

# City of Asheville North Carolina



# WNC Nature Center

## Analysis of Funding Needs

Presentation to Finance Committee

March 24, 2015



# Nature Center Operations

- Total Operating Costs: \$ 1,376,484
- Revenue collected: ( 477,093)
- City Subsidy: \$ 899,391
  
- 65% of Budget Subsidized

# Opportunities to reduce the Subsidy



- 1) Gate Admission Fee Adjustment for FY 2015-16
- 2) Changes to the agreement with the Friends of the WNC Nature Center (Friends) for Operation of AZA reciprocal pass holder program
- 3) Future consideration of passing the cost of facility and services on the Friends

# Friends Use of City Facilities & Services

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- Friends currently have the use of City facilities and related services at no cost
- Estimated total value of space occupied by Friends: \$ 74,568/year
- Estimated total cost of services, utilities and other costs: \$ 7,372/year
- Total: \$ 81,940

# Facilities & Services



- Total Value of Space & Cost of Services:  
\$81,940

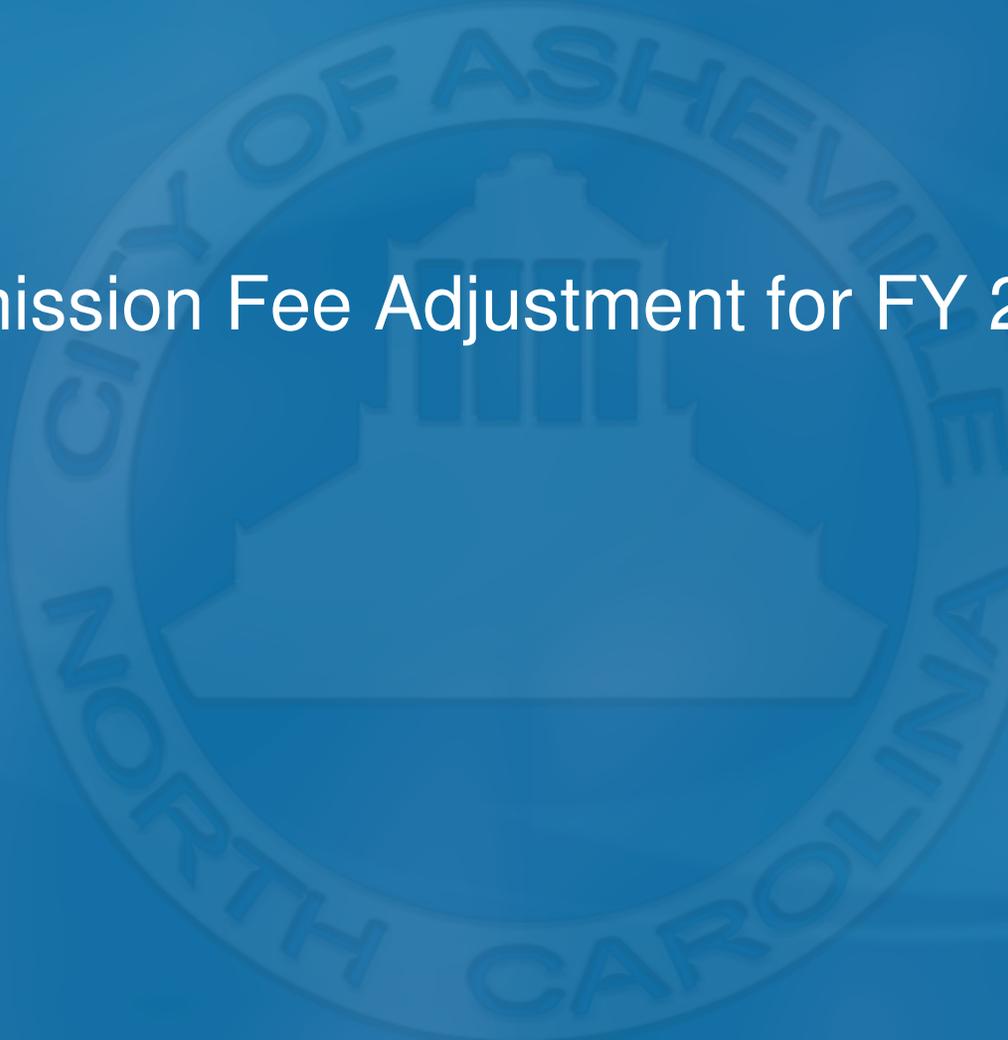
## Recommendation:

- Staff recommends that there be no charge to the Friends at this time.

