# MINUTES OF THE
# FINANCE & AUDIT COMMITTEE MEETING OF THE CONVENTION CENTER AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

The Finance & Audit Committee Meeting of the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County (CCA) was held on March 29, 2012 at 8:06 a.m. in Room 212 at the Nashville Convention Center, Nashville, Tennessee.

**FINANCE COMMITTEE MEMBERS PRESENT:** Mark Arnold, *Francis Guess, Willie McDonald and **Marty Dickens, ex-officio

**FINANCE COMMITTEE MEMBERS NOT PRESENT:** Ken Levitan

**OTHERS PRESENT:**
Charles Robert Bone, Ryan Johnson, Jasmine Quattlebaum, Holly McCall, Elisa Putman, Brian Ivey, Heidi Runion, Charles Starks and Harriett Royer

The meeting was opened for business by committee chair Mark Arnold.

Charles Starks began presenting the Fiscal Year 2013 proposed budget for the Nashville Convention Center (Attachment #1).

*Denotes arrival of Francis Guess

Charles Starks continued presenting the Fiscal Year 2013 proposed budget.

**ACTION:** Francis Guess made a motion to approve the Fiscal Year 2013 Nashville Convention Center proposed budget with the caveat that there may be an adjustment to the internal service fees and the LOCAP. The motion was seconded by Willie McDonald and approved unanimously by the Committee.

**ACTION:** Willie McDonald made a motion to approve the Finance & Audit Committee minutes of January 26, 2012. The motion was seconded by Francis Guess and approved unanimously by the Committee.

**Denotes arrival of Marty Dickens

*Denotes departure of Francis Guess

There was additional discussion and then with no additional business a motion was made to adjourn, with no objection the Finance & Audit committee of the CCA adjourned at 8:44 a.m.

Respectfully submitted,

Charles L. Starks
Executive Director
Nashville Convention Center

Approved:

Mark Arnold, Chairman
CCA Finance & Audit Committee
Meeting Minutes of March 29, 2012

March 29, 2012

# Convention Center Authority

*Finance & Audit Committee*

# Nashville Convention Center Budget

Fiscal Year 2013

## Nashville Convention Center

**Number of Events**

| | |
|---|---|
| FY09 | 234 |
| FY10 | 243 |
| FY11 | 237 |
| FY12 | 231 (est.) |

**Attendance**

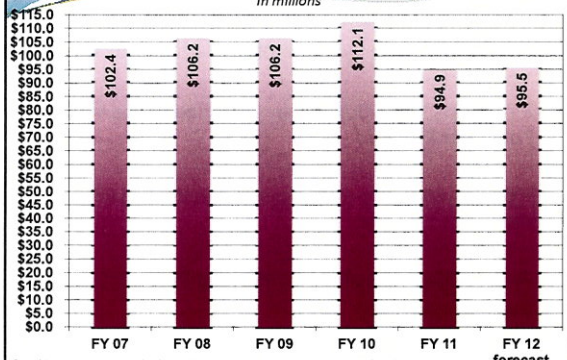
| | |
|---|---|
| FY09 | 296,776 |
| FY10 | 340,960 |
| FY11 | 290,639 |
| FY12 | 311,884 (est.) |

**Economic Impact**

| | |
|---|---|
| FY09 | $106,180,837 |
| FY10 | $112,087,852 |
| FY11 | $94,941,088 |
| FY12 | $95,496,430 (est.) |

## Economic Impact

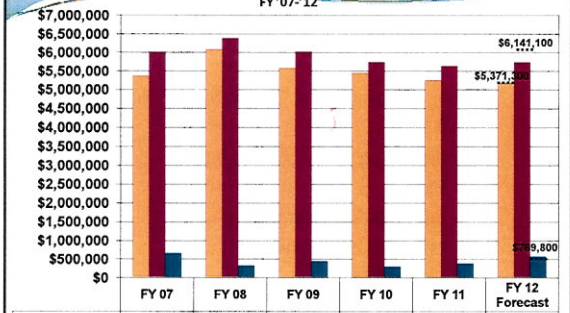
*In millions*




Economic impact = number of attendees X number of days X the International Association of Convention & Visitors Bureau's daily expenditure average based on event type, ranging from $65 to $227 per day.

