

Final 2020 Budget

OCTOBER 18, 2019

Wisconsin Center District



Table of Contents

I.	Event Mix Summary	Page 3
II.	2020 Income Statement Budget	Pages 4-5
III.	2020 Capital Budget Items	Pages 6-11
IV.	2020 Cash Flow Analysis	Page 12
V.	Executive Summary	Pages 13-14
VI.	Budget Narrative	Pages 15-20

WISCONSIN CENTER DISTRICT
Event Mix Summary
Final 10.18.19

	<u>Budget</u>	<u>Fcst</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Wisconsin Center</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Conference/Conventions	31	34	47	43	31
Trade Shows	5	6	5	4	3
Consumer Shows	7	5	4	1	5
Corporate Meetings	18	19	6	16	17
Banquets	26	16	21	21	22
Other (Asmb, Exams, Sprt Events, Dance, Fairs, Concerts)	26	24	26	34	24
Total Wisconsin Center	113	104	109	119	102
<u>UW-M Panther Arena</u>					
Wave Games	13	16	12	10	14
UWM Games	14	13	16	12	17
Brewcity Bruiser Bouts	6	8	6	6	6
Milwaukee Admirals	39	41	40	43	41
Concerts/ Comedy Shows	5	2	14	3	2
Family/Children Shows	1	1	3	1	1
Other (Asmb, Exams, Sports, Banq, Dance, Entn, Sem/Mtg)	27	22	14	19	27
Total Arena	105	103	105	94	108
<u>Miller High Life Theatre</u>					
Stage Show / WCD	3	0	0	2	0
Stage Show / Outside	1	4	4	5	4
Concerts/ Comedy Shows	37	25	34	22	18
Family/Children Shows	2	2	2	2	2
Corporate Events (Conv/Conf)	1	2	2	1	7
Other (Asmb, Exams, Sports, Banq, Dance, Sem/Mtg)	22	27	18	21	24
Total Theatre	66	60	60	53	55
Grand Total - All Buildings	284	267	274	266	265

WISCONSIN CENTER DISTRICT
2020 Income Statement Budget
Final 10.18.19

Line #	Column ID's	A	B	C	D	E	F	G	H	
	Bdgt. Narrative Reference ID	2020 Budget	2019 Forecast	2020 Bdgt to 2019 Fcst Var	Variance	2019 Budget	2019 Fcst to Bdgt Variance	2018 Actual	2017 Actual	
Operating Income										
1	A	5,131,854	3,411,723	1,720,131	50.42%	3,693,325	(281,602)	3,375,120	2,865,126	
2	B	1,031,945	1,104,230	(72,285)	-6.55%	1,099,066	5,164	1,305,755	950,171	
3	B	815,511	819,851	(4,340)	-0.53%	816,487	3,364	902,180	596,818	
4	C	3,946,338	4,518,881	(572,543)	-12.67%	3,450,296	1,068,585	3,437,857	2,331,512	
5	D	1,540,314	1,084,935	455,379	41.97%	1,751,311	(666,376)	913,399	850,635	
6	E	102,414	130,613	(28,199)	-21.59%	114,215	16,398	220,979	106,528	
7	F	120,525	184,227	(63,702)	-34.58%	120,525	63,702	193,636	129,004	
8	G	309,800	369,362	(59,562)	-16.13%	309,800	59,562	293,370	339,369	
9	H	95,647	92,301	3,346	3.63%	102,860	(10,559)	119,884	293,890	
10	I	284,167	215,369	68,798	31.94%	171,707	43,662	220,153	353,265	
11	J	675,000	731,667	(56,667)	-7.74%	731,667	0	721,669	505,000	
12	K	720,000	718,241	1,759	0.24%	700,000	18,241	779,144	689,588	
13	L	1,091,564	990,010	101,554	10.26%	969,755	20,255	1,100,942	1,015,407	
14		Total Operating Income	15,865,079	14,371,410	1,493,669	10.39%	14,031,015	340,395	13,584,089	11,026,313
Operating Expenses										
15	M	4,036,718	3,680,494	(356,224)	-9.68%	3,966,293	285,799	3,291,902	3,180,735	
16	N	915,907	808,978	(106,929)	-13.22%	833,407	24,429	847,834	810,851	
17	O	1,477,906	1,194,702	(283,204)	-23.70%	929,121	(265,581)	917,749	646,819	
18	P	2,400,000	2,308,000	(92,000)	-3.99%	2,358,000	50,000	2,222,602	2,018,103	
19		20,500	16,716	(3,784)	-22.64%	12,220	(4,496)	14,863	106	
20	Q	35,000	35,449	449	1.27%	35,000	(449)	35,969	140,114	
21	R	1,324,746	1,469,690	144,944	9.86%	1,318,716	(150,974)	1,847,134	357,750	
22	S	40,800	42,879	2,079	4.85%	43,100	221	33,977	55,807	
23	T	38,400	24,274	(14,126)	-58.20%	38,160	13,886	39,740	44,818	
24	U	22,400	44,000	21,600	49.09%	119,000	75,000	95,908	134,805	
25	V	111,975	103,513	(8,462)	-8.17%	105,570	2,057	87,041	95,971	
26	W	1,350,733	1,312,500	(38,233)	-2.91%	1,312,500	0	999,014	1,164,613	
27	X	75,250	32,145	(43,105)	-134.09%	24,100	(8,045)	40,938	21,324	
28		Total Operating Expenses	11,850,335	11,073,340	(776,995)	-7.02%	11,095,188	21,848	10,474,671	8,671,817
29		Net Operating Income	4,014,744	3,298,070	716,674	21.73%	2,935,827	362,243	3,109,419	2,354,496
Non-Operating Revenues										
Tax Revenue										
30		16,679,652	15,661,891	1,017,761	6.50%	15,011,806	650,085	15,095,799	14,311,459	
31		7,934,741	7,451,059	483,682	6.49%	7,177,174	273,885	7,181,744	6,714,419	
32		12,560,460	12,198,466	361,994	2.97%	11,913,606	284,860	11,757,558	11,327,559	
33		3,117,570	3,041,935	75,635	2.49%	3,011,731	30,204	2,931,986	2,734,375	
34		(1,027,457)	(978,010)	(49,446)	5.06%	(946,415)	(31,595)	(942,661)	(894,739)	
35	Y	Net Tax Revenue	39,264,966	37,375,341	1,889,625	5.06%	36,167,902	1,207,439	36,024,425	34,193,072
Other Non-Operating Revenue										
36	Z	1,048,000	1,098,666	(50,666)	-4.61%	975,000	123,666	2,156,346	2,028,725	
37	AA	8,000,000	8,000,000	0	0.00%	8,000,000	0	8,000,000	8,000,000	
38	BB	1,030,200	1,010,623	19,577	1.94%	1,010,623	0	417,186	-	
39	CC	2,225,000	2,384,427	(159,427)	-6.69%	2,160,000	224,427	978,333	-	
40		Total Other Non-Opr. Rev	12,303,200	12,493,716	(190,516)	-1.52%	12,145,623	348,093	11,551,864	10,028,725
41		Total Non-Operating Income	51,568,166	49,869,057	1,699,110	3.41%	48,313,525	1,555,532	47,576,289	44,221,798

