

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 02 - 01

For the purpose of approving the amendment to the MERC Operating Fund approved annual budget for the Fiscal Year 2002-03 and transmitting thereof.

WHEREAS, Metro Code 6.01.050 provides that the commission shall annually prepare and approve an annual budget, which shall, to the maximum extent permitted by law, consist of one commission-wide series of appropriations in those categories that are required by local budget law, applicable to all buildings, facilities, and programs managed by the Commission, and;

WHEREAS, the Commission approved and transmitted the MERC Operating Fund, MERC Pooled Capital Fund and the Convention Center Project Capital Fund for the Fiscal Year 2002-03 on October 24, 2001 and an amended MERC Pooled Capital Fund on November 28, 2001, and;

WHEREAS, following the Commission's mid-year review of the fiscal year 2001-02 budget additional developments regarding the MERC operating Fund were ascertained.

BE IT THEREFORE RESOLVED that the Metropolitan Exposition Recreation Commission approves the amendment and transmits to the Metro Executive and Council the MERC Operating Fund as amended, attached as Exhibit "A" for the Fiscal Year beginning July 1, 2002 and ending June 30, 2003 for inclusion as part of the total Metro budget.

Passed by the Commission on January 23, 2002.




Chair

Approved as to Form:
Daniel B. Cooper, General Counsel



Secretary/Treasurer

By: 

Kathleen Pool, Sr. Assistant Counsel

Metropolitan Exposition-Recreation Commission
MERC Agency

January 17, 2002

Division Overview

Fiscal Year 2002-03

Budget Summary

Resources:	<u>FY 2002-03</u>
Beginning Fund Balance (estimated)	\$13,026,823
Hotel/Motel Tax	8,016,509
Government Contributions	315,180
Admission Fees – User Fees	821,500
Rentals	4,663,900
Food Services	8,950,465
Merchandising	100,000
Utility Services	1,633,620
Commissions	309,000
Retail Sales	61,000
Parking Fees	2,456,256
Reimbursements Labor	2,067,617
Miscellaneous Charges for Services	385,000
Interest	165,426
Miscellaneous Revenue	50,000

Total Resources

\$43,022,296

Requirements:

Personal Services	\$12,706,201
Materials & Services	15,409,888
Debt Service	10,000
Interfund Transfers	
Indirect Costs	1,808,022
Resources	
MERC Pooled Capital	1,869,700
Revenue Bond Fund	1,078,865
Contingency	1,223,769
Ending Fund Balance	8,915,850

Total Requirements

\$43,022,296

MERC STAFF REPORT

Agenda Item/Issue: For the purpose of approving the amendment to the MERC Operating Fund approved annual budget for fiscal year 2002-03 and transmitting thereof.

Resolution No.: 02 - 01

Date: January 23, 2002

Presented by: Bryant Enge

Background and Analysis: The MERC Budget Committee and the full MERC Commission requested an assessment of the FY 01-02 budget, in light of both the downturn in the economy and the events of September 11. Due to a number of factors, MERC's Global Operating Fund will finish the current fiscal year about (\$1.6 million) to (\$2.1 million) dollars worse than we have budgeted unless immediate spending reductions are made. This projection is based on the following considerations:

- Business downturns;
- Decreases in subsidy amounts;
- Decreases in interest income; and
- Failure to achieve last year's targeted ending fund balances.

This gap is critical, because total resources available-beginning fund balance-for spending for FY 02/03 were based on the projected ending fund balance for FY 01/02, which we now know will be short by \$1.6 to \$2.0 million.

As a result of this assessment, FY 01/02 budgeted expenditures were reduced by approximately \$1.2 million in order to preserve our operating fund balances. This will bring MERC's Operating Fund ending fund balance closer to what we originally budgeted, and ensure that the organization remains fiscally stable. However, there will remain a gap of up to \$900,000. Drawing down on fund balance will fill the gap remaining after the proposed \$1.2 million in cuts. Consequently, MERC's beginning fund balance for the FY 02/03 will be adjusted \$625,000. In addition, FY 02/03 budget will be adjusted to reflect those FY 01/02 budget adjustments that will carry over into FY 02/03, including the unfavorable trend in interest earnings, personal services savings, and decrease in lodging taxes. The FY 02/03 budget reflects reduced transfer due to a debt services adjustment and recognition of the final year of the Metro's General Fund support subsidy. Therefore, MERC's FY 02/03 ending fund balance will be adjusted \$930,000 (\$625,000 (beginning fund balance change) plus \$305,000 (other budget changes).

