

Maryland Stadium Authority
House Education and Economic Development Subcommittee



February 9, 2012



Questions from the Department of Legislative Services

Hippodrome Performing Arts Center

Brief the budget committees on plan for a long-term solution that addresses the revenue shortfall, including any confirmed commitments for assistance by local governments or community organizations.

Also, report on refinancing the bonds and how much principal would be required to make the expenses manageable.

Baltimore Grand Prix

Comment on MSA's role in the development of the Grand Prix race, prospects for the race's future, and the likelihood that MSA will recover its costs.



Fiscal Management

Hippodrome Theatre



Reasons for underperformance:

- Budget constraints led to steam and chilled water capital equipment being funded by providers and financed through monthly charges paid by theater operator.
- Utility expenses are double that of comparable venues making it difficult to compete for shows.
- Ticket sales have declined due to stalled Westside development and recession.



Solution



1. **MSA** pays utility capacity and demand charges of **\$250,000/year**.
2. **Operator** agrees to annual **ticket surcharge guarantee** at $220,000 \times \$2 =$ **\$440,000**.
3. **Operator** agrees to pay an additional \$0.25 per ticket for every ticket sold in excess of 350,000.
4. **Operator** agrees to extend the theater operating agreement for five additional years.
5. **MSA will refinance** and potentially extend **bonds** by 5 years to **reduce** annual **debt service** to approximately **\$1.47** million from **\$1.80** million.
6. Theater operating agreement and ticket surcharge will be extended to coincide with bond maturity.
7. **Hippodrome Foundation** will pay **\$500 thousand** for equipment amortization.
8. **Baltimore City** has hired a Westside Coordinator to promote Westside development and has agreed to additional police presence during Hippodrome events.



Outcome

<u>CASH FLOW</u>	FY2010	Do Nothing - FY2013	Restructure/ Refinance – FY2013
<u>Sources</u>			
Ticket Surcharge – MSA	\$353,078	\$280,000	\$440,000
Taxes – State	1,206,000	1,038,000	1,286,000
Total to MSA /State	\$1,559,078	\$1,318,000	\$1,726,000
<u>Uses</u>			
Debt Service – MSA/State	\$1,791,973	\$1,820,398	\$1,472,417
Utilities - MSA	-	-	250,000
Total from MSA/State	\$1,791,973	\$1,820,398	\$1,722,417
NET to/(from) MSA/State	(\$232,895)	(\$502,398)	\$3,583



Maryland Stadium Authority

Hippodrome Theater Refinancing

Maryland Stadium Authority will evaluate these refinancing strategies:

Refund existing debt of \$13.66 million with same maturity as old debt

- Projected savings on a net present value is approximately \$1.914 million
- Reduces the annual debt service from \$1.8 million to \$1.6 million annually, \$200,000 reduction

Refund existing debt of \$13.66 million and extend the maturity by 5 years

- Projected savings on a net present value of approximately \$1.4 million
- Reduces the annual debt service from \$1.8 million to \$1.25 million, \$550,000 reduction



Baltimore Grand Prix



MSA's Agreements with Baltimore Racing Development (BRD)

- 1) Pit Lane Improvements – MSA renovated warehouse parking lots for use as pit lane during race. Total cost to MSA was approximately \$2.3 million to be repaid by BRD over 5-year term of race with 12% return. Agreement required BRD to establish \$900,000 escrow account as security for repayment.

Currently: BRD paid MSA \$126,300 prior to race then missed payment deadline 45 days post-race. On October 12, 2011, MSA received \$430,000 from escrow. On December 3rd, MSA received remainder of approximately \$470,000 after discussions with BRD revealed that BRD would be unable to replenish escrow. MSA agreed to forebear from taking further action against BRD until March 15, 2012 or until BRD declared bankruptcy or lost right to hold race. **Unpaid principal balance is approximately \$1.2 million.**

Additional remedies: MSA Board authorized forbearance agreement and filing of legal claim for payment at appropriate time. MSA reserves the right to file suit for payment against BRD. MSA also plans to recapture remaining principal balance of improvements costs through parking lot rentals for future races.

