

# Financial Implications

This chapter presents anticipated capital costs, operational expenses and revenues associated with implementation of the Master Plan. Capital costs are expected to range between \$25.3 million and \$33.9 million. More detailed opinions of construction cost will be developed with each design and construction phase. Projected annual staff costs for operations are expected to be about \$1.24 million at build-out. Projected annual revenues are anticipated to be about \$410,000 at build-out. This figure is based on the golf course and events pavilion being financed through revenue bonds and takes into account projected debt payments. The following table summarizes anticipated expenses and revenues, compared to a "baseline" of the existing park. It should be noted that all figures are in 2002 dollars. Actual costs and revenues can vary greatly from these estimates based on site and economic conditions.

FINANCIAL ANALYSIS SUMMARY

Description	"Baseline" (Existing Coyote Lake Park)	Proposed Master Plan	Notes
<b>Capital Improvements</b>	N/A	\$25,280,000-\$33,852,500	3
<b>Projected Annual Revenue</b>	\$185,000	\$410,000	1,3
<b>Projected Park Annual Operations Costs</b>	\$643,800	\$1,203,750	2,3
<b>Net Park Revenues</b>	(\$458,800)	(\$793,750)	3
<b>Percent Cost Recovery</b>	29%	34%	3

**NOTES**

- <sup>1</sup> Golf Course, Events Pavilion, and West Flat Area Campground revenue estimates based on Strong Associates Study, 11/02.
- <sup>2</sup> Field staff costs only. Does not include equipment, materials or administrative overhead.
- <sup>3</sup> The numbers presented here are projections only and could vary greatly depending on actual conditions. They should be used for "order of magnitude" comparisons only.

## Financial Implications

### CAPITAL COSTS

The following table describes capital improvement costs for full implementation of the master plan. Ranges are given for many of the items recognizing the conceptual nature of the master plan. As more specific designs are developed for each phase, more specific cost estimates can be determined. Capital costs for the golf course and events pavilion are based on a separate financial report prepared by Strong Associates (see Appendix).

#### CAPITAL IMPROVEMENT COSTS

<b>WEST FLAT AREA</b>		
<i>Program Element</i>		<b>Notes</b>
<i>Agricultural/Equestrian/Education Center</i>	\$500,000 - \$1,000,000	1
<i>Dog Off-Leash Area</i>	\$100,000 - \$150,000	
<i>Park Entrance</i>	\$150,000 - \$200,000	
<i>Staging Areas</i>	\$180,000 - \$180,000	8
<i>Fishing Pond</i>	\$250,000 - \$500,000	
<i>Picnic Areas</i>	\$500,000 - \$750,000	
<i>Historic/Cultural Preservation/Interpretation</i>	\$250,000 - \$500,000	
<i>Ranger Office</i>	\$0 - \$0	3
<i>Trails</i>	\$250,000 - \$550,000	4
<i>Turf Area</i>	\$500,000 - \$1,000,000	5
<i>(Golf course and events pavilion included below.)</i>		2
<b>Subtotal for West Flat Area</b>	<b>\$2,680,000 - \$4,830,000</b>	
<b>SLOPES AND RIDGE AREA</b>		
<i>Trails</i>	\$350,000 - \$700,000	6
<b>Subtotal for Slopes and Ridge Area</b>	<b>\$350,000 - \$700,000</b>	
<b>LAKESIDE AREA</b>		
<i>Amphitheater</i>	\$100,000 - \$250,000	
<i>Boating</i>	\$25,000 - \$50,000	
<i>Camping</i>	\$625,000 - \$1,000,000	7
<i>Entrance Kiosk</i>	\$25,000 - \$75,000	
<i>Road Improvements</i>	\$500,000 - \$500,000	
<i>Fishing</i>	\$50,000 - \$250,000	
<i>Historic/Cultural Preservation/Interpretation</i>	\$50,000 - \$150,000	
<i>Maintenance Facility</i>	\$100,000 - \$200,000	
<i>Picnic Areas</i>	\$250,000 - \$500,000	
<i>Ranger Office/Visitor Center</i>	\$25,000 - \$75,000	
<i>Ranger Residence</i>	\$0 - \$0	
<i>Trails</i>	\$200,000 - \$400,000	6
<i>Water Play</i>	\$50,000 - \$250,000	
<b>Subtotal Lakeside Area</b>	<b>\$2,000,000 - \$3,700,000</b>	

## Financial Implications

### CAPITAL IMPROVEMENT COSTS (continued)

<b>MENDOZA RANCH AREA</b>		
<i>Program Element</i>		<i>Notes</i>
<i>Staging Area</i>	\$120,000 - \$120,000	
<i>Environmental Education and Interpretation</i>	\$250,000 - \$2,000,000	
<i>Hang Gliding/Paragliding Staging Area</i>	\$25,000 - \$50,000	
<i>Historic/Cultural Preservation/Interpretation</i>	\$250,000 - \$500,000	
<i>Picnic Areas</i>	\$25,000 - \$50,000	
<i>Trails</i>	\$100,000 - \$200,000	6
<b>Subtotal Mendoza Ranch Area</b>	<b>\$770,000 - \$2,920,000</b>	

