



Convention Center

June 14, 2011

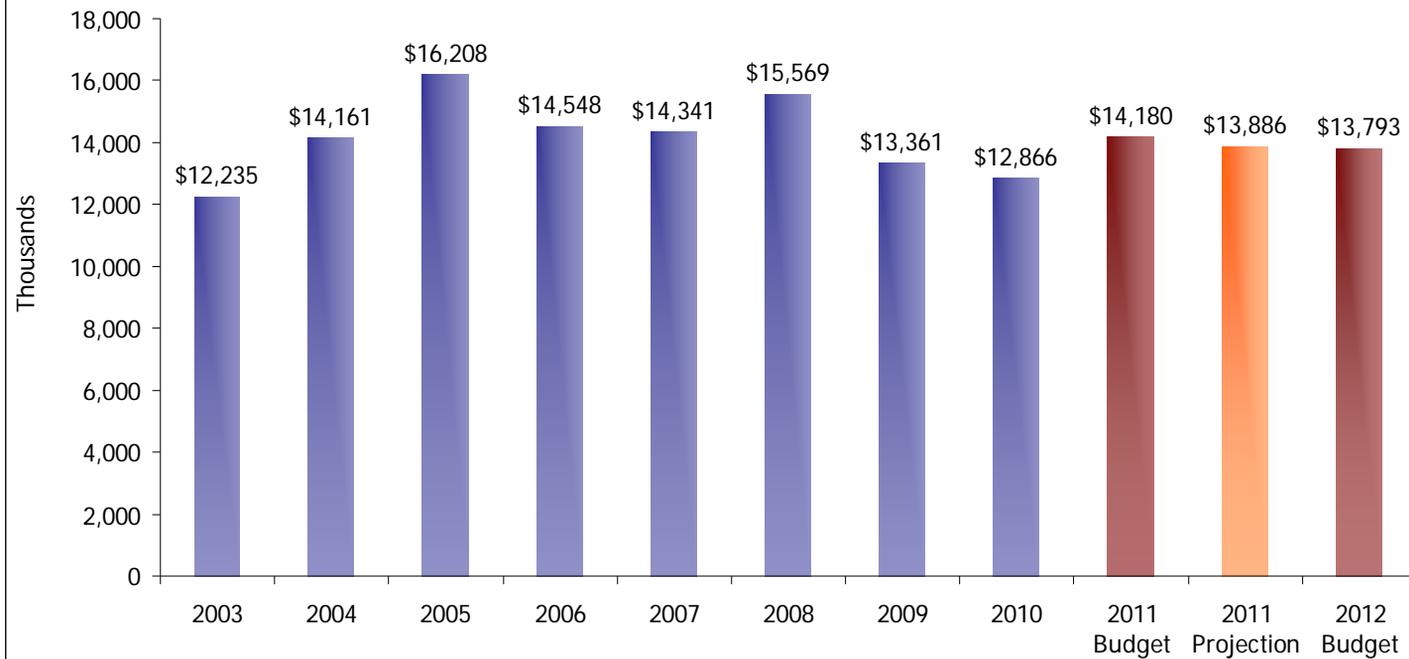
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Convention Center

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Note: Comparative data and attendance numbers for prior years have been corrected in this report

Total revenue (in thousands)



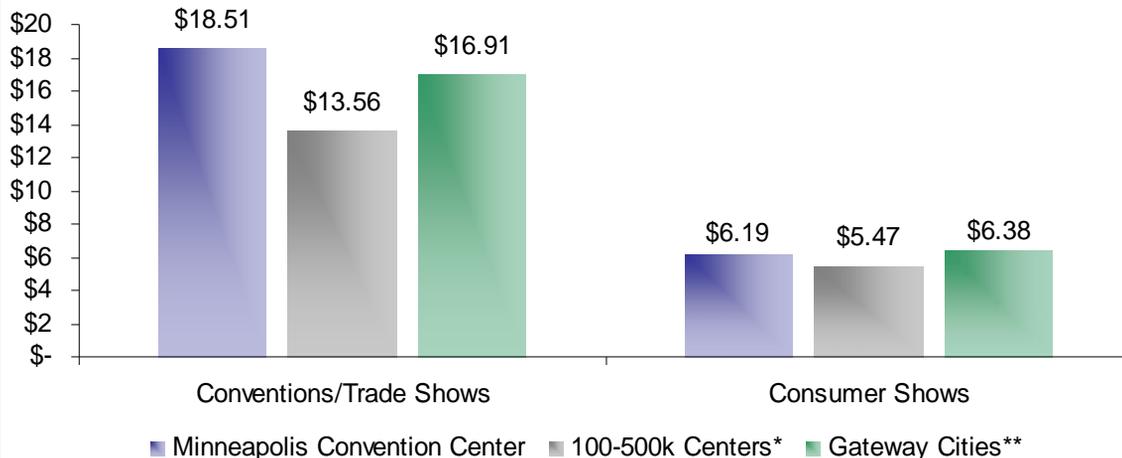
Why is this measure important?

Our ability to generate revenue is important to managing fund health and is a reflection of the direct revenues that come out of the convention center. Our operating revenue versus our operating expense impacts the convention center fund through the amount of subsidy.

What will it take to achieve the targets?

Our continued partnership with Meet Minneapolis is key to the success of both organizations. The current revenue projection is just slightly behind our budget, due in part to an anticipated slow fourth quarter. We also anticipate 2012 will be a down year industry-wide. We plan to implement cost-saving changes in late 2011 to offset the reduction in business.

