

**RENO-SPARKS CONVENTION AND VISITORS AUTHORITY
FINANCE AND FACILITIES COMMITTEE MEETING MINUTES
May 10, 2024, at 10:00 am
4065 S. Virginia Street
Reno, NV 89502**

The Finance and Facilities Committee of the Reno-Sparks Convention & Visitors Authority held a meeting on May 10, 2024, at 10:00 am. The meeting was properly noticed and posted in compliance with the Nevada Open Meeting Law.

A. OPENING CEREMONIES

Committee Chairman, Stephen Ascuaga, called the meeting to order at 10:01 am.

Committee Members Present:

Mr. Stephen Ascuaga, Chair
Councilwoman Charlene Bybee
Mr. Richard Jay
Mr. Rick Murdock

Committee Members Absent:

RSCVA Executive Staff, Legal and Other Counsel Present:

Mike Larragueta, President & CEO
Courtney Jaeger, Vice President of Finance
Trent LaFerriere, Vice President of Facilities
Jose Martinez, Director of Facilities Operations
Ben Kennedy, Legal Counsel
Myrra Estrellado, Administrative Office Manager & Board Clerk

B. COMMENT FROM THE FLOOR BY THE PUBLIC

Chair Ascuaga opened the floor to public comment, there was none. Public comment was closed.

C. APPROVAL OF THE AGENDA OF THE MAY 10, 2024, FINANCE AND FACILITIES COMMITTEE MEETING

Motion: Move to approve the May 10, 2024, agenda as presented.

Moved by: Member Bybee

Seconded by: Member Jay

Aye: Members: Ascuaga, Bybee, Jay, and Murdock

Nay:

Absent:

Abstain:

Vote: Motion was approved unanimously, 4-0-0

D. APPROVAL OF THE MINUTES FROM THE NOVEMBER 28, 2023, FINANCE and FACILITIES COMMITTEE MEETING

Motion: Move to approve the November 28, 2023, minutes as presented.

Moved by: Member Jay

Seconded by: Member Murdock

Aye: Members: Ascuaga, Bybee, Jay, and Murdock

Nay:

Absent:

Abstain:

Vote: Motion was approved unanimously, 4-0-0

E. COMMITTEE MATTERS

E1. Presentation, Discussion, and Potential Direction to Staff regarding the Budget for Fiscal Year 2024-2025 for the Reno-Sparks Convention and Visitors Authority

Motion: To recommend to the Board for approval the RSCVA Budget for Fiscal Year 2024-2025.

Moved by: Committee Member Murdock

Seconded by: Committee Member Jay

Aye: Members: Ascuaga, Bybee, Jay, and Murdock

Nay:

Absent:

Abstain:

Vote: Motion was approved unanimously, 4-0-0

Courtney Jaeger presented the proposed annual budget for fiscal year 2024-2025, and reviewed the strategic plan financial policies, the General Fund revenues and resources, the General Fund expenses, and provided information on the Capital Projects Fund, Insurance Fund, and the Debt Service Fund.

Strategic Plan Financial Policies

- General Fund Reserves: strive towards an unassigned General Fund balance goal of 15-17% of expenditures.
- Capital Expenditures: dedicate up to 10% of annual room tax collections towards capital expenditures.
- Capital Reserves: a minimum of 1% of annual room tax collections, up to \$1 million.
- Rainy Day Fund: maintain up to \$2.0 million in the fund.
- Board Initiatives: maintain appropriate allocations for existing Board initiatives, including up to \$3 million for the Air Service Fund and up to \$1 million for special event funding annually.

General Fund Revenues and Resources

The composition of the General Fund is: room tax, fund balance carryforward, facilities operations, tourism surcharge and other.

