



Special Meeting of Board of Directors

**Friday, June 25, 2010 – 7:30 a.m.
Kent County Commission Chambers
300 Monroe, NW – Grand Rapids, MI**

AGENDA

- I. Call to Order**

- II. Motion to Ratify and Confirm FY 2011 DeVos Place®
and Van Andel Arena® Operating Budgets** **Action**

- III. Motion to Ratify and Confirm FY 2011 Consolidated CAA
Operating/Capital Budgets** **Action**

- IV. Public Comment**

- V. Adjournment**

Next Meeting Date: Friday, August 6, 2010, immediately following the CAA Finance and Operations Committee meetings

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2011 Recommendation

Notes:

(1) DeVos Place Parking Rates:		<u>FY 2010</u>	<u>FY 2011</u>
30 Minutes		\$ 1.00	\$ 1.00
Daily Maximum		10.00	10.00
Event		7.00	7.00
Monthly -Public		142.50	142.50
-Reserved Premium		52.50	52.50
-County/SMG (O+M)		36.30	18.31

Van Andel Arena Parking Rates:			
Event		\$ 8.00	\$ 8.00
Non-Event Coin Unit		3.00	\$ 3.00
Monthly -Public		65.25	65.25

(2) \$21.75 million (3/31/10 pool balance) in invested funds at 2%.

(3) Wine & Food Festival - \$27,943, legal reimbursement - \$64,037, and other

(4) FY 2010 Carryover Projects:			
Concourse Expansion	VAA	\$ 1,000,000	
Ribbon Board	VAA	67,000	
Fire Curtain	DVP	250,000	
Wayfinding	DVP	30,000	

FY 2011 Eligible Projects:			
Bowl Fascia LED	VAA	\$ 1,000,000	
Snow Melt	VAA	450,000	
Sound System	VAA	70,000	
Dasher Inserts	VAA	20,000	
Security	VAA	10,000	
Horseshoe Resurface	VAA	30,000	
Concourse Expansion (Addn)	VAA	200,000	
Technology Upgrades	DVP	\$ 220,000	
Energy Reduction	DVP	43,000	
Wireless Microphone System	DVP	15,000	
Sound System	DVP	165,000	
Theater Shell Upgrade	DVP	100,000	
Lyon Street Design Costs (CAA Share)	DVP	50,000	
Area 2 Paving	CAA	\$ 65,000	
Skyway HVAC	CAA	300,000	
Total Capital Request		<u>\$ 4,085,000</u>	

PLACE

DE VOS PLACE

OPERATING BUDGET
FISCAL YEAR ENDING JUNE 30, 2011

*****INCLUDES MARCH ROLLING FORECAST*****

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Hank Abate
Gary McAneney
Howard Feldman
Richard MacKeigan
Chris Machuta



An SMG Managed Facility

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Event Summary Report
For Fiscal Year Ending June 30, 2011

Event Type	Events Days		Attendance	Rent	Service	Ancillary	Total	FY 2009	Variance
	FY 2011	FY 2010							
Convention Trade Shows	130	130	162,500	949,000	(70,000)	970,000	1,849,000	1,798,591	50,409
Consumer Gated Shows	50	49	140,000	666,340	(16,000)	285,225	935,565	927,007	8,558
Banquets	36	37	23,400	79,200	(19,500)	197,280	256,980	245,829	11,151
Meetings	100	97	25,000	140,000	(9,000)	163,850	294,850	316,976	(22,126)
Other	40	38	18,000	80,000	(20,000)	189,855	249,855	259,175	(9,320)
Devos Performance Hall	20	31	25,000	150,000	-	66,500	216,500	313,305	(96,805)
Arts Groups	118	117	137,600	391,200	88,140	167,506	646,846	613,887	32,959
GRAND TOTALS	494	499	531,500	2,455,740	(46,360)	2,040,216	4,449,596	4,474,770	(25,174)

DeVos Place
Fiscal Year Ending June 30, 2011
Lead Income Statement

FY 2011 Budget	Prior Year FY 2010 Rolling Forecast	Variance More / (Less)	Percentage Change Increase (Decrease)
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Prior Year FY 2010 Budget	Variance More / (Less)	Percentage Change Increase (Decrease)
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Event Income

Direct Event Income

Rental Income	2,455,740	2,328,474	127,266	5.47%	2,445,000	10,740	0.44%
Service Income	1,943,940	1,561,998	381,942	24.45%	1,918,000	25,940	1.35%
Service Expenses	(1,990,300)	(1,587,407)	(402,893)	25.38%	(2,100,000)	109,700	-5.22%
Total Direct Event Income	2,409,380	2,303,065	106,315	4.62%	2,263,000	146,380	6.47%

