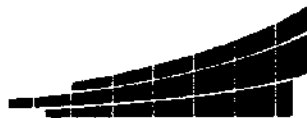




PEORIA CIVIC CENTER

Operating and Capital Budget

Fiscal Year Ended August 31, 2009



PEORIA CIVIC CENTER®

**AN ORDINANCE ADOPTING THE BUDGET AND MARKING THE
APPROPRIATION OF THE PEORIA CIVIC CENTER AUTHORITY
FOR THE FISCAL YEAR COMMENCING SEPTEMBER 1, 2008**

WHEREAS, a public hearing on the annual budget, attached hereto, was held on August 28, 2008; and

WHEREAS, nature of said public hearing was published in the Peoria Journal Star on July 27, 2008;

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE PEORIA CIVIC CENTER AUTHORITY;

Section 1. The annual budget for the fiscal year commencing September 1, 2008, a copy of which is attached hereto, is hereby adopted.

Section 2. The sums of money set apart according to the budget, as attached hereto, are hereby appropriated for the objects and purposes stated in said budget to defray necessary expenses and liabilities of the Peoria Civic Center Authority, to be paid or incurred during the fiscal year beginning September 1, 2008 and ending August 31, 2009.

Section 3. The officers, employees, manager and agents of the Peoria Civic Center Authority shall administer the amounts appropriated by this ordinance.

Section 4. This appropriation and budget is made pursuant to Illinois Revised Statutes, 1989, Chapter 85, §801, *et seq.*, and is subject to the obligations, rights and provisions thereof.

ADOPTED this 28th day of August, 2008, by the Board of Commissioners of the Peoria Civic Center Authority.

APPROVED:



Its Chair

ATTEST:



Its Vice Chair



PEORIA CIVIC CENTER
Operating and Capital Budget
Fiscal Year Ending 8/31/09

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**Peoria Civic Center
Budget
Budget - Year Ending 8/31/09**

Event Days		625
Attendance		822,705
Direct Event Income		
	Rent Income	\$ 2,665,469
	Net Services Income	<u>\$ (225,035)</u>
	Direct Event Income	\$ 2,440,434
Ancillary Income		
	Food & Beverage	\$ 1,262,978
	Novelties	\$ 122,083
	Parking	<u>\$ 466,362</u>
	Total Ancillary Income	<u>\$ 1,851,423</u>
	Total Event Income	\$ 4,291,857
Total Other Income		\$ 2,195,000
H.R.A. Tax Revenues Net to PCCA		\$ 1,800,000
Adjusted Gross Income		\$ 8,286,857
Indirect Expenses		<u>\$ (6,601,467)</u>
Net Income (Loss) Before Depreciation		\$ 1,685,390
Depreciation		\$ (5,039,950)
Net Income		<u>\$ (3,354,560)</u>
Total Capital Improvements		\$ (3,285,000)
Funding from City Bond Proceeds & Loan		\$ 2,200,000
Net Cash Provided by Operations		<u>\$ 1,171,300</u>
Net Increase (Decrease) In Cash		\$ 86,390
Cash Balance Beginning of Year		<u>\$ 4,722,818</u>
Cash Balance End of Year		<u>\$ 4,809,208</u>

**PEORIA CIVIC CENTER AUTHORITY
CAPITAL EXPENDITURES BUDGET
YEAR ENDING 8/31/09**

FY 09 CAPITAL PROJECTS

Project Number	Description		
0901	Event Equipment	\$	50,000
0902	Cleaning and Maintenance Equipment	\$	10,000
0905	Office Equipment, Computers & Storage	\$	20,000
0908	HVAC Upgrades	\$	20,000
0912	Electrical Upgrades	\$	70,000
0913	Plumbing Upgrades	\$	10,000
0914	Data/Communications Equipment	\$	20,000
0915	Security Systems	\$	5,000
0916	Life Safety	\$	10,000
0921	Moveable Equipment	\$	25,000
0923	Remodeling	\$	50,000
0940	Capital Project Contingency	\$	100,000
0950	Merchandise Displays	\$	5,000
0955	Concert Staging/Risers	\$	160,000
0960	Ice Floor Covering	\$	60,000
0970	Theater House Exterior Door Replacement	\$	20,000
0980	Elevator Refurbishment	\$	100,000
		<u>\$</u>	<u>735,000</u>
0990	* Scoreboard Replacement	\$	300,000
	TOTAL FY 09 CAPITAL BUDGET	\$	1,035,000

* To be funded via bank loan. This amount is in addition to the \$700,000 that was budgeted in FY08.

