

CITY COMMISSION WORK SESSION AGENDA

City Hall Commission Chambers

Monday, December 20, 2010

6:00 p.m.

MEETING #4828

WORK SESSION

1. All 4 Fun Report for the Year. Report by Director of Parks & Recreation, Paul Lewis.
2. Discussion of Truck Ordinance No. 3505 by City Attorney, Brad Ralph.



City of Dodge City

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Memorandum

To: Ken Strobel, City Manger
From: Paul Lewis, Parks & Recreation Director
Cc: Cherise Tieben, Asst. City Manager
Date: December 13, 2010
Subject: All-4-Fun Season End Report

A handwritten signature in blue ink, appearing to be "P. Lewis", is located to the right of the "From:" line.

All-4-Fun has essentially wrapped up another year of operation and from a service standpoint, the venture went well. For the year we had attendance of 13,548 which does not include non-participating visitors nor repeat annual pass visits.

The facility is clean, the grounds well maintained and the revenue generating equipment, carts and arcade, all functioned appropriately for the majority of the season. Our day to day efforts are more consistent and we're starting to see growth in some of the ancillary areas like corporate events and private parties.

The 2010 operational goals for All-4-Fun were twofold: 1) Increase total revenues primarily through corporate events, private parties, and arcade revenue; and 2) Reduce total labor costs by 10% from 2009 levels. On the revenue side we were successful with some key accomplishments but on the labor side we did not reach our goal and in fact lost ground.

INCREASE TOTAL REVENUES

Total revenues increased 26% year over year which can be attributed to three important developments:

- **Arcade revenue** – After struggling with obsolete equipment and no service, this year we entered into a contract with a Wichita based company to equip and service the arcade operation. The arrangement worked well as we now have a fully equipped arcade and brought in \$16,962 in revenue as compared to less than \$8,000 in 09. The 09 number also excludes costs, i.e. redemption supplies, tickets and service charges so the new arrangement is much more profitable.
- **Corporate events/Private parties** – Business from parties and corporate events expanded in 2010. YTD the facility hosted 41 birthday parties that grossed \$5,300 not including arcade and concessions and provided four corporate events that brought in an additional \$2,339.

- **Longer season** – We extended the operating season in 2010, opening in April and remaining open through the end of the year. April was one of the biggest grossing months of the year and with good weekend weather, October did relatively well also.

REDUCE PAYROLL BY 10%

Annual payroll costs did not decrease but actually went up 30% from 2009 levels. This is somewhat attributable to both a longer season and more open hours plus the second phase of a federal minimum wage increase that went into effect last year.

We opened the facility in April this year and had two of the best grossing months of the year to start the season. We also adjusted open hours going from a 47 hour weekly schedule to a 55 hour schedule during the prime summer season.

Wage rates have increased significantly over the last two years due to changes in the federal minimum wage. The 2008 minimum wage of \$5.15/hour has increased over 40% to \$7.25/hour and created a significant impact on the seasonal wages we pay. In 2010 that additional burden was in the neighborhood of \$7,500.

However, the single biggest contributor to increased payroll costs was our failure to control staffing levels. We approached this season with a concept to minimize staff during slow periods such as weekday afternoons and an overall reduction in staffing levels based on a model we observed at other facilities. That model was never executed and the resulting costs crippled any chance we had of meeting financial expectations for the year.

FINANCIAL SUMMARY

Attached with this report is a spreadsheet comparing financial performance year to year. Excluding debt retirement and transfers in from the general fund, the facility operated at a \$70,000 loss for 2010, close to the four year average.

Had we implemented our staffing schedule we would have reduced that deficit in the neighborhood of \$31,000 even with extended season and wage rate changes. Other expense areas might be scaled back to some degree but additional savings would be more limited.

The other component needed to reduce the operating deficit is a fee increase. When the City first opened the facility in 2007, a complaint often voiced was prices were too high. Even though our costs were lower than the previous operators and of comparable facilities, we reduced prices considerably for 2008. From the summary it's apparent that the reduction has not generated a significant amount of additional business.

