

Addison Conference Centre Analysis

June 8, 2021



ADDISON

Overview

The Addison Conference Centre is a meeting and event facility that was built in 1992. It is operated by staff, funded through the Hotel Fund, and available for rent by the general public.

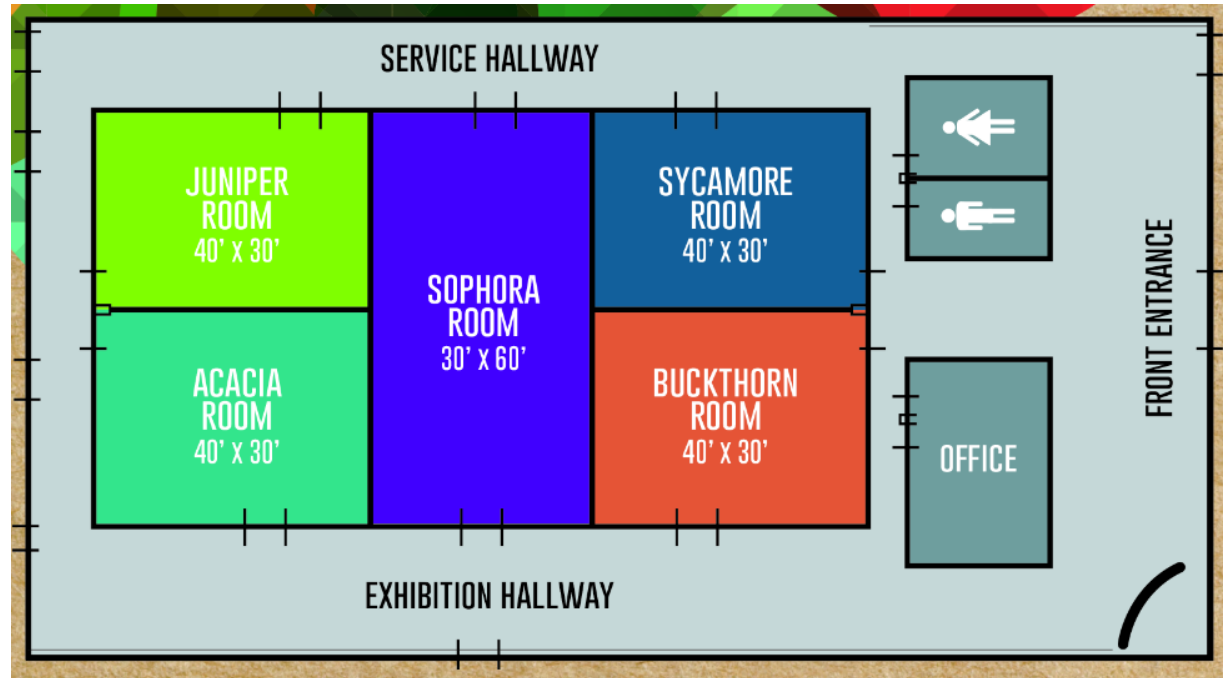
In March 2020 the facility was closed due to COVID-19, and the financial impacts of the pandemic led to its extended closure through Fiscal Year 2021.

Staff has developed four options for the operation of the facility for Fiscal Year 2022 and beyond.



Overview

- The overall facility is 14,600 sq. ft.
- The 6,600 sq. ft. ballroom can be divided into up to five spaces.
- The lobby offers just under 2,400 sq. ft. of exhibition space.
- The 600 sq. ft. Stone Cottage is also used for small meetings and events.



Prior Operations

The facility was rented for 270 bookings from January-December 2019.

