

Smaller crowds at O's games hurting stadium authority's bottom line

POSTED: 6:32 PM FRI, MARCH 5, 2010

BY [LIZ FARMER](#)

DAILY RECORD BUSINESS WRITER

Revenue declining at MSA

Lower attendance at Orioles games hurting authority's bottom line

BY LIZ FARMER

liz.farmer@mddailyrecord.com

ANNAPOLIS — Times may be tight, but the state agency that oversees many of Maryland's entertainment and sporting facilities believes it can make up the difference by continuing to attract more high-profile events to Baltimore.

The Maryland Stadium Authority, which manages Camden Yards and M&T Bank Stadium, will likely be getting roughly the same operating budget from the state for fiscal 2011 as it did this year, save a \$15.7 million reduction from non-budgeted funds that was for one-time capital expenditures this fiscal year. The state money goes toward debt service on facilities.

Meanwhile, the agency is facing declines in revenue from catering events held at the stadium and ballpark and decreases in rent payments from its tenants.

"It's been a very challenging year, for sure," stadium authority Chairman John Morton III told a Senate Budget and Taxation subcommittee at the agency's budget hearing Friday. "Despite those challenges, we've come through and met our objectives."

The number of catered events held at the ballpark and stadium during fiscal 2009 fell to 205 from 260 the year before, while revenue fell more than 11 percent to \$560,000 for the year. The agency's fiscal year runs from July 1 through June 30. The stadium authority expects to add 25 more events this fiscal year, but projects its revenue will decrease further to \$525,000.

The agency's revenue was also hurt by declining attendance at events. Rent from the Orioles decreased this year by roughly \$500,000 because the calculation for rent payments is based in part on ballpark attendance, which has steadily declined over the past decade. Admissions and amusement tax revenue paid to the agency by the state also decreased by \$300,000 last year because of lagging attendance.

But officials pointed to the rise in special sporting event revenue that they said is helping keep the agency afloat.

The agency's revenue from nonprofessional sporting events jumped by 42 percent in fiscal 2009 to \$664,000.

As a result, the stadium authority was able to pay \$2 million to the state in rent, which the agency does when it has a revenue surplus after its budgeted expenses.

“This is only the fourth time in 24 years that the Maryland Stadium Authority has been able to pay cash rent,” said Morton. “We hope that as we generate additional funds in future activities we’ll be able to do this again in years to come.”

The agency predicts its revenue this year (thanks to events like last summer’s sold-out soccer match between England’s Chelsea Football Club and Italy’s AC Milan) will increase by another 13 percent to \$750,000.

The agency also says it will cut back on expenses this year and is knocking off roughly \$10 million from its planned capital expenditures. It will spend \$24 million on projects that include replacing the video boards at M&T Bank Stadium, improving energy efficiency at Camden Yards and upgrades to the Camden Yards warehouse.

Executive Director Michael Frenz said maintaining the warehouse (which has a 96 percent occupancy rate) for its business tenants was not only for safety but for goodwill.

“The occupancy rate, as high as it is, we feel we need to do that work to keep this a first-class office space,” he said. “Because we feel that if we lose these tenants, it could be a very long time before we replace them.”