

# HOUSE APPROPRIATIONS GENERAL GOVERNMENT

## SUBCOMMITTEE PRESENTATION

### APRIL 25, 2012

## Roanoke Island Festival Park

### 1. Describe the scope of the site, including any parts run by the Friends or Foundation.

Roanoke Island Festival Park is a 25-acre interactive historic site representing the first English settlement attempt in 1585. The Park is the only site in North Carolina dedicated to the Roanoke Voyages and the first English colony in the New World. The Park interprets our national history as Roanoke Island is the birthplace of English speaking America. The colony was established 22 years before Jamestown. The mission of the Roanoke Island Commission, an independent commission within the NC Department of Cultural Resources, is to involve *residents and visitors of all ages in a creative and stimulating exploration of Roanoke Island's historical, cultural and natural resources.*

On November 22, 1983 the replica, *Elizabeth II* was launched and remains key tourist attraction for RIFP. The Park was first established as the Elizabeth II State Historic Site and in 1998, Roanoke Island Festival Park officially opened. The *Elizabeth* was one of seven ships that traveled to the New World from England. Roanoke Island Festival Park is a 27-acre site located in Manteo, NC. The attraction is located 5 miles from Nags Head which is a major tourist destination for the east coast.

The Park consists of Educational Venues, Performance Venues and Natural Venues.

- The **Educational Venues** centerpiece is the *Elizabeth II*, a representation of one of the seven English ships from the Roanoke Voyages of 1585. Visitors can climb aboard and help set the sails, plot their course and swab the decks! Visitors enjoy the interactive *Settlement Site*, a representation of a military camp in 1585. In the Settlement Site a visitor can try straw and feather beds, woodworking, and games or see the blacksmith fashion 16<sup>th</sup> century wares. Visitors can explore 400 years of Roanoke Island History at the indoor *Adventure Museum*. The newest exhibit, American Indian Town, opened in December 2009. This outdoor venue allows the visitors to explore and experience Coastal Algonquian culture and history.
- The **Visual & Performing Arts Venues** include a 240 seat Film Theatre. The venue is used to show the docu-drama, *The Legend of Two Path* and also has a variety of performances that entertain and educate the public. The Outdoor Pavilion surrounded by the Roanoke Sound, allows visitors to experience various performances in a beautiful outdoor setting. The Art Gallery features three art shows a year, many of which are community favorites. **The 50 seat auditorium is a great meeting space for lectures and films.**
- The **Natural Venues surround** the Park with 853 feet of Boardwalk and 150 feet of kayak launch, allowing for visitors and locals to walk around the site, sit and enjoy the scenic view or enjoy the kayak launch that is part of the existing boardwalk system.

School groups from N.C., Virginia, and S.C. represent a large portion of our visitor population in April, May and in October.

The Friends of Elizabeth II, Inc. manage the Museum Store on-site. The Friends also manage a 30 room, dorm-like housing unit off-site. The Housing unit provides summer housing at a reduced cost for University students who perform at the Park. In addition, The Friends offer similar housing opportunities to educational, environmental and other not for profit organizations, who are eligible for tax free consideration.

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### 2. What are the budget requirements to do these functions – how much does it cost to run the TOTAL operation? (What was spent last year FY10-11, what is budgeted this year FY11-12, and what is budgeted for FY12-13?)

Roanoke Island Commission has 4 fund codes.

#### 2584 and 2586 – Operating and Performing Arts

2584 is funded by State Appropriation and 75% of Admission Fee. Beginning in 2011/12 this fund also includes any rental income from our facilities and ticket charges for performances. This is a non-reverting fund.

2586 fund is made up of State Appropriation and are to be used to expand opportunities for students involved in the performing arts. “The Roanoke Island Commission may use these funds in conjunction with contracting with any of the constituent institutions of The University of North Carolina System to provide music and drama students and education in professional performing environment while providing a public service to the State.” This is a non-reverting fund.

Actual Expenses for 2010/11	\$2,601,113.57
Budgeted Expenses for 2011/12	\$2,188,691.00
2012/13 - Estimated Expenses	\$2,075,744.00

Effective 7/1/12, changes will be made to all RIC funds as per attached Session Law 2011 – 145.

The Commission is examining the impact of increased income that could be generated in 2012/13 and continue to evaluate the reduction of staff and operational expenses.

#### 2585 – Endowment Fund

This fund is managed by the State of North Carolina Treasury Department. The fund is made up of 25% of Ticket Revenue and interest earned. This fund is also a non-reverting fund.

80% of the interest earned in a given year was available to carry out its duties and purposes as set out by the Park as well as capital expenditures for the properties operated by the Commission. Effective 7/1/12 changes will be made to this fund as per attached Session Law 2011-145, which lifts all restrictions on the endowment fund.

There are no expenses planned to be paid from this account for 2011/12 and the Commission continues to discuss 2012/13 possible expenditures.

