

Subject: FY20 Operating Budget: Conference Center Non-Departmental Account (NDA)	
Analyst: Gene Smith, Legislative Analyst	Committee: PHED
Keywords: #FY20Budget	

Conference Center NDA		
FY20 CE REC:	\$662,514	1.00 FTE
Increase/Decrease from FY19	\$61,050 (10.2%)	0.00FTE (0.0%)

COMMITTEE RECOMMENDED CHANGES

None.

KEY CE CHANGES FROM FY19

None.

OTHER ISSUES

None.

This report contains:

Staff Report to the Committee


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MEMORANDUM

April 29, 2019

TO: Planning, Housing, and Economic Development Committee
FROM: Gene Smith, Legislative Analyst 
SUBJECT: FY20 Operating Budget: Conference Center Non-Departmental Account (NDA)
PURPOSE: Review and make recommendation to the Council

Those expected for this worksession:

Tina Benjamin, Special Projects Manager, Office of the County Executive
Pofen Salem, Office of Management and Budget

Budget Summary

The Executive recommends \$662,514 for the Conference Center NDA, an increase of 61,050 or 10.2% from FY19.

Council Staff Recommendation

Approve the Executive's recommendation of \$662,514 for the Conference Center NDA.

See the Executive's recommendation on ©1. The FY20 budget is expected to increase by \$61,050 compared to FY19. The County requires a biennial management audit, which increases or decreases the budget by \$50,000 every other year. This NDA also funds expenditures for:

- One full-time position in the Department of Finance to manage the operation and fiscal oversight of the Conference Center;
- Non-routine repairs, alterations, improvements, renewals, and replacements; and
- The designated reserve required by the management agreement.

Funding is also included to reimburse the contractor for costs not covered by operations during accounting periods where losses occur. These costs are offset by contractor payments to the County during accounting periods with operating gains.

A. Expenditures

Previous fiscal year expenditures for this NDA have fluctuated based on the County's personnel costs and the management audit. FY20 is no exception.

B. Revenue

The Conference Center generates annual revenue that accrues to the County's General Fund through ground lease payments and through profit, net of contributions to the capital reserve. The table below details these revenues and debt service payments for the Conference Center. Debt payments include bond series for purchasing the site and construction; final payment date is in FY23.

	Debt Payments	Profit	Ground Lease
FY99	\$1,250,000	-	-
FY00	\$1,250,000	-	-
FY01	\$426,403	-	-
FY02	\$559,499	-	-
FY03	\$561,426	-	-
FY04	\$1,581,768	-	-
FY05	\$1,904,509	\$1,946,519	\$125,000
FY06	\$1,901,051	\$1,605,167	\$125,000
FY07	\$2,211,269	\$1,159,812	\$125,000
FY08	\$2,216,061	\$1,660,900	\$319,100
FY09	\$2,490,519	\$903,362	\$319,104
FY10	\$1,903,289	\$1,081,182	\$319,103
FY11	\$1,901,647	\$1,268,712	\$319,104
FY12	\$1,903,886	\$1,038,635	\$319,100
FY13	\$309,649	\$1,247,374	\$345,692
FY14	\$645,334	\$1,257,918	\$319,100
FY15	\$981,134	\$1,688,878	\$319,100
FY16	\$985,034	\$1,815,026	\$319,100
FY17	\$988,534	\$1,553,311	\$319,100
FY18	\$986,634	\$2,185,367	\$319,100
Total	\$26,957,646	\$20,412,163	\$3,911,703

Source: OMB, Recommended FY01-FY20 Budget books; Finance.

The White Flint West Workaround roadway project and garage project began in late-2016. The garage was completed in December 2017. A pedestrian walkway that connects the third level of the garage to second level of the conference center will be finished in 2019. The project was delayed, but it remains on budget.

Council staff recommends approval of the Executive's recommendation for this NDA.

This packet contains:

Executive FY19 recommendation

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☀ 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 deposited into the general fund. Twenty percent of the County's net proceeds from Conference Center operations is retained for investment in marketing and facility improvements to increase Conference Center usage. All proposed investment expenditures are reviewed and approved by the Conference Center Management Committee.

FY20 Recommended Changes	Expenditures	FTEs
FY19 Approved	601,464	1.00
Increase Cost: Conference Center - Management Audit	50,000	0.00
Increase Cost: FY20 Compensation Adjustment	6,003	0.00
Increase Cost: Annualization of FY19 Personnel Costs	4,021	0.00
Increase Cost: Retirement Adjustment	1,026	0.00
FY20 Recommended	662,514	1.00