

## **2017 Permit Fee proposals October 21, 2016 Commission meeting**

Per section 37-327, the following information is being made available for public review :

### **A) Commission policy on the minimum cash fund balance:**

The agency has approached managing the cash fund balances (Game Cash Fund, Habitat and Aquatic Habitat Cash Funds as well as the Park Cash Fund) in a prudent and fiscally responsible fashion. The agency will continue to manage the resources in the most efficient manner possible given the available financial resources at its disposal. Due to the nature of, and reliance on, permit sales, especially big game (deer), the agency attempts to maintain an expendable balance of 25-50% of a year's operating budget.

Fund analyses presented in historic budget requests for the various cash funds have shown a desire to maintain a 25-50% reserve to ensure adequate response time to unexpected emergencies or revenue shortfalls. It should be noted that the Game Cash Fund, Habitat Cash Fund and Aquatic Habitat Cash Fund each have a portion of the balance related to the sale of lifetime permits or stamps. The principal of these amounts was to be maintained in perpetuity with only the interest amount expendable. Thus the reserve identified relates only to the 'expendable' portion of the fund (i.e. excludes the lifetime permit principle balances).

The major revenue sources for most of the agency's key cash funds (i.e. Game Cash Fund, Habitat Cash Fund, Aquatic Habitat Cash Fund and Park Cash Fund) include permit sales. Permit sales for hunting and fishing permits can be affected by weather events and biological events that are outside the control of the agency and which can be unpredictable, swift and catastrophic. Park permit sales are also quite dependent upon the weather and with a significant investment in infrastructure; a single weather event could play havoc on a parks operation, perhaps shutting it completely down. Such an event would have a serious impact to the revenue stream.

The Commission has decided it is prudent to have a minimum of 3 months operating expenses in the bank to help keep or get the agency functioning in an unfortunate event. The EHD outbreak in deer in 2012 was one recent example where the agency had to reduce the number of deer permits issued and tapped into its fund balance. Big game permits, deer in particular, are the life blood of the Game Cash Fund.

**B).** Following Spreadsheet(s) for Park Cash Fund illustrate the estimated income/expenditure and balance on a monthly basis with and without the proposed fee increases. Note that these estimates were specific to a point in time. As budgets get approved and/or better estimates become available and budgetary fund analyses are completed, the projections could change.

