

August 1, 2014

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 2015 Budget. The Commission seeks your approval of this budget.

### ***FISCAL YEAR ENDING 2015 BUDGET***

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

With the influx of insurance monies, grants and delayed projects due to the 2013 tornado repairs, we anticipate beginning the new fiscal year with approximately \$3.89 million.

#### ***Revenue***

We project to receive \$4.4 million in the special sales tax revenue, which is the same as last year's budgeted revenue. In addition, we are projection all operational income to remain roughly the same as 2014 as well. This is a broad conservative approach, but based on the sluggish growth in the national economy and its effect on the meetings, event and attractions industries.

#### ***Expenditures***

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

Our Debt Service is fixed and thus, should remain consistent with last year.

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

We are projection that operations costs will stay roughly the same. However, with the Eureka Cafetorium coming on-line, we are adding 1.1% (\$20,000) to this category to cover electricity, gas, and maintenance costs for this part of the Eureka Museum project.

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

This part of the budget is projected to increase by almost \$143,000. Specifically, this is related to numerous repair projects necessary to keep all Commission facilities in good repair and effective. Such projects at the USO Museum include, archive room humidity controllers, archive room artifact storage, and UV coatings on exterior windows. At the Zoo, we need to replace several concession stand food equipment, including hot dog machines, popcorn machines and drink service machines. And, at the Convention Center, we need to conduct repairs to the 28 foot operable walls and tracks, several roof repairs, interior barrel vault and oculus repairs, and replace an air conditioner coil at the Visitors Center.

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

Though most components of this budgetary item will remain the same as last year, insurances have gone up by 14%. Specifically, our loss ratio over the past 5 years is 276%. This is solely related to the significant losses at the USO Club and Eureka School from the 2013 tornado. Thus, we are projecting an increase of \$20,500.

### *Staffing Costs*

We are planning to hold staffing costs at the same rate as last year, though we are seeing an increase of 20% in Workers Compensation insurance. We are able to absorb this cost increase by reorganizing some jobs and absorbing positions through attrition.

### **Special Projects**

#### *Income*

As with last year's budget, for clarity we placed special projects income in this section because such income is restricted in its use to the projects identified.

We anticipate taking in \$450,000 of state bond money from Landmark and the City that has been designated to the Eureka School Museum project. In addition, we have a sponsor who will be donating \$10,000 per year for the next three years for a special Zoo development.

#### *Expenditures*

At the USO, we have budgeted to add a WWII Oral History Collection Kiosk. This exhibit will, not only, present the oral histories of WWII veterans, it will be able to collect these same oral histories. As a side benefit, the device can be used to collect oral histories of the Civil Rights movement and Freedom Summer experiences for the upcoming Eureka School Museum.

We are budgeting \$500,000 for the Phase IV renovation of the Historic Eureka School Museum project. Along with that expenditure, we are allocating almost \$30,000 for the tables, chairs and furnishings necessary to get the school's cafeteria into limited use.

On the Saenger Theater, we must replace all roofs. This is projected to be \$250,000 (for a membrane roof). Once complete, we will need to repair some plaster damage from the leaks in the main auditorium ceiling at a projected cost of \$25,000 (largely related to the cost of building scaffolding to reach this area).

At the Hattiesburg Zoo, we are budgeting \$85,000 for the Ant Hill Play area and the Flamingo Boardwalk. We anticipate offsetting some of these costs over the next three years with the sponsorship noted above.

And, finally, as long as they will hold up, we plan to operate the trolleys for civic purposes at a cost of \$6,000.

This budget proposal dips slightly into the Commission's recommended reserve of \$3 million. However, we believe that this use is prudent to fix and preserve the Saenger and to avail our community of the benefits of the 2014 State Bond grant. We are committed to increased efforts to grow our earned income and avoid going into the reserve. Nonetheless, such a step supports the Commission's on-going task of building, sustaining and improving key tourism facilities for visitors and Hattiesburg residents alike.

