

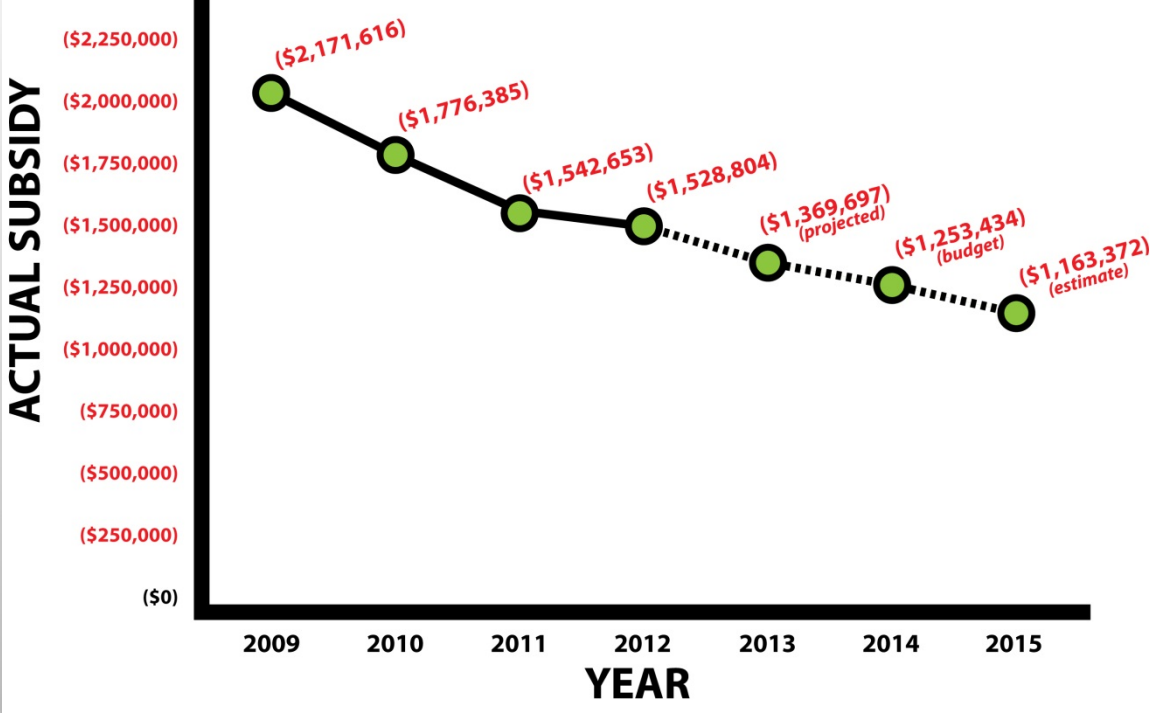


**PENTICTON TRADE AND
CONVENTION CENTRE**

South Okanagan Events Centre Complex 2014 Operating Budget

**Presented by:
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City Subsidy History



Key Items to Note in 2014

- Ovations Management and Incentive fees to be eliminated (approximately \$160,000 in 2013)
- Front Row Marketing trailing commissions of \$103,034 included in 2014 budget
- Front Row Marketing costs now Global Spectrum/City of Penticton costs – approximately \$125,000
- Vees contract for 2013/14 season will impact bottom line by \$100,000 to the negative
- No Continental Cup type of event at SOEC for 2014 (Event Operating Income of \$135,000 and equal to 11 events in 2013)
- Global Spectrum Management fee to increase from \$221,000 to \$260,000

2014 SOEC Complex Budget (\$1,248,434)

SOEC – (\$1,024,757)

PTCC – (\$133,475)

MA – (\$131,103)

OHS - \$40,902

South Okanagan Events Complex 2013 Budget

- 2014 Budgeted Net Loss of \$1,248,434 vs. 2013 Projected of \$1,252,869
- 2014 Budgeted Event Operating income of \$1,687,876 vs. 2013 Projected of \$1,860,562
- Decrease in 2014 Event Operating Income vs. 2013 Projected due in large part to less events in 2014 – 12 less at SOEC (no Continental Cup) and 14 less at PTCC for which 2013 was a record year
- 2014 Budgeted Indirect Expenses of \$4,323,844 vs. 2013 Projected of \$4,324,141 translates to slight decrease