Endowment total as of 3/31/12 is \$2,527,735.33.

Last year's (2010-11) interest total of \$33,710 was taken by the General Fund.

Please note that the entire appropriation reduction in 2584 Operating Fund for 2011/12 included totals with the Performing Arts Fund appropriation – this was a technical mistake in the 2011 budget bill.

#### 2587 - Buzzy Lane Properties - (New Fund Code effective 7/1/2011)

This fund is made up of proceeds from the lease of properties on Buzzy Lane in Manteo, NC.

To date, rental income in 2011-12, as of March 31, 2012 is: \$7,150.00.

Total balance in fund is \$88,819.55 as of March 31, 2012.

Note: Roanoke Island Commission receives the income but does not manage the properties.

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### 3. Briefly describe the context behind or reasons for the FY11-12 and FY12-13 reductions.

In FY 11-12, the General Assembly reduced RIC's general fund appropriation by 25% and 50% in FY 2012-13. This represented a reduction of \$601,745 in FY2011-12 and an additional \$601,745 in FY 12-13, for a total appropriation reduction of \$1,203,491 next fiscal year.

### 4. What are the funding sources that support these requirements – are there certain funding sources that are tied specifically to some operations of the site? This should include resources from the Foundation/Friends groups.

All funding sources are tied to the operation of the site.

- Admission fees (increased by \$2.00 per ticket effective 3/1/2012)
- Facility Rental Fees
- Reimbursement from Outer Banks History Center on a pro rata basis of utilities, maintenance, and operating expenses
- Interest earned from the RIC Endowment account
- Donations and Gifts
- Educational Programs such as Girl Scout and Boy Scout overnights, camps or other special educational programs
- Special Ticketed Events including musical performances
- Carry Over Balance from previous years
- Friends of Elizabeth II, Inc.

### 5. How will these funding sources change in FY 12-13 and what are the plans to increase non-General Fund revenue? (This should include Foundation/Friends groups' plans.)

**Increased revenue from ticket prices:** Plans to increase revenue for FY 11-12 will carry over to FY 12-13. Ticket prices were increased by \$2.00 effective March 1, 2012.

**Facility Rental:** The site will continue to expand its availability for rental space, which will now include weddings and meetings. RIFP has joined the OBX Wedding Association and have identified four areas of the Park that are good sites for weddings or meeting space. They include the Grand Mall, Art Gallery/Meeting Room, the *Elizabeth II*, and the Pavilion grounds and stage.

**Girl Scouts/Boy Scouts programming:** RIC is developing programming with the Girl Scouts and Boy Scouts of America. A Program patch has been developed for the Girl Scouts and we are currently developing a Visitation patch for the Boy Scouts. Over night trips will include camping out in the Adventure Museum as well as day events on the Park grounds with individually crafted programs to help with some of their badge and rank requirements.

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**University Series Concerts:** A fee is now being charged for the University Performance Series. The University Series performances span from December 2011 to July 2012.

**Summer Concert Series:** is a new initiative planned for late summer to better utilize RIFP's Pavilion stage and grounds.

The impact regarding increased revenue is an unknown variable at this time. In the 2011 Legislative Session, a Special Provision was passed which directs the Friends of Elizabeth II to use unencumbered funds for operation of the Commission and establishes a Historical Roanoke Island Fund as a non-reverting enterprise fund. This will allow for more access to RIC funds.

### 6. How have these plans been implemented so far this year? What has been the result? What are the projections for next year?

#### For FY 2011-12:

- Effective 3/1/12 admission to the Park increased by \$2.00.  
Adults - \$8.00 to \$10.00  
Students (Age 6 – 17) - \$5.00 to \$7.00  
Group Rates – Adults from \$6.00 to \$7.50 and Students from \$3.75 to \$5.25  
It has been too short a period of time to know the impact of the admission increases.
- RIC began charging a fee for UNC performances that in the past have been free to the public. We currently have 33 shows scheduled for 2011/12 - Not enough performances to evaluate the impact.
- RIC staff attended the wedding show for Dare County to introduce venues available for rent – One wedding was booked in June that will utilize the ship and meeting room. The wedding business is a major industry in OBX. We have just begun marketing and promoting RIFP as a destination. It is too early to determine the outcome at this time.
- The Park is working with the Girl Scouts and Boy Scouts to implement overnights – 150 scouts thus far have been booked. The Scouts are a new and growing opportunity for the Park. The education staff continues to develop programs and attend outreach opportunities whenever possible.
- Per the Special Provision passed last year, the Outer Banks History Center (OBCH) reimbursement began effective 7/1/11 and has assisted in the sharing of the operational expenses.
- Festival Park has been focused in 2011/12 on running the park as efficiently as possible and has worked on ways to reduce the expenses and increase the revenue and operate the park based on Site generated income, State Appropriation and reducing the expenses without using other funding sources such as carry-over balances or financial support from our Friends group.
- Hurricane Irene that hit eastern NC at the end of August 2011 caused Festival Park to be closed for 5 days and caused many repairs to the site as well as devastation to our County. We have experienced two major HVAC units having to be replaced and structural damage to the Museum Store that is requiring major repairs. We are not sure how 2011/12 will shape up at this point but we are still trying to reach our goal/budget that was approved by our Commission for 2011/12.

