

SUBJECT

Conference Center Non-Departmental Account (NDA)

EXPECTED ATTENDEES

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

EXECUTIVE RECOMMENDATION

FY21 Executive Recommendation	\$539,711	1.00 FTE
Increase (Decrease) from FY20	(\$121,820) (18.4%)	0.00 FTE 0.0%

COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET

FY21 Council Staff Recommendation	\$535,581	1.00 FTE
Increase (Decrease) from FY20	(\$125,950) (19.0%)	0.00 FTE 0.0%
Increase (Decrease) from CE FY21 Rec	(\$4,130) (0.8%)	0.00 FTE 0.0%

EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES

- This budget included \$4,130 for FY21 compensation adjustments. The Council will review and discuss compensation and benefits for all the County Government separately.

CONTINUITY OF SERVICES FROM FY20

- Addition and conversion of \$119,557 (\$76,908 plus \$42,649 line items in the Executive recommendation) and 1.0 FTE from the Capital Improvements Program to this NDA as a merit position. There is no difference in expenditures and service whether this position is term or merit.
- Included in the budget is \$6,227 for personnel adjustments, including FY20 annualization and other benefit adjustments based on FY20 expenditures.
- Included is (\$159,085) in savings from shifting 1.0 FTE to the Office of the County Executive.
- Included is (\$42,649) in savings to offset recommended personnel expenditures.
- Included is (\$50,000) in savings because the management audit is biennial. This will be added back in the FY22 budget.

POTENTIAL REDUCTIONS

- None.

POTENTIAL ITEMS RELATED TO COVID-19

- The County, as an owner, is responsible for covering operating losses for the Conference Center per the management agreement. The Conference Center will operate at an operating loss for a foreseeable future due to the health crisis and is likely to reopen late in the staging given the gathering sizes it accommodates (e.g., greater than 100 people).
 - Management is running the Conference Center at minimal operating costs and has \$1.2 million in operating reserves to use for current operating losses.
 - It is likely that the County will need to cover operating losses in FY21, but a specific amount cannot be determined at this time because it is unknown when it will reopen.

This report contains:

Executive recommended FY21 budget

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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.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	661,531	1.00
Shift: Partial Funding from Business Advancement Team to Support Conversion of a Term-to-Merit Position for Managing the Conference Center NDA	76,908	1.00
Re-align: Partial Funding for Conversion of a Term-to-Merit Position	42,649	0.00
Increase Cost: FY21 Compensation Adjustment	4,130	0.00
Re-align: Operating Expenses to Offset Personnel Cost Increase	(42,649)	0.00
Decrease Cost: Conference Center - Management Audit	(50,000)	0.00
Shift: Staff Reassigned from Finance to the County Executive Office to Manage Incubator Programs	(159,085)	(1.00)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	6,227	0.00
FY21 Recommended	539,711	1.00