To take a big bite out of the operating loss requires adjustments in the attraction fees. One concept is to eliminate the two tiered price levels for wrist bands. The more expensive 4 hour bands hardly sell so eliminating the 2 hour band and reducing the cost of the 4 hour band and pushing all users to that price point has a major impact on revenue. Staff believes this type of strategic pricing adjustments could generate an additional \$25,000 in gross sales and can be marketed in a successful manner to the public.

GOING FORWARD

All-4-Fun, although not a core service of the Parks and Recreation program, serves a unique purpose in the community. It provides an alternative family recreational opportunity that is

attractive to many while at the same time offering another tourism attraction that augments other attractions and efforts the community promotes.

To date we have not been able to meet the financial goals we've set for this operation. We have made progress in dealing with some of the fundamental issues of operating and managing this type of enterprise and we are offering a service our community and guests enjoy and appreciate. The obvious question becomes at what cost and can we afford it. If the decision is made to operate another year, the strategies we identified have the potential to impact bottom line financial performance if they are appropriately implemented.

FINAL RECOMMENDATION

If the decision is made to discontinue programming at this facility I recommend we appraise the value of the asset before turning it back to the original owner. The property was first purchased at a cost of \$500,000 and we've made payments totaling \$120,000 leaving an unpaid balance of \$380,000 as of this date.

The City was able to purchase the property at a discounted price and it would seem the value of the property and building should be greater than the City's outstanding obligation. The building itself is 7,000 s.f. and at \$100 per s.f., the cost to build new would be in excess of \$700,000. It appears the opportunity may exist to recover some of the City's investment in the operation from the last four years.

ATTACHMENTS

- Operating Revenue & Expense
- Staff Scheduling Model
- Attraction Pricing Analysis

Operating Revenue & Expense

2010 as of 10/31/2010

	2010 YTD	2009	2008	2007
REVENUE				
Admissions	127,987	103,566	103,546	96,249
Concessions	16,023	15,374	14,812	10,896
Group Sales/Rentals	9,816	959	3,835	200
Sponsorships	0	2,050	1,500	1,200
TOTAL	\$153,826	\$121,949	\$123,693	\$108,545
EXPENSE				
Wages & Benefits	120,903	90,237	103,971	69,358
Professional Fees	0	0	0	136
Purchased Property Svcs.	0	0	(19,786)	20,045
Printing/Advertising/Other	25,795	24,879	20,003	19,961
Utilities	18,311	17,282	21,823	16,419
Repairs & Maint. Svcs.	7,842	18,121	12,516	10,524
Operating Supplies	16,715	9,227	9,969	13,598
Vehicles – Fuel & Oil	4,812	3,919	6,988	3,807
Maint. & Repair Supplies	19,584	18,780	15,785	2,353
Concessions Product*	9,935	12,324	12,819	10,984
TOTAL	\$223,897	\$194,769	\$184,088	\$167,185
REVENUE – EXPENSE	(\$70,071)	(\$72,820)	(\$60,395)	(\$58,640)