- Room tax revenues were estimated by performing trend analysis over average daily room rates, collections in prior periods, room night totals, market segment trends, and economic considerations.
- The budget for facility rentals and other (ancillary) income is developed by the Sales and Events team, based on actual and anticipated bookings for the fiscal year.
- The "other" category includes a combination of IT revenues, parking, extra ticket revenues, facility fees, and ATM revenues.
- Parking is open during baseball games and should be better promoted to the public. The committee encouraged aligning the parking garage hours to events that are taking place downtown.
- Having the splash pages that allows internet availability in the facilities is a significant source of revenue.
- Other revenues of \$1.9 million consist of administrative fees, revenues generated by individual departments, and investment income.
- Facility losses are due in part to an increase in utility rates and higher inflation rates.
- The carryforward fund balance is anticipated to be approximately \$7.8 million. The majority of this balance consists of unspent amounts from the Air Service Fund, the FY 23-24 allocation towards the Indoor Portable Track Project, and the Special Event Opportunity Fund.

General Fund Expenses

The largest category of spending is Payroll, followed by Promotions and Advertising, Supplies and Services, Special Projects, Apportionment, Travel and Entertainment, Contingency, and Small Equipment.

Payroll:

- The majority of payroll spending comes from Facilities (37%) and Sales (30%).
- The organization continues to restructure staffing levels and has successfully hired for several new full-time positions within the Sales Department and the Facilities Department.
- In FY 24-25, there is a budget to hire three full-time positions of need to ensure staffing is fluid in order to better address current business levels. The positions are: HR Director, Creative Director, and Administrative Assistant for Sales. The Committee asked RSCVA to be prepared to justify, to the Board, the cost savings to the organization for hiring the three full time positions.
- A Cost of Living Adjustment (COLA) will be implemented to address inflation. The COLA for FY 25 will address inflation through a tiered approach.
- There is a goals-based bonus program in place for all full-time staff who were not already part of the incentive bonus program. In the next fiscal year, the bonus program will continue under strict parameters and will require all goals to be SMART goals: Specific, Measurable, Achievable, Relevant, and Time-bound.
- There are incentive-based bonuses for the sales team, for when goals relating to room nights and facilities revenues are met.
- Merit increases are tied to job performance evaluations and are between 0% and 3%.

Promotions and Advertising:

- The majority in this category (88%) consists of Marketing and Air Service. Significant items budgeted include: \$5 million in leisure media buys; almost \$3 million in Air Service funding to use towards minimum revenue guarantees and marketing; \$1.1 million for agency of record and media buying fees; approximately \$500,000 in website, email, and organic social management; and over \$200,000 in public relations related costs, including retainer costs.
- In FY 25, \$350,000 is budgeted towards unsolicited proposals: \$50,000 in the Executive Office/CEO budget, and \$300,000 in the Finance and Administration Board of Directors budget.
- Local unsolicited requests would be considered and allocated by the Executive Office budget, which can be evaluated at the Senior Staff level.

Supplies and Services:

- The majority of supplies and services costs for the RSCVA (68%) are generated by the facilities. Costs including utilities, contracted security, contracted labor, repairs and maintenance, supplies, and administrative costs.
- This area has been heavily impacted by inflation over the last few years. While certain costs (such as temporary labor) largely fluctuate with business levels, many of these costs are fixed in nature (such as utilities), with small variations in relation to business levels.
- The significant difference in service and supplies in FY 24-25 versus FY 21-22 and FY 18-19 is due to the reporting requirements of the previous facilities management contract, which included the payroll and related expenses of the facilities operator in the budget.
- Finance and Administration is where many of the general supplies and services costs for the organization are budgeted. Significant items in this category include: general liability insurance (budgeted at an increase of up to 25% due to preliminary information obtained during the renewal process); information technology services; legal fees; dedicated safety related amounts; and costs related to the annual strategic plan.
- Within the Executive Office budget, significant items include: building rent, memberships to local and national organizations, and contractual costs for front desk reception services.
- Sales, Marketing, and Air Service costs include: contractual costs for sales and event management platforms; various dues and subscriptions; contracted obligations; postage; freight; potential fees for Air Service consulting; and various supplies.
- RSCVA evaluates the reason and cost for travel to industry events and conferences to ensure they provide a significant value for RSCVA partners and staff.