- 2) Parking Lot Rental – BRD rented various parking lots and other spaces for 3-day period of race for a total of \$108,245 annually with ½ to be paid on July 1st prior to race and ½ to be paid on August 1st prior to race.

Currently: BRD paid MSA \$54,122 on July 1st prior to race then missed August 1st payment deadline. BRD asked MSA to wait until after race to receive payment. MSA agreed, not wishing to jeopardize race and ability to receive payments from both agreements. BRD continues to owe \$54,122 plus late fees to MSA.

Additional remedies: include past due amount in future lawsuit for payment and recapture through future lot rentals for race.



Baltimore Grand Prix



Rationale for MSA and State Involvement:

- **MSA mission** includes charge to: Provide enjoyment, enrichment, education and business opportunities for citizens, and Develop partnerships with local governments, universities, private enterprise, and the community.
- **Original** estimated **economic impact** per DBED was \$16.4 million in State tax revenues over 5-year term of race (\$3.3 million/year) with 400 full-time equivalent jobs.
- **Post-race**, economic impact study showed \$2 million in State taxes and 273 jobs.
- As an event, the race was very successful and provided invaluable **free media exposure** to Baltimore and Maryland, as well as significant opportunities for the hospitality industry.
- Given State's investments in race to date, payments received from BRD and estimated tax revenue, State is break-even to money good in year one.



Baltimore Grand Prix



Rationale for MSA and State Involvement: (continued)

- Warehouse pit lane construction projects carried benefits to MSA and Camden Yards Complex apart from race:
 - Improved, safer pedestrian access to East side of complex with removal of curbs.
 - Enhanced gateway with addition of canopy trees along edge of complex, addition of planters and ornamental trees.
 - Significant upgrade to storm water management with installation of reservoir to reuse runoff for irrigation.
 - Repaving of lots and installation of traffic circles provided for better traffic flow and creation of additional parking.
 - Widening of Lee Street (paid for by City) significantly improved ingress and egress during events.
- City is currently selecting race operator for 2012 race. Future races will provide additional opportunities to recover funds without additional outlay on MSA's part. State will receive additional tax revenue with little or no additional investment.



Security and Public Safety

- Security and Public Safety is highest priority for MSA and its Board.
- Selected new Director of Security after nationwide search evaluating 200 candidates. New Director has extensive experience with Maryland State Police and innovative uses of technology in security.
- Implemented “See Something, Say Something” campaign to raise public awareness of the indicators of terrorism and criminal activity, and emphasize the importance of reporting suspicious activity.
- Developed computerized 3D evacuation model for M&T Bank Stadium in 2011; developing evacuation model for Oriole Park (expected completion in spring 2012).
- Modernizing security control centers at M&T and Oriole Park; transitioning from analogue to digital video technology.
- Currently implementing text alert and emergency notification systems for employees, tenants and visitors to the Camden Yards Sports Complex.
- Physical security improvements to M&T Bank Stadium; increasing the number of protective bollards and other security enhancements (work begins spring 2012).
- Coordinated active shooter training and response for MSA Security; planning multi-agency table top exercise to test effectiveness of response plan.



Responsible Stewardship

Camden Station

- Total leasable square footage is 38,606.
- Fully leased with Sports Legends Museum and Geppi Entertainment Museum.
- Annual rental income is approximately \$415,000



