



**MEMORANDUM**

TO: MSFA Commissioners

FROM: Mary Fox-Stroman, Interim Executive Director

DATE: June 16, 2022

SUBJECT: 2022-2023 Budget

Attached is the 2022-2023 Budget for the fiscal period from July 1, 2022 to June 30, 2023 for the Operating account, Capital Reserve account, and the Concession Capital Reserve account. The budget includes a narrative that presents highlights of each account and the line item budget.

**Recommended Motion:**

*The Minnesota Sports Facilities Authority adopts the attached 2022-2023 Budget for the fiscal period July 1, 2022 through June 30, 2023 for the Operating account, the Capital Reserve account, and the Concession Capital Reserve account. The Authority authorizes the Chair and the Interim Executive Director to make adjustments to the detailed revenue and expense budget lines within the Operating account budget and to adjust the project budgets within the Capital Reserve project budget and Concession Capital Project budget.*





## **2022-2023 BUDGET**

**U.S. Bank Stadium will begin its seventh year of operations on July 1, 2022. Attached is the Fiscal Year 2022-2023 Budget for the period from July 1, 2022 through June 30, 2023. The budget includes three accounts, the operating account, capital reserve account, and concession capital account. Highlights of each account are discussed below.**

### **OPERATING ACCOUNT**

#### **Operating Revenues**

Budgeted revenues for the operating account consist of the following four revenue sources:

State of Minnesota operating revenues	\$ 7,077,482
Minnesota Vikings operating revenues	\$10,149,445
Stadium operating revenues-ASM	\$24,402,296
Miscellaneous revenues	<u>\$ 64,200</u>
Total budgeted operating revenues	<u>\$41,693,423</u>

#### **Operating Expenses**

Budgeted expenses for the operating account include:

Personal services	\$ 806,081
Professional services	\$ 1,319,763
Supplies and network support costs	\$ 111,731
Stadium contractual commitments	\$ 798,619
Insurance	\$ 350,990
Miscellaneous expense	\$ 472,636
Stadium operating expenses-ASM	<u>\$34,352,761</u>
Total budgeted operating expenses	<u>\$38,212,581</u>

#### **Personal Services**

The personal services budget includes the Chair's salary and the salaries and benefits for the four full-time MSFA employees. 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 include a variety of professional consulting services. The MSFA will continue to utilize the services of professional consultants for the following services:

- Communication and Public Relations Services
- Document Management Consulting
- Human Resources Consulting
- Legal services and Legislative Representation

#### **Stadium Contractual Commitments**

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, automobile and garage keepers' liability, public officials and employment practices liability, crime insurance, cyber liability, and terrorism insurance.



**Miscellaneous**

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

**Nonoperating revenues**

Nonoperating revenues include the following:

Revenues - Investment income	<u>\$ 12,000</u>
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**Transfer**

Budgeted transfers include a transfer to the capital reserve account of \$5,000,000 to fund various capital projects for improvements and/or upgrades to U.S. Bank Stadium.

Transfer to the capital reserve account	<u>\$ 5,000,000</u>
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**Account Balance**

Beginning account balance	\$16,725,634
Change in account balance	<u>(1,507,158)</u>
Ending account balance	<u><b>\$15,218,476</b></u>

**CAPITAL RESERVE ACCOUNT**

**Capital Reserve Revenues**

The capital reserve account has the following budgeted revenues:

Minnesota Vikings capital cost payment	\$1,844,811
State of Minnesota capital payment	<u>\$1,769,370</u>
Total capital reserve revenues	<u><b>\$3,614,181</b></u>

- Per the terms of the Stadium Use Agreement between the MSFA and the Minnesota Vikings Football Stadium, LLC (Stadco), Stadco was required to contribute \$1,500,000 to the MSFA beginning in 2016, and this amount increases annually by 3%.
- 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.

**Capital Reserve Expenses**

The 2021-2022 capital reserve account budget included projects that will not be completed by year-end. Therefore, the budget for capital project commitments of \$474,152 at June 30, 2022 needs to be rolled forward. In addition, the 2022-2023 budget has a capital plan of \$4,860,800 for new capital projects. Following this narrative is a list of the capital projects.

Capital Budget Roll Forward	\$ 474,152
New Capital Projects	<u>\$ 4,860,800</u>
Total Capital Expenses	<u><b>\$ 5,334,952</b></u>

**Transfer**

Transfer from the operating account	<u>\$5,000,000</u>
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**Account Balance**

Beginning account balance	\$18,816,934
Change in account balance	<u>3,279,229</u>
Ending account balance	<u><b>\$22,096,163</b></u>



**CONCESSION CAPITAL RESERVE ACCOUNT**

**Concession Capital Reserve Revenues**

Aramark Sports and Entertainment provides catering and concession services at U.S. Bank Stadium, and they are obligated to pay 2.5% of gross sales to the MSFA on a monthly basis for deposit into the concession capital reserve account. These funds are designated for concession related capital projects as described below.