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Due to these cuts RIC has taken the following actions to reduce expenditures this fiscal year. They include:

- 4 positions vacated and not being filled (Education, Housekeeping, Security and Ticket Sales)
- Reduction in temporary hours
- No longer staffing the Maritime Museum in downtown Manteo. This was a partnership with the town of Manteo, with RIC providing staff in the town's facility. RIFP provided programming at the site to include sailing classes, build a boat in a day and various maritime programs.
- The Art Gallery has featured 9 art shows a year at no cost to the public to visit the Art Gallery. RIC now features 3 shows a year. They are long standing community shows that include the Quilt Show, The Dare County High School Art Show and the Mollie Fearing /NC Arts Council Show.
- The state van was turned into Motor Fleet Management, automated stamp machine was returned, reduced temporary employee hours, eliminated "half price" Sunday admission to the Park.

### For FY 2012-13:

We will continue to find ways to increase our revenue for 2012/13 and begin working with the new provision - Session Law 2011-145.

Dare County is one of the top spots for destination weddings on the East Coast. RIFP has joined the OBX Wedding Association and for the first time exhibited at the Wedding Show in January 2012. We have also been working with local Outer Banks Chamber and our Friends origination to host a Chamber event on May 1 to showcase to our local business members all the offerings Festival Park has available for weddings, seminars, meetings and small conventions.

### Projected Income for 2012/13:

Admission receipts	\$ 354,511
Performing Arts	\$ 41,666
Donations/Gifts	\$ 15,000
Educational Programs	\$ 4,730
Facility Rental	\$ 43,000
OBHC Pro-Rata	\$ 15,086
Friends of Elizabeth II Inc.	\$ 296,759
Reserve/Carry Over	\$ 101,501
State Appropriation	<u>\$ 1,203,491</u> (Fund 2584 and 2586)

**Total Projected Income                      \$ 2,075,744**

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### **7. What is the gap, if any, between next year's requirements and the total of appropriations plus projected receipts, including funds from Friends, endowment, Foundation and Commissions or other funding sources?**

With operational changes and increased sources of revenue, Roanoke Island Festival Park anticipates being able to cover the projected budget for FY2012/13.

The Roanoke Island Commission is working to increase revenue. That includes ticket sales, donations, fund raising, facility rentals, enhanced educational programs along with our Friends group and other funding sources available to continue to cover our operational expenses. In preparation for the Finance Committee meeting of the Roanoke Island Commission, the Commission will review projected income and continue to discuss the personnel and operating cost in order to meet the operational needs of the Park.

### **8. What are the plans to address this gap? How will the requirements be reduced and what is the impact to the site?**

RIC will continue to look for efficiencies in operating the park and grow the sources of new revenue identified in this report. These actions are taken to support our educational programming for School Groups and Visitors in and outside of North Carolina. Roanoke Island Commission must continue its work until every school child in America knows that Roanoke Island is the birthplace of English speaking America.

### **9. What is the anticipated gap going forward? Is it expected to remain constant, increase or decrease over time as receipts increase? Please explain.**

Based on the economy, and the task of trying to meet the current and upcoming \$1,203,490 cut to RIC's appropriation in FY2012-13, the Park will need to determine at what point we can sustain cuts, increase new sources of revenue and maintain the same level of experience to the visitor. Managing school groups, visitors, concerts and weddings have a common denominator, people. The site building is 15 years old and requires more maintenance. The maintenance and repair include the building, the ship, the boardwalks, outdoor Pavilion. We need people to make these functions successful.

Roanoke Island Festival Park cannot grow, expand programs and revenue without having the necessary staff to carry out these functions.



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**10. Are there any statutory or policy changes that you would recommend to assist the sites in their operations?**

In order to support the Roanoke Island Commission to transition to become more self supporting, we respectfully request your support of the two attached Special Provisions.

One is a Special Provision entitled, "Flexibility regarding use of Summer Arts Institute Funds"- which would allow more flexibility to use these funds for operating expenses, in addition to the stated original purpose. The special provision only adds the following words to existing legislation: "and for other operating expenses of the Commission." Flexibility is critical in order to meet the legislatively mandated cuts of 25% this year and an additional 25% next year.

The second Special Provision, entitled, "Budget of the Roanoke Island Commission, " restates the Reconsideration of the appropriation level of funding for the Roanoke Island Commission for the 2013 – 15 Fiscal Biennium.

Graphs, addendums attached include:

School Visitation Map  
Session Law 2011-145  
New Provision Session Law  
Proposed Special Provisions