

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	2,500,000			
CASH FUNDS			See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	2,500,000			

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 874 appropriates \$2,500,000 of General Funds to the Game and Parks Commission in FY14-15 for the following projects at Ponca State Park: \$1,500,000 shall be used to replace the existing swimming pool, and \$1,000,000 shall be used to build twelve (12) two bedroom camper cabins to replace twelve (12) existing cabins.

The new swimming pool will be more efficient than the current 57 year-old pool and is expected to lower operating costs by \$2,205 annually. Having a new pool is also expected to increase the number of users/visitors resulting in increased revenue from admissions, concessions, park permits and potentially lodging. This increase in revenue is estimated by the Commission to be \$11,769 annually.

Once the new cabins are operational the Commission anticipates some additional operating expenditures since the cabins will be in service year-round instead of the current 7 months per year. This extended season will also increase rental revenue as will a potential increase in rental rates. The projected annual increase in operating expenditures is \$11,000, and the projected annual increase in rental income is \$55,000.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 874	AM:	AGENCY/POLT. SUB: Nebraska Game & Parks Commission
REVIEWED BY: Cindy Miserez	DATE: 01/31/2014	PHONE: 402-471-4174
COMMENTS: The analysis of LB874's fiscal impact provided by the Nebraska Game & Parks Commission appears reasonable.		

Please complete ALL (5) blanks in the first three lines.

2014

LB⁽¹⁾ 874

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Game and Parks Commission

Prepared by: ⁽³⁾ Patrick H. Cole

Date Prepared: ⁽⁴⁾ 1/21/2014

Phone: ⁽⁵⁾ 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>2,500,000</u>	<u> </u>	<u> </u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u>8,795</u>	<u>66,769</u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>2,500,000</u>	<u> </u>	<u>8,795</u>	<u>66,769</u>

Explanation of Estimate:

The proposed legislation would appropriate \$2,500,000 General Fund dollars to the Nebraska Game and Parks Commission for capital improvements at Ponca State Park. Of that amount, \$1,500,000 would be targeted toward a new aquatic feature that would replace the existing swimming pool and \$1,000,000 would be targeted toward 12 new, two-bedroom, camper cabins that would replace at least twelve older cabins.

The proposed new cabins would replace existing rustic cabins that were built in the 1950's-60's. These cabins are situated in rough terrain making it economically unfeasible to upgrade to meet new accessibility (ADA) requirements. The new cabins would be placed in more suitable terrain to provide improved accessibility and would be anticipated to be designed and built in a fashion that will afford some efficiencies in maintenance and operation. While some efficiencies are expected, the new cabins would be operational year-round versus only the seasonal (7-month) operation of the existing rustic cabins, thus the cost per cabin operation expense would be higher. Estimates (see charts attached) indicate approximately \$11,000 increase in operating costs. These increased expenses wouldn't occur until after construction.

An increase in revenues would also be anticipated from the new cabins due to an extended operational period and a likely increase in rental rates afforded by the 'upgrade. Approximately \$55,704 in additional revenue per year is anticipated. Actual revenues will depend on the phase in of the new cabins and the phase out of the old. CONTINUED.....

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating.....	<u> </u>	<u> </u>	<u> </u>	<u>8,795</u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u>2,500,000</u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u>2,500,000</u>	<u>8,795</u>

The new aquatic feature would replace the existing 57 year-old pool that is in need of major repair. The current pool facility operates at an estimated loss of approximately \$13,644 annually. It is anticipated that a new aquatic feature would serve as a new attraction and could enhance lodging, retail and permit sales. Assuming a modest 20% increase in retail sales (primarily food concessions) as well as a 1% increase in lodging and permit sales, an estimated \$11,769 in increased revenue could be realized. Assuming the new facility would be more efficient than the existing pool, an estimated \$2,205 in operating expenses could be saved.

