

Department of Public Works – Division of Parks – Stadium
Special Report
January 2012 – December 2014

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Background and Organization

Dutchess County owns Dutchess Stadium which is located in the Town of Fishkill, New York on approximately 21 acres leased from the Beacon City School District (BCSD). The stadium is currently part of the County's park system and is under the auspices of the Department of Public Works Commissioner.

Audit Scope & Methodology

Operating and Capital Revenue and Expenditures were reviewed for the time period January 1, 2012 to December 31, 2014. The current contract agreement with the Keystone Professional Baseball Club, Inc. dated 1/1/2007 – 12/31/16 was reviewed relative to accounting activities and related funding provisions. The current Keystone contract provisions include annual rent of \$258,000: \$233,000 is recorded in operating revenue for A7110.66 – Parks/Stadium and \$25,000 is recorded annually to the H0373 capital account for stadium improvements.

Information for this report was derived from resolutions, contract agreements, county financial records and staff interviews from the respective county departments.

Comptroller's Discussion

Opportunities exist to ensure all costs associated with the Stadium are adequately and appropriately identified and funded. Discussions with the administration and Comptroller indicated this is the goal. The most recent Capital bond was adopted after the current rental/lease agreement and therefore was not a part of the original rental agreement. However, the original agreement did not provide adequate funding for the capital project that was included in the agreement or additional costs incurred by other county departments for day to day operations and maintenance.

Areas Reviewed

Revenue

Rental

Contract #07-0026 with Keystone Professional Baseball Club, Inc. is for the term January 1, 2007 – December 31, 2016. This contract defines the rights and obligations with respect to the use of Dutchess Stadium. Included in the contract are various provisions regarding rental and maintenance. The club pays the County an annual rent in the amount of \$258,000. A memorandum dated November 17, 2006 from the Dutchess County Commissioner of Public Works stated part of the rental payment is for the \$1.5 million dollar bond for which the county will be reimbursed 100% principal plus interest for the ten year term of the rental contract #07-0026. Resolution #206248 set up the following over the 10 year period:

\$134,000/year	account A.7110.66 for debt service for \$1,500,000 bond (H0372) for repairs and maintenance
25,000/year	capital H0373 for stadium capital improvements and repairs
<u>99,000/year</u>	account A.7110.66 for general operating expenses
\$258,000/year	Annual rental payment

All funds have been received according to the agreement. The above funds are applied as follows: \$233,000 is credited to the Operating Budget A7110.66 (*\$134,000 to Principal Serial Bonds and \$99,000 towards general operating expenses*) and \$25,000 is credited to the Capital Account H0373.

Mass Gathering revenue is provided as follows in contract #07-0026:

Paying Attendees	Additional Rent
More than 1,500	\$5,000
3,500	7,500
5,000	10,000

Total revenue received for mass gatherings for the respective time periods follow:

2012	K-Fest/Wrestling	\$15,000
2013	K-Fest	10,000
2014	K-Fest/Wrestling	15,000

The contract does not provide for revenue for mass gatherings that have free admission to events held at the Stadium. During the audited time frame, the Parks Department reported events that had free admission were car shows, a circus, fairs and graduations. Revenue for mass gatherings was recorded in the Sales Other Account.

Observations

- The K-Fest event is in June. The contract states additional rent shall be made to the County by the 15th of February of each year. This is 8 months after the event.
- 2013 event money was not received until April 2014 two months after the due date.
- The contract states “the Club and the County shall agree upon a method of verifying the paid attendees at each mass gathering event.” The Club sends in the check with no supporting documentation or number in attendance.

Fireworks Agreement

This agreement between Dutchess County and Keystone Professional Baseball Club, Inc. was written for the Fireworks Display Permit Requirements. Each fireworks event has a permit fee of \$200. This contract commenced in 2013 and \$800 was collected. In 2014, \$1,000 was collected. Revenue for firework permits was recorded in the Sales Other Account.

Sheriff Contracts #13-0253 and #14-0135

This contract was written between the County and Keystone Professional Baseball Club, Inc. to provide police protection services at baseball games and other events that take place at the Dutchess Stadium Park. The contract commenced in 2013 and continued through 2014. Rate schedules were based on salary plus retirement fringe.

