

# **City Council Workshop**

November 20, 2012

# Arena Management Agreement

<b>Existing Arena Management Agreement</b>	<b>Proposed Terms for New Arena Management Agreement</b>
Current agreement is for 20 years	Proposed agreement is for 20 years with one five-year renewal option
No defined minimum performance standards	Minimum 40 hockey nights per year with an additional 30 nights of events. Mgmt fee reduced by \$25K for each non-hockey event below the 30 event level

# Arena Management Agreement

Existing Terms	Proposed Terms
\$17M year 1	\$11M year 1
\$20M years 2 – 4	\$14M year 2 \$15M years 3 – 4
\$18M years 5 – 7	\$16M year 5
\$16M years 8 – 11	\$18M years 6 – 10 \$17M year 11
\$15M years 12 – 14	\$16M years 12 – 15
\$10M years 15 - 20	\$14M year 16 \$13M years 17 - 20

# Arena Management Agreement

<b>Existing Terms</b>	<b>Proposed Terms</b>
<b>Capital Replacement Fund \$24M</b> \$1M each year plus an additional \$1M in years 3, 7, 11 & 15	<b>Capital Replacement Fund \$12M</b> \$500K each year plus an additional \$500K in years 9 – 12

# Arena Management Agreement

<b>Existing Terms</b>	<b>Proposed Terms</b>
Total cash payment over life of deal \$324M	Total cash payment over life of deal \$320M
Net present value using 6.5% discount \$203.7M	Net present value using 6.5% discount \$188.7M

# Arena Management Agreement

Existing Terms	Proposed Terms
N/A	Arena Manager receives an additional \$500K per annum for every additional 20 events over the 30 minimum requirement with an average of 7,000 attendees or more

# Arena Management Agreement

Existing Terms	Proposed Terms
N/A	In the event of lock-out or strike the arena management fee will be reduced by \$60K per game not played

## Five-Year Forecast Scenario's

### TEAM STAYS

	FY13	FY14	FY15	FY16	FY17
Beginning Fund Bal.	2.0	7.1	6.9	17.9	38.4
Revenues	<u>168.0</u>	<u>174.0</u>	<u>179.7</u>	<u>185.5</u>	<u>191.6</u>
<b>Total Rev &amp; Fund Bal.</b>	<b><u>\$170.0</u></b>	<b><u>\$181.1</u></b>	<b><u>\$186.6</u></b>	<b><u>\$203.4</u></b>	<b><u>\$229.9</u></b>
<u>Expenditures</u>					
General Fund Exp's	136.0	131.7	134.7	124.7	127.5
Expenditure Reduction	(6.0)	-	(10.0)	(4.0)	-
MPC-PFC & Transfers Out	21.4	28.0	28.4	28.8	28.2
<b>Arena Mgt Fee &amp; Capital</b>	<u>11.5</u>	<u>14.5</u>	<u>15.5</u>	<u>15.5</u>	<u>16.5</u>
Total Expenditures	<u>\$162.9</u>	<u>\$174.2</u>	<u>\$168.7</u>	<u>\$165.0</u>	<u>\$172.2</u>
<b>Ending Fund Bal.</b>	<b>\$7.1</b>	<b>\$6.9</b>	<b>\$17.9</b>	<b>\$38.4</b>	<b>\$57.7</b>

(\$'s in Millions)

### NO TEAM

	FY13	FY14	FY15	FY16	FY17
Beginning Fund Bal.	2.0	11.1	14.1	27.2	45.6
Revenues	<u>168.0</u>	<u>171.5</u>	<u>177.2</u>	<u>183.0</u>	<u>189.1</u>
<b>Total Rev &amp; Fund Bal.</b>	<b><u>\$170.0</u></b>	<b><u>\$182.6</u></b>	<b><u>\$191.3</u></b>	<b><u>\$210.2</u></b>	<b><u>\$234.6</u></b>
<u>Expenditures</u>					
General Fund Exp's	135.0	133.8	136.8	128.8	135.8
Expenditure Reduction	(4.0)	-	(8.0)	-	-
MPC-PFC & Transfers Out	21.4	28.0	28.4	28.8	28.2
<b>Arena Mgt Fee &amp; Capital</b>	<u>6.5</u>	<u>6.7</u>	<u>6.9</u>	<u>7.1</u>	<u>7.3</u>
Total Expenditures	<u>\$158.9</u>	<u>\$168.5</u>	<u>\$164.1</u>	<u>\$164.7</u>	<u>\$171.3</u>
<b>Ending Fund Bal.</b>	<b>\$11.1</b>	<b>\$14.1</b>	<b>\$27.2</b>	<b>\$45.6</b>	<b>\$63.4</b>

(\$'s in Millions)

