

D28A03
Maryland Stadium Authority

Operating Budget Data

(\$ in Thousands)

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$14,083	\$14,036	\$14,805	\$769	5.5%
Adjusted General Fund	\$14,083	\$14,036	\$14,805	\$769	5.5%
Special Fund	21,500	20,000	19,600	-400	-2.0%
Adjusted Special Fund	\$21,500	\$20,000	\$19,600	-\$400	-2.0%
Nonbudgeted Fund	34,713	45,372	52,279	6,907	15.2%
Adjusted Nonbudgeted Fund	\$34,713	\$45,372	\$52,279	\$6,907	15.2%
Adjusted Grand Total	\$70,297	\$79,408	\$86,684	\$7,276	9.2%

- The fiscal 2010 allowance includes a fiscal 2009 general fund deficiency to cover the State's share of the Ocean City Convention Center operating deficit.
- Special funds decline by \$400,000, reflecting decreased lottery proceeds applied toward debt service on Camden Yards Complex projects.
- Nonbudgeted funds increase by \$6.9 million mainly reflecting funds for the first year of a five-year capital improvement plan for the Warehouse and Oriole Park at Camden Yards.

Personnel Data

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>
Regular Positions	94.80	94.80	94.80	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	94.80	94.80	94.80	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/08	9.00	9.49%

Note: Numbers may not sum to total due to rounding.

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- Staffing level for the Maryland Stadium Authority (MSA) remains constant at 94.8 regular full-time positions. Personnel expenses are entirely funded through nonbudgeted revenue sources of MSA.

Analysis in Brief

Major Trends

Catered Events Remain Popular as Expectations for Nonprofessional Sporting Events Falter: Since 2004, the number of catered events held at the Camden Yards Complex has grown over 25% to 260 events in fiscal 2008. However, MSA expects seating bowl events to fall to 5 in fiscal 2010, matching the fiscal 2004 level.

Issues

Maryland Stadium Authority Financing Fund: The Maryland Stadium Authority Financing Fund (MSAFF) has often relied on fund balances to cover operating expenses in recent years. Given the current economic climate, the ability to generate revenues for the fund may be further constrained. **The Department of Legislative Services (DLS) recommends MSA comment on the viability of the MSAFF, including the outlook for improving operational structural deficits. Furthermore, DLS recommends that MSA comment on the planned five-year capital improvements and the timing of financing those improvements.**

Reconsideration of the Role of MSA: MSA was created in 1986 (Chapter 283 of 1986) to construct and operate stadium sites for professional baseball and football in the Baltimore area. In subsequent years, MSA's role was expanded to include managing and issuing revenue bonds to renovate and expand convention centers in Baltimore and Ocean City, construct a conference center in Montgomery County, renovate the Hippodrome Performing Arts Center, and renovate Camden Station. At this point in MSA's history, it is appropriate to examine its expanded role. **DLS recommends that MSA brief the budget committees on its expanded scope given its original charge and its future direction in light of current economic conditions.**

Recommended Actions

1. Concur with Governor's allowance.

Updates

Current and Recent Project Update: MSA is currently involved with one construction project (Coppin State University Physical Education Complex) and several feasibility studies.

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Maryland Stadium Authority

Operating Budget Analysis

Program Description

The Maryland Stadium Authority (MSA) was established in 1986 as an independent unit in the Executive Department responsible for the construction, operation, and maintenance of facilities for professional baseball and football teams.

Since the Ravens football and Orioles baseball stadiums were constructed, MSA's authority has been extended to include construction and financing for other projects. Legislation enacted in 1992 assigned MSA responsibility for the expansion of the Baltimore City Convention Center (BCCC), and in 1995 the authority was authorized to handle construction management of the Ocean City Convention Center (OCCC) expansion. Legislation in 1996 authorized MSA to participate with Montgomery County in the construction of a conference center, and in 2000 the authority was authorized to participate in construction of the Hippodrome Performing Arts Center in Baltimore.

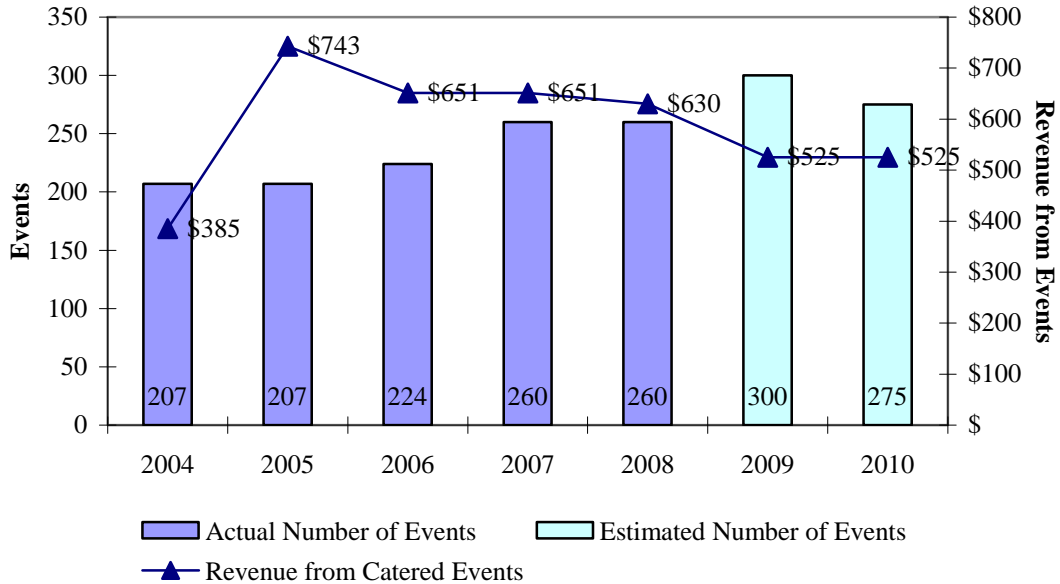
MSA may, in fact, manage any type of construction project for local governments and State agencies as authorized in the capital budget bill of 1998. The contracting agency must show that it can fund the project, and the budget committees have 30 days to review and comment on the proposed work. Furthermore, language in the capital budget bill of 2005 authorizes MSA to use up to \$500,000 annually of its nonbudgeted funds to conduct feasibility studies, approved by the budget committees.