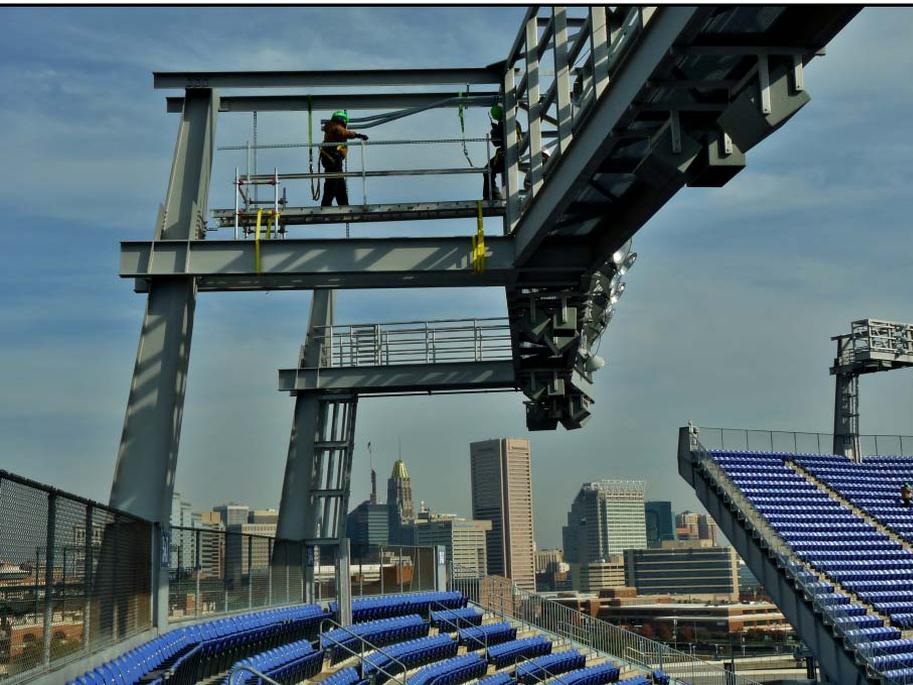
The Warehouse

- Total leasable square footage available is approximately 175,000.
- 100% occupancy at between \$17 to \$26 per square foot.
- Annual rental income is approximately \$3.3 million.



Ancillary Revenue Sources

In 2011, the telecommunication devices on the Warehouse roof generated \$280,000 in rent to the Stadium Authority. That's the equivalent of 15,500 square feet in office space.



In December 2011, Verizon Wireless completed a year-long project in M&T Bank Stadium to better support 4G applications. This involved installation of 896 antennas, using 466 miles of fiber optic cable and involving nearly 80,000 man hours of work.

The new system is a revenue producer for the Maryland Stadium Authority. An initial \$36,000 annual rent will increase 3% every year, and even more as other carriers join the system.

In 2012, the Stadium Authority will be issuing an RFP to install a similar system in Oriole Park.

Parking Revenue

Managed by Central Parking, the lots are used for more than cars. Groups such as the Leukemia and Lymphoma Society and March of Dimes use the Camden Yards for charity walks and other events.

Convention center exhibits are staged and stored on nearby lots. Car rallies and police training exercises take place on the lower lots.

Parking had a career year in 2011. Factors include -- more non-game events, installation of metered parking in short term locations, and maximizing the use of more expensive lots for monthly parkers.



"Pay and Display" machines, installed and activated at the end of 2010, contributed to increased parking revenue. They operate over a cellular network and monitor premium spaces.

Overall MSA gross parking revenue for calendar year 2011, with projections and variance:

ACTUAL
\$2,056,316.40

BUDGET
\$1,812,925.00

VARIANCE
\$243,391.40



Maintaining the Assets

The 1904 B&O Warehouse and 1856 Camden Station, both fully leased, are undergoing maintenance projects to keep them in top condition. Roof repair, waterproofing, and brick repointing have been taking place fall/winter 2011-2012





Deferred Maintenance Plan

BUILDING	PROJECT DESCRIPTION	FY2011	FY2012	FY2013	
		7/2010-6/2011	7/2011-6/2012	7/2011-6/2012	TOTAL
Oriole Park	Seating Bowl	\$10,000,000			\$10,000,000
	Concrete and Paver Replacements			\$1,000,000	1,000,000
	ADA Upgrades			1,000,000	1,000,000
	OPACY Centerfield Building Roof Replacement		\$350,000		350,000
	Modernize Escalator 4		1,300,000	3,500,000	4,800,000
	Mezzanine Renovations			2,250,000	2,250,000
	Security Improvements			500,000	500,000
	Facility Assessment Study			200,000	200,000
Warehouse	Roof Replacement		4,500,000		4,500,000
	Façade Restoration		3,000,000		3,000,000
	Fire Alarm System		850,000	1,550,000	2,400,000
Total		\$10,000,000	\$10,000,000	\$10,000,000	\$30,000,000