WISCONSIN CENTER DISTRICT
2020 Income Statement Budget
Final 10.18.19

Line #	Column ID's	A	B	C	D	E	F	G	H
	Bdgt. Narrative Reference ID	2020 Budget	2019 Forecast	2020 Bdgt to 2019 Fcst Var	Variance	2019 Budget	2019 Fcst to Bdgt Variance	2018 Actual	2017 Actual
Non-Operating expenses									
42	DD	4,151,488	3,302,214	(849,274)	-25.72%	3,375,900	73,686	2,944,796	2,345,189
43		297,355	231,214	(66,141)	-28.61%	243,977	12,763	206,281	168,501
44		35,000	33,711	(1,289)	-3.82%	31,507	(2,204)	29,819	38,160
45	EE	839,983	587,148	(252,835)	-43.06%	657,344	70,196	542,265	473,472
46	FF	21,565	13,735	(7,829)	-57.00%	13,301	(435)	11,022	13,059
47	GG	400,000	380,313	(19,687)	-5.18%	400,000	19,687	348,912	385,617
48	HH	352,000	309,200	(42,800)	-13.84%	326,000	16,800	240,950	217,047
49	II	162,250	94,767	(67,483)	-71.21%	112,250	17,483	62,732	7,640
50	JJ	8,814,504	8,434,187	(380,317)	-4.51%	8,061,906	(372,281)	7,915,971	7,670,977
51	KK	410,000	495,200	85,200	17.21%	300,000	(195,200)	272,179	146,503
52	LL	497,700	294,700	(203,000)	-68.88%	467,500	172,800	243,152	158,751
53	MM	469,970	429,348	(40,622)	-9.46%	356,956	(72,392)	315,098	250,026
54	NN	700,000	673,161	(26,839)	-3.99%	673,161	0	650,060	614,415
55	OO	90,825	40,289	(50,536)	-125.43%	50,500	10,211	33,072	25,252
56	PP	67,000	44,482	(22,518)	-50.62%	57,560	13,078	45,355	23,944
57		10,000	10,000	0	0.00%	10,000	0	7,039	8,324
58		21,000	18,750	(2,250)	-12.00%	18,750	0	22,312	16,242
59		50,000	39,227	(10,773)	-27.46%	50,000	10,773	78,820	16,688
60		43,200	20,000	(23,200)	-116.00%	30,000	10,000	5,176	12,914
61		43,000	37,290	(5,710)	-15.31%	31,070	(6,220)	20,148	10,517
62		75,000	71,780	(3,220)	-4.49%	24,000	(47,780)	24,000	24,000
63		255,500	321,215	65,715	20.46%	160,500	(160,715)	201,373	93,166
64	QQ	-	4,551	4,551	100.00%	4,551	0	14,189	31,703
65	RR	16,759,459	17,424,142	664,683	3.81%	17,424,142	0	17,963,917	19,713,365
66		34,566,799	33,310,625	(1,256,174)	-3.77%	32,880,876	(429,749)	32,198,638	32,465,471
67		21,016,112	19,856,501	1,159,610	5.84%	18,368,476	1,488,025	18,487,070	14,110,823
68		9,632,806	9,282,806	(350,000)	-3.77%	9,660,000	377,194	9,264,620	9,039,780
69	SS	10,800,000	10,629,942	(170,058)	-1.60%	4,000,000	(6,629,942)	4,397,088	0
70		583,306	(56,247)	639,552	-1137.05%	4,708,476	(4,764,723)	4,825,362	5,071,043