Performance Analysis: Managing for Results

MSA has an objective to increase the number of events besides professional sporting events at the Camden Yards Complex in order to raise revenue thereby reducing the reliance on State lottery funds.

Exhibit 1 shows that the number of catered events in fiscal 2008 has met the goal set in 2007. These events are catered by concessionaires, and MSA receives a commission. Since 2004, the number of catered events held at the Camden Yards Complex has grown over 25% to 260 events in fiscal 2008. Revenues have been fairly consistent in recent years, with a small decline expected in fiscal 2009 and 2010.

**Exhibit 1
Catered Events
Fiscal 2004-2010
(\$ in Thousands)**

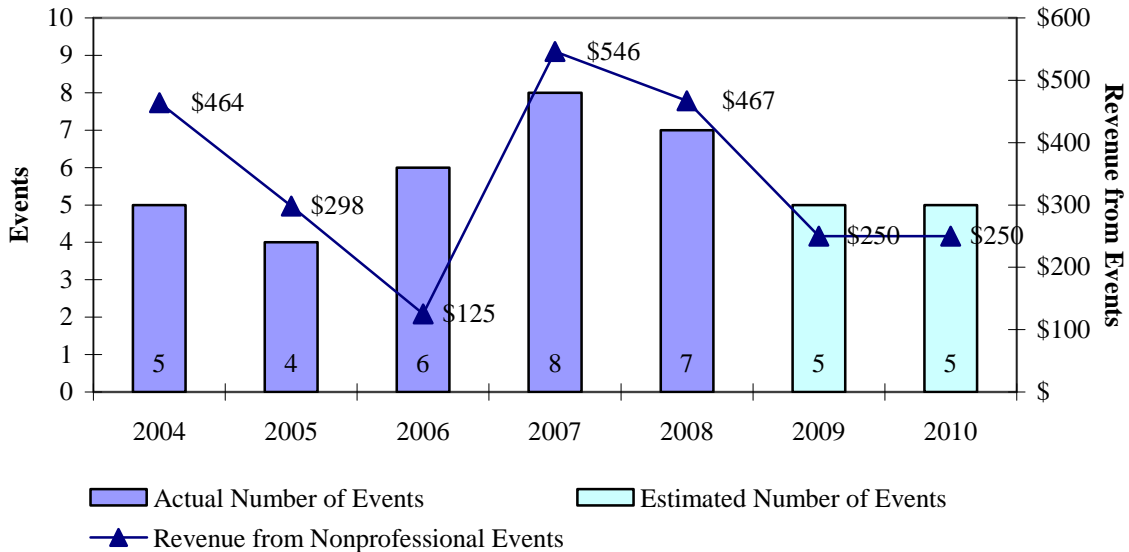


Note: Catered events are held on the club level of Ravens Stadium or Oriole Park or the banquet facilities in the Camden Warehouse; events are catered by concessionaires and Maryland Stadium Authority receives a commission.

Source: Maryland Stadium Authority

Exhibit 2 shows that between four and eight seating bowl events have been held each year since fiscal 2004. Revenues from seating bowl events have been variable. Fiscal 2007 revenues were particularly high as a result of a tournament, sports tour, band competition, and several football events including the Navy/Notre Dame game. Revenues have dropped somewhat in fiscal 2008 and a further drop is expected in fiscal 2009 and 2010. However, MSA reports that seven seating bowl events have actually been scheduled for fiscal 2009, thereby exceeding the conservative estimate.

**Exhibit 2
Nonprofessional Sporting Events
Fiscal 2004-2010
(\$ in Thousands)**



Note: Nonprofessional sporting events include seating bowl events, not catered events. Fiscal 2009 estimates include the number of events booked as of fall 2008.

Source: Maryland Stadium Authority

MSA has employed efforts to increase the number of nonprofessional sporting events and catered events that may generate significant revenue. In September 2004, MSA authorized the creation of the Camden Yards Sports and Entertainment Commission to actively seek additional events such as concerts, international soccer, other college football games, the return of the NCAA Lacrosse Finals, the ACC football championship game, and others. MSA is also working closely with ARAMARK (a caterer) to actively promote the venues for banquets and other social events.

The Department of Legislative Services (DLS) recommends that MSA comment on the expectations of future catered events and seating bowl events given the current economic climate.

Fiscal 2009 Actions

Proposed Deficiency

A fiscal 2009 deficiency would provide \$193,777 in general funds to cover the State's share of the Ocean City Convention Center fiscal 2008 operating deficit. By statute, MSA contributes one-half of the center's operating deficits annually.

