MINNESOTA
SPORTS FACILITIES
AUTHORITY

Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

MEMORANDUM **EXHIBIT H**

TO: MSFA Commissioners

FROM: Mary Fox-Stroman, Director of Finance

DATE: June 21, 2023

SUBJECT: 2023-2024 Operating and Capital Budget

The 2023-2024 Operating and Capital Budget for the fiscal period from July 1, 2023 through June 30, 2024 is attached. This budget includes the Operating account, Capital Reserve account, and the Concession Capital Reserve account. A narrative that discusses the budgeted revenues, expenses, and transfers for each account, a capital projects list, and a concession capital projects list are also included in this budget document.

Recommended Motion:

The Minnesota Sports Facilities Authority adopts the attached 2023-2024 Operating and Capital Budget for the fiscal period July 1, 2023 through June 30, 2024 for the Operating account, the Capital Reserve account, and the Concession Capital Reserve account. The Authority authorizes the Chair and the Executive Director to make adjustments to the detailed revenue and expense budget lines within the Operating account budget and to adjust the project budgets within the Capital Reserve Project budget and Concession Capital Reserve Project budget.

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2023-2024 OPERATING AND CAPITAL BUDGET

U.S. Bank Stadium will begin its eighth year of operations on July 1, 2023. Attached is the Fiscal Year 2023-2024 Operating and Capital Budget for the period from July 1, 2023 through June 30, 2024. The budget includes three accounts, the operating account, capital reserve account, and concession capital account. Highlights of each account are discussed below.

OPERATING ACCOUNT

Operating Revenues

Budgeted revenues for the operating account consist of the following four revenue sources:

State of Minnesota operating revenues	$ 7,362,000
Minnesota Vikings operating revenues	$10,453,928
Stadium operating revenues-ASM	$31,058,892
Miscellaneous revenues	$ 64,200
Total Operating Revenues	$48,939,020

Operating Expenses

Budgeted expenses for the operating account include:

Personal services	$ 855,180
Professional services	$ 1,341,154
Supplies and network support costs	$ 131,453
Stadium contractual commitments	$ 836,888
Insurance	$ 421,532
Miscellaneous expense	$ 660,436
Stadium operating expenses-ASM	$40,705,637
Total Operating Expenses	$44,952,280

Personal Services

The personal services budget includes the Chair's salary and the salaries and benefits for the full-time MSFA employees. Employee benefits include health insurance, dental insurance, long-term disability insurance, life insurance, and retirement benefits from Minnesota State Retirement System. Worker's compensation insurance is also included in this category.

Professional Services

Professional services include a variety of professional consulting services. The MSFA will continue to utilize the services of professional consultants for the following services:

- Auditing Services
- Communication and Public Relations Services
- Document Management Consulting
- Human Resources Consulting
- Legal services and Legislative Representation

Stadium Contractual Commitments

The stadium's contractual commitments and leases include costs related to securing parking as required in the Stadium Act. The MSFA also has a long-term lease with Hennepin County for use of the Hennepin County Medical Examiner space for the U.S. Bank Stadium Plaza area.

Insurance

Insurance includes commercial general liability, excess liability, automobile and garage keepers' liability, public officials and employment practices liability, crime insurance, cyber liability, and terrorism insurance.

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Miscellaneous
Miscellaneous expenses include a variety of smaller expenses: travel, meetings and training expenses, postage expenses, MSFA board member expenses, license and inspection fees, and bank fees.

Nonoperating revenues
Nonoperating revenues include the following:

Revenues - Investment income	$ 1,080,000

Transfer
Budgeted transfers include a transfer to the Capital Reserve account of $7,000,000 to fund various capital projects for improvements and/or upgrades to U.S. Bank Stadium.

