



Budget Briefing

Appropriations Subcommittee

Education and Economic Development

January 28, 2008

Maryland Stadium Authority



Maryland Stadium Authority

Presenters:

Frederick W. Puddester, Chairman

David A. Raith, Acting Executive Director

Gary A. McGuigan, Project Executive



Maryland Stadium Authority Response

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Frederick W. Puddester, Chairman

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Issues

- **The department of Legislative Services (DLS) recommends reducing the special funds by \$1,692,000. The remaining \$21.3 million would be sufficient to cover debt service payments on properties other than Camden Station. DLS also recommends the agency comment on the viability of the MSAFF, including the outlook for improving operational revenues and steps taken to address future repairs and equipment needs.**

The Maryland Stadium Authority (“MSA”) opposes the recommendation to reduce the Special Fund request by \$1.692 million. If the decision is made to reduce the Special Funds by that amount while not approving elimination of the PSCF contribution, this could result in the Authority ending FY 09 with a negative cash balance.

The Authority is facing a period of moderating revenue growth and increasing expenses. During the past year, revenues received by the Authority as baseball rent declined by approximately \$1.1 million compared to those received in FY 06. We are not anticipating any increase in baseball revenues in FY 08 or FY 09. At the same time, utility rates are increasing and the Authority faces increasing maintenance costs. Two years ago, a request was made for MSA to assemble a five-year capital repair plan for the baseball stadium. The Authority created this repair plan and determined that it would require substantial funding to complete. MSA began using the available balance in the MSAFF for items listed within the plan in FY 07 and will continue to use the MSAFF when there is an available balance.

Also, large service contracts will be awarded that will include the new State living wage law. The two main contracts are for cleaning and security services. The impact of the living wage law could result in an increase in our operations.

The Maryland Stadium Authority is constantly reviewing the revenues and expenses of the Camden Yards Sports Complex. The Authority is working with the Department of General Services’ energy management program to see what can be done to reduce utility costs and consumption. In addition, we are exploring other financing options to address

the capital needs of the Camden Yards Sports Complex and reviewing expenses to determine where cuts are possible cuts without having a negative impact on our responsibilities to maintain the stadiums.

MSA and the Camden Yards Sports and Entertainment Commission actively are seeking major events for the Camden Yards Complex to increase revenues. In FY 08, the Camden Yards Sports Complex will host the Inside Lacrosse Face-Off, the AST Dew Action Sports Tour, a Kenny Chesney concert and the Navy/Notre Dame game to name but a few of our scheduled events.

- **DLS recommends the State continue its obligating deficit support at a 50% cost share, contingent upon the enactment of legislation to modify or remove the current sunset date. This level of subsidy would be consistent with the support provided to the OCCC.**

The Maryland Stadium Authority opposes the recommended cut to the FY09 allowance request. We submitted a bill to continue support of the operating deficit of the Baltimore Convention Center until December 31, 2014 based on the maturity of the bonds issued by the MSA for this project. The proposed legislation also includes the cost of the State's share of the costs to continue the deficit reimbursement at the current rate.

Convention centers are known nationwide as "loss leaders" which operate for the sole purpose of generating an economic impact for the local market through increased spending by out-of-town guests in hotels, restaurants and stores which enhance State and local tax revenues.

The proximity of the Baltimore Convention Center to the state-owned Camden Yards Sports Complex provides additional economic benefit for the metropolitan area. Events at the Baltimore Convention Center are able to take advantage of the Camden Yards facilities, including parking and overflow hospitality venues. Participants may avail themselves of the museums, stores, restaurants and activities located nearby and the Convention Center, particularly with the addition of the adjoining hotel opening in 2008, should play an increasingly significant role in the success of the Camden Yards' operations.

The Maryland Stadium Authority prepares annual updated economic impact reports. These reports clearly demonstrate the tax benefits that the State of Maryland receives from the operation of the Baltimore City Convention Center. In Fiscal Year 2007, for example, State tax revenues are estimated at \$30.5 million, an amount greater than the state financial commitment. The State of Maryland and MSA contributed a total of \$13.2 million for debt service, the 2/3 funding of the operating deficit and the capital improvements contribution. The attached chart summarizes the net economic impact for both the State of Maryland and the City of Baltimore for the past five years. As can be seen from the chart, the additional tax benefits is about 2/3 state, 1/3 city reflecting the existing allocation.