Impact of Cost Containment

The authority used excess bond proceeds for the Montgomery County Conference Center and could, therefore, relinquish \$100,000 in general funds for the cost containment effort.

Proposed Budget

MSA's activities are supported by a combination of general, special, and nonbudgeted funds. **Exhibit 3** shows that the fiscal 2010 allowance is \$86.7 million, an increase of about \$7.3 million, or 9.2%. MSA's budget, by fund source and program, is shown in **Exhibit 4**.

Exhibit 3
Proposed Budget
Maryland Stadium Authority
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Nonbudgeted Fund	Total
2009 Working Appropriation	\$14,036	\$20,000	\$45,372	\$79,408
2010 Allowance	<u>14,805</u>	<u>19,600</u>	<u>52,279</u>	<u>86,684</u>
Amount Change	\$769	-\$400	\$6,907	\$7,276
Percent Change	5.5%	-2.0%	15.2%	9.2%

Where It Goes:

General Funds

Montgomery County Conference Center debt service	\$454
Baltimore City Convention Center debt service.....	216
Hippodrome Performing Arts Center	100

Special Funds

Lottery proceeds that are applied to debt service on Camden Yards Complex projects	-400
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Nonbudgeted Funds

Capital improvements to Warehouse and Oriole Park	10,250
General facilities management	791
Security services.....	447
General administration	53
Other.....	-1
Hippodrome Performing Arts Center	-97
Montgomery County Conference Center debt service	-704
Electricity costs	-833
Building repairs from operating revenues	-1,000
Sound system and control room upgrades in fiscal 2009	-2,000

Total	\$7,276
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Note: Numbers may not sum to total due to rounding.

Exhibit 4
Maryland Stadium Authority Budget Summary by Fund Source
Fiscal 2006-2010
(\$ in Thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Working Appropriation 2009</u>	<u>Allowance 2010</u>	<u>Change 2009-10</u>
General Funds						
Baltimore Convention Center – debt service and State operating deficit contribution	\$8,674	\$7,118	\$9,292	\$8,979	\$9,195	\$216
Ocean City Convention Center – debt service and State operating deficit contribution	2,762	2,948	3,143	2,848	2,848	\$0
Montgomery County Conference Center – State portion of construction costs	1,610	1,754	758	1,309	1,762	\$454
Hippodrome Performing Arts Center – State portion of construction costs	880	880	890	900	1,000	\$100
Subtotal General Funds	\$13,926	\$12,700	\$14,083	\$14,036	\$14,805	\$769
Special Funds						
Lottery transfer to the Maryland Stadium Authority Facilities (MSA) Fund for debt service on Camden Yards projects						
Subtotal	\$20,500	\$21,000	\$21,500	\$20,000	\$19,600	-\$400
Nonbudgeted Funds						
MSA general administration	3,236	3,416	3,077	3,379	3,433	\$53
Camden Yards capital programs – construction, debt service, and other debt costs not funded by lottery revenues	5,508	5,331	5,304	13,498	23,747	\$10,250
Facilities management for entire Camden Yards complex	19,422	27,805	22,415	24,402	23,807	-\$595
Facilities management for Oriole Park improvements per Orioles lease	437	315	3,013	2,500	500	-\$2,000
Montgomery County Conference Center – County contribution and bond proceeds	1,035	0	0	704	0	-\$704
Hippodrome Performing Arts Center – ticket surcharge and other revenues	900	902	905	889	792	-\$97
Subtotal Nonbudgeted Funds	\$30,537	\$37,769	\$34,713	\$45,372	\$52,279	\$6,907
Grand Total	\$64,963	\$71,469	\$70,297	\$79,408	\$86,684	\$7,276

Source: Governor's Budget Books, Fiscal 2005-2009

Lottery Proceed Support Declines

The fiscal 2010 allowance reflects a \$400,000 decrease in funds from lottery proceeds. Lottery proceeds support debt service payments on MSA projects at the Camden Yards Complex. The decline is due, in part, to an anticipation of the enactment of the Budget Reconciliation and Financing Act of 2009. The Act includes a provision to eliminate MSA’s responsibility to pay \$2.4 million in school construction funds in fiscal 2010. Chapter 327 of 1996 directs MSA to transfer \$24.0 million to the Public School Construction Fund by making annual payments of \$2.4 million beginning in fiscal 2001 and ending in fiscal 2010. **Exhibit 5** shows the history of these payments.

Exhibit 5 History of School Construction Payments Fiscal 2001-2010

<u>Years</u>	<u>MSA Payments</u>
2001	\$2,400,000
2002	0
2003	2,400,000
2004	2,400,000
2005	2,400,000
2006	2,400,000
2007	2,400,000
2008	2,400,000
2009	0
2010	0
Total	\$16,800,000

MSA: Maryland Stadium Authority

Source: Maryland Stadium Authority

Statewide fiscal constraints have led to the decision to defer the payments in two fiscal years and a proposal to defer payment in fiscal 2010. Fiscal 2010 was to be the final year of the payments; however, the final tally falls short of the \$24 million required by statute.

General Funds and Nonbudgeted Funds Increase

The allowance for general funds increases by approximately \$769,000. General funds provide for the debt service and, in some cases, operating deficit obligations for the Baltimore Convention Center, the Ocean City Convention Center, the Montgomery County Conference Center, and the Hippodrome Performing Arts Center. In fiscal 2009, MSA was able to use excess bond proceeds, instead of general funds, for part of the obligations to the Montgomery County Conference Center. Bond proceeds are unavailable this year, and as such, the fiscal 2010 allowance increases general funds for this purpose by \$453,546. Similarly, fiscal 2010 general funds are required to replace nonbudgeted funds for the Hippodrome due to lower ticket sales for theater events.

