

Date of Action: 10/28/13	
Approved <input checked="" type="checkbox"/>	Denied <input type="checkbox"/>
By: <i>Kornitz</i>	

CITY COUNCIL ACTION MEMORANDUM

AM No. 13-37: Authorizing the administration to proceed with a Request for Proposal for a qualified individual or firm to provide recommendations on how to optimize revenue for the Curtis D. Menard Memorial Sports Center and to prepare an ordinance to appropriate \$50,000 to fund the contract.

Originator: Public Works Director

Date: October 16, 2013

Agenda of: October 28, 2013

Route to:	Department Head	Signature	Date
X	Public Works Director	<i>[Signature]</i>	10/16/13
X	Finance Director	<i>[Signature]</i>	10/17/13
X	Deputy Administrator	<i>[Signature]</i>	10/22/13
X	City Clerk	<i>Kornitz</i>	10/22/13

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

Fiscal Impact: yes \$50,000 Funds Available: yes

Account name/number: To be identified

Attachments: Administration Proposed Financial Goals for the Menard Center

Summary Statement: Information Memorandum No. 13-09 was presented to the City Council on August 12, 2013 that provided financial information on operating costs and revenue for the Curtis D. Memorial Sports Center.

In summary, the Menard Center annual operating revenues have ranged between \$544,000 and \$728,000 since the facility opened. Total annual operating expenses began at \$789,000 in 2005 and they are now at \$1,169,000, with personnel costs making up 64 percent of the current operating costs. Attached are suggested financial goals that were presented in Information Memorandum No. 13-09 that show how a reduction in General Funds transfers can be achieved by 2019.

A Request for Proposal would seek a qualified individual of firm to review the Menard Center's capabilities and seek market information to determine how the Menard Center can be operated with the maximum potential for revenue. It is estimated that this type of contract would cost \$50,000.

Staff Recommendation: To seek council direction.

Admin to proceed.



CITY OF WASILLA

Finance Department

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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.