Includes future journal entries to record 2010 concession labor
* and purchases

Staff Scheduling Model

	Year Round Schedule		Seasonal Schedule		
	Hours total	Wages Total	Hours Total	Wages Total	
<u>JANUARY/FEBRUARY/DECEMBER</u>					
<i>1 Manager/1 Inside/Call-In Shift for Outside</i>					
13 wks X 21 hrs per wk. X \$9.37/hr. avg. wage X 2 workers	546	5,116	0	0	
Call-In - 9 dates X 4 hrs per date X \$8.00/hr. X 2 workers	72	576	0	0	
Mechanic - 13 wks X 10 hrs per wk. X \$10.50/hr.	130	1,365	0	0	
Mechanic Asst. - 13 wks X 10 hrs. per wk. X \$8.25/hr.	130	1,073	0	0	
<u>MARCH/NOVEMBER</u>					
<i>1 Manager/1 Inside/Call-In Shift for Outside</i>					
9 wks X 28 hrs per wk X \$9.37/hr. avg. wage X 2 workers	504	4,722	0	0	
Call-In - 12 dates X 6 hrs per date X \$8.00/hr. X 2 workers	144	1,152	0	0	
Mechanic - 9 wks X 10 hrs per wk. X \$10.50/hr.	90	945	0	0	
Mechanic Asst. - 9 wks X 10 hrs. per wk. X \$8.25/hr.	90	743	0	0	
<u>APRIL/OCTOBER</u>					
<i>W/TH/F -1 Manager/1 Inside/Call-In Shift for Outside</i>					
<i>SAT/SUN - 1 Manager/2 Inside/2 Outside</i>					
8 wks X 16 hrs per wk X \$9.37/hr. avg. wage X 2 workers	256	2,399	0	0	
8 wks X 18 hrs per wk X \$9.37/hr. avg. wage X 3 workers	432	4,048	0	0	
Call-In - 12 dates X 4 hrs. per date X \$8.00/hr. X 2 workers	96	768	0	0	
Outside - 8 wks X 16 hrs. per wk X \$8.00 per hr. X 2 workers	256	2,048	0	0	
Mechanic - 8 wks X 15 hrs. per wk. X \$10.50/hr.	120	1,260	0	0	
Mechanic Asst. - 8 wks X 15 hrs. per wk. X \$8.25/hr	120	990	0	0	
<u>MAY/SEPTEMBER</u>					
<i>TU/W/TH -1 Manager/1 Inside/2 Outside</i>					
9 wks X 15 hrs per wk X \$9.37 avg. wage X 2 workers	270	2,530	270	2,530	
Outside Weekday - 9 wks X 12 hrs. per wk X \$8.00 per hr. X 2 workers	216	1,728	216	1,728	
<i>F/SA/SU - 1 Manager/2 Inside/3 Outside</i>					
9 wks X 25 hrs per wk X \$9.37/hr. avg wage X 3 workers	675	6,325	675	6,325	
Outside Weekend - 9 wks X 22 hrs. per wk X \$8.00 per hr. X 3 workers	594	4,752	594	4,752	
Mechanic - 9 wks X 15 hrs. per wk. X \$10.50/hr.	135	1,418	135	1,418	
Mechanic Asst. - 9 wks X 15 hrs. per wk. X \$8.25/hr.	135	1,114	135	1,114	
<u>JUNE/JULY/AUGUST</u>					
<i>TU/W/TH 1-10 PM/FR 1-5:30 PM - 1 Manager/1 Inside/2 Outside</i>					
13 wks X 36 hrs per wk X \$9.37/hr. avg wage X 2 workers	936	8,770	936	8,770	
Outside - 13 wks X 32 hrs. per wk X \$8.00 per hr. X 2 workers	832	6,656	832	6,656	
<i>FR 5:30-11 PM/SAT 1-11 PM/SUN 1-9 PM - 1 Manager/2 Inside/3 Outside</i>					
13 wks X 26 hrs per wk X \$9.37/hr. avg wage X 3 workers	1014	9,501	1014	9,501	
Outside - 13 wks X 24 hrs. per wk X \$8.00 per hr. X 3 workers	936	7,488	936	7,488	
Mechanic - 13 wks X 20 hrs. per wk. X \$10.50/hr.	260	2,730	260	2,730	
Mechanic Asst. - 13 wks X 15 hrs. per wk. X \$8.25/hr	195	1,609	195	1,609	
	Wages	8,306	\$81,824	6,198	\$54,620
	FICA		6,550		4,370
	Personnel Total		<u>\$88,374</u>		<u>\$58,990</u>