# Gate Admissions

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Gate Admission Fee Adjustment for FY 2015-16

The background of the slide features a large, faint watermark of the City of Asheville seal. The seal is circular and contains the text "CITY OF ASHEVILLE" at the top and "NORTH CAROLINA" at the bottom. In the center of the seal is a stylized building with a central tower and two side wings.

# Admission Fees



- Last Fee Adjustment in 2007
- Significant facility improvements to Nature Center since then
- 2013 Revenue Generation/Expense Management Study Results
  - Increase of \$1 to \$2 across all categories: \$75-150k
- 2014 Matrix Cost of Service/Fee Study

# Admission Fees



## Methodology:

		A	B	C	
Fee Schedule	Current Fee	CPI Increase 2007-2015	National Average	Full Cost Recovery	Average A+B+C
City Resident - Adult	\$6	\$ 6.76	\$ 12.72	\$10	\$ 9.83
City Resident - Senior (67+)	\$5	\$ 5.64	n/a	\$10	\$ 7.82
City Resident - Child (3-12)	\$4	\$ 4.51	\$ 8.93	\$10	\$ 7.81
Non-City Resident - Adult	\$8	\$ 9.02	\$ 12.72	\$10	\$ 10.58
Non-City Resident - Senior (67+)	\$7	\$ 7.89	n/a	\$10	\$ 8.95
Non-City Resident - Child (3-12)	\$4	\$ 4.51	\$ 8.93	\$10	\$ 7.81

# Admission Fees



- Recommendation:

Fee Schedule	Current Fee	Average A+B+C	Proposed Fee	Percent Increase
City Resident - Adult	\$6	\$ 9.83	\$7	17%
City Resident - Senior (67+)	\$5	\$ 7.82	\$6	20%
City Resident - Child (3-12)	\$4	\$ 7.81	\$5	25%
Non-City Resident - Adult	\$8	\$ 10.58	\$10	25%
Non-City Resident - Senior (67+)	\$7	\$ 8.95	\$9	29%
Non-City Resident - Child (3-12)	\$4	\$ 7.81	\$6	50%

- Average Increase of 28%
- Additional Revenue Recovered: \$ 105,223

# Members & Operations

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Changes to the agreement with the Friends of the WNC Nature Center (Friends) for operation of AZA reciprocal pass holder program

