



1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel (808) 943-3500
kelepa'i fax (808) 943-3599
kahua pa'a web hawaii-convention.com

ASM
HAWAI'I CONVENTION CENTER
FACILITY BUDGET
FY25

July 15, 2024

Hawai'i Convention Center

Facility Budget

FY25

July 15, 2024

Four years post the COVID-19 pandemic, the Hawaii Convention Center (HCC) is exceeding pre-pandemic event count levels, however, there is a disparity in where the business and revenue are coming from. Pre-pandemic citywide events played the majority role in revenue generation; however, the local market is currently leading in revenue generation.

Revenue

During FY25 we are budgeting for 237 events, including 17 citywide and 220 local events. The 17 citywide events include associations, corporate and sporting events. These 17 citywide events are budgeted to generate revenues of \$10.1M, \$1.6M more than what was budgeted for FY24 and \$1.9M higher than the pre-pandemic level of \$8.2M in 2019. It should also be noted that the FY25 budget includes 2 international events. The international market continues to remain soft since the pandemic however we are seeing more inquiries from Japan from wholesaler partners JTB and HIS. We continue to work with the Hawaii Visitors Convention Bureau, Hawaii Tourism Authority and partners to assist in increasing growth in all markets.

Local sales include small local meetings, banquets, concerts, festivals, tradeshow, and sporting events. In FY25, the 220 local events are slated to generate \$12.5M, \$2.6M more than what was budgeted for FY24 and \$4.0M higher than the pre-pandemic level of \$8.5M in 2019.

Total gross revenues budgeted for FY25 is \$24.1M compared to the FY24 actual of \$28.8M and the FY24 budget of \$18.5M.

Expenses

Total gross expenses budgeted for FY25 amounts to \$27.4M compared to the FY24 actual of \$25.5M and the FY24 budget of \$23.8M.

The increase in expenses is primarily due to the following:

1. Facility Salaries & Wages. The positions included in the budget are necessary to maintain service standards. As we have done historically, we will only hire new staff as warranted by business needs.
 - a. FTE count increases by 18.71 to 98.82 in the FY25 budget.
 - 2 FTE's, Maintenance Mechanics, necessary due to aging facility and CIP project support
 - 1 FTE, Housekeeping Supervisor
 - 6 FTE's, Security Officers (currently using staffing agency to fill)
 - 1.22 FTE's, Event Security Officers, based upon the needs of event requirements.
 - 1 FTE, Events Operations Manager, as assistance needed to oversee new Event Managers and events.

- 6 FTE's, Facilities Cooperators-(currently using staffing agency to fill)
 - 0.5 FTE, Facilities Receiving Specialist
- b. Salary adjustments for managers in Landscaping (1), Events (4) and Facility (1) to market rates, for employee retention and increases in event activity over long hours.
 - c. Wage adjustments for hourly Housekeeping (11), Landscaping (5), Facilities (8) staff adjusting supervisors to \$45k annually and their staff to \$40k annually commensurate to market rates and for employee retention.
 - d. 4% merit increase for all staff.
2. Increases commensurate with increase in event needs, rate increases, inflation, aging facility:
 - a. General & Administrative
 - a. Increase in credit card discounts expense as more businesses are paying via CC post COVID.
 - b. Increase in employee relations activities elevating to pre COVID activities and amount.
 - b. Repairs and Maintenance
 - a. Includes additional \$100k for standby elevator escalator services during citywide/large events. Escalators have been going off-line during events due to age of units exceeding their useful life, repairs and maintenance is constant. We need standby labor to ensure units are operational during large movements for the success of their programs.
 - b. Includes annual rate increases from vendors under contracts (elevator/escalator, HVAC, housekeeping equipment, software agreements)
 - c. Utilities increases based upon historical information, event needs and rate increases.
 3. F&B Overhead.
 - a. F&B FTE count increases by 2.5 to 18.5 in the FY25 budget.
 - 1 FTE, Assistant General Manager F&B, necessary to support F&B Operations
 - 1 FTE, F&B Operations Supervisor, necessary due to increase in event activity.
 - 0.5 FTE, Receiving Specialist, necessary due to increase in event activity.
 - b. 4% merit increase for all staff.
 - c. Increases in operational supplies for F&B commensurate with increase in events, rate increases, inflation.

Net Loss

The net loss for FY25 amounts to \$3.2M compared to the FY24 actual net income of \$3.4M and the net loss budgeted in FY24 of \$5.3M. While the increase in event count levels is positive, it is the citywide events and market mix of events that drive stronger financial results for both the State and HCC. In FY25 we have had 4 less city-wide events, including 3 less corporate events, which is contributing to the softer year over year gross revenue and bottom-line numbers in FY25.

