

Maryland Stadium Authority
House Appropriations Committee – Education and Economic Development
Subcommittee



February 10, 2011



Department of Legislative Services Questions, FY 2012

- 1. The Department of Legislative Services (DLS) recommends that MSA brief the budget committees on the current status of the Hippodrome Performing Arts Center, including potential causes of the lagging ticket sales; any discussions with the theater operator to address the theater's underperformance; and the implications for the general fund.*



Fiscal Responsibility



Hippodrome Theater

Debt service of \$1.8 million assumed \$800 thousand from \$2 ticket surcharge and \$1 million from general funds.

Annual ticket revenue has reached \$800 thousand once.

FY 2005 \$636,172

FY 2006 \$805,132

FY 2007 \$545,264

FY 2008 \$493,608

FY 2009 \$391,234

FY 2010 \$353,078

Currently, MSA funding ticket surcharge shortfall from operating funds to be appropriated by State in future years. Total funding shortfall to date is \$1.9 million.

Regardless of theater operating performance, State of Maryland is ultimately responsible for remaining 12 years of debt service on \$16 million balance. (12 years x approximately \$1.8 million = \$22.4 million)



Fiscal Responsibility



Hippodrome Theater

Reasons for underperformance:

- Ticket sales have declined due to stalling West side development and recession.
- Steam and chilled water equipment funded by providers and financed through monthly charges paid by theater operator.
- This results in utility charges double that of comparable venues and difficulty in competing for shows.

MSA has had ongoing discussions with operator to discuss alternatives, including:

- MSA assuming utility capital charges in exchange for ticket surcharge guarantee.
- Extending operating agreement and ticket surcharge.
- Refinancing and extending bonds to reduce annual debt service.
- Seeking contributions from Hippodrome Foundation and City of Baltimore.



Department of Legislative Services Questions, FY 2012

- 2. A recently released legislative audit raised concerns that MSA was not adequately pursuing the collection of certain revenues – mostly notable advertising revenues and management fees. DLS recommends that MSA comment on the findings of the legislative audit and report any updates on its revenue collections.*



Fiscal Responsibility

2010 Legislative Audit Findings on revenue collections:

Home Plate Advertising:

- Settlement approved by Board of Public Works in November 2010 called for Orioles to pay 18.75% for amounts due from 2007-2009 (in 5 annual installments) and 12.5% for amounts due thereafter.
- Orioles have paid first installment on past amount and total amount due for 2010.

Construction Management Fees:

- Construction management fees are calculated and billed on actual labor hours for current projects.
- Amounts due have been billed and collected.



Fiscal Responsibility

General & Administrative Expenses (Net of management fees)

Fiscal Year	Amount	% Change
2010	\$3,133,054	-
2011	\$3,110,929	-0.71%
2012	\$2,960,926	-4.82%

Reducing Expenses:

- Evaluate positions/salaries when vacancies occur.
- Currently have 16.00 vacancies and propose to eliminate 4.00 positions permanently .
- Billing projects for professional services.
- Assessing/curtailing administrative expenses.



Fiscal Responsibility

Potential NFL Lockout

- Owners may lockout players upon expiration of collective bargaining agreement in March 2011.
- MSA receives approximately \$3.8 million annually from the sale of Ravens' tickets. This represents **13% of FY2012 estimated operating revenues** and is the **largest source of budgetary risk facing MSA**.
 - Admission tax money helps fund difference between total annual debt service for Camden Yards debt not covered by Lottery.
 - FY12: Debt Service @ \$23,830,000 vs. Lottery Funds @ \$20,000,000.
- MSA will have to return approximately \$380,000 of admissions taxes for each cancelled game
- MSA made \$2 million rent payment to State in FY2009, but did not make a payment in FY 2010 in order to reserve for lockout.
- If lockout resolved, potential for rent payment in FY 2011.



Responsible Stewardship



The Warehouse

- Total leasable square footage available is approximately 175,000.
- 91% occupancy at between \$17 to \$26 per square foot.
- Annual rental income is approximately \$3.3 million.



