

Date Presented to Council: 8/12/13	
Approved <input checked="" type="checkbox"/>	Denied <input type="checkbox"/>
By: <i>John Combs</i>	

CITY COUNCIL INFORMATIONAL MEMORANDUM

IM No. 13-08: Curtis D. Menard Memorial Sports Center Income and Expense Report to Council.

Originator: John Combs, Director of Recreational and Cultural Services
 Date: 7/24/2013 Agenda of: 07/31/2013 Meeting Date: 8/12/2013

Route to:	Department Head	Signature	Date
	Chief of Police		
	Public Works Director		
X	Recreation & Cultural Services Director	<i>John Combs</i>	8/2/2013
X	Finance Director	<i>John Combs</i>	8-1-13
X	Deputy Administrator	<i>[Signature]</i>	8/2/13
X	City Clerk	<i>Combs</i>	8/5/13

Reviewed by Mayor Verne E. Rupright: *VER*

Fiscal Impact: yes or no Funds Available: yes or no

Account name/number/amount: N/a

Attachments: Introduction (1 Page) Goals (4 Pages) Chart (1 Page)

Summary Statement: Following my report to the Council on July 8, 2013, the Council has asked for a quarterly breakdown of income relating to each facility amenity. The attached report shows income by quarter for the past three years. The Finance Director has reviewed these figures and included his recommendations within IM No. 13-09. A business plan is also included outlining the possibilities and constrictions to continue reducing expenses and increasing income at The Menard Center.



THE MENARD CENTER

JOHN COMBS

DIRECTOR

RECREATIONAL AND CULTURAL SERVICES

July 25, 2013

With the assistance of the Finance Director, we have identified five areas of the operation which will be the emphasis of our effort to shrink the Curtis Menard Memorial Sports Center (CMMSC) expenses and grow the income for the facility.

There are several assets listed here along with several liabilities. We will attempt to project this evaluation as positive as possible, however; we must also present the limitations as well to get a true picture of future operations of the CMMSC.

We have taken into account the immediate methods of increasing income and realistically decreasing areas wherein we are able to shrink our expenditures.

What follows is a chart, quarter by quarter, which has been expertly analyzed by Director Tankersly. Troy has identified five areas to discuss as well as goals, options, and an observation to assist us in reaching our objectives.

Also include are my own observations and ideas for increasing our income and attempting to hold the line or reduce expenses to make the CMMSC more profitable.

I appreciate this opportunity to present this material to the Mayor and Council in an attempt to clarify the situation at one of the City's most valuable assets and amenities.

Respectfully,

John Combs



THE MENARD CENTER

JOHN COMBS

DIRECTOR

RECREATIONAL AND CULTURAL SERVICES

July 25, 2013

Mayor and Council Members,

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What follows is a business plan relating to the five areas of discussion and goals to diminish the annual support from the general fund:

1. In nine years of operation, the CMMSC has only realized just over a 3% increase in operational income. Our aim is to increase this amount 10% a year providing and additional \$1,140,000 by 2019.
 - A. **Goal:** Increase revenue 10% per year for the next five years.
 - a. Assets: In-house advertising – The CMMSC has a total of twelve yet to be sold dasher boards. At \$1000 per season, we could capture \$12,000 from sales of all of the dasher boards.

We also have room for 13 more 3 foot by 8 foot signs of which five can be accommodated in the ice arena and eight more in the Turf Field for a total income of \$6,500 should all be sold.

We also intend to secure a major sponsor with their brand name appearing on the outside of the building, on a blank wall in the ice arena, and on a wall in the turf area. We will be asking for \$100,000 a year on a three-year (five if possible) contract. Oil companies, national food chains, national fuel stations, large contractors, and national banking systems are a few of the organizations to be approached.
 - b. Liabilities: This increase in revenue will, for the most part, remain static for the next year. Should we realize the total revenue from in-house advertising, this would total \$118,500 additional income per year. However; the possibility of raising the prices for current sponsors creates a fine line of acceptance on the part of the advertisers or their discontinued participation. We have taken an approach of attempting to hold on to our current advertisers with the tactic of not increasing prices too much too soon.