WISCONSIN CENTER DISTRICT
2020 Capital Budget
Final 10.18.19

<u>Line #</u>	<u>Expenditure</u>	<u>Description</u>	<u>Department</u>	<u>Building</u>	<u>Budget</u>
1	Doors: Exterior	Replace North Side Doors & Door Frames (1950)	Bldg Services	Arena	85,000
2	Cast Iron Piping	On going repairs	Bldg Services	Wisc Ctr	450,000
3	Electrical Distribution Panels	Upgrade distribution boxes	Bldg Services	Arena	20,000
4	Steam Condensate Large System	*2 Motion & 2 Pump (1950)	Bldg Services	Arena	25,000
5	Steam Condensate Small Systems	*3 of 7 pump motor units (1950)	Bldg Services	Arena	12,000
6	Basketball Floor & (3) New Hoops	\$200k court [no sandings left], \$30k hoops	Bldg Services	Arena	230,000
7	Orchestra Pit Decking Replacement	Replacement of decking to cover pit	Bldg Services	Theatre	70,000
8	Uninterruptable Power Supply for Wiring closets	Backup power supply for IT network should arena lose power	IT	Arena	20,000
9	Intercom / Clearcom System Upgrade	Comm system b/w production room and production team	Video	Arena	30,000
10	Switcher System Replacement		Video	Arena	65,000
11	Router System Upgrade		Video	Arena	65,000
12	Exterity Distribution System	Distributes feed to corridor monitors	Video	Arena	50,000
13	Replay System Replacement		Video	Arena	70,000
14	Sidewalks	Repair / replaces areas of sidewalk around facility for safety	Bldg Services	Multiple Bldgs	75,000
15	Mass Communication System	Crisis communications via PC, texting, and auto dial to 911	PSD	Multiple Bldgs	20,000
16	Theater Foundation Reinforcement		Bldg Services	Theatre	450,000
17	F&B Smallwares	Replacement of mixing bowls, spatulas, measuring cups, etc...	Food Service	Multiple Bldgs	47,500
18	Escalators #9, 10	Modernization / 6th of 6 pairs	Bldg Services	Wisc Ctr	750,000
19	Ballroom Chairs	*3rd of 3 year commitment (1,100 chairs per year)	Set Up	Wisc Ctr	120,000
20	Tuckpointing	*WC-East, A-East [& N Upper Chiller Walls], Th-East & N Upper	Bldg Services	Multiple Bldgs	168,200
21	Lighting System Upgrade Phase II	*Part 2 of 5 - Hardware / Software upgrades	Bldg Services	Theatre	60,000
22	Switchgear and Electrical Substation PM	Main electrical feed to facility	Bldg Services	Theatre	60,000
23	Uninterruptable Power Supply for Wiring closets	UPS batteries should Arena lose power	IT	Theatre	25,000
24	Network Switches/SAN/Backup/DR Hardware	Replacement of obsolete or failed network hardware	IT	Multiple Bldgs	35,000
25	Computer Equipment & Printers	Replacement of obsolete or failed computers & printers	IT	Multiple Bldgs	35,000
26	Radios (20)	Replacement of obsolete or failed radios	IT	Multiple Bldgs	15,000
27	Banquet / Service Carts	(2) Gourmet Ice Cream Carts	Food Service	Wisc Ctr	4,000
28	Stancil Radio Recorder Upgrade	Radio transmission recording device	IT	Wisc Ctr	12,000
29	Wide Format Printer Replacement		IT	Wisc Ctr	6,000
30	Exaq Vision DVR Server	Replacement of security surveillance recording system	PSD	Wisc Ctr	20,000
31	Office Furniture	New hires and office relocations	Bldg Services	Wisc Ctr	10,000
32	Doors: Enlarge Meeting Room Door	*Room 203 - allow large display access	Bldg Services	Wisc Ctr	19,000
33	Contingency			Multiple Bldgs	400,000
34	Total 2020 Proposed Tier A Capital Expenditures Funded from WCD Operations				\$ 3,523,700

2020 POSSIBLE CAPITAL EXPENDITURES

Line #	Year	Description	Dept	BLDG	A-Proposed Budget	B	C
1	*2020	Doors: Exterior	Bldg Svc	A	\$ 85,000.00		
2	2020	Doors: Interior	Bldg Svc	A		\$ 13,500.00	
3	*2020	Steam Condensate Large System	Bldg Svc	A	\$ 25,000.00		
4	*2020	Steam Condensate Small Systems	Bldg Svc	A/TH	\$ 12,000.00		
5	2020b	Zamboni	Bldg Svc	A		\$ 125,000.00	
6	2020b	Ammonia Cooling Tower	Bldg Svc	A		\$ 180,000.00	
7	2020b	Arena Lightng System	Bldg Svc	A		\$ 400,000.00	
8	2020	Cam locks for Distro boxes	Bldg Svc	A		\$ 75,000.00	
9	2020	Electrical Distribution Panels	Bldg Svc	A	\$ 20,000.00		
10	2020	Unit Wall Heaters	Bldg Svc	A		\$ 25,000.00	
11	2020	Basketball Floor & 3-New Hoops	Bldg Svc	A	\$ 230,000.00		
12	2020	Orchestra Pit Decking Replacement	Bldg Svc	A	\$ 70,000.00		
13	2020	Signage	Bldg Svc.	A			\$ 20,000.00
14	2020	Uninterruptable Power Supplies for wiring closets	IT	A	\$ 20,000.00		
15	2020	Qty 10 - 4' to 6' Stageright frames	Set up	A		\$ 37,000.00	
16	2020	Qty 4 - Stair Units for Stageright rise	Set up	A		\$ 20,000.00	
17	2020	Stageright Rails	Set up	A		\$ 6,400.00	
18	2020	Stageright ADA Ramp	Set up	A		\$ 17,000.00	