**SUBTOTAL:** **\$5,800,000 - \$12,150,000**

Contingency at 20%: \$870,000 - \$1,822,500

Design/Engineering/Management/Permitting at 20% \$1,160,000 - \$2,430,000

**SUBTOTAL:** **\$7,830,000 - \$16,402,500**

**Golf Course and Events Pavilion** \$17,450,000 - \$17,450,000 2

**TOTAL** **\$25,280,000 - \$33,852,500**

#### NOTES

- 1 Includes covered arena (60' x 180') estimated at \$25 per square foot = \$270,000. Balance of costs based on extent of restoration/improvements to existing structures.
- 2 Based on Strong Associates Study, 11/02 and includes contingencies.
- 3 Assumed included in other costs.
- 4 Unpaved trails estimated at \$5 per l.f. Paved trail estimated at \$35 per l.f.
- 5 10-acre estimated at \$50,000 - \$100,000 per acre.
- 6 Estimated at \$5 - \$10 per l.f.
- 7 25-50 new campsites estimated at \$15,000 each, plus infrastructure and restrooms at \$250,000.
- 8 1.5 acres estimated at \$120,000 per acre. Does not include golf course parking and entrance road, which would be included in golf course development.

*Does not include Natural Resource Management and Fencing.*

## Financial Implications

### OPERATING EXPENSES

Staff needs for park operations were evaluated by Parks Department staff. This does not include staffing of the golf course and events pavilion. It is assumed that operations of these facilities would be contracted, and projected revenues for these facilities take into account contracted operations. The operating expenses presented include only staff costs for permanent staff assigned directly to the park. It does not include seasonal positions, such as kiosk attendants, interpretive aides, trails crews, special project needs or administrative support staff. Equipment and supplies are also not included. Costs are in 2002 dollars.

#### EXISTING PARK OPERATING EXPENSES

Quantity	Description	Subtotal
<i>Coyote Lake Baseline</i>		
1	Senior Ranger	
4	Rangers	
1	Maintenance Lead	
3	Maintenance Workers	
<b>Subtotal Baseline</b>		<b>\$643,800.00</b>

#### PROJECTED PHASE ONE OPERATING EXPENSES

Quantity	Description	Subtotal
1	Maintenance Worker	\$62,400.00
	Baseline (Existing Operating Expenses)	\$643,800.00
<b>Subtotal Phase One Operating Expenses</b>		<b>\$706,200.00</b>

#### PROJECTED OPERATING EXPENSES AT BUILD-OUT

Quantity	Description	Subtotal
2	Rangers	
1	Natural Resources Program Manager	
0.5	Seasonal Natural Resources Technician	
1.5	Park Interpreter	
3.5	Maintenance Workers	
<b>Subtotal Additional Staff</b>		<b>\$559,950.00</b>
<b>Total Baseline</b>		<b>\$643,800.00</b>
<b>Total Staff Costs</b>		<b>\$1,203,750.00</b>

*(Does not include equipment, supplies and administrative overhead)*

**Financial Implications**

**PROJECTED ANNUAL REVENUES**

Projected annual revenues are based on current experience at Coyote Lake Park, experience at other County Parks, and projected revenues from the golf course and events pavilion as determined in the Strong Associates financial study, taking into account bond debt and contracted operations.

**PROJECTED ANNUAL REVENUES**

<i>Description</i>	<i>Revenue</i>	<i>Notes</i>
<b>Baseline</b> (Coyote Lake 2000 Revenues)	\$185,000	1
<b>Lakeside Increase</b> (Estimated at 20%)	\$37,000	2
<b>Mendoza Ranch Area</b>	\$0	3
<b>Westside Flat Area</b>		
Vehicle Entry Revenue	\$100,000	4
Golf Course and Events Pavilion	\$45,000	5
Group Picnic Area	\$25,000	6
Equestrian Center/Agricultural Center	\$18,000	7
Subtotal for West Flat Area:	\$188,000	
<b>TOTAL</b>	<b>\$410,000</b>	

**NOTES**

- 1 Based on 2000 actual total revenues.
- 2 Based on improved and expanded camping plus group picnic area rental.
- 3 Assumes minimal gate fees at Mendoza and "break even" revenues at Environmental Education Center.
- 4 Based on 2001 vehicle entry revenues at Hellyer and Ed Levin Parks. Assumed slightly lower than alternate with Events Pavilion and Campground due to fewer flat trail opportunities.
- 5 Based on Strong Associates Study, 11/02 at year 3 of 30-year projection.
- 6 Estimated at 100 events per year at \$250 per event.
- 7 Estimated at 12 events per year at \$1,500 per event.

## Financial Implications

### **LONG-TERM REVENUES AND CAPITAL REINVESTMENT**

The financial analysis prepared for the master plan projects a 31-year cumulative cash flow for the golf course and events pavilion of \$14.4 million. This does not include the costs of facility reinvestment due to depreciation over time.

The revenues noted in the projected cumulative cash flow take into account debt service for the golf course and events pavilion over a 30-year period. Upon completion of debt payments, net revenues will increase, although these facilities will require renovation and reinvestment over the 30-year bond payment period and beyond. Long-term operations, whether by lease, contract, or internal Parks Department management, must take into account and plan for long-term capital reinvestment to assure the park's long-term health and public value. This may be accomplished through establishment of a capital depreciation account to fund long-term renovations, or contract arrangements with potential facility managers and/or leaseholders to finance renovation costs on an ongoing basis. More detailed analysis of long-term depreciation funding alternatives will be considered when financing and operations strategies are finalized for the golf course and events pavilion.