Ancillary Income

F & B Concessions	127,931	136,698	(8,767)	-6.41%	132,875	(4,944)	-3.72%
F & B Catering	554,520	598,980	(44,460)	-7.42%	767,625	(213,105)	-27.76%
Novelty Sales	15,100	18,293	(3,193)	-17.45%	11,000	4,100	37.27%
Booth Cleaning	266,815	291,108	(24,293)	-8.35%	277,185	(10,370)	-3.74%
Telephone/Long Distance	21,500	16,558	4,942	29.85%	26,000	(4,500)	-17.31%
Electrical Services	431,600	442,843	(11,243)	-2.54%	521,600	(90,000)	-17.25%
Audio Visual	277,200	298,742	(21,542)	-7.21%	339,870	(62,670)	-18.44%
Internet Services	44,000	57,887	(13,887)	-23.99%	32,500	11,500	35.38%
Equipment Rental	168,600	183,554	(14,954)	-8.15%	168,600	-	0.00%
Total Ancillary Income	1,907,266	2,044,663	(137,397)	-6.72%	2,277,255	(369,989)	-16.25%

Other Event Income

Ticket Rebates (Per Event)	132,950	127,040	5,910	4.65%	114,500	18,450	16.11%
Total Other Event Income	132,950	127,040	5,910	4.65%	114,500	18,450	16.11%

Total Event Income

	4,449,596	4,474,768	(25,172)	-0.56%	4,654,755	(205,159)	-4.41%
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Other Operating Income

	58,000	38,362	19,638	51.19%	58,000	-	0.00%
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Adjusted Gross Income

	4,507,596	4,513,130	(5,534)	-0.12%	4,712,755	(205,159)	-4.35%
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Operating Expenses

Employee Salaries and Wages	2,703,452	2,698,282	(5,170)	-0.19%	2,676,305	(27,147)	-1.01%
Benefits	706,180	689,525	(16,655)	-2.42%	736,082	29,902	4.06%
Less Event Labor Allocations	(1,209,572)	(1,221,919)	(12,347)	1.01%	(1,174,530)	35,042	-2.98%
Net Employee Wages and Benefits	2,200,060	2,165,888	(34,172)	-1.58%	2,237,857	37,797	1.69%
Contracted Services	254,400	260,429	6,029	2.32%	254,400	-	0.00%
General and Administrative	336,700	298,191	(38,509)	-12.91%	345,200	8,500	2.46%
Operations	123,741	107,505	(16,236)	-15.10%	141,880	18,139	12.78%
Repair & Maintenance	503,291	482,711	(20,580)	-4.26%	503,291	-	0.00%
Supplies	258,000	222,199	(35,801)	-16.11%	258,000	-	0.00%
Insurance	209,576	207,265	(2,311)	-1.11%	209,561	(15)	-0.01%
Utilities	1,434,000	1,468,910	34,910	2.38%	1,698,200	264,200	15.56%
SMG Management Fees	158,671	158,671	-	0.00%	158,671	-	0.00%
Less Expenses Allocated	(259,900)	(259,234)	666	-0.26%	(254,715)	5,185	-2.04%
Total Operating Expenses	5,218,539	5,112,536	(106,003)	-2.07%	5,552,345	333,806	6.01%

Net Income (Loss) From Operations

	(710,943)	(599,406)	(111,537)	18.61%	(839,590)	128,647	-15.32%
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Other Income (Expenses)

	(10,000)	(10,000)	-	0.00%	-	(10,000)	#DIV/0!
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Net Income After Other Income (Expenses)

	(720,943)	(609,406)	(111,537)	18.30%	(839,590)	118,647	-14.13%
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**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2011**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2010 Forecast
Net Revenue above Expenses	1,209,615	(710,943)	498,672	625,220
Benchmark			700,000	700,000
Excess	1,209,615	(710,943)	(201,328)	(74,780)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	158,672	158,671	317,343	317,343
Incentive Fee				
Revenue	5,136,171	4,507,596	9,643,767	9,551,887
Benchmark Revenue	4,800,000	4,200,000	9,000,000	8,900,000
Revenue Excess	336,171	307,596	643,767	651,887
Incentive Fee **	-	-	-	-
Total SMG Management Fee	158,672	158,671	317,343	317,343