## Revenue/Expenses/Operating Loss

FY '07-'12



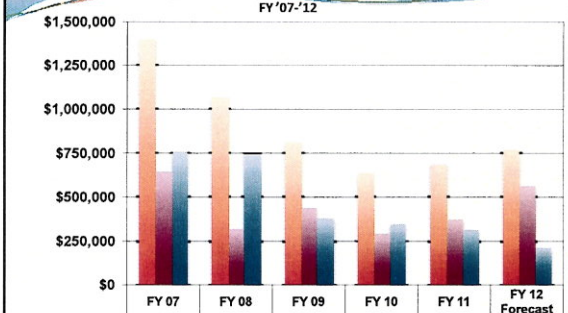

| | FY 07 | FY 08 | FY 09 | FY 10 | FY 11 | FY 12 Forecast |
|---|---|---|---|---|---|---|
| Revenue | $5,369,642 | $6,082,542 | $5,585,471 | $5,451,879 | $5,263,876 | $5,181,311 |
| Expenses | $6,014,805 | $6,399,641 | $6,021,181 | $5,743,355 | $5,639,587 | $5,742,376 |
| Operating Loss | $645,163 | $317,099 | $435,710 | $291,476 | $375,711 | $561,045 |

Note: FY12 based on February Forecast

----- = budget

## Operating Loss Analysis

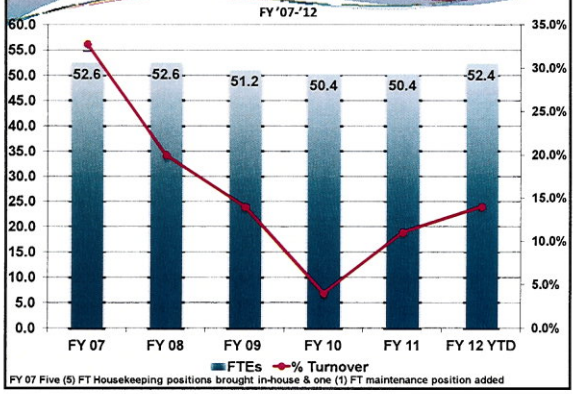
FY '07-'12




| | FY 07 | FY 08 | FY 09 | FY 10 | FY 11 | FY 12 Forecast |
|---|---|---|---|---|---|---|
| Approved Loss | $1,406,000 | $1,068,600 | $814,300 | $633,700 | $691,800 | $769,800 |
| Actual Loss | $645,163 | $317,099 | $435,710 | $291,476 | $375,711 | $561,045 |
| Variance | $760,837 | $751,501 | $378,590 | $342,224 | $316,089 | $208,755 |

Note: FY12 based on February Forecast

## NCC Annual FTEs




FY 07 Five (5) FT Housekeeping positions brought in-house & one (1) FT maintenance position added

## FY 2013 Budget Summary

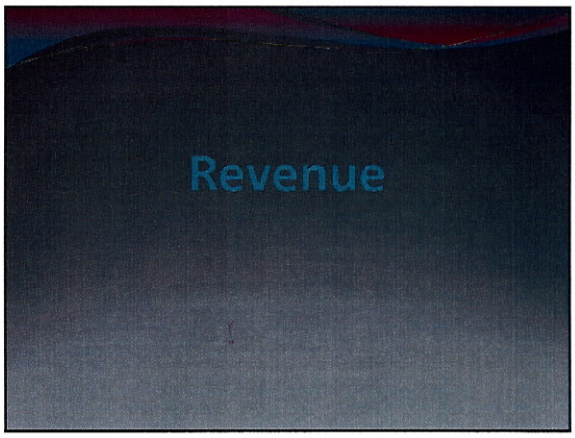
- **Revenue down $11,000 from FY '12**
- **Operating Expenses up $94,000 over FY '12**
- **Budget Highlights:**
  - **Utility Expenses up slightly**
  - **3% Personnel Merit Increase Pool $77,600**
  - **MCC Dir of Engineering & Contract Administrator for 10 months $144,900**
- **Increase in operating loss over FY '12 - $105,000**
- **Projected FY '13 operating loss of - $874,800**