PEORIA CIVIC CENTER

OPERATING AND CAPITAL BUDGET
FISCAL YEAR ENDING AUGUST 31, 2009

SUPPORTING DOCUMENTS



BUDGET OVERVIEW, FY2009

By Shaun Schoonover, Director of Finance

The proposed FY2009 budget projects continued growth in revenues as the new facility has become a showcase for downstate Illinois. However, utilities continue their growth at an unexpected rate. In FY2008, operating income grew by nearly \$100,000 as the new facility was in operation for the full twelve months. Combined with the \$250,000 operating income improvement of the previous year, the objective of break even operations seems well within reach over the next few years with continued revenue growth.

In an effort to better understand how that improvement is planned, a breakdown by each of the major components may prove helpful. The main components of the budget are event income, other operating income, indirect expenses, depreciation, and non-operating income / expenses.

Event income is all event income, net of event expenses, that is generated by events that take place at the Peoria Civic Center. Rent, service income (billables less expenses), concessions, catering, novelties (merchandise sales), and parking are the revenue accounts that make up event income. The FY2009 forecast for event income is approximately \$4.3 million, an improvement of over \$335,000 or 8%. The major factors attributed to this are increased events in meetings, banquets, conventions, trade shows, and performances. Concert attendance has been budgeted to remain pretty flat. Also, Bradley had a three CBI games in FY2008, but a postseason game is not budgeted for FY2009. Increases in rent and billable rates will be needed this year to offset the rising costs of utilities.

Other operating revenues are additional Peoria Civic Center revenue sources, some of which are dependent on the event load and some which are not. The biggest piece of this segment is advertising revenues. A continued increase has been budgeted in this area with the objective of a few new sponsorships being contracted in FY2009. The 2nd biggest line item is ticket improvement fees. A fifty cent increase in the fee is being implemented in September. This increase will not be placed on the tickets of local tenants until September 2010. Other major line items of income are ticket incentives (royalties from Ticketmaster), concession investments (amortization of the CenterPlate investment & utility reimbursement based on gross sales), and luxury box income. Total other operating revenues are budgeted at a little over \$2 million, an improvement of \$135,000 or 7%.

Indirect expenses are all of the expenses associated with running the facility that are not directly allocated to events. These expenses are departmentalized into executive, finance, marketing, convention sales, box office, operations, authority, and overhead. As mentioned earlier, utilities have been budgeted with a large increase. Natural gas prices (heating of the building) are being forecasted with a growth of 25%. Our electricity contract with Sempra Energy has been extended for three more years. The energy consortium has grown and now consists of the City of Peoria, County of Peoria, City of East Peoria, County of Tazewell, Pekin Park District, Pekin Library, as well as the Peoria Civic Center. This consortium has enabled the entities involved to leverage better prices. An energy audit is planned for the coming year. Quotes are being obtained right now. Salaries have been budgeted with an average increase of 4% and employee benefits (mainly health insurance) have been budgeted with a 10% increase. In FY2008, the operations department saw large expense increases in repairs and maintenance, which includes the many new maintenance agreements that were put into place with the new facility and new equipment. Those increases have been budgeted to level off in FY2009. In total, the budget for indirect expenses is nearly \$6.5 million, an increase of 6%.

Other operating income is made up of four categories: 1) HRA tax subsidy, 2) interest income, 3) interest expense, and 4) bad debt expense. The major revenue source is HRA tax subsidy which is projected to generate \$1.8 million in FY2009. HRA has been budgeted to stay flat in the coming year as the economy has slowed.

The unreserved cash balance of the Peoria Civic Center has been projected to be approximately \$2.8 million at the close of FY2009. This balance consists of operating cash balances and investments (reserves held in CD's). It was planned to hold this level of cash flow throughout the early years of the project and then grow the reserves as the stabilization of revenues occurs.

