

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

CITY COUNCIL INFORMATIONAL MEMORANDUM

IM No. 13-09: Curtis D. Menard Memorial Sports Center financial information requested from June 10, 2013 Council meeting.

Originator: Troy Tankersley, Finance Director

Date: 7/30/2013

Agenda of: 8/12/2013

Route to:	Department Head	Signature	Date
	Chief of Police		
	Public Works Director		
X	Recreation & Cultural Services Director	<i>[Signature]</i>	7/31/2013
X	Finance Director	<i>[Signature]</i>	7-31-13
X	Deputy Administrator	<i>[Signature]</i>	7/31/13
X	City Clerk	<i>Tomit</i>	7/31/13

Reviewed by Mayor Verne E. Rupright: *[Signature]*

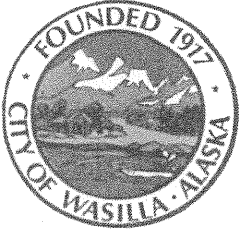
Fiscal Impact: yes or no

Funds Available: yes or no

Attachments: July 18, 2013 Memorandum from Finance Director to City of Wasilla Council Members and Mayor (2 page)
 Financial History 2002 – 2013 & Projections for 2014 - 2019 (1 page)

Summary Statement: At the June 10, 2013 the Wasilla City Council directed through the Mayor financial information and projections for the Curtis D. Menard Memorial Sports Center.

Attached is the summary of the financial review from inception of the Sports Center along with actual numbers taken directly from the City audited Comprehensive Annual Financial Reports (CAFR) and from the Biennial or Supplemental Budgets for the fiscal years 2002 through 2014.



CITY OF WASILLA

Finance Department
290 East Herning Avenue
Wasilla, Alaska 99654-7091
Phone (907) 373-9080 Fax (907) 373-9085

July 18, 2013

To: City of Wasilla Council Members
Verne Rupright, Mayor

From: Troy Tankersley, Director of Finance 

Re: Curtis D. Menard Memorial Sports Center
Financial information requested from June 10, 2013 Council meeting

As per the Mayors directive on June 10, 2013, I have reviewed the financial information from the City of Wasilla Comprehensive Annual Financial Reports (CAFR) and Biennial or Supplemental Budgets for the fiscal years 2002 through 2014. The following findings are as noted:

There are five (5) areas to discuss:

1. Total operating revenues (not including the transfer in from the General Fund) has only reached a peak of \$728,000 in 2007 with the lowest at \$544,000 in 2011. This is only a \$184,000 swing in nine (9) years of operation.
2. Pricing: This is a sensitive area where demand can dictate what customers are willing to pay for the services provided. The last pricing analysis done was December 1, 2001 by GDM, Inc.
3. Total operating expenses began at \$789,000 in 2005 (the first full year of operating) and by 2013 has expenses of \$1,169,000, a 49% increase. The vast majority of this growth is of course personnel and benefits. As a service provided business operation, it is not surprising that these costs are the majority. Currently, with 7 personnel on staff plus temporary hires, personnel make up 64% of operating costs in 2013. These same costs were 55% in 2005.
4. Net Asset reserve: The Wasilla Municipal Code requires a 6-month reserve. For 2013 this reserve is approximately 3-4 months.
5. General Fund Transfer: The sports center has maintained an operating loss from inception, beginning in 2005 at (\$212,739) and in 2013 at (\$540,156), with the general fund transferring \$146,000 to \$1,209,000 to support operations or minor capital projects.



CITY OF WASILLA

Finance Department

290 East Herning Avenue

Wasilla, Alaska 99654-7091

Phone (907) 373-9080 Fax (907) 373-9085

Adopting the following goals could benefit the CMMSC by increasing revenues, decreasing operating loss, decreasing the transfer from the General Fund, and maintain the six month reserve.

- a. Goal: Increase revenue 10% per year, which would provide \$1,140,000 by 2019. This may be done by increasing revenue in concessions and advertising. Facility rental fees have realized a revenue stream from \$410,000 in 2005 to almost \$600,000 in 2013. By anchoring long term events could generate additional revenue. Refer to Mr. Combs, Director as to capacity and scheduling to facilitate additional revenues of this sort.
- b. Goal: Maintain expenses at a 3.5% growth rate or less. Although additional concession revenue could be realized, it will be necessary to increase expense to facilitate an inventory should the City want to operate concessions in house. Contracting concessions is an alternative as City currently is operating, but lessens the amount of revenue realized.
- c. Goal: Use the \$365,000 restricted balance to facilitate construction of the marquee sign (currently in progress) or projects that make the sports center stand out and identify to both residents and non-residents of the City what is happening at the CMMSC. This will directly impact revenues at the sports center and indirectly impact sales tax as growth increases from consistent events.
- d. Option: Transfer approximately \$275,000 in FY2014 (to be determined after the FY2013 audit adjustments are completed) to immediately bring net assets to its 6-month reserve requirement. If revenues or expense goals are not met, the pressure from the General Fund to transfer additional funds will be required in future years placing a heavier burden upon the general fund, fund balance.
- e. Observation: If the above goals are met, by 2015 the General Fund could transfer an estimated \$460,000, but by 2019 this would drop to an estimated \$280,000.

The operating losses will not immediately go away, but the City could place the sports center in better position to require less from the General Fund.

