

# MINNESOTA SPORTS FACILITIES AUTHORITY

## 2017-2018 BUDGET

### SUMMARY

The 2017-2018 budget fiscal year is for the period from July 1, 2017 through June 30, 2018. This is for the second year of operations of U.S. Bank Stadium.

There are three accounts: operating account, capital reserve account, and concession capital reserve account. Highlights of each account are discussed below.

### Operating Account

#### **Operating Revenues**

Budgeted revenues for the operating account consist of four revenue sources: State of Minnesota operating revenues of \$6,198,387, Minnesota Vikings operating revenues of \$8,755,000, revenues from stadium operations of \$24,198,063 (per the SMG Operating Budget), and miscellaneous revenues of \$51,679, for total budgeted revenues of \$39,203,129.

#### **Operating Expenses**

Budgeted expenses for the operating account include personal services of \$912,400, professional services of \$2,049,837, supplies and network administration and support costs of \$219,000, stadium contractual commitments and leasing costs of \$789,231, insurance costs of \$216,200, event cabin license fee of \$300,000, NFL reimbursement for sales tax exemption of \$1,600,000, Super Bowl LII expenses of \$1,000,000, miscellaneous expenses of \$155,124 and expenses from U.S. Bank Stadium operations and SMG fee of \$31,270,776 (per the SMG Operating Budget).

#### **Personal Services**

The personal services budget includes salaries and benefits for five full-time MSFA employees and one new position. It is recommended that a new position for a project manager be created, and that the salary and benefits for this position be included in the personal services expense budget. The project manager will be responsible for, among other things, the management of certain capital improvement projects in the stadium.

**MSFA Personnel (full-time positions)**

**Exempt:**

Executive Director	1.0
Director of Finance	1.0
Director of Communications	1.0
Project Coordinator	1.0
Project Manager (new position)	1.0

**Non-exempt:**

Finance Assistant	<u>1.0</u>
Total positions	<u>6.0</u>

Employee benefits include: health insurance, dental insurance, long-term disability insurance, life insurance, and retirement benefits from Minnesota State Retirement System.

**Professional Services**

Professional services includes a variety of professional consulting services. The MSFA will continue to utilize the services of professional consultants for the following services:

- Legal services and Legislative Representation
- Technology Consulting
- Financial Accounting and Advisory
- Human Resources Consulting
- Investment Management and Custodial Services

**Stadium Contractual Commitments and Leases**

The stadium contractual commitments and leases includes costs related to securing parking as required in the Stadium Act. The MSFA also has a long-term lease with Hennepin County for use of the Hennepin County Medical Examiner space for the U.S. Bank Stadium plaza area.

**Insurance**

Insurance includes commercial general liability, excess liability, public officials and employment practices liability, pollution liability, and cyber liability. It also includes garage keepers liability insurance for the leased parking areas, and crime insurance.

**NFL Reimbursement for Sales Tax Exemption and Super Bowl LII Expenses**

Per Minnesota statutes the MSFA is required to reimburse the NFL for sales taxes incurred in relation to Super Bowl LII events and activities up to a maximum of \$1,600,000. The MSFA also included in the budget an estimate of \$1,000,000 for expenses related to hosting Super Bowl LII at U.S. Bank Stadium.

**Miscellaneous**

Miscellaneous expenses includes a variety of smaller expenses including: travel expenses, meetings, training expenses, postage expenses, communication expenses, MSFA board member expenses, license and inspection fees, and bank fees.

### **Nonoperating revenues**

This includes investment income of \$30,000 and taxes from the State of Minnesota of \$1,859,793.

### **Transfers**

Budgeted transfers include a transfer to the capital reserve account of \$1,400,000.

### **Account Balance**

The operating account balance is budgeted to increase by \$1,247,854 and the ending account balance at June 30, 2018 is budgeted to be \$6,072,198.

