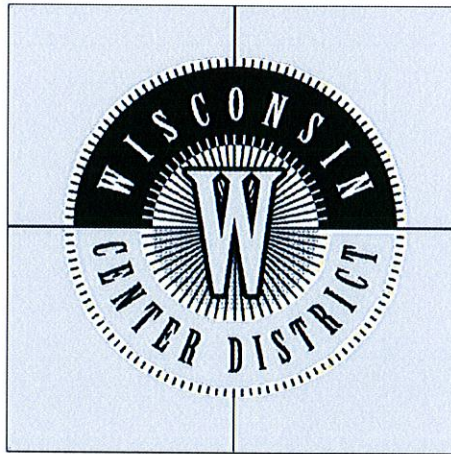


**WISCONSIN CENTER  
DISTRICT**



**2016 Proposed Budget**

# **WISCONSIN CENTER DISTRICT 2016 BUDGET**

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# Wisconsin Center District Proposed 2016 Budget Executive Summary

**Date: October 9, 2015**

**To: Wisconsin Center District Board of Directors**

## **Summary of Current Financial Operating Environment:**

2015 is a below average year for the District. There are excellent corporate activities, sports and entertainment bookings, but national convention business has been disappointing. The economy continues slow growth, and bookings are continuing at a consistent pace. Later this year, the District will again present a series of shows in October in the Milwaukee Theatre, and our stable of sports teams and children's shows are again on the calendar for the UW-Milwaukee Panther Arena. Net income is behind budget at mid-year, and management has made necessary decisions to avoid running a deficit.

As of June 2015 the District's Operating Revenues are 25% below the amount budgeted for that time period. Nonoperating Revenue is 19% above budget. With Operating Expenses at 11.5% under budget and Nonoperating Expenses at 1% under budget, the District is comfortable that the year shall finish with balanced results. The District's internal sales staff is filling openings in the calendar, and staff is looking forward to a stronger second half of the year that will generate more positive results for the District.

The Wisconsin Center's overall operating revenue at June 2015 is 35% under budget. National convention business has fallen significantly in 2015, especially from a catering standpoint. The WCD is forced to offer free or deeply discounted room fees to events under consideration. These subsidies are necessary to compete with other convention centers soliciting business via deep discounts offered. The internal sales staff has worked hard to book events into calendar openings, but we need better and larger convention center events to boost the economics of the District.

The UW-Milwaukee Panther Arena exceeded its revenue goal for the first half of 2015 (by 5%), but the Milwaukee Theatre is short of budget by 15%. Expense controls in both buildings have helped those buildings to still provide important cash flow to the District. UWM Men's and Women's basketball leads the sports tenant roster in the Arena, and the continuation of the Milwaukee Wave, the Brew City Bruisers, US Robotics, multiple graduations, and other events make it a vibrant venue.

In the first 6 months of 2015, the UW-Milwaukee Panther Arena and Milwaukee Theatre combined to generate \$1.85 million in overall revenue and \$990,000 in net revenue (after deducting direct expenses). **The significance of those two amounts is a clear indication of the importance (and operating margins) of those two buildings to the District.** The District has partnered with the Marcus Center multiple times, and works with Shank Hall, the Riverside Theater, and the Rave on events as well. We believe these

strategic partnerships (as well as outreaches to the Bradley Center, Summerfest and State Fair) will lead to many exciting opportunities in the future.

The District continues to place a strong emphasis on controlling costs and spending. We have kept expenses in line with revenues each year, and 2016 will similarly show a balanced budget. The 2015 operating expenses are projected to be significantly under budget, attributable to cost control measures stringently enforced. Nonoperating costs are also under budget due to similar control measures. Cash reserves are holding, but at a level which is still considered lower than preferred. As documented in the past, all tax revenues (Hotel, Food & Beverage, and Car Rental taxes) are subject to the time lag that results from the tax collections being accumulated and remitted through the Wisconsin Department of Revenue, and passed through the restrictive annual bond funding requirements.

With this as a backdrop, the District Staff has diligently completed its preparation of the 2016 Operating and Capital Budgets. Our greatest challenge is to generate enough business and produce sufficient revenue to cover all of the costs of operating a three building campus. Tax revenues are earmarked for bond payments and Visit Milwaukee funding, so the WCD must book business to generate revenue internally in 2016 and beyond.