		Received
2013	Baseball Games	\$27,791.72
	Other Events	\$21,726.86
2014	Baseball Games	\$30,053.07
	Other Events	<u>\$27,588.05</u>
	Total	\$107,159.70

Observation

The Contract establishes a cap of \$28,000 per year for Baseball Games. Billings exceeded this amount in 2013 and 2014. Consideration should be given to changing the cap to reflect actual costs each year.

Stadium Operating Costs

Appropriations and revenues are budgeted in a dedicated Stadium general ledger account within the DPW Parks Department to record operating costs. Revenue and Expenses for the time period reviewed follow:

A.7110 .66 DC Stadium	2012	2013	2014
REVENUE			
Rental of Real Property	\$233,000	\$233,000	\$233,000
Sales, Other Totals	15,000	13,800	20,400
Refund of Pr. Years Expense	1,045		4,572
Unclassified Revenue	<u>13,041</u>	<u>13,564</u>	<u>23,172</u>
Total Revenue	\$262,086	\$260,364	\$281,144
EXPENSE			
Postage	12	185	361
Parts & Supplies	4,037	5,217	3,193
Gas-Public Utilities	5,519	5,722	5,532
Water	7,523	8,022	15,700
License and Permits		200	200
Maintenance and Service Contracts			120
Rental/Lease - Equip Short Term	2,132	558	503
Rental/Lease - Real Prop Long Term	30,000	28,750	30,000
Advertising Legal	200		
Equipment			3,491
Repairs/Alt To Equip	765	1,823	
Repairs/Alt to Real Prop	29,855	38,372	38,342
Pest Control			585
Principal-Serial Bonds	<u>134,000</u>	<u>134,000</u>	<u>134,000</u>
Expenses recorded in A7110.66	\$214,043	\$222,849	\$232,027
Plus Additional Expenses from other budgets (detail below)	<u>56,510</u>	<u>72,111</u>	<u>112,737</u>
Total OPERATIONAL EXPENSES Identified	\$270,553	\$294,960	\$344,764
NET DIFFERENCE	(\$8,467)	(\$34,596)	(\$63,620)

Additional stadium expenses were paid out of other county appropriations as shown below. This information was compiled with assistance from DPW Administration and Parks Staff.

	2012	2013	2014
Maintenance in Lieu (MILR) –Buildings Personnel Costs	\$17,347	\$18,798	\$46,369
MILR -Fringe Benefits	9,130	10,395	25,642
MILR -Supplies Utilities	4,854	8,842	8,003
MILR -Insurance	2,685	754	7,060
Estimated Personnel and Fringe Costs for Highway Division Staff	4,093	3,121	3,733
Estimated Personnel and Fringe Costs for Parks Division Staff	18,401	25,385	18,923
Highway Equipment and Materials	<u>unknown</u>	<u>4,816</u>	<u>3,007</u>
	\$56,510	\$72,111	\$112,737

Utility Cost

The county pays Water, Electric and Heat for the Stadium using the County's negotiated arrangements. The club is billed \$28,000 per year for utilities costs. Utility reconciliations are performed by February of the succeeding year. Below are the reconciliations:

Year	Electric/Gas	Water	Total	County Refunded
2012	\$5,518.56	\$7,522.91	\$13,041.47	\$14,958.53
2013	\$5,722.02	\$8,021.55	\$13,743.57	\$14,436.07
2014	\$5,532.08	\$15,440.30*	\$20,972.38	\$7,027.62

*Due to an undetected water leak in 2014, the water bill was higher.

Observation

In 2013, the County refunded the Stadium \$14,436.07 and should have refunded \$14,257.43 which resulted in an overpayment to the Stadium of \$179.64.

Contract #09-0057 with the Board of Education of the Beacon City School District (BCSD)

This contract was written between BCSD and Dutchess County to lease 21 acres of land located in Fishkill for the operation of the Baseball stadium facility. The term of the contract is 2009 – 2018. For the period 2012 -2016 the annual lease payments to BCSD are \$26,250.00. Rental payments are up to date. For the period 2017-2018 lease payments increase to \$29,400 annually.