Per attendee rental revenue comparison

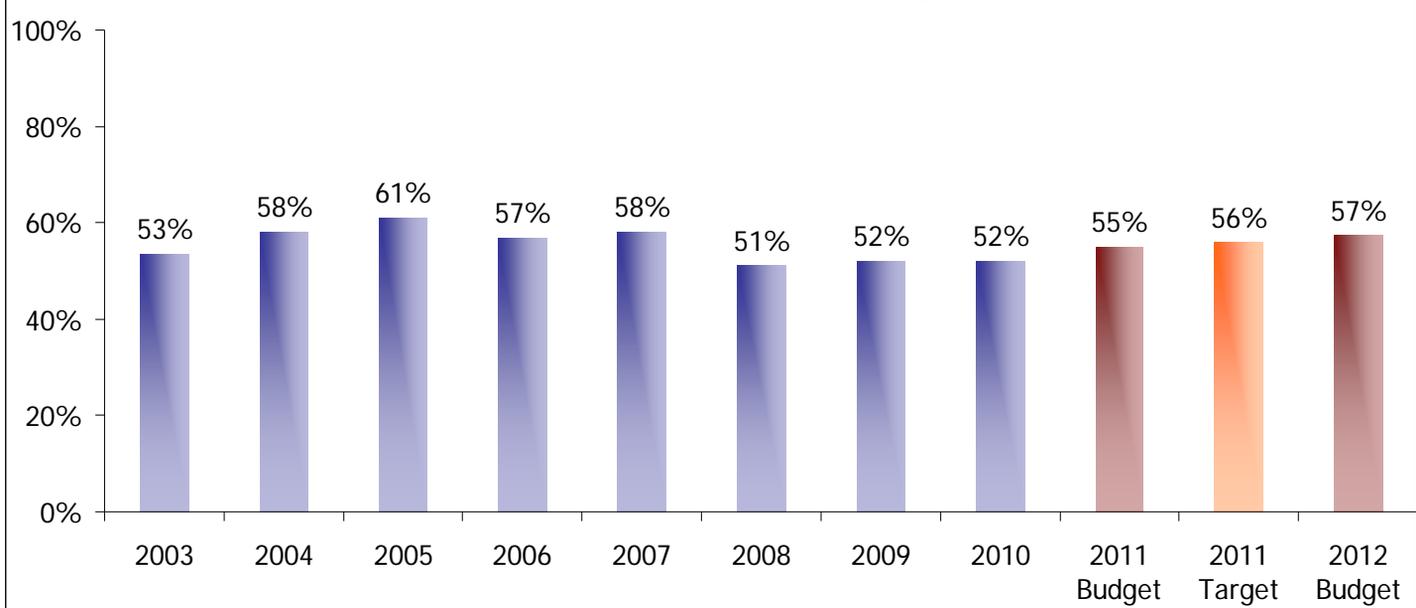


Source: PriceWaterhouseCooper 2010 Convention Center Report

* Centers with 100,000 to 500,000 of sq. ft. of exhibit space

** Metropolitan areas with at least 30,000 hotel rooms

Percent of revenue from non-rental sources

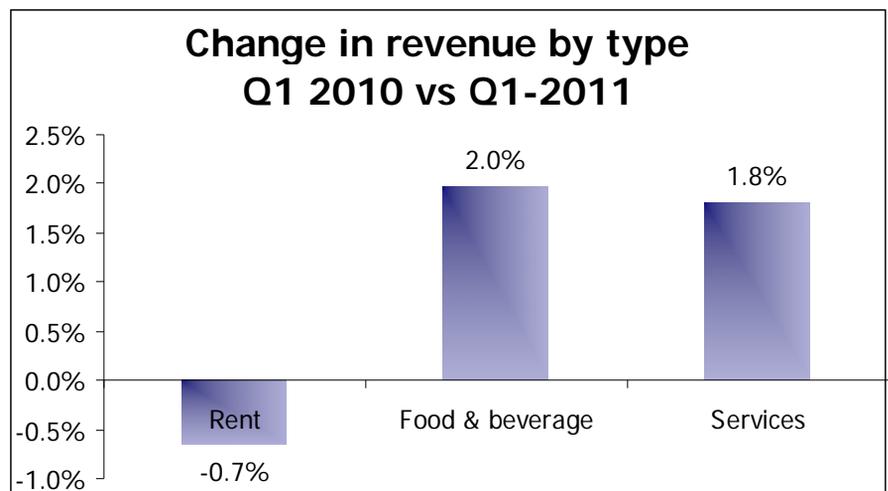


Why is this measure important?

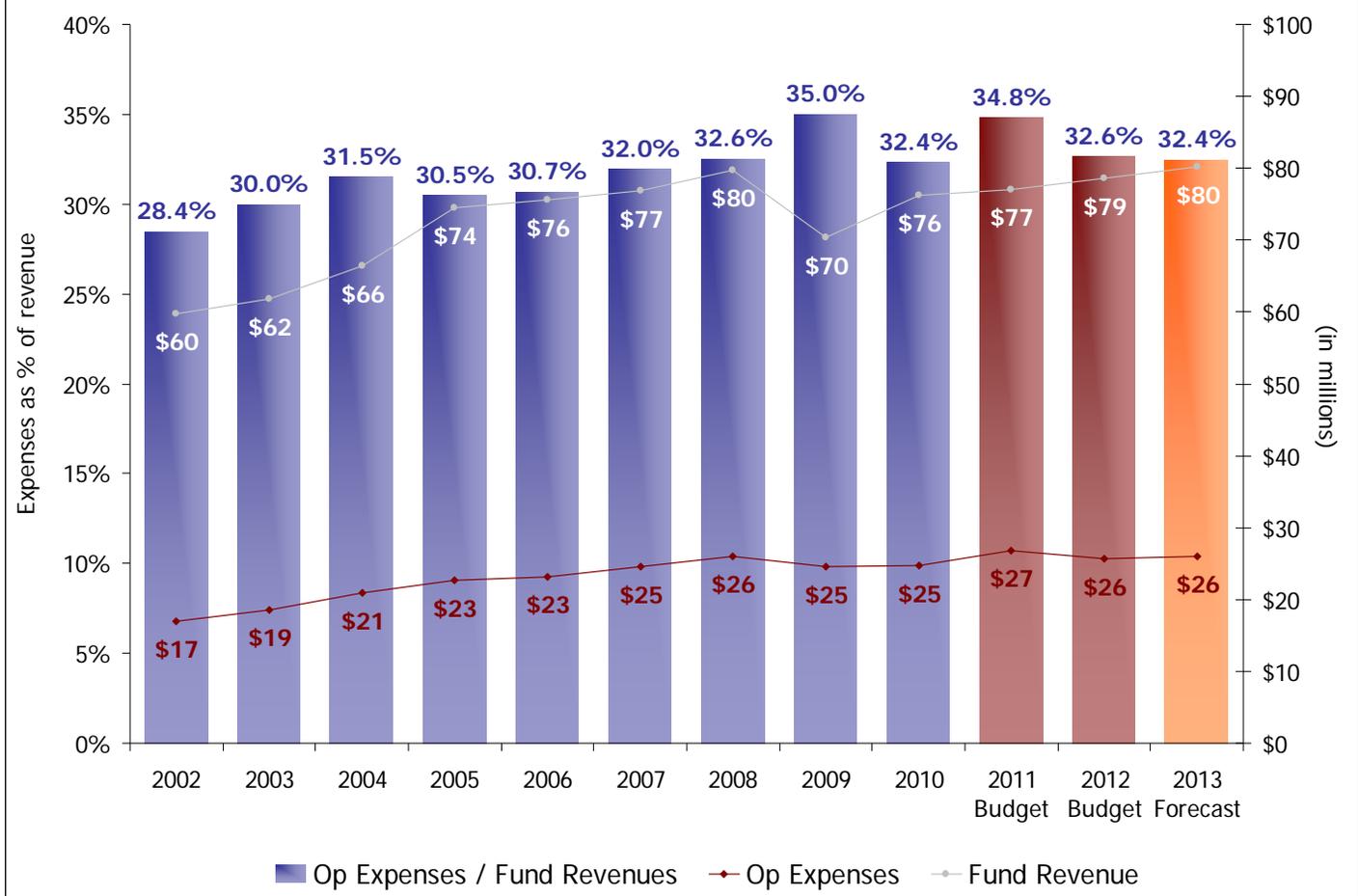
This measure shows the reliance of non-rental revenue at the convention center. Rental revenue has been flat and/or declining, with industry competition holding down the ability to increase rents. Ancillary revenues were developed at the convention center to help capture more revenue out of the events we host. From the expansion through today, the convention center has worked to add services that our clients need. In 2011, we have repurposed staff to provide expertise in our sales of services to reverse the declining revenue patterns from 2008.

What will it take to achieve the targets?

Continue efforts to develop and market our services and evaluate market trends to ensure we're offering the right services that are both value-added and revenue generating. In 2011, we repurposed two staff positions- a Booking Coordinator, who will assume administrative duties from Meet Minneapolis sales staff in order to free up sales time, and a Services Coordinator, who will focus on selling ancillary services to clients based on client need. Ultimately, we believe that these changes will bring increased revenue to the Convention Center.



Operating expense as a percentage of convention center fund revenue



Why is this measure important?