**Concession Capital Reserve Revenues** \$ 800,000

**Concession Capital Reserve Expenses**

The 2022-2023 budget has a concession capital plan of \$259,122 for 6 new projects. Following this narrative is a list of concession capital projects.

Concession Capital Projects Budget Roll Forward	\$ 32,873
New Concession Capital Projects	<u>\$ 226,249</u>
Total Concession Capital Expenses	<u>\$ 259,122</u>

**Account Balance**

Beginning account balance	\$ 938,822
Change in account balance	540,878
<b>Ending account balance</b>	<b><u>\$ 1,479,700</u></b>

**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 Chair and Executive Director have the authority to make line item budget adjustments within an account and to establish and adjust budget line items.

# BUDGET AT A GLANCE

## 2022-2023 BUDGET

July 1, 2022 – June 30, 2023

**OPERATING ACCOUNT** – is used to account for the MSFA’s operations including ASM Global’s operation of U.S. Bank Stadium.

<u>BUDGET REVENUES</u>	<u>BUDGET EXPENSES</u>	<u>TRANSFER OUT</u>	<u>CHANGE IN ACCOUNT</u>	<u>ENDING BALANCE</u>
\$41.7m	\$38.2m	(\$5.0m)	(\$1.5m)	\$15.2m

**CAPITAL RESERVE ACCOUNT** – is used to account for the stadium’s capital improvements.

<u>BUDGET REVENUES</u>	<u>BUDGET EXPENSES</u>	<u>TRANSFER IN</u>	<u>CHANGE IN ACCOUNT</u>	<u>ENDING BALANCE</u>
\$3.6m	\$5.3m	\$5.0m	\$3.3m	\$22.1m

**CONCESSION CAPITAL RESERVE ACCOUNT** – is used to account for the stadium’s concession capital improvements.

<u>BUDGET REVENUES</u>	<u>BUDGET EXPENSES</u>	<u>TRANSFERS OUT</u>	<u>CHANGE IN ACCOUNT</u>	<u>ENDING BALANCE</u>
\$ .8m	\$ .3m	-	\$ .5m	\$ 1.5m

