

TO: Peoria City Council

FROM: Peoria Civic Center Authority and SMG

DATE: September 26, 2017

SUBJECT: FY18 Proposed Budget

Attached is the proposed FY18 budget for your consideration. The Finance Committee approved this budget at its meeting on August 22, 2017. The Authority Board approved this budget at its meeting on August 24, 2017.

The summary below shows a FY18 budget deficit of (\$543,230).

<u>Budget Summary</u>	<u>FY18 Proposed</u>	<u>FY17 Approved</u>
Revenue	\$5,757,682	\$6,248,417
Expense	<u>\$6,300,912</u>	<u>\$6,684,726</u>
Operating Income (Loss)	(\$543,230)	(\$436,309)

FY17 Overview

The convention center had a good year with conventions, consumer, sporting and trade shows coming in over budget. The arena experienced a cyclical increase in concerts and a decrease in entertainment events from prior year. The theater hosted a 2-week run of the blockbuster Broadway title Wicked which caused overall season ticket sales to be very strong. Theater concerts and entertainment events also experienced a strong year. Indirect expenses were kept in line with savings occurring in the wages/benefits, insurance, and electricity categories.

FY18 Overview

The FY18 budget projects an 11.4% decrease for revenues and a 0.6% decrease for expenses versus FY17. Advertising revenues have been budgeted to decrease by 10% and suite income by 18% due to having one open suite. Indirect expenses are projected to decrease by \$41,000 versus FY17 with total personnel costs increasing by 1.07%. Electricity and insurance expense are budgeted to decrease with heating fuel and repairs/maintenance expected to increase. The HRA subsidy is projected to decrease by 18% in FY18.

Convention Center

The Convention Center has been budgeted for a decrease of 3.7% over FY17. Strong goals have been set for short-term business in banquets and meetings in order to help offset the projected decrease in consumer and convention sales.

Arena

The Arena is projecting a cyclical decrease of \$248,000 in concerts, while we forecast a \$175,000 increase in entertainment events over FY17. Overall, the arena is budgeted for a \$26,000 decrease over the prior year.

Theater

FY18 booking goals for the Theater were increased in the concert and entertainment categories. The Broadway category includes commercially-strong titles for the upcoming season, but no multi-week major anchor such as Wicked in FY17. The year-over-year difference in this category is a \$562,000 decrease and fully accounts for the reduction in the Theater business in FY18.