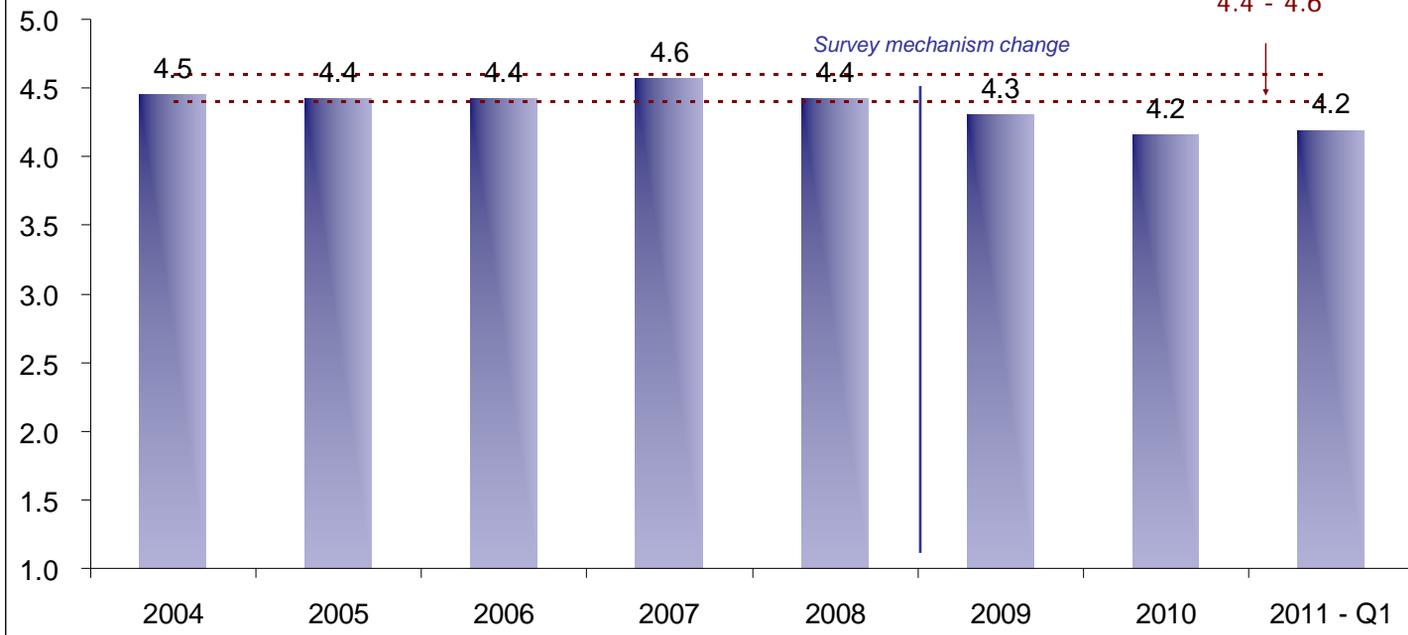
It is a reflection of MCC's cost containment relative to fund growth. Monitoring this measure helps us determine if growth in our operating costs are exceeding the growth rate of fund revenue. The stability and incremental growth pattern displayed indicates operating costs were growing proportionately with the fund until 2009 when fund revenue projections reverted back to below 2005 levels. 2009 tax revenue decreased 9.3 percent from 2008 and rebounded slightly in 2010; Early indications indicate that 2011 will come in above budget; however, the first quarter of the year is typically the strongest in terms of revenues. We continue to hold our expenses as flat as possible through 2011 and 2012.

What will it take to make progress?

Continual monitoring of operating costs and innovation in cost containment continue to be critical for the Convention Center. We will be expanding the use of the Event Business Management System software system to track costs as well as using the City's new time & labor system.

Customer survey overall rating

Healthy range:
4.4 - 4.6



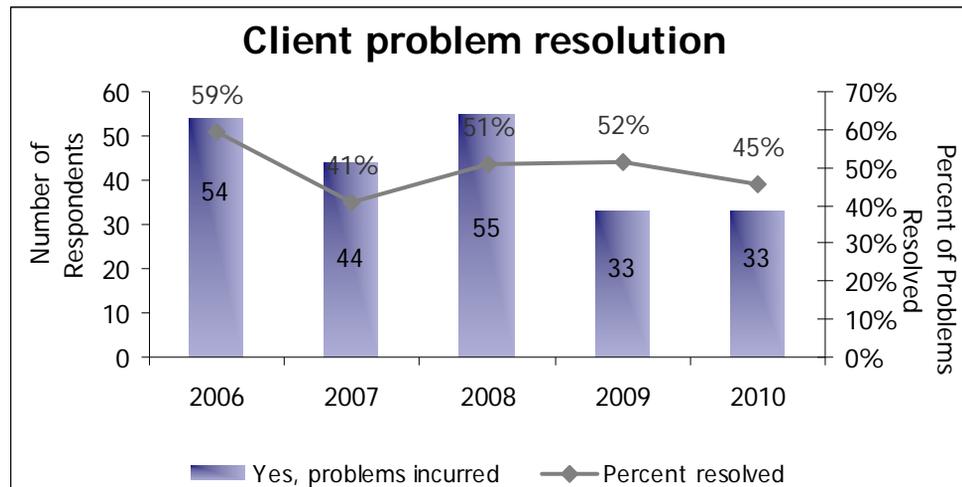
Why is this measure important?

This measure presents the client's perspective on the management of the building and customer service of our staff. Collecting and analyzing this data helps us to retain business by allowing us to respond to customers in a timely manner. Customer satisfaction is rated in a 5-point scale; in 2009, the titles of those points were changed, which may have some effect on how clients rate MCC.

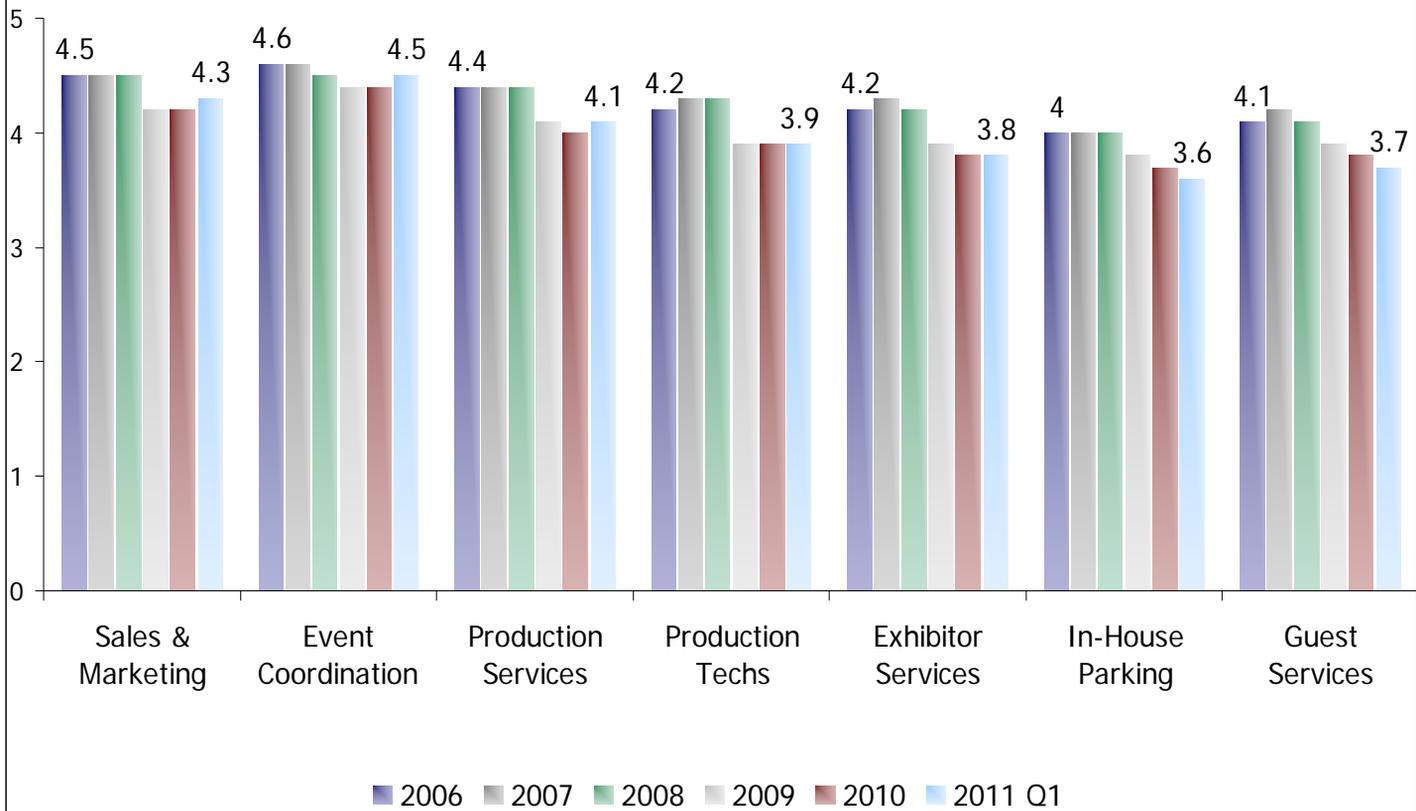
What will it take to achieve the targets?