*Note: Changes in Internal services fees and LOCAP have yet to be determined by Metro

## FY 2013 Personnel

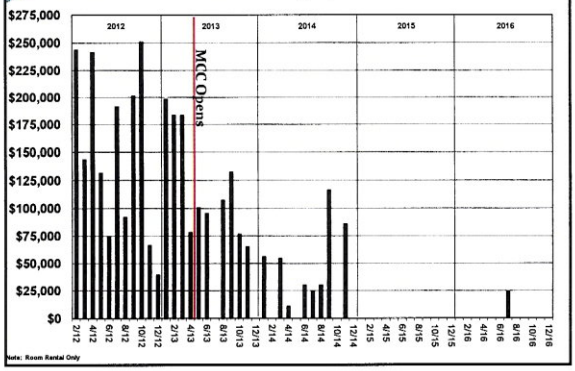
- Last Merit Increase was FY '09
- FY '11: 2% Lump Sum Salary Adjustment Paid in August
  Longevity Restored
- FY '12: 1.5% Lump Sum Salary Adjustment paid in July
  Maintain Longevity
- FY '13: 3% Proposed Merit Increase Pool
  Maintain Longevity

*Note: Lump sum salary adjustments for FY '11 and FY '12 were capped at $100,000




## NCC Future Business on the Books

As of February 29, 2012




Note: Room Rental Only

## FY 2013 Projections

How we project revenues…

- Historical baseline is December 1st snapshot each year
- **Business on the Books** includes:
  - Firm
  - Letter of Commitment
  - License Outstanding
  - License In
- **Tentatives**: Any tentative business that is active
- **To Be Booked**: Based on historical projections

# FY 2013 Projections

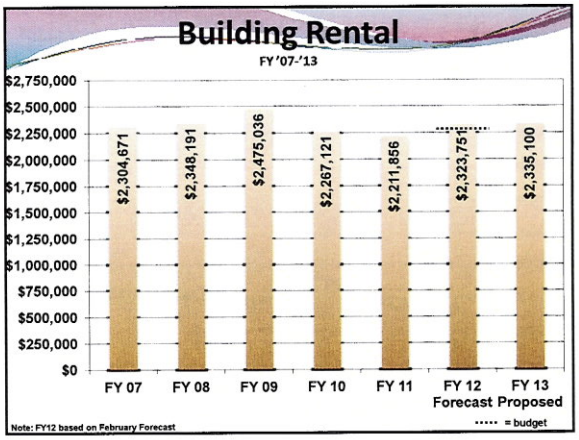
Next year projecting….

- 235 events
- 314,819 attendance
- $125,000,000 Economic Impact

| | Business on the Books | Mtrlization of Business on the Books | Tentative Business on the Books | Mtrlization of Tentative Business | To Be Booked Business | Mtrlization of To Be Booked Business |
|---|---|---|---|---|---|---|
| FY 2008 | $1,529,097 | 94.2% | $339,515 | 47.4% | $351,388 | 212.5% |
| FY 2009 | $1,835,301 | 90.4% | $287,180 | 19.2% | $162,519 | 467.9% |
| FY 2010 | $1,661,650 | 99.1% | $421,950 | 41.4% | $258,800 | 172.3% |
| FY 2011 | $1,696,681 | 91.4% | $109,725 | 46.7% | $555,994 | 101.8% |
| FY 2012 | $1,627,389 | *96.5% | $237,976 | *102.9% | $412,935 | *146.6% |
| FY 2013 | $1,827,683 | n/a | $93,175 | n/a | $414,262 | n/a |