**All-4-Fun
Attraction Pricing Analysis**

	as of 10/31/10						
	Current	Sold	Gross	Proposed	Gross	Change	
Arcades							
Pay At The Game							
Attractions							
Bowlingo	\$2	162	\$324	162	\$2	\$324	\$0
Go-Karts	\$5	789	\$3,945	789	\$6	\$4,734	\$789
Kiddie Karts	\$4	50	\$200	50	\$6	\$300	\$100
High Ballocity *	\$4	779	\$3,116	779	\$6	\$4,674	\$1,558
Miniature Golf	\$5	1046	\$5,230	1046	\$6	\$6,276	\$1,046
Wristbands							
2 hr:Tu/W/Th	\$8	2966	\$23,728				
4 hr:Tu/W/Th	\$12	326	\$3,912	3300	\$11	\$36,300	\$32,388
2 hr:Fri/Sat/Sun	\$11	5564	\$61,204				
4 hr:Fri/Sat/Sun	\$15	644	\$9,660	6200	\$14	\$86,800	\$77,140
Fun Bus	\$4	350	\$1,400	350	\$6	\$2,100	\$700
Season Pass	\$95	31	\$2,945	31	\$115	\$3,565	\$620
			\$115,664			\$145,073	\$29,409

* all day/Under 4 free

ALL 4 FUN
Yearly Sales Report Comparison

	Daily Admissions/Packages	Group Sales	Total
2010 (thru 10/31)	12,925	623	13,548
2009 (thru 10/31)	9,976	459	10,435
2008 (thru 9/30)	8,323	260	8,583

Does not include persons using arcade only or walk-ins who are accompanying paid customers.

ORDINANCE NO. 3505

AN ORDINANCE RELATING TO TRAFFIC AND TRUCK ROUTES IN THE CITY OF DODGE CITY; AMENDING ORDINANCE NO. 2812 AND AMENDING CHAPTER 14, SECTION 2 OF THE CITY OF DODGE CITY MUNICIPAL CODE

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF DODGE CITY:

Section 1: The provisions of Section 1 of Ordinance No.2812 and Article 14-217 of the City of Dodge City Municipal Code are hereby deleted and the following inserted in lieu thereof:

14-217 TRUCK; WEIGHT. It shall be unlawful for any vehicle having a licensed or registered gross vehicle weight of more than twenty-four thousand (24,000) pounds to enter upon or to be operated upon any street or alley within the city except on the following roadways:

US283/US56 from US400 to Highway Business 50/56 (commonly referred to as the overpass road); and,

Trail Street from the junction of US283/US56/US400 west to Juneau Avenue; and,

US50 from the western city limits to the eastern city limits.

Section 2: The provisions of Section 2 of Ordinance No. 2812 and Article 14-218 of the City of Dodge City Municipal Code are hereby deleted and the following inserted in lieu thereof:

14-218 SAME; APPLICATION. The provisions of section 14-217 shall not be applicable to those vehicles engaged in repairing, maintaining, or constructing streets, alleys, utility services, conducting refuse and solid waste collections, or other city-owned vehicles. Further, the provisions of 14-217 shall not be applicable to those vehicles carrying goods, wares, merchandise, or other articles to and/or from any house, residence or business establishment within the city, nor shall the provisions of 14-217 be applicable to vehicles in the process of obtaining fuel, maintenance or repairs, provided all such vehicles take the most direct route to and from said locations on the routes designated in section 14-217.

Section 3: The provisions of Section 3 of Ordinance No. 2812 and Article 14-219 of the City of Dodge City Municipal Code are hereby deleted and repealed.

Section 4: The provisions of Section 4 of Ordinance No. 2812 and Article 14-220 of the City of Dodge City Municipal Code are hereby deleted and the following inserted in lieu thereof:

14-220 SAME; SIGNAGE. The streets designated in section 14-217 shall be properly identified and posted as truck routes within the city.

Section 5. EFFECTIVE DATE. This ordinance shall be effective following publication in the Dodge City Daily Globe.

ADOPTED by the Governing Body of the City of Dodge City and approved by the Mayor this 20th day of December, 2010.

E. Kent Smoll, Mayor

ATTEST:

Nannette Pogue, City Clerk