

SUSTAINABILITY PLAN

WHAT DEFINES SUSTAINABILITY?

- ◆ What constitutes “sustainability” for the RECenter system?

- ◆ Sustainability **is defined** by the system’s ability to maintain and improve upon the value the system delivers to Fairfax County residents

- ◆ Sustainability **is achieved** by addressing and developing recommendations for three key components that:
 - Ensure existing financial performance is protected and improved upon;
 - Improve community responsiveness throughout the County and system; and
 - Maximize operational effectiveness of individual sites and throughout the system.

SUSTAINABILITY PLAN

OVERVIEW OF RECOMMENDATIONS & TARGETED OUTCOMES

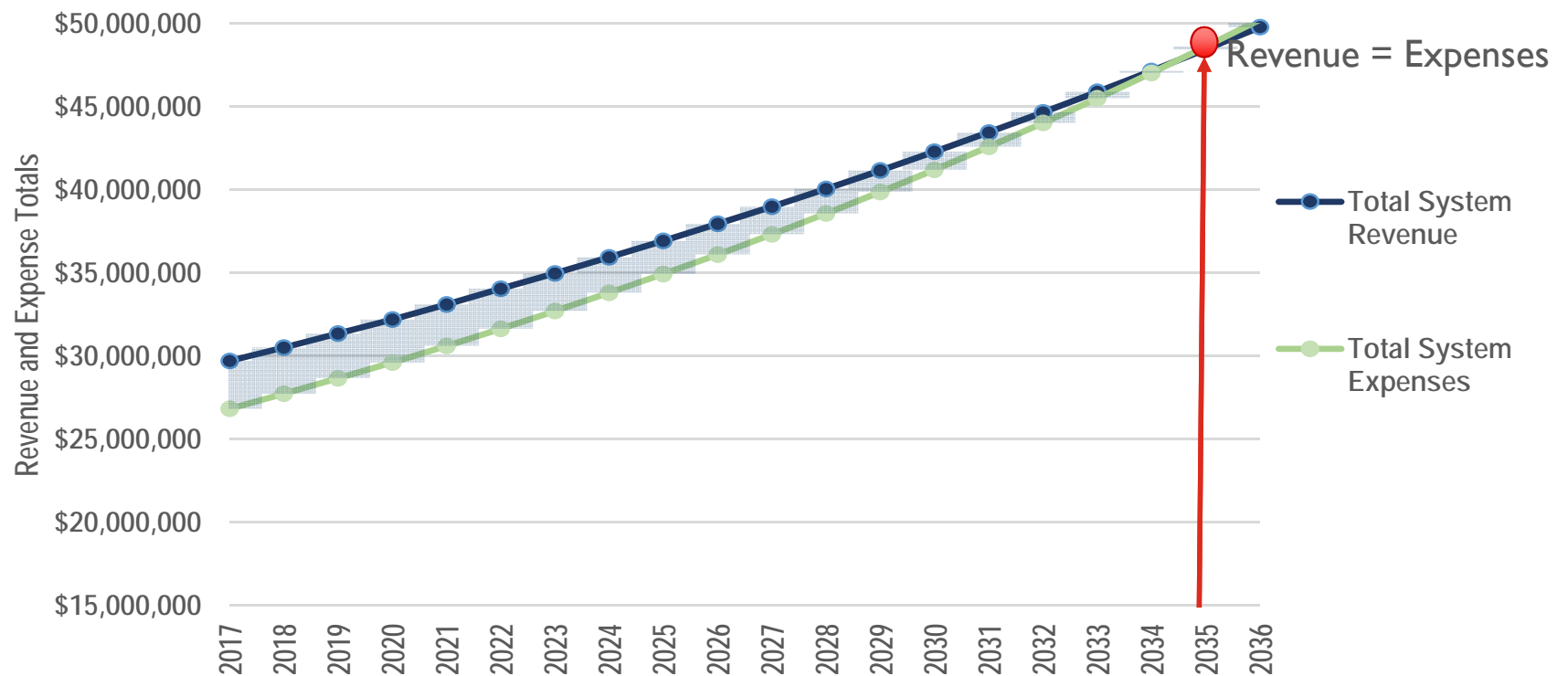
1. The Park Authority provides strong stewardship of the RECenter system, resulting in strong financial performance and very high patron satisfaction levels
2. System financial performance is being impacted by new market entrants, limited investment at many sites, and increasing expenses, including shifting cost from the general fund to the revenue fund
3. A passive approach to capital investment will cause a more pronounced financial downturn or compromise level of service; both **cannot** be maintained in its absence
4. Strategic capital investments will reverse the downward financial trend, facilitate improved community responsiveness, and ensure long-term sustainability
5. Strategic investments would yield \$38.7 Million in net present day improved financial performance over a 20-year horizon

SUSTAINABILITY PLAN

20-YEAR PROJECTED SYSTEM FINANCIAL PERFORMANCE

- ◆ Revenues and expenses will converge at a rate of \$150,000 and breakeven by 2035 without further capital investment
- ◆ Capital investments are **critical** for reversing the RECenter system trend