	COMBINED				EVENTS CENTRE				TRADE & CONVENTION CENTRE				MEMORIAL RINK				OHS TRAINING CENTRE RINK			
	COMBINED 2014	PROJECTED 2013	BUDGET FY 2013	Variance	EVENTS CTR 2014	PROJECTED 2013	BUDGET FY 2013	Variance	CONV CTR 2014	PROJECTED 2013	BUDGET FY 2013	Variance	MEMORIAL 2014	PROJECTED 2013	BUDGET FY 2013	Variance	OHS RINK 2014	PROJECTED 2013	BUDGET FY 2013	Variance
# OF EVENTS	153	179	183	(26)	68	80	76	(12)	85	99	107	(14)								
ATTENDANCE - PAID	112,905	118,742	109,605	(5,837)	112,905	118,742	109,605	(5,837)	0	-	-	-								
AVERAGE TICKET PRICE	75.66	23	25.24	2.51	85.50	23.15	27.18	5.83	61.120	100.461	68.100	(32.341)								
GENERAL ATTENDANCE	205,490	252,982	206,300	(47,492)	144,370	152,521	138,200	(8,151)												
CONCESSION PER CAPS	\$4.77	\$3.90	\$3.74	0.87	\$4.77	\$3.90	\$3.74		\$0.00	\$0.00	\$0.00									
VOLLEY RESTAURANT PER CAPS	\$6.78	\$9.98		(1,200)	\$6.78	\$9.98	\$6.02													
CATERING/SUITE PER CAPS	\$15.07	\$10.16	\$16.13	4.91	\$15.07	\$10.16	\$16.13		\$0.00	\$0.00	\$0.00									
NOVELTY PER CAPS (No Fees)	\$2.08	\$2.62	\$0.93	(0.54)	\$2.08	\$2.62	\$0.93		\$0.00	\$0.00	\$0.00									
RENTAL INCOME																				
GROSS TICKET REVENUE	\$3,541,805	3,087,600	\$2,766,424	454,205	\$3,194,305	\$2,749,241	2,750,624	445,064	347,500	338,359	15,800	9,141								
SPONSORSHIP REVENUE	55,800	-	14,200	5,800	5,800	50	14,200	5,800	326,028	305,692	360,717	20,336								
OTHER REVENUE	\$354,002	\$18,200	\$60,717	\$4,774	\$7,974	\$13,538	(5,564)													
LESS: TAXES AND OTHER EXPENSES	(\$130,979)	(199,342)	(294,381)	68,363	(130,979)	(199,342)	(294,381)	68,363												
NET REVENUE	3,750,628	3,207,488	2,846,960	543,140	3,077,100	2,576,275	2,470,443	506,825	673,528	631,213	376,517	42,315								
TENANT CHARGES	3,355,875	2,492,864	2,523,523	626,276	3,039,650	2,187,121	2,523,523	(852,529)	316,225	305,743	-	10,482								
NET EFFECTIVE RENT INCOME	387,528	395,058	323,437	(75,300)	37,450	51,564	(13,080)	(14,114)	350,078	343,494	376,517	6,584								
NET SERVICE INCOME/(LOSS)	34,680	59,194	5,909	(22,514)	79,639	69,557	74,146	10,882	(44,959)	(12,363)	(68,237)	(23,596)								
DIRECT EVENT INCOME	422,208	452,252	329,346	(30,044)	117,089	121,121	21,066	(6,032)	305,119	331,131	308,280	(26,012)								
NET FACILITY FEE	102,114	139,286	121,330	(37,172)	102,114	139,286	121,330	(37,172)												
NET CONFERENCE FEE	213,370	246,717	193,112	(31,348)	193,320	239,392	193,312	(20,078)	24,050	26,325	-									
NET SUITE RENTAL REVENUE	29,240	9,598	18,240	19,642	29,240	9,598	18,240	19,642												
NET SUITE REVENUE	162,025	152,470	138,820	9,555	162,025	152,470	138,820	9,555												
Total Ticketing and Suite Income	483,698	520,746	387,702	(37,048)	483,698	520,746	387,702	(37,048)												
ANCILLARY INCOME																				
CONCESSIONS COMMISSIONS	364,133	388,765	\$14,807	(20,633)	299,341	321,693	221,479	(22,352)	64,793	63,073	91,378	1,720								
RESTAURANT/BAR COMMISSIONS	54,311	52,266	49,115	2,495	54,311	52,266	49,115	2,495												
CATERING COMMISSIONS	611,114	624,245	617,636	(13,131)	52,070	64,672	56,482	(12,602)	559,044	559,573	561,154	(529)								
NOVELTY INCOME	34,445	61,008	16,546	(26,564)	34,445	59,545	16,546	(25,101)	-	1,463	-									
DECORATING SERVICES	14,100	15,625	9,660	(1,525)					14,100	15,625	9,660	(1,525)								
AUDIO VISUAL	16,129	29,370	15,228	(13,241)		1,335	-		16,129	27,835	15,228	(11,706)								