# AZA Pass Holder/ Friends' Membership Program



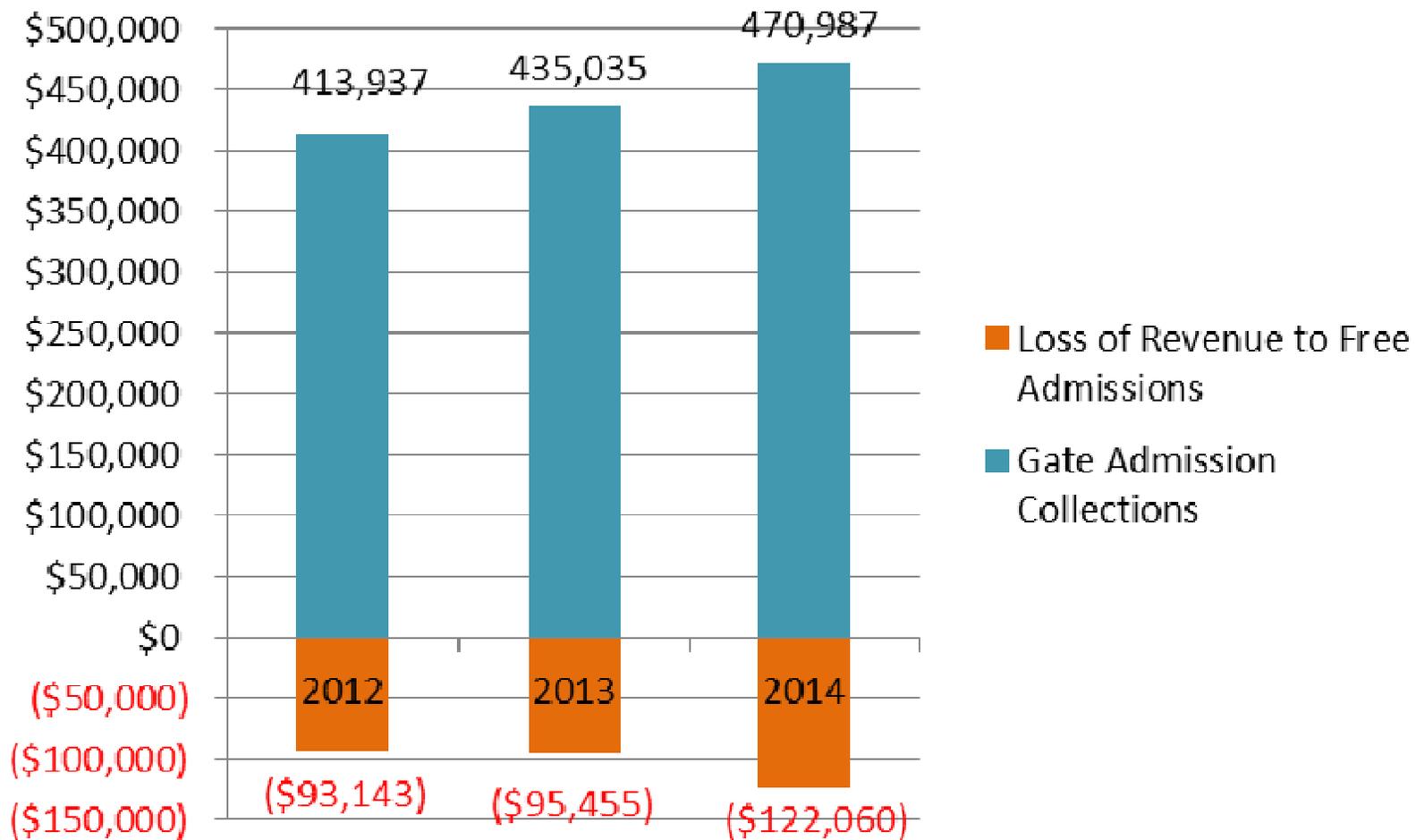
- Greatest potential for reducing City subsidy of Center Operations
  - Friends sell memberships
  - Free Admission and discounted program fees
- No contribution from memberships to Center operations
  - Unique model
  - 2011 membership programs surveyed
    - Average 55% coverage of operations from membership sales

# Membership Program: Impact



- Every membership and reciprocal pass represents a reduction in gate admissions for the Center
  - Average Paid Gate: \$5.05
  - Free Admissions, 2014: 24,174
  - Loss of revenue: \$122,060
- Friends' successful marketing of program and Center
  - Increasing admissions