Estimates using the fy15 % monthly calc. AND FY15/16 actual expenditures/balances											
EXPENDABLE BALANCE GOAL IS APPROXIMATELY 25-50% OF ANNUAL REVENUE						EXPENDABLE BALANCE GOAL IS APPROXIMATELY 25-50% OF ANNUAL REVENUE					
PARK CASH FUND CURRENT FY 2016-2017	NO CHANGE IN FEES					PARK CASH FUND CURRENT FY 2016-2017	WITH FEE INCREASES EFFECTIVE FOR 2017 PERMITS				
	Expenditure estimates reflect the 7.3 million of cash funds equal 3 yrs for VENTURE PARKS (the 27.8 million donated is not reflected since it is a wash)						Expenditure estimates reflect the 7.3 million of cash funds equal 3 yrs for VENTURE PARKS (the 27.8 million donated is not reflected since it is a wash)				
	Income	%	Expenditures	%	Balance		Income	%	Expenditures	%	Balance
					\$14,064,745					\$14,064,745	
July	\$5,078,330	20.3%	\$3,126,875	11.3%	\$16,016,201	July	\$5,279,096	20.3%	\$3,126,875	11.3%	\$16,216,966
August	\$3,036,664	12.1%	\$3,334,938	12.1%	\$15,717,927	August	\$3,156,715	12.1%	\$3,334,938	12.1%	\$16,038,743
September	\$1,779,473	7.1%	\$3,544,738	12.9%	\$13,952,661	September	\$1,849,822	7.1%	\$3,544,738	12.9%	\$14,343,827
October	\$1,382,706	5.5%	\$3,081,387	11.2%	\$12,253,980	October	\$1,437,370	5.5%	\$3,081,387	11.2%	\$12,699,810
November	\$681,623	2.7%	\$1,711,936	6.2%	\$11,223,667	November	\$708,570	2.7%	\$1,711,936	6.2%	\$11,696,444
December	\$1,093,145	4.4%	\$1,694,582	6.1%	\$10,622,230	December	\$1,136,361	4.4%	\$1,694,582	6.1%	\$11,138,222
January	\$1,346,993	5.4%	\$1,689,091	6.1%	\$10,280,132	January	\$1,400,245	5.4%	\$1,689,091	6.1%	\$10,849,376
February	\$1,013,969	4.0%	\$1,465,618	5.3%	\$9,828,484	February	\$1,054,056	4.0%	\$1,465,618	5.3%	\$10,437,814
March	\$1,231,566	4.9%	\$1,286,057	4.7%	\$9,773,992	March	\$1,280,255	4.9%	\$1,286,057	4.7%	\$10,432,011
April	\$1,574,323	6.3%	\$2,084,347	7.6%	\$9,263,968	April	\$1,636,562	6.3%	\$2,084,347	7.6%	\$9,984,226
May	\$2,173,091	8.7%	\$2,183,757	7.9%	\$9,253,302	May	\$2,259,001	8.7%	\$2,183,757	7.9%	\$10,059,470
June	\$4,661,809	18.6%	\$2,357,631	8.6%	\$11,557,480	June	\$4,846,108	18.6%	\$2,357,631	8.6%	\$12,547,947
<b>TOTAL</b>	<b>\$25,053,692</b>	<b>100%</b>	<b>\$27,560,957</b>	<b>100%</b>	<b>\$11,557,480</b>	<b>TOTAL</b>	<b>\$26,044,159</b>	<b>100%</b>	<b>\$27,560,957</b>	<b>100%</b>	<b>\$12,547,947</b>
EXPENDABLE BALANCE GOAL IS APPROXIMATELY 25-50% OF ANNUAL REVENUE						EXPENDABLE BALANCE GOAL IS APPROXIMATELY 25-50% OF ANNUAL REVENUE					
PARK CASH FUND FY 2017-2018	NO CHANGE IN FEES					PARK CASH FUND FY 2017-2018	WITH FEE INCREASES EFFECTIVE FOR 2017 PERMITS				
	Expenditure estimates reflect the 7.3 million of cash funds equal 3 yrs for VENTURE PARKS (the 27.8 million donated is not reflected since it is a wash)						Expenditure estimates reflect the 7.3 million of cash funds equal 3 yrs for VENTURE PARKS (the 27.8 million donated is not reflected since it is a wash)				
	Income	%	Expenditures	%	Balance		Income	%	Expenditures	%	Balance
					\$11,557,480					\$12,547,947	
July	\$4,875,632	20.3%	\$3,298,478	11.3%	\$13,134,634	July	\$5,271,014	20.3%	\$3,298,478	11.3%	\$14,520,483
August	\$2,915,458	12.1%	\$3,517,961	12.1%	\$12,532,131	August	\$3,151,883	12.1%	\$3,517,961	12.1%	\$14,154,405
September	\$1,708,447	7.1%	\$3,739,275	12.9%	\$10,501,303	September	\$1,846,991	7.1%	\$3,739,275	12.9%	\$12,262,120
October	\$1,327,517	5.5%	\$3,250,495	11.2%	\$8,578,324	October	\$1,435,170	5.5%	\$3,250,495	11.2%	\$10,446,795
November	\$654,416	2.7%	\$1,805,888	6.2%	\$7,426,853	November	\$707,485	2.7%	\$1,805,888	6.2%	\$9,348,393
December	\$1,049,513	4.4%	\$1,787,581	6.1%	\$6,688,785	December	\$1,134,621	4.4%	\$1,787,581	6.1%	\$8,695,433
January	\$1,293,229	5.4%	\$1,781,789	6.1%	\$6,200,224	January	\$1,398,101	5.4%	\$1,781,789	6.1%	\$8,311,745
February	\$973,498	4.0%	\$1,546,051	5.3%	\$5,627,671	February	\$1,052,442	4.0%	\$1,546,051	5.3%	\$7,818,135
March	\$1,182,409	4.9%	\$1,356,637	4.7%	\$5,453,443	March	\$1,278,295	4.9%	\$1,356,637	4.7%	\$7,739,794
