

Non Performing Fund Action Plan

<u>Fund</u>	<u>Target Fund Balance</u>	<u>2025 Projected Balance</u>	<u>Performance Issues</u>	<u>Plan Outline</u>	<u>Target Performance Date</u>
Golf Courses	There aren't any fund requirements set for this fund.		Previous management of the golf courses caused a significant debt that has been passed on to the new management company.	Under management of CourseCo the significant cash deficit in the golf courses fund has decreased significantly. It is projected in the near future that the golf course fund will have a positive cash balance.	It is anticipated that the debt could be paid off in the future. That target date may need to move with the need for funding of some capital projects at the courses.
<p>Finance Director Comments: A target fund balance should be set for this fund after the debt is paid off as well as a target for capital improvements. The City retained all liability of the courses when the management company took over. The last cash reimbursement from Course Co to the City was in September 2022. The ability and timing of Course Co to make these future reimbursements as well as any need for capital purchases will determine when the deficit is paid off.</p>					
<p>City Manager Comments: CourseCo has done a tremendous job operating the golf courses. At some point, the debt to the General Fund will be repaid and the City will need to commit to investing in the equipment and facilities at the courses. In the case of the golf carts, the City may need to consider using a portion of profits to address replacement sooner than later.</p>					
Recreation	17%	-1017.06%	Recreation center is old, outdated and does not facilitate revenue generating programs/activities.	Facility was closed as of July 1, 2024 in anticipation the Scheels Aim High Big Sky Recreation Center opening.	Two years after opening the new recreation/aquatics facility.
<p>Finance Director Comments: The operating deficit in the Recreation Fund has had an average deficit of (\$140,000) since FY 2018. The current cash balance of this fund is a negative \$197,307.98. An additional deficit of \$366,153 would exist without CARES funding transferred into this Fund in FY 2022 and FY 2023.</p>					
<p>City Manager Comments: Facility is dated in need of significant repair. City has requested appraisal quotes and will sell the building pursuant to City Code.</p>					
Multi-Sports	17%	-15.20%	Decrease in participation numbers.	Reviewed and increased fees & are in the process of developing a fee policy. Expanded programming staff.	In FY25, expanded staff are in process of expanding programs to generate sufficient operating revenue.
<p>Finance Director Comments: The Multi-Sports has been operating at a deficit for many years. It currently has a cash deficit of \$16,989.43. An additional deficit of \$99,500 would exist without CARES money transferred to this fund in FY 2022 and FY 2023. Without requiring further subsidy, appropriate fees will need charged for cost recovery.</p>					
<p>City Manager Comments: P&R has sought GF subsidy regularly to support operations. At one point, the complex was operated by an outside group, which failed to make budget goals and returned management to the City. The City needs to recover its costs by charging more to various users, or try to find another group to operate it, or close it down.</p>					