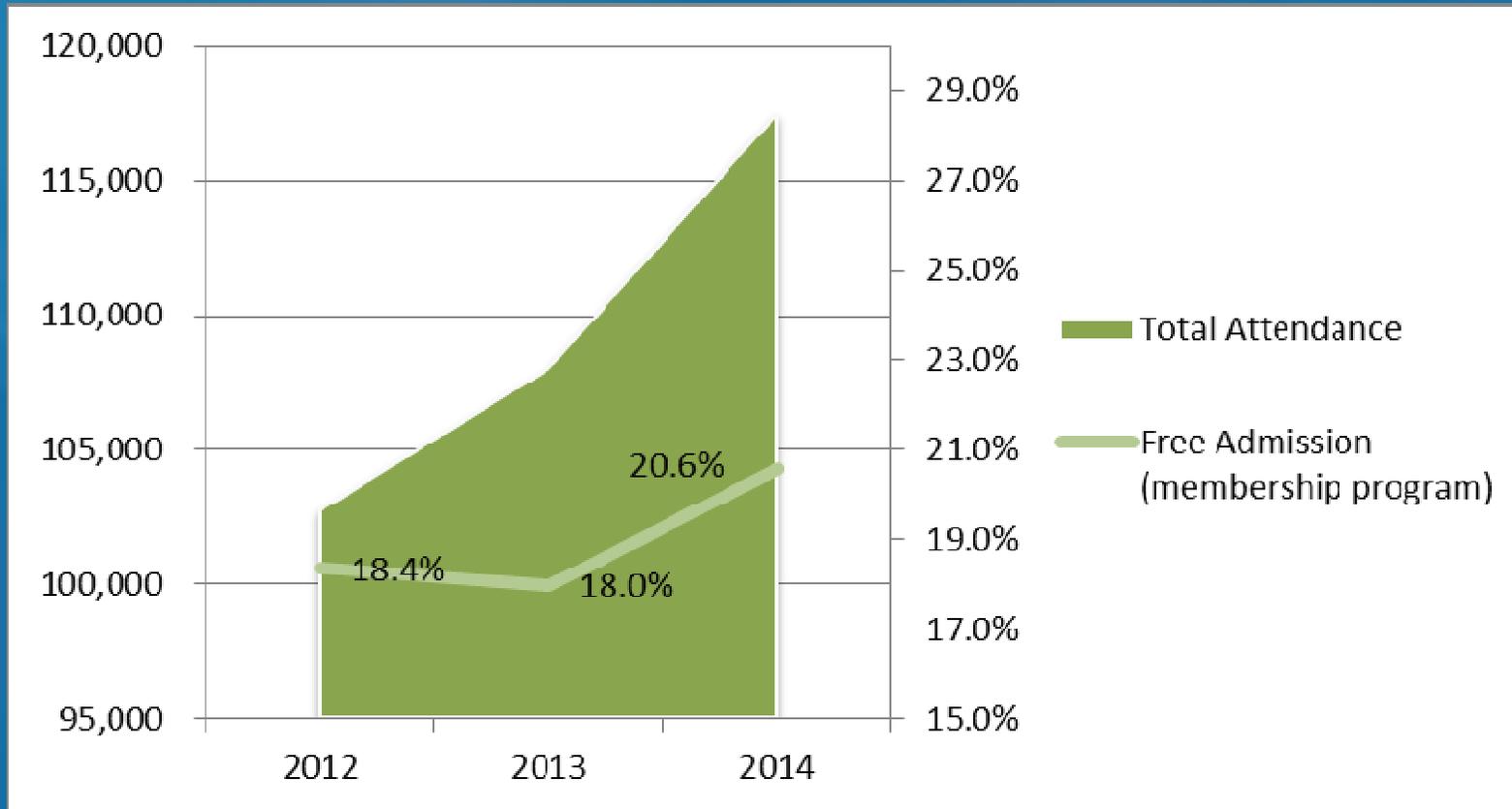
# Membership Program: Impact



# Membership Program: Impact



- Total visits in 2014: 117,453
- Free Admission: 24,174



# Membership Program: Options



- Option 1: Eliminate Reciprocal Pass Program
- Option 2: Run Reciprocal Pass Program In-House
- Option 3: Identify a Membership Contribution Based on Historic Financial Reports
- Option 4: Identify a Membership Contribution Based on Average Paid Gate and Memberships

# Membership Program: Options



Staff Recommends Option 4

Identify a Membership Contribution Based on  
Average Paid Gate and Memberships

# Membership Program: Options



- Option 4: Identify Membership Contribution based on average paid gate, total memberships & visits

Member Type	# Member- ships	Membership Price	Members Included	Estimated Average Gate Admission Visits	Remittance per Membership for Operations	Budget, FY 2015-16
Complimentary	44	\$ -	1	3	\$ 15.00	\$ 660.00
Individual	205	30	1	3	\$ 15.00	\$ 3,075.00
Dual	629	47	2	4-5	\$ 22.00	\$ 12,580.00
Family	3,904	64	6	8	\$ 40.00	\$ 156,160.00
Additional Adult	8	20	1	2	\$ 10.00	\$ 80.00
Additional Child	8	12	1	1-2	\$ 6.00	\$ 48.00
Sponsor	97	\$100-500	6 + passes	10	\$ 50.00	\$ 4,850.00
Total Contribution to Operations, FY 2015-16						<u>\$ 177,453.00</u>

# Membership Program: Options



- Staff Recommends Option 4

Pros:

- Friends continue to manage program and market Center
- Increased memberships = higher revenue for Friends AND Center
- Improves Center revenue recovery
- Reduces direct City subsidy from 65% to 53% before any other changes

Cons:

- Does not resolve capital funding issues
- Does not resolve subsidy versus use disparity

# Nature Center Operations

## Recommended Changes

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- Total Operating Costs: \$1,376,484
- Current Subsidy: \$ 899,391
- Membership Contribution: ( 177,453)
- Additional Gate Revenue: ( 105,223)
- City Subsidy: \$ 616,715
- 45% of Budget Subsidized