The District sales staff (combined with the Levy Restaurants staff) is doing a yeoman's job of capitalizing on short-term calendar openings in 2015. In addition, the fund of money previously established by WCD and Visit Milwaukee has been used as a tool to pursue high quality national conventions, similar to other cities we are competing against. This program has helped generate many successful events and is generating more opportunities for the District in future years.

Based upon cash availability, the District has identified \$2.8 million for necessary capital projects, which elevates the WCD to a necessary level of spending for proper upkeep for the campus. This amount includes the lease payments required related to the 2014 Arena seat replacement project (third year, out of three). The capital budget covers those financial amounts required to maintain the District's buildings high standards, and needs for safety and revenue generation potential. The District Board has stated there are ongoing concerns about the District buildings being maintained in top condition for show managers and attendees. The Board also agreed that a "contingency amount" (\$236,000 in 2016) must be included for emergency capital needs, with authority granted to the President/CEO for utilization after notifying and consulting with the Project Development Committee.

## **REVENUES**

### **1) Major Event Revenues Budgeted at \$5,200,000.**

The District's Total Event Room Fees/Equipment Rental/Labor & Show Reimbursement Revenue Budget for 2016 is set at \$5,200,000, or \$355,000 less than the 2015 Budget of \$5,555,000. Current projections suggest that by the end of this year actual revenues will accumulate to \$4.9 million. The change in the overall total of the revenue components is complex and changes from year to year.

**Event Room Fees** – The 2016 budget is set at \$2,800,000, which is \$255,000 less than the 2015 budget of \$3,055,000. Current projections suggest that by the end of 2015 actual revenues will generate around \$2,800,000.

2015 has been a difficult year for activity on the WCD campus. Entertainment activity has been adequate, convention activity was weaker than recent years, with good events but no standout large convention. Ancillary revenue categories have suffered from the falloff in conventions as well (those will be addressed in the next few paragraphs). District staff was able to fill calendar open dates with Theatre and Arena events and local and regional short-term business which allowed the District to generate the revenue amounts presented. While individual events have varying degrees of profitability, the overall results were manageable for the District. We expect 2016 to be another challenging year, as convention activity looks comparable to 2015. We set goals, and will concentrate on short-term business to fill open periods in the booking calendar.

**Equipment Rentals** - The 2016 budget is set at \$1,200,000, which is a decrease of \$50,000 from the 2015 budget. Current projections suggest that by the end of 2015 actual revenues will generate about \$1 million, or 20% under budget. Activity levels (current bookings and reasonable future estimations) and pricing structures in 2016 suggest that the \$1,200,000 budget is appropriate.

**Labor Service & Show Reimbursement Revenue** – The 2016 budget is set at \$1,200,000, a decrease of \$50,000 from the 2015 budget. Current projections suggest that by the end of 2015 actual revenues will produce approximately \$1,150,000. The self-promoted events produced by the District (and correspondingly the Show Expense budget) were a mix of positive results and shortfalls. With strong assistance from partnerships, in the local entertainment community, we have identified a number of shows for the second half of 2015 and 2016. There are ongoing strong District staff efforts put into those shows to make them profitable. Opportunities will be continuously sought throughout the year.

## **2) Concession Net Revenues – Budgeted at \$2,050,000.**

During 2015 net Concessions Revenue resulting from food, beverage and novelty operations (managed by Levy Restaurants) has fallen. Large catering events (which are typically attached to large conventions and the best for revenue generation) simply did not come into our building. Levy's internal projections indicate that the 2015 year-end amount will be approximately \$1,900,000, under the budget amount of \$2,650,000. The 2016 Concessions budget is set at \$2,050,000. The sales and marketing groups will continue to attempt to maximize catering opportunities associated with conventions and corporate business, and aggressively campaign to acquire opportunities from the local corporate business community. Levy works within WCD budget parameters to maximize cash flow to the District.

## **3) Other Sources of Revenue - Budgeted at \$3,843,000.**

During the past few years the WCD has been successful in developing some of its "other" sources of revenue. These include 1) Technology Revenues, 2) Advertising and Naming Rights, 3) Box Office fees (primarily ticketing fees and facility fees), and 4) Parking Fees. The 2016 Budget goal for these categories totals \$3,843,000 – down 6% from the previous year's budget.