### **Capital Reserve Account**

Per the terms of the Stadium Use Agreement between the MSFA and the Minnesota Vikings Football Stadium, LLC (Stadco), Stadco is required to contribute annually \$1,500,000 to the MSFA beginning in 2016 and this amount increases annually by an adjustment factor of 3%. The MSFA received \$1,500,000 in 2016, \$1,545,000 in 2017 and it is anticipated that the 2018 contribution will be \$1,591,350.

Per Minnesota Statute, 473J.12, subd.4 the state was required to contribute \$1,500,000 to the MSFA beginning in 2016 and this amount increases annually by an adjustment factor. The MSFA received \$1,500,000 in 2016 and \$1,524,597 in 2017. The estimated amount for 2018 from the State of Minnesota is \$1,549,597.

The capital reserve account has total budgeted revenues of \$3,140,947.

Budgeted expenses include the capital funds budgeted for 2017 that were unspent at June 30, 2017 and expenses for new projects that are planned for the 2017-2018 budget fiscal year. The 2017 capital budget was \$3,673,000, and only \$547,805 was spent during that period, so the amount to be rolled forward is \$3,125,195. In addition there are anticipated capital expenses of \$2,000,000 for window washing equipment, blackout curtain, and other expenses. Staff will provide a more detailed capital budget plan for approval at a subsequent MSFA board meeting.

Following are the planned capital expenses:

• Capital Budget Roll Forward	\$3,125,195
• Anticipated Capital Expenses	<u>\$2,000,000</u>
Total	<u>\$5,125,195</u>

Budgeted transfers include a transfer from the operating account of \$1,400,000, and a transfer to the concession capital reserve account of \$1,700,000.

The budgeted ending account balance is \$3,237,544.

## Concession Capital Reserve Account

Aramark Sports and Entertainment (Aramark), U.S. Bank Stadium catering and concessionaire, is obligated to pay 2.5% of gross sales to the MSFA on a monthly basis for the concession capital reserve account. The 2017-2018 budget includes budgeted revenues of \$850,000. These funds are designated for concession related capital projects as described below.

The 2017 capital budget included funds for the Hyundai Club Catering Kitchen. These funds were not spent by June 30, 2017 and will be rolled forward. Aramark prepared a capital plan for FY2017-2018 that identified new capital improvement expenses of \$1,700,000.

Following are the planned concession capital enhancements.

Hyundai Club Catering Kitchen – includes concessions equipment and added electrical power.

<b>Hyundai Club Catering Kitchen</b>	<b>\$378,000</b>
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Main and Upper concourse capital expenses - include additional portable carts, concessions equipment, additional points of sale, and added electrical power.

<b>Concourses</b>	<b>\$618,000</b>
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Clubs capital expenses – include concession equipment, additional points of sale, added electrical power, and smallwares

<b>Delta Club</b>	<b>\$ 74,900</b>
<b>Medtronic Club</b>	<b>\$103,900</b>
<b>Mystic Lake Club Purple</b>	<b>\$103,000</b>
<b>Hyundai Club</b>	<b>\$ 44,600</b>
<b>Buffalo Wild Wings Club</b>	<b>\$ 62,700</b>
<b>FMP Club</b>	<b><u>\$154,900</u></b>
<b>Subtotal</b>	<b>\$544,000</b>

Main kitchen catering and storage capital expenses include concession equipment

<b>Main kitchen catering and storage</b>	<b>\$138,000</b>
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Other concession capital improvement expenses include concession equipment

<b>Suites</b>	<b>\$ 50,000</b>
<b>Equipment</b>	<b>\$ 50,000</b>
<b>Concession signage</b>	<b>\$200,000</b>
<b>Cash vault/Smallwares</b>	<b><u>\$100,000</u></b>
<b>Subtotal</b>	<b><u>\$400,000</u></b>

<b>Total</b>	<b><u>\$2,078,000</u></b>
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**Budget Change Authority**

The MSFA funds the cost of operations, capital improvements and concession capital improvements from current resources and the reserve account balances.

The Executive Director has the authority to make line item budget adjustments within an account and to establish and adjust budget line items.