Analysis of the FY 2010 Maryland Executive Budget, 2009

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The fiscal 2010 allowance for nonbudgeted funds is \$52.3 million, an increase of \$6.9 million. Driving the increase is the planned five-year capital improvement schedule for the Warehouse and Oriole Park at Camden yards beginning in fiscal 2010. This is discussed further under Issue 1 of this analysis. Nonbudgeted costs for security services are also increasing due to living wage requirements. Also, general facilities and administration costs are increasing, mainly due to personnel costs.

Offsetting the increases is a net \$833,000 decrease in electricity costs. MSA has partnered with the Department of General Services and its Energy Performance Contracting Program. This combined with other energy saving changes will lower MSA's energy consumption and expenses. Also, one-time costs to upgrade Oriole Park's sound system and control room in fiscal 2009 result in a \$2 million decline in the fiscal 2010 allowance.

Given the pressure of the current economic climate on conference and entertainment venues, DLS recommends that the Authority comment on the outlook for the general funds obligations to the convention centers and the Hippodrome.

Issues

1. Maryland Stadium Authority Financing Fund

The Maryland Stadium Authority Financing Fund (MSAFF) is a nonbudgeted account from which all MSA's operational expenses are paid, including general administration of the Camden Yards Complex, repairs, renovations, debt service payments, and school construction. The fund is primarily supported through lottery and bond proceeds but collects additional revenue associated with rent from the Orioles, operations and maintenance reimbursement from the Ravens, lease agreements at the Warehouse and Camden Station, and stadium admission taxes.

In fiscal 2008, actual revenues and expenses were lower than originally estimated. **Exhibit 6** shows that bond proceeds came in under budget but were offset by increases in other revenues. Capital expenditures, in particular, were much less than anticipated. The end result was a much larger than expected fund balance at the end of 2008.

Exhibit 6 Maryland Stadium Authority Financing Fund Fiscal 2008 Estimated and Actual Budget

	2008 <u>Estimated</u>	2008 <u>Actual</u>	<u>Difference</u>
Opening Balance	\$2,731	\$2,731	\$0
Lottery and Bond Proceeds	30,500	25,000	-5,500
Other Revenues	28,399	29,944	1,545
Total Funds Available	\$61,630	\$57,675	-\$3,955
Maryland Stadium Authority Administration	3,482	3,077	-405
Camden Yards Operations	22,896	21,512	-1,384
Camden Yards Capital	9,900	3,200	-6,700
Other Obligations	24,424	24,504	80
Total Uses	\$60,702	\$52,293	-\$8,409
Closing Balance	\$928	\$5,382	\$4,454

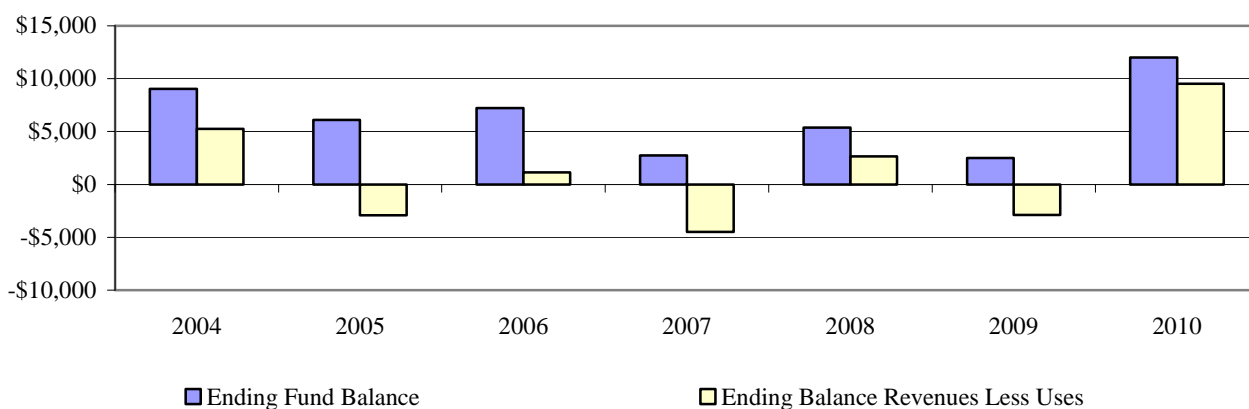
Note: Numbers may not sum to total due to rounding.

Source: Maryland Stadium Authority

Financial Outlook

In fiscal 2009, estimated total funds available under the MSAFF (\$63.7 million) are set to exceed estimated total uses (\$61.3 million), as shown in **Exhibit 7**. However, included in the estimated total funds available is a beginning balance of \$5.4 million, and without this amount, revenues alone (\$58.4 million) would not cover total uses. The fund will draw on reserves to maintain operations. Fiscal 2010 projections show that the MSAFF adds to the balance based on a planned increase in bond proceeds for capital improvements.