**FY09 Budget
Major Changes and Projections**

	<u>Net change</u>	<u>% change</u>
Net Operating Loss - FY08	<u>(\$235,894)</u>	
Major FY09 Changes		
Additional Utilities Cost	(\$232,094)	-23%
Ticket Improvement Fee	\$79,256	19%
	<u>(\$152,838)</u>	<u>(A)</u>
FY09 Projections		
Event Income	\$334,659	8%
Other Op Revenues (excl ticket impr fees)	\$58,559	4%
Indirect Expenses (excl utilities)	(\$114,293)	-2%
	<u>\$278,925</u>	<u>(B)</u>
	<hr/>	
Net Operating Loss - FY09	<u>(\$109,807)</u>	

(A) These two items represent the significant changes in the proposed budget. The natural gas prices have been projected (by our Proliance representative) to increase by 25%. The electric prices have been budgeted with an increase of approximately 20%.

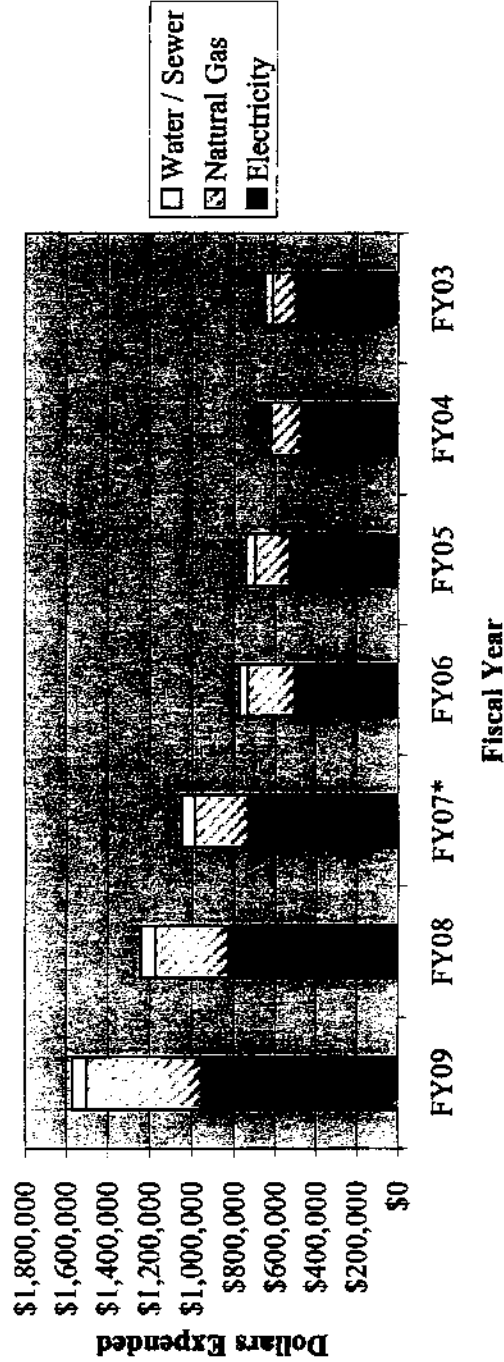
Effective September 1, the ticket improvement fee will be increased to \$2.00 (from \$1.50) for all non-local tenant events. Local tenants will not have a 50 cent increase until September 1, 2009.

(B) This column shows the growth projections for the revenues and expenses that affect operating income, excluding the major changes. The budget projects a nearly \$280,000 improvement in the coming year, not including the utilities and ticket improvement fee increase.

Utilities History
Peoria Civic Center

	FY09	FY08	FY07*	FY06	FY05	FY04	FY03
Natural Gas	\$440,000	\$351,754	\$239,002	\$235,111	\$170,275	\$156,744	\$124,403
	25.1%	35.8%	10.2%	8.6%	26.0%		
Electricity	\$950,000	\$818,753	\$726,770	\$497,308	\$525,742	\$467,833	\$489,577
	16.0%	12.7%	46.1%	5.4%	12.4%	-4.4%	
Water / Sewer	\$83,000	\$70,399	\$65,606	\$42,456	\$46,004	\$19,054	\$25,794
	17.9%	7.3%	54.5%	-7.7%	141.4%	-46.8%	
	\$1,473,000	\$1,240,906	\$1,031,378	\$774,875	\$742,021	\$643,631	\$649,774
	18.7%	18.0%	35.7%	4.4%	15.3%	-0.9%	
\$ Increase With Annual Growth of:	\$232,094	\$189,528	\$276,503	\$32,854	\$98,390	(\$6,143)	
	10.0%	\$1,151,114	\$931,334	\$864,849	\$786,227	\$714,751	\$649,774

PCC Utilities



* The Peoria Civic Center expansion opened in March 2007. This increased the square footage of the facility by nearly 25%.