2020 POSSIBLE CAPITAL EXPENDITURES

Line #	Year	Description	Dept	BLDG	A-Proposed Budget	B	C
19	2020	Intercom / Clearcom System Upgrade	VP	A	\$ 30,000.00		
20	2020	Switcher System replacement	VP	A	\$ 65,000.00		
21	2020	Router System Upgrade	VP	A	\$ 65,000.00		
22	2020	Exterity distribution system	VP	A	\$ 50,000.00		
23	2020	Concourse monitors	VP	A			\$ 50,000.00
24	2020	Replay System Replacement	VP	A	\$ 70,000.00		
25	2020	Tuckpointing	Bldg Svc	Multi	\$ 168,200.00		
26	2020	Cast Iron Piping	Bldg Svc	Multi	\$ 450,000.00		
27	2020	Sidewalks	Bldg Svc	Multi	\$ 75,000.00		
28	2020	Retractable Bar Fronts x 8	F/B	Mult			\$ 40,000.00
29	2020	Portables	F/B	Multi		\$ 20,000	
30	2020	Banquet	F/B	Multi		\$ 25,000	
31	2020	Smallwares Reoccurring	F/B	Multi	\$ 32,500		
32	2020b	Banquet	F/B	Multi		\$ 48,000	
33	2020c	Banquet	F/B	Multi			\$ 18,000
34	2020	Computer Equipment & Printers	IT	Multi	\$ 35,000.00		
35	2020	Network Switches/SAN/Backup/DR Hardware	IT	Multi	\$ 35,000.00		
36	2020	Radios - 20 qty	IT	Multi	\$ 15,000.00		
37	2020	Network Testing Tools	IT	Multi		\$ 10,000.00	
38	2019b/ 2020	Mass Communication System	PSD	Multi	\$ 20,000.00		

2020 POSSIBLE CAPITAL EXPENDITURES

Line #	Year	Description	Dept	BLDG	A-Proposed Budget	B	C
39	2020	Theatre Foundation Reinforcement	Bldg Svc	TH	\$ 450,000.00		
40	2020b	Canopy, security signage and camera	Bldg Svc	TH		\$ 50,000.00	
41	2020	Artwork Restoration	Bldg Svc	TH		\$ 60,000.00	
42	2020	Lighting System Upgrade	Bldg Svc	TH	\$ 60,000.00		
43	2020	Seating Refurbishment	Bldg Svc	TH			\$ 25,000.00
44	2020	Carpet -	Bldg Svc	TH		\$ 80,000.00	
45	2020	Switchgear and Electrical Substation Hi voltage clean	Bldg Svc	TH	\$ 60,000.00		
46	2020	Exterior South Wall Metal work	Bldg Svc	TH		\$ 58,000.00	
47	2020	Video Screens 2 high 2 low Replace Projection screens	Bldg Svc	TH		\$ 100,000.00	
48	2020	Kitchen / Back of House Upgrades	F/B	TH			\$ 40,000
49	2020	Uninterruptable Power Supplies for wiring closets	IT	TH	\$ 25,000.00		
50	*2020	Plants/Silks: Palm Fronds / Palm Garden	Bldg Svc	WC		\$ 22,000.00	
51	2020	Landscape	Bldg Svc	WC	\$25k moved to expense bdt		
52	2020	Office Furniture	Bldg Svc	WC	\$ 10,000.00		
53	2020	Doors: Enlarge Meeting Room Door	Bldg Svc	WC	\$ 19,000.00		
54	2020b	LED Lighting - Admin Office	Bldg Svc	WC		\$ 20,000.00	
55	2020	Escalators #9, #10	Bldg Svc	WC	\$ 750,000.00		
56	2020	Escalators - drive/motor - replacement	Bldg Svc	WC		\$ 50,000.00	
57	2020	LED Lighting	Bldg Svc	WC		\$ 50,000.00	

2020 POSSIBLE CAPITAL EXPENDITURES

Line #	Year	Description	Dept	BLDG	A-Proposed Budget	B	C
58	2020	LED Lighting - Ballroom; Dimmer Lighting System	Bldg Svc	WC		\$ 110,000.00	
59	2020	Motor Control Stations	Bldg Svc	WC		\$ 45,000.00	
60	2020	Cooling Tower Motors	Bldg Svc	WC		\$ 34,000.00	
61	2020	main steam isolation valves	Bldg Svc	WC		\$ 40,000.00	
62	2020	Control Air Compressor	Bldg Svc	WC		\$ 40,000.00	
63	2020	Painting	Bldg Svc	WC		\$ 95,000.00	
64	2020b	Repainting - Exterior	Bldg Svc	WC		\$ 50,000.00	
65	2020	Banquet / Service Carts	F/B	WC	\$ 4,000		
66	2020	Smallwares	F/B	WC	\$ 15,000		
67	2020	Kitchen / Back of House Upgrades	F/B	WC		\$ 4,000.00	
68	2020	Kitchen / Back of House Upgrades	F/B	WC		\$ 1,200.00	
69	2020	Single Mode Fiber Optic Cabling to EIT	IT	WC		\$ 10,000.00	
70	2020	Upgrade Wireless Access Points and Wiring in Ballroom	IT	WC		\$ 125,000.00	
71	2020	Stancil Radio Recorder Upgrade	IT	WC	\$ 12,000.00		
72	2020	Wide Format Printer Replacement	IT	WC	\$ 6,000.00		
73	2019b / 2020	Exaq Vision DVR Server	PSD	WC	\$ 20,000.00		

2020 POSSIBLE CAPITAL EXPENDITURES

Line #	Year		Description	Dept	BLDG	A-Proposed Budget	B	C
74	2020		Updated Parking System	PSD	WC			\$160,000.00
75	2020		3rd year of chairs - qty 1100	Set up	WC	\$ 120,000.00		
76	2020		3x8 tables - qty 24	Set up	WC		\$ 15,000.00	
77	2020		Recycling Stations qty 20	Set up	WC		\$ 30,000.00	
78	2020		Ramp for Fold n drop staging	Set up	WC		\$ 12,000.00	
79	2020		Vacuum cleaners - qty 10	Set up	WC	\$2k Moved to expense budget		
80	2020		Soft goods	Set up	WC		\$ 5,000.00	
81	2020		Rounds - Qty 350	Set up	WC		\$ 90,000.00	
					2020	\$ 3,123,700.00	\$ 2,198,100.00	\$ 353,000.00