Exhibit 7
Maryland Stadium Authority Financing Fund for Camden Yards Complex
Activities
Fiscal 2004-2010
(\$ in Thousands)



	<u>Actual</u> <u>2006</u>	<u>Actual</u> <u>2007</u>	<u>Actual</u> <u>2008</u>	<u>Est.</u> <u>2009</u>	<u>Est.</u> <u>2010</u>
Beginning Fund Balance	\$6,092	\$7,231	\$2,731	\$5,382	\$2,492
Revenues from Camden Yards bond proceeds, Camden Yards operating activities, and the State Lottery	49,073	125,912	54,944	58,389	\$81,860
Total Funds Available	\$55,165	\$133,143	\$57,675	\$63,771	\$84,352
Total Uses	\$47,933	\$130,412	\$52,293	\$61,279	\$72,349
Ending Fund Balance	\$7,232	\$2,731	\$5,382	\$2,492	\$12,003

Note: Numbers may not sum to total due to rounding.

Source: Maryland Stadium Authority

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MSA may directly enhance the MSAFF nonbudgeted revenues by increasing seating bowl and catered events, negotiating favorable Warehouse and Camden Station leases, boosting stadium revenue, and pursuing construction management fees. However, the current economic climate constrains MSA’s ability to boost these revenues.

The previous exhibit includes all activity under the MSAFF including bond proceeds and expenditures for short-term (but significant) capital projects, which are variable and may skew year-to-year comparisons. Excluding these factors, a clearer reflection of the Authority’s ongoing operations emerges. **Exhibit 8** shows when only accounting for ongoing operations for fiscal 2009 and 2010, revenues do not cover expenditures, and the authority would have to utilize the fund balance from fiscal 2008. The fiscal 2010 figures do not include the \$2.4 million school construction obligation. If not relieved of this obligation, the fiscal 2010 position would only be exacerbated. To remedy the deficit situation, MSA will be required to alter some of the variables under its control, such as reducing expenditures or generating additional revenues.

Exhibit 8
Ongoing Revenues and Expenditures
Fiscal 2008-2010

	<u>2008</u>	<u>2009 Est.</u>	<u>2010 Est.</u>
Operating Revenue	\$29,944	\$28,389	\$28,260
Lottery Revenue	21,500	20,000	19,600
Total Ongoing Revenue	\$51,444	\$48,389	\$47,860
Operating Expenditures	\$24,589	\$26,881	\$25,702
Ongoing Debt Service	22,104	21,850	24,115
Total Ongoing Expenditures	\$46,693	\$48,731	\$49,817
Surplus (Deficit)	\$4,751	-\$342	-\$1,957

Source: Maryland Stadium Authority

The cash flow detail provided in **Appendix 4** presents detail on the MSAFF fiscal 2007 through 2010 revenues and expenditures. Below are variables that impact the financial condition of the MSAFF.

Factors

- **Lottery Proceeds:** MSA expects to pay \$24.1 million for debt service in fiscal 2009; \$691,000 of that amount is for debt service on the Camden Station project, which is paid for with Camden Station revenues. This leaves \$23.4 million of debt service for other projects, which is covered, in part, through an annual allowance from the Lottery. The fiscal 2010 allowance includes \$19.6 million in Lottery proceeds for this purpose, \$3.8 million less than the debt service that MSA is required to pay. The MSAFF balance will be required to make up the difference.
- **Camden Station Debt Service Payments:** In fiscal 2003, MSA was authorized to issue \$8.73 million in 20-year taxable revenue bonds to finance the renovation of Camden Station. The payment of the annual debt service would come from commercial leases at the Warehouse and Camden Station as well as parking revenues. In 2007, MSA entered into an agreement to amend its lease with one of its Camden Station tenants, the Sports Legend Museum (SLM). In light of SLM's financial difficulties, several changes were made to the lease, including debt forgiveness of all outstanding amounts owed to MSA in the amount of \$444,274; reduced basic rent of \$123,600 annually, down from \$386,510 annually; scaled annual payments to MSA based on a percentage of SLM's adjusted revenues; and reduced lease terms. Similarly, Camden Station's other tenant, Geppi's Entertainment Museum has experienced financial difficulties, leading to an accrued balance of unpaid rent in 2008. However, the tenant has since taken steps to pay down the outstanding balance. The Authority expects the remaining balance to be paid in full within six months.
- **Feasibility Studies:** MSA is currently authorized to spend up to \$500,000 per year of the MSAFF to conduct feasibility studies throughout the State. The agency is also authorized to design and construct facilities for State agencies or local governments. Feasibility studies do not necessarily result in MSA projects, and in those instances, there is no measurable return on investment in the original study.
- **Rent Payment:** MSA is required to pay rent to the State equal to the difference between its actual revenues and budgeted expenses. The rent formula is built into the sublease agreements for M&T Bank Stadium, Oriole Park, Camden Station and the Warehouse, BCCC, and OCCC. The facility subleases calculate rent as actual revenues less budget estimates or actuals for specific categories of expenditures. The convention centers always have operated at a deficit so no rent is due on these subleases. Therefore, activity at Camden Yards generates the State rent payment, if any. MSA has not budgeted a rent payment for fiscal 2009 or 2010, and with declining baseball revenues and ongoing operational expenses, a rent payment is unexpected.
- **Repairs and Enhancements:** The MSAFF finances repairs throughout Camden Yards as needed, with the exception of Ravens Stadium which is paid for by the team. The need to repair the Camden Yards facilities and replace equipment becomes increasingly inevitable as the structures age. This is discussed in further detail below.

