

Agenda Item: Increase the Rental Restricted Replacement Fund Cap

Background

The Rental Restricted Replacement Fund was established with a cap of \$100,000 to cover necessary replacements and repairs for rental properties. Over the past year, the rental fees collected totaled \$200,000, highlighting a significant growth in rental revenue and increased activity. As the properties age and require updates, it has become apparent that the current cap may be insufficient to meet future replacement and repair needs effectively. The cost of replacement Items (Turf, Track, Score Board, Press Box) has an increase of 30% in the last 8-10 years.

Proposal

Increase the Rental Restricted Replacement Fund cap from \$100,000 to a more appropriate level that aligns with current revenue and anticipated expenses. This adjustment will ensure the fund's ability to support essential replacements and maintenance without jeopardizing the operational budget.

Considerations

1. **Revenue Growth:** With annual rental fees now reaching \$200,000, the existing cap represents only 50% of annual revenues.
2. **Aging Assets:** The facilities and equipment supported by the fund are aging and will require more substantial replacements in the coming years.
3. **Sustainability:** Increasing the cap would provide long-term sustainability and reduce financial strain during periods of high repair or replacement needs.

Recommended Action & VOTE

1. Approve an increase to the Rental Restricted Replacement Fund cap.
2. Consider raising the cap to \$150,000 or 75% of annual rental revenue (\$200,000), pending analysis of replacement needs and comparative benchmarks.
3. Direct staff to perform an annual review of the cap relative to rental income and repair costs, ensuring continued alignment with financial and operational requirements.