Due to the poor economy, we believe there is increased client sensitivity to costs and services. Perceived and real value from our service offerings must be managed through training, extra effort, and dedication to our customers. Changes to our staffing models and pricing must be monitored to make sure that excellent customer service is still an outcome.

Client problem resolution is a measure not only of customer satisfaction, but also of employee empowerment. In addition, when placed in the context of the possible total number of client-staff-building interactions, the rate of reported problems is very low.

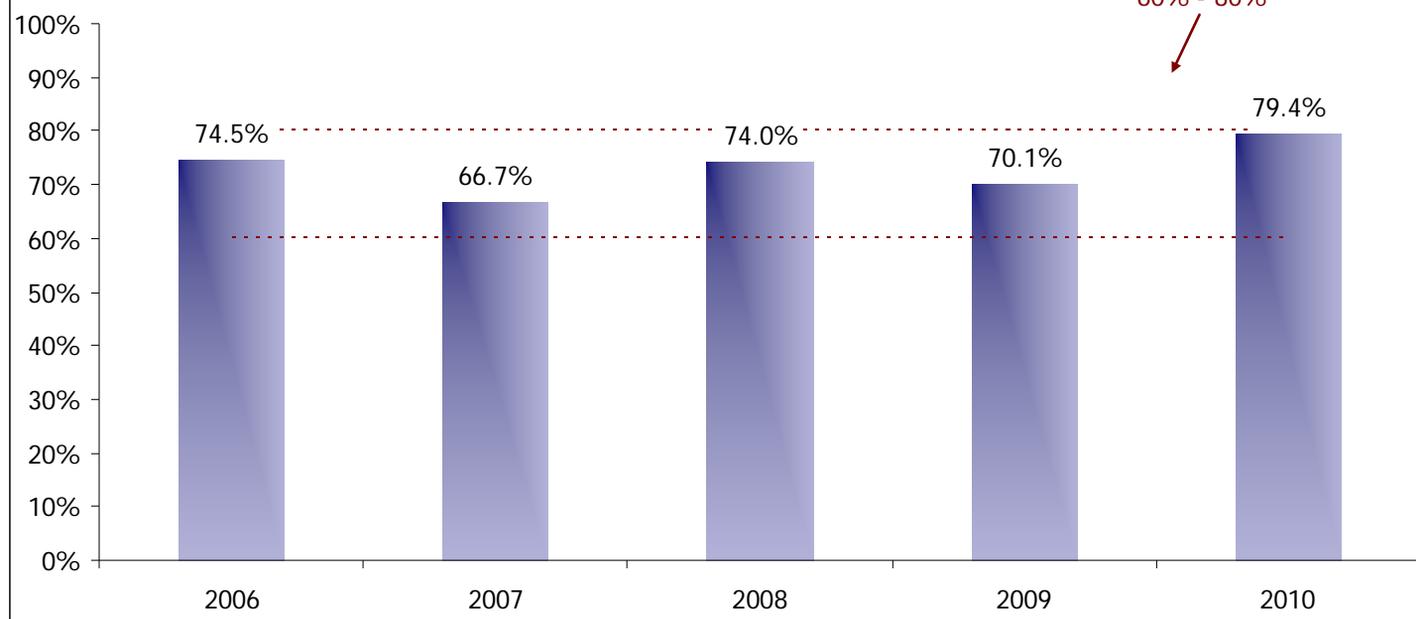


Client ratings of Convention Center departments



MCC repeat customers

Healthy range:
60% - 80%



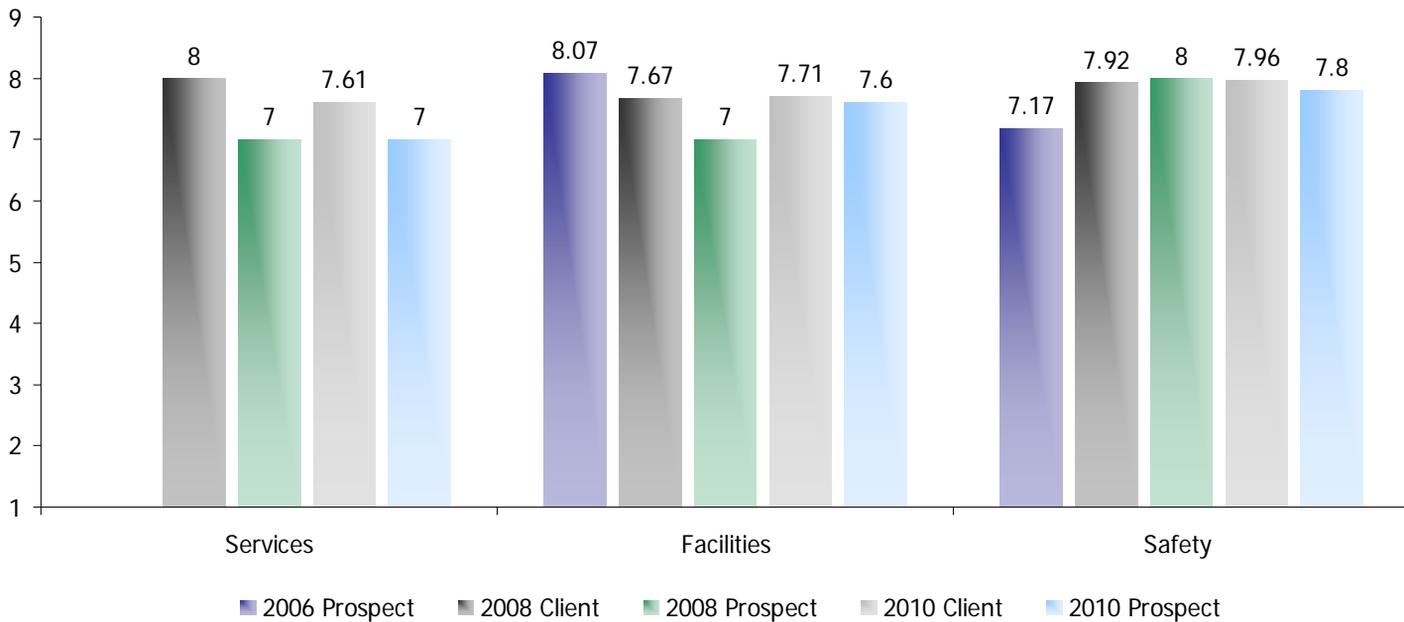
Why is this measure important?