Revenue by event type:

- 48% Business Meetings or Classes
- 32% Social Events
- 11% Conferences
- 7% Expos
- 2% Addison Circle Park Rentals

Basic Rental Rates:

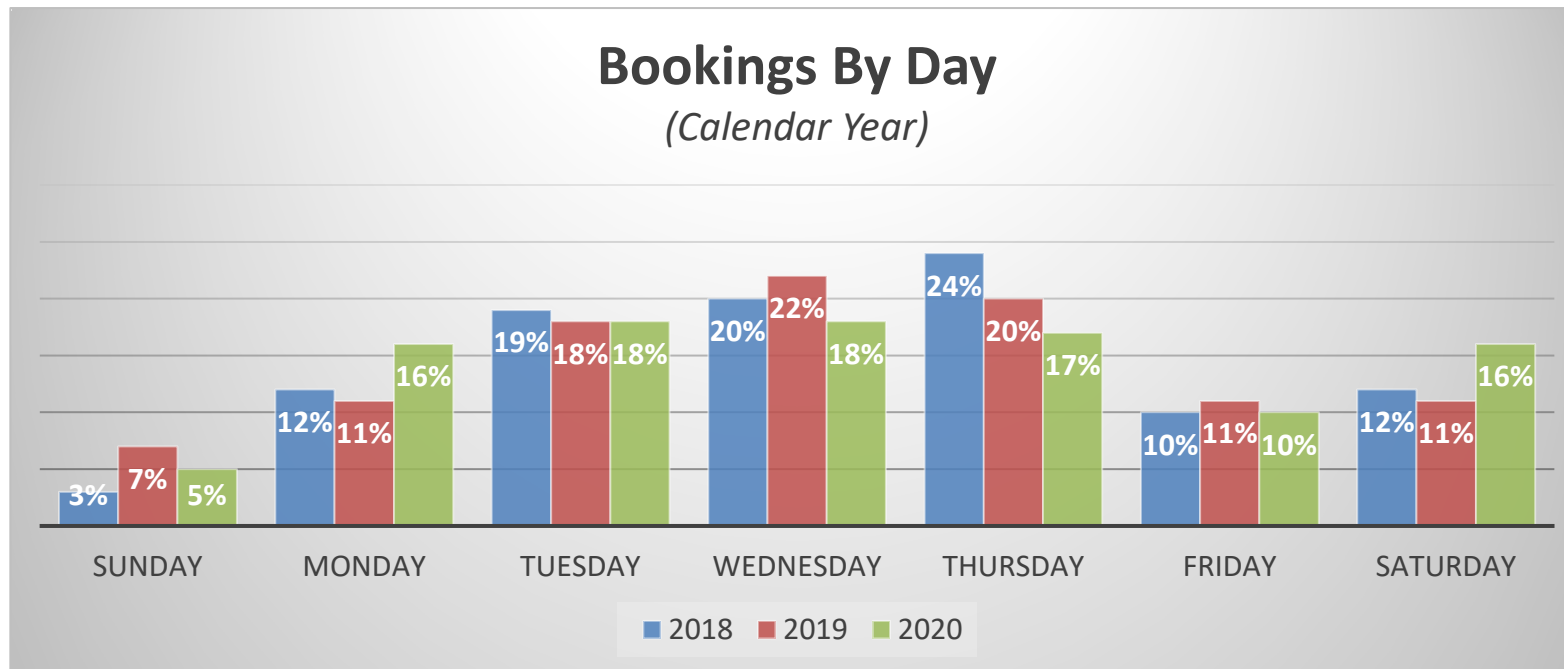
- \$1,440 for up to 8 hours Monday-Thursday
- \$2,160 for up to 8 hours Friday-Sunday



Prior Operations

Prior to March 2020 the facility operated Sunday-Saturday with 8 full-time staff, offered in-house catering through a outside company, and maintained a variety of audio-visual equipment and furnishings.

The majority of bookings take place Tuesday-Thursday:



Prior Operations

The financials have varied year to year, with an average annual net loss of \$441,620 since 2014.

Fiscal Yr.	2014	2015	2016	2017	2018	2019	2020
Revenue	\$ 602,841.45	\$ 690,983.36	\$ 758,675.79	\$ 630,538.32	\$ 629,277.62	\$ 523,710.14	\$ 233,182.44
Expense	\$ 1,061,514.13	\$ 959,138.81	\$ 1,156,759.06	\$ 1,211,293.25	\$ 1,027,979.66	\$ 956,507.48	\$ 787,355.63
Deficit	\$ (458,672.68)	\$ (268,155.45)	\$ (398,083.27)	\$ (580,754.93)	\$ (398,702.04)	\$ (432,797.34)	\$ (554,173.19)

A study of similarly-sized municipal event venues in DFW found 2 with annual net losses of \$20-30K, 2 with losses of \$200-375K, and 1 with a loss of \$660K (pre-COVID).