**Technology Revenues (including Telecommunications, Data Communications and Video Production Services)** - The Wisconsin Center was built with a sophisticated infrastructure to provide "state of the art" technology services to clients. A significant part of this infrastructure is the built-in capability and flexibility of the Wi-Fi internet access, video production equipment and satellite up and down links. This allows the District to provide high quality data communication services to clients during events, and to bill directly for these services, as well as other services offered. Total 2016 Technology Revenues are budgeted at \$680,000, which is equal to the 2015 Budget. We are continually seeking out new revenue opportunities as technology applications become available for show use.

**Advertising and Naming Rights Revenue** - The District generates revenue from the placement of advertising displays in various areas within its facilities, including the UW-Milwaukee Panther Arena scoreboard, plasma screens and on outdoor message centers. In 2016 the District projects Advertising and Naming Rights Revenues totaling \$1,090,000, down 9% from 2015. The reduction relates to the naming rights for the Walk of Fame. Efforts are continuing to locate new naming rights sponsor(s) for the Wisconsin Center and Milwaukee Theatre.

**Box Office Fees** – Budgeted at \$540,000, this represents a \$60,000 decrease over 2015. In general, all public ticketed sports and entertainment events in our facilities are subject to a Facility Fee that goes to the WCD. This includes our self-promoted and co-promoted shows. In recent years intense competition has kept Event Room Fee rates for ticketed events relatively flat. The District has had to modify its overall revenue structure to evaluate event offerings from an overall standpoint, considering ticket fees at the same time as room fees, labor and equipment, etc.

**Parking Revenue** – Budgeted at \$575,000, down slightly from 2015. This amount reflects receipts from the main parking lot on Kilbourn Avenue, as well as the parking areas for the Arena and Theatre.

## **EXPENSES**

### **1) Operational Costs Held in Check.**

The District's Total Operating Expense Budget for 2016 is set at \$7,857,000, or 4% lower than the 2015 Budget. We are projecting a decrease in revenues, and will budget appropriately for the expenses associated with the events. Operational labor costs (approximately 30 full-time employees and 220 part-time) are projected to be similar to the projected 2015 total. In 2016, pay increases projected for both operational and administrative staff are at 2%, a level comparable to CPI.

Maintenance costs are rising for the Wisconsin Center, as the building and its various mechanicals are aging. We must maintain high standards in appearance and efficiency to keep Milwaukee competitive in the convention industry. Finally, we are allocating a budget for in-house produced events as we look to continue enhancing bookings by finding shows for purchase.

## **2) Utility Budgets for 2016 stable.**

The total 2016 budget for all utilities (electricity, steam, gas and water) is set at \$2,211,000, or 1% above the 2015 Budget. As a result of energy conservation programs undertaken by the District, utility expenses in the last few years have risen much slower than the increases in rates charged. The 2016 Budget takes into consideration the expected various increases in utility rates published by the providers involved, offset by gained efficiencies.

## **3) Repairs and Maintenance Budget Increased.**

The total Repairs and Maintenance amount in the 2016 Budget is \$1,287,000 or 4% lower than the 2015 Budget. As the campus has aged, the District has increased the level of spending for maintenance costs, especially over the last few years. We continue to evaluate programmed maintenance initiatives that may have a significant impact on future year's expenses (or capital budgets), and authorize those programs based upon funds available. Basic costs are increasing across the board and we have instituted comprehensive preventative maintenance programs, which will maximize the lives and earnings potentials of our buildings and the equipment in inventory.

## **4) Reductions continued in Administrative Employee Costs.**

The District continues to maintain a reduced level of administrative payroll due to the limits on funds available. Duties have been reallocated amongst the remaining personnel when attrition has occurred. Event Services, Sales, Finance, and Information Technology departments have each had positions frozen, resulting in major cost savings. Since 2003, the District has frozen multiple positions (resulting in annual savings of approximately \$600,000).