**Peoria Civic Center
Budget Highlights
Budget - Year Ending 8/31/09**

	FY2009 Budget	FY2008 Act / Est
Income		
Event Income	\$ 4,291,857	\$ 3,957,198
Other Income	\$ 2,035,000	\$ 1,897,185
Indirect Expenses	\$ (6,436,664)	\$ (6,090,277)
Depreciation	\$ (5,039,950)	\$ (4,917,024)
Non Operating Revenues	\$ 1,795,197	\$ 1,783,302
Total Income	\$ (3,354,560)	\$ (3,369,616)
Events		
Sports	123	116
Concerts	33	32
Family	7	6
Conventions / Trade Shows	146	131
Meetings	146	143
Barquets	105	103
Performances	65	59
Total Events	625	590

MAJOR ASSUMPTIONS

Event Income

Bradley projections have been lowered due to the three CBI games that occurred in FY08.

The Pirates have been added to the budget for FY09.

Sports has significant growth due to the Roller Sports event in July and August.

Continued growth has been budgeted in the convention / trade show category.

Other Income

Advertising signage and sponsorships has been budgeted with continued growth.

An increase has been projected for the ticket improvement fee. The fee will increase to \$2.00 from \$1.50 for non-tenant events.

Indirect Expenses

Salaries expense for budget purposes includes an estimated 4% increase for all employees.

Employee Benefits which include health insurance have been budgeted with a 10% increase.

Utilities have been budgeted with a large increase due to the higher price of natural gas and the renewal of our electric contract at a higher price.

Non-Operating Revenues (Expenses)

HRA taxes have been budgeted to stay flat in FY09.

**Peoria Civic Center
Statement of Income
Budget - Year Ending 8/31/09**

	2009 Budget	2008 Act / Est
Event Income		
Direct Event Income	2,440,434	2,189,680
Concessions Income	811,045	804,258
Catering Income	451,934	382,572
Novelty Income	122,083	119,847
Parking Income	466,362	460,842
Total Event Income	<u>4,291,857</u>	<u>3,857,198</u>
Other Operating Revenues		
Non Event Parking	18,000	16,112
Luxury Box Income	150,000	147,777
Advertising Commissions	50,000	39,608
Advertising - Signage & Sponsorships	600,000	552,366
Reimbursements - Mktg.	30,000	28,571
Ticket Improvement Fee	500,000	420,744
Ticket Incentives	280,000	263,324
Guarenteed Ticket Club Membership Fees	12,000	10,976
Other Income	25,000	61,019
SMG Capital Contribution	50,000	50,000
Concession Investment	320,000	306,688
Total Other Operating Revenues	<u>2,035,000</u>	<u>1,897,185</u>
Adjusted Gross Income	6,326,857	5,854,383
Indirect Expenses		
Executive	415,561	419,626
Finance	403,552	389,185
Marketing	451,529	446,282
Convention Sales	177,882	171,166
Operations	2,334,403	2,281,920
Box Office	254,264	235,349
Authority	5,000	3,491
Overhead	2,394,474	2,143,258
Total Indirect Expenses	<u>6,436,664</u>	<u>6,090,277</u>
Operating Income Before Depreciation	(109,807)	(235,894)
Depreciation	5,039,950	4,917,024
Operating Income (Loss)	(5,149,757)	(5,152,918)
Non-Operating Revenues (Expenses)		
Interest Income	160,000	180,882
Provision for Bad Debts	(8,000)	(11,532)
Interest Expense	(156,803)	(165,821)
HRA Tax Revenue	1,800,000	1,778,762
Total Non-Operating Revenues (Expenses)	1,795,197	1,783,302
Net Income (Loss)	<u>(3,354,560)</u>	<u>(3,369,616)</u>