- The Addison Conference Centre is currently closed to the public. There are no staff at the facility, and it is not available for rent.
- The facility is occasionally used by Addison departments for meetings and trainings, as well as elections when requested by Dallas County.
- General Services staff and the Special Events Director monitor the facility and ensure it is maintained.
- A total of \$200,977 was budgeted for Fiscal Year 2021 for facility maintenance, utilities and other costs associated with the upkeep of the building.

Factors for consideration regarding the future of the Addison Conference Centre include:

- Financial sustainability of the facility
- Financial impact on the Hotel Fund
- Coordination vs competition with local hotels
- Community impact (restaurants, businesses, residents)
- Alternate use options

- Option 1: Resume Full-Service Operations
- Option 2: Resume Limited-Service Operations
- Option 3: Extend Temporary Closure
- Option 4: Repurpose Facility

Option 1: Resume Full-Service Operations

This option resumes facility operations as they were prior to the COVID-19 closure:

- Daily operations
- In-house catering partnership and audio-visual staff position
- 8 full-time staff

Staff hiring would begin in October 2021, with planned opening in January 2022. Bookings would be light in Q2 and would slowly increase through Q4.

	FY2022	FY2023
Estimated Revenue	\$287,848	\$460,816
Estimated Expense	\$946,506	\$965,436
Estimated Deficit	\$(658,658)	\$(504,620)

Option 1: Resume Full-Service Operations

	Actual 2019-20	Estimated 2020-21	Budget 2021-22	Year 1 Projected 2022-23	Year 2 Projected 2023-24	Year 3 Projected 2024-25	Year 4 Projected 2025-26
BEGINNING BALANCE	\$ 3,449,095	\$ 3,149,259	\$ 1,400,682	\$ 384,375	\$ (291,472)	\$ (829,445)	\$ (1,221,137)
REVENUES:							
Hotel/motel occupancy taxes (HOT)	3,240,946	3,000,000	4,570,500	4,799,025	4,942,996	5,091,286	5,244,024
Proceeds from special events	107,030	736,125	1,115,545	1,126,700	1,137,967	1,149,347	1,160,841
Conference Centre rental	233,183	-	287,848	460,816	506,898	557,587	574,315
Theatre Rental	68,781	23,810	24,048	24,289	24,531	24,777	25,025
Interest and other income	57,203	50,100	50,100	50,100	50,100	50,100	50,100
TOTAL REVENUES	\$3,707,143	\$3,810,035	\$6,048,041	\$6,460,930	\$6,662,492	\$6,873,097	\$7,054,304
EXPENDITURES:							
Addison Theatre Centre	246,578	318,877	322,066	325,286	328,539	331,825	335,143
Conference Centre	796,479	200,977	946,506	965,436	975,090	984,841	994,690
General Hotel Operations	55,828	50,000	159,464	161,059	162,669	164,296	165,939
Marketing	618,006	1,113,915	1,125,054	1,136,305	1,147,668	1,159,144	1,170,736
Performing Arts	505,000	329,089	332,380	335,704	339,061	342,451	345,876
Special Events	606,660	2,229,981	2,469,788	2,494,486	2,519,431	2,544,625	2,570,071
Special Events Operations	762,666	931,773	941,091	950,502	960,007	969,607	979,303
TOTAL OPERATING EXPENDITURES	3,591,217	5,174,612	6,296,349	6,368,777	6,432,465	6,496,789	6,561,757
Fund transfer out	\$ 384,000	\$ 384,000	\$ 768,000	\$ 768,000	\$ 768,000	\$ 768,000	\$ 768,000
Capital Projects (Cash Funded)	31,762	-	-	-	-	-	-
TOTAL EXPENDITURES	4,006,979	5,558,612	7,064,349	7,136,777	7,200,465	7,264,789	7,329,757
ENDING FUND BALANCE	\$ 3,149,259	\$ 1,400,682	\$ 384,375	\$ (291,472)	\$ (829,445)	\$ (1,221,137)	\$ (1,496,590)
Ending balance as a % of expenditures	87.7%	27.1%	6.1%	-4.6%	-12.9%	-18.8%	-22.8%
Required ending fund balance	\$ 897,804	\$ 1,293,653	\$ 1,574,087	\$ 1,592,194	\$ 1,608,116	\$ 1,624,197	\$ 1,640,439
Positive (Negative) fund balance variance	\$ 2,251,455	\$ 107,029	\$ (1,189,713)	\$ (1,883,667)	\$ (2,437,561)	\$ (2,845,335)	\$ (3,137,029)