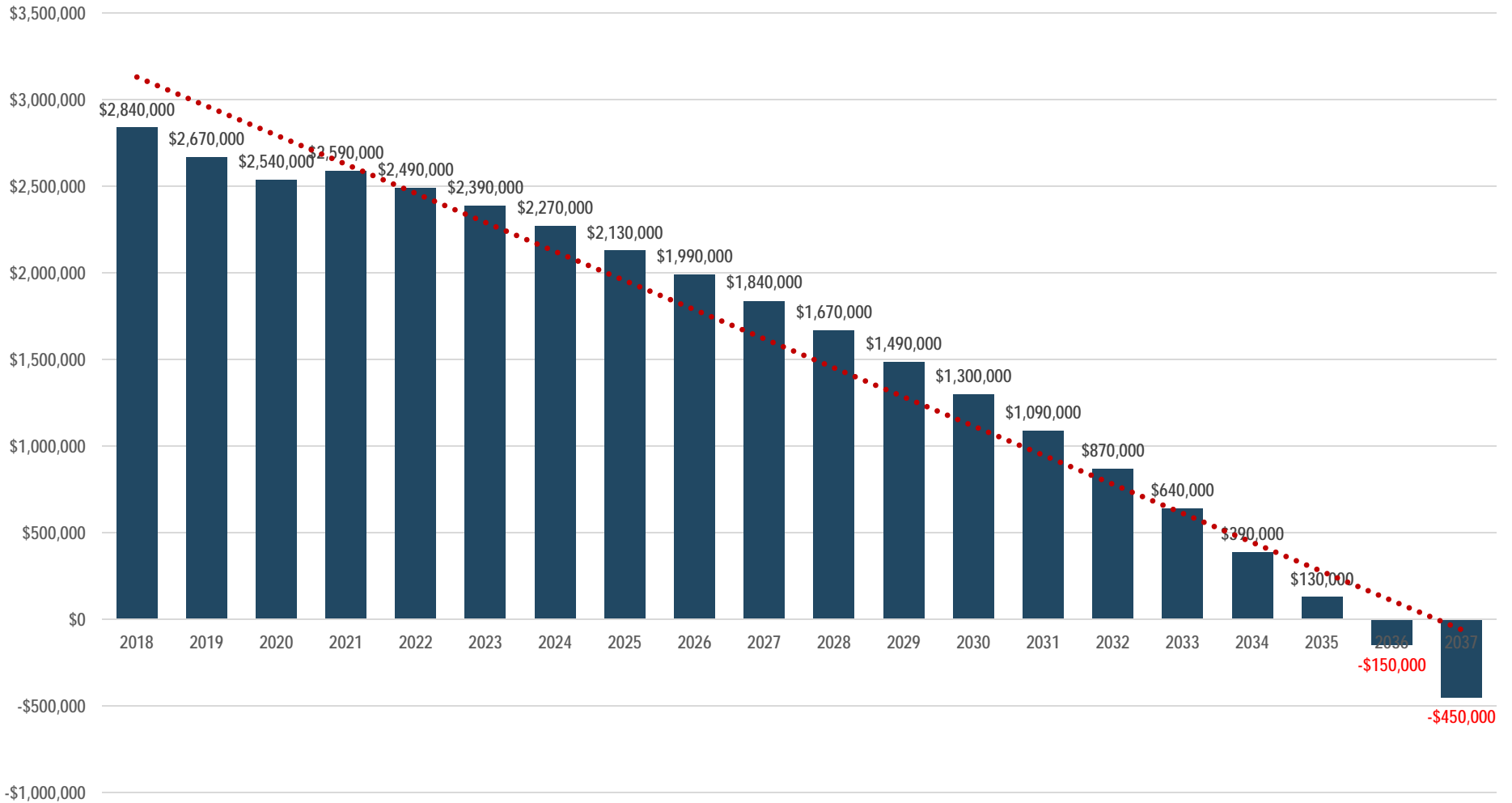
RECenter System-Wide Extrapolation of Existing Conditions



SUSTAINABILITY PLAN

20-YEAR PROJECTED SYSTEM NET REVENUE

RECenter System-Wide Net Operating Income



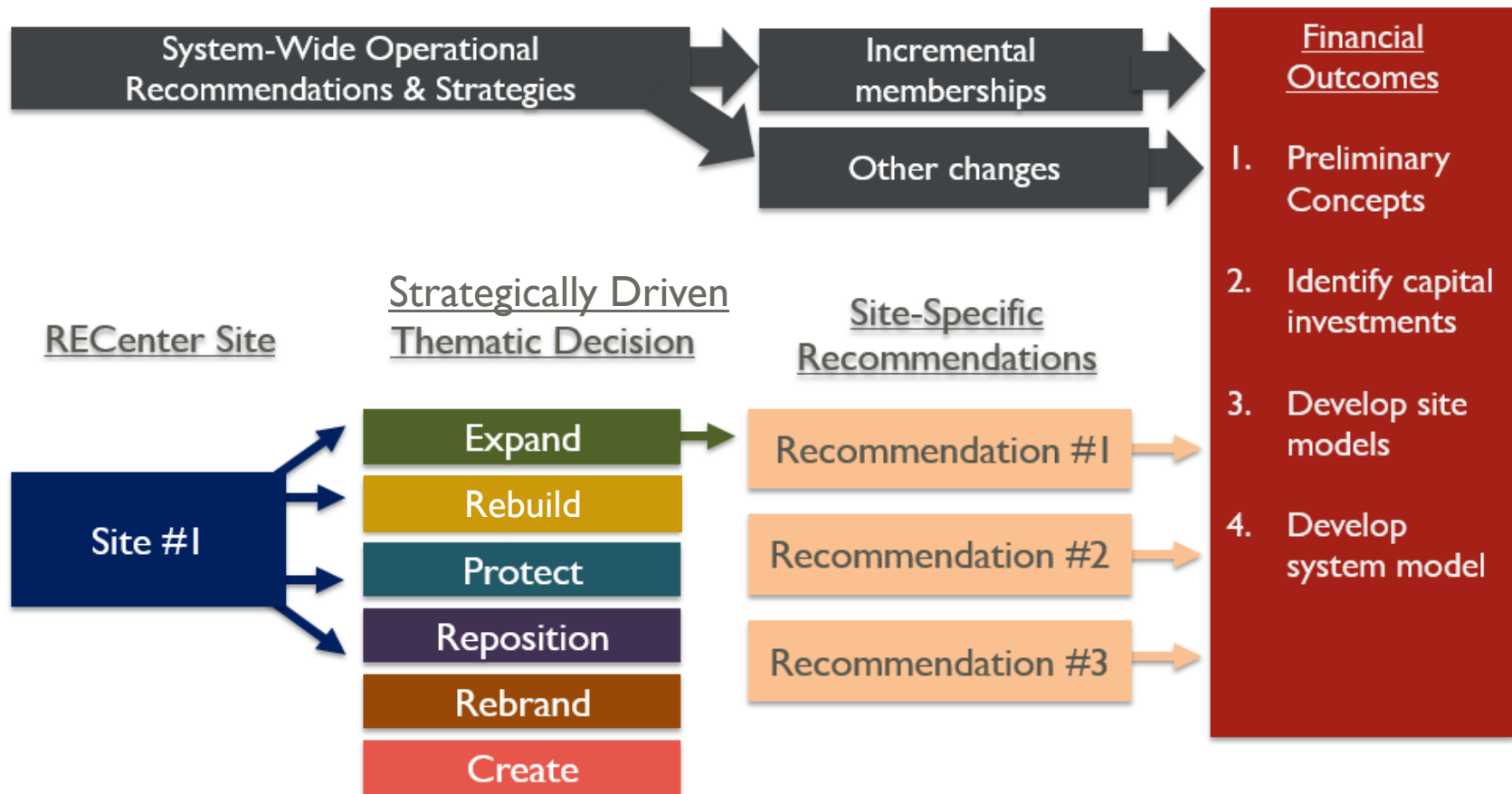
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CENTERS