Repeat customers is a measure of customer satisfaction. With 10 to 15 percent of our events coming from National/International events that rotate annually, we cannot score 100 percent on this measure. A healthy band lies between 60 – 80 percent.

What will it take to achieve the targets?

Excellent customer service combined with continual improvement to the look and feel of the facility. To maintain clients, we have to succeed at making them appreciate the value received for the price paid for their event—a critical element for maintaining a strong customer base. We need to grow and maintain client relationships and ensure customer satisfaction is achieved through management of client issues; this is achieved through client surveys and thorough follow-up by our Events and Sales Teams.

Convention and meeting planner survey



Source: Watkins Research Group

Note: Responses are rated on a 1-9 scale

Why is this measure important?

Industry benchmarks provide for market comparison. The metrics can further guide us in identifying areas for growth.

What will it take to make progress?

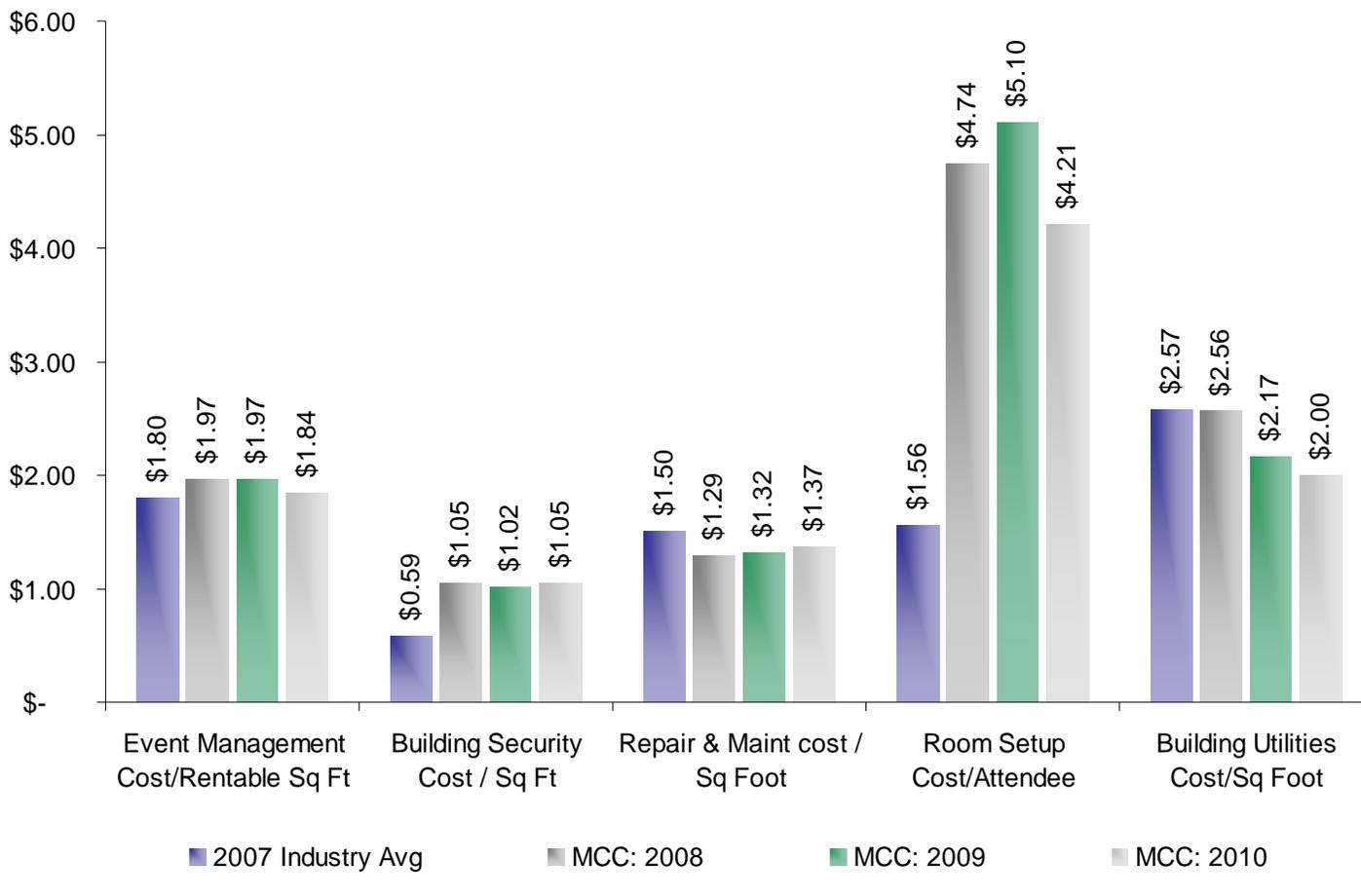
This survey, conducted by the Watkins Research Group, is a biennial study of perceptions about cities, bureaus and important industry topics as perceived by meeting planners. While it is geared toward helping CVB's benchmark their work, components of the study have importance for the convention center.

Client ratings of Minneapolis were consistently higher than the 2010 survey average (7.18 in services, 7.2 in facilities, and 7.47 in safety) and than the perspective of prospective visitors, illustrating that Minneapolis provides excellent service in an excellent facility.

Two groups of respondents (those who had actually visited Minneapolis [client] and those who had not [prospective]) were asked to choose 10 cities that best fit their selection criteria for primary consideration for their biggest meetings over the next 5-12 years. Conversely, respondents were also asked to choose up to 6 cities that they will not go to. Based on these 16 cities, respondents then rated each on a 1-9 scale on questions regarding service, facility, safety, hotels, accessibility, and other characteristics.

"Service" includes adequate staffing, signage, ease in working with the center's laborers, and competitive pricing. "Facilities" included modern/attractive, hi-tech capabilities, and quality food/beverage service. "Safety" included center's location in a safe part of town, low crime rate, and reputation for being safe.

Operating costs



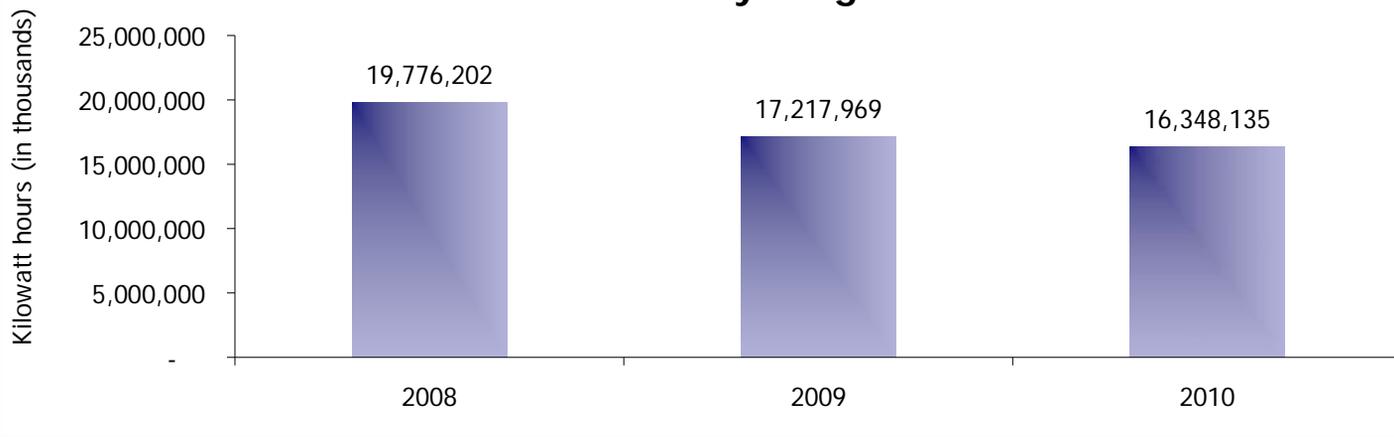
Why is this measure important?