Option 2: Resume Limited-Service Operations

This option resumes facility operations with different service offerings:

- Reduced days of operation (Monday-Saturday, closed Sunday)
- Outsource catering and audio-visual services with revenue share
- 4 full-time staff

Staff hiring would begin in October 2021, with planned opening in January 2022. Bookings would be light in Q2 and would slowly increase through Q4.

	FY2022	FY2023
Estimated Revenue	\$237,360	\$378,320
Estimated Expense	\$617,614	\$629,966
Estimated Deficit	\$(380,254)	\$(251,646)

Option 2: Resume Limited-Service Operations

	Actual 2019-20	Estimated 2020-21	Budget 2021-22	Year 1 Projected 2022-23	Year 2 Projected 2023-24	Year 3 Projected 2024-25	Year 4 Projected 2025-26
BEGINNING BALANCE	\$ 3,449,095	\$ 3,149,259	\$ 1,400,682	\$ 662,779	\$ 239,906	\$ (68,904)	\$ (258,873)
REVENUES:							
Hotel/motel occupancy taxes (HOT)	3,240,946	3,000,000	4,570,500	4,799,025	4,942,996	5,091,286	5,244,024
Proceeds from special events	107,030	736,125	1,115,545	1,126,700	1,137,967	1,149,347	1,160,841
Conference Centre rental	233,183	-	237,360	378,320	397,236	417,098	423,354
Theatre Rental	68,781	23,810	24,048	24,289	24,531	24,777	25,025
Interest and other income	57,203	50,100	50,100	50,100	50,100	50,100	50,100
TOTAL REVENUES	\$3,707,143	\$3,810,035	\$5,997,553	\$6,378,434	\$6,552,831	\$6,732,607	\$6,903,344
EXPENDITURES:							
Addison Theatre Centre	246,578	318,877	322,066	325,286	328,539	331,825	335,143
Conference Centre	796,479	200,977	617,614	629,966	636,266	642,628	649,055
General Hotel Operations	55,828	50,000	159,464	161,059	162,669	164,296	165,939
Marketing	618,006	1,113,915	1,125,054	1,136,305	1,147,668	1,159,144	1,170,736
Performing Arts	505,000	329,089	332,380	335,704	339,061	342,451	345,876
Special Events	606,660	2,229,981	2,469,788	2,494,486	2,519,431	2,544,625	2,570,071
Special Events Operations	762,666	931,773	941,091	950,502	960,007	969,607	979,303
TOTAL OPERATING EXPENDITURES	3,591,217	5,174,612	5,967,457	6,033,307	6,093,640	6,154,576	6,216,122
Fund transfer out	\$ 384,000	\$ 384,000	\$ 768,000	\$ 768,000	\$ 768,000	\$ 768,000	\$ 768,000
Capital Projects (Cash Funded)	31,762	-	-	-	-	-	-
TOTAL EXPENDITURES	4,006,979	5,558,612	6,735,457	6,801,307	6,861,640	6,922,576	6,984,122
ENDING FUND BALANCE	\$ 3,149,259	\$ 1,400,682	\$ 662,779	\$ 239,906	\$ (68,904)	\$ (258,873)	\$ (339,651)
Ending balance as a % of expenditures	87.7%	27.1%	11.1%	4.0%	-1.1%	-4.2%	-5.5%
Required ending fund balance	\$ 897,804	\$ 1,293,653	\$ 1,491,864	\$ 1,508,327	\$ 1,523,410	\$ 1,538,644	\$ 1,554,031
Positive (Negative) fund balance variance	\$ 2,251,455	\$ 107,029	\$ (829,086)	\$ (1,268,421)	\$ (1,592,314)	\$ (1,797,517)	\$ (1,893,682)

Option 3: Extend Temporary Closure

This option continues the temporary closure of the facility for another year:

- No rentals or public use of facility.
- Continued use for special events and internal meetings.

