

TO: Peoria City Council

FROM: Peoria Civic Center Authority and SMG

DATE: September 11, 2018

SUBJECT: FY19 Proposed Budget

Attached is the proposed FY19 budget for your consideration. The Finance Committee approved this budget at its meeting on August 21, 2018. The Authority Board approved this budget at its meeting on August 23, 2018.

The summary below shows a FY19 budget deficit of (\$366,012).

<u>Budget Summary</u>	<u>FY19 Proposed</u>	<u>FY18 Projected</u>
Revenue	\$5,731,197	\$5,427,630
Expense	<u>\$6,635,696</u>	<u>\$6,178,024</u>
Operating Income (Loss)	(\$904,499)	(\$750,394)
HRA Tax Subsidy	<u>\$538,487</u>	<u>\$454,546</u>
Adjusted Income (Loss)	(\$366,012)	(\$295,848)

FY18 Overview

The convention center had a good year with conventions, assemblies and sporting coming in over budget. The arena experienced a cyclical decrease in concerts and an increase in entertainment events from prior year. The Broadway category in the theater did not have a multi-week anchor such as Wicked in FY17 which caused overall season ticket sales to be down by \$468,000. Theater family and performances events also experienced a strong year. Indirect expenses were kept in line with savings occurring in the wages/benefits and heating categories.

FY19 Overview

The FY19 budget projects a 5.65% increase for revenues and a 7.54% increase for expenses versus FY18. Advertising revenues have been budgeted to remain flat. Indirect expenses are

projected to increase by \$465,000 versus FY18 with total personnel costs increasing by 10.07% with a third of the entire increase due to health care. Total personnel costs compared to FY17 are expected to increase by approximately 6.88%. Heating Fuel and insurance expense are budgeted to decrease with electricity and supplies expected to increase. The HRA subsidy is projected to be consistent from FY18.

Convention Center

The Convention Center has been budgeted for a decrease of 9.68% over FY18. Strong goals have been in Consumer and Sporting in order to help offset the projected decrease in conventions and banquets.

Arena

The Arena is projecting a cyclical increase of \$194,000 in concerts, while we forecast an \$181,000 decrease in entertainment events over FY18. Overall, the arena is budgeted for an \$11,245 increase over the prior year.

Theater

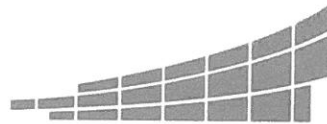
FY19 booking goals for the Theater were increased in the concert and family categories. The Broadway category for the upcoming season has a four-event series is anchored by a 15-performance run of Disney's The Lion King with additional performances of Stomp, Finding Neverland, and Rent. The year-over-year difference in this category is a \$539,000 increase and fully accounts for the tremendous increase in the Theater business in FY19.



PEORIA CIVIC CENTER

OPERATING AND CAPITAL BUDGET

FISCAL YEAR ENDING AUGUST 31, 2019



PEORIA CIVIC CENTER®



PEORIA CIVIC CENTER
Operating and Capital Budget
Fiscal Year Ending 8/31/19

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**Peoria Civic Center
Budget
For Fiscal Year Ending 8/31/19**

Event Days		465
Attendance		579,226
Direct Event Income		
	Gross Sales	15,836,905
	Cost of Sales	14,295,131
	Direct Event Income	\$ 1,541,774
Ancillary Income		
	Concessions	\$ 1,053,740
	Catering	\$ 865,645
	Novelties	\$ 82,097
	Parking	\$ 335,698
	Advertising Commissions	\$ 34,699
	Facility Improvement Fee	\$ 607,610
	Ticket Incentives	\$ 489,924
	Total Ancillary Income	<u>\$ 3,469,413</u>
	Total Event Income	\$ 5,011,187
Total Other Income		\$ 720,510
H.R.A. Tax Subsidy Net to PCCA		\$ 538,487
Adjusted Gross Income		\$ 6,270,184
Indirect Expenses		<u>\$ (6,660,696)</u>
Net Income (Loss) Before Depreciation		\$ (390,512)
Depreciation		\$ (6,066,824)
Net Loss		<u><u>\$ (6,457,336)</u></u>