** Incentive fee is 25% of the first \$500,000 in excess, 30% of remaining capped at base fee amount.

**SMG - Van Andel Arena / DeVos Place(Grand Center)
Grand Rapids - Kent County Convention/Arena Authority
Full Time Employee Summary & Allocation
Fiscal Year Ending June 30, 2011**

Position	F/Y 2010			F/Y 2011			Change
	VAA	DVP	Total	VAA	DVP	Total	
General Manager	0.50	0.50	1.00	0.50	0.50	1.00	-
Administrative Assistant	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Finance	0.50	0.50	1.00	0.50	0.50	1.00	-
Accounting Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Accounting Support	1.50	1.50	3.00	1.50	1.50	3.00	-
Box Office Manager	0.80	0.20	1.00	0.80	0.20	1.00	-
Assistant Box Office Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Premium Seat/Suite	1.00	-	1.00	1.00	-	1.00	-
Box Office Support	1.00	-	1.00	1.00	-	1.00	-
Director of Marketing	0.50	0.50	1.00	0.50	0.50	1.00	-
Marketing Manager	1.00	-	1.00	1.00	-	1.00	-
Marketing Support	1.00	-	1.00	1.00	-	1.00	-
Group Sales Manager	1.00	-	1.00	1.00	-	1.00	-
Assistant General Manager - Ops	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Facilities	0.33	0.67	1.00	0.33	0.67	1.00	-
Maintenance Assistant	0.33	0.67	1.00	0.33	0.67	1.00	-
Maintenance Support	4.00	7.00	11.00	4.00	7.00	11.00	-
Operations Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Operations Support	9.00	8.00	17.00	9.00	8.00	17.00	-
MIS/IT		1.00	1.00		1.00	1.00	-
Assistant General Manager - Sales	-	1.00	1.00	-	1.00	1.00	-
Director of Sales	-	1.00	1.00	-	1.00	1.00	-
Sales Manager		1.00	1.00		1.00	1.00	-
Sales Support	-	1.00	1.00	-	1.00	1.00	-
Director of Event Services	-	1.00	1.00	-	1.00	1.00	-
Event Coordinators	2.00	4.00	6.00	2.00	4.00	6.00	-
House Manager		1.00	1.00		1.00	1.00	-
Receptionist/Admin Support	1.00	1.00	2.00	1.00	1.00	2.00	-
Total	29.46	35.54	65.00	29.46	35.54	65.00	-



VAN ANDEL ARENA

**OPERATING BUDGET
FISCAL YEAR ENDING JUNE 30, 2011**

*****INCLUDES MARCH ROLLING FORECAST*****

Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Hank Abate

Gary McAneney

Howard Feldman

Richard MacKeigan

Chris Machuta



An SMG Managed Facility

SMG Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary Report
For Fiscal Year Ending June 30, 2011

Event Type	Events/Days		Attendance	Rent	Service	Ancillary	Total	FY 2010	Variance
	FY 2011	FY 2010							
Family Shows	25	13	79,500	264,800	(101,791)	125,745	288,754	169,084	119,670
Sports	12	15	49,500	173,200	(57,921)	136,437	251,716	319,371	(67,655)
Concerts	21	13	181,500	816,503	55,800	843,558	1,715,861	1,519,673	196,188
Griffins	40	38	220,000	376,000	(301,920)	474,240	548,320	575,254	(26,934)
Other	13	8	61,150	233,575	2,712	36,533	272,820	462,590	(189,770)
GRAND TOTALS	111	87	591,650	1,864,078	(403,120)	1,616,513	3,077,471	3,045,972	31,499

Van Andel Arena
Fiscal Year Ending June 30, 2011
Lead Income Statement

FY 2011 Budget	Prior Year FY 2010 Rolling Forecast	Variance More (Less)	Percentage Change Increase (Decrease)
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Prior Year FY 2010 Budget	Variance More (Less)	Percentage Change Increase (Decrease)
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Event Income

Direct Event Income

Rental Income	1,864,078	1,839,677	24,401	1.33%
Service Income	1,317,226	1,323,413	(6,187)	-0.47%
Service Expenses	(1,720,346)	(1,719,723)	(623)	0.04%
Total Direct Event Income	1,460,958	1,443,367	17,591	1.22%

1,847,626	16,452	0.89%
1,714,880	(397,654)	-23.19%
(2,138,761)	418,415	-19.56%
1,423,745	37,213	2.61%