PROJECTS AND STUDIES

Upgrades to Oriole Park, 2011

On Opening Day, 2011, new upper deck seats and new party platforms were unveiled, with tables and rail seating.



The Orioles, their new catering partner Delaware North, and the Stadium Authority worked together to upgrade the flooring at the Home Plate entrance, improve lighting in the concourse food court, and apply historic murals to the wall.



Structural repairs, enhancements to Oriole Park

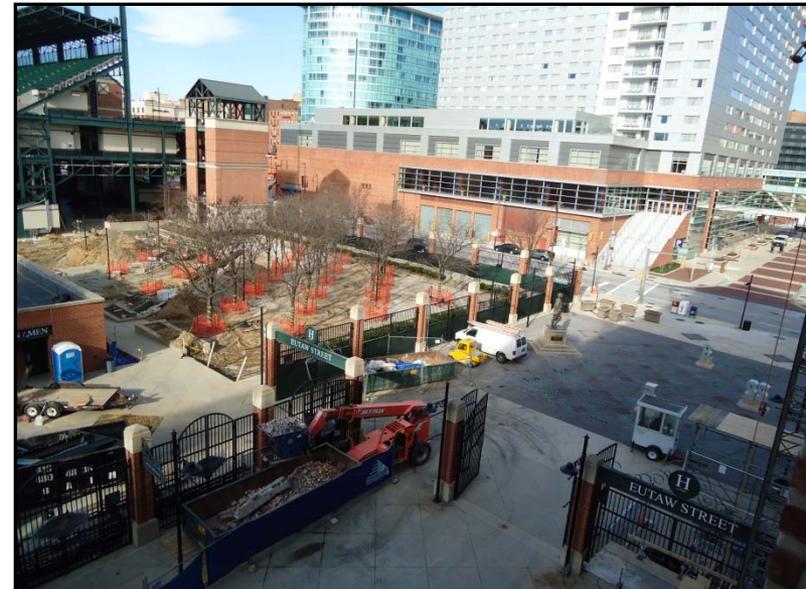


The pedestrian overpass is being refurbished and main escalator replaced



Improvements for the 2012 season are even more dramatic.

Additional amenities include a tribute to Oriole Hall of Famers in the popular bullpen picnic area adjacent to Camden and Eutaw Streets.



Maryland Stadium Authority General Administrative Funding

Fiscal Year	Funding Amount (\$ 000)	Management Fees
2010	\$3,253	\$120,000
2011	\$3,115	\$160,000
2012	\$3,511	\$245,000
2013	\$3,371	\$100,000

Administrative expense summary:

- Eliminated 2 full time positions in 2011
- Payroll costs increased in FY 2012 by \$300,000:
 - * Salaries returned to pre-salary reduction levels
 - * \$750 one-time bonus payment for full-time employees in FY 2012
 - * increase in retirees health insurance costs from 35% to 55% of health insurance FY 2012
 - * potential 2% COLA in FY 2012
- non-budgeted funds for studies in FY 2012 increased by \$100,000
- constant monitoring of expenditures

Maryland Stadium Authority

Economic Impact for FY 2011

Major events

Event	State Taxes (including Admissions Taxes)	MSA Contributions	MSA Revenues (including Admission Taxes)
Manchester City vs. Inter Milan Soccer match	\$464,000	\$350,000	\$326,964
Univ of MD vs. Navy Football	\$633,000	\$0	\$265,217
Face Off Lacrosse	\$92,000	\$0	\$60,637
NCAA Lacrosse Finals	\$1,277,000	\$400,000	\$513,220
U-2 Concert	\$1,039,000	\$0	\$919,241
Totals	\$3,505,000	\$750,000	\$2,085,279

Ocean City Convention Center Expansion, Phases I and II

August 2010, the Ocean City Council approved plans for an \$8.9 million expansion with groundbreaking in August 2011. Project is on schedule for October 2012 completion.

