



**PENTICTON TRADE AND
CONVENTION CENTRE**

South Okanagan Events Centre Complex 2015 Operating Budget

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2015 SOEC Complex Budget (\$1,243,555)

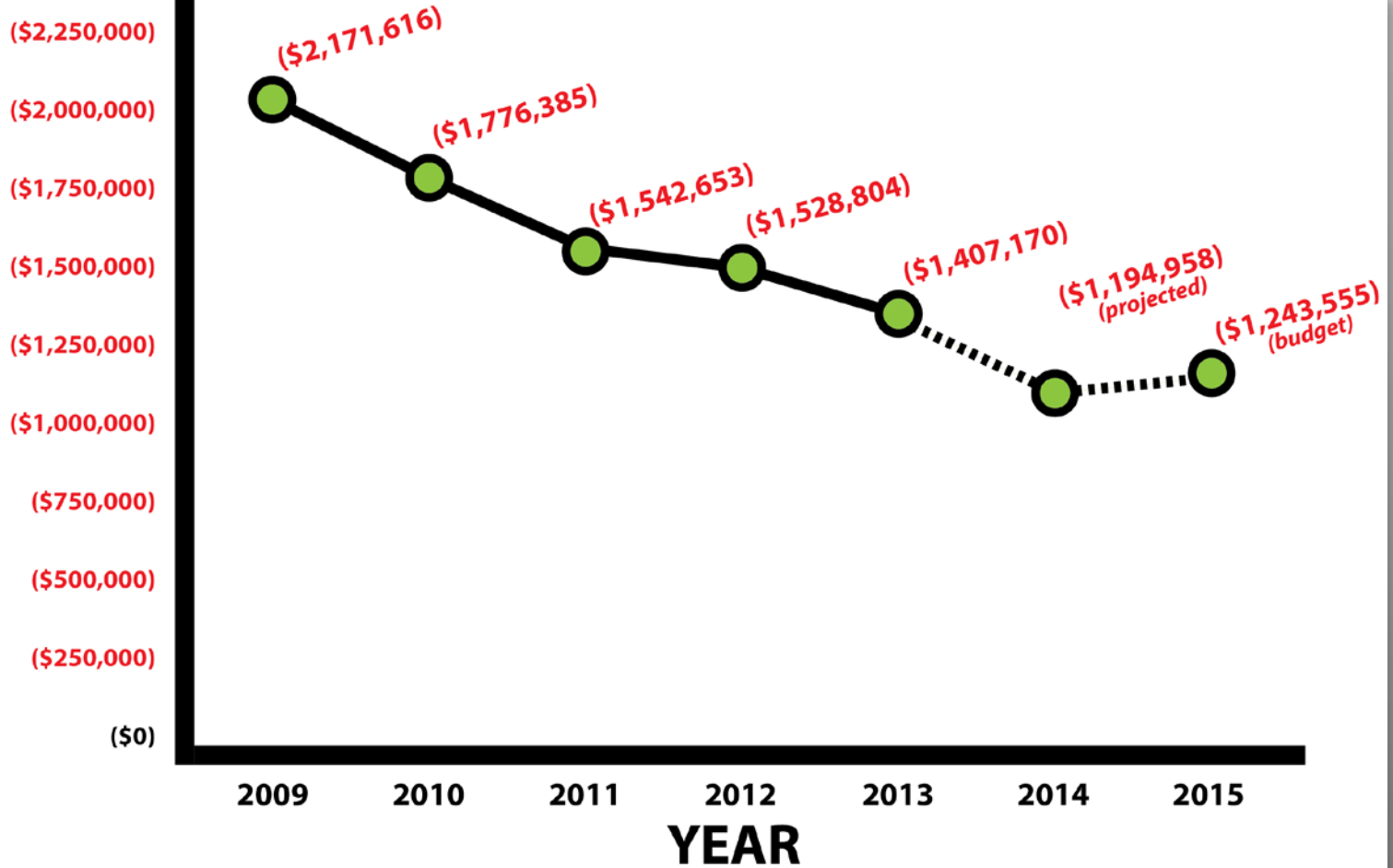
SOEC – (\$1,062,984)

PTCC – (\$110,829)

MA – (\$128,879)

OHS - \$59,137

ACTUAL SUBSIDY



South Okanagan Events Complex 2015 Budget

	2015 Budget	2014 Projected	2014 Budget	Variance
Event Operating Income	1,482,816	1,639,706	1,687,875	(156,890)
Indirect Expenses	(4,130,989)	(4,136,925)	(4,323,845)	5,936
Other Income	1,468,724	1,386,947	1,455,226	81,777
Net Operating Loss	(1,179,448)	(1,110,272)	(1,180,744)	(69,176)
Other expenses	(64,107)	(61,209)	67,690	2,898
Net Loss	(1,243,555)	(1,171,481)	(1,248,434)	(72,074)