Recommendation: Staff recommends that the Metropolitan Exposition-Recreation Commission approve the amendment to the MERC Operating Fund approved annual budget for fiscal year 2002-03 and transmitting thereof.

**Global
Revised Pro Forma**

	Adopted Budget FY 2001-02	Revised Projected Year-End	Proposed Budget FY 2002-03	Revised Budget FY 2002-03	Change Budget FY 2002-03
Operating Revenues:					
Rental	\$4,185,847	\$4,093,505	\$4,663,900	\$4,663,900	\$0
Reimbursed Labor	2,056,513	2,039,458	2,067,617	2,067,617	0
Food Service Revenue	8,158,377	7,907,493	8,950,465	8,950,465	0
Merchandising	103,980	102,781	100,000	100,000	0
Utility Services	1,398,888	1,339,269	1,633,620	1,633,620	0
Parking	1,446,500	1,440,675	2,456,256	2,456,256	0
User Fee	901,500	901,425	821,500	821,500	0
Sales Commission	290,655	288,520	309,000	309,000	0
Retail Sales	53,562	50,884	61,000	61,000	0
Administrative Fee	-	-	-	-	0
Other	281,500	271,650	385,000	385,000	0
Total Operating Revenues	18,877,322	18,435,659	21,448,358	21,448,358	0
Operating Expenditures:					
Personal Services	9,835,933	9,288,670	10,733,945	10,677,945	(56,000)
Reimbursed Labor	2,070,059	1,997,356	2,028,256	2,028,256	0
Materials and Services	4,825,803	4,275,624	4,007,270	4,007,270	0
Utility Services	1,154,592	1,142,000	1,405,900	1,405,900	0
Concessions/Catering	5,695,622	5,695,622	6,571,958	6,571,958	0
Parking	101,716	101,716	602,100	602,100	0
Marketing Contract	2,494,813	2,484,313	2,822,660	2,822,660	0
Total Operating Expenditures	26,178,538	24,985,301	28,172,089	28,116,089	(56,000)
Net Operating Revenue (Exp.)	(7,301,216)	(6,549,642)	(6,723,731)	(6,667,731)	56,000
Non-Operating Resources:					
Hotel/Motel Taxes	5,952,109	5,795,049	6,253,896	6,190,009	(63,887)
Hotel/Motel Taxes (VDI)	1,150,000	1,450,000	1,826,500	1,826,500	0
Government Contributions	318,000	318,000	315,180	315,180	0
Donations/Bequests	-	-	-	-	0
Debt Proceeds	-	-	-	-	0
Investment Earnings	830,469	338,913	559,651	165,426	(394,225)
Other Non-Operating Revenues	-	-	-	-	0
Transfers	205,000	205,000	-	50,000	50,000
Total Non-Operating Resources	8,455,578	8,106,962	8,955,227	8,547,115	(408,112)
Non-Operating Requirements:					
MERC Administration	-	(2)	-	0	0
Metro Support Services	1,704,107	1,704,107	1,808,022	1,808,022	0
Debt Service	17,700	17,700	10,000	10,000	0
Capital Outlay	344,000	294,000	-	-	0
Transfers	908,625	908,625	2,998,442	2,948,565	(49,877)
Contingency	913,020	913,020	1,223,769	1,223,769	0
Total Non-Operating Requirements	3,887,452	3,837,450	6,040,233	5,990,356	(49,877)
Revenues and other sources over expenditures and other uses	(2,733,090)	(2,280,129)	(3,808,737)	(4,110,972)	(302,235)
Fund Balance, beginning	16,403,608	14,393,932	13,651,634	13,026,823	(624,811)
Fund Balance, ending	\$13,670,518	\$12,113,803	\$9,842,897	\$8,915,850	(\$927,047)