

August 21, 2012

Mayor DuPree & Members of the City Council  
City of Hattiesburg  
PO Box 1898  
Hattiesburg, MS 39403-1898

Dear Mayor and Council Members:

Greetings from the Hattiesburg Convention Commission. Following, you will find the proposed Hattiesburg Convention Commission's Fiscal Year Ending 2013 Budget. The Commission seeks your approval of this budget.

### ***FISCAL YEAR ENDING 2013 BUDGET***

#### ***Estimated Beginning Cash***

Our work on the Historic Eureka School Museum project during the 2012 fiscal year utilized a portion of the monies we have been accruing annually for the Eureka Project. Additionally, we have continued to utilize Zoo-related funds transferred to the Commission two years ago for Zoo development projects, thus lowering our Beginning Cash Balance to a projected \$2.9 million.

#### ***Revenue***

We project to receive \$3.9 million in the special sales tax revenue, which is the same as our Amended 2012 Fiscal Year Budget. Due to the current economic swings, we are cautious about projecting growth beyond the actuals of 2012..

With the substantial increases we projected in our Amended 2012 Fiscal Year Budget for operational revenue, we believe it is prudent to hold the line at these amended amounts for the new fiscal year. The exception is a small 1.9% projected increase in Food and Beverage sales.

Of course, this budget now shows the Convention Commission assuming from the City, the subsidy for the Hattiesburg Zoo as per our contract in mid-2012. As a result, this income category is moved to zero.

#### ***Expenditures***

##### ***Debt Service***

Our Debt Service reflects the reallocation of Convention Center debt payments to cover the subsidy of the Hattiesburg Zoo. Our Saenger Debt Service will rise over last year, because the City passed some accrued savings on to us over a three month period in early 2012. This amount should now be consistent going forward from year-to-year.

##### ***Facilities Operations***

With the modifications in the Amended 2012 Fiscal Year Budget, we project roughly the same operational costs of Commission-operated facilities in 2013 to be the same as that budget.

##### ***Repairs, Refurbishment, & Fixed Assets***

Having performed a major parking lot update at the Convention Center in the 2012 fiscal year, we project this category to decline by almost \$30,000 (6.5%).

##### ***Insurance, Professional Services, & Marketing***

We project this budgetary item to remain consistent with the Amended 2012 Fiscal Year Budget.

##### ***Staffing Costs***

We are projecting an increase in staffing during the upcoming fiscal year. With a near-term goal of completion of the

Historic Eureka School Museum project, we immediately require a technical person to handle the acquisition, preservation, archiving and handling of artifacts, documents and other and museum materials. In addition, the expansion of the Zoo, along with the operations of the Cafetorium (Community Culinary Incubator) of Eureka School will require additional maintenance and housekeeping staff.

Along with these positions, we are facing increases in workers compensation expense. Workers Comp is priced according to total worker hours (hours of risk exposure), so increased events and new facilities means more worker hours. Additionally, increased F&B sales means more F&B worker hours and, with F&B having the highest risk (knives, slicers, hot kettles, etc.), we will see a meaningful increase in workers comp. Also, Workers Comp conducts an annual audit and if you exceed projections, you are billed for this excess retroactively. This means that the increased events and F&B of 2012 will cause us to be charged in FYE 2013 retroactively for exceeding projections.

The final component is a cost-of-living adjustment to employees, principally, those that did not receive any increases last year or the prior year. With our non-supervisory personnel receiving a small increase last year, this is a minor component of the total 9.8% increase.

### ***Special Projects***

Our special projects continue with the Historic Eureka School renovation and development in full swing and the ongoing work at the Zoo.

We did not deal with water intrusion on the south wall (a fully original wall) of the USO building this year (beyond stopping it). But, we are budgeting \$45,000 to completely repair this entire wall.

We are budgeting \$90,000 to re-roof the Saenger Theater due to deterioration of areas damaged in Hurricane Katrina and overall aging of this unique roof. This is a budgetary figure that may change once we begin to get roofing companies to look at the roof and estimate its repair. The remaining \$40,000 on the Saenger is \$20,000 for ceiling plaster repair once the roof is repaired, and \$20,000 (which we have been carrying forward for a couple of years) to renovate the annex dressing rooms.

On the Zoo, we plan to continue to utilize State Grant Funds to complete the quarantine and tiger-holding. We will use some of the 2001 Bond funds to finish the new Education Building.

Also, as a part of growing the Zoo, we are allocating \$30,000 to carry the Longleaf Trace Bike Path through the eastern edge of the Kamper Park and Zoo to take the trail all the way to Camp Street.

This budget proposal outlines the financial side of the Commission's on-going task of building, improving, operating and marketing key tourism facilities for visitors and Hattiesburg residents alike. Combining these financial resources with our manpower and commitment to excellence will increase these facilities value to our local economy through increased visitor spending, while improving local quality of life.