- **The legislature may wish to consider relieving MSA of its obligation to contribute to school construction.**

The Maryland Stadium Authority opposes any change to the current law regarding the Authority's obligation to pay \$2.4 million annually to the Public School Construction Fund ("PSCF"). We have a long standing commitment of contributing to the PSCF dating back to FY 2001 and only two more payments remain (FY09 and FY10) to fulfill our obligation.

Projects and Studies Updates

Projects under construction

- **Coppin State University**

The CSU Physical Education Complex is on budget and on schedule for an October 2009 Arena opening and a full building opening in January 2010. Contracts for about 90% of the project have been executed with a projected 38% MBE participation. Total construction cost of this project is \$109 million.

- **Southern Maryland Stadium**

This multi-purpose stadium broke ground in June 2007. Currently the building is 60% erected and is tracking for a May 2, 2008 opening. The stadium is expected to cost \$24 million and the construction contract projects a 25% MBE participation

Recent studies completed

- **National Sailing Hall of Fame**

The feasibility study for a National Sailing Hall of Fame at City Dock in Annapolis was released in December 2007. Although the property has many challenges including being located in a flood plain and containing a historic building, the study outlined the next steps for the Hall of Fame to become a reality including negotiating a lease with DNR and obtaining the adjacent land in order to fulfill their desired program.

- **Baltimore Arena**

MSA released the feasibility studies for a new Baltimore Arena in May 2007. The study concluded that the existing arena was nearing the end of its useful life and constructing a new facility would be more beneficial than to attempt a renovation. BDC is leading a diverse panel of experts who are reviewing proposals from potential private interest groups who will invest and operate the facility.

Future studies

- **Montgomery County Arena Study**

The initial market and economic study as well as a program for this 8-10,000 seat arena were completed in FY2008. The County is currently negotiating with a private investor/operator for the arena. The final feasibility study is expected late summer 2008.

- **Ocean City Convention Center**

This study was initiated in January 2008 to evaluate the potential of expanding the current convention center. The final study is expected in the summer of 2008.

- **DC United Stadium Study**

Maryland Stadium Authority, acting upon a request from Prince Georges County is currently procuring economic services to evaluate the impact for developing a 27 -31,000 seat stadium in Prince Georges County for DC United. The study is expected to begin in March 2008 with completion in the summer of 2008

**Maryland Stadium Authority
Baltimore City Convention Center Operating Deficit**

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Actual Fiscal Year 2006	Actual Fiscal Year 2007	Budgeted Fiscal Year 2008	Budgeted Fiscal Year 2009
Revenues	\$9,590,747	\$9,303,710	\$11,139,660	\$10,718,902	\$10,317,815	\$11,427,700	\$11,600,735
Expenses (OMBA)	\$13,425,635	\$14,851,123	\$14,123,101	\$14,797,852	\$15,306,635	\$18,066,998	\$17,664,187
Total BCC Operating Deficit	<u><u>-\$3,834,888</u></u>	<u><u>-\$5,547,413</u></u>	<u><u>-\$2,983,441</u></u>	<u><u>-\$4,078,950</u></u>	<u><u>-\$4,988,820</u></u>	<u><u>-\$6,639,298</u></u>	<u><u>-\$6,063,452</u></u>

Actual Operating Deficit - State Portion	<u><u>-\$2,556,592</u></u>	<u><u>-\$3,698,276</u></u>	<u><u>-\$1,988,961</u></u>	<u><u>-\$2,719,300</u></u>	<u><u>-\$3,325,880</u></u>	<u><u>-\$4,426,199</u></u>	<u><u>-\$4,042,302</u></u>
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Economic Impact to the State of Maryland