Ancillary Income

F & B Concessions	1,001,233	1,028,112	(26,879)	-2.61%
F & B Catering	97,994	98,315	(321)	-0.33%
Novelty Sales	100,411	98,541	1,870	1.90%
Booth Cleaning	-	288	(288)	-100.00%
Other Ancillary	30,800	31,010	(210)	-0.68%
Total Ancillary Income	1,230,438	1,256,266	(25,828)	-2.06%

905,606	95,627	10.56%
73,612	24,382	33.12%
103,559	(3,148)	-3.04%
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30,800	-	0.00%
1,113,577	116,861	10.49%

Other Event Income

Ticket Rebates (Per Event)	386,075	346,339	39,736	11.47%
Total Other Event Income	386,075	346,339	39,736	11.47%

320,680	65,395	20.39%
320,680	65,395	20.39%

Total Event Income

3,077,471	3,045,972	31,499	1.03%
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2,858,002	219,469	7.68%
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Other Operating Income

2,058,700	1,992,785	65,915	3.31%
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2,146,710	(88,010)	-4.10%
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Adjusted Gross Income

5,136,171	5,038,757	97,414	1.93%
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5,004,712	131,459	2.63%
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Operating Expenses

Employee Salaries and Wages	1,922,197	1,917,120	(5,077)	-0.26%
Benefits	514,153	508,997	(5,156)	-1.01%
Less: Event Labor Allocations	(694,811)	(694,256)	555	-0.08%
Net Employee Wages and Benefits	1,741,539	1,731,861	(9,678)	-0.56%
Contracted Services	255,600	264,185	8,585	3.25%
General and Administrative	368,900	343,537	(25,363)	-7.38%
Operations	59,950	52,795	(7,155)	-13.55%
Repair & Maintenance	215,317	208,698	(6,619)	-3.17%
Supplies	238,600	187,081	(51,519)	-27.54%
Insurance	136,722	137,878	1,156	0.84%
Utilities	925,800	884,250	(41,550)	-4.70%
SMG Management Fees	158,672	158,672	-	0.00%
Less: Expenses Allocated	(174,544)	(154,827)	19,717	-12.73%
Total Operating Expenses	3,926,556	3,814,131	(112,425)	-2.95%

1,907,603	(14,594)	-0.77%
557,143	42,990	7.72%
(685,484)	9,327	-1.36%
1,779,262	37,723	2.12%
255,600	-	0.00%
326,600	(42,300)	-12.95%
71,200	11,250	15.80%
223,950	8,633	3.85%
220,100	(18,500)	-8.41%
32,000	(104,722)	-327.26%
949,200	23,400	2.47%
158,671	(1)	0.00%
(174,544)	-	0.00%
3,842,039	(84,517)	-2.20%

Net Income (Loss) From Operations

1,209,615	1,224,626	(15,011)	-1.23%
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1,162,673	46,942	4.04%
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Other Income (Expenses)

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Net Income After Other Income (Expenses)

1,209,615	1,224,626	(15,011)	-1.23%
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1,162,673	46,942	4.04%
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**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2011**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2010 Forecast
Net Revenue above Expenses	1,209,615	(710,943)	498,672	625,220
Benchmark			700,000	700,000
Excess	1,209,615	(710,943)	(201,328)	(74,780)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	158,672	158,671	317,343	317,343
Incentive Fee				
Revenue	5,136,171	4,507,596	9,643,767	9,551,887
Benchmark Revenue	4,800,000	4,200,000	9,000,000	8,900,000
Revenue Excess	336,171	307,596	643,767	651,887
Incentive Fee **	-	-	-	-
Total SMG Management Fee	158,672	158,671	317,343	317,343

** Incentive fee is 25% of the first \$500,000 in excess, 30% of remaining capped at base fee amount.

**SMG - Van Andel Arena / DeVos Place(Grand Center)
 Grand Rapids - Kent County Convention/Arena Authority
 Full Time Employee Summary & Allocation
 Fiscal Year Ending June 30, 2011**