Sincerely,

FOR THE COMMISSION

Richard Taylor  
Executive Director

attachment

**Hattiesburg Convention Commission  
Fiscal Year 2012 - 2013  
Budget Analysis for All Funds**

			<b>BUDGET</b>			
<b>Classification</b>	<b>Category</b>	<b>FYE 2012A Totals</b>	<b>FYE 2013 Totals</b>	<b>\$\$\$ Variation</b>	<b>% Variation</b>	<b>FYE 2013 % of Totals</b>
<b>Income &amp; Beginning Cash</b>	<b>Estimated Beginning Cash</b>	<b>\$3,440,153</b>	<b>\$2,894,741</b>	<b>-\$545,412</b>	<b>-15.9%</b>	<b>34.52%</b>
	Special Sales Tax (2% Food & Beverage Tax Revenue)	<b>\$3,908,371</b>	<b>\$3,908,371</b>	<b>\$0</b>	<b>0.0%</b>	<b>46.60%</b>
	Saenger Theater/ Convention Center / USO / Zoo Revenue	<b>\$833,391</b>	<b>\$833,391</b>	<b>\$0</b>	<b>0.0%</b>	<b>9.94%</b>
	F&B Revenue	<b>\$734,437</b>	<b>\$748,658</b>	<b>\$14,221</b>	<b>1.9%</b>	<b>8.93%</b>
	Interest	<b>\$1,789</b>	<b>\$1,124</b>	<b>-\$665</b>	<b>-37.2%</b>	<b>0.01%</b>
	Zoo - City Support	<b>\$544,346</b>	<b>\$0</b>			
	<b>Estimated Total Income &amp; Beginning Cash</b>	<b>\$9,462,487</b>	<b>\$8,386,285</b>	<b>-\$1,076,202</b>	<b>-11.4%</b>	<b>100.00%</b>
<b>Expenditures</b>	<b>Debt Service</b>					
<i>Convention Center</i>	Principal & Interest - Convention Center Bonds	<b>\$708,050</b>	<b>\$0</b>	<b>-\$708,050</b>	<b>-100.0%</b>	<b>0.00%</b>
<i>Visitors Center</i>	Principal & Interest - Saenger Bonds	<b>\$97,417</b>	<b>\$125,124</b>	<b>\$27,707</b>	<b>28.4%</b>	<b>2.20%</b>
<i>Saenger Theater</i>	<b>Sub-total Debt Service</b>	<b>\$805,467</b>	<b>\$125,124</b>	<b>-\$680,343</b>	<b>-84.5%</b>	<b>2.20%</b>
<i>USO</i>						
<i>Eureka</i>	<b>Facilities Operations</b>					
<i>Zoo</i>	Electricity, Natural Gas, Telecommunications, Janitorial Supplies, Safety Equipment, Training, Contracted Services, Animal Feed	<b>\$1,717,189</b>	<b>\$1,717,189</b>	<b>\$0</b>	<b>0.0%</b>	<b>30.23%</b>
	<b>Repairs, Refurbishment, Fixed Assets</b>					
	Refurbishment of Facilities/ Replacement of Equipment, Fixtures	<b>\$461,287</b>	<b>\$431,440</b>	<b>-\$29,847</b>	<b>-6.5%</b>	<b>7.60%</b>
	<b>Insurance, Professional Services, Marketing</b>					
	Trustee Fees, Insurance, Surety Bonds, Audit, Legal Fees, Marketing, Show Production, etc.	<b>\$541,995</b>	<b>\$541,995</b>	<b>\$0</b>	<b>0.0%</b>	<b>9.54%</b>
	<b>Staffing Costs (including benefits)</b>					
	Full-time + benefits, Part-time & Event Based Staff	<b>\$2,608,808</b>	<b>\$2,863,933</b>	<b>\$255,125</b>	<b>9.8%</b>	<b>50.42%</b>
	<b>Sub-total Estimated Expenditures</b>	<b>\$6,134,746</b>	<b>\$5,679,681</b>	<b>-\$455,065</b>	<b>-7.4%</b>	<b>100.00%</b>
	<b>Sub-total Cash - All Funds</b>	<b>\$3,327,741</b>	<b>\$2,706,604</b>			
<b>Project Expenses</b>						
	Historic USO Club & Museum Development	<b>\$30,000</b>	<b>\$45,000</b>			
	Historic Eureka School Museum Renovation/Development	<b>\$210,000</b>	<b>\$260,000</b>			
	Saenger Theater	<b>\$10,000</b>	<b>\$130,000</b>			
	Trolleys	<b>\$8,000</b>	<b>\$8,000</b>			
	Zoo*	<b>\$175,000</b>	<b>\$225,000</b>			
	Longleaf Trace Extension (Zoo)		<b>\$30,000</b>			
	<b>Sub-total Project Expenses</b>	<b>\$433,000</b>	<b>\$698,000</b>			
<b>Total Estimated Ending Cash</b>		<b>\$2,894,741</b>	<b>\$2,008,604</b>			

\*Notes: Amount in Allocated column is from Legislative money for quarantine facility and the 2001 bond.