On November 7, the Ocean City Council approved plans for a \$14 million auditorium to include two tiers of fixed seating, dressing rooms, and a ticket office. The 1,248-seat auditorium will be a complementary amenity to the convention hall's existing ballroom and stage.

The City has approved \$10.5 million of its own funds and will seek \$3.5 million in State assistance this session. If approved by the Maryland General Assembly, this project could begin design this year.



Coppin Center Demolition/Redevelopment

MSA completed the \$134,000,000 Physical Education Complex at Coppin State University in 2010 approximately \$3 million under budget.

The savings provided the necessary funding to demolish the old 110,000 sq. ft. Coppin Center and redevelop it to include green space, lawn areas, new landscape/hardscape, site lighting, and parking.

Demolition on this site, located adjacent to the newly renovated campus quad, began in October 2011. Planting will occur in early spring.



Wicomico County Youth and Civic Center

In September 2010, Wicomico County requested that the Stadium Authority perform a study to evaluate their aging Youth and Civic Center, its uses, and whether it is economically feasible to renovate and expand it or build a new venue.

The study, released in January 2012, recommended renovating the existing facility along with a modest expansion of the ballroom and exhibit space.

Phase II, which includes program refinement, preliminary design, cost estimate and financing options, will begin in 2012.



Baltimore City Circuit Courthouse

In November 2008, the City of Baltimore requested Maryland Stadium Authority to conduct a feasibility study for the potential modernization of the historic circuit court complex and possible construction of a new courthouse.

Study elements include program development, conceptual design, site analysis, and the cost.

Study was released in May 2011. A copy of this comprehensive study may be viewed on the MSA website at:

<http://www.mdstad.com/content/view/94/127>

Baltimore City Convention Center Expansion/Arena/Hotel

In May 2011, Baltimore Mayor Stephanie Rawlings-Blake and Governor Martin O'Malley requested the Stadium Authority to study the viability of a public-private sector plan submitted by the Greater Baltimore Committee. This plan is to rebuild and expand the east wing of the Baltimore Convention Center, and construct an adjacent 18,500 seat arena and 500 room hotel which were proposed to be privately funded.

The study will include a market and economic analysis of the convention center expansion and incremental tax benefits for all three venues.

The study will be released in early 2012



City of Frederick Conference Center/Hotel

Last year, Mayor Randy McClement of Frederick requested that MSA review and update a 2008 study commissioned by the City for a hotel/conference center project envisioned for the downtown business district.

The study will include a full review of the material already completed along with the expected incremental tax revenues.

The study is expected to begin in February.

Troy Park Tennis Complex/Soccer Training Center

In June 2011, Howard County Executive Ken Ulman requested that the Stadium Authority conduct a market and economic study to determine the feasibility of the Troy Park Tennis and Sports Center,

In August 2011, the County amended its request to include an additional study to consider the economic impact and site plan for a soccer training facility for DC United as part of the facility.