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Civic Center Events	17%	-15.85%	1) Hosted Events have not returned to pre-COVID levels. 2) Emergence/competition of smaller event hosting facilities.	1) Updated and developed a new business models for external entities that use the facilities. 2) Research the ability to co-promote entertainment venues 3) The loss of the Missouri Room will have a definite negative impact on operations and fund balance	FY2027. This will provide for a full assessment from the loss of the Missouri Room, (direct room rental revenue loss) and corollary loss for (multiple room bookings and reduced rates). This year is also selected as new contracts with external partners will need 2 years to run to see the financial impact of the changes.
Finance Director Comments: The General Fund subsidy of \$265,913 to this fund was cut in FY 2023. In the FY 2025 Proposed Budget \$134,000 of General Fund subsidy was recommended. Even with the subsidy , it is projected the Fund will have a negative cash balance.					
City Manager Comments: Staff was directed to create an entirely new business model for the FY25 budget. Loss of rental space in the Missouri Room will impact revenues, but will also cause Events to rethink its strategy. Added into the FY25 budget is a feasibility study to evaluate and asses operations.					
Parking	17%	0.00%	1) Low fees and low collection rates for fines.2) No afterhours enforcement for parking garages 3) Need for a fix to the license recognition software to increase collections.	1) Add Signage to direct patrons to garages. 2) Install automated gate control in both garages to create after-hours parking. 3) Use TIF funds to infuse the revenue stream, or 4) City could negotiate cheaper service contracts with SP+ and Passport.	PCD is currently evaluating the City's current parking practices and intends to consult the City Commission for further direction. A pilot project of free parking from June 1, 2024 to August 31, 2024 in the North Parking Garage has been implemented.
Finance Director Comments: The major concern in the Parking Fund is deferred maintenance.					
City Manager Comments: The Commission seeks to review parking (which likely means enforcement and fees). Creating a Parking District, privatizing (if even possible) will not address capital needs in the parking garages. It feels like potential Natatorium or Civic Center facade trajectory. Several downtown businesses have advised General Fund transfer. Consider use of TIF funding for capital maintenance.					
Planning and Community Development	17%	12.11%	Low fees in 1) Land Development, 2) Signs, and 3) Licenses.	Fees were adjusted by the City Commission on 9/5/23. A vacant position in the Planning Division was modified for partial federal reimbursement.	By end of FY 2024, new fees caused an improvement in the health of this fund. The fund is on target to be close to the recommended fund balance in FY 2025. There is no identified means to be completely self-sustaining without GF assistance.
Finance Director Comments: The rate increases implemented by Planning and Community Development helped with the performance of the fund. The General Fund subsidy into this fund was increased by \$105,000 starting in Fiscal Year 2023. This fund has received \$297,500 of CARES funds.					
City Manager Comments: Traditionally, P&CD Departments are not self funding without assistance from the General Fund. Increase in GF subsidies are a result of fund allocations and personnel changes. If department operations were solely fee based, I believe elected officials would find it too costly for the average citizen to obtain a permit at a reasonable rate; even large development may be cost prohibitive.					

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Health & Benefits	\$5,607,976 (6 months of premiums)	26%	Changed from a self-funded plan in FY2022.	1) Fourth year of self-funded insurance and is still building the fund reserve requirement. 2) Increased employee premiums by 12%.	FY25. It will take all of FY25 to fully know how the funds are performing at the end of the year.
Finance Director Comments: This fund current cash balance of this fund is \$3,002,761.12. The reason the fund balance is negative is an implied rate subsidy that the City is required to book (that will never need to be paid.)					
City Manager Comments: Medical claim experience will vary from year to year, impacting rates, reinsurance, and fund balance. Human Resources uses an outside third party manager to help administer the program; specifically, to set rates, monitor trends, and oversee relationship with Blue Cross Blue Shield of Montana.					
Swimming Pools	17%	1.68%	\$139,000 of the General Fund subsidy was transferred to the Aim High Big Sky.	Fees were adjusted in 2024. The repair of the wave ride is budgeted in FY 2025 allowing for increased fees in the future.	It will take sometime to see how the funds will perform with the increased fees.
Finance Director Comments: The decrease in the fund balance was due to decreased General Fund subsidy.					
City Manager Comments: Pools are not self-supporting and will require general tax support to operate the service. Outdoor pool revenues are primarily affected by weather. Pool revenues from AHBS are yet to be determined.					
Aim High Big Sky	17%	8.12%	Accounts for revenues and expenses related to the Aim High Big Sky. This is the first year of operation. It will take sometime to see how the fund will perform	Monthly meeting are being scheduled to review the financials of AHBS. In January an update will be given to the City Commission.	It will take sometime to see how the fund will perform.
Finance Director Comments: Monthly reviews of the financials with Park & Recreation will be done. In January an update will be given to the City Commission.					
City Manager Comments: No additional comment.					
Natural Resources	17%	13.84%	Increased expenses without increased General Fund subsidy for natural resource services in the public property and rights-of-way within the City.	Proposed a 6% assessment increase for the Boulevard District.	The increased costs of the natural resource services in the public property areas without increased General Fund subsidy have reduced the fund balance of this fund.
Finance Director Comments: Increased expenses in the natural resources services for all public property without the ability to recoup these costs have put a strain on the fund balance of this fund.					
City Manager Comments: No additional comment.					