

MEMORANDUM

February 26, 2009

TO: Planning, Housing, and Economic Development Committee

FROM: Marlene L. Michaelson, ^{MM} Senior Legislative Analyst

SUBJECT: Fiscal Update for the Enterprise Fund

The Planning, Housing, and Economic Development (PHED) Committee has requested that the Department of Parks of the Maryland-National Capital Park and Planning Commission (M-NCPPC) provide quarterly fiscal updates focusing on the costs and revenues associated with the Enterprise Fund. Attached on © 1 to 3 is the update. Although in early December the Department of Parks reported that net income for the first quarter of the year was greater than budgeted, this trend has reversed, and they now project that net revenues will be less than budgeted for FY09.

Based on the fund income for the first half of the fiscal year, M-NCPPC is now projecting a net loss for the year of \$202,200, which is a \$58,400 greater loss than budgeted. Both operating revenues and expenditures are projected to be lower than expected. Net revenues are still expected to be significantly greater than FY08.

- Golf courses are expected to produce a **net profit** minimally less than the FY09 budgeted amount (\$39,200 compared to \$41,600).
- Ice rinks are projected to **lose** \$518,600, which is less than the budgeted loss of \$776,000.
- Tennis Facilities are projected to **lose** \$58,300, which is \$369,300 less income than budgeted for FY09. This loss is due to the delayed reopening of the Wheaton Tennis Facility and higher-than-expected renovation costs.
- Event Centers are projected to **lose** \$98,300, which is \$17,800 less than the budgeted loss for FY09.
- Park Facilities are expected to have a **net income** of \$435,800, which is \$38,100 more than budgeted.

The status report notes that the Enterprise Division's business plan project is nearing completion and should be ready for presentation to the Department of Parks Director on March 10, 2009. This effort includes individual business plans for each facility, as well as an overall plan for the entire Fund. The Committee may want to be briefed on this plan before considering the Department's FY10 budget.

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MONTGOMERY COUNTY DEPARTMENT OF PARKS
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Agenda Date: March 1, 2009

February 24, 2009

Memorandum

To: Planning, Housing, and Economic Development (PHED) Committee
Montgomery County Council

Via: Mary Bradford, Director of Parks

From: Christine Brett, Enterprise Division Chief

Subject: Fiscal Update for the Enterprise Fund

Fiscal Update

The Enterprise Fund is projected to show overall revenue of \$9,036,600 through the end of fiscal year 2009. After expenses, the projections reflect a net loss of \$200,200. These projected results are \$58,400 lower than had been forecast in the FY09 budget, but we are pleased that they are \$449,000 better than the FY08 actual results. While operating revenues are projected to be less than budgeted by 6.3% or \$611,700, operating expenditures are also projected to be lower than budgeted by 6.8% or \$612,300. The operating revenues and expenditures are projected to be below budget in most facility types. Tennis facilities revenues are significantly lower due to the delayed opening of the Wheaton Indoor Tennis facility which was closed for renovations during much of the measurable period. The good news is that Ice Rink expenditures are projected to be significantly lower than anticipated due to a rigorous utility savings program and the delayed capital expenditures.

Administrative services, which are allocated based on projected revenues, show variances in each activity, and are projected to be \$40,000 under budget for the entire Fund. These projected savings are due to lowered personnel expenditures.

Other non-departmental (interest) revenues are less than budgeted due to the decrease in cash balances and reduced interest rates.

In the FY09 projections, the Enterprise Department overall has been quite profitable this year with an operating profit of \$1.9 million (including utilities). The operating revenue (less the Park fund transfer and interest) is \$9,036,600 and operating expenses (less the debt service, CIP, admin., chargebacks) is \$7,114,600.

Our existing programs, as well as others we have created in response to demand from the public and direction from the County Council are helping us to increase revenues and close the funding gap.

Golf Courses

Golf course operations are projected to have a net profit of \$39,200, a minimal variance from the \$41,600 budgeted.

Ice Rinks

The Ice Rinks budgeted for a net loss of \$776,000, but have exceeded expectations with a projected net loss for the ice rinks in FY09 of \$518,600 instead. Revenues are projected to be \$165,500 under budget, \$80,000 of which can be attributed to the Wheaton Outdoor Rink. A few years ago, the Montgomery Youth Hockey Association moved the majority of their ice rental time to Rockville. Since that time, all efforts to rent the Wheaton Outdoor Rink have been unsatisfactory. Based on these results, the Department is considering not opening the Outdoor facility for ice rental next year which would generate \$100,000 savings in utilities costs.

The operating expenditures are projected to be \$415,300 less than budgeted, mainly due to projected personnel costs lower than budget by \$139,000; utility costs lower than budget by \$209,100; and again delaying the \$130,000 purchase of a dehumidification system.