SUSTAINABILITY PLAN

OVERVIEW

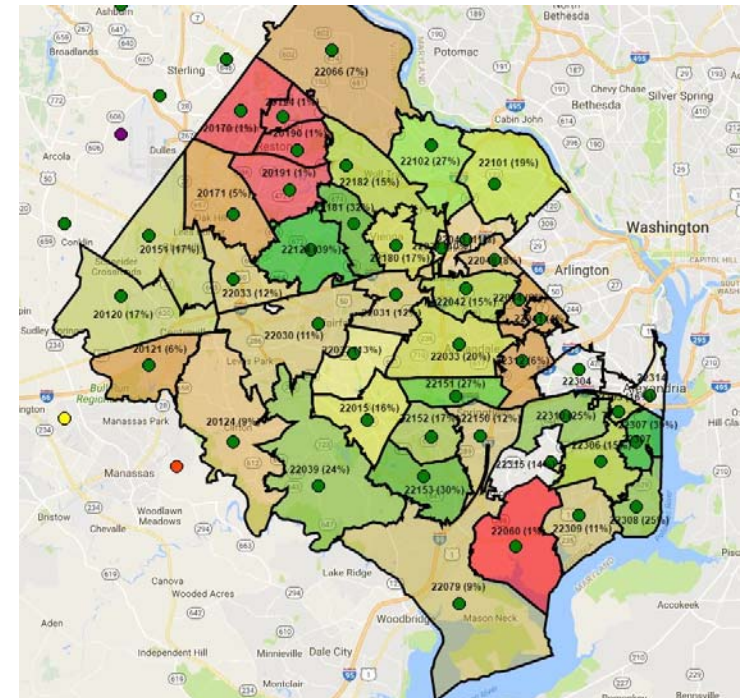
- ◆ Capital investment recommendations rely on a formal decision framework



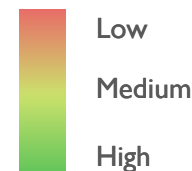
MARKET ANALYSIS

RECENTER SYSTEM COVERAGE

- ◆ RECenter siting throughout the County promotes and nearly achieves equitable access
- ◆ **Over 90%** of County residents fall within at least one RECenter service area
- ◆ RECenter pass sales are noticeably lacking in only two areas – Reston/Herndon and Fort Belvoir
- ◆ Program offerings and enrollment are also remarkably consistent throughout the County



PASS SALE CAPTURE RATIO ANALYSIS ACROSS
FAIRFAX COUNTY



FINANCIAL ANALYSIS

SITE COST RECOVERIES

- ◆ System-wide cost recovery averaged 109% from 2014 to 2016
- ◆ Recovery is significantly down from 2012 and 2013 peaks of 115% and 113%
- ◆ System downturn is partially attributable to South Run's declining performance and increase in direct and indirect costs
 - South Run's Net Operating Income (NOI) has fallen from \$1.7 M in 2012 to \$1.1 M in 2016
- ◆ Recent investments in Oak Marr and Spring Hill have improved system income

Year	Revenue	Recovery
2007	\$20,244,632	112.8%
2008	\$21,313,262	110.6%
2009	\$22,025,504	107.0%
2010	\$22,786,076	112.3%
2011	\$23,918,252	110.2%
2012	\$25,447,157	114.6%
2013	\$26,283,844	113.3%
2014	\$26,144,272	108.4%
2015	\$27,473,328	110.0%
2016	\$28,358,114	109.2%

