

Angel Of The Winds Arena/Everett Public Facilities District

2020 Financial Summary

2020 saw a decrease for the District in generating net income compared to budget because of the Covid-19 pandemic. Operating income for the facility was a loss of \$1,299,461, which was a decrease from budget by \$1,125,595. This was \$1,419,304 lower than 2019's operating income figure of \$119,843. Operating revenues were down from budget by \$7,850,816 and from 2019 by \$10,489,529 due to the pandemic eliminating most events starting in March throughout the remainder of the year 2021. The District booked one significant revenue item in 2020, which was a CARES Grant in the amount of \$250,000 awarded by the County for Covid-19 related expenditures. This significant one-time 2020 revenue item helped to keep the overall loss due to the pandemic down. The only revenue category that showed improvement in 2020 against budget were Facility Rentals, mainly due to the facility being unable to host public events and instead leasing the facility to the County to use as a quarantine and isolation site. Compared to 2019 operating results, there was a decrease in all key categories.

Non-event related expenses were down by \$1,549,425 from the 2020 budget and down \$1,036,147 from 2019. The largest decreases were in the salaries/benefits (with furloughed employees being laid off later in the year and vacant positions throughout the year) and utility expense categories (with less usage of the facilities).

Non-operating revenues for the District were up \$11,985 from the 2020 budget, but \$407,552 lower than 2019 before the \$3,826,011 recognition of Debt Reduction due to the City Bond refinancing. The District saw slightly decreased revenues in 2020 from City sales tax, but the County sales taxes increased compared to the prior year. Admission taxes saw a decrease of \$397,785 from 2019 with only three months of ticketed events in 2020. Interest expense was down versus budget due to decreased interest rates but up versus 2019 due to increased interest expense related to the City Bond refinancing.

Combining operating income and district income resulted in a net increase in assets of \$465,471 for 2020 prior to depreciation. This was down \$1,113,610 from the 2020 plan and down \$5,652,867 from 2019 results mainly caused by the \$3,826,011 reduction of debt and strong operating results.

2020 Event Highlights

Silvertips – The Everett Silvertips continued to excel both on and off the ice. The Everett Silvertips continued their streak of earning a spot in the playoffs in each year of the franchise's existence and were challenging for first place in the entire Western Hockey League before the season was cut short due to the pandemic. Sales and attendance remained strong and were continuing to grow.

USTA Fed Cup – this international tennis event featuring the best female tennis players from the United States and Latvia was the highest grossing event in its history and we saw sold-out crowds throughout the event as well as an international television audience.

The 2020 event calendar was lining up to be the most successful in the facility's history including concerts by Cher and Camila Cabello, and spectacle events such as Cirque du Soleil and Jurassic World. While the pandemic caused these events to cancel, we believe the facility will see increased event activity once it reopens fully.

Capital

The largest capital purchase during the year for the building was the Retractable Seating replacement on the north and south side of the building that was installed over the summer. This multi-phase project is now complete and was made possible by the several contributions from Snohomish County. In addition, we installed an air filtration system and a cooling tower, and replaced the outdated telephone system.

Other

During 2020, the EPFD Board renewed its venue management agreement with Spectra Venue Management for an initial term of ten years. The agreement includes a \$1,200,000 investment by Spectra over the term.

While the District lost out on over \$2 million of event related income, based on steady government revenue streams, loyal sponsors, and our ability to reduce expenses, we were able to shave the overall loss to just over \$1 million and maintain cash flow positivity.