In summary

	New Cabins	New Aquatic Facility	Total
Expenditures	\$ 11,000	(\$ 2,205)	\$ 8,795
Revenue	\$ 55,000	\$ 11,769	\$ 66,769

Work Sheet info:

NEW VS. EXISTING 2-BEDROOM CABIN EXPENSES			
Expense Category	2013 Rustic Cabin Expenses	2013 Green Cabin Expenses	New 2-Bedroom Estimate
	14 Existing Cabins	2 Existing Cabins	12 Cabins Estimated
Housekeeping	\$ (17,014.00)	\$ (2,808.00)	\$ (16,848.00)
Utilities	\$ (10,146.00)	\$ (3,391.00)	\$ (20,346.00)
Laundry	\$ (22,919.00)	\$ (2,906.00)	\$ (17,436.00)
Furnishings	\$ (6,641.00)	\$ (3,320.00)	\$ (19,920.00)
Grounds and Maint.	\$ (21,496.00)	\$ (3,070.00)	\$ (18,420.00)
Administration	\$ (18,725.00)	\$ (2,496.00)	\$ (14,976.00)
Total Annual Expenses	\$ (96,941.00)	\$ (17,991.00)	\$ (107,946.00)
Total Expenses/Unit	\$ (6,924.36)	\$ (8,995.50)	\$ (8,995.50)

1. Total Expenses for Rustic Cabins reflect a 7 month operating season
2. Total Expenses for Green Cabins reflect 12 month operating season

NEW VS. EXISTING 2-BEDROOM CABIN INCOME

2-Bdrm Cabin Type	Actual or Estimated Income	Annual Income/Unit	2013 Profit/(Loss)
*Rustic	\$ 142,532.00	\$ 10,180.86	\$ 45,591.00
**Green	\$ 44,795.00	\$ 22,397.50	\$ 26,804.00
New	\$ 198,236.00	\$ 16,519.67	\$ 90,290.00

Large gain in income New vs Rustic is attributed to both price and extended rental season

- *Cabins 1-14 are open seasonally (7 months)
- ** Green Cabins (2 units) are open year-round

CABIN RATE & OCCUPANCY SUMMARY

2-Bdrm Cabin Type	*Full Price	*30% Discount (off-season)	2013 Occupancy
Rustic	\$ 101.67	\$ 73.49	41%
Green	\$ 167.97	\$ 119.90	32%
New	\$ 129.06	\$ 90.34	35% (anticipated)

*Prices include reservation fees and taxes (Base Fee/night for Rustics = \$85, Green = \$145, and New = \$115)

Existing Pool

2013 Operational Cost	Existing PSP Swimming Pool
Personnel/Lifeguards	\$ (15,244.00)
Operations and Maint.	\$ (5,144.00)
Utilities	\$ (3,569.00)
Resale Items	\$ (621.00)
Supplies	\$ (2,842.00)
Administration	\$ (1,270.00)
Total Expenses	\$ (28,690.00)
Total Income 2013	\$ 15,046.00
Profit/(Loss)	\$ (13,644.00)

New Pool Complex

Income Category	Est income
2013 admissions revenue	\$ 15,046.00
Resale (20% increase from existing)	\$ 2,721.00
1% Increase Permit Sales	\$ 1,225.00
1% Increase Lodging	\$ 7,823.00
Total Increase over 2013	\$ 11,769.00
TOTAL	\$ 26,815.00
Expense Category	Current Expenses
Personnel/Lifeguards (= to existing)	\$ (15,244.00)
Operations and Maint. (30% decrease)	\$ (3,600.00)
Utilities (10% decrease)	\$ (3,210.00)
Resale (20% increase)	\$ (745.00)
Supplies (15% decrease)	\$ (2,416.00)
Administration (= to existing)	\$ (1,270.00)
Total Expenses	\$ (26,485.00)
Profit/(Loss) pool only	\$ (11,439.00)
Profit/(Loss) increase lodging and	\$ 330.00