



# Budget Memo

Experience Rochester & Mayo Civic Center Corporation

Photo credit Dean Riggott



# Introduction

---

- Experience Rochester (ER or Corporation) has developed a one-year budget for consideration. On the following slides, ER has outlined the Corporation's revenue and expense considerations for Calendar years 2022.
- The effects of the COVID-19 Global Pandemic are still being felt, however, the industry is rebounding and demand for group travel and meetings is coming back. While this is incredibly positive, the economic effects of the pandemic are still being felt and while industry associations and corporate groups are ready to meet, their budgets have been condensed. Therefore, ER is anticipating a strong schedule the financial rebound will not be as quick.
- This budget was built assuming there will be limited cancellations and rescheduled event dates due to the COVID-19 pandemic. However, in the event a new variant comes along, there may be real financial implications.
- We are moving forward with the mindset that we will learn to adapt, adjust and be flexible so events can continue as best we can.



# 2022 Budget Summary

---

## 2022 Experience Rochester & MCC Corporation Budget in Brief

### Pre-funded Reserve Contribution\*

2022 Contribution \$377,770

### Revenues

City Investment\*\* 3,600,000

One Roof City Investment\*\*\* 354,000

MCC Earned Income 3,352,975

DMO Miscellaneous Income 118,000

DMO Fund Balance (Reserve) 422,515

**Revenue Total** **\$7,847,490**

### Expenses

MCC Total Expenses 4,489,000

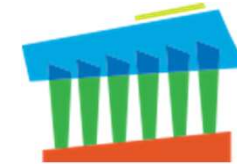
One Roof Expenses 410,682

MCC Contract Fees 335,552

DMO Total Expenses 2,612,256

**Total ER & MCC Expenses Total** **\$7,847,490**

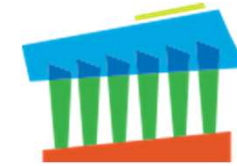
- Overall deficit is expected to be \$422,515; This is expected to be covered by our reserve account funds.
- Reasonable to assume that 2023 Reserve Contribution will be in same ballpark
  - Both 2022 and 2023 Reserve Contribution is funded out of DMO Operating Account as commitment to strategic partnership with City of Rochester.
- City Investment has decreased \$200,000 from contractual levels.
- Operating expenses within 86% of 2019 levels based on calendar needs
- One Roof investment from City of Rochester exceeds expected expenses.



MINNESOTA'S ROCHESTER  
**MAYO CIVIC**  
CENTER  
CONVENTIONS  
& EVENTS

# 2022 Budget – Key Factors

- **No known grant funds**
  - We are continually researching and monitoring for opportunities to apply for outside assistance should they become available however, none are known at this time.
  - \$250,000 received in 2021
- **Reduced City funding**
  - Second consecutive reduction of \$200,000 from contractual levels.
- **Increased cost of goods sold**
  - Food & Beverage costs have increased from an estimated 45% in 2021 to an estimated 57% in 2022
- **One Roof expenses**
  - We are carrying an estimated deficit of roughly \$56,000 related to our One Roof Program.
- **Operating costs for full year**
  - Our event load has required our building to be opened fully for 2022. This causes significant expenses to bring everything back to full strength.
  - Options for mitigating expenses are limited as event load requires full operations.
- **Cost-Of-Living Allowance**
  - Included is a 2.5% cost-of-living allowance
  - Scaled back and much lower than annual rate of inflation (5.9% As of Nov. 2022 – SSA)



MINNESOTA'S ROCHESTER  
**MAYO CIVIC**  
CENTER  
CONVENTIONS  
& EVENTS

# Summary of Events - 2022

- Total of 268 events included in budget / roughly \$3.35 million in net revenue
  - Roughly 18% less than 2019 levels
- Convention Center Events
  - 209 Events included in budget / \$2,551,432
  - 41 of these are considered TBD / \$242,224
- Arena and Auditorium Events
  - 59 Events included in budget / \$801,543
  - 12 of these events are considered TBD / \$202,686
- In 2021, we added nearly \$625,000 in new business after the 2021 budget was finalized.



# Mitigating Expenses

---

While options for mitigating expenses have been limited for 2022, some examples of what we are actively doing include:

- Pushing New Hires in following positions to 2023
  - Director of Operations (\$85,000 + Taxes/Benefits)
  - IT Manager (\$85,000 + Taxes/Benefits)
  - Marketing Manager (\$75,000 + Taxes/Benefits)
  - Event Manager (\$60,000 + Taxes/Benefits)
- Reducing COLA to less than annual rate of inflation, while remaining
- Reducing Sales & Marketing Expenses by over \$170,000
- Commitment to being very cost conscious on all operating costs.
- Looking for ways to reduce spending while efficiently running building for full 12 months



# Organization Outlook and Questions

Thank you

Photo credit Dean Riggott