Based on building rental
* Year to Date

# Building Rental




# Ovations Commission to NCC

$0 - $2,500,000 = 29%

$2,500,000 - $3,300,000 = 32%

Over $3,300,000 = 34%

*Average commission received from Ovations Contracts:*

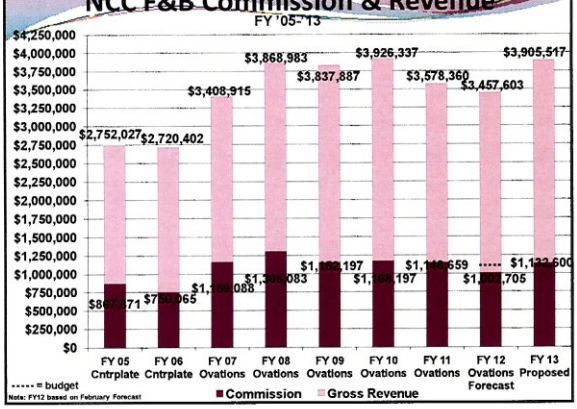
***32.0%***

*Current Contract Expires July 2016*
*5 year renewal option exercised in 2011*

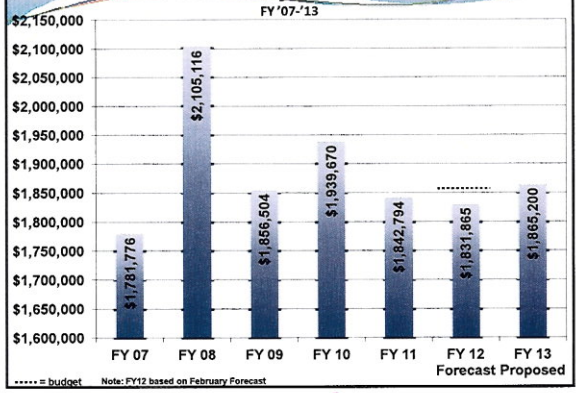
**Other items paid by Ovations:**

- Utility Reimbursement - 2% of gross sales
- Telephone/Computer Reimbursement - $425.83/month
- Capital Reserve Fund - 3.25% of gross sales

# NCC F&B Commission & Revenue




# Ancillary Revenue

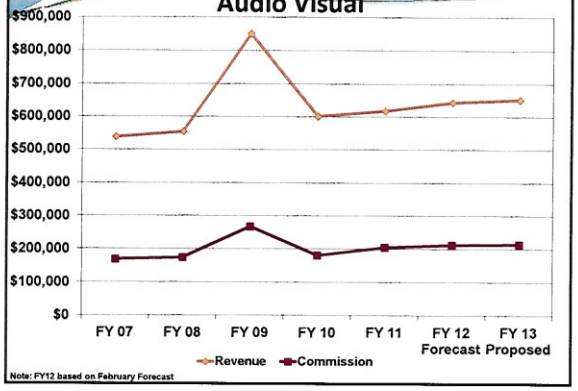



# Audio Visual Contract with Renaissance

- Commission is a percentage of gross revenue
- Current contract is July 2008 to June 2013
- Three revenue streams with different commission rates
- This contract added Labor as a revenue stream not on previous contract
- Guaranteed $150,000 minimum per year

| AV Rates | FY09 | FY10 | FY11 | FY12 | FY13 |
|---|---|---|---|---|---|
| Equipment | 35.0% | 35.0% | 37.5% | 37.5% | 37.5% |
| Rigging | 20.0% | 20.0% | 22.5% | 25.0% | 25.0% |
| Labor | 5.0% | 7.5% | 10.0% | 10.0% | 10.0% |