HAWAII CONVENTION CENTER
 JULY 1, 2024 TO JUNE 30, 2025
 Lead Income Statement

	Total
Event Income	
Direct Event Income	
Rental Income	4,022,600
Service Income	1,859,900
Service Expenses	<u>(2,776,400)</u>
Total Direct Event Income	<u>3,106,100</u>
Ancillary Income	
Gross F&B Revenue	14,739,500
Direct F&B Expenses	(5,854,700)
Gross Parking	1,292,000
Parking Expense	(235,900)
Electrical Service	111,200
A/V Service	502,900
Internet Service	43,000
Rigging Service	48,500
Total Ancillary Income	<u>10,646,501</u>
Total Event Income	<u>13,752,600</u>
Other Income	
Parking, Non-Event	6,000
Interest	1,464,000
Miscellaneous Income	78,800
Total Other Income	<u>1,548,800</u>
Adjusted Gross Income	<u>15,301,400</u>
Operating Expenses	
Facility Salaries & Wages	6,293,200
Benefits	2,231,000
Less: Event Labor Allocations	<u>(900,600)</u>
Net Employee Wages & Benefit	7,623,600
Contracted Services	2,319,500
General & Administrative	413,700
Operations	137,100
Repair & Maintenance	1,403,300
Supplies	539,500
Insurance	354,400
Utilities	3,525,500
Other	47,400
Management Fees	476,000
F&B Overhead Expense	3,265,400
Less: Expenses Allocated	<u>(1,875,800)</u>
Total Operating Expenses	<u>18,229,600</u>
Net Income (Loss) From Operation:	<u>(2,928,200)</u>
Other Income (Expenses)	<u>(13,800)</u>
Net Income After Other Income (E)	<u>(2,942,000)</u>
Fixed Asset Purchases	<u>(300,000)</u>
Net Income (Loss) after Fixed Asse	<u>(3,242,000)</u>
Gross Building Revenues	9,428,900
Gross Building Expenses	<u>18,290,300</u>
Building Net Income (Loss)	<u>(8,861,400)</u>
Gross F&B Revenues	14,739,500
Gross F&B Expenses	<u>9,120,100</u>
F&B Net Income (Loss)	<u>5,619,400</u>
Facility Net Cash Flow	<u>(3,242,000)</u>
Total Gross Revenues	24,168,400
Total Gross Expenses	<u>27,410,400</u>
Total Facility Net Cash Flow	<u>(3,242,000)</u>

HAWAII CONVENTION CENTER
 JULY 1, 2024 TO JUNE 30, 2025
 Lead Income Statement - Comparison