**MINNESOTA SPORTS FACILITIES AUTHORITY**

**Budget 2017-2018**

**July 1, 2017 to June 30, 2018**

**2017-2018**

**Budget**

**Operating Account**

**Operating Revenues:**

Stadium Operating Revenues:

State of Minnesota Operating Revenues	\$	6,198,387
Minnesota Vikings Operating Revenues	\$	8,755,000
Revenues from Stadium Operations	\$	24,198,063
Miscellaneous Revenues	\$	51,679
<b>Total Operating Revenues</b>	<b>\$</b>	<b>39,203,129</b>

**Operating Expenses:**

Personal Services	\$	912,400
Professional Services	\$	2,049,837
Supplies and Network Administration and Support	\$	219,000
Stadium Contractual Commitments and Leases	\$	789,231
Insurance	\$	216,200
Event Cabin License Fee	\$	300,000
NFL Reimbursement for Sales Tax Exemption	\$	1,600,000
Super Bowl LII	\$	1,000,000
Miscellaneous	\$	155,124
Expenses from Stadium Operations and SMG fee	\$	31,203,276
<b>Total Operating Expenses</b>	<b>\$</b>	<b>38,445,068</b>
<b>Operating Income</b>	<b>\$</b>	<b>758,061</b>

**Nonoperating Revenues:**

Investment Earnings	\$	30,000
Taxes-State of Minnesota	\$	1,859,793
<b>Total Nonoperating Revenues</b>	<b>\$</b>	<b>1,889,793</b>
<b>Net Income before Transfers</b>	<b>\$</b>	<b>2,647,854</b>

**Transfers:**

Transfer to Capital Reserve Account	\$	(1,400,000)
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Change in Account Balance \$ 1,247,854

Beginning Operating Account Balance \$ 4,824,344

**Ending Operating Account Balance \$ 6,072,198**

**MINNESOTA SPORTS FACILITIES AUTHORITY**

**Budget 2017-2018**

**July 1, 2017 to June 30, 2018**

**2017-2018**

**Budget**

**Capital Reserve Account**

**Revenues:**

Minnesota Vikings Capital Revenues	\$	1,591,350
State of Minnesota Capital Revenues	\$	1,549,597
<b>Total Revenues</b>	<b>\$</b>	<b>3,140,947</b>

**Capital Expenses:**

Capital Budget Roll Forward from 2016-2017	\$	3,125,195
Anticipated Capital Expenses	\$	2,000,000
<b>Total Capital Expenses</b>	<b>\$</b>	<b>5,125,195</b>

**Net Income before Transfers** \$ (1,984,248)

**Transfers:**

Transfer from Operating Account	\$	1,400,000
Transfer to Concession Capital Reserve Account	\$	(1,700,000)
<b>Total Transfers</b>	<b>\$</b>	<b>(300,000)</b>

**Change in Account Balance** \$ (2,284,248)

**Beginning Capital Reserve Account Balance** \$ 5,521,792

**Ending Capital Reserve Account Balance** \$ **3,237,544**

**Concession Capital Reserve Account**

**Revenues:**

Concession Capital Reserve Revenues (2.5%)	\$	850,000
<b>Total Revenues</b>	<b>\$</b>	<b>850,000</b>

**Capital Expenses:**

Capital Budget Roll Forward 2016-2017 Hyundai Club Catering Kitchen	\$	378,000
Concessions Capital Improvements	\$	618,000
Clubs Capital Improvements	\$	544,000
Suites Capital Improvements	\$	50,000
Main Kitchen and Catering Capital Improvements	\$	138,000
Equipment Installation	\$	50,000
Concessions Signage	\$	200,000
Cash Vault and Smallwares	\$	100,000
<b>Total Capital Expenses</b>	<b>\$</b>	<b>2,078,000</b>

**Net Income/(Loss) before Transfers** \$ (1,228,000)

**Transfers:**

Transfer from Capital Reserve Account	\$	1,700,000
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**Change in Account Balance** \$ 472,000

**Beginning Concession Capital Reserve Account Balance** \$ 727,819

**Ending Concession Capital Reserve Account Balance** \$ **1,199,819**