Transfer to the Capital Reserve account	($ 7,000,000)

Account Balance

Beginning Operating account balance	$24,754,077
Change in account balance	(1,933,260)
Ending Operating account balance	**$22,820,817**

CAPITAL RESERVE ACCOUNT

Capital Reserve Revenues
The capital reserve account has the following budgeted revenues:

Minnesota Vikings capital cost payment	$1,900,155
State of Minnesota/City of Minneapolis capital payment	$1,841,000
State of Minnesota/City of Minneapolis excess sales tax	$1,755,548
Total Capital Reserve Revenues	$5,496,703

- Per the terms of the Stadium Use Agreement between the MSFA and the Minnesota Vikings Football Stadium, LLC, they were required to contribute $1,500,000 to the MSFA beginning in 2016, and this amount increases annually by 3%.
- Per Minnesota Statute, 473J.12, subd.4 the State of Minnesota /City of Minneapolis were required to contribute $1,500,000 to the MSFA beginning in 2016, and this amount increases annually by an adjustment factor.
- Per the 2023 Tax Bill, the MSFA must use the City of Minneapolis excess sales tax revenues for capital repairs, replacements, and improvements for the stadium or stadium infrastructure. Beginning in Fiscal Year 2022-2023 the MSFA recognized the excess sales tax revenues in the Capital Reserve account.

Capital Reserve Expenses
The 2022-2023 capital reserve account budget included projects that will not be completed by year-end. Therefore, the budget for capital project commitments of $16,227,499 at June 30, 2023 needs to be rolled forward. The roll forward amount also includes the roll forward amount for the Secured Perimeter Project of $15,137,184. In addition, the 2023-2024 budget has a capital plan of $9,482,912 for new capital projects. Following this narrative is a list of the capital projects.

Capital Budget Roll Forward	$16,227,499
New Capital Reserve Projects	$ 9,482,912
Total Capital Reserve Expenses	$25,710,411

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Transfer	
Transfer from the Operating account	$7,000,000
Account Balance	
Beginning Capital Reserve account balance	$40,648,151
Change in account balance	(13,213,708)
Ending Capital Reserve account balance	**$27,434,443**

CONCESSION CAPITAL RESERVE ACCOUNT

Concession Capital Reserve Revenues
Aramark Sports and Entertainment provides catering and concession services at U.S. Bank Stadium, and they are obligated to pay 2.5% of gross sales to the MSFA on a monthly basis for deposit into the concession capital reserve account. These funds are designated for concession related capital projects as described below.

Concession Capital Reserve Revenues	$ 800,000

Concession Capital Reserve Expenses
The 2023-2024 budget has a concession capital plan of $655,674 for 11 new projects. Following this narrative is a list of concession capital projects.

New Concession Capital Reserve Projects	$ 655,674
Total Concession Capital Reserve Expenses	$ 655,674
Account Balance	
Beginning Concession Capital Reserve account balance	$ 1,733,393
Change in account balance	144,326
Ending Concession Capital Reserve account balance	**$ 1,877,719**

BUDGET CHANGE AUTHORITY

The MSFA funds the cost of operations, capital improvements and concession capital improvements from current resources and the reserve account balances.

The Chair and Executive Director have the authority to make line-item budget adjustments within an account and to establish and adjust project budgets in the capital reserve and concession capital reserve account.

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YEAR 2023-2024 BUDGET
Operating Account, Capital Reserve Account, Concession Capital Reserve Account
July 1, 2023 to June 30, 2024