TOTAL ANCILLARY INCOME	1,094,232	1,167,280	1,023,042	(73,049)	440,166	499,711	345,622	(58,011)	654,066	667,569	677,420	(12,040)								
CO-PROMOTER PROCEEDS	(312,262)	(279,716)	-	(32,546)	(312,262)	(279,716)	(137,399)	(32,546)												
EVENT OPERATING INCOME	1,687,876	1,860,562	1,582,691	(171,152)	728,691	861,842	596,991	(131,636)	959,185	998,700	985,700	(39,515)							50	
INDIRECT EXPENSES																				
EXECUTIVE	316,737	318,178	317,278	1,441	172,577	178,957	175,575	6,380	113,732	110,473	113,795	(3,259)	15,214	14,370	13,954	(844)	15,214	14,378	13,954	(836)
MARKETING/SALES	468,576	399,244	409,290	(69,312)	236,393	169,616	146,512	(66,777)	232,183	225,628	262,778	(2,555)								
FINANCE	249,075	243,952	242,571	(5,723)	164,487	162,236	159,827	(2,151)	64,432	62,320	62,650	(1,112)	10,378	10,202	10,047	(176)	10,378	10,194	10,047	(184)
EVENTS	206,960	228,441	193,623	24,818	128,305	146,188	128,495	17,693	79,004	82,253	69,138	6,249								
OPS	1,546,078	1,582,823	1,515,350	36,745	757,104	804,087	681,442	46,983	220,446	230,407	240,542	9,861	358,042	341,630	371,652	(16,412)	210,487	206,699	201,714	(3,788)
FOOD & BEVERAGE	54,872	693,831	676,977	149,959	286,789	355,602	340,932	68,813	255,083	336,229	336,045	8,146								
REST.	483,263	438,466	445,101	(46,735)	483,263	438,466	445,101	(44,795)												
BOX OFFICE	103,838	104,339	105,215	503	103,838	104,339	105,215	503												
OVERHEAD	409,450	316,867	353,821	(92,583)	242,850	174,754	199,205	(68,099)	139,300	82,842	91,750	(66,458)	11,300	26,831	27,433	15,531	16,000	32,440	35,433	16,440
INDIRECT EXPENSES	4,323,844	4,324,141	4,263,227	297	2,575,651	2,533,245	2,380,304	(42,406)	1,101,180	1,134,152	1,196,688	32,972	394,934	393,033	423,086	(1,901)	252,079	263,711	261,149	11,632
GROSS BUILDING OPERATING INCOME	\$(2,635,969)	\$(2,463,579)	\$(2,678,536)	\$(170,855)	\$(1,846,960)	\$(1,671,383)	\$(1,783,313)	\$(175,578)	\$(541,999)	\$(535,452)	\$(210,988)	\$(6,543)	\$(594,934)	\$(593,033)	\$(543,086)	\$(1,901)	\$(525,079)	\$(263,711)	\$(261,149)	\$11,632
OTHER INCOME/(EXPENSES)																				
Net ADVERTISING REVENUES	320,300	261,839	252,840	58,461	273,000	222,746	215,000	50,254	7,900	7,093	5,840	207								
NET SUITE LEASE REVENUES	417,050	294,102	313,470	122,948	417,050	294,102	313,470	122,948												
NET CLUB SEAT LEASE REVENUES	93,000	48,526	65,230	44,074	93,000	48,526	65,230	44,074												
OTHER REVENUES	624,875	702,619	747,700	(77,744)	106,844	169,189	189,119	(62,346)	1,220	5,071	1,220	(3,851)	263,831	256,882	272,090	6,949	252,981	271,477	285,271	(18,496)
TOTAL OTHER INCOME/(EXPENSE)	1,455,225	1,307,486	1,379,340	147,739	889,894	734,963	782,819	154,931	8,520	12,164	7,060	(3,644)	263,831	256,882	272,090	6,949	292,081	303,477	317,271	(16,496)
NET OPERATING INCOME (LOSS)	\$(1,180,744)	\$(1,156,093)	\$(1,299,296)	\$ (24,651)	\$ (957,706)	\$ (936,420)	\$(1,000,404)	(20,647)	\$(1,133,475)	\$(1,233,288)	\$(203,928)	\$(10,187)	\$(131,103)	\$(136,151)	\$(150,996)	\$ 5,048	\$ 40,902	\$ 39,766	\$ 66,122	\$ 1,136
Facility Fee Surcharge Paid to the City Consultant Fees	67,690	96,776	84,247	(29,086)	67,690	96,776	84,247	(29,086)												
NET INCOME (LOSS)	\$(1,248,434)	\$(1,252,869)	\$(1,383,543)	\$ 4,435	\$(1,024,757)	\$(1,033,196)	\$(1,084,741)	\$ 8,438	\$(133,475)	\$(223,288)	\$(203,928)	\$(10,187)	\$(131,103)	\$(136,151)	\$(150,996)	\$ 5,048	\$ 40,902	\$ 39,766	\$ 66,122	\$ 1,136