- **School Construction:** Chapter 327 of 1996 directs the MSA to contribute \$2.4 million annually to the Public School Construction Fund beginning in fiscal 2001. The inability of MSA revenues to consistently cover even operational expenses suggests that the required contribution is simply being diverted from the lottery proceeds which would otherwise go to the general fund and be available for any State expenditure, including school construction. The Budget Reconciliation and Financing Act of 2009 includes a provision that relieves the MSA from this liability in fiscal 2010, the final year of the statutory requirement.

Capital Improvement Plans for the Camden Yards Complex

Oriole Park at Camden Yards and the renovated B&O warehouse have been in use for over 15 years. MSA has developed a 5-year capital improvement plan that totals about \$35 million. The plan requires MSA to issue taxable debt to finance the improvements subject to the submission of a financing plan and approval by the Legislative Policy Committee. As mentioned above, MSA's cash flow statements do show an increase in bond proceeds in fiscal 2010 for the full amount of capital needs. However, due to the current tight financial markets, MSA has advised that the debt issuance may be spread out over multiple years beginning in fiscal 2010.

The preliminary plans for improvements include replacements, upgrades, and repairs to various components of Oriole Park and the Warehouse. Renovations to Oriole Park include, but are not limited to seating bowl restoration, light pole replacement; replacement of club level furniture, waterproofing, wheelchair lift replacement; visitor clubhouse renovations and restroom partition replacement. Planned Warehouse renovations include, but are not limited to roof replacement, wood beam study and repair, elevator upgrades, and Eutaw Street canopy replacement.

DLS recommends MSA comment on the viability of the MSAFF, including the outlook for improving operational structural deficits. Furthermore, DLS recommends that MSA comment on the planned five-year capital improvements and the timing and method of financing those improvements. The discussion should acknowledge that the current market for debt and other financing instruments previously utilized by MSA is constrained in the current economic climate.

2. Reconsideration of the Role of MSA

The Maryland Stadium Authority was created by statute (Chapter 282) in 1986 as a public corporation with an explicit, and fairly limited, scope. The statute specified that the authority was empowered to acquire or construct and operate baseball and football facilities in the Baltimore metropolitan area.

The legislation was based on the recommendations of the Special Advisory Commission on Professional Sports and the Economy. The commission's charge was to investigate the economic, fiscal, and social effects of professional sports and to encourage the retention, expansion, and location of professional sports in the State. Given the unstable state of professional sports in the State at the time, the commission was concerned about the "historical patterns of ad hoc responses to sudden crises in Maryland professional sports." The recommendation, therefore, was to create a centralized entity to concentrate on the retention and attraction of sports franchises.

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It is clear that the original mission of the authority was to focus on professional baseball and football. However, since the development of the new baseball stadium and the attraction of a new National Football League franchise, the authority's scope has expanded beyond this original purpose. The authority soon became responsible for the expansion of the Baltimore and Ocean City convention centers and was involved in the demolition of Memorial Stadium. Through the capital budget bill in 1998, the General Assembly broadened the authority's jurisdiction, allowing local governments, State agencies, and universities to contract with the authority for construction management services.

Though the level of involvement may vary, MSA has been connected with projects ranging from minor leagues stadiums to university garages to most recently, the Baltimore City Circuit Court complex. MSA's official vision, as printed in its 2008 Annual Report, reflects these broad activities, stating that Authority projects "promote historic preservation, adaptive reuse, community redevelopment, cultural arts, and civic pride." The vision also states that MSA is "a catalyst for improving quality of life and creating a climate where industry can flourish."

It is true that each individual project has been approved by MSA and by the General Assembly at the time of proposal. However, it is useful to review the projects in totality to understand the changing nature of MSA's scope. It appears that the nature of some projects and the direction of MSA's vision are bleeding into the projects and missions of other State entities.

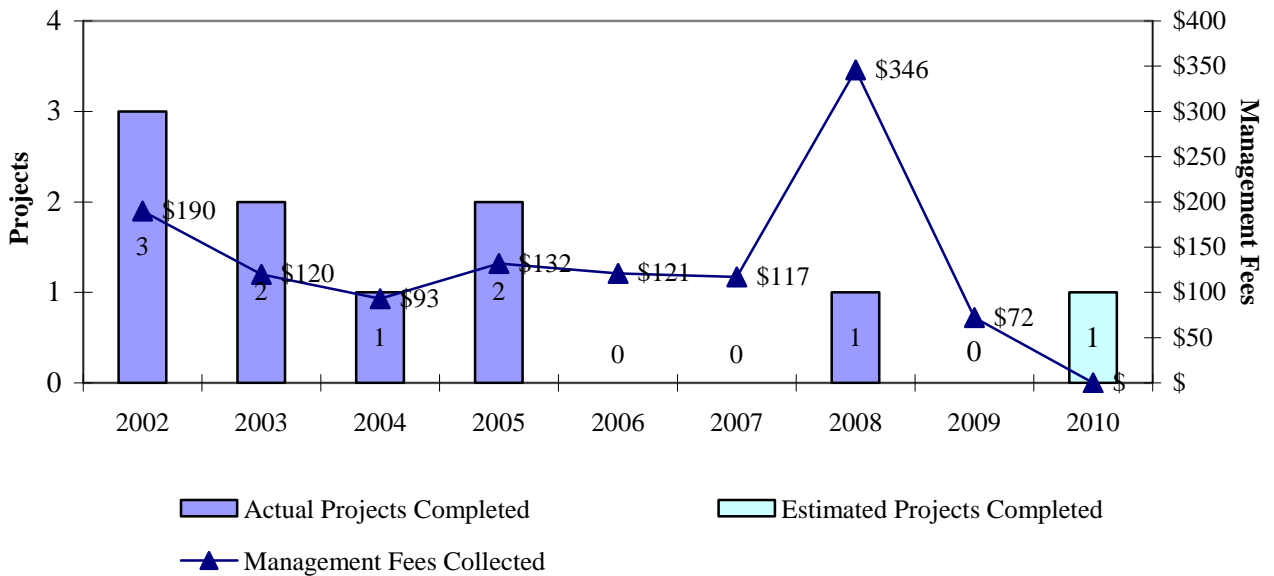
The need for MSA to actually construct projects has declined. **Exhibit 9** shows that construction projects have declined to zero in some years. The market for sports facilities and entertainment venues in Maryland is increasingly saturated. Further, other projects are being delayed or canceled because of economic considerations.