Operating Account	Original Budget 2023	Amend #1 Budget 2023	Amend #2 Budget 2023	Projection 7/1/22-6/30/23	Recommended Budget 2023 - 2024
Revenues:					
Stadium operating payments					
State of Minnesota/City of Minneapolis operating payment	$ 7,077,482	$ 7,077,482	$ 7,077,482	$ 7,285,643	$ 7,362,000
Minnesota Vikings operating payment	$ 10,149,445	$ 10,149,445	$ 10,149,445	$ 10,149,445	$ 10,453,928
Stadium operating revenue-ASM Global	$ 24,402,296	$ 24,402,296	$ 24,402,296	$ 24,402,296	$ 31,058,892
Miscellaneous revenues	$ 64,200	$ 64,200	$ 64,200	$ 587,040	$ 64,200
Total operating revenues	$ 41,693,423	$ 41,693,423	$ 41,693,423	$ 42,424,424	$ 48,939,020
Expenses:					
Personal services	$ 806,081	$ 806,081	$ 806,081	$ 649,574	$ 855,180
Professional services	$ 1,319,763	$ 1,319,763	$ 1,319,763	$ 980,117	$ 1,341,154
Supplies and network support	$ 111,731	$ 111,731	$ 111,731	$ 104,428	$ 131,453
Stadium contractual commitments	$ 798,619	$ 798,619	$ 798,619	$ 1,051,221	$ 836,888
Insurance	$ 350,990	$ 350,990	$ 350,990	$ 350,990	$ 421,532
Miscellaneous	$ 472,636	$ 472,636	$ 472,636	$ 110,972	$ 660,436
Stadium operating expenses-ASM Global	$ 34,352,761	$ 34,352,761	$ 34,352,761	$ 34,352,761	$ 40,705,637
Total operating expenses	$ 38,212,581	$ 38,212,581	$ 38,212,581	$ 37,600,063	$ 44,952,280
Operating income/(loss)	$ 3,480,842	$ 3,480,842	$ 3,480,842	$ 4,824,361	$ 3,986,740
Nonoperating Revenues/(Expenses):					
Revenues-Investment earnings	$ 12,000	$ 12,000	$ 12,000	$ 892,415	$ 1,080,000
Stadium costs-project	$ -	$ -	$ -	$ (2,912)	$ -
Total nonoperating revenues/(expenses)	$ 12,000	$ 12,000	$ 12,000	$ 889,503	$ 1,080,000
Net Income/(loss) before transfers	$ 3,492,842	$ 3,492,842	$ 3,492,842	$ 5,713,864	$ 5,066,740
Transfers:					
Transfer to Capital Reserve fund	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (7,000,000)
Change in Account Balance	$ (1,507,158)	$ (1,507,158)	$ (1,507,158)	$ 713,864	$ (1,933,260)
Beginning Operating Account Balance	$ 24,040,213	$ 24,040,213	$ 24,040,213	$ 24,040,213	$ 24,754,077
Ending Operating Account Balance	**$ 22,533,055**	**$ 22,533,055**	**$ 22,533,055**	**$ 24,754,077**	**$ 22,820,817**
Capital Reserve Account					
Revenues:					
Minnesota Vikings Capital Cost payment	$ 1,844,811	$ 1,844,811	$ 1,844,811	$ 1,844,811	$ 1,900,155
State of Minnesota/City of Minneapolis Capital payment	$ 1,769,370	$ 1,769,370	$ 1,769,370	$ 1,821,411	$ 1,841,000
State of Minnesota/City of Minneapolis Sales tax	$ -	$ -	$ -	$ 1,088,771	$ 1,755,548
State of Minnesota-MMB Allocation Secured Perimeter Project	$ -	$ -	$ 15,700,000	$ 15,700,000	$ -
Other	$ -	$ -	$ -	$ 38,175	$ -
Total revenues	$ 3,614,181	$ 3,614,181	$ 19,314,181	$ 20,493,168	$ 5,496,703
Capital Expenses:	$ 5,334,952	$ 7,946,553	$ 23,646,553	$ 5,679,194	$ 25,710,411
Net Income/(loss) before transfers	$ (1,720,771)	$ (4,332,372)	$ (4,332,372)	$ 14,813,974	$ (20,213,708)
Transfers:					
Transfer from Operating Account	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 7,000,000
	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 7,000,000
Change in Account Balance	$ 3,279,229	$ 667,628	$ 667,628	$ 19,813,974	$ (13,213,708)
Beginning Capital Reserve Account Balance	$ 20,834,177	$ 20,834,177	**$ 20,834,177**	$ 20,834,177	$ 40,648,151
Ending Capital Reserve Account Balance	**$ 24,113,406**	**$ 21,501,805**	**$ 21,501,805**	**$ 40,648,151**	**$ 27,434,443**
Concession Capital Reserve Account					
Revenues:					
Concession Capital Reserve payment	$ 800,000	$ 800,000	$ 800,000	$ 951,902	$ 800,000
Total revenues	$ 800,000	$ 800,000	$ 800,000	$ 951,902	$ 800,000
Concession Capital Expenses:	$ 259,122	$ 259,122	$ 259,122	$ 249,763	$ 655,674
Net Income/(loss) before transfers	$ 540,878	$ 540,878	$ 540,878	$ 702,139	$ 144,326
Transfers:					
Transfer to Capital Reserve Account	$ -	$ -	$ -	$ -	$ -
Change in Account Balance	$ 540,878	$ 540,878	$ 540,878	$ 702,139	$ 144,326
Beginning Concession Capital Reserve Account Balance	$ 1,031,254	$ 1,031,254	$ 1,031,254	$ 1,031,254	$ 1,733,393
Ending Concession Capital Reserve Account Balance	**$ 1,572,132**	**$ 1,572,132**	**$ 1,572,132**	**$ 1,733,393**	**$ 1,877,719**