Position	F/Y 2010			F/Y 2011			Change
	VAA	DVP	Total	VAA	DVP	Total	
General Manager	0.50	0.50	1.00	0.50	0.50	1.00	-
Administrative Assistant	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Finance	0.50	0.50	1.00	0.50	0.50	1.00	-
Accounting Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Accounting Support	1.50	1.50	3.00	1.50	1.50	3.00	-
Box Office Manager	0.80	0.20	1.00	0.80	0.20	1.00	-
Assistant Box Office Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Premium Seat/Suite	1.00	-	1.00	1.00	-	1.00	-
Box Office Support	1.00	-	1.00	1.00	-	1.00	-
Director of Marketing	0.50	0.50	1.00	0.50	0.50	1.00	-
Marketing Manager	1.00	-	1.00	1.00	-	1.00	-
Marketing Support	1.00	-	1.00	1.00	-	1.00	-
Group Sales Manager	1.00	-	1.00	1.00	-	1.00	-
Assistant General Manager - Ops	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Facilities	0.33	0.67	1.00	0.33	0.67	1.00	-
Maintenance Assistant	0.33	0.67	1.00	0.33	0.67	1.00	-
Maintenance Support	4.00	7.00	11.00	4.00	7.00	11.00	-
Operations Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Operations Support	9.00	8.00	17.00	9.00	8.00	17.00	-
MIS/IT	-	1.00	1.00	-	1.00	1.00	-
Assistant General Manager - Sales	-	1.00	1.00	-	1.00	1.00	-
Director of Sales	-	1.00	1.00	-	1.00	1.00	-
Sales Manager	-	1.00	1.00	-	1.00	1.00	-
Sales Support	-	1.00	1.00	-	1.00	1.00	-
Director of Event Services	-	1.00	1.00	-	1.00	1.00	-
Event Coordinators	2.00	4.00	6.00	2.00	4.00	6.00	-
House Manager	-	1.00	1.00	-	1.00	1.00	-
Receptionist/Admin Support	1.00	1.00	2.00	1.00	1.00	2.00	-
Total	29.46	35.54	65.00	29.46	35.54	65.00	-



Memorandum

**To: Grand Rapids – Kent County
Convention/Arena Authority**

From: Robert J. White

Date: May 28, 2010

**Re: Convention/Arena Authority (CAA)
Updated Fiscal Year 2011 Budget Request**

The Fiscal Year 2010 Estimate/Fiscal Year 2011 Recommendation has been updated in the following manner:

Fiscal Year 2010 Estimate:

- Additional Operating Revenue	\$80,058
- Additional Operating Expense (SMG Incentive)	(194,584)
- Reduced/Deferred Capital (Wayfinding)	111,400
Reduced Fund Balance (End of Year)	<u><u>(\$3,026)</u></u>

Fiscal Year 2011 Recommendation:

- Administration	
-Diversity Initiative	\$10,000
-Art Procurement (ArtPrize)	25,000
- Capital-Wayfinding (FY 2010 Carryover)	30,000
- Concourse Expansion (Addn Funding)	200,000
Total Additional Funding Request	<u><u>\$265,000</u></u>

Table C Summary:

The Fiscal Year 2010 projected consolidated operating income is reduced from \$916,523 to \$801,997. Fiscal Year 2011 projected consolidated operating income is reduced from \$538,461 to \$503,462. The Fiscal Year 2011 draw on fund balance, after \$4.1 million of capital outlay, will total (\$3.1 million). This update included input from Rich MacKeigan and Chris Machuta.

Attachments: FY 2011 Budget Memorandum
FY 2011 Budget



Memorandum

To: Grand Rapids – Kent County
Convention/Arena Authority

From: Robert J. White

Date: Updated: May 27, 2010

Re: Convention/Arena Authority (CAA)
Fiscal Year 2011 Budget Request

The attached material summarizes a requested CAA Administrative Operating Budget and Consolidated Income Statement for the Fiscal Year beginning July 1, 2010 (Fiscal Year 2011). The format of the report provides the Committee with an overview of Fiscal Year 2009 actual, Fiscal Year 2010 estimate, and Fiscal Year 2011 preliminary recommendations. Preliminary Finance Committee review will be held on May 7th with final Board review scheduled for June 4th.

Table A provides a summary of the facility manager (SMG) budget documents submitted under separate cover. Based on SMG's most recent "budget roll," the current year forecast has been updated to a net operating income balance of \$500,694. Funding, requested for FY 2011, would generate a net operating income of \$488,672.

The Fiscal Year 2011 consolidated income statement (Table C) forecasts a net operating income totaling \$503,462. This income will be applied to finance, in part, a capital outlay request totaling \$4,085,000. The balance of the funds requested will be supported by interest earnings and a drawdown from the capital reserve account.

Table B provides a summary of the CAA administrative budget. Revenues in this account include regularly scheduled transfers from the facility manager, parking, interest and other miscellaneous contributions to the organization. Expenditures from this account include provision for utilities, capital repair/replacement/improvement (as defined in the SMG management contract), parking management fees, landscape plantings, allowance for a marketing campaign (new-carryover), and other administrative expenses. Table B-1, attached hereto, provides additional details concerning utility and miscellaneous administrative expenditure accounts.