	FY 2024 Actual				FY 2024 Budget		
	Prior Year	Variance More / (Less)	Percentage Change Increase (Decrease)	Prior Year	Variance More / (Less)	Percentage Change Increase (Decrease)	
Total							
Event Income							
Direct Event Income							
Rental Income	4,022,600	4,682,908	(660,309)	-14%	3,921,900	100,700	3%
Service Income	1,859,900	1,942,994	(83,094)	-4%	993,600	866,300	87%
Service Expenses	(2,776,400)	(3,392,722)	616,322	-18%	(2,514,270)	(262,130)	10%
Total Direct Event Income	3,106,100	3,233,180	(127,080)	-4%	2,401,230	704,870	29%
Ancillary Income							
Gross F&B Revenue	14,739,500	17,855,872	(3,116,372)	-17%	11,501,500	3,238,000	28%
Direct F&B Expenses	(5,854,700)	(6,825,744)	971,044	-14%	(5,452,200)	(402,500)	7%
Gross Parking	1,292,000	1,420,238	(128,238)	-9%	1,337,300	(45,300)	-3%
Parking Expense	(235,900)	(177,854)	(58,046)	33%	(210,400)	(25,500)	12%
Electrical Service	111,200	198,363	(87,163)	-44%	131,800	(20,600)	-16%
A/V Service	502,900	997,589	(494,689)	-50%	415,300	87,600	21%
Internet Service	43,000	67,996	(24,996)	-37%	10,100	32,900	326%
Rigging Service	48,500	112,812	(64,312)	-57%	43,000	5,500	13%
Total Ancillary Income	10,646,501	13,649,272	(3,002,772)	-22%	7,776,400	2,870,101	37%
Total Event Income	13,752,600	16,882,452	(3,129,852)	-19%	10,177,630	3,574,970	35%
Other Income							
Parking, Non-Event	6,000	5,455	545	10%	5,200	800	15%
Interest	1,464,000	1,530,445	(66,445)	-4%	60,000	1,404,000	2340%
Miscellaneous Income	78,800	80,286	(1,486)	-2%	60,500	18,300	30%
Total Other Income	1,548,800	1,616,186	(67,386)	-4%	125,700	1,423,100	1132%
Adjusted Gross Income	15,301,400	18,498,638	(3,197,238)	-17%	10,303,330	4,998,070	49%
Operating Expenses							
Facility Salaries & Wages	6,293,200	4,872,490	1,420,710	29%	5,242,700	1,050,500	20%
Benefits	2,231,000	1,651,771	579,229	35%	1,643,300	587,700	36%
Less: Event Labor Allocations	(900,600)	(1,020,821)	120,221	-12%	(735,300)	(165,300)	22%
Net Employee Wages & Benefit	7,623,600	5,503,440	2,120,160	39%	6,150,700	1,472,900	24%
Contracted Services	2,319,500	3,032,504	(713,004)	-24%	2,197,550	121,950	6%
General & Administrative	413,700	410,840	2,860	1%	312,500	101,200	32%
Operations	137,100	151,573	(14,473)	-10%	120,900	16,200	13%
Repair & Maintenance	1,403,300	1,005,692	397,608	40%	1,259,550	143,750	11%
Supplies	539,500	408,172	131,328	32%	507,900	31,600	6%
Insurance	354,400	240,184	114,216	48%	244,800	109,600	45%
Utilities	3,525,500	3,194,189	331,311	10%	3,161,300	364,200	12%
Other	47,400	16,336	31,064	190%	47,400	-	0%
Management Fees	476,000	466,400	9,600	2%	466,400	9,600	2%
F&B Overhead Expense	3,265,400	2,798,954	466,446	17%	2,635,900	629,500	24%
Less: Expenses Allocated	(1,875,800)	(2,459,753)	583,953	-24%	(1,778,970)	(96,830)	5%
Total Operating Expenses	18,229,600	14,768,531	3,461,070	23%	15,325,930	2,903,671	19%
Net Income (Loss) From Operation:	(2,928,200)	3,730,107	6,658,307	179%	(5,022,600)	(2,094,400)	42%
Other Income (Expenses)	(13,800)	(116,021)	(102,221)	88%	(9,800)	4,000	-41%
Net Income After Other Income (E)	(2,942,000)	3,614,086	6,556,086	181%	(5,032,400)	(2,090,400)	42%
Fixed Asset Purchases	(300,000)	(214,728)	85,272	40%	(300,000)	-	0%
Net Income (Loss) after Fixed Asse	(3,242,000)	3,399,358	6,641,358	195%	(5,332,400)	(2,090,400)	39%
Gross Building Revenues	9,428,900	11,039,086	(1,610,187)	-15%	6,978,700	2,450,200	35%
Gross Building Expenses	18,290,300	15,870,902	2,419,398	15%	15,724,500	2,565,800	16%
Building Net Income (Loss)	(8,861,400)	(4,831,816)	4,029,584	83%	(8,745,800)	115,600	1%
Gross F&B Revenues	14,739,500	17,855,872	(3,116,372)	-17%	11,501,500	3,238,000	28%
Gross F&B Expenses	9,120,100	9,624,698	(504,598)	-5%	8,088,100	1,032,000	13%
F&B Net Income (Loss)	5,619,400	8,231,174	(2,611,774)	-32%	3,413,400	2,206,000	65%
Facility Net Cash Flow	(3,242,000)	3,399,358	6,641,358	195%	(5,332,400)	(2,090,400)	39%
Total Gross Revenues	24,168,400	28,894,958	(4,726,558)	-16%	18,480,200	5,688,200	31%
Total Gross Expenses	27,410,400	25,495,600	1,914,800	8%	23,812,600	3,597,800	15%
Total Facility Net Cash Flow	(3,242,000)	3,399,358	6,641,358	195%	(5,332,400)	(2,090,400)	39%