State Tax Revenues - High Mid Range	\$14,600,000	\$14,200,000	\$20,500,000	\$26,304,000	\$30,500,000	\$30,500,000	\$30,500,000
State GO Debt Service (Estimate on \$56 million)	-\$4,900,000	-\$4,900,000	-\$4,900,000	-\$4,900,000	-\$4,900,000	-\$4,900,000	-\$4,900,000
Stadium Authority Debt Service on \$55 million	-\$4,900,000	-\$4,900,000	-\$4,900,000	-\$4,900,000	-\$5,000,000	-\$5,000,000	-\$5,000,000
State's portion of Operating Deficit	-\$2,556,592	-\$3,698,276	-\$2,038,027	-\$2,719,300	-\$3,325,880	-\$4,426,199	-\$4,042,302
State's Net Economic Impact	<u><u>\$2,243,408</u></u>	<u><u>\$701,724</u></u>	<u><u>\$8,661,973</u></u>	<u><u>\$13,784,700</u></u>	<u><u>\$17,274,120</u></u>	<u><u>\$16,173,801</u></u>	<u><u>\$16,557,698</u></u>

Economic Impact to the City of Baltimore

Local Tax Revenues - High Mid Range	\$5,800,000	\$5,800,000	\$10,690,000	\$17,492,500	\$16,900,000	\$16,900,000	\$16,900,000
City's Debt Service (Estimate on \$50 million)	-\$4,600,000	-\$4,600,000	-\$4,600,000	-\$4,600,000	-\$4,600,000	-\$4,600,000	-\$4,600,000
City's portion of Operating Deficit	-\$1,278,296	-\$1,849,137	-\$1,019,014	-\$1,359,650	-\$1,662,940	-\$2,213,099	-\$2,021,150
Local's Net Economic Impact	<u><u>-\$78,296</u></u>	<u><u>-\$649,137</u></u>	<u><u>\$5,070,986</u></u>	<u><u>\$11,532,850</u></u>	<u><u>\$10,637,060</u></u>	<u><u>\$10,086,901</u></u>	<u><u>\$10,278,850</u></u>