The total 2016 budget for Administrative Wages is set at \$2,370,000 or 2% more than the 2015 Budget. Pay raises have been included for 2016, at the 2% level previously mentioned. An addition to the sales staff raises the budget for 2015 as well. The budget for benefits is \$2,043,000, or 6% higher than 2015, due mostly to the insurance premium rate increases. Benefit offerings are evaluated on a yearly basis, and District personnel are responsible for a portion of their insurance premiums, as has become standard with many employers.

## **5) Advertising & Promotional Budget Established.**

The 2016 Advertising and Promotional budget is set at \$130,000, which is a 5% decrease from the 2015 Budget. The District plans to continue marketing all three of the buildings on our campus, but in a more targeted, effective manner. This will better enhance our potential in local, state, and national markets, and let potential clients managing all kinds of shows know we are aggressively seeking their business.

## **CAPITAL BUDGET AND RESERVES**

The 2016 Capital Budget, as reflected in this package, is set at \$2,795,000. It proposes necessary capital improvements within the three District facilities. This amount, which includes the final phase of the Arena seating project, is a \$158,000 increase above the 2015 capital budget amount.

Financial resource limitations forced the District to severely restrict capital spending for several years to a very basic level, most severely in 2010. We have attempted to maintain a manageable level of capital spending, but cash flow issues have affected that process. District staff annually maintains a 5 year capital projection in an attempt to plan for needed capital spending for the foreseeable future. Significant building work, including carpet, HVAC, weatherproofing, repainting projects and escalator work in the Wisconsin Center has occurred and will continue in subsequent years.

The level of capital funding brings us modestly closer to the 15 Year Long-Term Capital Requirements program presented to and approved by the Board in 2004, and even more important maintains the campus safety and marketability. It also includes the contingency reserve previously called for by the Project Development Committee.

We have increased our expectations for tax collections in recent years because of positive growth and the Food and Beverage tax increase, but the drastic cuts to capital over the last 5-10 years were an issue that needed to be addressed. If additional operating or tax revenues develop, they must be earmarked for replenishing reserves that were used up in 2009 (i.e. for the pension assessment, which has occurred each of the last 3 years) and for reinstating capital projects previously deferred.

## **TAX COLLECTIONS**

The tax collections for the District are designed to do the following things:

- Fund the annual debt service on bonds issued.
- Fund the national marketing effort, handled by Visit Milwaukee.
- Fund capital maintenance and improvements.

The District was in a situation in 2009 where debt service had climbed to a level that resulted in there being insufficient tax money left over after the debt service payments to fully fund the national marketing effort, let alone any amount for capital maintenance or improvements. An increase in the Food and Beverage tax was passed in 2009, and a County Hotel tax increase was passed in 2010 in order to allow for a funding increase to enhance Visit Milwaukee's efforts.

The budget for tax collections in 2016 is set at \$31.8 million. The 2015 budget amount included moderate increases over previous years. We have been fortunate that business has continued to improve and the tax collections are over budget (including the percentage allocated to Visit Milwaukee). If the level of tax collections continues to show growth and resume the positive pattern seen prior to and since 2009, the District financial status will continue to strengthen its position and stabilize the future.



**NOTE – The District was able to reestablish bond-defined operating reserves utilized in 2009. It is still necessary that internal cash reserves be enhanced, as well as full funding for all bond obligations including the 2013 issuance. Those two items, combined with the need to address the level of capital spending on a timely basis, are the priorities for any cash flows generated above and beyond the budgeted numbers.**

The WCD bonds have reserve funds of \$2,500,000 available for operational issues, and \$17,600,000 for debt service.

**Summary of District Taxes:**

The District currently is authorized to collect four taxes: City of Milwaukee Room Tax of 7%, Milwaukee County Room Tax of 2.5%, Milwaukee County Food and Beverage Tax of 0.50%, and Milwaukee Car Rental Tax of 3%. In the resolutions passed by the Board and the Wisconsin State Legislature as part of the financing of the new convention center, specific provisions concerning these taxes were included. The following is a brief summary:

**Milwaukee County Room Tax** – The collection of funds from this tax can only be used for the payment of the District’s bond interest and principal. Although originally set at 2%, the District Board was given the discretion to increase this tax up to a maximum of 3% at any time. In 2010, based upon a request from the local hotel community, an increase of 0.5% was approved in order to yield additional funding for Visit Milwaukee. This increase was effective 1/1/11.