## Audio Visual



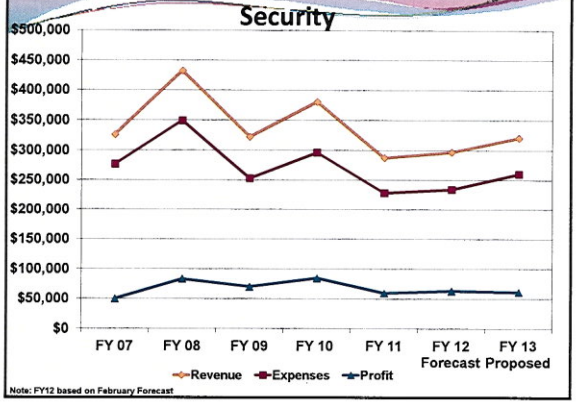

## Security

| Per Hour | Revenue | Expense | Profit |
|---|---|---|---|
| Guard | $18.00 | $13.85 | $4.15 |
| Supervisor | $21.00 | $18.54 | $2.46 |
| Police | $45.00 | $40.17 | $4.83 |

Average Profit is 23.8%

(July 2009 - February 2012)

## Security



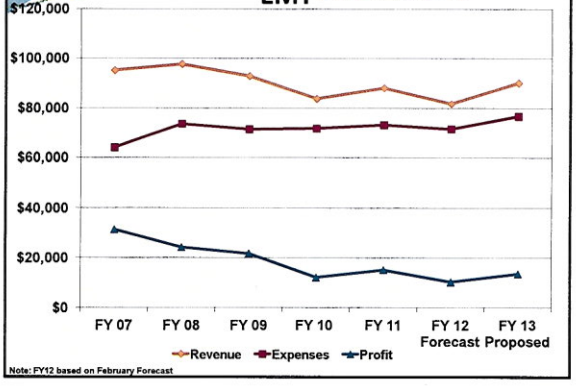

## EMT

| Per Hour | Revenue | Expense | Profit |
|---|---|---|---|
| EMT | $21.00 | $19.50 | $1.50 |

Average Profit is 16.4%

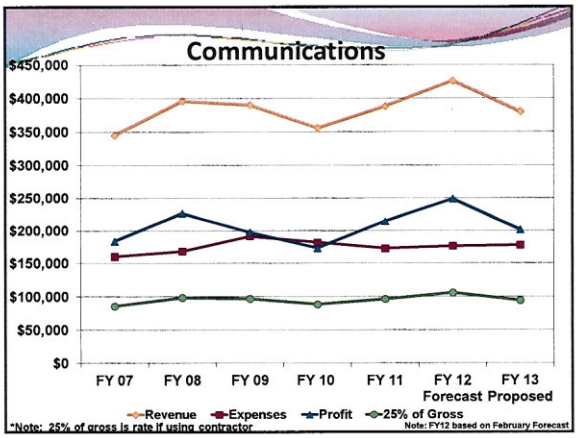
(July 2009 - February 2012)

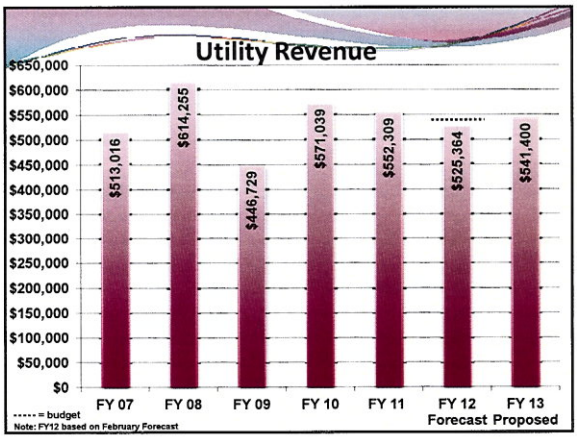
## EMT




## Communications

- Contract was 25% of gross revenue
- 2003 brought in-house
- Average profit is 53.7%
- Current staffing = 2 FTEs