On the basis of these initial budgetary estimates, it is expected that the CAA will close its Fiscal Year 2010 activities with a “fund balance” approximating \$24.7 million. This would include a recommended minimum operating reserve balance of \$6 million and a capital repair/replacement/improvement reserve of \$18.7 million.

Prior fiscal year budget recommendations included a Table D entitled “Capital Repair/Replacement/Improvement Reserve – Projection of Receipts, Disbursements and Balances.” The table, last prepared as a part of the Fiscal Year 2009 budget, forecasted capital requirements of approximately \$1 million per annum during the period of Fiscal Year 2010 through Fiscal Year 2014, inclusive, rising to an annual level of approximately \$3 million per annum for the following five fiscal years. Allowing for this level of capital requirements, the forecast identified a Fund Balance of \$13 million at June 30, 2019. Table D has not been updated as part of this Fiscal Year 2011 budget request. Funding for an “Arena Long-Term Capital Study” (see Administrative/Other) has been requested to provide additional assistance in updating the forecast.

Table D has been included along with the original Fiscal Year 2010 budget materials. This report provides a “Budget Summary by Facility/Other” formatted report. It organizes revenues and expenses in three activity areas including Van Andel Arena®, DeVos Place® Convention Center, and other. This report provides all of the same information contained in Table C, but also allows the reader to view the overall operations of each facility incorporating therein the revenues generated by the parking facilities attached or adjacent to the buildings.

Rich MacKeigan, Chris Machuta, Sue Waddell, and I participated in preparation of the attached recommended budget. We would expect to present this to the Finance Committee, at its May meeting, and be prepared to answer any additional questions which may arise from a review of this material.

Attachments: FY 2011 Budget

Table A
Grand Rapids-Kent County Convention/Arena Authority
SMG Facilities Budget
Fiscal Years Ending June 30, 2009 - 2011

	<u>FY 2009</u>	<u>FY 2010</u>		<u>FY 2011</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Requested</u>
Van Andel Arena				
Operating - Revenues	\$ 5,072,186	\$ 5,004,712	\$ 5,113,182	\$ 5,136,171
- Expenses - Facilities	(3,528,326)	(3,683,368)	(3,655,459)	(3,767,884)
- Base Management Fees	(158,672)	(158,671)	(158,672)	(158,672)
Net Operating Income	<u>\$ 1,385,188</u>	<u>\$ 1,162,673</u>	<u>\$ 1,299,051</u>	<u>\$ 1,209,615</u>
DeVos Place				
Operating - Revenues	\$ 4,515,310	\$ 4,712,755	\$ 4,518,763	\$ 4,507,596
- Expenses - Facilities	(4,877,873)	(5,393,674)	(4,953,865)	(5,059,868)
- Base Management Fees	(158,672)	(158,671)	(158,671)	(158,671)
Net Operating Loss	<u>\$ (521,235)</u>	<u>\$ (839,590)</u>	<u>\$ (593,773)</u>	<u>\$ (710,943)</u>
Net Available to CAA:				
Van Andel Arena	\$ 1,385,188	\$ 1,162,673	\$ 1,299,051	\$ 1,209,615
DeVos Place	(521,235)	(839,590)	(593,773)	(710,943)
Less - SMG Incentive	(211,249)	-	(194,584)	-
- DeVos Parking Maintenance	-	(10,000)	(10,000)	(10,000)
	<u>\$ 652,704</u>	<u>\$ 313,083</u>	<u>\$ 500,694</u>	<u>\$ 488,672</u>