If taxes collected are not sufficient to make the required semi-annual bond payments there is a provision in the tax resolutions that supported the bond issues that would automatically increase the tax rate to its maximum. This rate would remain at that maximum rate until all bonds have been paid off.

**Milwaukee County Food and Beverage Tax** – The collection of funds from this tax can only be used for the payment of the District’s bond interest and principal. Originally set at 0.25%, the District Board exercised its authority to increase this tax up to 0.5%, effective July 1, 2010.

**Milwaukee County Car Rental Tax** - The collection of funds from this tax can only be used for the payment of the District’s bond interest and principal. The tax was originally set at 3%. However, if taxes collected are not sufficient to make the required semi-annual bond payments, there is a provision in the tax resolutions that supported the bond issues that would automatically increase the tax rate to its maximum of 4%. This rate would remain at that maximum rate until all bonds have been paid off. This automatic tax rate increase provides the State of Wisconsin some protection against having to provide financial assistance in case the District is unable to make timely payments of its Junior Bonds. The State of Wisconsin gave its “moral obligation,” which provided additional “insurance” that the bond principal and interest payments would be honored in case of default by the District. This District Board of Directors has no current authority to raise this tax through its own discretion without first obtaining Legislative approval.

**City of Milwaukee Room Tax** - The collection of funds from this tax must first be used to pay semi-annual bond interest and principal payments when collections from the three

taxes restricted to bond debt service are not sufficient. Excess funds from the unrestricted City tax may be used by the District for any legally authorized use. The current rate for this tax is 7% and may not be increased by the District without first obtaining Wisconsin State Legislative approval.

Total Room Tax collections (7% City of Milwaukee and 2.5% Milwaukee County) for this January through June period was 13% above the budget, while the 0.50% Milwaukee County Food and Beverage Tax was 7% over budget, and the 3% Milwaukee County Car Rental Tax was approximately 1% under budget.

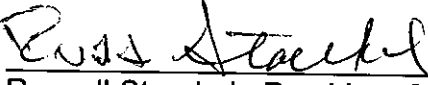
**Visit Milwaukee Funding Budgeted at \$7,000,000.**

The proposed budget includes national marketing funding to Visit Milwaukee in the amount of \$7,000,000. A 5 year agreement was signed in 2011.

The agreement with Visit Milwaukee redefined the relationship to update for the current market in the convention industry, and incorporated an updated funding formula. This formula includes a base amount, an amount equal to the County Hotel tax increase, and an incentive program designed to reward Visit Milwaukee for exceeding their booking goals for room nights and revenues. A good working relationship is important for both the District and Visit Milwaukee's success.

2016 shows some signs of growth and improvement in the economic climate nationally, but locally the signs are not as positive as hoped for. While some revenue areas have maintained strong status, others still need improvement. We look to 2016 and beyond as we focus on generating improvement, and to bring positive business results to the District and to the greater Milwaukee area. The Board can be confident that the District's management staff and other employees will be cautious, exercise sound decision making, and do all they can to make the year a success. The District's staff thanks the Board for their support, sound judgment, and trust.

Respectfully submitted:

