

**Contact: Brad Berg**

**IOWA STATE CENTER ANNUAL REPORT FOR FY 2006**

**Action Requested:** Receive the annual report on the Iowa State Center for the year ended June 30, 2006.

**Executive Summary:** The Iowa State Center includes the operations of Hilton Coliseum, Stephens Auditorium, Fisher Theater, and the Scheman Building, as well as other outdoor activities including stadium concerts, barbecues, and dances. Spectator Management Group (SMG) is responsible for the comprehensive management of the Iowa State Center, including but not limited to financial, human resource, operating, marketing, and programming services. The SMG management agreement was extended through June 30, 2011.

**Annual Report**

The University provided an operating subsidy of \$1.5 million which was \$0.3 million more than FY 2005. Concessions, catering and novelty receipts of \$2.8 million were the largest revenue source making up 41.3% of total operating revenues. Other revenue sources include building and equipment rent, reimbursed costs, C.Y. Stephens Series, advertising, public facility maintenance surcharge, ticket handling, and promotions.

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating Revenues	\$7,125,806	\$7,273,284	\$7,543,243	\$6,856,298	\$6,755,035
Non-operating Revenues	135,653	115,227	69,682	82,600	69,730
Operating Transfers	<u>1,332,719</u>	<u>1,105,640</u>	<u>910,881</u>	<u>1,199,130</u>	<u>1,539,449</u>
Total	\$8,594,178	\$8,494,151	\$8,523,806	\$8,138,028	\$8,364,214
Operating Expenses	\$8,594,178	\$8,494,151	\$8,523,806	\$8,138,028	\$8,364,214

**Conference Services**

The increase in conference revenue generated per room sold counteracted the decline in the number of rooms sold resulting in meeting room revenue exceeding the budget by \$5,126.

	<u>Budget/Goals</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>
Rooms Sold	3,774	3,291	(483)	-12.8%
Revenue/Room Sold	\$ 267.92	\$ 308.49	\$ 41	15.1%
Meeting Room Revenue	\$ 1,011,123	\$ 1,016,249	\$ 5,126	0.5%
			\$	
Total Scheman Revenue	\$ 1,244,059	\$ 1,204,295	(39,764)	-3.2%
Scheman Net Gain/(Loss)	\$ (259,092)	\$ (227,385)	\$ 31,707	-12.2%

**Programming**

The Center hosted 11 concerts and special events, up from 9 in FY 2005, with combined total ticket sales of \$850,000 (\$2.3 million in FY 2005).

The Season at Stephens consisted of 18 attractions and 21 performances with ticket sales revenue totaling \$554,217 falling short of the \$661,000 revenue goal. The University states that final ticket sales revenue was affected by the Iowa economy, winter weather, and increased competition.

The Martha-Ellen Tye Performing Arts Institute Creative Connection series, which consisted of 10 shows and 16 performances, provided arts outreach to an audience of over 13,000 kindergarten through grade 12 students from one third of Iowa's 99 counties. Ticket scholarships were awarded to 2,672 students who participate in the federally funded school lunch program. The scholarships were valued at \$10,688 and help guarantee access to the arts for all students.

Management Fees

The management agreement with SMG established an annual fee of \$120,000 subject to annual adjustments and a 10% commission on net concessions and merchandise sales, limited to the amount of the management fee for that year. The following table shows fees for the past five years.

<u>Fiscal Year</u>	<u>Management Fee (net)</u>	<u>Commission Fee</u>	<u>Total Fees</u>
2002	\$122,500	\$111,560	\$234,060
2003	120,840	120,840	241,680
2004	123,281	123,281	246,562
2005	125,376	106,680	232,056
2006	127,958	85,517	213,475

Concession Sales

The net return for concession sales, after the concessions commission payment, has fluctuated over the years from 27.0% in FY 1987 (the benchmark year), to a high of 52.4% in FY 1995, to 17.4% in FY 2006. The University reports the lower net return was due to contemporary events selecting the new Des Moines arena over Hilton Coliseum and the resulting loss of high ancillary revenues generated from these events.

<u>Fiscal Year</u>	<u>Gross Sales</u>	<u>Net Concessions</u>	<u>Net Return</u>
1987 <sup>1</sup>	\$ 440,359	\$ 118,897	27.0%
1988 <sup>2</sup>	\$ 762,734	\$ 221,193	29.0%
1989	\$ 616,050	\$ 234,099	38.0%
1990	\$ 746,020	\$ 331,233	44.4%
1991	\$ 923,272	\$ 433,938	47.0%
1992	\$ 850,686	\$ 401,524	47.2%
1993	\$ 985,931	\$ 430,852	43.7%
1994	\$ 889,511	\$ 426,076	47.9%
1995	\$ 1,233,487	\$ 646,347	52.4%
1996	\$ 1,092,144	\$ 560,270	51.3%
1997	\$ 1,207,370	\$ 650,042	53.8%
1998	\$ 952,891	\$ 388,213	40.7%
1999	\$ 1,288,683	\$ 597,699	46.4%
2000	\$ 1,209,319	\$ 479,160	39.6%
2001	\$ 1,175,903	\$ 459,125	39.0%
2002 <sup>3</sup>	\$ 1,179,981	\$ 416,743	35.3%
2003	\$ 1,424,136	\$ 570,747	40.1%
2004	\$ 1,408,117	\$ 538,081	38.2%
2005	\$ 1,125,677	\$ 357,673	31.8%
2006	\$ 916,040	\$ 158,958	17.4%

<sup>1</sup>Benchmark year

<sup>2</sup>Ogden contract effective 1988

<sup>3</sup>SMGcontract effective June 2001

Attendance

FY 2006 attendance at the Iowa State Center was the lowest on record. The popular entertainment events with high attendance migrated to the new arena in Des Moines. Hilton Coliseum experienced stagnant growth in actual attendance at men's and women's basketball games for the fourth consecutive year.

<u>Fiscal Year</u>	<u>Total Attendance</u>	<u>Fiscal Year</u>	<u>Total Attendance</u>
1987 <sup>1</sup>	859,771	1997	895,523
1988 <sup>2</sup>	944,793	1998	861,766
1989	894,063	1999	1,052,777
1990	918,491	2000	1,101,452
1991	806,184	2001	873,738
1992	835,207	2002 <sup>3</sup>	919,368
1993	972,858	2003	853,779
1994	808,943	2004	792,774
1995	1,005,181	2005	778,049
1996	905,408	2006 <sup>4</sup>	699,557

<sup>1</sup>Benchmark year

<sup>2</sup>Ogden contract effective February 1988

<sup>3</sup>SMG contract effective June 2001

<sup>4</sup>Does not include Brunnier Art & Farm House Museums beginning in 2006

Employment Opportunities

During FY 2006, the Iowa State Center continued to provide employment opportunities for an average of 271 part-time employees (60% ISU students) per pay period with an aggregate part-time payroll of \$1,049,464.

Initiatives

Initiatives during the year addressed Center event generation/booking opportunities, marketing, and training of part-time employees. These included the:

- Development of multi-year proposals to secure the All State Music Festival, Iowa Music Educators Association, and the All State Speech Contest.
- Training of 936 part-time employees in 212 training sessions.
- Release of a newly designed Iowa State Center website that included an event calendar for Hilton Coliseum, Stephens Auditorium, and Fisher Theater.

Subsequent Events

During the month of July 2006, construction projects in Hilton Coliseum included refurbishment of all permanent seats, removal and replacement of the building primary electrical service, new scoreboard, video board, and sound system. These projects were accomplished with collaboration between ISU Facilities Planning and Management, ISU Purchasing, Center staff, and the contractors.