Source: FCPA

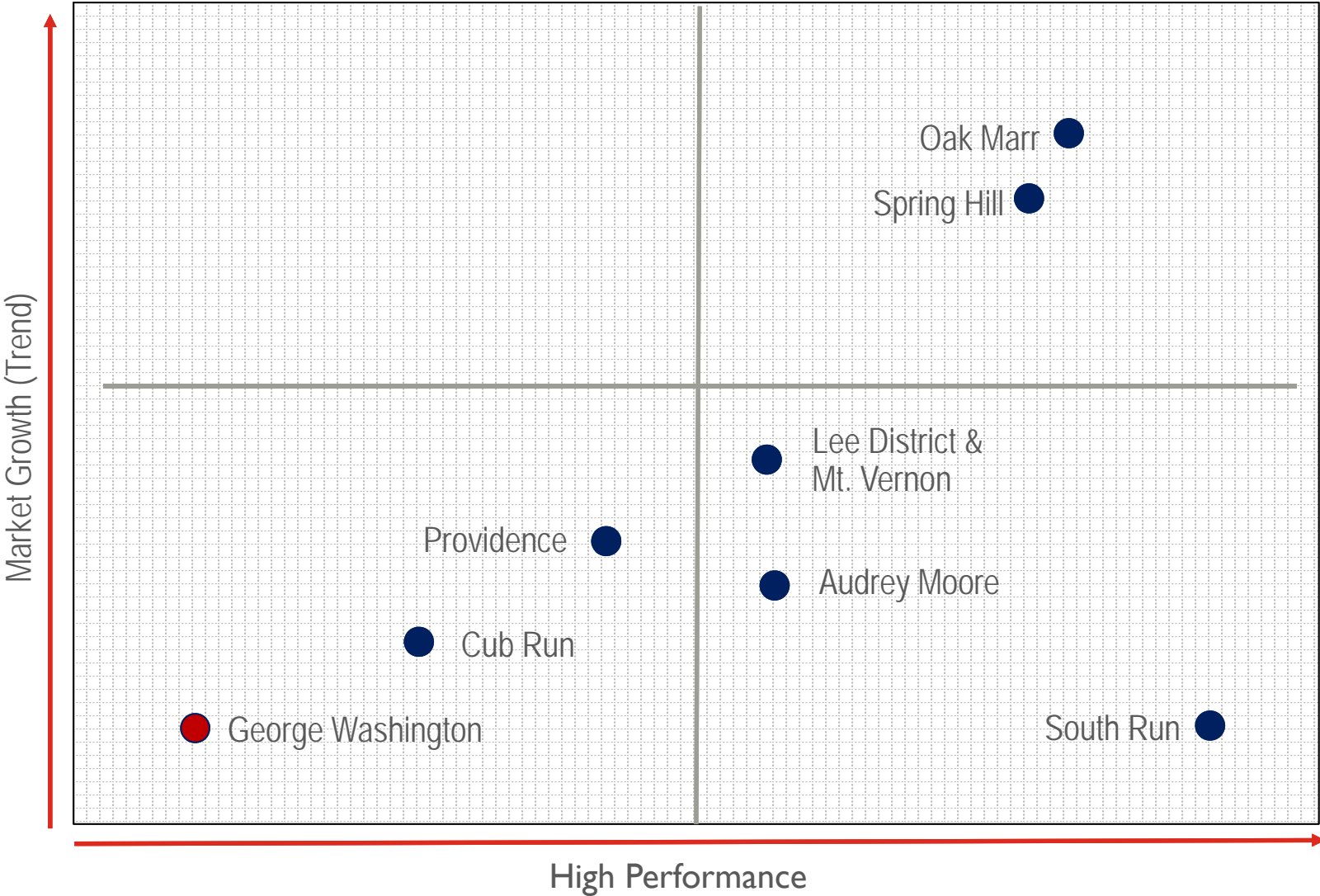


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FINANCIAL ANALYSIS

CURRENT RECENTER PORTFOLIO



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STRATEGIC RECOMMENDATIONS

PRIORITIZATION AND CLASSIFICATION



- ◆ **Critical Improvements** are essential to maintaining near-term financial and operational outcomes at sites and require a sense of urgency



- ◆ **Core Improvements** are essential to serving the FCPA's mission, facilitating strategic outcomes, and improving on financial outcomes



- ◆ **Added Value Improvements** would enhance the experience at a RECenter but are not considered essential to its operation