  
\_\_\_\_\_  
Russell Staerkel, President & CEO

  
\_\_\_\_\_  
Jeffrey Sinkovec, Director of Finance

**Wisconsin Center District  
Comparative Budget Statement**

For All Segment1s

	<b>2016 Budget</b>	2015 Projection Based on Budget	Increase (Decrease) Over Prior Year Budget	<b>2015 Budget</b>
<b>Operating Income</b>				
Event Room Fees	2,800,000	2,762,195	(255,000)	3,055,000
Equipment Rentals	1,200,000	994,123	(50,000)	1,250,000
Labor Service / Show Reimb Revenue	1,200,000	1,147,963	(50,000)	1,250,000
Net Concessions Revenue	2,050,000	1,866,880	(600,000)	2,650,000
Box Office Revenue	540,000	466,917	(60,000)	600,000
Office Space Rentals	206,000	224,183	(79,000)	285,000
Telecommunications Revenue	130,000	127,505	0	130,000
Datacommunications Revenue	400,000	368,112	0	400,000
Video Production Services Revenue	150,000	165,121	0	150,000
Advertising Revenue	740,000	628,680	(60,000)	800,000
Naming Rights Revenue	350,000	400,000	(50,000)	400,000
Parking Revenue	575,000	641,448	(20,000)	595,000
Other Income	752,000	762,306	32,000	720,000
<b>Total Operating Income</b>	<b>11,093,000</b>	<b>10,555,433</b>	<b>(1,192,000)</b>	<b>12,285,000</b>
<b>Operating Expenses</b>				
Operating Wages	2,640,000	2,690,646	(226,000)	2,866,000
Technician Wages	91,000	87,668	1,000	90,000
Contract Services	616,000	626,820	(45,000)	661,000
Steam & Gas	850,000	791,173	0	850,000
Electricity	1,258,000	1,239,068	18,000	1,240,000
Water	103,000	97,609	13,000	90,000
Uniform Expense	18,000	13,966	(1,000)	19,000
Ticket Expense	95,000	88,605	0	95,000
Telecommunications Expense-Events	50,000	47,023	0	50,000
Datacommunications Expense-Events	50,000	45,918	(10,000)	60,000
Video Productions Expense-Events	140,000	131,785	(10,000)	150,000
Miscellaneous Show Expense	589,000	606,087	(35,000)	624,000
Cleaning Supplies	70,000	79,288	(10,000)	80,000
Maintenance - Building	812,000	738,785	(31,000)	843,000
Maintenance - Carpentry	49,000	40,203	(3,000)	52,000
Maintenance - Electrical	132,000	113,745	(12,000)	144,000
Maintenance - Mechanical	207,000	184,605	(5,000)	212,000
Maintenance - Miscellaneous	87,000	59,621	(9,000)	96,000
<b>Total Operating Expenses</b>	<b>7,857,000</b>	<b>7,682,615</b>	<b>(365,000)</b>	<b>8,222,000</b>
<b>Operating revenues over expenses</b>	<b>3,236,000</b>	<b>2,872,818</b>	<b>(827,000)</b>	<b>4,063,000</b>

**Wisconsin Center District  
Comparative Budget Statement**

## For All Segment1s

	<b>2016 Budget</b>	2015 Projection Based on Budget	Increase (Decrease) Over Prior Year Budget	<b>2015 Budget</b>
<b>Nonoperating Income</b>				
Interest Income	1,250,000	1,306,957	0	1,250,000
<b>Total Nonoperating Income</b>	<b>1,250,000</b>	<b>1,306,957</b>	<b>0</b>	<b>1,250,000</b>
<b>Nonoperating Expenses</b>				
Administrative Wages	2,370,000	2,197,252	40,000	2,330,000
FICA Taxes	450,000	401,101	20,000	430,000
Unemployment Taxes	55,000	36,961	0	55,000
Health Insurance	1,145,000	1,030,351	90,000	1,055,000
Life Insurance	13,000	11,711	(1,000)	14,000
Pension	380,000	377,562	5,000	375,000
Advertising	100,000	99,649	(10,000)	110,000
Promotional Items	30,000	19,458	(7,000)	37,000
Maintenance-Copier/Fax/Software	4,000	1,900	0	4,000
Office Supplies	16,000	12,802	(2,000)	18,000
Legal Services	125,000	54,355	55,000	70,000
Professional Services	142,000	69,777	30,000	112,000
Information Technology Expense	250,000	264,367	0	250,000
Insurance	670,000	649,857	20,000	650,000
Employee Activity Expense	22,000	23,769	2,000	20,000
Interest Expense	80,000	60,706	20,000	60,000
Travel	30,000	35,844	(20,000)	50,000
Business Meetings	36,000	34,337	(6,000)	42,000
Postage	20,000	14,423	0	20,000
Recruiting	10,000	10,023	0	10,000
Training Expense	18,000	13,625	3,000	15,000
Dues & Subscriptions	10,000	30,280	(2,000)	12,000
Bad Debt Expense	24,000	24,000	0	24,000
Miscellaneous Expense	136,000	125,971	12,000	124,000
<b>Total Nonoperating Expenses</b>	<b>6,136,000</b>	<b>5,600,081</b>	<b>249,000</b>	<b>5,887,000</b>
<b>Net income(loss) before non cash items</b>	<b>(1,650,000)</b>	<b>(1,420,306)</b>	<b>(1,076,000)</b>	<b>(574,000)</b>
Depreciation Expense	7,900,000	7,702,000	200,000	7,700,000
Amortization of Financing Costs	170,000	165,437	3,000	167,000
<b>Total Noncash Expenses</b>	<b>8,070,000</b>	<b>7,867,437</b>	<b>203,000</b>	<b>7,867,000</b>
<b>Net income(loss) before tax items</b>	<b>(9,720,000)</b>	<b>(9,287,743)</b>	<b>(1,279,000)</b>	<b>(8,441,000)</b>