Maryland Stadium Authority

Completed Projects

Maryland Stadium Authority

A Billion Dollars Invested Statewide

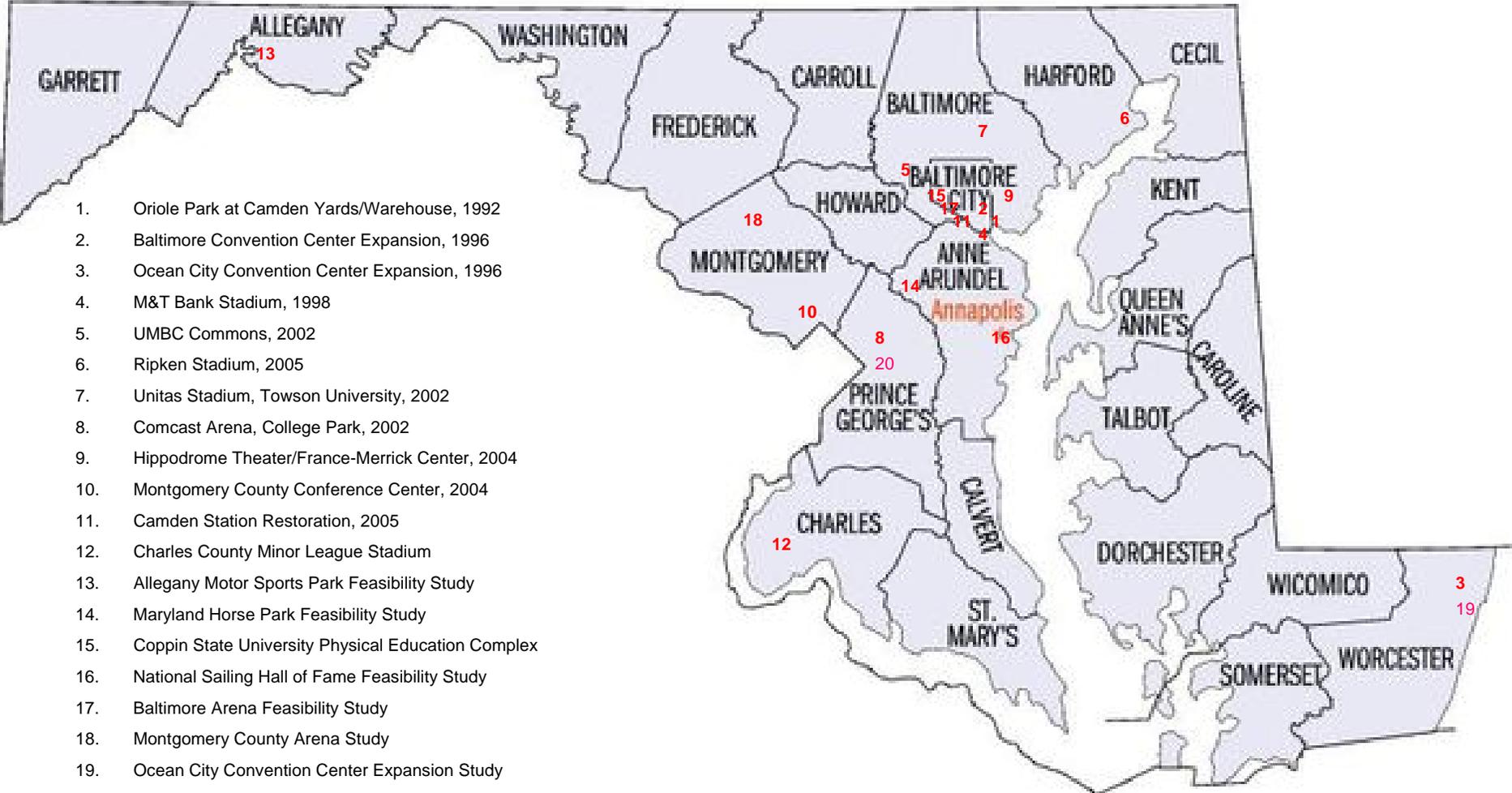
• Oriole Park at Camden Yards	\$205,000,000
• Baltimore Convention Center Expansion	\$156,000,000
• Ocean City Convention Center Expansion	\$ 32,000,000
• M&T Bank Stadium	\$229,000,000
• UMBC Commons	\$ 34,000,000
• Ripken Stadium	\$ 18,000,000
• Uinitas Stadium – Towson Sports Complex	\$ 32,700,000
• Towson Baseball Stadium	\$ 500,000
• Comcast Arena	\$126,000,000
• College Park Garage	\$ 18,000,000
• College Park Women’s Softball Stadium	\$ 3,700,000
• Montgomery County Conference Center	\$ 66,000,000
• Veterans Memorial	\$ 850,000
• Memorial Stadium Demolition	\$ 5,500,000
• Hippodrome Performing Arts Center	\$ 62,700,000
• Camden Station Renovation	\$ 9,500,000

TOTAL DEVELOPMENT

10

\$ 1,000,150,000

Maryland Stadium Authority Projects – Twenty Years and Beyond





Current Projects:

Coppin State University Physical Education Complex

Southern Maryland Multipurpose Stadium

Coppin State University Physical Education Complex



Architectural¹³ Rendering

Program Elements and Highlights

- Physical Education Building
 - Physical Education Classrooms, Dance Studios, Fitness, Multi-purpose Gyms, Pool, Racquetball Courts, Arena
- Facilities Management/Public Safety Building
 - Physical Plant/Maintenance Shops, Mail Services, Public Safety/Campus Security, Central Receiving/Loading Dock, Capital Planning/Procurement Offices
- Satellite Central Utility Plant
 - Central Utilities Distribution, Expandable Design for Future Campus Needs
- Site Program
 - 400 meter NCAA Track and Soccer Field
 - Softball Field
 - Tennis Courts
 - Parking Lots, Loop Road Extension, and New Campus Entrance from Gwynns Falls Parkway

4,600 seat multi-use stadium



Southern Maryland

Regency Furniture Stadium

Charles County

- 40 acre site in Waldorf
- Independent Minor League Baseball team
- 4,600+ seats
- 16 Skyboxes
- Picnic area
- Children's area
- Outfield grass berm
- Multi purpose function room
- Assorted fan amenities

Projected Cost \$25.6 million

1/3rd State, 1/3rd Local, 1/3rd Private

Construction began June 2007

Opening in Spring, 2008



Completed Studies:

Baltimore City Arena

National Sailing Hall of Fame

Baltimore Arena



Study concludes that while renovating the existing arena is a possibility, it could not correct most of the shortcomings. This would not cost significantly less than building a new arena.