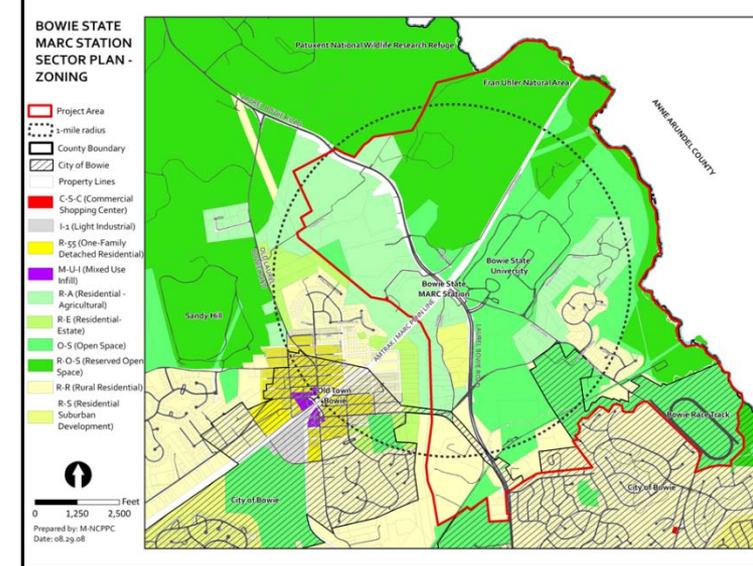
The first phase of the study will be released in early 2012.



Washington Redskins Training Center/ Headquarters

In June 2011, Prince George's County Executive Rushern Baker asked the Stadium Authority to conduct a market and economic analysis to determine the economic impact of attracting the Washington Redskins Training Center and Team Headquarters to an undeveloped, county-owned site near Bowie State University and the MARC Station.

It is expected to be completed in early 2012.



Maryland Horse Park

In August 2011, the Maryland Department of Agriculture asked MSA to perform a viability study for a Maryland Horse Park based on the extensive study performed in 2006 for a specific venue.

The Maryland Horse Industry Board, a division of MDA, would like to determine if the conclusions of this report are still applicable to the current market and economy before pursuing the project again.

It will be available in early 2012

Show Place Arena – Prince George’s County Equestrian Center

In December, the Maryland-National Capital Park and Planning Commission asked the Stadium Authority to evaluate the full potential for the existing Show Place Arena and Prince George’s County Equestrian Center, evaluate the existing operations of the facilities, and recommend how they can be improved.

Procurement for a study consultant will begin February 2012.



Annapolis Arts Center

In January, the City of Annapolis asked the Stadium Authority to undertake a study to evaluate whether the region could support a new performing arts center or expand and improve the existing creative arts and education complex at nearby Maryland Hall.

The study will begin in March/April 2012



Bowie Lacrosse Stadium and Youth Complex

In February, Prince George’s County asked the Stadium Authority to evaluate the feasibility of building a multi-use stadium on M-NCPPC property in Bowie for the professional Bayhawks, with fields for youth lacrosse and soccer as part of the complex.

The study request awaits legislative comment.



Economic Development Events 2011

Face-Off Classic

Face-Off Lacrosse
March 12

\$1.2 million in spending
10 equivalent full time jobs for
\$482,000 in earnings
\$92,000 State taxes
\$31,000 in local taxes
Crossroads Consulting

The Annual Konica Minolta Face-Off Classic on March 12, 2011 featured spirited play, as seen between Virginia and Cornell. The Classic will be back in 2012 with another triple-header of top-ranked NCAA colleges.



NCAA Men's Lacrosse Championships

This world class event brought fans, families, and youth teams from all over the country on Memorial Day Weekend.