Feasibility studies conducted by MSA have increased. However, the subjects of the studies increasingly fail to become projects whether due to lack of interest or lack of funds.

MSA's resources might be better focused on generating additional revenues at current facilities especially in light of the current economic condition. These revenues factor into the State rent calculation. To the extent that MSA can increase rent, admission tax revenues, event revenue, and the like, a rent payment to the State is likely.

DLS recommends that MSA brief the budget committees on its expanded scope given its original charge and its future direction in light of current economic conditions.

Exhibit 9
Construction Projects Completed and Management Fees Collected
Fiscal 2002-2010
(\$ in Thousands)



Note: The project completed in fiscal 2008 is the Southern Maryland Baseball Stadium. The project scheduled for completion in fiscal 2010 is the Coppin State University Physical Education Complex.

Source: Maryland Stadium Authority

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Current and Recent Project Update

Coppin State University Physical Education Complex

MSA is managing the design and construction of several new facilities for Coppin State University. Together, they comprise the new Physical Education Complex, a \$109 million construction project totaling 247,000 square feet. The project includes classrooms, laboratories, dance studios, and indoor arena, pool, outdoor track and soccer field, tennis court, softball field, central utility plant, facilities management and public safety building, and parking. Construction broke ground in fiscal 2007, and the project is scheduled to be completed in early fiscal 2010.

Feasibility Studies

MSA released two feasibility studies in fiscal 2008. The first examined the proposed National Sailing Hall of Fame in Annapolis, with an estimated cost of \$9 million to improve the site, or \$15 million for a new facility. The second explored the possibility of a multipurpose sports facility for the Montgomery County Department of Economic Development.

In September 2008, MSA released a study on the market and economic implications of a potential DC United Soccer Stadium in Prince George's County. A second study was released in December 2008 on the impacts of a potential expansion of the Ocean City Convention Center.

Finally, in November 2008, the City of Baltimore requested the MSA to assist with managing various feasibility studies for the modernization of two city courthouse buildings.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Stadium Authority (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2008					
Legislative Appropriation	\$14,814	\$21,500	\$0	\$0	\$36,314
Deficiency Appropriation	270	0	0	0	270
Budget Amendments	0	0	0	0	0
Cost Containment	-1,000	0	0	0	-1,000
Reversions and Cancellations	-1	0	0	0	-1
Actual Expenditures	\$14,083	\$21,500	\$0	\$0	\$35,583
Fiscal 2009					
Legislative Appropriation	\$14,136	\$20,000	\$0	\$0	\$34,136
Cost Containment	-100	0	0	0	-100
Budget Amendments	0	0	0	0	0
Working Appropriation	\$14,036	\$20,000	\$0	\$0	\$34,036

Note: Numbers may not sum to total due to rounding.

Fiscal 2008

General funds were reduced by \$1 million to support the cost containment initiative. MSA was able to accommodate this reduction through unspent bond proceeds from the MCCC project.

The original general fund appropriation was increased by a \$270,557 deficiency appropriation to cover the State's share of the BCCC fiscal 2007 operating deficit.

Fiscal 2009

The authority used excess bond proceeds for the Montgomery County Conference Center and could, therefore, relinquish \$100,000 in general funds for the cost containment effort.

D28A03 – Maryland Stadium Authority

**Object/Fund Difference Report
Maryland Stadium Authority**

<u>Object/Fund</u>	<u>FY08 Actual</u>	<u>FY09 Working Appropriation</u>	<u>FY10 Allowance</u>	<u>FY09 - FY10 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	94.80	94.80	94.80	0	0%
Total Positions	94.80	94.80	94.80	0	0%
Objects					
01 Salaries and Wages	\$ 6,747,651	\$ 7,374,802	\$ 7,841,977	\$ 467,175	6.3%
02 Technical and Spec. Fees	471,071	576,492	573,306	-3,186	-0.6%
03 Communication	124,764	125,047	133,373	8,326	6.7%
04 Travel	44,701	36,367	36,367	0	0%
06 Fuel and Utilities	5,857,238	6,422,335	5,634,863	-787,472	-12.3%
07 Motor Vehicles	55,385	72,490	58,071	-14,419	-19.9%
08 Contractual Services	13,731,552	24,520,455	31,104,696	6,584,241	26.9%
09 Supplies and Materials	751,538	953,746	979,793	26,047	2.7%
10 Equipment – Replacement	848,138	500,000	500,000	0	0%
11 Equipment – Additional	2,001,702	1,775,341	128,722	-1,646,619	-92.7%
12 Grants, Subsidies, and Contributions	27,194,312	25,254,111	24,854,111	-400,000	-1.6%
13 Fixed Charges	9,117,217	9,946,379	10,323,702	377,323	3.8%
14 Land and Structures	3,351,354	1,850,000	4,515,000	2,665,000	144.1%
Total Objects	\$ 70,296,623	\$ 79,407,565	\$ 86,683,981	\$ 7,276,416	9.2%
Funds					
01 General Fund	\$ 14,083,446	\$ 14,035,980	\$ 14,805,274	\$ 769,294	5.5%
03 Special Fund	21,500,000	20,000,000	19,600,000	-400,000	-2.0%
07 Nonbudgeted Fund	34,713,177	45,371,585	52,278,707	6,907,122	15.2%
Total Funds	\$ 70,296,623	\$ 79,407,565	\$ 86,683,981	\$ 7,276,416	9.2%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