Wisconsin Center District
2020 Budget Cash Flow Analysis
Final 10.18.19

Line #	Column IDs	A	B	C	D
		<u>Budget 2020</u>	<u>Forecast 2019</u>	<u>2020 Bdgt to 2019 Fcst Variance</u>	<u>Budget 2019</u>
1	Operating Cash Balance as of January 1	8,612,373	6,300,049	2,312,324	3,139,454
	Cash provided by Operations				
2	Net Income	583,306	(56,247)	639,553	4,708,476
	Add back Non-Cash Expenses and Revenue				
3	Depreciation & Amortization	20,432,806	19,912,748	520,058	13,660,000
4	Bond Interest Accrued	16,759,459	17,424,142	(664,683)	17,424,142
5	Amortization of Levy Grant	(200,004)	(200,004)	0	(200,000)
	Deduct Debt Service Cash Flows				
	<u>Yr. Pd. Off</u> <u>Bond Issue</u>				
6	2027 1996A Senior Bonds [Convention Center]	(7,400,000)	(7,400,000)	0	(7,400,000)
7	2027 1999 Junior Bonds [Convention Center - refunded initial issuance]	(13,695,450)	(12,811,838)	(883,613)	(12,811,838)
8	2032 2003A Senior Bonds [Convention Center - refunded initial issuance]	0	0	0	0
9	2032 2013A Junior Bonds [Theatre - refunded initial issuance]	(1,798,263)	(1,793,338)	(4,925)	(1,793,338)
10	2046 2016A Senior Capital Appreciation Bonds [Bucks Arena]	0	0	0	0
11	2020 2016A Senior Current Interest Bonds [Bucks Arena]	(510,000)	(520,000)	10,000	(520,000)
12	2046 2016B Junior Bonds [Bucks Arena - refunded initial issuance]	(1,711,209)	(1,711,209)	0	(1,711,209)
13	2035 2016 Appropriation Bonds [Bucks Arena]	(8,087,900)	(8,079,550)	(8,350)	(8,138,750)
14	Total Principal	(15,821,636)	(14,452,012)	(1,369,624)	(14,452,012)
15	Total Interest	(17,381,186)	(17,863,922)	482,737	(17,923,122)
16	Total Debt Service Cash Flows	(33,202,822)	(32,315,934)	(886,888)	(32,375,134)
	Add / Deduct Other Cash flows				
17	Operating Lease Payments	0	(305,953)	305,953	(287,943)
18	Capital Budget Items	(3,523,700)	(2,913,230)	(610,470)	(2,452,950)
19	Levy Grant	0	1,000,000	(1,000,000)	0
20	Expansion Expenses	(445,000)	(200,000)	(245,000)	0
	Change in Available Capital Reserve				
21	Utilization of Current Year Capital Reserve	1,139,779	1,106,581	33,198	1,106,581
22	Funding of Subsequent Year Capital Reserve	(1,173,972)	(1,139,779)	(34,193)	(1,139,779)
23	Estimated Net Change in Cash	369,852	2,312,324	(1,942,472)	443,392
24	Estimated Ending Cash Balance as of December 31	8,982,225	8,612,373	369,852	3,582,846
<hr/>					
25	Total Debt Service	33,202,822	32,315,934	886,888	32,375,134
26	Less: State's Annual Appropriation	(8,000,000)	(8,000,000)	0	(8,000,000)
27	Net Debt Service	25,202,822	24,315,934	886,888	24,375,134
28	Restricted Tax Revenue	23,081,614	21,995,424	1,086,190	21,995,424
29	Variance	(2,121,208)	(2,320,510)	199,302	(2,379,710)

Executive Summary:

The WCD's 2020 fiscal year is perhaps the most anticipated year in its history. The event calendar in all three buildings is jam packed with dynamic programming most notably the Democratic National Convention in July 2020. Additionally, the WCD continues to move forward in pursuing an expansion of its convention center.

Key Budget Assumptions:

Expansion: Management remains optimistic that financing of the expansion will be approved in 2020, but the budgeted financial statements do not assume such financing. Should financing occur both the cash flow and income statements would be positively impacted. Part of a financing package may include a restructuring of current debt which would reduce current year interest expense and increase the cash flow differential between restricted tax revenues and debt service. Interest income would also increase due to holding a sizable cash balance to fund the project.

DNC: Assumptions regarding the impact of the DNC event remain somewhat conservative. Specific event details are still being determined and the WCD has not yet received a fully vetted plan of how the campus will be used. While a meaningful impact is represented by the DNC in the income statement, it remains a conservative estimate.

Event Mix: The 2020 event mix budget is less aggressive than 2019 in certain segments which offers some downside protection, particularly on the convention side. While some calendar openings still exist for 2020, it is expected to be one of the busiest in recent history in terms of building usage and occupancy, in part because the DNC has control of the premises for (6) weeks. While most of the meaningful conventions and meetings business is booked, much of the concert business is tentative. Over the course of the past 18 months the sports & entertainment booking department have worked hard to establish key industry relationships, including with area promoters, that are expected to result in more shows booked in 2020. As a result, the budget includes, on average, one more concert per month in the theatre compared to 2019.