HAWAII CONVENTION CENTER
JULY 1, 2024 TO JUNE 30, 2025

Lead Income Statement - Comparison

	Two Years				Three Years		
	Total	FY 2023 Actual	Variance More / (Less)	Percentage Change Increase (Decrease)	Prior FY 2022 Actual	Variance More / (Less)	Percentage Change Increase (Decrease)
Event Income							
Direct Event Income							
Rental Income	4,022,600	3,055,819	966,781	32%	2,365,179	1,657,421	70%
Service Income	1,859,900	1,389,908	469,992	34%	1,232,534	627,366	51%
Service Expenses	(2,776,400)	(2,257,324)	519,076	-23%	(1,684,541)	1,091,859	-65%
Total Direct Event Income	3,106,100	2,188,403	917,697	42%	1,913,172	1,192,928	62%
Ancillary Income							
Gross F&B Revenue	14,739,500	7,901,374	6,838,126	87%	2,399,123	12,340,377	514%
Direct F&B Expenses	(5,854,700)	(3,542,586)	2,312,114	-65%	(1,184,338)	4,670,362	-394%
Gross Parking	1,292,000	1,275,005	16,995	1%	832,652	459,348	55%
Parking Expense	(235,900)	(174,271)	61,629	-35%	(109,774)	126,126	-115%
Electrical Service	111,200	58,772	52,428	89%	38,968	72,232	185%
A/V Service	502,900	550,713	(47,813)	-9%	157,293	345,607	220%
Internet Service	43,000	1,831	41,169	2248%	-	43,000	0%
Rigging Service	48,500	77,339	(28,839)	-37%	152,502	(104,002)	-68%
Total Ancillary Income	10,646,501	6,148,177	4,498,324	73%	2,286,426	8,360,075	366%
Total Event Income	13,752,600	8,336,580	5,416,020	65%	4,199,598	9,553,002	227%
Other Income							
Parking, Non-Event	6,000	4,098	1,902	46%	6,508	(508)	-8%
Interest	1,464,000	62,235	1,401,765	2252%	6,438	1,457,562	22640%
Miscellaneous Income	78,800	69,389	9,411	14%	65,508	13,292	20%
Total Other Income	1,548,800	135,722	1,413,078	1041%	78,454	1,470,346	1874%
Adjusted Gross Income	15,301,400	8,472,302	6,829,098	81%	4,278,052	11,023,348	258%
Operating Expenses							
Facility Salaries & Wages	6,293,200	3,479,244	2,813,956	81%	2,949,071	3,344,129	113%
Benefits	2,231,000	1,318,016	912,984	69%	1,136,638	1,094,362	96%
Less: Event Labor Allocations	(900,600)	(629,115)	(271,485)	43%	(735,466)	(165,134)	22%
Net Employee Wages & Benefit	7,623,600	4,168,145	3,455,455	83%	3,350,243	4,273,357	128%
Contracted Services	2,319,500	2,420,464	(100,964)	-4%	1,326,367	993,133	75%
General & Administrative	413,700	233,420	180,280	77%	106,691	307,009	288%
Operations	137,100	121,681	15,419	13%	99,481	37,619	38%
Repair & Maintenance	1,403,300	1,151,901	251,399	22%	828,083	575,217	69%
Supplies	539,500	373,367	166,133	44%	274,322	265,178	97%
Insurance	354,400	190,368	164,032	86%	145,374	209,026	144%
Utilities	3,525,500	2,899,320	626,180	22%	2,241,194	1,284,306	57%
Other	47,400	6,941	40,459	583%	9,106	38,294	421%
Management Fees	476,000	456,800	19,200	4%	335,400	140,600	42%
F&B Overhead Expense	3,265,400	1,896,657	1,368,743	72%	1,102,279	2,163,121	196%
Less: Expenses Allocated	(1,875,800)	(1,795,557)	(80,243)	4%	(1,064,109)	(811,691)	76%
Total Operating Expenses	18,229,600	12,123,507	6,106,094	50%	8,754,431	9,475,170	108%
Net Income (Loss) From Operation:	(2,928,200)	(3,651,205)	(723,005)	20%	(4,476,379)	(1,548,179)	35%
Other Income (Expenses)	(13,800)	(87,928)	(74,128)	84%	(39,910)	(26,110)	65%
Net Income After Other Income (E)	(2,942,000)	(3,739,133)	(797,133)	21%	(4,516,289)	(1,574,289)	35%
Fixed Asset Purchases	(300,000)	(226,541)	73,459	32%	(69,557)	230,443	331%
Net Income (Loss) after Fixed Asse	(3,242,000)	(3,965,674)	(723,674)	-18%	(4,585,846)	(1,343,846)	29%
Gross Building Revenues							
Gross Building Revenues	9,428,900	6,545,109	2,883,791	44%	4,857,582	4,571,318	94%
Gross Building Expenses	18,290,300	12,972,914	5,317,386	41%	9,555,934	8,734,366	91%
Building Net Income (Loss)	(8,861,400)	(6,427,805)	2,433,595	38%	(4,698,352)	4,163,048	89%
Gross F&B Revenues							
Gross F&B Revenues	14,739,500	7,901,374	6,838,126	87%	2,399,123	12,340,377	514%
Gross F&B Expenses	9,120,100	5,439,243	3,680,857	68%	2,286,617	6,833,483	299%
F&B Net Income (Loss)	5,619,400	2,462,131	3,157,269	128%	112,506	5,506,894	4895%
Facility Net Cash Flow	(3,242,000)	(3,965,674)	(723,674)	18%	(4,585,846)	(1,343,846)	29%
Total Gross Revenues	24,168,400	14,446,483	9,721,917	67%	7,256,705	16,911,695	233%
Total Gross Expenses	27,410,400	18,412,157	8,998,243	49%	11,842,551	15,567,849	131%
Total Facility Net Cash Flow	(3,242,000)	(3,965,674)	(723,674)	18%	(4,585,846)	(1,343,846)	29%