Table B
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2011 Recommendation

	<u>FY 2009</u>	<u>FY 2010</u>		<u>FY 2011</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Revenues:				
Facility Operations	\$ 652,704	\$ 313,083	\$ 500,694	\$ 488,672
Utility Reimbursement	<u>2,129,271</u>	<u>2,491,400</u>	<u>2,127,408</u>	<u>2,197,800</u>
Transfers from SMG	2,781,975	2,804,483	2,628,102	2,686,472
DeVos Place Parking	822,559	857,613	822,808	857,613 ⁽¹⁾
VanAndel Parking	143,860	134,751	123,112	125,003 ⁽¹⁾
Interest	647,689	675,000	349,000	435,000 ⁽²⁾
Miscellaneous	<u>204,305</u>	-	96,037 ⁽³⁾	<u>30,000</u>
Total Revenues	<u>4,600,388</u>	<u>4,471,847</u>	<u>4,019,059</u>	<u>4,134,088</u>
Expenditures:				
Utilities	2,129,271	2,491,400	2,127,408	2,197,800 ⁽⁵⁾
Other Operating	338,933	584,651	251,582	417,842 ⁽⁶⁾
Administration/Other	387,956	419,181	393,035	549,984 ⁽⁷⁾
Capital	<u>565,747</u>	<u>1,945,200</u>	<u>633,062</u>	<u>4,085,000</u> ⁽⁴⁾
Total Expenditures	<u>3,421,907</u>	<u>5,440,432</u>	<u>3,405,087</u>	<u>7,250,626</u>
Net Excess (Deficit)	<u>\$ 1,178,481</u>	<u>\$ (968,585)</u>	<u>\$ 613,972</u>	<u>\$ (3,116,538)</u>

Notes: See Following

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Detail of Expenditure Estimates
FY 2011 Recommendation

	<u>FY 2009</u>	<u>FY 2010</u>		<u>FY 2011</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Utilities⁽⁵⁾:				
Electricity	\$ 1,276,503	\$ 1,232,000	\$ 1,259,925	\$ 1,239,000
Steam/Gas	748,360	1,146,900	762,035	846,000
Water/Sewer	104,408	112,500	105,448	112,800
	<u>\$ 2,129,271</u>	<u>\$ 2,491,400</u>	<u>\$ 2,127,408</u>	<u>\$ 2,197,800</u>
Other Operating⁽⁶⁾:				
Parking Management	\$ 229,021	\$ 268,651	\$ 166,314	\$ 119,342
Marketing Campaign	-	100,000	-	100,000
Landscaping	19,585	100,000	9,768	90,000
Pedestrian Safety	78,108	96,000	75,500	85,000
Repairs - F&B	12,219	20,000	-	23,500
	<u>\$ 338,933</u>	<u>\$ 584,651</u>	<u>\$ 251,582</u>	<u>\$ 417,842</u>
Administration/Other⁽⁷⁾:				
Wages	\$ 65,480	\$ 65,825	\$ 80,350 ⁽³⁾	\$ 106,984 ⁽³⁾
Benefits	17,425	21,217	22,410	24,500
Accounting/Audit	28,606	38,000	35,400	36,000
Legal Services	50,288	35,000	32,700	35,000
DID Assessment	53,139	53,139	53,175	53,500 ⁽¹⁾
Insurance	20,673	22,000	22,900	24,000
Meetings/Supplies	13,873	15,000	15,000	15,000
Arena Long-Term Capital Study	-	-	-	50,000
Marketing - CVB	75,000	75,000	75,000	75,000
Marketing - Sports Commission	25,000	25,000	25,000	25,000
Diversity Initiative	4,375	29,000	11,100	40,000
Procurement of Art (ArtPrize)	-	-	-	25,000
Other	34,097	40,000	20,000	40,000 ⁽²⁾
	<u>\$ 387,956</u>	<u>\$ 419,181</u>	<u>\$ 393,035</u>	<u>\$ 549,984</u>

Notes:

⁽¹⁾Downtown Improvement District special assessment contribution from CAA based on benefit allocation formula.

⁽²⁾FY 2011 budget recommendation anticipates continuing requirement for consulting assistance.

⁽³⁾Net of \$10,000 per annum paid by Kent County Parks Foundation for administrative services.

Table C
Grand Rapids-Kent County Convention/Arena Authority
Consolidated Income Statement
Fiscal Years Ending June 30, 2009-2011