Special Projects:

- Primarily consists of special event funding, event sponsorships, commitments, and related costs.
- The Special Event Opportunity Fund has been moved from Marketing to the Sales department since the hiring of the Director of Event Development.

Travel and Entertainment:

- Travel expenses are budgetted within the Sales department and include travel and lodging, registrations, local transportation, entertainment, and meeting expenses.

Other Funds

Other funds include the Capital Projects Fund, the Debt Service Fund, and the Insurance Fund.

- The Capital Projects Fund is used to account for financial resources used for the acquisition of assets, construction of assets, or the significant repair of assets.
- The Internal Insurance Fund accounts for the health insurance and workers compensation activities provided by the RSCVA.
- The Debt Services Fund is used to account for the accumulation of resources required for the repayment of debt principal and interest and are primarily funded through transfers.

E2. Presentation, Discussion, and Potential Direction to Staff regarding the Capital Improvement Plan for Fiscal Year 2024-2025 for the Reno-Sparks Convention and Visitors Authority.

Motion: To recommend to the Board for approval the Capital Improvement Plan for Fiscal Year 2024-2025.

Moved by: Committee Member Murdock

Seconded by: Committee Member Jay

Aye: Members: Ascuaga, Bybee, Jay, and Murdock

Nay:

Absent:

Abstain:

Vote: Motion was approved unanimously, 4-0-0

Trent LaFerriere presented the proposed Capital Improvement Plan for the Reno-Sparks Convention Center, the Livestock Events Center, the National Bowling Stadium, and the Reno Events Center.

The Reno-Sparks Convention Center capital expenses include: F Meeting Room drain repairs and pallet wrapper in Q1; speaker stacks and Wi-Fi renovations in Q2; P/A speaker upgrade, digital displays, and Lot C gate renovation in Q3; and lighting upgrades and the repavement of Lot C in Q4.

The facilities team prioritizes the capital needs of each building based on safety, advancements in technology, and business needs. It is important to modernize in order to remain competitive and provide customers with what they need to enhance the guest experience.

The Reno-Sparks Livestock Events Center capital expenses include: a drum roller, the purchase of a new loader, and the purchase of A/V equipment in Q1; new panel replacements for the cutting arena, main arena speaker upgrade, and new footing for the main arena in Q2; purchasing digital signs in Q3; and power vault repair in Q4.

The Livestock Events Center is booked 48 out of 52 weeks this year. These capital expenses will create an improved experience for the client.

The National Bowling Stadium capital expenses include: electrical upgrade to temporary power, re-carpeting of the elevator lobbies in Q1; purchasing new pins, purchasing and installing new flooring for the back of house, weatherproofing fourth floor windows, and purchasing lockers in Q2; replacing the employee parking lot gate, purchasing digital signs, and purchasing new carpet for the elevator panels in Q3.

Maintenance and capital expenses is a partnership between RSCVA and the city; however, allocating capital expenses will help RSCVA sell their facilities and attract bigger clients and thus, increase revenue.

The Reno Events Center capital expenses include: the purchase of a new forklift, elevator repair, purchasing

new risers, and purchasing new stage decking in Q1; installing new dock heaters in Q2; the purchase of digital signs in Q3; and upgrading seating for suites in Q4.

The total CIP for all four facilities is \$4.5 million, not including the track which is \$3.1 million. The CIP will generate revenues and be a significant return on investment for RSCVA.

F. COMMITTEE MEMBERS' COMMENTS REGARDING ITEMS FOR FUTURE MEETINGS

There were none.

G. COMMENTS FROM THE FLOOR BY THE PUBLIC

Chair Ascuaga opened the floor to public comment, there was none. Public comment was closed.

H. ADJOURNMENT

Meeting adjourned at 12:03 pm.

The meeting may be viewed here: <https://www.youtube.com/watch?v=7FA-HXhtyZU>

DRAFT