These industry benchmarks provide an operational comparison in terms of managing expenses. The metrics can further guide us in identifying areas where we need to pursue more cost saving initiatives, as well as illustrate successes.

What does this mean in terms of cost containment?

These statistics indicate that our costs are very competitive in most areas. In the last two years, the Convention Center has focused on utility costs; as a result, this area has seen dramatic decreases in expense. Utility costs have decreased 8 percent and will likely experience a decrease again by 2012 following a building-wide retro-commissioning of mechanical systems. Room set-up costs decreased nearly 12 percent in 2010 from 2009 due to an increase in attendance of 13 percent. These costs will continue to be monitored and adjustments made to operations so that we are operating as efficiently as possible. Building security costs continue to be addressed through investments in an improved camera system and realignment of contracted security staff. Repair and maintenance costs increase slightly in 2010 due to the age of the building, but is still well below the industry benchmark.

Electricity usage



Why is this measure important?

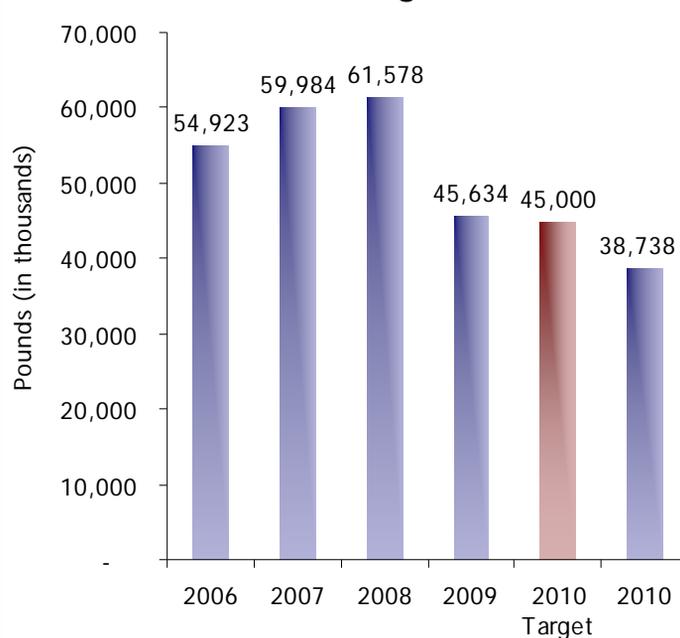
The Convention Center is continually striving toward becoming a more efficient and environmentally-conscious facility. To that end, monitoring and managing energy use, as well as implementing new initiatives to save energy, is a priority for all staff.

What will it take to make progress?

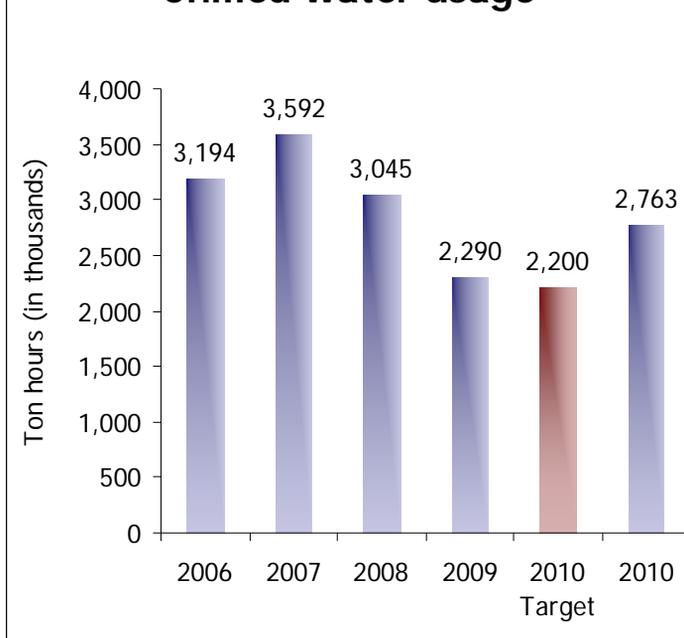
MCC implemented a number of energy-saving initiatives in 2009, which included lowering winter set point and raising the summer set point for public and non-public spaces, turning off escalators to areas not in use, added lights-out tours to the overnight security patrols, supply staff to monitor overhead doors during event move-in/out, restricting exterior architectural lighting to a minimal number of hours in early evening only, commissioning a tune-up of HVAC equipment, and shutting down non-used areas of the building for lighting and HVAC systems as much as possible.

These initiatives have resulted in a decrease in electricity usage. However, we are currently in the process of benchmarking our energy use and implementing new strategies to more efficiently use our resources.

