

BUDGET COMMITTEE MEETING NOTES

Wednesday, June 7, 2023; 8:00AM

Depot Board Room

Attended: Commissioner Joe Deutsch, Commissioner Vicki Dawson, Commissioner Aaron Hill, Commissioner Jerry Rostad, Dave Leker, Carolyn Boutain, Paul Grindeland, Dave Bietz, Susan Faus, Luke Evenson, Tony Schmitt, Stacy Kruger, Kelly Kisell, Mike Steffen, Kevin Boe, Randi Litchy, Shawn Ludwig

Absent: Commissioner Dawn Morgan, Broc Lietz

Budget 2024 Discussion; Luke Evenson, presenter.

Budget sheets have been disbursed to staff and will be compiled and have the 1st draft next week.

Below is the information on some of the changes for the 2024 budget compared to 2023.

General Fund Tax Revenue

There has been a 12% growth in the City of Fargo, valuations have increased. This is broken down by valuation at 8% and new growth at 4%.

We will see an increase per mill of \$85,891.00. Right now in the general fund we have 20.66 mills and Parks & Rec is 4.81 for a total of 25.49 general fund mills. This means about a \$2M increase in the General Fund Tax Revenue.

Golf Revenue

There are some new golf prices proposed which would add about \$265,000 in revenue increase for 2024.

- 8% increase on memberships
- 5% increase on green fees and carts
- \$1 increase on range ball buckets
- Calculations are based on best estimates of 2023 revenues multiplied by the proposed increases.

State Aid:

We receive our state aid based on sales tax collections and once the City of Fargo receives it they then remit 30% to us on a monthly basis. Between 2020-2022, state aid has increased between \$252,000 - \$445,000 annually. Currently the state sales tax is at 5%.

Program Fees:

The program fees have been reviewed with Kevin Boe and there are some increases in fees. Staff is still working on these with all the programs they offer.

Debt Service Tax Revenue:

This is different than the general fund tax levy. This is based on the actual dollars we pay in debt. The proposal is to leave this debt service levy dollar amount be. The mill levy specifically for general obligation debt will likely decrease based on valuation growth as we levy based on the estimate debt payment amounts. Those dollars have already been set.

The total new increase in revenue is about \$2.3M which does not include the Sports Complex.

Projected Payroll Expense Increase:

Payroll is one of our biggest expenses every year. Our 2023 budgeted salaries were just over \$9M. With the cost of living at 5%, the proposal is a 5% staff increase for 2024 whether it be cost of living/merit. This does not include new positions.

The projected increase in salaries with a 5% increase would be about \$450,000.00 increase from 2023 to 2024. Commissioner Dawson asked if the 5% is the average, or max. This would be the max expense for the Park District.

Fargo Parks Sports Complex Operating Model; Luke Evenson, presenter.

In your Budget Committee meeting packet, there is a financial model that shows the revenues and expenditures relating to the new building. The figures you will see are just estimates but it gives you an expectation of what will be included for the 2024 budget.

Staff has taken numbers from other facilities in the region, and this has made the best starting point for the fees. This will set our revenues and then staff can come up with the best guess on what the expenses will be. This is based on 65% utilization of typical usage hours. Staff is being very conservative with the revenues. It will take several years to build up some data.

Sanford is a big part of this project with their operation commitment of \$200,000 for the first ten years, and then a monthly rent of \$175,000 for their Sanford Power space.

There are staffing and benefit adds that will include positions such as

- Janitorial
- Maintenance
- Marketing
- Scheduler
- Concessions

and many more for about a total of 14 full-time and 9 part-time positions. This is about \$1.6M in expenses.

Operating expenses will total about \$1.6M and a lot of these costs are due to maintenance and utilities. Dave Leker mentioned if we were to sell the RDJ Building or the Depot that would offset some of these costs.

In year one the projected deficit is about \$673,215.00 and a lot of this is due to the 65% utilization for the rental space. Once the complex increases utilization this could be closer to break even.

Commissioner Dawson asked what percentage other facilities are at for utilization, and that is unclear. One example talked about was the Rustad Rec Center, West Fargo. Right now they have one dedicated full-time employee that comes out of the Rustad budget and most part-time staff is run out of the recreation or administration budget which is approximately \$175,000 allocated to just the Rustad. They look at a 50/50 split as far as rentals compared to their programs. We have a 70/30 split as we use the schools as part of our programs.

Susan Faus stated that it is unlikely we will ever be at 100% and the 65% is realistic.

Commissioner Rostad stated it is not easy to come up with estimates and inquired on the staffing. Kevin Boe did say that certain staff will be just dedicated to the complex and some staff will be working at our other facilities and the complex depending on the programs.

Kevin Boe also mentioned that himself and some of his staff had met with about 18-20 user groups and that is where a lot of the numbers have come from. The rates will be coming soon to the Board for approval to set the budget. A few are listed below.

- Turf - \$400.00/Hr. (full turf)
- Courts - \$60.00/Hr. (full court)
- Party Rooms - \$30.00/Hr. (small) \$60.00/Hr. (large)
- Pickleball- \$4.00/player
- Playground - \$4.00/visit

- Ice – 169.00/HR

Commissioner Deutsch mentioned that we could possibly look at fluctuating rates during tournaments or all-day rates at certain times. Shawn Ludwig stated that currently they do give breaks on the tournament fees.

Commissioner Hill stated that as long as we are in the ballpark as other facilities, and since this is taxpayer funded, we want to be comparable with our rates.

Randi Litchy and Kevin Boe went over some potential programming and class options for the Sports Complex

Possibilities of new programs were discussed with the new space the complex has available for programming.

Some of the programs talked about are currently offered in the community and can also be offered at the complex. There are new program ideas that are currently not offered. We want to offer programs, so we are there in the facility and in front of the public every day on the turf or the courts. It easier to book these times during prime time which is 4 PM-9 PM.

Any programs we have currently that are maxed out at capacity, and we have a waiting list because of facility issues is when we would start moving programs to the complex.

We are looking at about 15 types of programs with Valley Senior Services which would be good for our non-prime times and for seniors. Walking club, board games, and exercise classes are just some of the options. VSS is also working on a partnership with the City of Horace and programming for seniors.

Additionally, there are classes and new programs for the community rooms and complex.

Classes that may be offered to promote the community rooms at the complex.

- Art Classes
- Craft Night
- Babysitting Class
- First Aid/CPR

New programs that can be added at the complex.

- Spikeball
- Snag Golf
- Roller Hockey

- Group X Classes
- Home School Phy Ed.

Commissioner Dawson mentioned that we could possibly shuttle seniors from our meal sites to the complex. Possibly offer a daily shuttle.

With no further questions, the meeting adjourned at 9:10 AM

Notes submitted by: Cindy Boettcher, Administrative Specialist.