

STAFF REPORT

Date: February 22, 2023

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Presentation, discussion, potential acceptance and potential direction to staff regarding the Downtown Management Company, LLC, Marketing Plan, Annual Operating Budget and Capital Improvement Plan for the Ballroom Facility for the Fiscal Year ending December 31, 2023.

From: Vicki VanBuren, Director of Finance

Department: Finance

Summary:

On December 14, 2011 Council approved the Amended and Restated Ballroom Facility Management Agreement (Agreement). This agreement provides for the Marketing Plan, Annual Operating Budget and Capital Improvement Plan (CIP) to be approved each year by Council. The Marketing Plan, Capital Expenditure Schedule and annual budget are attached, and the Downtown Management Company, LLC representatives have prepared a presentation to highlight the contents of those documents for Council and public review. Staff recommends Council accept the Marketing Plan, Capital Expenditure Schedule and Annual Operating Budget for 2023.

Alignment with Strategic Plan:

Arts, Parks, and Historical Resources

Previous Council Action:

March 9, 2022 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2022 for the Ballroom Facility.

March 10, 2021 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2021 for the Ballroom Facility.

March 4, 2020 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2020 for the Ballroom Facility. February 13, 2019 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2019 for the Ballroom Facility.

March 14, 2018 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2018 for the Ballroom Facility.

February 22, 2017 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2017 for the Ballroom Facility.

February 24, 2016 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2016 for the Ballroom Facility.

January 28, 2015 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2015 for the Ballroom Facility.

January 29, 2014 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2014 for the Ballroom Facility.

February 27, 2013 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2013 for the Ballroom Facility.

February 22, 2012 - Council accepted the Marketing Plan, Annual Operating Budget and CIP for Fiscal Year 2012 for the Ballroom Facility.

Discussion:

Staff has reviewed the Sales and Marketing Plan and the annual budget for Fiscal Year (FY) 2023. It should be noted that the fiscal year for the Ballroom Facility does not match the City's fiscal year. This facility is managed using a calendar year as its fiscal year period. The FY 2023 annual budget reflects an anticipated net profit of approximately \$368,202. Capital expenditures in the amount of \$105,000 are being proposed for the year.

For 2022, there was a net profit of \$391,155 and there were capital expenditures in the amount of \$45,437. The adjusted balance in the Ballroom Capital Account as of December 31, 2022 is \$511,439. The agreement allows for a 50/50 sharing of net revenue between the City and the management company. Per the agreement, \$100,000 of the net revenue will be placed in the capital account for future capital until the balance is at least \$500,000. If at any time the gross revenues are insufficient to meet the \$100,000 annual deposit to the capital account, the management company shall contribute the difference. A copy of the agreement has been attached for reference.

Financial Implications:

If operations of the ballroom facility result in a net profit in the budget for FY 2023, the operating

profit will be distributed according to Article 4 of the Amended and Restated Ballroom Facility Management Agreement. Losses are covered by the Downtown Management Company.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council accept the Marketing Plan, Annual Operating Budget and Capital Improvement Plan for Fiscal Year 2023 for the Ballroom Facility.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Ballroom Facility Management Agreement