Budget Goals:

There were three primary goals management aspired to achieve when developing the 2020 Budget:

1. *Show positive, incremental, and meaningful year over year growth in net income, particularly on the direct operating side.* Overall net income is budgeted to grow 5.84% year over year ("YOY") or \$1.15 mil and direct operating income is budgeted to grow 21.73% or \$716,000.
Direct operating income is a result of the budgeted event mix. The build out and placement of key personnel within the meetings and conventions sales team and the sports and entertainment sales team have driven revenue more efficiently and in greater volumes than in prior years. Year over year, the event mix is expected to be stronger in terms of both volume and profitability.
2. *Make key investments back into the business, in terms of capital expenditures, revenue generation opportunities, and people so that the existing business can continue to grow and a solid foundation is established for if and when the expanded center opens.* The following budget items highlight how this goal was achieved:
 - Revenue Generation - Addition of new personnel to grow sponsorship revenue and short term bookings in the convention center focused on high food and beverage billings such as banquets and galas.
 - People - Investments continue to be made back into the WCD workforce by keeping salaries competitive, absorbing 100% of the increases in health and dental insurance costs, and encouraging and budgeting for employee education, training, and seminar programs.

- CapEx - The capital budget is \$3.5 mil, about 43% higher than the average annual spend over the last seven years of \$2.44 mil. This allows WCD to stay current with maintenance and capital repair and replacement so that the building assets remain a competitive part of the value proposition.
3. *Generate positive cash flow at year end to build up an emergency reserve and to fund long term strategic goals.* Cash is budgeted to increase by \$370,000 in 2020. This number has the potential to grow should a restructuring of current debt occur as part of the expansion financing.

Risks

While the budget includes some stretch revenue goals it represents an achievable plan for 2020. However, there are some risks that will be monitored during the year.

- Tax Revenues fail to come in as budgeted
- Unexpected major system failure or capital repair that requires a significant expenditure
- “Blue sky” events, particularly concerts, don’t materialize, negatively affecting box office revenues
- Major macroeconomic event that curtails business travel. The effects of this may not be immediately felt in 2020 and could more directly impact future budget years.

Part of WCD’s risk mitigation strategy is to backload discretionary spending into the 3rd and 4th quarters, which provides flexibility to fund shortfalls should any of the above come to pass.

Opportunities

- Event focused revenues [labor service, equipment rental, datacomm revenue] – These categories are budgeted somewhat conservatively. Until the events advance their specific, unique requirements, precisely estimating these revenues is challenging. Because of the conservative approach to establishing numbers in these areas, there is revenue upside potential.
- Bucks Playoffs – An extended playoff run, not currently assumed in this budget, would positively impact parking revenue and Bucks District ticket surcharge revenue.
- DNC – As previously discussed, event assumptions are conservative with the potential for upside in the food and beverage revenue category.

Budget Narrative:

Operating Income:

- A. Event Room Fees are expected to increase relative to 2019 Forecast. While YOY growth is a desired goal in most revenue categories, total change in YOY rent in the convention segment can vary based upon the specific size and requirements of the new conventions coming to the WCD for the current budget year and those lost from the previous year.
- B. Equipment Rental and Labor Service Revenue represent net revenues associated with the rental of equipment and recovery of costs for staffing. Year over year a slight decrease is projected for both of these categories. For many of the bigger conventions and conferences that drive much of the revenues in these categories, specific event requirements that would affect these numbers aren't known until much closer to the event occurring. While the budget number is somewhat conservative it's a fair representation based on the know data. The potential for upside revenue opportunities exist for both of these revenue categories.
- C. Food and Beverage Revenue is down slightly year over year due in part to conventions and other non-annual events with high spend that will not return to the WCD in 2020. While the DNC will make up for some of this loss, 2019 was an exceptional year in terms of the number of events that spent significantly on food and beverage.
- D. Box Office Revenue, which is primarily made up of facility fee and Ticketmaster rebate revenue, is up significantly from 2019 Forecast due to the increased number of concerts and other publicly ticketed events budgeted for in the Arena and Theatre.
- E. Office Space Rental Revenue is down from 2019 Forecast because the Wave moved their offices out of the Miller High Life Theatre. Some of the space previously occupied by the Wave is now being used for WCD employees as the size of the staff has outgrown the space in the Convention Center offices. During the expansion project this space is expected to be further utilized by contractors and consultants. Revenue is expected to remain lower in this category for at least the next three years compared to recent history.
- F. Telecomm Revenue is down slightly from 2019 Forecast. The decrease is driven by fewer events requesting phone services as well as the loss of phone recovery revenue from the Wave [which also corresponds to a decrease in the WCD's IT expense]. The bulk of the revenue in this account is generated from profits earned from the Distributed Antenna System ("DAS"), which allows cellular phone companies to distribute a signal in WCD's three buildings. Revenue from this system is expected to increase slightly in 2020 as another carrier is added to the DAS.
- G. Datacomm Revenue is principally driven by Wi-Fi related sales to convention center events. Revenue is expected to be slightly down from 2019, as the number of major events that would request these services has decreased. Also, like Equipment Rental and Labor Service Revenue, event requirements around internet and Wi-Fi needs are often not known until much closer to the event occurring, so initial budget assumptions around this revenue category are conservative, leaving open the opportunity for revenue upside potential.
- H. Video Production Revenue is expected to be relatively flat year over year. Much of the recurring revenue generated in this category comes from services provided to graduation ceremonies and the

Brewcity Bruisers of the Women's Flat Track Derby Association. Revenue is also generated each year from a small portion of other non-recurring events, the amount of which is dependent upon that event's unique requirements.