Projected 2013/Budget 2014 Comparisons (SOEC)

	2013	2014	
	Projected	Budget	Variance
Event Operating Income	861,862	728,691	(133,171)
Indirect Expenses	(2,533,245)	(2,575,651)	(42,406)
Other Income	734,963	889,894	154,931
Net Operating Loss	(936,420)	(957,067)	(20,647)
Other expenses	(96,776)	(67,690)	29,086
Net Loss	(1,033,196)	(1,024,757)	8,439

- Excellent relationships with co-promoting partners has created stability.
- Co-promotion deals has stabilized income and decreased volatility – concerts were large success in 2013 due to this – expect to see same success in 2014.
- Budgeted events of 68 vs projected of 80 due to no Continental Cup type of event in 2014.
- Revisions to Veas contract for 2013/14 season results in approximately \$100,000 reduced revenues
- Budgeted 5 play-off games, typical is 3-5.

Projected 2013/Budget 2014 Comparisons (PTCC)

	2013	2014	
	Projected	Budget	Variance
Event Operating Income	998,700	959,185	(39,515)
Indirect Expenses	(1,134,152)	(1,101,180)	32,972
Other Income	12,164	8,520	(3,644)
Net Operating Loss	(123,288)	(133,475)	(10,187)
Other expenses	-	-	-
Net Loss	(123,288)	(133,475)	(10,187)

- 2013 was an exceptional year for PTCC
 - Exceeded projection of 25% increase in revenue over 2012.
- Provincial Associations are mandated to rotate around province
- Although 2013 numbers unlikely to be attained in 2014, still budgeted gross revenue of \$1,628,008 in 2014 vs. projected of \$1,659,521 in 2013 – minimal decrease.
- Convention business is seeing a more stable food and beverage spend.

Projected 2013/Budget 2014 Comparisons (Memorial and OHS)

	2013	2014	
	Projected	Budget	Variance
Event Operating Income	-	-	-
Indirect Expenses	(656,744)	(647,013)	9,731
Other Income	560,359	556,812	(3,547)
Net Operating Loss	(96,385)	(90,201)	6,184
Other expenses	-	-	-
Net Loss	(96,385)	(90,201)	6,184

- Decrease in expenses to reflect decrease in allocation of management fees which offsets overall general budgeted increase of approximately 3 – 4%.
- Minor decrease in other income to reflect anticipation of similar ice rentals excluding special events such as Canadian Women’s National Hockey team bootcamp.

Other Income

	2013	2014	
	Actual	Budget	Variance
Ice Rentals:			
SOEC	128,214	137,378	9,164
OHS	303,477	251,481	(51,996)
MA	256,882	260,131	3,249
Total Ice Rental	688,573	648,990	(39,583)
Corporate Sales:			
Suites-Gross	439,600	439,000	(600)
FRM Commission	(145,498)	0	145,498
Club Seats-Gross	172,486	170,000	(2,486)
FRM Commission	(25,321)	0	25,321
Advertising	307,711	322,300	14,589
FRM Commission	(84,965)	0	84,965
Trailing Commission	0	(103,034)	(103,034)
Season Tickets	(98,239)	(98,950)	(711)
Total Corporate Sales	565,774	729,316	163,542
Miscellaneous	53,139	76,919	23,780
Total Other Revenue	1,307,486	1,455,225	147,739

Total Economic Effects to Penticton

- Direct Spending Total = \$23.9 million
- Total Economic Activity = \$33.9 million
- This spending generates the equivalent of 368 jobs
- Produces approximately \$2.0 million in taxes

Key Partners

- Global Spectrum has board representation on the Thompson Okanagan Tourism Association and Tourism Penticton.
- Active member of Convention Centres of Canada.
- Driving destination sales initiatives with key stakeholder partners through “Team Penticton”

Summary/Conclusion

- In 2014 the SOEC Complex will operate at a deficit of \$1.25 million.
- Focus will continue to be on financial accuracy, minimizing risk and an emphasis on main tenant, while providing an event schedule that benefits the quality of life for citizens.
- Convention Centre revenues decreased much less than originally anticipated with overall economic impact still expected to be \$12.5 million in 2014 vs \$13.2 in 2013 (2012 study showed \$11.3 million)
- Strong co-promoting partners in concert business with Invictus, Paul Mercs, Gold and Gold has proven to show strong returns in concert events at SOEC. Excellent communication with Advisory Board enables us to sharply define our most profitable demographics.