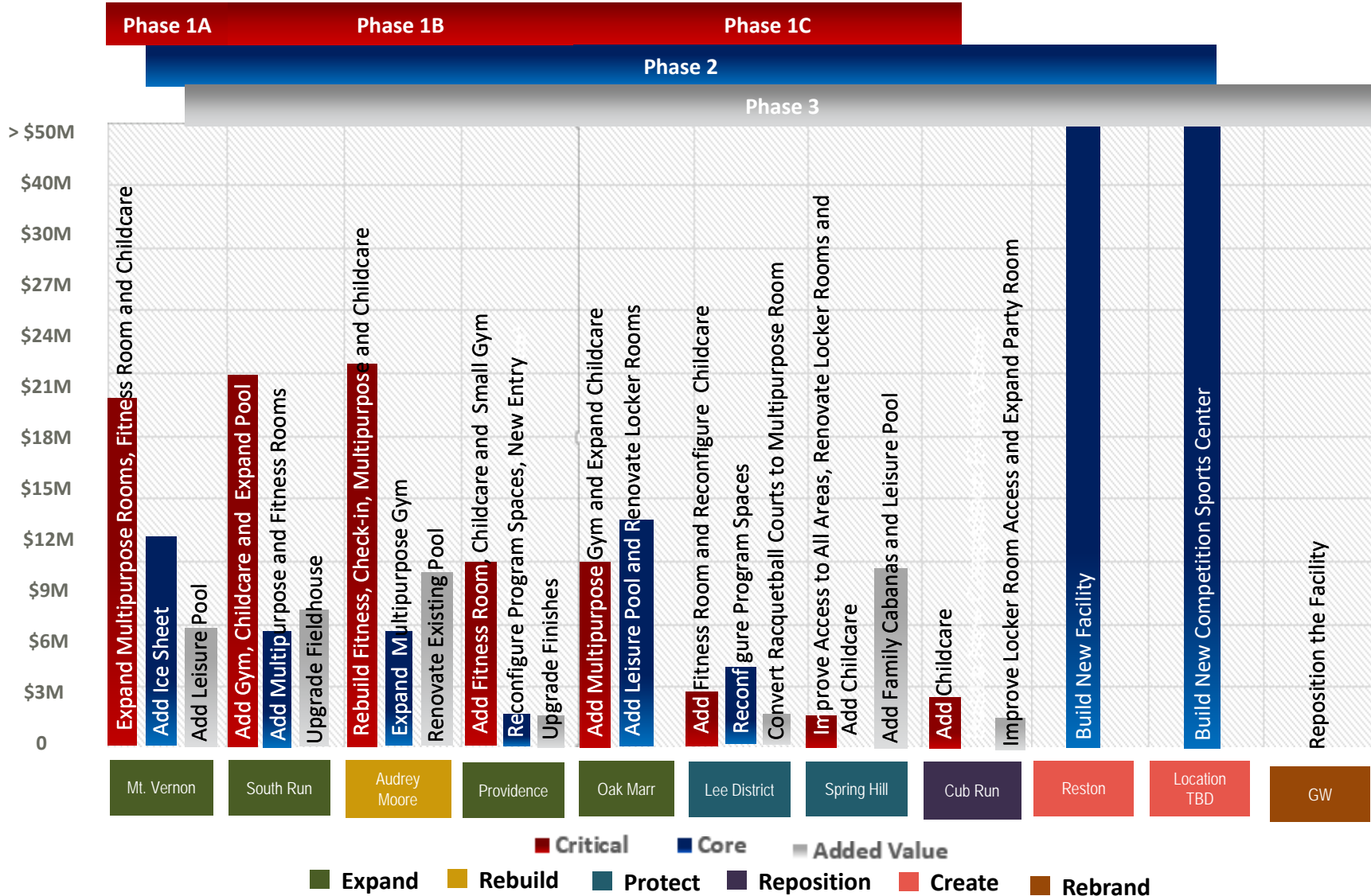
STRATEGIC RECOMMENDATIONS

THEMATIC DECISIONS BY SITE

- ◆ **Expand (Mt. Vernon, South Run, Providence, Oak Marr):** Sites require addition of program spaces to meet market demand and generate revenue
- ◆ **Rebuild (Audrey Moore):** Necessitates rebuilding the site in phases or at once. Infrastructure costs are so significant rebuilding is most efficient financial solution.
- ◆ **Protect (Spring Hill, Lee District):** Requires reconfiguration or operational changes to insulate the site from new market entrants and protect market share
- ◆ **Reposition (Cub Run):** Realignment of operational policies or program offerings to improve financial performance
- ◆ **Rebrand (George Washington):** Entails rebranding the site to appropriately match programmatic offerings and deliver a consistent RECenter experience
- ◆ **Create (Reston, Multi-Purpose Facility):** Create a new facility to target underserved areas or achieve a strategic goal

