



# MONONA TERRACE COMMUNITY AND CONVENTION CENTER

ONE JOHN NOLEN DRIVE MADISON, WI 53703 TEL 608 261-4000 FAX 608 261-4049

DATE: July 10, 2020

TO: Monona Terrace Executive & Finance Committees

FROM: Connie Thompson, Executive Director

SUBJECT: 2021 Operating Budget

## INTRODUCTION:

The Mayor's operating budget guidelines directed City enterprise agencies to submit a budget that is consistent with current revenue projections for 2021. However, the COVID-19 pandemic has considerably impacted our industry, and we had to drastically cut expenses, due to the loss of significant event revenue, and the anticipated \$900,000 less in room tax operating subsidy from 2020's adopted budget. For the 2021 budget, we have reduced expenses by \$1,664,602, with the majority of that coming in the salary, hourly, overtime, and benefits areas. The breakdown of our reductions is:

1. Payroll - \$1,120,781
2. Purchased Supplies - \$216,039
3. Purchased Services - \$309,800
4. Inter-D/Other - \$17,982

Building Revenue for 2021 is forecast to be down \$1,033,105 from the adopted 2020 budget; \$924,950 in Event revenue, and \$108,155 in Ancillary revenue. Additionally, we had budgeted the use of \$321,556 in Reserves in 2020; that will likely not be an option for 2021. As of this writing, there is a 2021 budget deficit of \$582,575, which will be discussed with City Finance in the near future.

The 2021 Revenue Budget is based on the assumption that the first 1/3 of the year will be slower as far as event business goes, and May – December will get back to more normal rates. Until this year, revenue had been robust the last 6 years and we are monitoring our forecasting models closely to watch for any variances to our projections for the year.

Budget submissions were due at the Comptroller's Office **on July 10 this year**. We provided our tentative numbers to the Finance Office; with the understanding there may be changes, based on the Board's final approval on July 16, 2020. This is consistent with what we have done in past years.

## **THE BUDGET:**

### **2021 Revenue Projections**

Monona Terrace 2021 sales are projected to be considerably less than the 2020 budgeted amount. Based on industry projections, we reduced our event averages for the first third of the year, with anticipated increases coming for May through December. Based on the current business booked, and the cyclical nature of conventions and conferences, we are projecting 2021 Event Revenue to be \$3,400,575 versus the 2020 Budget Event Revenue of \$4,325,525. Total 2021 revenue is projected to be \$3,647,670.

### **2021 Expenditure Request**

Details of the proposed budget are provided in the following pages, but here is a brief summary of some of the budget highlights:

- The overall expense budget is projected to be \$1,664,602 less than the adopted 2020 budget.
- Supplies and services are projected to be \$525,839 less than the adopted 2020 budget.
- Payroll is expected to decrease, due to not filling all currently open permanent positions, a significant reduction in hourly and overtime expenses, and an appropriate decrease in benefits.
- PILOT, Inter Departmental Charges and WRS Debt Service payments decreased by \$17,982.

## **SUMMARY:**

2021 promises to be an unpredictable, asterisk-filled, challenging year. In past years we have booked short term local and state events after the budget period that have had significant positive impacts on our budget year, and we are positioned to do the same for 2021. This budget is conservative in nature, due to the uncertainty in the industry due to the COVID-19 pandemic. We remain hopeful that 2021 proves to be another year in which we provide detailed analysis of unanticipated financial windfalls.

We look forward to discussing this budget request at the Finance Committee meeting on Thursday, July 16 at 3:00 pm.

	2018 Actual	2019 Request	Adopted 2019 Budget	Adopted 2020 budget	2021 Request	Change from 2020 Budget
Conventions	2,135,120	1,675,000	1,790,000	1,985,000	1,440,000	(545,000)
Conferences	664,817	469,000	503,000	499,000	320,000	(179,000)
Banquets	1,260,825	931,200	1,011,950	826,200	690,000	(136,200)
Meetings	856,102	632,700	632,700	638,400	538,200	(100,200)
Consumer Shows	193,724	202,900	202,900	219,000	156,400	(62,600)
Entertainment	113,346	41,600	80,981	16,600	16,550	(50)
Community Events	170,047	146,800	146,800	141,200	239,300	98,100
Community Mtgs.	486	175	175	125	125	-
Event Revenue	5,394,467	4,099,375	4,368,506	4,325,525	3,400,575	(924,950)
Ancillary	202,516	329,500	329,500	355,250	247,095	(108,155)
Applied Reserves	48,971	200,000	200,000	321,556	-	(321,556)
<b>Total Revenue</b>	<b>5,645,954</b>	<b>4,628,875</b>	<b>4,898,006</b>	<b>5,002,331</b>	<b>3,647,670</b>	<b>(1,354,661)</b>
Salaries & Wages	5,440,297	5,228,167	5,306,852	5,830,059	4,709,278	(1,120,781)
Operating Expenses						
Purch Svcs	2,383,983	2,037,932	2,037,932	2,023,082	1,713,282	(309,800)
Supplies	685,159	546,902	546,902	558,784	342,745	(216,039)
Inter-D	270,340	273,602	415,754	498,928	480,946	(17,982)
PILOT/Other	338,200	338,200	386,494	386,494	386,494	-
Capital Assets	-	-	-	-	-	-
<b>Total Expenses</b>	<b>9,117,979</b>	<b>8,424,803</b>	<b>8,693,934</b>	<b>9,297,347</b>	<b>7,632,745</b>	<b>(1,664,602)</b>
<b>Net Operating Expense</b>	<b>(3,472,025)</b>	<b>(3,795,928)</b>	<b>(3,795,928)</b>	<b>(4,295,016)</b>	<b>(3,985,075)</b>	
<b>Transient Occupancy Tax To Be Determined</b>	3,761,831	3,795,928	3,795,928	4,295,016	3,402,500	<b>582,575</b>
<b>Net Operating Budget</b>	<b>289,806</b>	-	-	-	-	