## FY '12 YTD Revenue Variances

July - February

| | YTD Budget | YTD Actual | Variance |
|---|---|---|---|
| Building Rental | 1,608,500 | 1,620,567 | 12,067 |
| F&B | 768,400 | 813,508 | 45,108 |
| Utility | 342,500 | 386,141 | 43,641 |
| Security | 184,000 | 191,602 | 7,602 |
| Communications | 262,200 | 357,554 | 95,354 |
| All Other | 446,100 | 402,019 | (44,081) |
| Total Revenues | 3,611,700 | 3,771,391 | 159,691 |

## FY '12 Revenue Budget vs. Forecast

| | Budget | Forecast | Variance |
|---|---|---|---|
| Building Rental | 2,288,300 | 2,323,751 | 35,451 |
| F&B | 1,169,600 | 1,002,705 | (166,895) |
| Utility | 541,400 | 525,364 | (16,036) |
| Security | 320,700 | 296,631 | (24,069) |
| Communications | 378,700 | 424,442 | 45,742 |
| All Other | 672,600 | 608,438 | (64,162) |
| Total Revenues | 5,371,300 | 5,181,331 | (189,969) |

Note: Based on February Forecast

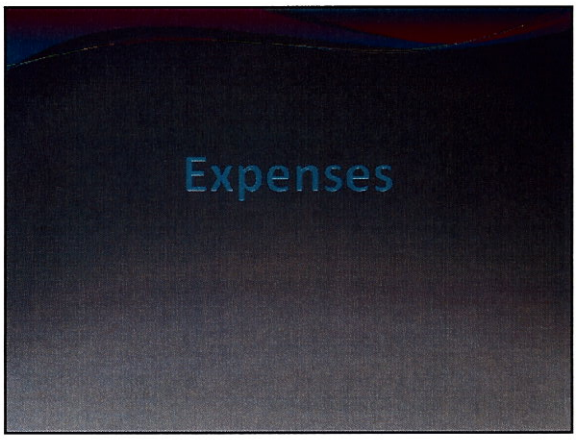
## FY '12 vs. FY '13 Revenue

| | FY '12 Budget | FY '12 Forecast | FY '13 Budget | Variance |
|---|---|---|---|---|
| Building Rental | 2,288,300 | 2,323,751 | 2,335,100 | 11,349 |
| F&B | 1,169,600 | 1,002,705 | 1,132,600 | 129,895 |
| Utility | 541,400 | 525,364 | 541,400 | 16,036 |
| Security | 320,700 | 296,631 | 320,700 | 24,069 |
| Communications | 378,700 | 424,442 | 378,700 | (45,742) |
| All Other | 672,600 | 608,438 | 651,800 | 43,362 |
| Total Revenues | 5,371,300 | 5,181,331 | 5,360,300 | 178,969 |

* Variance is FY '13 Budget to FY '12 Forecast

Note: FY '13 Budget is $11,000 less than FY '12 Budget

FY12 based on February Forecast



## FY 2013 Budget

**Fixed Expenses**

| | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 Forecast | FY13 Proposed |
|---|---|---|---|---|---|---|---|
| Personnel Services | $2,673,769 | $2,905,853 | $2,883,104 | $2,865,985 | $2,889,860 | $2,894,433 | $3,269,100 |
| Utilities | $1,326,719 | $1,357,618 | $1,469,349 | $1,309,583 | $1,353,448 | $1,379,595 | $1,408,000 |
| Security | $276,240 | $349,313 | $252,382 | $296,180 | $227,837 | $233,628 | $259,800 |
| EMT | $63,974 | $73,643 | $71,430 | $71,772 | $73,206 | $71,616 | $76,800 |
| Internal Service Fees | $210,366 | $281,127 | $236,576 | $238,596 | $208,317 | $208,451 | $212,600 |
| Insurance | $75,429 | $88,599 | $92,079 | $97,200 | $100,900 | $112,150 | $120,700 |
| Landscaping | $18,900 | $18,900 | $19,152 | $19,918 | $20,907 | $18,900 | $19,200 |
| Bldg Maint Contracts | $81,463 | $79,783 | $86,931 | $90,222 | $93,238 | $95,380 | $92,568 |
| Total | $4,726,860 | $5,154,836 | $5,111,003 | $4,989,456 | $4,967,713 | $5,014,153 | $5,458,768 |
| Total % of Expenses | 78.6% | 80.5% | 84.9% | 86.9% | 89.8% | 81.7% | 87.5% |

