



Town of Johnstown

TOWN COUNCIL AGENDA COMMUNICATIONS WORK SESSION

AGENDA DATE: January 11, 2021

SUBJECT: Johnstown YMCA Recreation Center End of Year Financials

ATTACHMENTS: Financial Information

PRESENTED BY: Matt LeCerf, Town Manager

WORK SESSION OVERVIEW:

Enclosed for your review is an overview of the financial costs incurred by the Northern Colorado YMCA and the associated expenditures paid out by the Town during FY 2020. These costs are associated with both the planning/construction and operating costs of the facility. Also included is the existing and active Operating Agreement with the YMCA which was approved by Council in April 2019.

The Town appropriated \$500,000 for the purposes of operating the facility in FY 2020. The Operating Agreement in effect addresses financial elements starting on Page 8 of the document. The document contemplates the following based on the inability to operate the facility within the revenues generated by the facility and the operating subsidy provided by the Town:

Operating Subsidy. The Town recognizes and agrees that, if the Facility Revenues are not sufficient to cover the operations of the Facility, the YMCA shall not be responsible for any shortfall and the Town will be required to subsidize Facility operations through the Operating Subsidy. The Town agrees that, subject to budgeting and appropriations, it shall fund the Operating Subsidy on annual basis. The YMCA agrees that it will prudently and in a commercially reasonable manner operate the Facility to ensure the Facility Revenues and the Operating Subsidy are sufficient to cover the operations of the Facility.

The Parties agree that the Operating Subsidy shall not exceed \$500,000.00 in any given year. Upon receipt of a monthly invoice from the YMCA delivered prior to the first day of a given month, payment of the Operating Subsidy shall be made by the Town to the YMCA in the amount

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of \$41,666 per month on or about the first day of each calendar month and shall be deemed late if not paid by the tenth day of a given month.

Notwithstanding the foregoing, the monthly payment of \$41,666 shall not be due and payable until the Facility opens to the public. From the Effective Date until the date that the Facility opens to the public, the Town shall pay the YMCA the amounts set forth on the Effective Date Amendment.

If, at any time during a Facility Fiscal Year, the YMCA becomes aware that Facility Expenses may exceed the Operating Funds, or, stated differently, that an operational loss may exceed \$500,000, the Parties shall forthwith meet and confer and endeavor to plan a reduction of expenses to meet the anticipated deficit, while maintaining YMCA programming, safety and quality standards. If the Parties are not able to reach agreement and the YMCA seeks additional funds to operate the Facility, the matter shall forthwith be presented to the Town Council for a determination about how to proceed and/or whether to budget and appropriate additional funds for that Facility Fiscal Year.

As has been previously discussed in general conversations, the Town assumed it would take a couple of years of programming and membership building prior to the facility operating at a peak level and not necessitating the potential of some or all of the operating subsidy. In fact, the operating agreement discusses in 3 years reconvening to evaluate the long-term needs financially of the facility. Based on the attached spreadsheet and the current operating agreement, it is recommended that the Town “true-up” with the YMCA at a cost of \$145,173 subject to a final cost for the month of December; this is currently estimated. When evaluating the total cost for the facility, it is also worth noting that the Town paid for approximately \$47,000 in utility costs while the transition was taking place in the operations of the facility. This makes the total outlay of the Town for the entire FY 2020 of \$692,173.

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