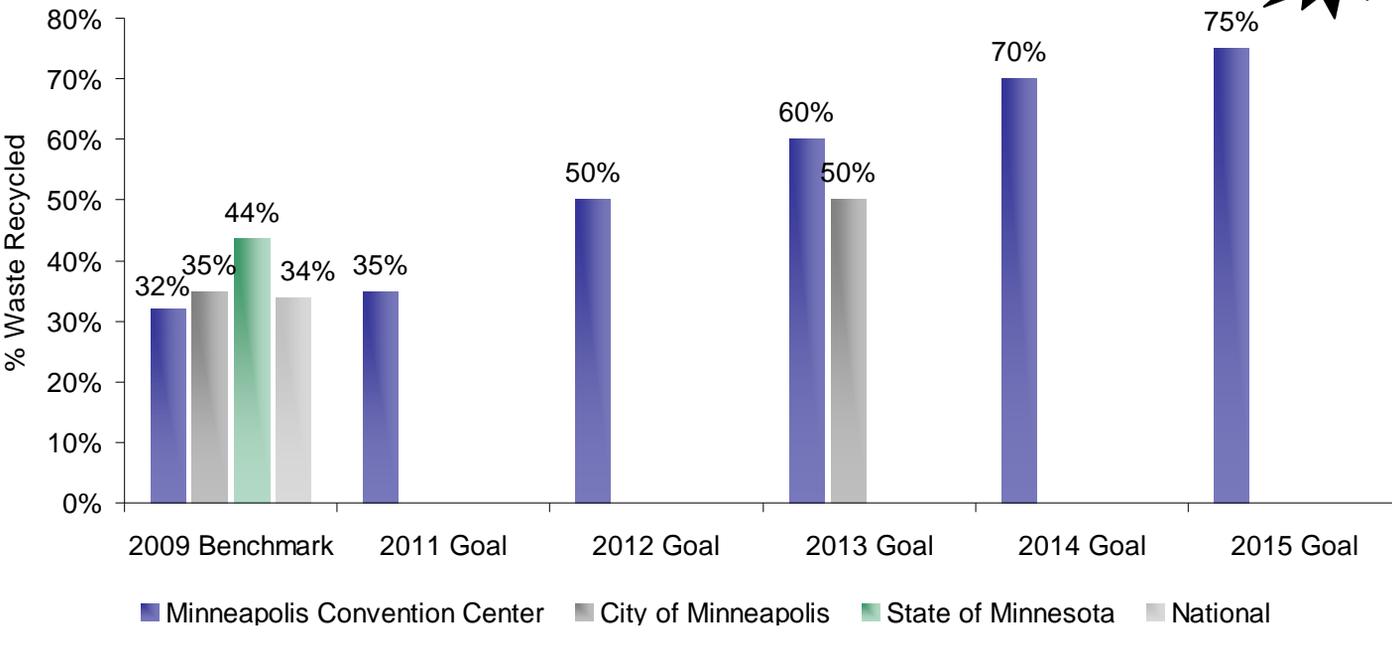
Steam usage



Chilled water usage



Recycling percentage

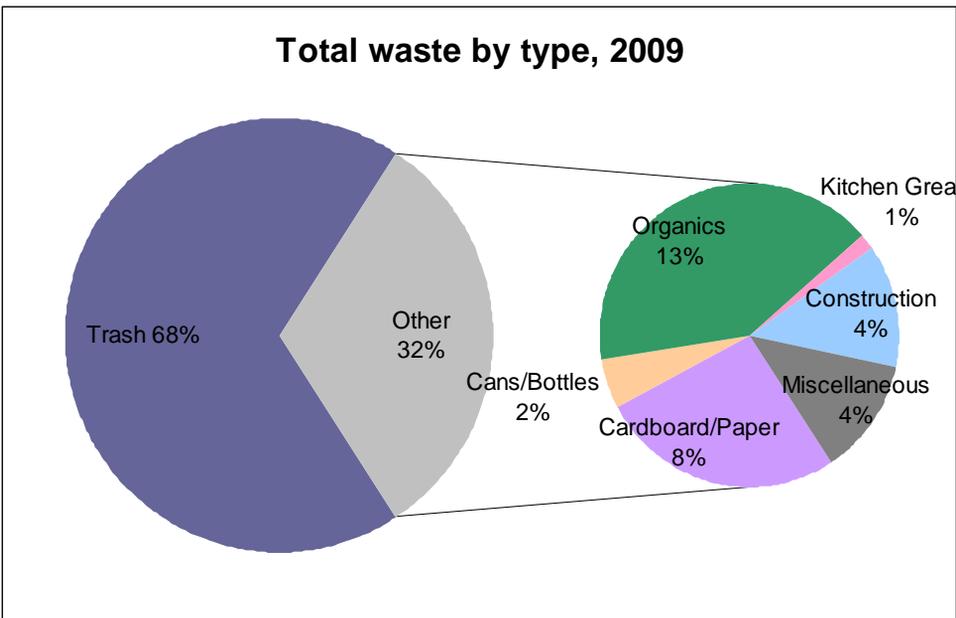


Why is this measure important?

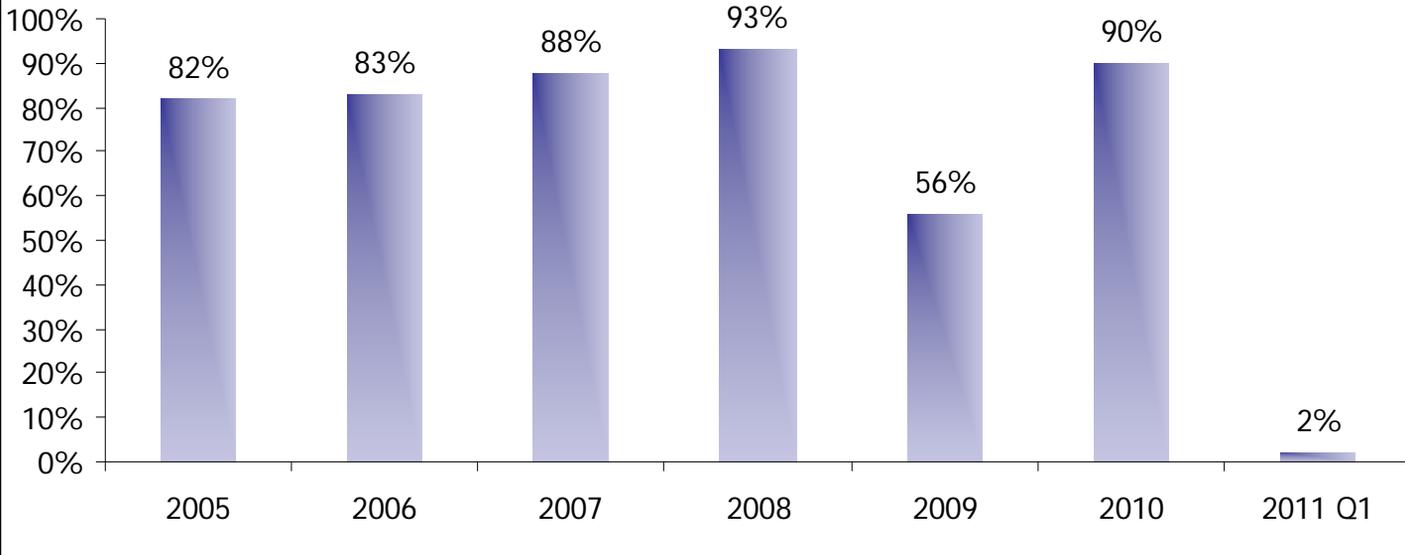
The Convention Center has committed to a no-waste philosophy and is developing a variety of goals around the no-waste initiative. Reducing our land-fill waste is consistent with the City's eco-focused goal, and it is also responsible management and stewardship to reduce our impact to the environment.

What will it take to achieve this goal?

The Convention Center is developing a coordinated facility-wide initiative and infrastructure to support increased recycling. This will include a number of different strategies including increased education and training of our staff, partners and clients; modifying procedures to make recycling the easy choice; and investments in additional recycling receptacles and building equipment.