Fixed expenses include personnel services, utilities, internal service fees, insurance, and contracts (i.e.: security, EMT, landscaping, maintenance,)

Note: FY12 based on February Forecast

## Utilities YTD FY 11 vs. FY 12

July - February

| | 2012 YTD Actual | 2012 YTD Budget | 2011 YTD Actual |
|---|---|---|---|
| Electric | $406,471 | $375,300 | $395,075 |
| Water | $21,373 | $27,800 | $23,519 |
| Gas | $2,167 | $7,100 | $3,055 |
| DES | $524,351 | $561,800 | $535,331 |
| Ovations Reimbursement | ($46,768) | ($43,500) | ($37,074) |
| Total Utilities | $907,594 | $928,500 | $919,906 |

## FY '12 YTD Expense Variances

July - February

| | YTD Budget | YTD Actual | Variance |
|---|---|---|---|
| Personnel | 2,030,278 | 1,815,870 | (214,408) |
| Electric | 331,800 | 359,703 | 27,903 |
| DES | 561,800 | 524,351 | (37,449) |
| Temp Labor | 125,766 | 118,503 | (7,263) |
| Travel | 47,400 | 27,101 | (20,299) |
| Security | 148,100 | 132,369 | (15,731) |
| All Other | 707,565 | 598,454 | (109,111) |
| Total Expenses | 3,952,709 | 3,576,351 | (376,358) |

## FY '12 Expenses Budget vs. Forecast

| | Budget | Forecast | Variance |
|---|---|---|---|
| Personnel | 3,117,600 | 2,894,433 | (223,168) |
| Electric | 505,900 | 534,814 | 28,914 |
| DES | 865,100 | 804,285 | (60,815) |
| Temp Labor | 197,500 | 187,125 | (10,375) |
| Travel | 65,500 | 57,535 | (7,965) |
| Security | 258,600 | 233,628 | (24,972) |
| All Other | 1,130,900 | 1,030,556 | (100,343) |
| Total Expenses | 6,141,100 | 5,742,376 | (398,724) |

Note: Based on February Forecast

## FY '12 vs. '13 Expenses

| | FY '12 Budget | FY '12 Forecast | FY '13 Budget | Variance |
|---|---|---|---|---|
| Personnel | 3,117,600 | 2,894,433 | 3,269,100 | 374,667 |
| Electric | 505,900 | 534,814 | 538,200 | 3,386 |
| DES | 865,100 | 804,285 | 828,018 | 23,733 |
| Internal Svcs | 231,600 | 208,451 | 212,600 | 4,149 |
| Temp Labor | 197,500 | 187,125 | 189,500 | 2,375 |
| Travel | 65,500 | 57,535 | 65,800 | 8,265 |
| Security | 258,600 | 233,628 | 259,800 | 26,172 |
| All Other | 899,300 | 822,105 | 872,082 | 49,977 |
| Total | 6,141,100 | 5,742,376 | 6,235,100 | 492,724 |

* Variance is FY '13 Budget to FY '12 Forecast

Note: FY '13 Budget is $94,000 more than FY '12 Budget

FY12 based on February Forecast

March 29, 2012

## Convention Center Authority

*Finance & Audit Committee*