D28A03 – Maryland Stadium Authority

Fiscal Summary
Maryland Stadium Authority

<u>Program/Unit</u>	<u>FY08 Actual</u>	<u>FY09 Wrk Approp</u>	<u>FY10 Allowance</u>	<u>Change</u>	<u>FY09 - FY10 % Change</u>
02 Maryland Stadium Facilities Fund	\$ 21,500,000	\$ 20,000,000	\$ 19,600,000	-\$ 400,000	-2.0%
41 General Administration	3,076,695	3,379,475	3,432,852	53,377	1.6%
42 Capital Programs-Baseball/Football Pre-constructio	5,303,854	13,497,500	23,747,000	10,249,500	75.9%
44 Facilities Management	22,414,938	24,402,291	23,806,882	-595,409	-2.4%
48 Facilities Management	3,012,811	2,500,000	500,000	-2,000,000	-80.0%
55 Baltimore Convention Center	9,292,476	8,979,096	9,194,844	215,748	2.4%
58 Ocean City Convention Center	3,143,307	2,848,130	2,848,130	0	0%
59 Montgomery County Conference Center	757,663	2,012,300	1,762,300	-250,000	-12.4%
60 Hippodrome Performing Arts Center	1,794,879	1,788,773	1,791,973	3,200	0.2%
Total Expenditures	\$ 70,296,623	\$ 79,407,565	\$ 86,683,981	\$ 7,276,416	9.2%
General Fund	\$ 14,083,446	\$ 14,035,980	\$ 14,805,274	\$ 769,294	5.5%
Special Fund	21,500,000	20,000,000	19,600,000	-400,000	-2.0%
Nonbudgeted Fund	34,713,177	45,371,585	52,278,707	6,907,122	15.2%
Total Appropriations	\$ 70,296,623	\$ 79,407,565	\$ 86,683,981	\$ 7,276,416	9.2%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

**Maryland Stadium Authority Financing Fund for
Camden Yards Complex Activities
Fiscal 2006-2009
(\$ in Thousands)**

	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Est. 2009</u>	<u>Est. 2010</u>
Beginning Balance	\$7,231	\$2,731	\$5,382	\$2,492
Bond Proceeds	73,600	0	0	34,000
Master Equip Lease Financing for Audio/Visual Equip.	0	3,500	0	0
Master Energy Program	0	0	10,000	0
Lottery Proceeds	21,000	21,500	20,000	19,600
Subtotal Lottery/Bond	\$94,600	\$25,000	\$30,000	\$53,600
Other Revenues				
Misc. Income	968	899	400	400
Catering Events	651	630	525	525
Baseball Admission Tax	3,745	4,147	4,500	4,500
Baseball Rent	5,994	6,297	6,000	6,000
Baseball Suite Amortization	623	645	628	628
Football Admission Tax	5,140	4,555	3,750	3,750
Football Operations	9,082	7,018	7,245	7,188
Seating Bowl Events	545	412	250	250
Warehouse Lease	3,447	3,995	4,019	4,019
Construction Management Fee	117	346	72	0
City of Baltimore	1,000	1,000	1,000	1,000
Subtotal Other Revenues	\$31,312	\$29,944	\$28,389	\$28,260
Total Funds Available	\$133,143	\$57,675	\$63,771	\$84,352
Uses				
MSA Administration	3,415	3,077	3,379	3,380
Camden Yards Operations	26,972	21,512	23,502	22,322
Subtotal MSA/Camden Operating	\$30,387	\$24,589	\$26,881	\$25,702
Capital Imp. Funds for Oriole Park*	400	400	400	400
Audio/Visual Equipment	0	1,952	1,648	0
Energy Projects	0	0	10,000	0
Baseball Suite Renovate	433	848	500	500
Baseball Stadium Capital Projects	0	0	0	19,232
Subtotal MSA/Camden Operating and Capital	\$31,220	\$27,789	\$39,429	\$45,834

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Appendix 4 (Cont.)

	<u>Actual</u> <u>2007</u>	<u>Actual</u> <u>2008</u>	<u>Est.</u> <u>2009</u>	<u>Est.</u> <u>2010</u>
Debt Service and Financing	95,392	22,104	21,850	24,115
School Construction**	2,400	2,400	0	2,400
State Rent Payment	1,400	0	0	0
Total Uses	\$130,412	\$52,293	\$61,279	\$72,349
Ending Balance	\$2,731	\$5,382	\$2,492	\$12,003

* These are revenues deposited into the account and originate from the parity settlement intended to equalize State support provided to the Ravens and Orioles teams. The figures do not include interest.

**The school construction payment for fiscal 2010 would be eliminated contingent on legislation.

Source: Maryland Stadium Authority