WASILLA

· ALASKA •

Date Presented to Cou	ncil: 8/12/13
Approved 🖸	Denied
By: Hon	18

## 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	ancele son	7/31/2013				
X	Finance Director	Morning	2-31-13				
- X	Deputy Administrator	MA	7/3///2				
X	City Clerk	Fon*	7/3//3				
Reviewed by Mayor Verne E. Rupright:							
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.



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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.

Curtis D. Manard Memorial Sports Center Financial History for Fiscal Year's 2002 - 2013 Projections for Fiscal Year's 2014 - 2019

on Projection Projection Projection 2016 2017 2018 2019	22 856.957 942.653 1,036.916 1,140.610	22 1.251,752 1.295,863 1.540,808 1.387,840 0% 3.50% 3.50% 3.50% 3.50%	70) (394,785) (352,910) (303,980) (247,230) 0% 8.77% 10,61% 10,86% 18,87%		70) (384,795) (352,910) (303,990) (247,230)		70) (354,785) (352,910) (303,990) (247,230)	(9,500) (9,500) (9,500) (9,500) (9,500)	01 21,165 21,505 22,673 23,466	59 17,164,960 17,188,125 17,208,030 17,290,703 60 17,166,125 17,208,030 17,230,703 17,254,169	249 16,560,249 16,560,249 16,560,249 16,560,249 17,11 625,876 647,781 670,484 693,920 16,0 17,106,125 17,200,030 17,730,703 17,254,169 16,0 6,0 6,0
Projection 2015		1,209,422	(430,370) -6.50%	desemblessicological	(430,370)	Topic control of the	(430,370)	(9,500)	20,701	17,144,259	16,560,249 604,711 17,164,860 6.0
Projection 2014	708,229	438,583 306,708 4,331 96,629 74,223 246,050 1,168,524	(460,295)		(460,295)	2 3 6 6 9 5 6 9 3	(460,295)	(9,500)	305,205	16,839,054	16,560,249 584,010 17,144,259 6.0
Unaudited 6/30/2013	73,960 7,324 12,525 20,000 580,000 643,844 8,844	408.463 267,143 8,795 157,780 68,212 272,607 1,184,000	(540,156)	479,180	(1,019,336)	3,131 2,876 2,876	(1,013,329)	(8,500) 9,000	(406,614)	17,245,668	16,194,667 366,582 278,805 16,839,054
2012	16,206 3,246 18,337 547,845 585,844 7,85834	417,070 272,954 9,448 59,739 77,561 268,850 1,105,622	(519,988) 4.70%	479,180	(999,168)	3,439 734 35 85,455 38,455 38,455	(959,540)	400,000 (9,500) 90,321	(478,719)	17,724,387	16,186,809 383,567 695,292 17,245,668
2011	11,680 9,865 523,082 544,627 544,627	376,820 241,854 8.428 77,158 123,048 1,041,252	(496,625) 34,99%	346,380	(843,005)	(103,739) (1,190) (23,089	(924,845)	(9,500) (25,913	(229,816)	17,954,203	16,499,489 360,461 864,437 17,724,387
2010	5,000 15,584 8,955 659 157 659 157 7,73%	359,520 210,813 14,020 55,754 146,666 1,057,811 1,057,811	(367,895)	358,799	(728,694)	2,813,929 (182,984) 3,330 (12,886) 46,027 (10,500) 13,748	1,944,168	800,000 (6,500) 36,736	2,776,406	15,177,797	14,815,090 2,071,844 1,087,269 17,954,203
2009	52,659 66,139 576,535 698,333 7,365	361,958 193,919 18,147 45,811 85,811 373,431 1,079,048	(380,715)	344,964	(725,679)	2.776,152 (279,122) 26,676 11,330 (14,564) 28,080 25,48,552	1,822,873	795,000 (8,500) 994,681 20,057	3,626,111	11,551,686	13,281,049 1,477,737 419,011 15,177,797
2008	62,536 67,613 558,809 688,958 688,958	356,605 144,649 27,573 68,100 77,884 315,014 889,825	(300,867)	342,968	(643,835)	2,597,829 (366,945) 88,933 433 250 (428,406) (35,372)	1,212,987	1,208,996 200,875 (6,500) 364,806	2,981,164	8,570,522	8,743,306 2,914,497 (106,117) 11,551,686
2007	50,000 68,825 12,365 586,927 728,117 13,40%	338,870 124,646 2,595 46,084 74,698 309,183 896,074	(167,957)	342,968	(610,925)	2,414,673 (420,286) 88,356 8,356 8,007 2,090,756	1,579,825	313,588 (6,500) 229,630	2,116,543	6,453,979	7,210,487 2,178,513 (818,478) 8,570,522
2006	50,110 86,438 15,325 490,218 642,091	329,178 117,983 1,012 26,809 76,422 263,585 806,569	(184,878)	340,420	(505,298)	2,244,071 (465,633) 51,384    8,184	1,332,708	145,605	1,476,813	4,977,166	4,658,110 1,549,126 , 246,743 6,453,979
2005	37,303 124,095 5,366 409,791 576,555 906,85%	307,018 126,833 70,368 40,189 210,434 34,452 788,294 278,444,64	(212,739) 145,84%	321,501	(534,240)	2,086,801 (502,353) 27,508 27,104 1,039,060	1,104,820	7 8 t t h	1,104,820	3,872,346	3,786,239 1,010,688 1,077,166
2004	10,588 48,730 4,281	103,381 27,524 33,484 2,361 7,560 208,675	(146,076)	,	(146,076)	1,880,477 (172,349) 3,478 - - - 2,896 1,714,503	1,568,427	376,845	1,945,272	1,927,074	2,972,586 551,244 348,514 3,872,346
2003		+ 5 4 5 3 5	3	*	*	1,740,791	1,740,791	5,106	1,745,897	181,177	236,235 1,890,839 1,927,074
2002	C 4 4 3 X	5 6 2 3 5 6	*		*		ı	181,177	181,177	181,177	181,177
Projections for Frscal Years 2014 - 2019	Operating revenue: Advantising Concession Lease flees Advantising-naming rights Facility rentair fees Total operating revenue	Operating expense: Salaries Employee benefits Professional and fechnical services Repair and mainkhannoe Other purchased services Supplies Total operating expenses	Operating loss before depredation	Depreciation	Operating loss	Nonoperating revenue (expenses): Sales tax revenue Sales tax revenue Inferest expense Investment income Sale of captila assets Other revenue Litigation axponese Litigation axponese Sports complex master plan State PERS relief Rate analysis grant Net nonoperating revenue (expenses)	Income before transfers and contributions	Transfers in-general fund Transfers un expital projects fund Transfers out Capital contributions Special tenn-write off NPO/OPEB	Change in net assets	Begirning net assets Ending net assets	Net assets: Invosited in capital inseets, net of related debt Restricted for debt service Restricted investment for CIP Unrestricted Ending net assets