* Note: Blue highlighted number fields indicate amended amounts.

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Budget 2023-2024
July 1, 2023 - June 30, 2024
2023-2024 Capital Reserve Projects List - Capital Reserve Account

	Project Name	Budget	Project Description
CAPITAL RESERVE BUDGET ROLL FORWARD:			
	Major Projects:		
	Secure Perimeter - Phase 1	$ 15,137,184	
	Other Projects:		
	Audio System-Field speakers project	$ 545,065	
	JOC-Flooring project	$ 14,714	
	Operable Doors project	$ 133,116	
	IPTV Project	$ 20,152	
	Chicago Ave. cabinet replacement project	$ 16,575	
	Consulting services for Turf replacement project	$ 61,100	
	Material Handling Vehicles project	$ 117,836	
	Eaton Battery Replacement project	$ 81,244	
	Square D Deficiency Repairs project	$ 12,529	
	Avigilon Access Control project	$ 81,900	
	Data Center work bench	$ 6,084	
	Subtotal Roll Forward	$ 16,227,499	
CAPITAL RESERVE PROJECTS:			
Item 2 - Security			
2.01	JOC/SOC Remodel	$ 300,000	Update the layout, flooring, and furniture in the JOC and SOC.
2.02	Video Surveillance - Cameras	$ 25,000	Replace failed cameras and add new cameras to the Stadium
Item 3 - Technology			
3.01	Server Upgrade	$ 400,000	Replace end of life server infrastrucure in the Stadium.
3.02	Lumen Firewall - Year 3 of 5	$ 146,000	Payments for firewall project - year 3 of 5.
3.03	Suites and Guest Experience Equipment	$ 350,000	Replacement of Suites iPads and Guest Expereince iPods. Apple does not support these devices.
3.04	Hardware Upgrade	$ 350,000	Replace end of life hardware equipment on stadium site. Current hardware needs to be upgraded.
Item 4 - Production & A/V			
4.01	Display Monitors	$ 40,000	Replace failed displays throughout the Stadium.
4.02	Pre Rig Points	$ 250,000	Add rigging points to Truss to assist with multiple events.
4.03	CG 1 & 2 Computer Replacement	$ 50,000	Character generator equipment update.
4.04	Polaris Club Projector and Screen Replacement	$ 50,000	Polaris Club projector and screen have failed and need to be replaced.
Item 5 - Electrical			
5.01	Lighting Fixtures	$ 350,000	Update and replace outdated fixtures throughout the Stadium.
5.02	Cable Ramps and Electrical Cables	$ 35,000	Need additional cable ramps and electrical cables for events.
5.03	Substation Power Quality Review	$ 40,000	Electrical analysis of Substation equipment.
Item 8 - General Building			
8.01	Turf Replacement	$ 1,352,000	Turf replacement - Entire system needs to be replaced including baseball outfield panels.
8.02	Snow Gutter Concrete Chamfer Repair	$ 270,000	Repair damaged concrete chamfer at base of snow gutter walls.
8.03	Bowl Exhaust fan platform	$ 535,000	Engineer and install platform for access to perform maintenance on the bowl exhaust fans.