In addition to the annual lease, the County pays an additional 25% to BCSD for each mass gathering revenue received from the Stadium. Below is a chart of the revenue received from and the additional payments made to BCSD.

Event	Revenue Received	Payment to BCSD
2012 K-Fest/Wrestling	\$15,000	\$3,750
2013 K-Fest	\$10,000	\$2,500
2014- Wrestling	\$5,000	\$1,250
2014 – K-Fest	\$10,000	\$2,500

Inventory

Assets for the stadium are listed on the Parks Division inventory. Two items originally purchased in 2014 did not appear on this inventory listing: An Ice Machine purchased for \$3,601 and an Artificial Turf –Toro Sand Pro purchased for **\$25,985.23**. According to the contract "Article 9: The County shall own...equipment at the stadium. 9.2 The county and the club share responsibility for the procurement....The County and the club shall share equally the acquisition." Reimbursement totaling \$1,800.50 was properly received for the Ice Machine. The Toro Sand Pro was purchased from the H0464 Equipment bond. **In accordance with the above provision, the Stadium owes the county \$12,992.62 for its share of this equipment. At the time of our review this amount was not collected nor was it accrued for collection.**

Capital Accounts

The following expenditures are reported for the Stadium from various Capital Accounts. They do not include the interest charges or bond costs where applicable. Costs reported are cumulative from the commencement of the bond until December 31, 2014.

H0372 2006 Parks Plan	\$1,493,996.53
H0373 Stadium Capital Improvement	242,431.02
H0450 DPW – Parks	1,008,697.45
H0464 2014 Highway Equipment	<u>25,985.23</u>
Total Long Term Debt Capital Expenditures	\$2,771,110.23

H0372 – 2006 Parks Plan This capital account includes \$1,500,000 in funding as referred to in the Keystone contract and subsequent memo from the DPW Commissioner mentioned above. The memorandum states “the county will be reimbursed by the Hudson Valley Renegades 100% of the principal and interest through their annual rental payment of \$134,000/yr to the county for Stadium improvements.”

A total of **\$1,493,996.53** was reported expended from this account through 12/31/14 (*per DPW*). This is comprised of Stadium Improvements totaling \$1,389,135.41 and Professional Services – Consultants totaling \$104,861.12. Expenditures included electrical power upgrades, partial funding for the field replacement including the design, the computer for the new sign and related consulting costs for the listed projects.

Observation

The contract term ends 12/31/2016. The contract term is for 10 years and the total funds collected will be \$1,340,000. This was also noted in our previous review. The balance due of \$160,000 (plus interest) should be collected prior to the completion of this contract.

H0373 – Stadium Improvements The stadium’s annual rental payment included \$25,000 credited to this account to offset the expense. As of 12/31/2014, the total revenue received in this account was \$397,650.04. This includes revenue received and placed in a holding account prior to the capital account set up. A total of **\$242,431.02** has been expended to date. During the audit period, \$36,554.34 was expended:

Contract	Scope	Amount Paid
08-0328	Cooling system for skybox	\$ 149.74
14-0322	Install drainage system	19,896.00
11-0550	Leak in roof	10,722.00
N/A	AC Condenser charge	3,286.60
N/A	Floor mats for dugout	<u>2,500.00</u>
		\$36,554.34

H0450 – Stadium Improvements This account was established in 2013 for the replacement of artificial turf, original furnishings and equipment, machinery, apparatus, appurtenances and incidental improvements. This account is set up to provide 100% funding through Dutchess County serial bonds in the amount of \$1,010,000. A total of **\$1,008,697.45** has been expended from this bond account.

Observation:

As in the other Stadium accounts, rental payments received from the Stadium offset the expenses of repair. This account was not set up this way. The resolution states: “There shall annually be levied on all the taxable real property of said County a tax sufficient to pay the principal and interest on such bonds as the same become due and payable.” The estimated total for Principal and Interest on the resolution request stated the total cost of the 15 year Bond would be \$1,220,081. According to the County’s Administration, this debt will be factored into negotiations for the new contract in 2017.

H0464 - 2014 Highway Equipment This account was established for the purchase of various equipment by/for the Public Works Department. An Artificial Turf –Toro Sand Pro was purchased for \$25,985.23 from this account.