**YEAR 2022-2023 BUDGET**

**Operating Account, Capital Reserve Account, Concession Capital Reserve Account  
July 1, 2022 to June 30, 2023**

<b>Operating Account</b>	<b>Original Budget 2022</b>	<b>Amended-3/17/22 Budget 2022</b>	<b>Projection 7/1/21-6/30/22</b>	<b>Recommended Budget 2022 - 2023</b>
<b>Revenues:</b>				
Stadium operating payments				
State of Minnesota operating payment	\$ 6,608,293	\$ 6,608,293	\$ 6,938,708	\$ 7,077,482
Minnesota Vikings operating payment	\$ 9,853,830	\$ 9,853,830	\$ 9,853,830	\$ 10,149,445
Stadium operating revenue-ASM Global	\$ 14,464,197	\$ 14,464,197	\$ 14,464,197	\$ 24,402,296
Miscellaneous revenues	\$ 64,200	\$ 64,200	\$ 287,400	\$ 64,200
<b>Total operating revenues</b>	<b>\$ 30,990,520</b>	<b>\$ 30,990,520</b>	<b>\$ 31,544,135</b>	<b>\$ 41,693,423</b>
<b>Expenses:</b>				
Personal services	\$ 739,108	\$ 739,108	\$ 700,717	\$ 806,081
Professional services	\$ 1,151,020	\$ 1,151,020	\$ 1,003,583	\$ 1,319,763
Supplies and network support	\$ 112,405	\$ 112,405	\$ 181,818	\$ 111,731
Stadium contractual commitments	\$ 957,507	\$ 957,507	\$ 794,674	\$ 798,619
Insurance	\$ 301,837	\$ 301,837	\$ 259,169	\$ 350,990
Miscellaneous	\$ 451,830	\$ 451,830	\$ 140,495	\$ 472,636
Stadium operating expenses-ASM Global	\$ 25,074,794	\$ 25,074,794	\$ 25,074,794	\$ 34,352,761
<b>Total operating expenses</b>	<b>\$ 28,788,501</b>	<b>\$ 28,788,501</b>	<b>\$ 28,155,250</b>	<b>\$ 38,212,581</b>
<b>Operating income/(loss)</b>	<b>\$ 2,202,019</b>	<b>\$ 2,202,019</b>	<b>\$ 3,388,885</b>	<b>\$ 3,480,842</b>
<b>Nonoperating Revenues/(Expenses):</b>				
Revenues-Investment earnings	\$ 12,000	\$ 12,000	\$ 5,637	\$ 12,000
Revenues-Taxes-State of Minnesota			\$ -	\$ -
Stadium costs-project			\$ (35,153)	
<b>Total nonoperating revenues/(expenses)</b>	<b>\$ 12,000</b>	<b>\$ 12,000</b>	<b>\$ (29,516)</b>	<b>\$ 12,000</b>
<b>Net Income/(loss) before transfers</b>	<b>\$ 2,214,019</b>	<b>\$ 2,214,019</b>	<b>\$ 3,359,369</b>	<b>\$ 3,492,842</b>
<b>Transfers:</b>				
Transfer to Capital Reserve fund	\$ (4,000,000)	\$ (4,000,000)	\$ (2,000,000)	\$ (5,000,000)
<b>Change in Account Balance</b>	<b>\$ (1,785,981)</b>	<b>\$ (1,785,981)</b>	<b>\$ 1,359,369</b>	<b>\$ (1,507,158)</b>
Beginning Operating Account Balance	\$ 15,366,265	\$ 15,366,265	\$ 15,366,265	\$ 16,725,634
<b>Ending Operating Account Balance</b>	<b>\$ 13,580,284</b>	<b>\$ 13,580,284</b>	<b>\$ 16,725,634</b>	<b>\$ 15,218,476</b>
<b>Capital Reserve Account</b>				
<b>Revenues:</b>				
Minnesota Vikings Capital Cost payment	\$ 1,791,078	\$ 1,791,078	\$ 1,791,078	\$ 1,844,811
State of Minnesota Capital payment	\$ 1,652,074	\$ 1,652,074	\$ 1,734,677	\$ 1,769,370
Other	\$ 3,573,529	\$ 3,573,529	\$ 7,016,152	\$ -
<b>Total revenues</b>	<b>\$ 7,016,681</b>	<b>\$ 7,016,681</b>	<b>\$ 10,541,907</b>	<b>\$ 3,614,181</b>
<b>Capital Expenses:</b>	\$ 5,850,023	\$ 5,850,023	\$ 3,959,083	\$ 5,334,952
<b>Net Income/(loss) before transfers</b>	<b>\$ 1,166,658</b>	<b>\$ 1,166,658</b>	<b>\$ 6,582,824</b>	<b>\$ (1,720,771)</b>
<b>Transfers:</b>				
Transfer from Operating Account	\$ 4,000,000	\$ 4,000,000	\$ 2,000,000	\$ 5,000,000
<b>Change in Account Balance</b>	<b>\$ 5,166,658</b>	<b>\$ 5,166,658</b>	<b>\$ 8,582,824</b>	<b>\$ 3,279,229</b>
Beginning Capital Reserve Account Balance	\$ 10,234,110	\$ 10,234,110	\$ 10,234,110	\$ 18,816,934
<b>Ending Capital Reserve Account Balance</b>	<b>\$ 15,400,768</b>	<b>\$ 15,400,768</b>	<b>\$ 18,816,934</b>	<b>\$ 22,096,163</b>
<b>Concession Capital Reserve Account</b>				
<b>Revenues:</b>				
Concession Capital Reserve payment	\$ 600,000	\$ 600,000	\$ 686,369	\$ 800,000
Other			\$ 13,000	
<b>Total revenues</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 699,369</b>	<b>\$ 800,000</b>
<b>Concession Capital Expenses:</b>	\$ 175,363	\$ 609,260	\$ 509,933	\$ 259,122
<b>Net Income/(loss) before transfers</b>	<b>\$ 424,637</b>	<b>\$ (9,260)</b>	<b>\$ 189,436</b>	<b>\$ 540,878</b>
<b>Transfers:</b>				
Transfer to Capital Reserve Account	\$ -	\$ -	\$ -	\$ -
<b>Change in Account Balance</b>	<b>\$ 424,637</b>	<b>\$ (9,260)</b>	<b>\$ 189,436</b>	<b>\$ 540,878</b>
Beginning Concession Capital Reserve Account Balance	\$ 749,386	\$ 749,386	\$ 749,386	\$ 938,822
<b>Ending Concession Capital Reserve Account Balance</b>	<b>\$ 1,174,023</b>	<b>\$ 740,126</b>	<b>\$ 938,822</b>	<b>\$ 1,479,700</b>



Budget 2022-2023

July 1, 2022 - June 30, 2023

2022-2023 Capital Projects List - Capital Reserve Account

<u>Project</u>	<u>Original Budget</u>
<b><u>CAPITAL RESERVE BUDGET ROLL FORWARD:</u></b>	
Server Upgrade	\$ 13,526
Content Mangement System	\$ 132,062
LED System Configuration System	\$ 56,886
Content Mangement System Design Services	\$ 5,668
LED Lighting Upgrade	\$ 84,900
Air Purification System	\$ 12,000
Door Operators	\$ 89,428
Glass replacement	\$ 8,147
Timeclocks for ASM employees	\$ 19,035
Display monitors	\$ 25,000
Consulting services	\$ 27,500
Subtotal Roll Forward	<b>\$ 474,152</b>