c. Assets: Radio - The CMMSC currently has just over \$1800 left on a \$2400 purchase order with KMBQ 99.7. Six days of advertising for Clean-up Days cost \$660.00. These spots included drive times and other ads scattered throughout the day. The remainder of the purchase order must be used no later than 12/31/2013. I intend to use a full seven days to promote, Learn to Skate, Public Skating, and Open Skating to increase ice-time sold. We are able to increase income through more ice-time usage through a concerted effort to make the public aware of these programs. Newspaper ads will feature a calendar of these events along with other events being held at the CMMSC.

d. Liabilities: In the event of a Trade Show or other large gathering needing to use the arena, the ice will need to be covered and the above events suspended for up to three days. We do have the ability to, "makeup" these times with the other event holders.

e. Assets: The CMMSC has a tremendous Turf, dry Ice Arena and Track during the months of April, May, and June. This presents us with the opportunity to attract large meetings, conventions, and Trade or Entertainment shows during these months. The realized additional income from this type of events is open-ended. There are no Tuesday Night Fights or Men's Soccer scheduled for these months. This leaves plenty of opportunities to schedule conventions and other large gatherings during this; our slowest months that lag well behind the other three quarters. Both the Director and the Facility Manager have many years of making contacts to bring presentations to large and small groups to encourage them to hold their activities at the CMMSC. The Track use by Senior Citizens brought in \$8000 at \$1.50 per walker or runner. I am in the process of requesting a grant from the Mat-Su Health Foundation for \$15,000 and making the track free to the Seniors. As a lifetime member of both WASI and the Mat-Su Senior Center, I feel certain we will nearly double this usage

e. Liabilities: Arranging meetings with the decision makers and showing them what the CMMSC has to offer. This takes time away from the CMMSC but must be done to bring these customers to our facility. In order to attract first-class clientele we must invest in first-class furnishing and equipment. The Mat-Su School District (MSSD) graduations are a good example of what is needed. Rods and draperies, a first-rate stage and podium, and about 1000 new chairs and 100 new tables are on this list. If the Mayor and Council agree, these enhancements are crucial to handle groups of this nature. A current example is the Church of Latter Day Saints who is holding an event on a Sunday in August. They require seating for 2000 followers. We currently have 1100 total chairs available to us. Our hand-made stage and podium are unsuited for this event. We have been able to borrow more chairs from the MSSD to fill in the needed seating. This still leaves us with cobbled together staging and a barely suitable podium. Investing in these items will go a long way in satisfying our potential customers. . I also believe that once again bringing concessions in house will only add to expenses that cannot be overcome by additional revenue.

B. Goal: Maintain Expenses to a 3.5% growth rate or less.

a. Assets: Operational Direction has made a good start during fiscal 2013 by lowering the total cost of operation from \$1,594,293 in 2012 to \$1,431,269 for 2013, a difference of (-9.18%) The adopted 2014 budget lowers this even more to \$1,178,024, a difference from 2012 to 2013 of (-\$253,245) or a decrease of 17.68%. A change in Directors took place on April 2, 2012 with just three months of fiscal 2012 remaining. Since that time, the total operating budget has decreased a total of (-\$416,269) for 2014 or (-26.11%) since fiscal 2012.

Rather than just adding a 10% increase to all expense items, the Director has researched each and every line item to bring them much closer to the actual funds needed in each area of expense. This year, it is our intention to stay within the budget as presented.

b. Liabilities: It will take consistent monitoring of the budget throughout 2014 to insure the CMMSC stays within the expense guidelines. To stay within an expense growth of 3.5% per year will be a challenge to be sure. The cost of increased salaries, benefits, supplies, rentals, and repairs and maintenance is going up approximately 5.5% per year. We can only give our best attempt to keep expense growth at 3.5%.