Sincerely,

FOR THE COMMISSION

Richard Taylor  
Executive Director

attachment

Hattiesburg Convention Commission Fiscal Year 2014 - 2015 Budget Analysis for All Funds			BUDGET			
Classification	Category	FYE 2014 Totals	FYE 2015 Totals	\$\$\$ Variation	% Variation	FYE 2015 % of Totals
<b>Income &amp; Beginning Cash</b>	<b>Estimated Beginning Cash</b>	<b>\$3,917,579</b>	<b>\$3,892,873</b>	-\$24,706	-0.6%	38.20%
	Special Sales Tax (2% Food & Beverage Tax Revenue)	\$4,477,300	\$4,477,300	\$0	0.0%	43.93%
	Saenger Theater/ Convention Center / USO / Zoo Revenue	\$1,085,269	\$1,085,269	\$0	0.0%	10.65%
	F&B Revenue	\$734,437	\$734,437	\$0	0.0%	7.21%
	Interest	\$1,124	\$1,124	\$0	0.0%	0.01%
	<b>Estimated Total Income &amp; Beginning Cash</b>	<b>\$10,215,709</b>	<b>\$10,191,003</b>	-\$24,706	-0.2%	<b>100.00%</b>
<b>Expenditures</b>	<b>Debt Service</b>					
Convention Center	Principal & Interest - Saenger Bonds	\$125,124	\$125,124	\$0	0.0%	1.94%
Visitors Center	<b>Sub-total Debt Service</b>	<b>\$125,124</b>	<b>\$125,124</b>	\$0	0.0%	<b>1.94%</b>
Saenger Theater	<b>Facilities Operations</b>					
USO	Electricity, Natural Gas, Telecommunications, Janitorial Supplies,	\$1,902,044	\$1,922,044	\$20,000	1.1%	<b>29.82%</b>
Eureka	Safety Equipment, Training, Contracted Services, Animal Feed					
Zoo	<b>Repairs, Refurbishment, Fixed Assets</b>					
	Refurbishment of Facilities/ Replacement of Equipment, Fixtures	\$307,802	\$450,756	\$142,954	46.4%	<b>6.99%</b>
	<b>Insurance, Professional Services, Marketing</b>					
	Trustee Fees, Insurance, Surety Bonds, Audit, Legal Fees, Saenger Talent Buying, Marketing, Show Production, etc.	\$631,700	\$652,200	\$20,500	3.2%	<b>10.12%</b>
	<b>Staffing Costs (including benefits)</b>					
	Full-time + benefits, Part-time & Event Based Staff	\$3,295,166	\$3,295,166	\$0	0.0%	<b>51.13%</b>
	<b>Sub-total Estimated Expenditures</b>	<b>\$6,261,836</b>	<b>\$6,445,290</b>	\$183,454	2.9%	<b>100.00%</b>
<b>Sub-total Cash - All Funds</b>		<b>\$3,953,873</b>	<b>\$3,745,713</b>			<b>NOTES:</b>
<b>Project Expenses</b>	Insurance Proceeds for Tornado Repairs	(\$500,000)	\$0			
	Bond Money - State and/or Local	(\$595,000)	(\$450,000)			Landmark & City for Eureka
	Special Projects Grants Income (Zoo & Eureka)	(\$558,000)	(\$10,000)			Potential Sponsorship for Ant Hill Play Area
	Historic USO Club & Museum Development	\$500,000	\$12,000			WWII Oral History Collection Kiosk
	Historic Eureka School Museum Renovation/Development	\$800,000	\$529,713			Phase IV and Cafetorium Furnishings
	Saenger Theater	\$30,000	\$275,000			Roof and Repairs
	Trolleys	\$6,000	\$6,000			
	Zoo	\$378,000	\$85,000			Ant Hill Play Area and Flamingo Boardwalk
	<b>Sub-total Project Expenses</b>	<b>\$61,000</b>	<b>\$447,713</b>			
	<b>Total Estimated Ending Cash</b>	<b>\$3,892,873</b>	<b>\$3,298,000</b>			
	State Bond Match		(\$423,000)			
<b>Designated Reserve Fund (All Facilities)</b>			<b>\$2,875,000</b>			