		<u>FY 2009</u>		<u>FY 2010</u>		<u>FY 2011</u>	
		<u>Actual</u>		<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>	
Operating Revenue:							
Event	- VanAndel Arena	\$ 1,199,916	\$	1,423,745	\$	1,442,256	\$ 1,460,958
	- DeVos Place	2,376,311		2,263,000		2,323,066	2,409,380
Ancillary	- VanAndel Arena	1,252,946		1,434,257		1,308,915	1,230,438
	- DeVos Place	1,922,286		2,391,755		2,009,662	1,907,266
Other	- VanAndel Arena	2,619,324		2,146,710		2,362,011	2,444,775
	- DeVos Place	216,713		58,000		186,035	190,950
Parking	- VanAndel Arena	143,860		134,751		123,112	125,003
	- DeVos Place	822,559		857,613		822,808	857,613
		<u>10,553,915</u>		<u>10,709,831</u>		<u>10,577,865</u>	<u>10,626,383</u>
Operating Expense / Appropriations:							
Facility Operations							
	- VanAndel Arena	3,528,326		3,683,368		3,655,459	3,767,884
	- DeVos Place	4,877,873		5,393,674		4,953,865	5,059,868
	- Management	528,593		317,344		511,927	317,343
	- Parking Maintenance	-		10,000		10,000	10,000
Other Operating		338,933		584,651		251,582	417,842
Administration/Other		387,956		419,181		393,035	549,984
		<u>9,661,681</u>		<u>10,408,218</u>		<u>9,775,868</u>	<u>10,122,921</u>
Operating Income		892,234		301,613		801,997	503,462
Non-Operating Revenue:							
Interest and Miscellaneous		851,994		675,000		445,037 ⁽¹⁾	465,000
Transfer (to) from Capital Acct.		(565,747)		(1,945,200)		(633,062) #	(4,085,000)
Net Income (Loss)		1,178,481		(968,587)		613,972	(3,116,538)
Fund Balance, beg. of yr.		22,940,974		24,119,455		24,119,455	24,733,427
Fund Balance, end of yr.		<u>\$ 24,119,455</u>	<u>\$</u>	<u>23,150,868</u>	<u>\$</u>	<u>24,733,427</u>	<u>\$ 21,616,889</u>

Notes:

⁽¹⁾ Interest @ \$349,000, reimbursement of legal fees @ \$64,037, and other at \$32,000.

Table D
Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
FY 2011 Recommendation

	<u>FY 2009</u>	<u>FY 2010</u>		<u>FY 2011</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Requested</u>
Van Andel Arena				
Operating - Revenues	\$ 5,072,186	\$ 5,004,712	\$ 5,113,182	\$ 5,136,171
- Expenses - Facilities	(3,528,326)	(3,683,368)	(3,655,459)	(3,767,884)
- Base Management Fees	(158,672)	(158,671)	(158,672)	(158,672)
Net Operating Income	1,385,188	1,162,673	1,299,051	1,209,615
Parking (net of allocated expenses)	143,860	134,751	123,112	125,003
Net Proceeds from VAA	1,529,048	1,297,424	1,422,163	1,334,618
DeVos Place Convention Center				
Operating - Revenues	4,515,310	4,712,755	4,518,763	4,507,596
- Expenses - Facilities	(4,877,873)	(5,393,674)	(4,953,865)	(5,059,868)
- Base Management Fees	(158,672)	(158,671)	(158,671)	(158,671)
Net Operating Loss	(521,235)	(839,590)	(593,773)	(710,943)
Parking (net of allocated expenses)	593,538	588,962	656,494	738,271
Net Proceeds (Cost) of DVP	72,303	(250,628)	62,721	27,328
Other				
Revenues				
Interest	647,689	675,000	349,000	435,000
Miscellaneous	204,305	-	96,037	30,000
	851,994	675,000	445,037	465,000
Expenses				
Other Operating	109,912	316,000	85,268	298,500
Administration/Other	387,956	419,181	393,035	549,984
Less - SMG Incentive	211,249	-	194,584	-
- DeVos Parking Maintenance	-	10,000	10,000	10,000
	709,117	745,181	682,887	858,484
Net Other	142,877	(70,181)	(237,850)	(393,484)
Total Operating	\$ 1,744,228	\$ 976,615	\$ 1,247,034	\$ 968,462
Capital Expenditures	565,747	1,945,200	633,062	4,085,000
Results Net of Capital Expenditures	\$ 1,178,481	\$ (968,585)	\$ 613,972	\$ (3,116,538)

Memorandum

To: CAA Board Members
From: Rich MacKeigan, Executive Director
Date: June 24, 2010
Re: Arena Concourse Expansion Construction Bids

We received bids for the Arena Northwest concourse expansion this week. The lowest bid came in at \$678,489, and the highest bid was \$902,778.

All bidders were local west Michigan firms. The bids for this project were all very aggressive and we applaud our local firms for their efforts.

The bids are being independently reviewed by SMG and Rossetti Associates. We will consider the various "alternatives"-to-spec that were bid. Rossetti and SMG are in agreement that once three bidders are selected, we would like to proceed with interviewing the three firms.

While the bids do not include amounts for contingency, city fees, or bonds. These would be included in the total contract and be within our budget. Attorney Richard Wendt will prepare the contract.

Action requested: After interviewing the three construction firms, approval for SMG to enter into an agreement with the construction firm awarded the bid, in an amount not to exceed \$1 million.