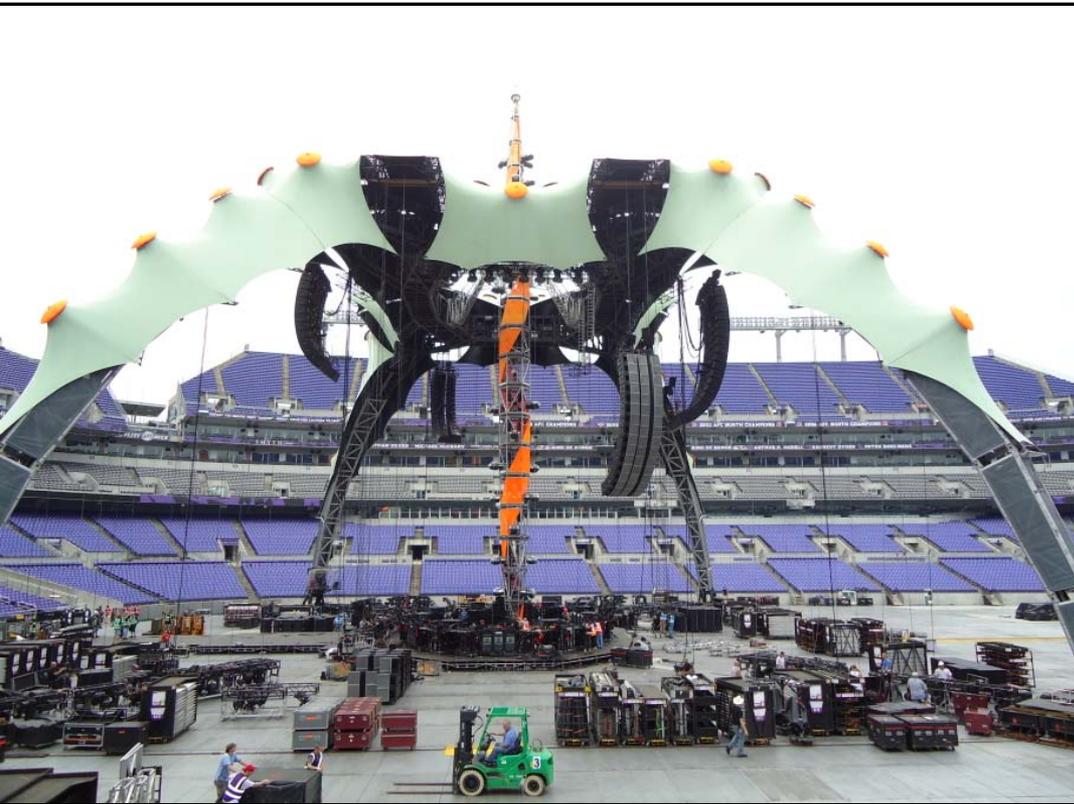
The NCAA Men's Championships will return to Baltimore in 2014.

NCAA Lacrosse finals:
Memorial Day Weekend

\$15.7 million in spending
180 equivalent full time jobs for \$6.4 million in earnings
\$1.3 million State taxes
\$417,000 in local taxes
Crossroads Consulting



U2 Concert



U-2 Concert
June 22

\$8.5 million in spending
110 equivalent full time jobs
for \$3.7 million in earnings
\$1.0 million State taxes
\$251,000 in local taxes

