



MEMORANDUM

DATE: 12.17.14

TO: Tracy Davis, Deputy Finance Officer, City of Rapid City

FROM: Pepper Massey, Executive Director, Rapid City Arts Council/Dahl Arts Center

REFERENCE: 2014 Budget

Tracy,

The RCAC/Dahl budget will exceed projections in 2014 by an estimated \$18,000. The two main areas of concern are: 1. Utilities (4282-4283) and 2. Insurance (4211-4214).

1. Utilities - We came in under budget last year at \$64,420, but utility costs jumped to \$77,038 in 2014, a 20% increase totaling \$12,000. In Summer 2013 we could not have predicted the dramatic increase in the cost of utilities that were the result of Storm Atlas in October of 2013. This was exacerbated by the unprecedented and exceptionally cold and wet Winter and Spring, and cool temps that continued through Summer 2014. The wet and cool Summer further challenged the buildings HVAC system which had to be serviced and recalibrated several times to deal with the moisture.
2. Insurance - Insurance purchased by the City increased by \$1,421.

Items to Note:

We have moved our facility manager from part to full-time to take over many preventative and routine maintenance tasks previously awarded to outside contractors, at much higher rates. Repairs and Maintenance (4252-4259) were lowered by \$9,000 compared to the previous year and Professional Services (4225) were lowered by \$8,000.

However, the cost of keeping the building clean, safe and open to the public will increase 1 January 2015 due to the minimum wage increase.

The RCAC continues to be a frugal manager of the Dahl Arts Center, absorbing costs of wages and benefits while optimizing the care and maintenance of the building. Unfortunately, efficient operations and prudent spending can only go so far. With utilities and insurance costs outside of our control, and initial warranties on the new construction over, it simply costs more to maintain a building of this size.