## Ten-Year Forecast Scenario's

### TEAM STAYS

	FY18	FY19	FY20	FY21	FY22
Beginning Fund Bal.	57.7	46.7	32.1	17.2	(1.1)
Revenues	<u>168.8</u>	<u>174.3</u>	<u>180.0</u>	<u>185.8</u>	<u>191.9</u>
<b>Total Rev &amp; Fund Bal.</b>	<b><u>\$226.6</u></b>	<b><u>\$221.0</u></b>	<b><u>\$212.0</u></b>	<b><u>\$203.1</u></b>	<b><u>\$190.7</u></b>
<u>Expenditures</u>					
General Fund Exp's	131.3	138.3	142.5	149.8	154.3
Expenditure Reduction	-	-	-	-	-
MPC-PFC & Transfers Out	30.0	32.2	33.8	35.4	35.3
<b>Arena Mgt Fee &amp; Capital</b>	<u>18.5</u>	<u>18.5</u>	<u>18.5</u>	<u>19.0</u>	<u>19.0</u>
Total Expenditures	<u>\$179.8</u>	<u>\$189.0</u>	<u>\$194.8</u>	<u>\$204.2</u>	<u>\$208.6</u>
<b>Ending Fund Bal.</b>	<b>\$46.7</b>	<b>\$32.1</b>	<b>\$17.2</b>	<b>(\$1.1)</b>	<b>(\$17.9)</b>

(\$'s in Millions)

### NO TEAM

	FY18	FY19	FY20	FY21	FY22
Beginning Fund Bal.	63.4	52.4	37.2	21.5	1.7
Revenues	<u>166.3</u>	<u>171.8</u>	<u>177.5</u>	<u>183.3</u>	<u>189.4</u>
<b>Total Rev &amp; Fund Bal.</b>	<b><u>\$229.7</u></b>	<b><u>\$224.2</u></b>	<b><u>\$214.7</u></b>	<b><u>\$204.8</u></b>	<b><u>\$191.0</u></b>
<u>Expenditures</u>					
General Fund Exp's	139.8	147.1	151.5	159.2	163.9
Expenditure Reduction	-	-	-	-	-
MPC-PFC & Transfers Out	30.0	32.2	33.8	35.4	35.3
<b>Arena Mgt Fee &amp; Capital</b>	<u>7.5</u>	<u>7.7</u>	<u>7.9</u>	<u>8.6</u>	<u>8.8</u>
Total Expenditures	<u>\$177.3</u>	<u>\$187.0</u>	<u>\$193.2</u>	<u>\$203.1</u>	<u>\$208.1</u>
<b>Ending Fund Bal.</b>	<b>\$52.4</b>	<b>\$37.2</b>	<b>\$21.5</b>	<b>\$1.7</b>	<b>(\$17.1)</b>

(\$'s in Millions)

## Twenty-Year Forecast Scenario's

### TEAM STAYS

	FY13	FY17	FY22	FY27	FY32
Beginning Fund Bal.	2.0	38.4	(1.1)	(78.7)	(135.8)
Revenues	<u>168.0</u>	<u>191.6</u>	<u>191.9</u>	<u>225.5</u>	<u>265.4</u>
<b>Total Rev &amp; Fund Bal.</b>	<b><u>\$170.0</u></b>	<b><u>\$229.9</u></b>	<b><u>\$190.7</u></b>	<b><u>\$146.8</u></b>	<b><u>\$129.6</u></b>
<u>Expenditures</u>					
General Fund Exp's	136.0	127.5	154.3	188.7	225.4
Expenditure Reduction	(6.0)	-	-	-	-
MPC-PFC & Transfers Out	21.4	28.2	35.3	35.2	35.0
<b>Arena Mgt Fee &amp; Capital</b>	<u>11.5</u>	<u>16.5</u>	<u>19.0</u>	<u>16.5</u>	<u>13.5</u>
Total Expenditures	<u>\$162.9</u>	<u>\$172.2</u>	<u>\$208.6</u>	<u>\$240.4</u>	<u>\$273.8</u>
<b>Ending Fund Bal.</b>	<b>\$7.1</b>	<b>\$57.7</b>	<b>(\$17.9)</b>	<b>(\$93.6)</b>	<b>(\$144.3)</b>

(\$'s in Millions)

### NO TEAM

	FY13	FY17	FY22	FY27	FY32
Beginning Fund Bal.	2.0	45.6	1.7	(99.8)	(214.9)
Revenues	<u>168.0</u>	<u>189.1</u>	<u>189.4</u>	<u>223.0</u>	<u>262.9</u>
<b>Total Rev &amp; Fund Bal.</b>	<b><u>\$170.0</u></b>	<b><u>\$234.6</u></b>	<b><u>\$191.0</u></b>	<b><u>\$123.2</u></b>	<b><u>\$48.1</u></b>
<u>Expenditures</u>					
General Fund Exp's	135.0	135.8	163.9	199.9	238.3
Expenditure Reduction	(4.0)	-	-	-	-
MPC-PFC & Transfers Out	21.4	28.2	35.3	35.2	35.0
<b>Arena Mgt Fee &amp; Capital</b>	<u>6.5</u>	<u>7.3</u>	<u>8.8</u>	<u>10.5</u>	<u>13.3</u>
Total Expenditures	<u>\$158.9</u>	<u>\$171.3</u>	<u>\$208.1</u>	<u>\$245.6</u>	<u>\$286.5</u>
<b>Ending Fund Bal.</b>	<b>\$11.1</b>	<b>\$63.4</b>	<b>(\$17.1)</b>	<b>(\$122.3)</b>	<b>(\$238.5)</b>

(\$'s in Millions)

# Services Not Affected by Proposed Reductions

- Police and Fire
- Rose Lane Pool open
- All libraries open but operations restructured (options being evaluated)
- Special events except Jazz Festival

# **\$6M Draft Reductions**

**\$4M equates to 66% of cuts below**

- Salary/Benefits = \$3.7M & 67 FTE's
  - 30 vacancies exist today
- All other operating expenses = \$2.3M

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