- I. Advertising Revenue consists primarily of some minor sponsorship deals as well as an amount received from Levy each month based on a percentage of food and beverage gross revenues. This category is projected to be up slightly compared to 2019 Forecast as a VP of Sponsorship Sales is added to staff. The incremental gains in 2020 are expected to be relatively minor as this business is developed and a sales pipeline is established.
- J. Naming Rights Revenue is calculated pursuant to the agreements in place for the Arena and Theatre.
- K. Parking Revenue in 2020 is expected to remain relatively flat year over year. While WCD's business drives much of this revenue, it is also influenced by other activity in the neighborhood, including events at the Fiserv Forum. Revenues generated by WCD events are expected to slightly increase and revenues generated from external activities are expected to slightly decrease. Should the Bucks make an extended playoff run in 2020, which is not currently assumed, revenues would be positively impacted.
- L. Other Income is made up primarily of a portion of funds rebated back to the WCD related to fees assessed for the collection and distribution of tax revenues. Growth in this category is a direct result of projected growth in tax revenues. Also included in this category is net income earned from the annual Wire Show [a trade show], which is co-promoted by the WCD.

Operating Expenses:

- M. Operating Wages are projected to increase over 2019 Forecast. The average base wage is expected to increase by 3%, on average. Some salaries in select departments are expected to be adjusted up to make them more competitive with market rates. The specific event mix for any given year also impacts wages as the staffing requirements are unique to each event. On average, 2020 events are expected to require a heavier staff deployment compared to 2019. Other year over year variances include a full year of an additional IT tech resource who will be an employee of WCD but will be shared 50% of the time with Visit Milwaukee [WCD will be reimbursed by Visit for such time incurred] and an increase of two to the number of fulltime cleaning & setup staff. The overall operating model conservatively assumes a full staffing complement for most events.
- N. Operating Payroll Fringe is made up of health and dental insurance benefits and FICA. As Operating Wages increase, so does FICA. Health and Dental assumes a 6.9% increase to individual health plans and a 6% increase to a majority of the dental plans.
- O. Contract Services increased year over year due to the incremental cost to operate the walk through metal detectors for a full year [walk through metal detectors first deployed in September, 2019]. While the teams will be reimbursing to the WCD a portion of that cost, the WCD will also bear some of that expense. Engineering support for the production of team events is also hitting this expense item in 2020. In prior years this expense was booked to Video Production Expense. Contract Services vendors are expected to provide services and labor in 2020 for the following:
 - o 24-hour premises security and event security including staffing the walk through metal detectors
 - o Painting services

- Electrical services
 - Cleaning and Setup services
 - Guest services including ushers and door staff
 - Booking support services
 - Engineering support for the production of team events
- P. Utilities are projected to be up from 2019 Forecast by just over 4% as rates are expected to remain relatively stable and usage consistent with prior years. Unusual or extreme weather patterns could move this expense in either direction.
- Q. Ticket Expense is driven by Ticketmaster transaction costs resulting primarily from team tenant activity. This is expected to remain relatively flat year over year.
- R. Total Event Expense includes contractually obligated payments made to WCD's tenants including merchandise and food and beverage revenues, as well as profit share expenses incurred as the result of concert co-promotion agreements. This expense is expected to decrease in 2020, in part, because of a decrease in the number of team events [assume no playoffs for Wave and Admirals].
- S. Telecomm Expense is primarily made up of expenses related to communication radio maintenance and monthly phone lines, both of which are rented to shows and events.
- T. Datacomm Expense is primarily the cost to support internet lines. The 2020 Budget includes the installation of a backup internet connection that will provide connectivity should the primary connection fail, which is driving the year over year cost increase.
- U. Video Production Expense is expense related to digital signage repair and maintenance. In prior years, engineering support for the production of team events has hit this category, which is now booked to contract services.
- V. Cleaning and Other Supplies expense represents supplies purchased throughout the year, including paper products provided for public areas. The projected year over year increase in expense is driven in part by the overall increase in events.
- W. Repairs & Maintenance expense encompasses most elements of facility maintenance and repair. A slight increase is projected driven in part by an increase in landscaping spend in preparation for the DNC.
- X. Miscellaneous Maintenance represents expenses related to security and parking. This category is budgeted to be higher due to the expected replacement of some of the security cameras as they reach the end of their useful life.

Non-Operating Revenues:

- Y. Tax Revenues come to the WCD in four different revenue streams and are categorized into two separate buckets:
- Restricted Revenues, which include the .5% Food and Beverage County Tax, the 2.5% Basic Hotel Room County Tax, and the 3% Car Rental County Tax. Restricted Revenues can be used by the WCD to only pay down debt service pursuant to the General Resolution.

- Unrestricted Revenues include only the 7% Additional Hotel Room City Tax. Unrestricted revenues may be used by the WCD for funding most other obligations provided restricted revenues are sufficient to cover debt service payments. If there is a shortfall of restricted revenue to fund current debt service payments the unrestricted tax revenues are earmarked for this purpose, pursuant to the General Resolution.

Tax Revenues are projected to increase just over 5% from prior year, consistent with the 2019 HVS Tax Projection Study. Historically year over year increases are closer to 3.5%, however with major region wide events that include the DNC and Ryder Cup, an above average increase is expected.

The net tax revenue number is net of the admin fee administered by the State of Wisconsin DOR for collection and disbursement to WCD of such revenues.

- Z. Interest income includes interest earned on both restricted and unrestricted cash. The decrease from 2019 Forecast is a result of the draw down on the project funds used to finance the cost of construction for the Bucks arena, in which funds held by the WCD were finally exhausted in July of 2019. Should expansion financing occur in 2020 interest earned on the resulting bond proceeds could be substantial.

AA. Arena Appropriation Revenue is an annual payment made by the State of Wisconsin to fully fund the debt service on the 2016A Appropriation Revenue bonds that financed a portion of the Bucks arena project.