STRATEGIC RECOMMENDATIONS

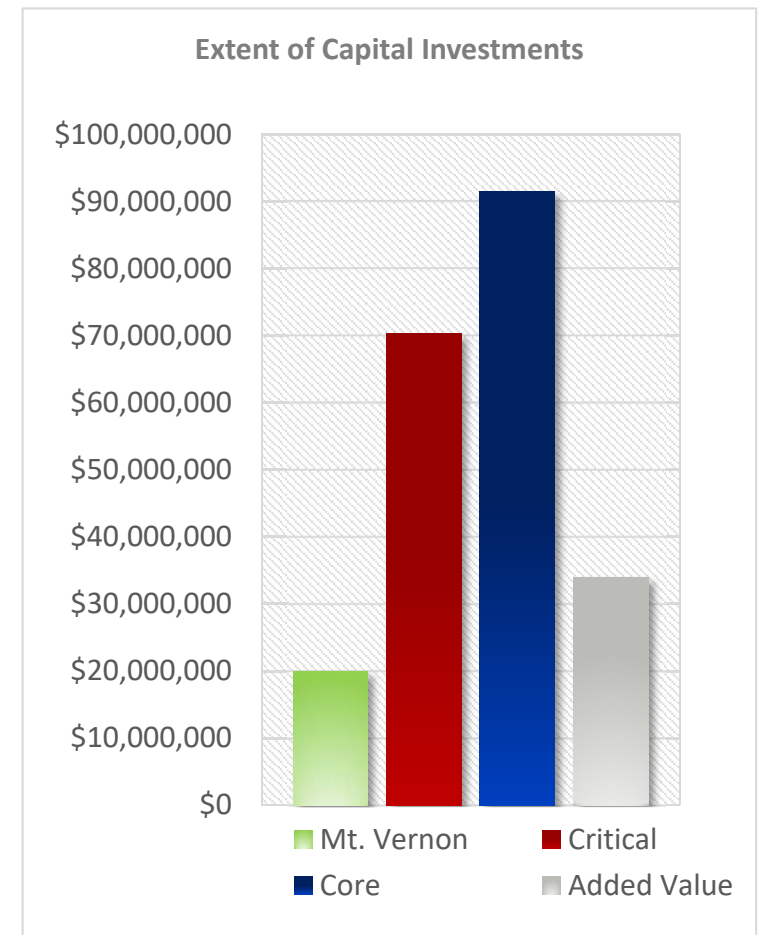
PRIORITIZATION AND CLASSIFICATION



STRATEGIC RECOMMENDATIONS

CRITICAL, CORE, ADDED VALUE

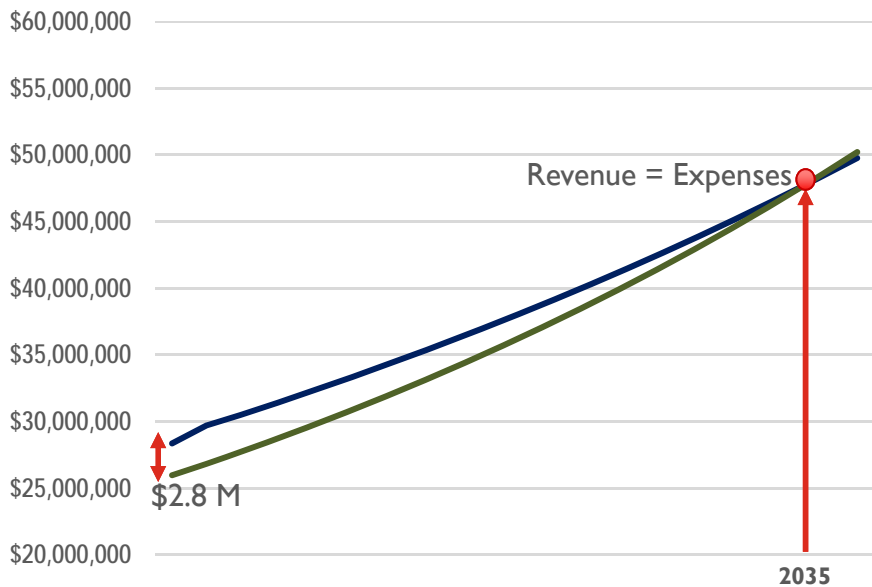
- ◆ Table compares extent of critical, core and added value capital investments for the system
- ◆ Total capital investments are approximately **\$215 Million** in hard and soft costs (2017 figures)
- ◆ Total critical improvements are approximately **\$90 Million** in hard and soft costs
- ◆ Critical improvements for the system are approximately **\$70 Million** in hard and soft costs, excluding Mount Vernon



STRATEGIC RECOMMENDATIONS

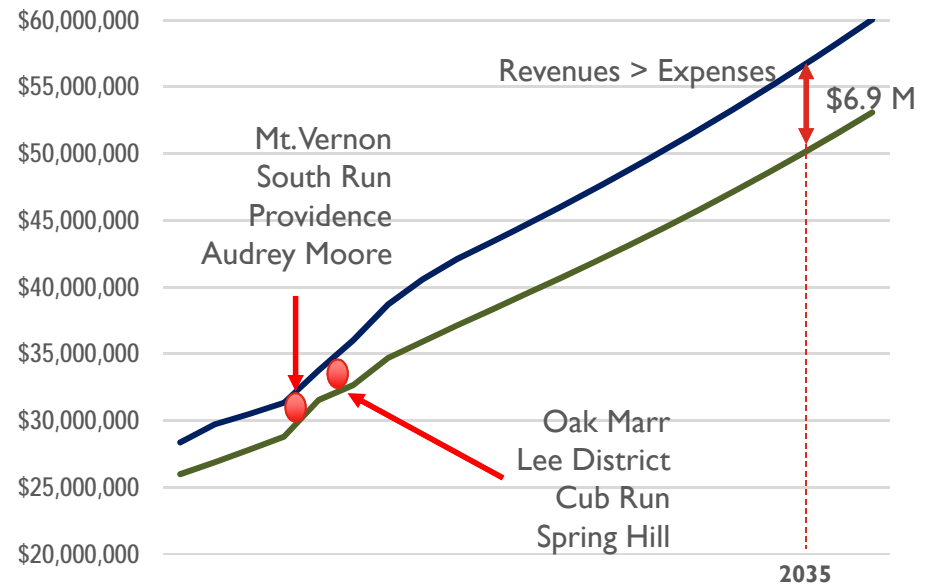
COMPARISON OF 20-YEAR PERFORMANCE

Comparison of Improved System Performance and Extrapolation of Existing Conditions



— Extrapolation of Revenue
— Extrapolation of Expenses

Existing Conditions with No Improvements



— Improved System Revenue
— Improved System Expenses

Improved System Performance with Critical, Core and Added Value Improvements



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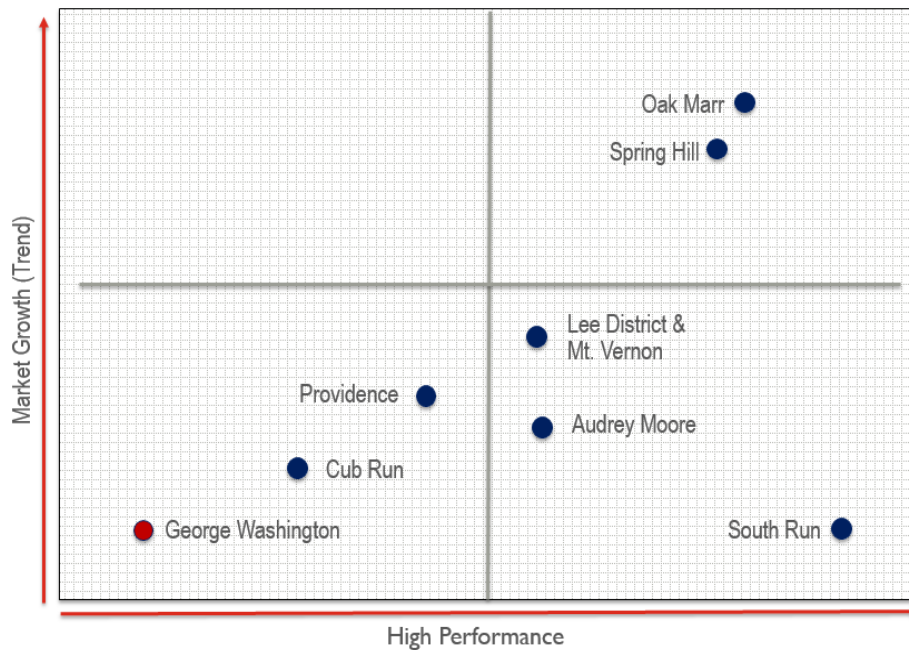
CENTERS