**PEORIA CIVIC CENTER AUTHORITY
CAPITAL EXPENDITURES BUDGET YEAR ENDING 8/31/19**

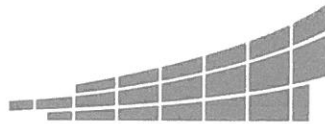
Number	Description				
901	Event Equipment			\$	200,000.00
	FF&E	\$	90,000		
	Audio/Visual	\$	110,000		
902	Equipment-Operations and Cleaning Equipment	\$	8,000	\$	8,000.00
903	Office Equipment, Computers & Storage	\$	20,000	\$	20,000.00
904	Mechanical/Electrical Systems			\$	207,000.00
	HVAC	\$	25,000		
	Plumbing	\$	25,000		
	Electrical	\$	25,000		
	Siemens MEC	\$	30,000		
	Water Softner	\$	12,000		
	LED upgrade	\$	50,000		
	Cooling Towers	\$	25,000		
	Irrigation	\$	15,000		
905	Concrete	\$	10,000	\$	10,000.00
909	Capital Project Contingency	\$	50,000	\$	50,000.00
910	Catering And Concessions Equipment	\$	25,000	\$	45,000.00
	Kitchen Update	\$	20,000		
911	Doors/Airwalls	\$	20,000	\$	40,000.00
	Refinish Airwalls	\$	20,000		
912	* Sponsorship updates			\$	20,000.00
	Arena Lofts	\$	20,000		
Total FY 2019 Capital Budget		\$	600,000	\$	600,000



PEORIA CIVIC CENTER

OPERATING AND CAPITAL BUDGET

FISCAL YEAR ENDING AUGUST 31, 2019



PEORIA CIVIC CENTER®

SUPPORTING DOCUMENTS

FY 19 Proposed Budget

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**PEORIA CIVIC CENTER
FACILITY UTILIZATION STATS
FY18 GOALS COMPARED TO 4 PREVIOUS YEARS**

Convention Center

Ballroom / Meeting Rooms		FY19 Goal	FY18 Projected	FY17	FY16	FY15
	Square Feet					
400	11,230		37%	33%	34%	31%
401	1,800		34%	31%	36%	41%
402	1,800		34%	31%	36%	34%
403	1,800		31%	31%	34%	34%
404	1,800		31%	31%	34%	33%
405	1,800		32%	31%	33%	30%
406	1,800		30%	28%	30%	28%
407	1,800		30%	28%	29%	28%
408	1,800		28%	27%	28%	25%
	25,630		34%	31%	33%	31%

Other Meeting Rooms

	Square Feet	FY19 Goal	FY18 Projected	FY17	FY16	FY15
134	1,200		24%	27%	24%	20%
135	1,500		28%	30%	31%	33%
136	1,160		25%	30%	30%	27%
200	600		18%	18%	21%	15%
201	490		18%	19%	22%	16%
202	530		18%	19%	22%	20%
203	525		18%	19%	22%	16%
209	929		21%	25%	39%	22%
210	608		22%	24%	26%	20%
211	608		22%	23%	25%	18%
212	608		24%	24%	29%	22%
213	672		25%	22%	31%	24%
218	644		21%	20%	36%	21%
220	1,797		29%	30%	33%	19%
221	2,181		29%	28%	32%	20%
222	3,303		27%	30%	45%	27%
	17,355		25%	27%	32%	23%

Exhibit Halls

	Square Feet	FY19 Goal	FY18 Projected	FY17	FY16	FY15
Hall A	18,681		28%	30%	33%	25%
Hall B	13,953		33%	36%	34%	27%
Hall C	31,034		35%	36%	37%	30%
Hall D	45,000		28%	30%	30%	27%
	108,668		30%	32%	33%	27%

Total **151,653** **31%** **30%** **32%** **33%** **28%**

	FY19 Goal	FY18 Projected	FY17	FY16	FY15
THEATER	28%	23%	27%	30%	31%

	FY19 Goal	FY18 Projected	FY17	FY16	FY15
ARENA	28%	31%	25%	28%	28%

**Peoria Civic Center
Budget Highlights
For Fiscal Year Ending 8/31/19**

Event Attendance	2019 Budget	2018 Projected	2017 Actual	2016 Actual	2015 Actual
Conventions / Trade Shows	153,203	185,507	220,696	185,895	143,673
Banquets	26,094	28,917	26,341	32,081	31,336
Meetings	12,395	9,426	11,198	9,486	10,901
Family	27,400	26,512	21,930	9,835	18,041
Sports	197,236	192,830	183,742	198,196	197,498
Entertainment	25,753	31,585	20,423	26,870	40,587
Concerts	60,155	41,258	77,018	65,860	71,022
Performances	68,000	49,403	72,095	61,938	55,946
Other	8,990	9,585	7,450	10,918	6,846
Total Event Attendance	579,226	575,023	640,893	601,079	575,850