BB. Bucks Rent is due annually to the WCD pursuant to the Arena Lease, Management and Operations Agreement. The first payment received in 2018, a 50% installment for the 1st Operating Year [July 1 – June 30] was prorated for an 11-month year. For each subsequent Operating Year this payment will increase between 2-3%, with 2019 being the first full year of rent received by the WCD. These funds are unrestricted and used to finance costs related to the Fiserv Forum including but not limited to insurance, legal and professional services.

CC. Bucks District Ticket Surcharge represents the \$1.50 / ticket fee collected by the WCD for publicly ticketed events held at the FiServ Forum [note: gross amount collected by the WCD is \$2.00 / ticket, of which \$.50 is remitted to the State of Wisconsin]. The 2020 Budget number assumes no playoff games for the Bucks, which is the primary driver of the year over year reduction in this revenue category. These funds are unrestricted.

Non-Operating Expenses:

DD. Salaries is up from 2019 Forecast due to the following:

- An average 3% increase to wages
- Salary adjustments for (6) fulltime positions to make them more competitive with market rates
- Hiring of (8) new positions, (2) of which would be filled only if expansion is approved
- Full year of annualized salaries for 6 new hires in 2019

EE. Health & Dental Insurance assumes the cost of each health plan will increase by 6.9%, and a majority of the dental plans will increase by 6%, which the WCD will absorb and not pass on to employees. Also assumed is that newly hired positions will enroll into the insurance program and WCD will realize in 2020 a full year of plan costs for 2019 new hires.

- FF. Life Insurance assumes a rate increase of 57% for retired employees which is the primary driver of the YOY cost increase. The WCD provides a minimum coverage of \$50,000 for each full time employee @ \$7.40 / month. Employees can elect to purchase more insurance coverage at their own cost.
- GG. Pension expense represents WCD's contribution to the retirement plan, as determined by an actuarial valuation contracted by the Annuity and Pension Board of the ERS, and has historically fluctuated between \$350,000 and \$390,000 per year.
- HH. Advertising expense includes branding and marketing expenses focused primarily on non-event specific initiatives supported by a digital strategy. Other spend in this category is dedicated to website design support, web hosting, graphics creation for static signage around the premises, and a service to aggregate social media mentions of WCD for purposes of monitoring brand awareness and public relations opportunities. The year over year increase is primarily driven by additional spend with a 3rd party communications agency for public relations work.
- II. Promotions expense includes supporting initiatives of WCD partners such as tables at charity dinners, internally focused spend on initiatives and promotional merchandise to further the "BPX" culture change, and collateral to support the meeting and conventions and sports and entertainment sales departments.
- JJ. Visit Milwaukee Management Fee is pursuant to the terms of the agreement between Visit and the WCD. The projected increase in expense from 2019 Forecast is primarily a result of the projected increase in tax revenues.
- KK. Legal Services are projected to decrease year over year from a recent high in 2019 that saw more contract and labor issue reviews than were anticipated. Legal services pertaining to expansion financing and other elements of the project will be capitalized and "reimbursed" to the WCD from bond proceeds should the project move forward.
- LL. Professional Services includes fees paid to auditors, services pertaining to bond arbitrage calculations, and consultants. The projected increase over 2019 Forecast is driven by consulting costs related to branding strategy and asset valuation.
- MM. Information Technology expense is up year over year primarily due to a project to transition to a new payroll processing service provider.
- NN. Insurance premiums are projected to increase approximately 4% year over year due in part to some minor claims on the property insurance policy in 2019.
- OO. The projected increased expense in Travel from 2019 Forecast includes travel expenses for the new VP of Sponsorship. Management is also encouraging more of its workforce to attend industry trade shows in order to broaden their knowledge base and bring back best practices to the WCD.
- PP. Increased expenses in Business Meetings relative to 2019 Forecast is tied primarily to the strategy of increasing sponsorship revenue.
- QQ. Interest Expense pertains to interest paid on the capital leases of the WCD of which there is \$0 projected for 2020. All (4) leases were retired in 2019.

RR. Bond Interest Expense is decreasing year over year as more principal and less interest are paid annually on the debt service.

SS. Depreciation Expense – Fiserv Forum. We expect this expense to flatten in 2020 as the project becomes fully capitalized on WCD books.

Capital Expenditures

The 2020 Capital Expenditure budget is \$3.5 mil, up from a projected \$2.9 mil spend in 2019. Part of the 2020 budget includes \$2 mil for “one-time” projects that will not reoccur in future capital budgets for some time including the following:

- Line #2 – Cast Iron Piping – \$450,000 – A portion of this project is funded in 2019, with the majority to be spent in 2020. While \$20,000 to \$40,000 of spend is budgeted every year for this type of work, the magnitude of this project is unprecedented and not expected to be repeated in the near future.
- Line #6 – Basketball Court and Hoop Replacement – \$230,000 – WCD is contractually obligated to provide this equipment pursuant to its lease agreement with UWM. Both the court and hoop systems have reached the end of their useful life.
- Line #16 – Theatre Foundation Reinforcement – \$450,000 – Work required to stabilize and repair parts of the theatre foundation.
- Line #18 – Escalators Modernization – \$750,000 – This represents the last pair of escalators in the Convention Center to go through the modernization process.
- Line #19 – Ballroom Chairs – \$120,000 – Third and final installment of ballroom chair replacement.

The process by which WCD develops the Capital Expenditure budget is extensive. Department heads work with their teams to identify projects and investments over a 5 year rolling period. This information is consolidated across the departments into a single document. The senior staff then comes together as a group to evaluate these expenditures and place them into tiered buckets for priority decisioning purposes.