

MAMMOTH LAKES RECREATION STAFF REPORT

Subject: Discussion and Recommendations on FY25-26 Budget Allocation for Measure U

Meeting Date: June 5, 2025

Written by: Rob Patterson, Town Manager

BACKGROUND:

The following budget information is presented to the Mammoth Lakes Recreation Board (MLR) for discussion and consideration. The operating budget information is similar to last year with proposed adjustments noted. There are no requested “one-time” allocations of either fund. The current agreement between the Town and MLR is represented in the proposed budget allocations.

Fund Balance Review

The development and use of fund balance is an important process in governmental accounting. Fund Balance is like a savings account within a particular fund. Whenever the revenue for that fund exceeds the expenditure, a fund balance is created. For special funds like Measure R & U, creating a fund balance across a few years is a fundamental way to generate enough funding to accomplish large capital projects.

Changes in fund balance are calculated after all revenue and expenditure are posted and the year is considered complete. The Town performs these closing procedures after the end of the fiscal year, June 30th, and these balances are presented during the first quarter budget presentation, in October of each year. It is important to note the available balances when considering potential projects or during a review of the proposed budgets.

Below you will find an estimate of the performance for FY24-25 and anticipated fund balance for Measure U by accounting fund. The reconciliation begins with the ending fund balance of the prior year. All revenues received for the year are added to that balance and expenditure is deducted. For the estimated balances below, both revenue and expenditure that have not occurred but are anticipated for the year are included in the report. This process provides for the estimated change in the fund balance expected by the close of FY24-25. Any carryover, previously committed items, are also shown to indicate what is available for further allocation.

Measure U - Fund 217

Estimated as of June 30, 2025

Item	Amount
FY23-24 Measure U Fund Balance	\$ 3,393,440

Revenue

Utility Tax - Electricity	\$ 890,000
Utility Tax - Gas	\$ 240,000
Interest on Investments	\$ 180,000
Utility Tax - Telephone	\$ 77,000
Grant funds returned	\$ 19,835

Estimated Total FY24-25 Revenue for Measure U **\$ 1,406,835**

Expenditures:

Capital Project - MACC	\$ 700,000
Capital Project - MACC	\$ 300,000
Programming Allocations	\$ 193,325
Debt Service - Property Purchase (MACC)	\$ 180,000
Allocation to Special Projects FY24-25	\$ 25,000
Measure U - Office of Outdoor Recreation Coordinator	\$ 25,000
Measure U - Office of Outdoor Recreation Manager	\$ 25,000
Mammoth Lakes Recreation (Administration)	\$ 10,000
Audit Services	\$ 4,680
Transit - Special Event	\$ 3,900
Measure U - Support Edison Theater	\$ -
	\$ 1,466,905

Includes \$12k from Clean up the Lake that posted FY24-25,

\$25k to Wind Drift Studios

Paused FY24-25 due to construction closure

Estimated Total FY24-25 Expenditure for Measure U **\$ 1,466,905**

Projected Measure U Fund Balance	\$ 3,333,370
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Measure U (Fund 217) is projected to receive revenue of \$1,110,000 in collection of User Utility Tax for FY25-26. This is an increase of \$187,000 from the previous year based on analysis of actual revenue collected. This budgeted revenue remains conservative as the average revenue collected is slightly higher than these estimates and does not include any estimate for interest. Interest is determined by available interest rates from standard investment tools as well as the balance on hand. Both of these components are highly variable and therefore not included as a revenue estimate. Any interest received will contribute to covering expenditure and ultimately will end up contributing to fund balance increases.

The bulk of the expenditure remained unchanged for FY25-26 with the exception of the return of \$15,000 in support of the Edison Theater operations. This theater was under construction for a remodel in FY24-25 and was not open for operations. The Town is prepared to acquire the land in a deal with the Mammoth Lakes Foundation that will include the Edison Theater once construction is completed. The theater is expected to operate in FY25-26 in a limited capacity while construction of the larger McCoy Arts and Culture Center (MACC) begins construction. Total operating expenditure for FY25-26 is \$354,500.

The purchase of the Mammoth Lakes Foundation (MLF) property is a critical aspect of building the MACC. The Town financed this purchase as part of the larger Civic Center project, issuing Certificate of Participation - Lease Structured debt in July 2024. The total land cost is \$4.5 million, which will be paid to MLF to secure the land. In this agreement, the Foundation would retain \$1.5 million of the sale proceeds and donate \$3.0 million to the construction of the MACC. Based on authorization from MLR in 2024, Measure U funds will be to contribute \$180,000 annually to the debt service for the first 13 years. This debt service payment is indicated in the annual budget for Measure U and will be transferred to Fund 990 where all debt payments are made.

The difference between planned revenue and expenditure should produce an additional fund balance of \$575,500 for the year. As in previous years, a set aside of \$300,000 is indicated to show the level of support expected from Measure U for operational expenses of the MACC once it is fully operational. While this is set aside, it will not be expended and therefore will result in this positive change in fund balance.

Measure U - Annual Revenue		
Utility Tax: Telephone	\$	70,000
Utility Tax: Electricity	\$	800,000
Utility Tax: Gas	\$	240,000
Total Annual Revenue	\$	1,110,000

Measure U - Annual Expenses		
Programming	\$	225,000
Transfer to Fund 100 - Trails Program Manager	\$	25,000
Transfer to Fund 100 - Office of Outdoor Recreation Manager	\$	25,000
Special Projects	\$	25,000
Transit Services - Special Events	\$	25,000
Edison Hall Operations	\$	15,000
MLR Town Agreement - Administration	\$	10,000
Audit Services	\$	4,500
Total Annual Expenses	\$	354,500

Formerly Recreation Coordinator

Returns from prior year pause for construction

Measure U - One-Time Expenses		
Total Annual Expenses	\$	-

Measure U - Debt Service		
Land Acquisition MACC (13 Years)	\$	180,000
Measure U - Total Expense	\$	534,500

MACC Operating - Set aside future expense	\$	300,000
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Change in Fund Balance		275,500
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This concludes the anticipated budget recommended for Measure U in FY25-26. Staff will incorporate these recommendations into the comprehensive, Town-wide budget submitted for adoption by the Town Council on June 18th.