STRATEGIC RECOMMENDATIONS

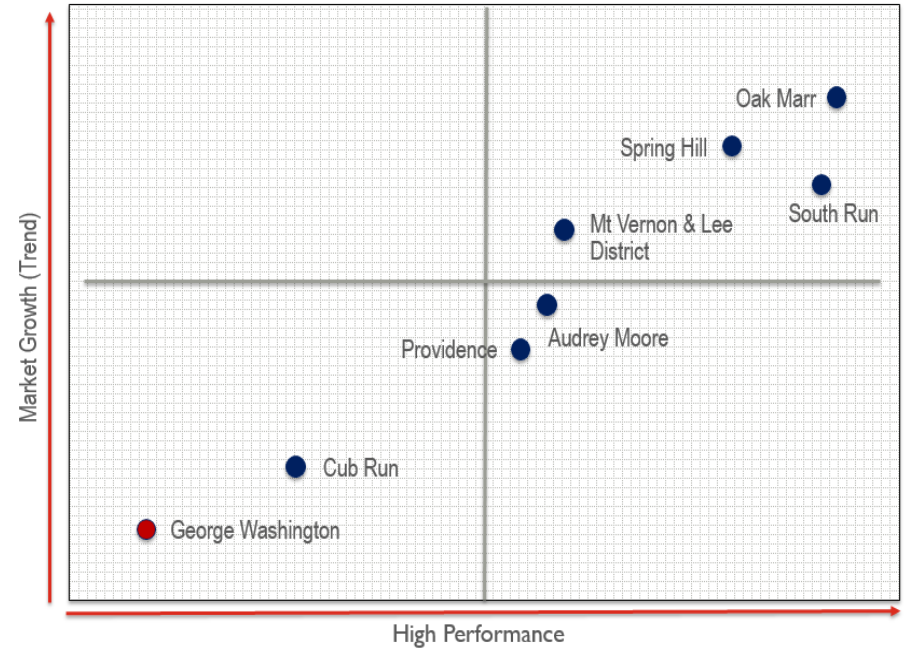
RECENTER PORTFOLIO COMPARISON

- ◆ Improvements results in the portfolio
- ◆ Mt.Vernon, Lee District, and South Run improve performance
- ◆ The portfolio is a much “healthier” mix of assets with improved long-term outlooks