Date: 9/22/2015

**Wisconsin Center District  
Comparative Budget Statement**

**For All Segment1s**

	<b>2016 Budget</b>	2015 Projection Based on Budget	Increase (Decrease) Over Prior Year Budget	<b>2015 Budget</b>
<b>Tax Revenue</b>				
City Room Tax	13,222,000	12,432,764	1,276,000	11,946,000
County Room Tax	6,073,000	5,718,560	501,000	5,572,000
Food & Beverage Tax	10,701,000	10,160,723	713,000	9,988,000
Car Rental Tax	2,633,000	2,573,226	35,000	2,598,000
Tax Revenue Administration Fee	(832,000)	(788,084)	(64,000)	(768,000)
<b>Net Tax Revenue</b>	<b>31,797,000</b>	<b>30,097,189</b>	<b>2,461,000</b>	<b>29,336,000</b>
<b>Tax Usages</b>				
Visit Milwaukee Management Fee	7,000,000	6,725,000	500,000	6,500,000
Bond Interest Expense	20,000,000	12,873,781	7,100,000	12,900,000
<b>Total Tax Usages</b>	<b>27,000,000</b>	<b>19,598,781</b>	<b>7,600,000</b>	<b>19,400,000</b>
<b>Tax Overage (Underage)</b>	<b>4,797,000</b>	<b>10,498,408</b>	<b>(5,139,000)</b>	<b>9,936,000</b>
<b>Net Income</b>	<b>(4,923,000)</b>	<b>1,210,665</b>	<b>(6,418,000)</b>	<b>1,495,000</b>

**WISCONSIN CENTER DISTRICT  
2016 BUDGET**

**OVERALL OPERATING CASH ANALYSIS**

<b>Estimated Operating Cash balance at January 1, 2015</b>		<b>\$ 2,500,000</b>
<u>Cash provided by operations</u>		
Net Income (Loss)	\$ (4,923,000)	
<u>Add back Non-Cash expenses &amp; Other Cash Provided</u>		
Depreciation & Amortization	8,070,000	
Bond Interest Accrued	20,000,000	
Amortization of Bond Premium/Catering Premium	(338,000)	
<u>Deduct Other Cash Outflows</u>		
Principal and Interest Payment on Junior Bonds	(10,386,000)	
Principal & Interest Payment on Senior Bonds	(7,400,000)	
Principal & Interest Payment on Theatre Bonds	(1,795,000)	
Operating Lease Payments	(403,000)	
Capital Budget items	(2,795,000)	
Utilization of Current Year Capital Reserve	1,016,000	
Funding of Subsequent Year Capital Reserve	(1,046,000)	
Net Cash Change for 2015 based upon Budget		\$ -
<b>Estimated Operating Cash balance at December 31, 2015</b>		<b>\$ 2,500,000</b>
<b>Status of Building Reserves:</b>		
Amounts in Reserve at 12-31-2015		
Artwork Repairs/Refurbishment Reserve	\$ 104,000	
Wisconsin Center Capital Improvements	1,016,000	
		\$ 1,120,000
Amounts Committed to Reserves in 2015		
Artwork Repairs/Refurbishment Reserve	10,000	
Wisconsin Center Capital Improvements	1,046,000	
		1,056,000
Amounts Funded by Reserves in 2015		
Artwork Repairs/Refurbishment Reserve	(10,000)	
Wisconsin Center Capital Improvements	(1,016,000)	
		(1,026,000)
<b>Total Projected Building Reserves</b>		<b>\$ 1,150,000</b>
<b>Cash Available for Operations</b>		<b>\$ 1,350,000</b>
<b>Estimated Operating Cash balance at December 31, 2015</b>		<b>\$ 2,500,000</b>
<u>Amounts Projected in Reserve at 12-31-2015</u>		
Artwork Repairs/Refurbishment Reserve	\$ 104,000	
Wisconsin Center Capital Improvements	1,046,000	
		<b>\$ 1,150,000</b>