C. Goal: Construct a marquee sign and other options to make the CMMSC more visible to the public.

a. Assets: The project for this sign is already underway. Public Director Giddings informs me this will be accomplished this summer or fall. Additionally, we have radio and newspaper advertising available along with TV commercials costing \$500 for 300 ads of 30 seconds each on DTV. The operational rules for a FaceBook page is something I believe will help contacting the public. I am currently crafting the regulations for adopting this medium for the CMMSC, the Museum, and the City of Wasilla. This will be an informational page only; showing the public where we are, what we offer, and up-coming events. There will not be a comment option and the password and content will be strictly controlled. It will feature a link to bring the user to the City of Wasilla home page. Nearly every City and organization of any size uses FaceBook to distribute information.

b. Liabilities: A FaceBook page must be strictly controlled by the Mayor, City Clerk, the Director of each department, and one other designated person by the Director. I cannot find any downside to using this form of social media if it is properly conducted. It can only enhance our image to a much wider audience. 300 DTV ads over the course of 30 days every two months will accommodate the greater portion of the TV audience.

D. Goal: Increasing prices for use of the different venues at the CMMSC.

a. Assets: The prices for signage and usage have not been raised for some time.

b. Liabilities: A gradual increase in the cost of signage and usage would be acceptable to most. Too large of an increase may well result in the discontinuance of sponsors adverting at the CMMSC. Absolutely no pricing increase will result in stagnation of this income area. This will take a lot of study to determine what the area market will bear. I believe that gradual and minimal changes over the years is the best course to follow.

Summary

The Curtis D. Menard Sports Center is a tremendous amenity and asset for the City of Wasilla. While we are on track to lessen the burden on the general fund to operate this facility; it also needs to be recognized for the uncertified income and enjoyment it brings to the citizens of Wasilla and the entire State.

During the U.S.A. Wrestling Tournament, the CMMSC was host to over 10,000 patrons. The hotels were full, the restaurants were filled to capacity, and grocery stores, gas stations, and specialty shops realized a huge period of income during those three days. An educated guess is 1000 families, from as far away as Bethel, spent an average of \$500 shopping in our stores. This equates to a boost of \$500,000 to our economy and, at a 2% sales tax, put \$10,000 in the City coffers.

We are well on our way in significantly reducing the transfer from the General Fund to operate the CMMSC. Our plans for additional funds will be realized.

Support and Acceptance

An Oral Presentation.

Submitted by,

John Combs
Director
Recreational and Cultural Services
City of Wasilla

	July-Sept 2011	July-Sept 2012	Difference	Oct-Dec 2011	Oct-Dec 2012	Difference	Jan-March 2012	Jan-March 2013	Difference	April-June 2012	April-June 2013	Difference
Track	967.00	1,599.30	632.30	5,608.24	6,099.35	491.11	10,251.23	8,311.04	(1,940.19)	1,443.88	2,398.85	954.97
Turf Court	10,314.00	14,278.00	3,964.00	73,802.00	89,407.25	15,605.25	89,416.00	94,069.25	4,653.25	46,415.50	45,182.75	(1,232.75)
Meeting Rooms	5,660.00	5,960.00	300.00	8,155.00	10,012.50	1,857.50	9,927.50	9,580.00	(347.50)	18,300.00	20,030.00	1,730.00
Ice Rink	33,849.25	56,910.50	23,061.25	107,703.25	100,421.50	(7,281.75)	101,309.00	102,334.19	1,025.19	32,395.00	27,245.00	(5,150.00)
Totals	50,790.25	78,747.80	27,957.55	195,268.49	205,940.60	10,672.11	210,903.73	214,294.48	3,390.75	98,554.38	94,856.60	(3,697.78)

	FY2012	FY2013**	Difference
Track	18,270.35	18,408.54	138.19
Turf Court	219,947.50	242,937.25	22,989.75
Meeting Rooms	42,042.50	45,582.50	3,540.00
Ice Rink	275,256.50	286,911.19	11,654.69
Totals	555,516.85	593,839.48	38,322.63

Actual Revenue	585,634.00	629,603.00	44,169.00
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Difference (30,117.15) (35,963.52)

** NOTE: This report was prepared on June 18, 2013. Twelve days of June 2013 are not reflected in this report. We expect to reach last year's total for June 2012 or surpass it.