April	\$1,511,485	6.3%	\$2,198,736	7.6%	\$4,766,191	April	\$1,634,056	6.3%	\$2,198,736	7.6%	\$7,175,113
May	\$2,086,353	8.7%	\$2,303,602	7.9%	\$4,548,942	May	\$2,255,543	8.7%	\$2,303,602	7.9%	\$7,127,054
June	\$4,475,736	18.6%	\$2,487,018	8.6%	\$6,537,660	June	\$4,838,689	18.6%	\$2,487,018	8.6%	\$9,478,725
<b>TOTAL</b>	<b>\$24,053,692</b>	<b>100%</b>	<b>\$29,073,512</b>	<b>100%</b>	<b>\$6,537,660</b>	<b>TOTAL</b>	<b>\$26,004,290</b>	<b>100%</b>	<b>\$29,073,512</b>	<b>100%</b>	<b>\$9,478,725</b>
EXPENDABLE BALANCE GOAL IS APPROXIMATELY 25-50% OF ANNUAL REVENUE						EXPENDABLE BALANCE GOAL IS APPROXIMATELY 25-50% OF ANNUAL REVENUE					
PARK CASH FUND FY 2018-2019	NO CHANGE IN FEES					PARK CASH FUND FY 2018-2019	WITH FEE INCREASES EFFECTIVE FOR 2017 PERMITS				
	Expenditure estimates reflect the 7.3 million of cash funds equal 3 yrs for VENTURE PARKS (the 27.8 million donated is not reflected since it is a wash)						Expenditure estimates reflect the 7.3 million of cash funds equal 3 yrs for VENTURE PARKS (the 27.8 million donated is not reflected since it is a wash)				
	Income	%	Expenditures	%	Balance		Income	%	Expenditures	%	Balance
					\$6,537,660					\$9,478,725	
July	\$4,875,632	20.3%	\$3,028,747	11.3%	\$8,384,545	July	\$5,258,572	20.3%	\$3,028,747	11.3%	\$11,708,550
August	\$2,915,458	12.1%	\$3,230,281	12.1%	\$8,069,723	August	\$3,144,443	12.1%	\$3,230,281	12.1%	\$11,622,712
September	\$1,708,447	7.1%	\$3,433,497	12.9%	\$6,344,672	September	\$1,842,631	7.1%	\$3,433,497	12.9%	\$10,031,845
October	\$1,327,517	5.5%	\$2,984,687	11.2%	\$4,687,501	October	\$1,431,782	5.5%	\$2,984,687	11.2%	\$8,478,940
November	\$654,416	2.7%	\$1,658,212	6.2%	\$3,683,706	November	\$705,815	2.7%	\$1,658,212	6.2%	\$7,526,543
December	\$1,049,513	4.4%	\$1,641,403	6.1%	\$3,091,816	December	\$1,131,943	4.4%	\$1,641,403	6.1%	\$7,017,083
January	\$1,293,229	5.4%	\$1,636,084	6.1%	\$2,748,960	January	\$1,394,801	5.4%	\$1,636,084	6.1%	\$6,775,800
February	\$973,498	4.0%	\$1,419,623	5.3%	\$2,302,834	February	\$1,049,958	4.0%	\$1,419,623	5.3%	\$6,406,134
March	\$1,182,409	4.9%	\$1,245,698	4.7%	\$2,239,545	March	\$1,275,277	4.9%	\$1,245,698	4.7%	\$6,435,713
April	\$1,511,485	6.3%	\$2,018,936	7.6%	\$1,732,094	April	\$1,630,199	6.3%	\$2,018,936	7.6%	\$6,046,977
May	\$2,086,353	8.7%	\$2,115,226	7.9%	\$1,703,221	May	\$2,250,219	8.7%	\$2,115,226	7.9%	\$6,181,969
June	\$4,475,736	18.6%	\$2,283,644	8.6%	\$3,895,314	June	\$4,827,267	18.6%	\$2,283,644	8.6%	\$8,725,593
<b>TOTAL</b>	<b>\$24,053,692</b>	<b>100%</b>	<b>\$26,696,038</b>	<b>100%</b>	<b>\$3,895,314</b>	<b>TOTAL</b>	<b>\$25,942,906</b>	<b>100%</b>	<b>\$26,696,038</b>	<b>100%</b>	<b>\$8,725,593</b>

Note decline in revenue relates to lower balance and thus interest earnings

C) Reason for proposed fee increase: The agency's authority to establish permit fees is set in statute. In some cases the actual fee is set in statute (e.g. stamps, park entry permits), while others (hunt/fish type) provide a fee "not to exceed", or "cap". Most permit fees of the latter type were maxed out at the maximum statutory level in 2008-9. Legislative authority to increase the permit caps was sought and approved through LB745 in the 2016 Legislature. LB745 established the new minimum fee for an Annual Park Entry Permit (for a Nebraska licensed/registered vehicle) at \$30 and the Daily at \$6. A non-Nebraska licensed/registered vehicle Annual permit is to be no more than \$45 while the daily could be no more than \$8.

Due to the fund projections, the desire to maintain a minimum balance in the 25% range and to meet the minimum amount identified in statute it is imperative that the fees be increased. The major factor considered was the new minimum fee established in statute and public input related to the contribution of residents versus nonresidents in Park support (i.e. taxes and general fund) as well as future revenue potential.