Ice Rink performance reflects the budgeted \$543,000 transfer of funds from the Park Fund. During the holidays, the ice rinks held their Holiday Spectacular skating shows. Cabin John Ice Rink had approximately 400 spectators and the Wheaton Ice Arena had approximately 250. During these events the facilities collected non-perishable food and toy donations to help the local communities in need. The Wheaton Ice Arena collected toys for children in need as part of the annual "Angels for Children" Toy Drive, which provides Christmas toys to disadvantaged children in the Wheaton area.

The new "Park Play Days" program offered at Cabin John Ice Rink and Wheaton Ice Arena were an instant success during the holidays. There were 25 youngsters at CJ and 20 youngsters at Wheaton each day participating in tennis and/or ice skating lessons, art and crafts activities, as well as free play time. Parents love the activities that are offered to their children while they are out of school. These programs offered at CJ Ice Rink sell out months in advance.

Tennis Facilities

The revenues for Tennis Facilities are lower by \$290,500 due to the delayed opening of the Wheaton Indoor Tennis facility and expenditures are higher by \$41,500, despite savings of \$39,000 in personnel and \$131,000 in utilities costs, due to higher than expected renovation costs for the facility. The net loss for the year is projected to be \$58,300 or \$369,300 lower than budgeted. Fortunately, Wheaton Indoor Tennis reopened January 2 for spot time and seasonal play resumed January 8, 2009. Due to the delayed opening, many customers had already contracted for seasonal play at other facilities.

Wheaton Tennis Grand Re-opening

The opening of the renovated Wheaton Indoor Tennis facility was celebrated with a "Love" Fest Sunday, February 8th from 2-5 pm. More than 400 tennis fans came to the party, with athletic shoes on their feet and tennis racquets in their hands, ready to play. County Executive Isiah Leggett (temporarily pried off the courts from a heated match); Charles I. Carter, Founder and Chairman of the "Friends of Wheaton Tennis"; Mary Bradford, Director of Parks; and Montgomery County Parks Commissioner Royce Hanson were all on hand to share remarks and draw the winning names for door prizes, which included tickets to the U.S. Open, Legg Mason

Tennis classic, and Washington Kastles World Team Tennis matches. Representatives from the Washington Kastles were on hand, including their mascot, "Topspin," and Montgomery Parks' mascot, "Woody the Tree," made a special guest appearance. The festivities were held to thank the general public for their patience during the project and to thank the Friends of Wheaton Tennis, the Montgomery County Tennis Association, the Montgomery County Planning Department and all involved for their hard work and unflagging support in getting the project approved, funded, and beautifully completed.

This summer the tennis facility is offering various camps and clinics such as Tennis and Ice Skating camp for 12-15 years old, Tennis and Soccer camp for 6-12 years old, Tennis and Baseball camp for 9-14 years old, and Tennis Boot camp for 12-18 years old.

Event Centers

We originally budgeted a loss of \$116,100 for the Rockwood, Woodlawn, Seneca Lodge and other event centers, but we expect to do better than our budget by \$17,800, for a projected net loss for the year of \$98,300. These facilities have always been exceedingly difficult to fill, and the positive results are due in part to our increased programming of the facilities, including princess galas and holiday baking classes. In addition, the expenditures are projected to be \$22,800 lower than budgeted primarily due to a credit from the water company for over-billing Rockwood for usage based on estimated readings. The results also include a \$76,000 transfer from the Park Fund.

The most recent event was the Father/Daughter Dance held on Saturday, February 7th at Little Seneca Lodge was a hit with girls ranging from 7-14 years of age. They danced the night away with a swinging DJ and their fathers. Light refreshments were served and memories were made.

Park Facilities

Park Facilities are projected to have a net income of \$435,800, which is a \$38,100 higher than the budgeted net income of \$397,700. Revenues are projected to be \$145,700 less than budgeted primarily due to moving the revenues and expenditures associated with the camps and programs activities from the park facilities to the facility where the program is held, such as the ice rinks or tennis facilities. The one career employee's salary associated with camps and programs was reallocated to Administrative services.

Business and Strategic Marketing Plans Update

The Enterprise Division's business plan project is nearing completion. Individual business plans have been developed for each facility managed by the division – with only document editing and formatting remaining to be completed. An overall plan, including an executive summary, for the facilities as a whole is also nearly complete. These plans will be presented to the Director of Parks on March 10th.

The overall plan documents the Enterprise Division's goals for the next few years and the strategy and timeframe for meeting those goals. It highlights strengths that the division can build on and issues that it faces. The individual facility business plans include descriptions of planned improvements and milestones to help with monitoring and managing the improvement efforts over time. Substantial supporting documentation has been developed and will be included directly in the overall plan and in various attachments.