Event Days	2019 Budget	2018 Projected	2017 Actual	2016 Actual	2015 Actual
Conventions / Trade Shows	126	192	221	264	190
Banquets	81	91	109	117	102
Meetings	50	60	68	73	140
Family	12	9	8	5	10
Sports	98	100	95	97	86
Entertainment	10	14	12	14	22
Concerts	19	17	23	19	21
Performances	52	45	55	67	72
Other	17	37	16	40	61
Total Event Days	465	565	607	696	704

**Peoria Civic Center
Statement of Income
For Fiscal Year Ending 8/31/19**

	2019 Budget	2018 Projected	2017 Actual
Event Income			
Direct Event Income	1,541,774	1,186,505	1,244,775
Concessions Income	1,053,740	1,046,973	1,509,167
Catering Income	865,645	1,013,735	1,015,395
Merchandise Income	82,097	71,030	102,975
Parking Income	335,698	330,884	415,037
Advertising Commissions	34,699	31,675	39,708
Facility Improvement Fee	607,610	531,281	636,317
Ticket Incentives	489,924	480,936	722,047
Total Event Income	5,011,187	4,693,019	5,685,421
Other Operating Revenues			
Non Event Parking	5,235	(3,000)	5,055
Suite Income	135,001	134,525	174,450
Advertising - Signage & Sponsorships	471,373	475,018	526,758
Guaranteed Ticket Club Membership Fees	0	0	0
Miscellaneous Income	8,400	28,068	9,711
SMG Capital Contribution	100,000	100,000	100,000
Concession Investment	0	0	0
Total Other Operating Revenues	720,010	734,611	815,974
Total Operating Revenues	5,731,197	5,427,630	6,501,395
Indirect Expenses			
Executive	263,380	214,519	210,645
Finance	392,695	343,358	420,931
Marketing	318,623	278,357	371,476
Convention Sales	218,565	203,857	285,132
Operations	2,528,065	2,370,968	2,465,092
Box Office	299,965	245,507	219,897
Authority	2,000	1,833	1,649
Overhead	1,730,477	1,712,871	1,738,479
Savor	881,926	806,754	860,900
Total Indirect Expenses	6,635,696	6,178,024	6,574,201
Operating Income Before Depreciation Net of TRF	(904,499)	(750,394)	(72,806)
Operating Income Before Depreciation	(1,746,852)	(1,592,747)	(911,299)
Depreciation	6,066,824	5,777,922	5,539,490
Operating Loss	(6,971,323)	(6,528,316)	(5,612,296)
Non-Operating Revenues (Expenses)			
Interest Income	500	0	821
Provision for Bad Debts	(5,000)	(1,125)	(9,679)
Interest Expense	(20,000)	(18,676)	(27,631)
HRA Tax Subsidy	538,487	454,546	631,029
Total Non-Operating Revenues (Expenses)	513,987	434,745	594,540
Net Loss	(6,457,336)	(6,093,571)	(5,017,756)
without depreciation	(390,512)	(315,649)	521,734

**Peoria Civic Center
Statement of Cash Flows
For Fiscal Year Ending 8/31/19**

	<u>Total Budget</u>	<u>FY18</u>
Cashflow from Operating Activities:		
Net Loss	(6,457,336)	(6,093,571)
Depreciation	6,066,824	5,777,922
Adjustments to Net Loss:		
Amortization of CenterPlate Investment	-	-
Changes in Assets & Liabilities:		
Accounts Receivable		
Prepaid Expenses		
Other Assets		
Accounts Payable & Accrued Expenses		
Net TRF Grants		
Advance Deposits & Ticket Sales		
Long Term Liabilities	(110,000) ¹	(190,024)
Net Cash Provided by Operating Activities	<u>(500,512)</u>	<u>(505,673)</u>
Cashflow from Capital & Related Financing Activities:		
FY18 Capital Expenditures	(600,000)	(734,315)
Funding from DCEO Grant	-	-
FY17SMG/Savor Capital Investment Expenditures	-	-
Funding from SMG/Savor Capital Investment	-	-
Net Cash used in Investing Activities	<u>(600,000)</u>	<u>(734,315)</u>
Net Increase (Decrease) in Cash	(1,100,512)	(1,239,988)
Beginning Balance (Unreserved Cash)	<u>948,349</u>	<u>2,188,338</u>
Ending Balance	<u><u>(152,163)</u></u>	<u><u>948,349</u></u>

1) Principal amount of land acquisition debt,
club room / suites debt, and scoreboard debt.