Facility status would be reevaluated during the FY2023 budgeting process.

	FY2022	FY2023
Estimated Revenue	\$0	TBD
Estimated Expense	\$199,338	TBD
Estimated Deficit	\$(199,338)	TBD

Option 3: Extend Temporary Closure

	Actual 2019-20	Estimated 2020-21	Budget 2021-22	Year 1 Projected 2022-23	Year 2 Projected 2023-24	Year 3 Projected 2024-25	Year 4 Projected 2025-26
BEGINNING BALANCE	\$ 3,449,095	\$ 3,149,259	\$ 1,400,682	\$ 843,695	\$ 471,136	\$ 198,012	\$ 28,195
REVENUES:							
Hotel/motel occupancy taxes (HOT)	3,240,946	3,000,000	4,570,500	4,799,025	4,942,996	5,091,286	5,244,024
Proceeds from special events	107,030	736,125	1,115,545	1,126,700	1,137,967	1,149,347	1,160,841
Conference Centre rental	233,183	-	-	-	-	-	-
Theatre Rental	68,781	23,810	24,048	24,289	24,531	24,777	25,025
Interest and other income	57,203	50,100	50,100	50,100	50,100	50,100	50,100
TOTAL REVENUES	\$3,707,143	\$3,810,035	\$5,760,193	\$6,000,114	\$6,155,595	\$6,315,510	\$6,479,989
EXPENDITURES:							
Addison Theatre Centre	246,578	318,877	322,066	325,286	328,539	331,825	335,143
Conference Centre	796,479	200,977	199,338	201,331	203,345	205,378	207,432
General Hotel Operations	55,828	50,000	159,464	161,059	162,669	164,296	165,939
Marketing	618,006	1,113,915	1,125,054	1,136,305	1,147,668	1,159,144	1,170,736
Performing Arts	505,000	329,089	332,380	335,704	339,061	342,451	345,876
Special Events	606,660	2,229,981	2,469,788	2,494,486	2,519,431	2,544,625	2,570,071
Special Events Operations	762,666	931,773	941,091	950,502	960,007	969,607	979,303
TOTAL OPERATING EXPENDITURES	3,591,217	5,174,612	5,549,181	5,604,672	5,660,719	5,717,326	5,774,499
Fund transfer out	\$ 384,000	\$ 384,000	\$ 768,000	\$ 768,000	\$ 768,000	\$ 768,000	\$ 768,000
Capital Projects (Cash Funded)	31,762	-	-	-	-	-	-
TOTAL EXPENDITURES	4,006,979	5,558,612	6,317,181	6,372,672	6,428,719	6,485,326	6,542,499
ENDING FUND BALANCE	\$ 3,149,259	\$ 1,400,682	\$ 843,695	\$ 471,136	\$ 198,012	\$ 28,195	\$ (34,315)
Ending balance as a % of expenditures	87.7%	27.1%	15.2%	8.4%	3.5%	0.5%	-0.6%
Required ending fund balance	\$ 897,804	\$ 1,293,653	\$ 1,387,295	\$ 1,401,168	\$ 1,415,180	\$ 1,429,332	\$ 1,443,625
Positive (Negative) fund balance variance	\$ 2,251,455	\$ 107,029	\$ (543,601)	\$ (930,032)	\$ (1,217,168)	\$ (1,401,136)	\$ (1,477,940)

Option 4: Repurpose Facility

This option would direct staff to explore alternate uses for the facility and return to Council with additional information. In the meantime, the facility would remain closed to the public and available to Addison staff for meetings and trainings.

Estimated costs would depend on the nature of the alternate uses, need for facility renovation, and required staffing levels.

Questions

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