**NEW CAPITAL RESERVE PROJECTS:**

**Security**

Video surveillance - cameras	\$ 25,000
Video surveillance - Command Center	\$ 150,000
Credential machine	\$ 15,000
Site access control	\$ 100,000
X-ray machine	\$ 30,000
Radios	\$ 10,000
Key control - lock box	\$ 10,000
Subtotal Security	<b>\$ 340,000</b>

**Technology**

iPads for Suites	\$ 55,000
Charging stations for Suites	\$ 70,000
Suite software	\$ 25,000
Subtotal Technology	<b>\$ 150,000</b>

**Production & A/V**

Audio system-field speakers	\$ 400,000
Dante Domain manager upgrade	\$ 40,000
IPTV replacement	\$ 975,000
Skyway Video wall signage	\$ 30,000
Axient Digital wireless mics	\$ 40,000
Audio video equipment for events	\$ 70,000
Relocate fiber in Medtronic and Delta Club	\$ 15,000
Subtotal Production & A/V	<b>\$ 1,570,000</b>

**Electrical**

Lighting fixtures	\$ 350,000
Lighting controls	\$ 30,000
UPS Systems	\$ 75,000
Press Box lighting	\$ 15,000
Exterior signage upgrade	\$ 15,000
Distribution-High/medium voltage	\$ 60,000
Subtotal Electrical	<b>\$ 545,000</b>

**Mechanical**

Building management system-HVAC upgrades	\$ 235,000
Subtotal Mechanical	<b>\$ 235,000</b>

**Vertical Transport**

Elevators-Passenger service	\$ 25,000
Elevators-Freight	\$ 52,000
Subtotal Vertical Transport	<b>\$ 77,000</b>

**General Building**



**Budget 2022-2023**

July 1, 2022 - June 30, 2023

**2022-2023 Capital Projects List - Capital Reserve Account**

<u>Project</u>	<u>Original Budget</u>
Ceiling-grid/tiles in security office	\$ 25,000
Flooring-carpet in JOC	\$ 15,000
Flooring-Polaris Club refinish	\$ 170,000
Subtotal General Building	<u>\$ 210,000</u>
<b>Site</b>	
Polinator garden	\$ 8,500
4th Street Sidewalk	\$ 150,000
Subtotal Site	<u>\$ 158,500</u>
<b>Specialty Items &amp; Systems</b>	
Air Purification system	\$ 145,000
Fall protection for Truss System	\$ 250,000
Darkening Curtains rails and curtain replacement	\$ 50,000
Operable Doors system	\$ 250,000
Consulting services	\$ 76,800
Subtotal Club & Suite Refresh	<u>\$ 771,800</u>
<b>FF&amp;E</b>	
Furniture-tables	\$ 10,000
Furniture-chairs	\$ 10,000
Sports equipment replacement	\$ 25,000
Cleaning equipment-scrubber, carpet cleaner	\$ 75,000
Waste bins	\$ 15,000
Turf maintenance equipment	\$ 24,000
Subtotal Speciality Items & Systems	<u>\$ 159,000</u>
<b>Vehicles</b>	
Material handling vehicles-Forklifts	\$ 110,000
Operations vehicle	\$ 9,500
Subtotal Vehicles	<u>\$ 119,500</u>
<b>Emergency Capital Repairs</b>	
Emergency Capital Repair	\$ 400,000
Subtotal Emergency Capital Repairs	<u>\$ 400,000</u>
<b>Other General Building</b>	
Graphics	\$ 75,000
Technology	\$ 50,000
Subtotal Other General Building	<u>\$ 125,000</u>
<b>Total New Capital Reserve Projects</b>	<u><b>\$ 4,860,800</b></u>
<b>GRAND TOTAL CAPITAL PROJECTS</b>	<u><b>\$ 5,334,952</b></u>



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**Budget 2022-2023**

July 1, 2022 - June 30, 2023

**2022-2023 Concession Capital Projects List - Concession Capital Reserve Account**

<u>Project</u>	<u>Original Budget</u>
<b>CONCESSION CAPITAL BUDGET ROLL FORWARD:</b>	
2022 Club Fryer Equipment project	\$ 32,873
<b><u>NEW CONCESSION CAPITAL PROJECTS:</u></b>	
Conversion of Caribou coffee stand into beverage market	\$ 141,000
Smallwares for suites and clubs	\$ 25,000
Coffee maker conversion	\$ 20,000
Lockable portable cages for bar inventory	\$ 30,000
Timeclocks for employees	\$ 10,249
<b>Total Concession Capital Projects</b>	<b>\$ 226,249</b>
<b>Grand Total</b>	<b>\$ 259,122</b>