

Richard Egan (County CAO) recommended that staff talk with the County Auditor as she may be able to assist. He added that there is a report that figures the percentage of the year gone and being able to offer a percentage etc.

Mr. Jonas stated that the fixed costs should not include pool staff time as that can be adjusted but, leave administrative costs, all the utility costs and chemical costs so we can average it out and plot it over the peak season, doing the same thing with the shoulder seasons so we can predict our fixed costs. Pool staff time you can bring back in once you determine the other number. He continued that he does not know how we can get to the bare bones costs without knowing what our daily patron counts are. He added that a child can be dropped off in the morning and picked up at closing. That child is counted twelve times over twelve hours yet only paid once. We currently do not have an accurate count.

Mr. Newton stated that staff did not currently have that information but it would be a good thing to be aware of.

President Wilson responded that he agreed as it would be a card item.

Board member Teeter stated that we do have some sort of head count.

Ms. Rice responded that the head count that was taken at the pool was for lifeguarding requirements, not to track sales or the daily patron count.

Mr. Jonas added that parts of the formula would be total patrons at a time in the pool and per day. The pool would be at maximum capacity if we had 249 allowed in the pool at a time and 1,000 per day. He added that he saw 149 at the highest but that is one snapshot of one day and there is no revenue breakdown for that day.

Camille Buehler (Lassen Aquatics) offered a suggestion on a POS system that would provide everything that is needed.

Mr. Egan stated that the card feature being discussed, in his opinion, would be a good feature to have.

Mr. McCourt added that there are multiple options and they can range from \$0 - \$20,000 and requested feedback on the current system.

President Wilson stated that it is open-ended. He continued that we will also be bleeding until school starts.

Ms. Rice responded that July will always be your busiest month as school starts in August and with shopping etc. it will start to slow down and school is still in session the beginning of June. She added that, in response to the questions of

reaching out to pass holders, she may not have called them but she talked to them when they were there. July is when patrons get the most for their money.

Mr. Newton requested, for clarification purposes, that staff direction is to prepare an additional report that shows the pool costs, pulling out the one-time costs, for the first four months and try to show the fixed costs to operate the pool in comparison to the revenues. That would be one report. He continued that the Board would also like to see a detailed breakdown of costs represented by spreadsheets that we have been using to track expenses internally.

Mr. Newton added that, overtime, more detailed data will be available and we will be able to forecast the remainder of the fiscal year and we could do a budget review, probably around January.

President Wilson stated he would also like to see the assumptions for twelve months including the income projections, originally, as well as the expenses. He continued that it can be in a chart or whatever way you would like to present it. He added that he would like to be able to track it as time goes on, especially in the spring as he would like to know where those projections take them as far as income and if we are aggressive on that side.

Vice president Garnier stated that the Board should see numbers without pool staff time.

Mr. Jonas recommended keeping administrative fees included as fixed since those costs remain but take out pool staffing as it can be changed.

President Wilson stated that they will need the numbers sooner than later. For example, the swim team, we need to know what to charge per lane and we need to start having those discussions.

President Wilson asked if there were further questions. No comments at that time.

5D Discussion Regarding Future Projections for 2017/2018 Pool Season

Mr. Newton stated that this item has been discussed now with the previous item but asked if anyone had further questions.

Mr. Jonas inquired about the geothermal and natural gas rates.

Mr. Newton responded that geothermal was \$2,100 May through October and \$379 November through April. He added that natural gas was the raw rate of .38 per therm.

President Wilson requested that Mr. Newton obtain the costs for natural gas for summer usage instead of using the geothermal.

Mr. Newton responded that staff would get that number together and he is confident would be cheaper as the City only charges the raw rate.

5E Discussion Regarding HLVRA Administrative Structure

Mr. Newton stated that this is regarding a discussion that the Board had on October 17, 2017 where it was requested that a subcommittee be put together and meet with individuals to see the efficiencies and deficiencies of how the pool has been operating. He continued that the subcommittee was formed, made up of Dan Newton, Brian Wilson and Dave Meserve, and met with the County Auditor and Treasurer, Reesa Rice (Assistant Pool Manager) and Camille Buehler (Lassen Aquatics). He continued that it was also requested to figure out the best options for the Authority from an administrative standpoint moving forward.

Mr. Newton continued that, to be brief, the subcommittee found the following findings: first, the current administrative staffing arrangement and accounting practices are too cumbersome and need to be simplified. Second, the program scheduling needed to be addressed to avoid user conflicts and facilitate operation and staffing needs. Mr. Newton

continued that they found that scheduling conflicts sometimes occurred and there were a lot of lessons scheduled with limited breaks for employees. Finally, the authority of the pool manager position should include the ability to understand and track the spending and their budget. They should also have the authority to order materials and supplies for the pool and perform basic accounting functions. This position should also be filled as soon as possible so he or she can begin working on some of the items that we discussed earlier as far as how to set up passes and getting ready for the upcoming season, as it will be here before we know it.

Mr. Newton continued that he has not yet had the opportunity to meet with Mr. Egan and asked if he would like to add anything.

Vice President Garnier responded that she agreed with everything that was stated.

President Wilson stated that the most important thing was to get a pool manager. After discussions with the subcommittee, if we transfer some of those functions to the pool manager, we could raise the salary of that position and those tasks would be able to move away from City administrative staff. Tasks to be taken on at the pool site would consist of making deposits and the accounting functions that Ms. Whitlock current handles.

Mr. Newton responded that he still wanted to ensure the accounting securities were in place but the pool manager pay is approximately \$18 per hour, which he did not think was enough compared to the duties being assigned.

Vice President Garnier agreed and stated that you get what you pay for.

President Wilson inquired as to how it would be flown, externally, internally?

Vice President Garnier stated we could do both.

Mr. Newton responded that there is nothing illegal regarding flying the position internally or externally. However, to be consistent, it should be flown externally. He continued that if we are changing that pay however, we will need to update the contract with the City.

President Wilson requested staff bring back the flyer and job description so they can review and look at the wage. He requested a special meeting. President Wilson continued that we must have an assistant pool manager with a stronger job description as well as there will be more expectations on that position than last year.

Board member Teeter stated that he would like to see the job description match the duties performed by Ms. Rice.

Mr. Newton inquired as to whether or not the Board wanted to have a special meeting on December 12, 2017.

President Wilson stated his concern with waiting on the updated job description.

Mr. Newton added that we could have an earlier meeting but he was not sure all the items being requested could be completed in that timeframe. For example, the forecasted budget and how it will impact things differently due to cost differences.

President Wilson responded that we may have a little leeway in there as charging the HLVRA \$3,000-\$5,000 a month for administrative services will go a long way when going to a pool position. He added that he understood some of those costs would remain but some tasks could get switched over to the pool site.

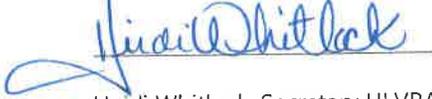
Mr. Newton stated that we can estimate. He continued that it will be difficult in the short term as there will be a lot of training that has to be provided related to the budget among other things.

President Wilson asked about December 5, 2017 and further discussion lead to a special meeting to be held on November 27, 2017.

6 **BOARD MEMBER ISSUES/REPORTS:**

Meeting adjourned at 4:23 p.m.

Respectfully Submitted by

A handwritten signature in blue ink, appearing to read "Heidi Whitlock", written over a horizontal line.

Heidi Whitlock, Secretary HLVRA

A handwritten signature in blue ink, appearing to read "Brian Wilson", written over a horizontal line.

Brian Wilson, President

Approved December 19, 2017