- 2015 Budgeted Net Loss of \$1,243,555 vs. 2014 Projected of \$1,171,481 translates to an increase in deficit of 6.2%
- 2015 Budgeted Event Operating income of \$1,482,816 vs. 2014 Projected of \$1,639,706 which translates to a decrease in operating income of 9.6%
- Decrease in 2015 Budgeted Net Loss and Event Operating Income vs. 2014 Projected due in large part to new Veas contract, change in convention centre revenues and Suite Renewal year
- 2015 Budgeted Indirect Expenses of \$4,130,989 vs. 2014 Projected of \$4,136,989 translates to decrease of .1%
 - Salaries were decreased by 15% but this is offset with increase in wear and tear expenses being seen as well as additional marketing relating to PTCC

Projected 2014/Budget 2015 Comparisons (SOEC)

	2015	2014	
	Budget	Projected	Variance
Event Operating Income	602,054	693,549	(91,495)
Indirect Expenses	(2,508,195)	(2,533,512)	25,317
Other Income	907,264	801,366	105,898
Net Operating Loss	(998,877)	(1,038,597)	39,720
Other expenses	(64,107)	(61,209)	2,898
Net Loss	(1,062,984)	(1,099,806)	36,822

- Decrease in Event Operating income due to new Veeps contract which will impact bottom line by \$125,000 (reduction in rent, incremental ticket revenue and increase in % to Veeps of suite and club seat licence fees)
- Concerts have been budgeted at a reduced amount as 2014 numbers were unattainable on average
- Indirect expenses decreased by 1.0%
- Other income increase due mainly to decrease in trailing commissions amount as well as increase in parking revenues and ice rentals

Projected 2014/Budget 2015 Comparisons (PTCC)

	2014	2015	
	Projected	Budget	Variance
Event Operating Income	939,383	880,763	(58,620)
Indirect Expenses	(989,043)	(1,008,812)	(19,769)
Other Income	8,638	17,220	8,582
Net Operating Loss	(41,022)	(110,829)	(69,807)
Other expenses	-	-	-
Net Loss	(41,022)	(110,829)	(69,807)

- 2014 hosted various events such as Elder Convention that due to rotational mandates will not be seen in 2015
 - Although these various events equated to approximately 20% of total PTCC revenues in 2014, only budgeting for a 6% decrease in event operating income
- Other income increase due to advertising contracts such as Shaw to allow for Wi-Fi access to clientele at PTCC
- Increase in indirect expenses due to expected increase in advertising and promotion relating to 50 years of PTCC as well as increased attendance at conferences to promote our facilities

Projected 2014/Budget 2015 Comparisons (Memorial and OHS)

	2014 Projected	2015 Budget	Variance
Event Operating Income	6,774	-	(6,774)
Indirect Expenses	(614,370)	(613,983)	387
Other Income	576,943	544,240	(32,703)
Net Operating Loss	(30,653)	(69,742)	(39,089)
Other expenses	-	-	-
Net Loss	(30,653)	(69,742)	(39,089)

- Indirects have remained constant although seeing wear and tear expenses increasing (offsets staffing changes that have taken place)
- Decrease in other income due to OHS not opting to retain inside inventory which is a challenge to sell – only naming rights retained
 - Also, ice rentals decrease slightly due to having more Memorial rental allocated to SOEC

Other Income

	2014 Projected	2015 Budget	Variance
Ice Rentals:			
SOEC	146,097	171,657	25,560
OHS	280,951	275,173	(5,778)
MA	255,992	244,067	(11,925)
Total Ice Rental	683,040	690,897	7,857
Corporate Sales:			
Suites-Gross	413,200	291,500	(121,700)
Club Seats-Gross	162,564	165,000	2,436
Advertising	249,714	303,000	53,286
Trailing Commission	(103,034)	(13,918)	89,116
Veets (Season Tix and %)	(86,496)	(112,475)	(25,979)
Total Corporate Sales	655,948	633,107	(22,841)
Miscellaneous	67,959	144,720	76,761
Total Other Revenue	1,386,947	1,468,724	81,777

Key Factors

Decrease relating to Veos Contract		125,000		
Decrease relating to PTCC events not recurring in 2015 due to rotational mandates		216,000		
Decrease relating to non-renewal of some suites		<u>121,700</u>		
Total Decreases in Revenues		462,700		
Decrease in Salaries as a result of Staffing Cuts		(244,172)		
Decrease in Trailing Commission		<u>(89,116)</u>		
Net Impact (Overall Decrease in Net Income)		129,412		
Budgeted Decrease in Net Income vs Projected		72,074		

Economic Benefit to Penticton

- Complex wide produces approximately \$2.0 million in taxes for City of Penticton per 2012 Economic Impact Study
- Consider 2015 Budgeted Net Income Loss of \$1,243,555 still leaves an overall positive cash flow to the City of Penticton of just over \$750,000

Summary/Conclusion

- In 2015 the SOEC Complex will operate at a deficit of \$1.24 million.
- Strong relationship with main tenant (Vees) but significant impact to our revenues as a result of new contract
- Partnership with Canucks has become much stronger
- Reduction in staffing levels has resulted in restructuring of roles and responsibilities which has resulted in improved efficiencies
- PTCC celebrating 50 years in 2015 and as such, strong focus and emphasis in promoting this facility locally and nationally – increased attendance in conventions and trade shows