- Estimated costs of expansion/renovation range from \$120 million to \$135 million.
- New construction is estimated between \$128 million and \$160 million in 2007 dollars.

Costs will be higher when a new arena is built.

Feasibility Study

Requested by Downtown Partnership to evaluate the current facility, review systems and structure, and determine whether the current facility could be retrofitted or redesigned, or current site used for new arena.

Feasibility study was released in May, 2007.

BDC issued RFEOI in July. Seven proposals received October 31.

Nine person panel began meeting in December to short list proposals. Decision expected by April.

National Sailing Hall of Fame

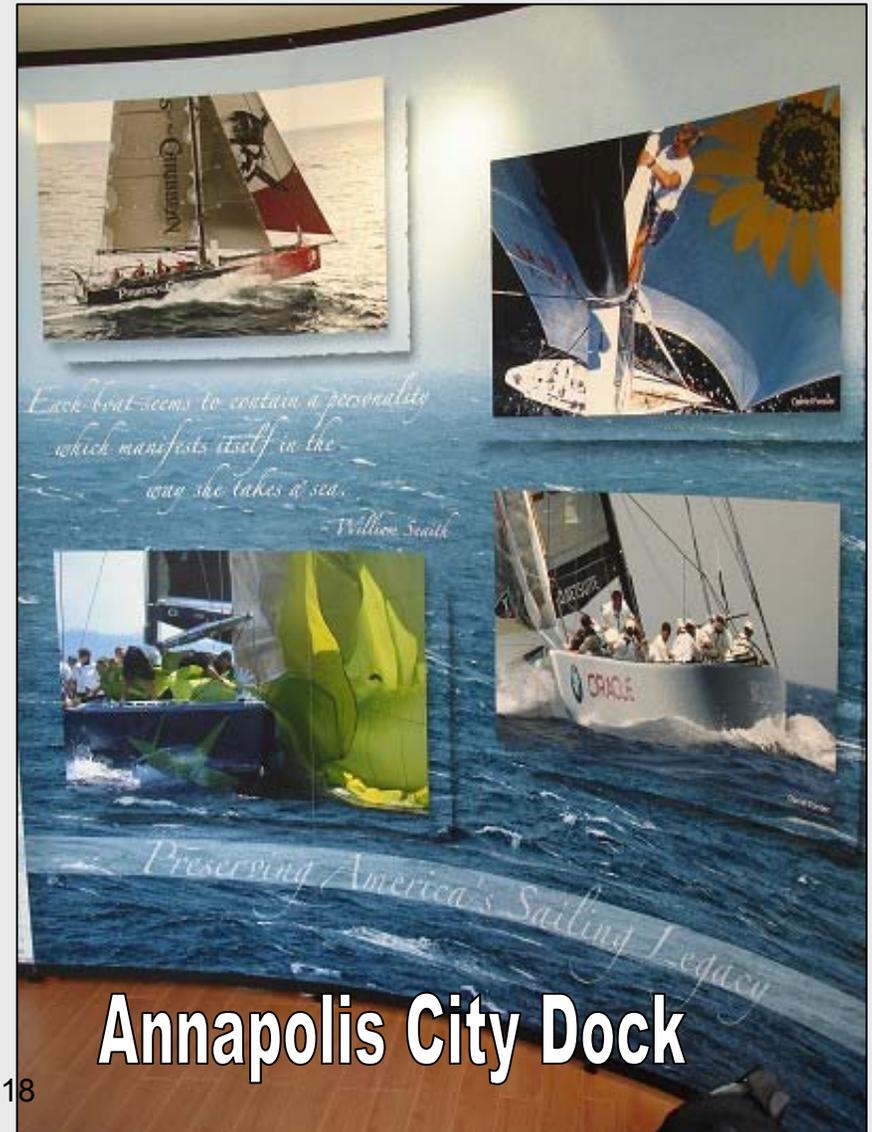
Feasibility Study for establishing the National Sailing Hall of Fame on DNR property on Annapolis City Dock released in December, 2007.

Study in cooperation with NSHOF, City of Annapolis and DNR.

Richter Cornbrook Gribble (RCG) led team studying site/building, engineering analysis, programmatic review, and preliminary design.

Sage Policy provided analysis for NSHOF economic impact.