**Peoria Civic Center
Statement of Cash Flows
Budget - Year Ending 8/31/09**

	Total Budget
Cashflow from Operating Activities:	
Net Income (Loss)	(3,354,560)
Depreciation	5,039,950
Adjustments to Net Income (Loss):	
Amortization of CenterPlate Investment	(140,000)
Amortization of SMG Investment	(50,000)
Changes in Assets & Liabilities:	
Accounts Receivable	-
Prepaid Expenses	-
Other Assets	-
Accounts Payable & Accrued Expenses	-
PCCA Expenses	-
Advance Deposits & Ticket Sales	-
Long Term Liabilities	(324,000) ¹
Net Cash Provided by Operating Activities	1,171,390
Cashflow from Capital & Related Financing Activities:	
FY08 Capital Expenditures	(735,000)
PY Capital Expenditures	(350,000)
Scoreboard Replacement	(1,000,000)
Scoreboard Loan	1,000,000
Redevelopment Expenditures	(1,200,000)
Funding From City	1,200,000
Net Cash used in Investing Activities	(1,085,000)
Net Increase (Decrease) In Cash	86,390
Beginning Balance	4,722,818
Ending Balance	4,809,208

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

**Peoria Civic Center
Schedule of Events
Budget - Year Ending 8/31/09**

	<u>FY09</u> <u>Budget</u>	<u>FY08</u> <u>Act / Est</u>
Bradley Basketball	16	20
Rivermen Pre Season	2	2
Rivermen Regular Season	39	40
Rivermen Playoffs		
Peoria Pirates	8	8
Sporting	<u>58</u>	<u>46</u>
Sub Total Sports	<u>123</u>	<u>116</u>
Arena Concerts - Small	3	3
Arena Concerts - Medium	8	9
Arena Concerts - Large	5	4
Theater Concerts - Small	5	5
Theater Concerts - Medium	5	5
Theater Concerts - Large	<u>7</u>	<u>6</u>
Sub Total Concerts	<u>33</u>	<u>32</u>
Conventions / Trade Shows	146	131
Meetings	146	143
Banquets	105	103
Performances	65	59
Family	<u>7</u>	<u>6</u>
Sub Total Other	<u>469</u>	<u>442</u>
Totals	<u>625</u>	<u>590</u>

Peoria Civic Center
Budget - Year Ending 8/31/2009
Indirect Expenses

	2009 Budget	2008 Act / Est
Wages Full Time	\$ 1,979,021	\$ 1,929,269
Wages Part Time	\$ 322,600	\$ 313,141
Bonuses	\$ 45,370	\$ 46,364
Automobile	\$ 24,250	\$ 24,250
Payroll Taxes	\$ 216,979	\$ 219,116
Employee Benefits	\$ 406,743	\$ 347,707
Pension	\$ 106,338	\$ 100,866
Workers Compensation	\$ 47,749	\$ 50,165
	<u>\$ 3,149,050</u>	<u>\$ 3,030,878</u>
Advertising	\$ 110,500	\$ 107,696
Bank Service Charges	\$ 14,000	\$ 13,811
Business Insurance	\$ 300,074	\$ 276,584
Community Relations	\$ 14,000	\$ 14,699
Computer	\$ 61,950	\$ 72,190
Corporate Travel	\$ 2,000	\$ 663
Dues & Subscriptions	\$ 11,800	\$ 11,024
Education & Training	\$ 14,000	\$ 16,033
Electricity	\$ 950,000	\$ 818,753
Employee Relations	\$ 14,500	\$ 16,055
Entertainment	\$ 5,800	\$ 6,742
Garbage Hauling	\$ 35,000	\$ 39,137
Heating Fuel	\$ 440,000	\$ 351,754
Job Advertisements	\$ 4,000	\$ 7,837
Maintenance	\$ 345,000	\$ 349,161
Meetings & Conferences	\$ 33,400	\$ 37,579
Office Supplies	\$ 36,000	\$ 40,616
Off Site Storage	\$ 1,350	\$ 1,323
Outside Services	\$ 58,500	\$ 59,799
Postage	\$ 12,000	\$ 12,103
Professional Fees	\$ 447,190	\$ 447,741
Supplies - (Non-office)	\$ 234,550	\$ 228,910
Telephone	\$ 59,000	\$ 58,792
Water & Sewer	\$ 83,000	\$ 70,399
	<u>\$ 3,287,614</u>	<u>\$ 3,059,400</u>
Total Indirect Expenses	<u>\$ 6,436,664</u>	<u>\$ 6,090,277</u>

NOTES:

- 1) Wages have been budgeted with a 4% increase.
- 2) Employee benefits have been budgeted with a 10% increase.
- 3) Electricity has been budgeted with a 16% increase.
- 4) Heating fuel has been budgeted with a 25% increase.