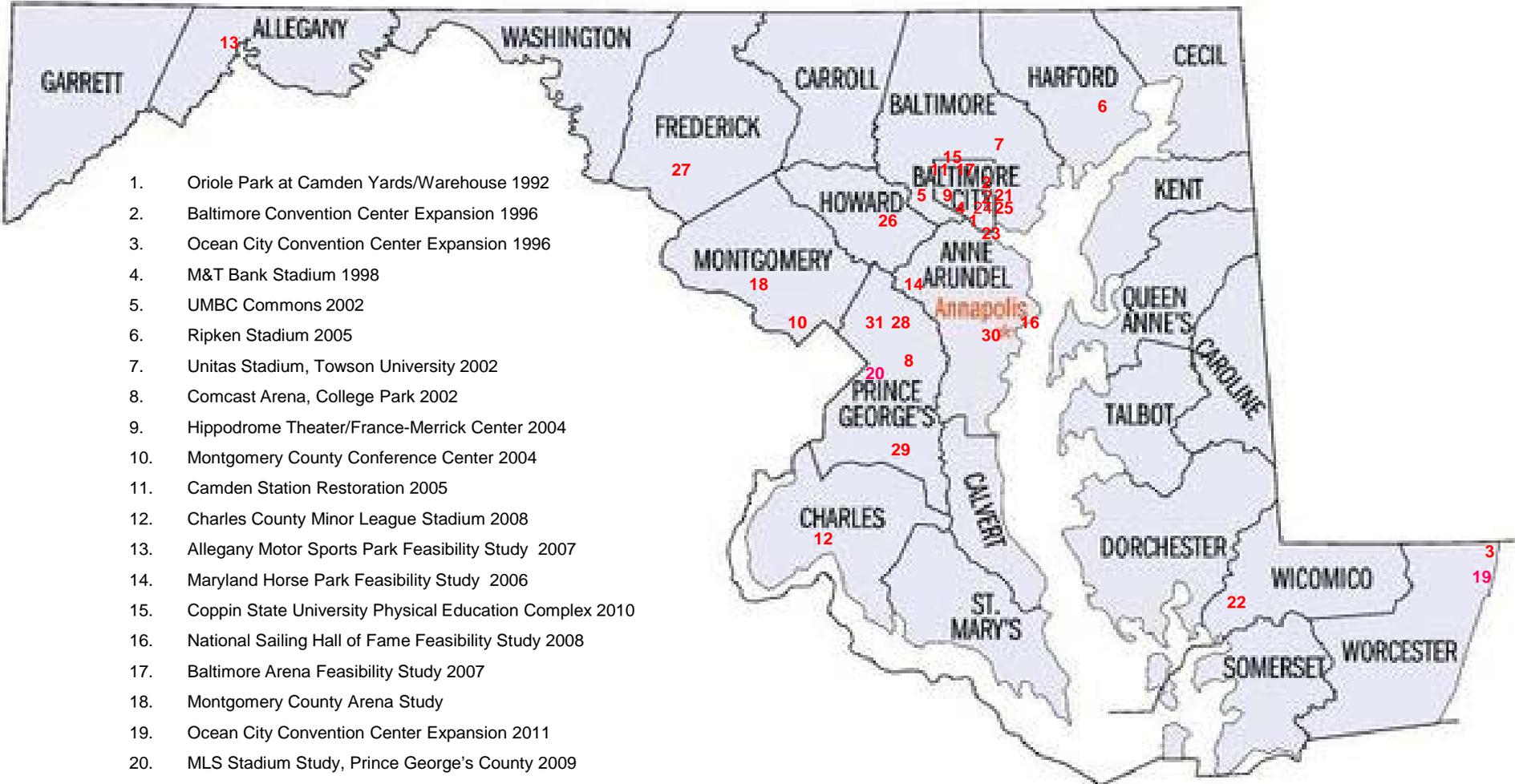
Crossroads Consulting

Baltimore Running Festival

25,000 Participants
\$30.6 million Economic Impact

RESI Research





1. Oriole Park at Camden Yards/Warehouse 1992
2. Baltimore Convention Center Expansion 1996
3. Ocean City Convention Center Expansion 1996
4. M&T Bank Stadium 1998
5. UMBC Commons 2002
6. Ripken Stadium 2005
7. Uitas Stadium, Towson University 2002
8. Comcast Arena, College Park 2002
9. Hippodrome Theater/France-Merrick Center 2004
10. Montgomery County Conference Center 2004
11. Camden Station Restoration 2005
12. Charles County Minor League Stadium 2008
13. Allegany Motor Sports Park Feasibility Study 2007
14. Maryland Horse Park Feasibility Study 2006
15. Coppin State University Physical Education Complex 2010
16. National Sailing Hall of Fame Feasibility Study 2008
17. Baltimore Arena Feasibility Study 2007
18. Montgomery County Arena Study
19. Ocean City Convention Center Expansion 2011
20. MLS Stadium Study, Prince George's County 2009
21. Baltimore City Circuit Courthouse Study 2011
22. Wicomico County Youth and Civic Center Study 2012
23. Baltimore City Soccer Stadium Study 2010
24. Baltimore Grand Prix Pit Lane Improvements 2011
25. Baltimore City Convention Center/Arena 2012
26. Troy Park Tennis Feasibility Study 2012
27. City of Frederick Conference Center 2012

28. Washington Redskins Training Center/Headquarters 2012
29. Show Place Arena Study 2012
30. Annapolis Arts Center Study 2012
31. Bowie Lacrosse Stadium Study 2012