Cost estimate: \$9,261,191 for smaller site; \$14,979,280 if adjacent property is acquired and full program implemented.





Current Studies:

Montgomery County Arena

Ocean City Convention Center Expansion

MLS Stadium in Prince George's County

Montgomery County Arena



- Market/Economic study (Sage Policy) determined a central location would support 8,000 – 10,000 capacity with flexibility for variety of uses.
- Possibilities include basketball, youth hockey, college and high school sports and the operation of a concert venue.
- HOK Sports and Brailsford & Dunlavey contracted to develop program and evaluate potential sites.
- County evaluating potential operators and additional site locations
- Feasibility Study to be completed in 2008

Preliminary Market and Economic Highlights

- Study assumes a site located in Germantown, MD
- Proposes 6,500-8,500 fixed seat venue with a total capacity of 8,000-10,000
- Proposes 25 suites
- Proposes 500 club seats
- Forecasts 134 events/year
- Projects 581,000 attendees/year
- Recommends minor league multi tenant sports leases as well as family shows
- Concludes a market exists for Arena

Ocean City Convention Center Expansion

- Market and Economic Study
- Study funded entirely by Ocean City
- Determine market for enlarging existing structure for additional meeting, exhibit, and parking space
- Request to budget committees approved
- Crossroads Consulting selected to perform market and economic study
- Study completion expected in Summer, 2008



MLS Soccer Stadium

DC United is considering relocation to Maryland or Virginia. MSA was asked to perform a feasibility study for a potential Major League Soccer stadium in Prince Georges County.

Study will be completed in 2008



Camden Yards Sports Complex 2007

March 3, 2007

Inside Lacrosse Face-off Classic

20,000 fans attend a season opening double header at M&T Bank Stadium, featuring four top-rated NCAA teams.



Princeton vs. Johns Hopkins

Now known as the ***Konica Minolta***

Face-Off Classic, the event is returning March 1, 2008



Syracuse vs. University of Virginia



A record setting, family friendly event

NCAA Lacrosse Championships

147,000 tickets sold over Memorial Day Weekend

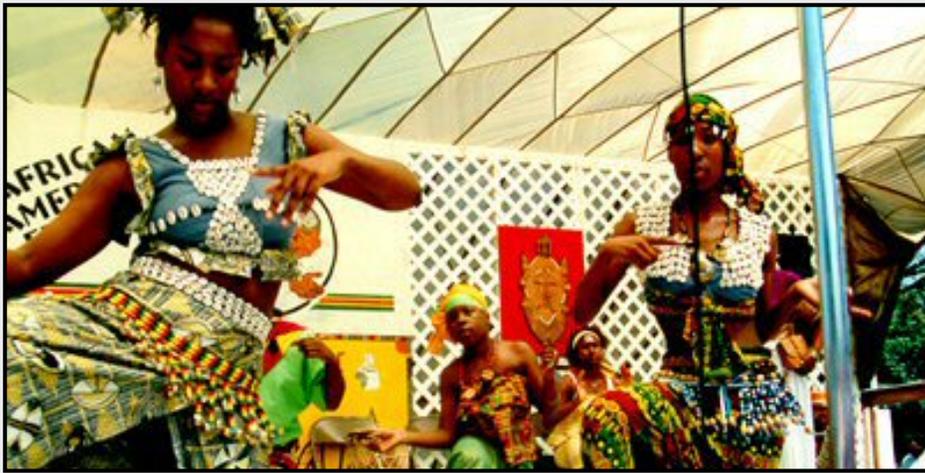




AST Dew Tour – 55,000 attendance over four days



They love Camden Yards, and they're coming back this June



The summer **African American Festival** drew 500,000 visitors from all over the country. It is the largest, most popular cultural heritage event on the East Coast



The annual **March of Dimes Walkathon** was one of thirteen health-related fund raisers held in the spring and fall of 2007 at the Camden Yards complex



Baltimore Marathon, 2007

14,000+ participants

40,000 total visitors

40% out of town visitors

Economic Impact estimated at \$18 million (RESI Research)





America's Game

2007 Army-Navy at Camden Yards

Economic Impact – Estimated \$31 million,
\$1.4 million in state tax (Sage Policy)