**WISCONSIN CENTER DISTRICT  
2016 BUDGET**

**CASH ANALYSIS - OPERATIONAL / TAXES**

	<u>2016 Budget</u>	<u>2015 Budget</u>
<b>Estimated Cash balance at January 1</b>	<b>\$ 2,500,000</b>	<b>\$ 2,500,000</b>
<u>Cash provided by operations</u>		
Operating Income	\$ 11,093,000	\$ 12,285,000
Operating Expenses	(7,857,000)	(8,222,000)
Nonoperating Expenses (excluding Interest/VisitM)	(6,136,000)	(5,887,000)
	<u>\$ (2,900,000)</u>	<u>\$ (1,824,000)</u>
<u>Cash Impact of Tax Revenues / Bonds / Visit Milw</u>		
Tax Revenues (net)	31,797,000	29,336,000
Funding of Visit Milwaukee	(7,000,000)	(6,500,000)
Interest Income	1,042,000	1,042,000
Principal & Interest Payment on Junior Bonds	(10,386,000)	(9,649,000)
Principal & Interest Payment on Senior Bonds	(7,400,000)	(7,400,000)
Principal & Interest Payment on Theatre Bonds	(1,795,000)	(1,798,000)
Catering Premium Amortization	(130,000)	(130,000)
Operating Lease Payments	(403,000)	(410,000)
	-	-
Capital Budget items	(2,795,000)	(2,637,000)
	<u>\$ 2,930,000</u>	<u>\$ 1,854,000</u>
<u>Add/Deduct Other Cash In/Outflows</u>		
Utilization of Current Year Capital Reserve	1,016,000	986,000
Funding of Subsequent Year Capital Reserve	(1,046,000)	(1,016,000)
	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>
Net Cash Change for the Year based upon Budget	<u>\$ -</u>	<u>\$ -</u>
<b>Estimated Cash balance at December 31</b>	<u><b>\$ 2,500,000</b></u>	<u><b>\$ 2,500,000</b></u>

**WISCONSIN CENTER DISTRICT**  
**2016 Budget**

**PROPOSED CAPITAL BUDGET ITEMS**

<u>Description</u>		<u>Building</u>	<u>Estimated Amount</u>
Seat Replacement	Partial/Multi-Yr Project	Arena	\$ 515,000
Kitchen and Concession Upgrades		Arena	400,000
Video Production & Audio Room		Arena	50,000
Tuckpointing - Exterior walls		Arena	45,000
HVAC Cooling System Refurbishment	Partial/Multi-Yr Project	Arena	25,000
Cast Iron Piping	Partial/Multi-Yr Project	Arena	25,000
Fire Suppression System for IDF Room		Theatre	35,000
Variable Frequency Drives for Mechanical Systems	Partial/Multi-Yr Project	Theatre	14,000
Escalators Refurbishment	Partial/Multi-Yr Project	Wisc Ctr	730,000
Loading Dock Expansion Joint (North)		Wisc Ctr	135,000
Tuckpointing - Exterior walls	Partial/Multi-Yr Project	Wisc Ctr	70,000
Escalator - Drive/Motor Replacement	Partial/Multi-Yr Project	Wisc Ctr	50,000
China, Glass, Silver		Wisc Ctr	25,000
Motor Control Centers		Wisc Ctr	25,000
Furniture for Attendees		Wisc Ctr	23,000
ATM		Wisc Ctr	3,000
Point of Sale System		Multiple Bldgs	300,000
Network Switches		Multiple Bldgs	30,000
Computer Equipment – Servers / Computers / printers		Multiple Bldgs	25,000
Pipe, Drape, Skirts		Multiple Bldgs	20,000
Staging ADA Ramp		Multiple Bldgs	14,000
Capital Contingency Amount			<u>236,000</u>
			<u>\$ 2,795,000</u>