Before Investment

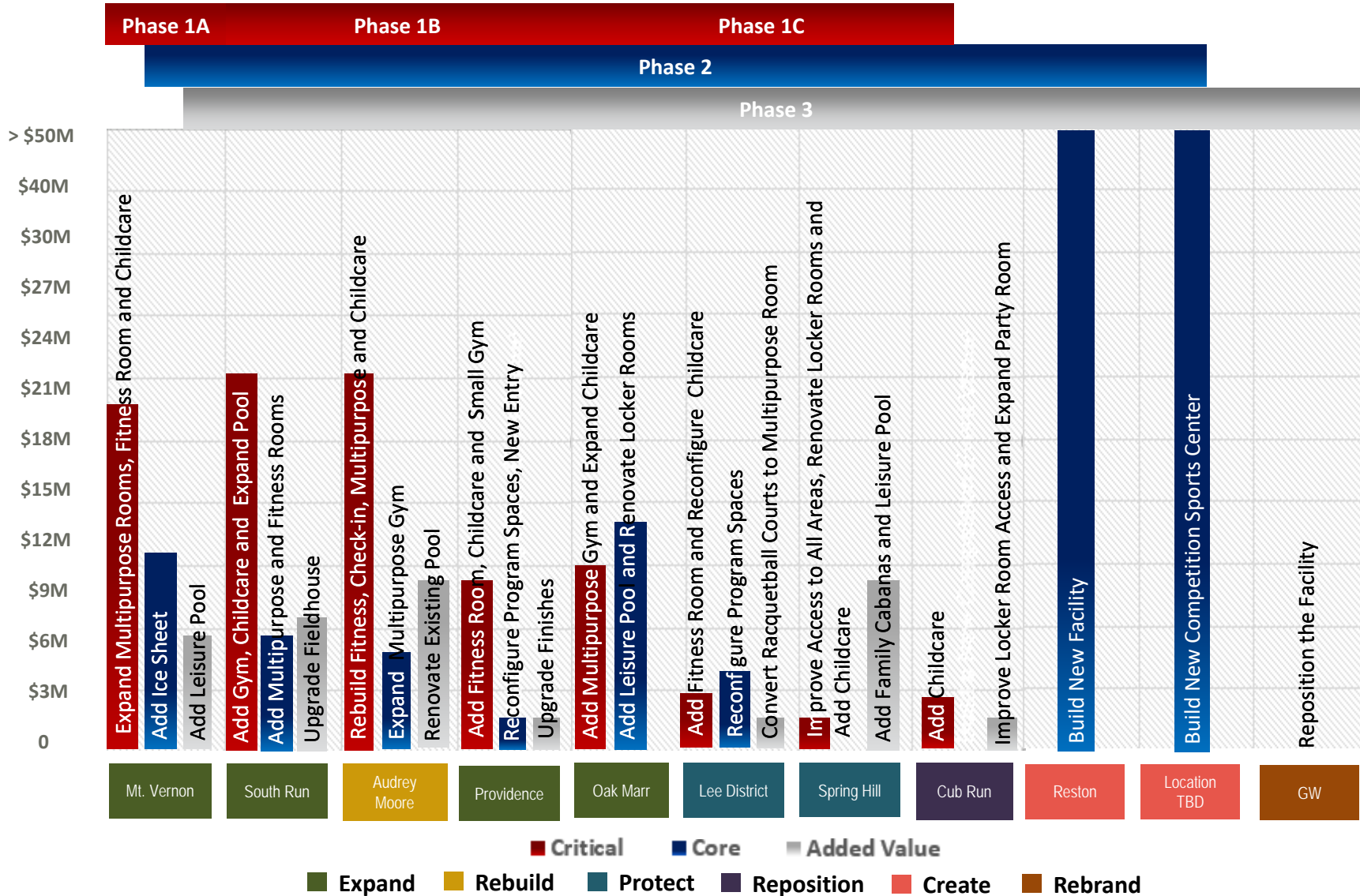


After Investment



STRATEGIC RECOMMENDATIONS

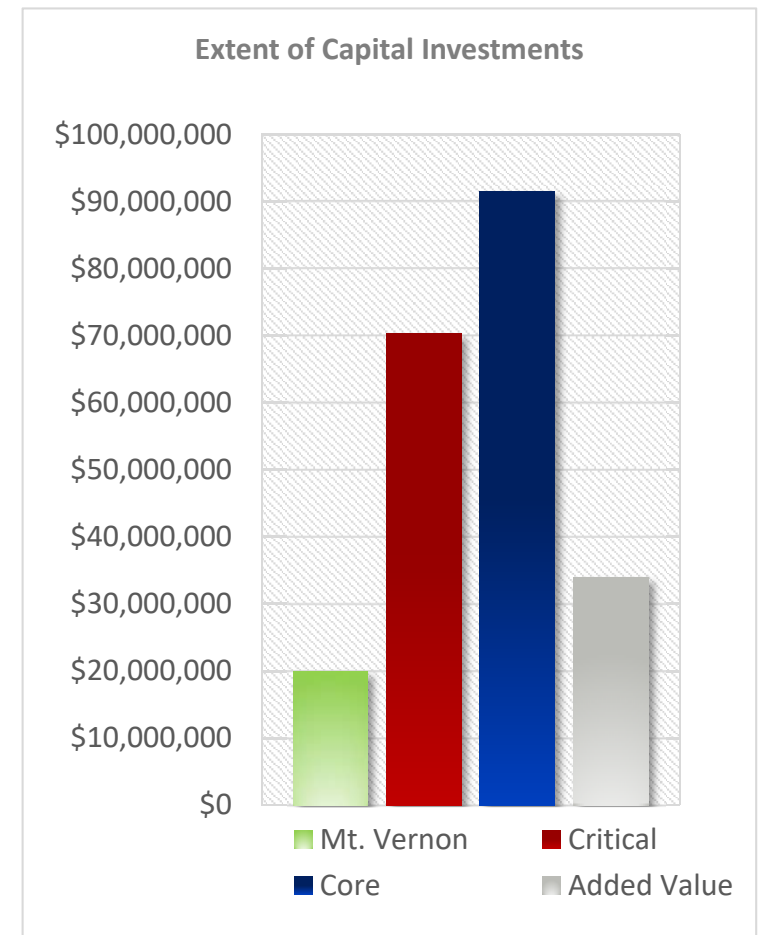
PRIORITIZATION AND CLASSIFICATION



STRATEGIC RECOMMENDATIONS

CRITICAL, CORE, ADDED VALUE

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NEXT STEPS

- ◆ Publish Complete RECenter Sustainability Plan Final Report- May 2018
- ◆ Hold Public Meeting/Open House – June 2018
- ◆ Complete Design of Mt.Vernon RECenter Renovation/Expansion Project including the design for the second sheet of ice.
- ◆ Start Design of Audrey Moore RECenter Core & Lifecycle Improvements
- ◆ Continue to Complete RECenter Critical Lifecycle Improvements as Funding is Identified
- ◆ Continue to Partner with the County to evaluate the development of a multi-sports complex to support Sports Tourism
- ◆ Complete Design of Patriot North Diamond Athletic Field Complex
- ◆ Continue to Partner with the County and Master Developer for OMHS site for Potential Options for GW as part of redevelopment

NEXT STEPS-Continued

- ◆ Look at Options for Future Reston Facility
- ◆ Fine Tune Cost Estimates Prior to 2020 Park Bond
- ◆ Work with County Staff to Identify Capital Funding in 2020 and 2024 Park Bonds

NEXT STEPS

PRE-IMPLEMENTATION OF CAPITAL INVESTMENTS

- ◆ To see the full report or tonight's slide presentation please visit our website at:
- ◆ <https://www.fairfaxcounty.gov/parks/planning-development/recenter-study>

◆ QUESTIONS

- ◆ Additional Questions can be sent via e-mail to: parkmail@fairfaxcounty.gov



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CENTERS



FAIRFAX COUNTY PARK AUTHORITY
**SYSTEM-WIDE SUSTAINABILITY PLAN FOR
RECENTERS**

Public Information Meeting | June 5, 2018