8.04	Signage	$ 1,500,000	Signage for stadium.
8.05	Admin Entrance Refresh	$ 150,000	Enhance administration entrance with a new layout and new furniture.
Item 9 - Site			
9.01	DTE Ramp Repairs	$ 516,215	Ramp repairs.
9.02	Stadium Ramp Repairs	$ 128,697	Ramp repairs.
9.03	Plaza and Seven Seas Monument Repairs	$ 200,000	Repairs to pavers on the Plaza pavers and to the Seven Seas Monument.
9.04	Plaza Handrail Replacement	$ 25,000	Handrails on the plaza have been partially removed and need to be replaced.
Item 12 - Specialty Items and Systems			
12.01	Atmos Air	$ 145,000	Atmos Air/Biostar annual lease payment.
12.02	Pipe & Drape	$ 15,000	Additional pipe and drape is needed for concerts and events.
12.03	Snow Melter	$ 700,000	Portable snow melter to eliminate winter season off-site snow removal.
12.04	Replace Walk Off Mats	$ 45,000	Replace mats at Legacy Gate.
12.05	Darkening Solution	$ 1,000,000	Darkening Solution adjustments.
Item 13 - Vehicles			
13.01	Security Golf Cart	$ 15,000	Replace cart used by Security team. Current cart is end of life.
Item 16 - Emergency Capital Repairs and Unspecified Projects			
16.01	Emergency Capital Repair and Unspecified Projects	$ 500,000	Contingency for emergency expenses and unspecified projects.
	Total New Capital Reserve Projects	$ 9,482,912	
	GRAND TOTAL CAPITAL RESERVE PROJECTS	$ 25,710,411	

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Budget 2023-2024
July 1, 2023 - June 30, 2024
2023-2024 Concession Reserve Capital Projects List - Concession Capital Reserve Account

	Project Name	Budget	Project Description
CONCESSION CAPITAL PROJECTS:			
1.01	Ice Machines	$ 22,788	Replacement of 3 large ice machines that are at end of life (Stand 122, 134, FMP Club)
1.02	Medtronic Beer Cooler	$ 62,000	Install of new beer system in Medtronic Club.
1.03	Portable Bars (6)	$ 28,500	Additional portable bars for Premium Service Equipment (6).
1.04A	Beverage Market-Equipment	$ 96,986	Coolers, Crowd Corrals, POS Units with Locks
1.04B	Beverage Market-Point of Sale	$ 91,000	POS System: Mashgins (2)
1.04C	Beverage Market-Electrical/graphics	$ 8,000	Graphics, Electrical
1.05	Portable Boos Board Carts with Electrical	$ 10,400	Additional portable carts for Premium Service Equipment (4)
1.06	Beverage Dispensors (24)	$ 24,000	Specialty beverage dispensors for Premium Service Equipment
1.07	Food Service Equipment & Enhancements	$ 125,000	Concessions & Premium Spaces (smallwares, service displays)
1.08	Medtronic Food Serveries	$ 175,000	Replacement of Farm Tables for Medtronic Club (semi permanent food action stations)
1.09	Grills	$ 12,000	Installation of additional grills (Stand 118)
	Total Concession Reserve Capital Projects	**$ 655,674**	