

August 4, 2017

Mayor Barker & 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 2018 Budget. The Commission seeks your approval of this budget.

FISCAL YEAR ENDING 2018 BUDGET

Estimated Beginning Cash

Having amended the FYE 2017 budget to reflect timing of payments on the Eureka School Museum Project and the acquisition of the Oseola McCarty House, we project to begin the new fiscal year with approximately \$4.46 million as funds on hand. This includes the \$3 million reserve fund established for the Commission as well as restricted funds (State Bond Money) that can only be used for specific developments (mostly Zoo capital improvements).

Revenue

With roughly 2% growth in the special sales tax revenue during the 2017 Fiscal Year, we are budgeting this income to remain flat. Our income growth in 2017, principally at the Zoo and in our Food and Beverage operations, show a solid growth trend. As such, we are projecting an overall earned income growth rate of 12% for the 2018 Fiscal Year. You will see the specific line item budget projections in the accompanying budget.

Expenditures

Facilities Operations

Through various cost-saving measures we believe we can hold our operating costs at roughly the same level as the prior year, despite taking on the Oseola McCarty House and completing the Eureka School Historic Renovation.

Repairs, Refurbishment, & Fixed Assets

We are projecting an increase in repair costs this year due to use and aging of various properties. Of the total projected costs, \$250,000 will be directly focused on repairs at three City-owned properties; the Saenger Theater, the USO Club, and the Zoo. In addition, we plan to construct an on-site storage building at the Convention Center, repair chiller units at the Convention Center, and greatly increase security equipment at all locations. These expenses increase our budget for this category by \$55,000, or 13%.

Insurance, Professional Services, & Marketing

Property and liability insurance costs continue to grow with additional facilities and expansions. In addition, we are investing more funds in show production and talent buying for the upcoming fiscal year, specifically at the Zoo and the Saenger Theater. As a result, we are projecting a 12% increase or \$83,900.

Staffing Costs

With reorganization of one or two departments, we are budgeting to hold staffing costs the same as last year.

Special Projects

Income

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

We project to be holding \$805,000 in restricted use State Bond Monies (2014 and 2016 Legislative Sessions) for the Hattiesburg Zoo at the start of the new Fiscal Year. In addition, we will receive some continuing sponsorships.

Expenditures

At the USO, we have budgeted \$10,000 for exhibit refurbishment and traveling exhibits to take to area schools.

With the completion of the historic renovation of the Eureka School scheduled for December, we are budgeting \$500,000 to start the museum design and construction phase of this project.

On the Saenger Theater, we are allocating \$66,000 to replace 2 HVAC units and repair auditorium ceiling plaster that has turned loose from the original surface over time.

At the Hattiesburg Zoo, we are budgeting \$800,000 to develop a premier animal exhibit. The animal type is not currently decided, but we anticipate the exhibit to be placed in the Africa or Asia areas of the Zoo. We will continue with the plan for expanding the African Hoofstock Barn and the African animal compound and exhibits.

We are allocating \$200,000 to partner with the City to create a Longleaf Trace extension up the old Graveline Railbed from Fourth Street to the African American Military History Museum, Oseola McCarty House Museum and Eureka School Museum as an alternative transportation route to the "East Sixth Street Museum District."

We are also budgeting to move forward on the consulting phase of the Science Exploration Center, continuing to partner with the City, USM and FGH on the Hwy 49 Beautification project and are allocating \$100,000 in funds to fully complete the Oseola McCarty House Museum project on East Sixth Street.

This budget proposal concludes at the recommended reserve funds for the Commission's operations of six (soon to be seven, with the Oseola McCarty House) facilities and the restricted use funds (State Bond Money). We request that you will approve this budget for Fiscal Year Ending 2018.

Sincerely,

FOR THE COMMISSION



Richard Taylor
Executive Director

attachment

**Hattiesburg Convention Commission
Fiscal Year 2018
Budget Analysis for All Funds**

BUDGET

Classification	Category	FYE 2017A	FYE 2018	\$\$\$	%	FYE 2018
		Totals	Totals	Variation	Variation	% of Totals
Income & Beginning Cash	Estimated Beginning Cash (includes Reserves)	\$6,022,740	\$4,455,919	-\$1,566,821	-26.0%	37.24%
	Special Sales Tax (2% Food & Beverage Tax Revenue)	\$4,749,520	\$4,773,268	\$23,748	0.5%	39.89%
	Saenger Theater/ Convention Center / USO / Zoo Revenue	\$1,504,552	\$1,668,552	\$164,000	10.9%	13.95%
	F&B Revenue	\$940,500	\$1,055,500	\$115,000	12.2%	8.82%
	Interest	\$3,665	\$11,865	\$8,200	223.7%	0.10%
	Estimated Total Income & Beginning Cash	\$13,220,977	\$11,965,104	-\$1,255,873	-9.5%	100.00%
Expenditures	Facilities Operations					
Convention Center	Electricity, Natural Gas, Telecommunications, Janitorial Supplies,	\$2,080,463	\$2,087,538	\$7,075	0.3%	28.48%
Visitors Center	Safety Equipment, Training, Contracted Services, Animal Feed					
Saenger Theater						
USO	Repairs, Refurbishment, Fixed Assets					
Eureka	Refurbishment of Facilities/ Replacement of Equipment, Fixtures	\$420,756	\$475,756	\$55,000	13.1%	6.49%
Zoo						
Oseola McCarty House	Insurance, Professional Services, Marketing					
	Trustee Fees, Insurance, Surety Bonds, Audit, Legal Fees, Saenger Talent Buying, Marketing, Show Production, etc.	\$700,800	\$784,700	\$83,900	12.0%	10.70%
	Staffing Costs (including benefits)					
	Full-time + benefits, Part-time & Event Based Staff	\$3,983,039	\$3,983,039	\$0	0.0%	54.33%
	Sub-total Estimated Expenditures	\$7,185,058	\$7,331,033	\$145,975	2.0%	100.00%
Sub-total Cash - All Funds		\$6,035,919	\$4,634,071	NOTES:		
	Bond Money on Hand	(\$700,000)	(\$805,000)			
	Bond Money - State and/or Local	(\$305,000)	\$0			
	Special Projects Grants Income (Zoo & Eureka)	(\$15,000)	(\$15,000)			*KeithCo Sponsorship of Safari Grill
Project Expenses						
	Historic USO Club & Museum Development	\$10,000	\$10,000			
	Historic Eureka School Museum Development	\$1,500,000	\$500,000			*Start Museum Components
	Saenger Theater Repairs	\$50,000	\$66,000			*HVAC units, ceiling plaster repair
	Zoo Premier Exhibit	\$700,000	\$800,000			
	Longleaf Trace to Museum Extension Match		\$200,000			*Partnership with City
	Science Exploration Center Project	\$200,000	\$200,000			*Concept development
	City Partnership for Hwy 49 Landscaping Improvements	\$25,000	\$25,000			
	HWY 49 Beautification	\$40,000				
	Oseola McCarty House	\$75,000	\$100,000			
	Sub-total Estimated Ending Position	\$4,455,919	\$3,553,071			
Designated Reserve Fund (All Facilities)		\$4,455,919	\$3,553,071			*Includes Reserves and Restricted Funds