


MEMORANDUM

April 17, 2013

TO: Planning, Housing and Economic Development

FROM: Jacob Sesker, Senior Legislative Analyst 

SUBJECT: FY14 Operating Budget: Conference Center NDA

Those expected to attend this worksession include: Steve Silverman, Director of Economic Development; Tina Benjamin, Special Projects Manager (DED); Helen Vallone, Senior Management and Budget Analyst (OMB).

The relevant page from the FY14 Recommended Operating Budget is attached on © 1.

Council Staff Recommendation

Approve the Executive's Recommended FY14 Operating Budget of \$606,256 for the Conference Center NDA.

Overview

The County Executive's FY14 request of \$606,256 represents an increase of \$41,216 relative to the FY13 Approved Budget of \$565,040. The FY14 request includes 1.00 FTE, which represents no change from the FY13 Approved Budget. The increase is attributable to a \$50,000 management audit that is performed every other year.

<i>Change</i>	<i>Expenditure</i>	<i>FTEs</i>
FY12 Approved Budget	\$565,040	1.00
Increase Cost: Biennial Audit for the Conference Center	\$50,000	0.00
Increase Cost: FY14 Compensation Adjustment	\$5,397	0.00
Decrease Cost: Group Insurance Adjustment	(\$6,011)	0.00
Eliminate: Reduction of \$50,000 for Management Audit	(\$8,170)	0.00
FY13 Recommended Budget	\$606,256	1.00

Since the Conference Center opened in 2004, this NDA has funded the following: a full-time position to manage the operational and fiscal oversight of the Conference Center complex; non-routine repairs, alterations, improvements, renewals and replacements; and the designated reserve required by the management agreement with Marriott International. Funding is also included to reimburse the contractor for operating losses during any accounting period, to be offset by contractor payments to the County during accounting periods in which there are operating surpluses.

Attachment: © 1 Recommended FY14 Operating Budget: Conference Center NDA

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Unemployment Insurance: The County is self-insured for unemployment claims resulting from separations of service. Unemployment insurance is managed by the Office of Human Resources through a third party administrator who advises the County and monitors claims experience.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	721,071	0.65
Increase Cost: MLS Pay for Performance - Tax Supported	1,230,301	0.00
Increase Cost: MLS Pay for Performance - Non-Tax Supported	563,886	0.00
Increase Cost: Montgomery County Employee Retirement Plans and Department of Finance (Deferred Compensation)	26,528	0.23
Increase Cost: FY14 Compensation Adjustment	3,574	0.00
Increase Cost: Other Labor Contract Costs	2,750	0.00
Increase Cost: Group Insurance Adjustment	1,773	0.00
Increase Cost: Printing and Mail Adjustment	115	0.00
Decrease Cost: Elimination of FY13 \$2,000 Lump Sum	-656	0.00
FY14 CE Recommended	2,549,342	0.88

Conference and Visitors Bureau

The Conference and Visitors Bureau (CVB) promotes Montgomery County as a tourist destination site to meeting planners, student groups, group tour operators, leisure travelers, sports events/spectators, and travel writers. The CVB develops and distributes publications on points of interest to tourists; and conducts public information campaigns promoting tourism and event facilitation in Montgomery County. The CVB serves as a resource center assisting small and large hospitality businesses considering new product development and/or expansions. The CVB coordinates with the State Department of Tourism, State Film Office, and national and regional events to promote tourism growth, increased visitor spending and visitation in Montgomery County. The CVB manages the tourism marketing grant provided annually by the Maryland Tourism Development Board. The CVB operates on contract with the Department of Economic Development. Funding is based on 7 percent of the total hotel/motel tax revenues.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	666,806	0.00
Enhance: Allocation from 3.5% of Hotel/Motel Tax revenues to 7%	636,398	0.00
Decrease Cost: Adjustment to Allocation Based on Revised Hotel/Motel Tax Revenue Estimate	-30,408	0.00
FY14 CE Recommended	1,272,796	0.00

Conference Center

Prior to FY06, the Conference Center NDA primarily provided for pre-opening expenses. Since the Conference Center opened in November 2004, the NDA has expanded its scope to fund:

- a full-time position to manage the operational and fiscal oversight of the Conference Center complex;
- non-routine repairs, alterations, improvements, renewals, and replacements; and
- the designated reserve required by the management agreement with Marriott International, Inc.

Funding is also included to reimburse the contractor for costs not covered by operations during accounting periods when losses occur. These costs will be offset by contractor payments to the County during accounting periods with operating gains. To ensure fiscal and operational accountability, a management audit is conducted every two years and the program budget is increased by \$50,000 during the year such audit is scheduled.

Revenues consisting of net operating income from the Conference Center and land rent from the hotel are also reflected in the NDA. Twenty percent of the County's net proceeds from Conference Center operations will be retained for investment in marketing and facility improvements that will increase Conference Center usage. All proposed investment expenditures will be reviewed and approved by the Conference Center Management Committee.

FY14 Recommended Changes	Expenditures	FTEs
FY13 Approved	565,040	1.00
Increase Cost: Biennial Audit for the Conference Center	50,000	0.00
Increase Cost: FY14 Compensation Adjustment	5,397	0.00
Decrease Cost: Group Insurance Adjustment	-6,011	0.00
Decrease Cost: Annualization of FY13 Personnel Costs	-8,170	0.00
FY14 CE Recommended	606,256	1.00