Oriole Park Renovation

- MSA is completing seating bowl renovations this off season.
- Includes a new bar stool seating option and ADA improvements funded through Supplemental Improvement Fund (from Orioles lease parity settlement).

Camden Station

- Total leasable square footage is 38,606.
- Fully leased with Sports Legends Museum and Geppi Entertainment Museum.





Responsible Stewardship

Deferred Maintenance Plan

BUILDING	PROJECT DESCRIPTION	FY2010	FY2011	FY2012	
		7/2009-6/2010	7/2010-6/2011	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		950,000	\$1,000,000	1,950,000
	OPACY Centerfield Building Roof Replacement		350,000		350,000
	Modernize Escalator 4		1,200,000		1,200,000
	Steel Painting			4,500,000	4,500,000
	Mezzanine Renovations			4,500,000	4,500,000
Warehouse	Roof Replacement		4,000,000		4,000,000
	Façade Restoration		2,000,000		2,000,000
	Fire Alarm System		500,000		500,000
Total		\$10,000,000	\$10,000,000	\$10,000,000	\$30,000,000



Security and Public Safety

- Security and Public Safety is highest priority for MSA and its Board.
- Transition from crime prevention and response to counter-terrorism and training.
- Independent consultant performed security assessment for entire complex in 2009.
- Currently implementing recommendations for Warehouse, Oriole Park, and M&T Bank Stadium.
- Upgrades in communication and surveillance equipment, integration with law enforcement on all levels, and cooperative implementation with teams and tenants.
- Retrofitting existing security stations to standards established in newer stadiums.
- Held joint training exercises with Ravens, Orioles, local, state and federal law enforcement and emergency management officials.
- M&T Bank Stadium selected as 1 of 2 NFL sites in pilot program for emergency evacuation. Also, selected as 1 of 2 football sites to use high-technology, crowd scanning threat identification tool.



Economic Development: Projects



Baltimore Grand Prix Pit Lane

- MSA renovating warehouse parking lots for use as pit lane for Indy car race scheduled for Labor Day weekend.
- All costs for the renovation will be paid by Baltimore Racing Development plus 12% return to MSA.
- Will enhance the warehouse lots aesthetically and provides for storm water management improvements.
- Estimated to bring 150,000+ visitors to Baltimore, generate between \$60-\$100 million in spending and create 400 jobs.

Ocean City Convention Center Expansion

- MSA is finalizing design of 20,000 SF expansion.
- Scheduled for summer 2012 completion.
- Estimated state tax revenue of \$1.1 to \$1.6 million.



State Center Redevelopment

- DGS and MDOT requested MSA to act as Owners representative for Phase 1 of this \$1.5 billion initiative.
- Potential to transform West Baltimore.





Economic Development: Current and Completed Studies



Baltimore City Courthouse Study - Evaluate programmatic and operational needs of circuit court system, including a potential new courthouse. In final stages for March 2011 release.



Baltimore City Soccer Study - Released in December 2010. Market and economic study of two potential venues, one for DC United in Westport and second for Crystal Palace in Carroll Camden.



Wicomico County Civic Center - Market and economic impact of current facility as well as potential new facility. Study starting this month and should be completed by the end of the year.



Economic Development: Events

Estimated revenue to MSA from FY2011 events at \$950 thousand is 53% higher than for FY2010 actual at \$621 thousand.



International Soccer 2010

- 33,000 tickets sold.
- \$5.3 million in total spending.
- 60 full and part-time jobs
- \$469,000 in State tax revenue.

RETURNING IN 2011!

Fiscal Year 2011

International Soccer Match
Maryland-Navy NCAA Football
City-Poly HS Football
Calvert Hall-Loyola HS Football
Maryland High School Football Championships
Face-Off Classic NCAA Lacrosse
Day of Rivals NCAA Lacrosse
NCAA Lacrosse Finals
U2 Concert
Family Event @ M&T Bank Stadium

NCAA Lacrosse Finals 2010

- 116,000 individuals attended the five games.
- \$15.0 million in total spending.
- 160 full and part-time jobs.
- \$1.2 million in State tax revenue.

RETURNING IN 2011!