# Friends' Proposal, 3/23/2015



## Key Points:

1. Friends continued direct and indirect support of Center
2. Friends agree to one-time \$75,000 payment for operations
  - a) Percentage for agreement to be determined according to memberships within City
3. Further increases to Gate Admission
  - a) \$1.95 additional for each category
  - b) Opportunity for Friends to Increase Memberships by \$2 for each category

# Friends' Proposal, 3/23/2015



## Key Points:

1. Friends continued direct and indirect support of Center

Quantified in Friends' 2014 financial statements:

\$120,835

City in-kind support of Friends: \$ 81,940

Net support: \$ 38,895

# Friends' Proposal, 3/23/2015



## Key Points:

2. Friends agree to one-time \$75,000 payment for operations
  - a) Percentage for agreement to be determined according to memberships within City

Staff recommends that the total membership less the percent of City memberships should be used

Current Friends' Memberships within City: 23%

# Friends' Proposal, 3/23/2015



## Key Points:

3. Further increases to Gate Admission
  - a) \$1.95 additional for each category

Fee Schedule	Current Fee	Average A+B+C	Proposed Fee	Percent Increase	Friends Proposed Fee	Difference, Friends to Staff
City Resident - Adult	\$6	\$ 9.83	\$7	17%	7.95	\$0.95
City Resident - Senior (67+)	\$5	\$ 7.82	\$6	20%	6.95	\$0.95
City Resident - Child (3-12)	\$4	\$ 7.81	\$5	25%	5.95	\$0.95
Non-City Resident - Adult	\$8	\$ 10.58	\$10	25%	9.95	(\$0.05)
Non-City Resident - Senior (67+)	\$7	\$ 8.95	\$9	29%	8.95	(\$0.05)
Non-City Resident - Child (3-12)	\$4	\$ 7.81	\$6	50%	5.95	(\$0.05)

# Friends' Proposal, 3/23/2015



- Current Fee Schedule Discounts for Local Admissions

Fee Schedule	Current Fee	Discount for Local	Percent Discount for Local
City Resident - Adult	\$6	\$2	25%
City Resident - Senior (67+)	\$5	\$2	29%
City Resident - Child (3-12)	\$4	\$0	0%
Non-City Resident - Adult	\$8		
Non-City Resident - Senior (67+)	\$7		
Non-City Resident - Child (3-12)	\$4		

# Friends' Proposal, 3/23/2015



- Local Discount, Staff Proposal and Friends' Proposal

Fee Schedule	Staff Proposed Fee	Discount for Local	Percent Discount for Local	Friends Proposed Fee	Discount for Local	Percent Discount for Local
City Resident - Adult	\$7	\$3	30%	\$7.95	\$2	20%
City Resident - Senior (67+)	\$6	\$3	33%	\$6.95	\$2	22%
City Resident - Child (3-12)	\$5	\$1	17%	\$5.95	\$0	0%
Non-City Resident - Adult	\$10			\$9.95		
Non-City Resident - Senior (67+)	\$9			\$8.95		
Non-City Resident - Child (3-12)	\$6			\$5.95		

# Friends' Proposal, 3/23/2015



- Total Operating Costs: \$1,376,484
- Current Subsidy: \$ 899,391
- Membership Contribution: ( 75,000)
- Additional Gate Revenue: ( 113,395)  
(Friends' model)
- City Subsidy: \$ 710,996
- 52% of Budget Subsidized



# Additional Information

slides not included in presentation

# Membership Program: Options



- Option 1: Eliminate Reciprocal Pass Program
  - 2014 Memberships Fees: \$289,815
  - 2014 Free Admissions: (122,060)
  - Difference: \$167,755
- Friends lose 100% of non-fundraising revenue
- 100% of gate Admissions collectible
- Difference likely not entirely recoverable

# Membership Program: Options



- Option 2: Run Reciprocal Pass Program In-House
  - Greatest financial impact for the City
  - Highest Impact
    - Friends lose 100% of non-fundraising revenue
    - City can potentially recover all of the membership sales
  - Highest Risk
    - Historical knowledge
    - Additional positions
    - Reinvention of existing program

# Membership Program: Options



- Option 3: Identify Membership Contribution based on Historic Financial Reports
  - Free admission in 2014 identified and used for budget 2016

Total Attendance, 2014	117,453
Free Admissions	(24,174)
Total Gate Revenue	470,987
Average Paid Gate	5.05
Total Revenue Uncollected (free admissions)	(122,060)