Capital projects completed

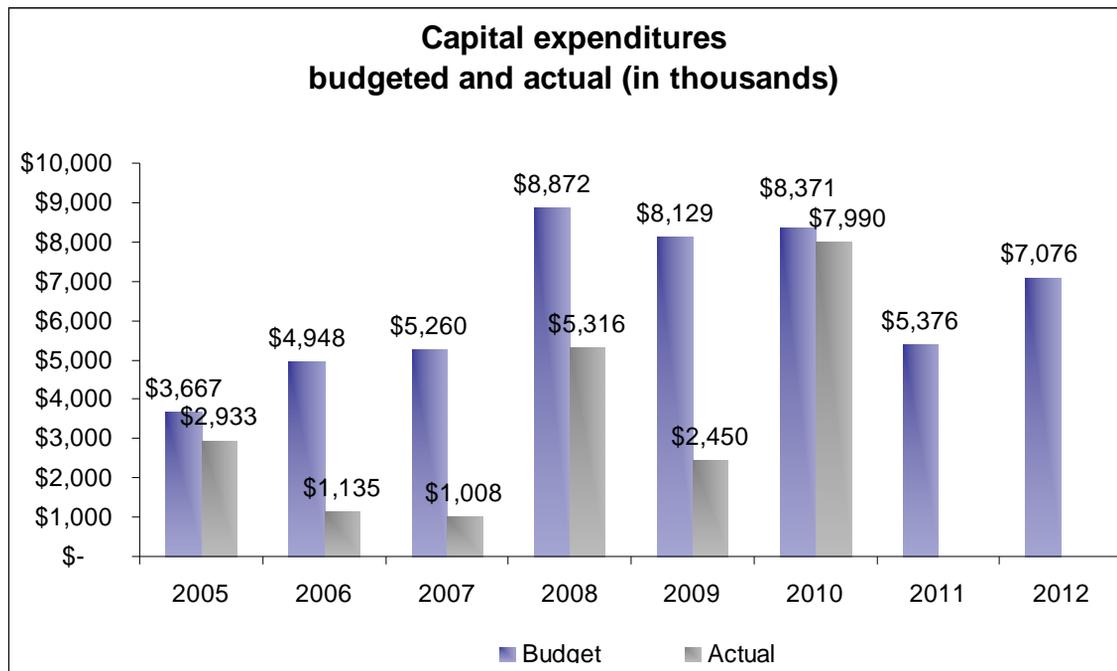


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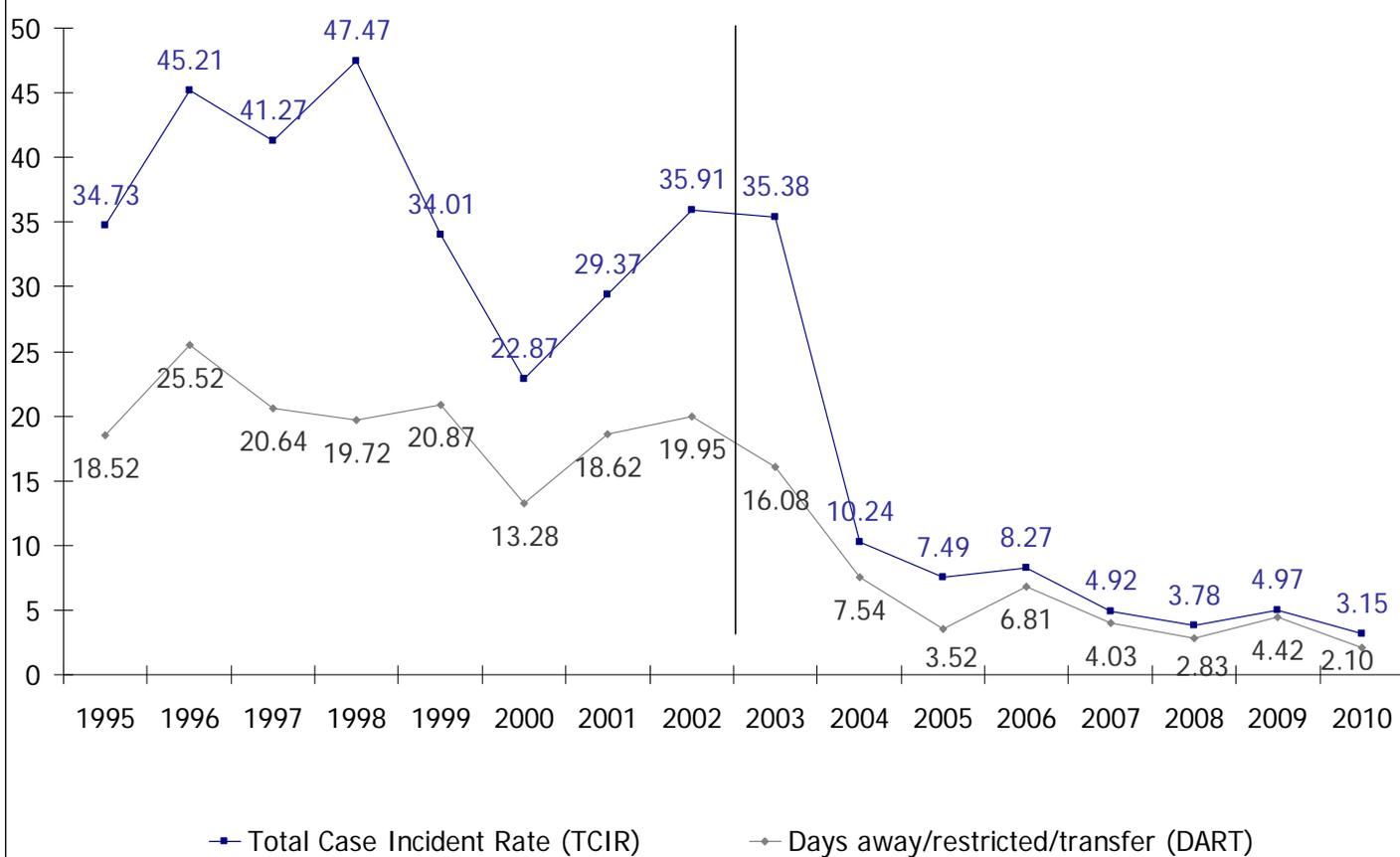
Managing our capital budget and project overview encourages both good fiscal management as well as keeps the building in good health. These graphs illustrate the percentage of projects completed within a given year and the budget used.

What will it take to make progress?

In the past, controlling capital spending has allowed the Convention Center to experience savings, but 2010 has seen several large projects that have chipped away at the projected savings. Those expenditures, however, have resulted in many improvements to the building, including a new reflective flat roof for the solar panel installation, upgrades to several bathrooms, landscaping, new wall fabric, and restored fireproofing in the majority of the building. As the building ages, capital improvements will become a major focus.



Workplace safety (as reported to OSHA)



—■ Total Case Incident Rate (TCIR)

—◆ Days away/restricted/transfer (DART)

**the line represents the inception of the Safety Committee

Why is this measure important?

Workplace safety is a core value of our organization. A Safety Committee was started in 2002 in order to ensure that we proactively look for safety issues and investigate any accidents in order to do our best to make sure they don't happen again.

What will it take to make progress?

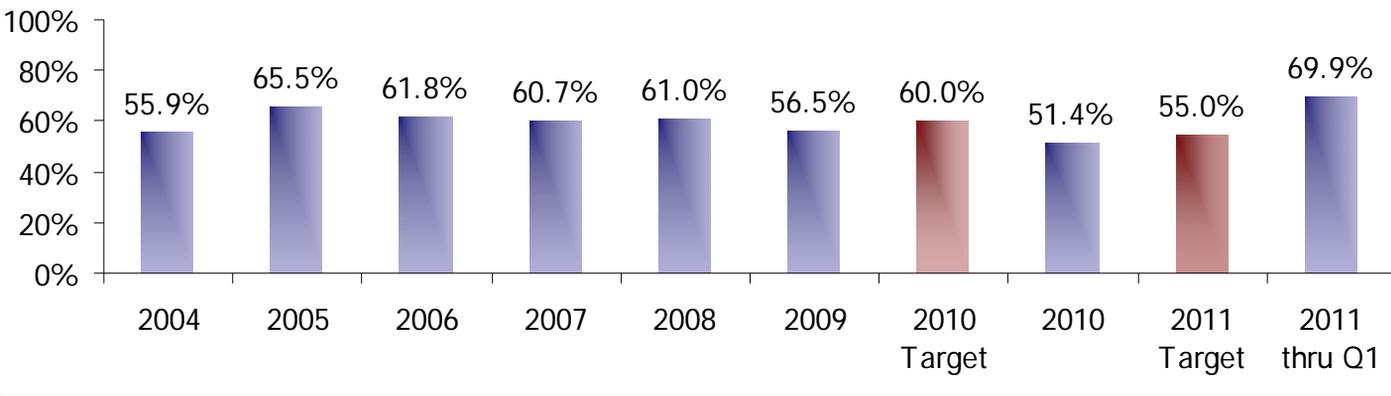
Continued focus on safety through the Safety Committee and training will help us continue to strive towards a day when we have zero injuries or accidents on site. The two indicators, Total Case Incident Rate (TCIR) and Days Away/Restricted/Transfer (DART) are OSHA-recognized and used across many industries, public and private.

The TCIR is the number of recordable workplace injuries and illnesses, which is calculated per 100 FTE's. DART is the number of days away from work (or days where it was medically necessary to restrict job duties) per 200,000 hours worked.

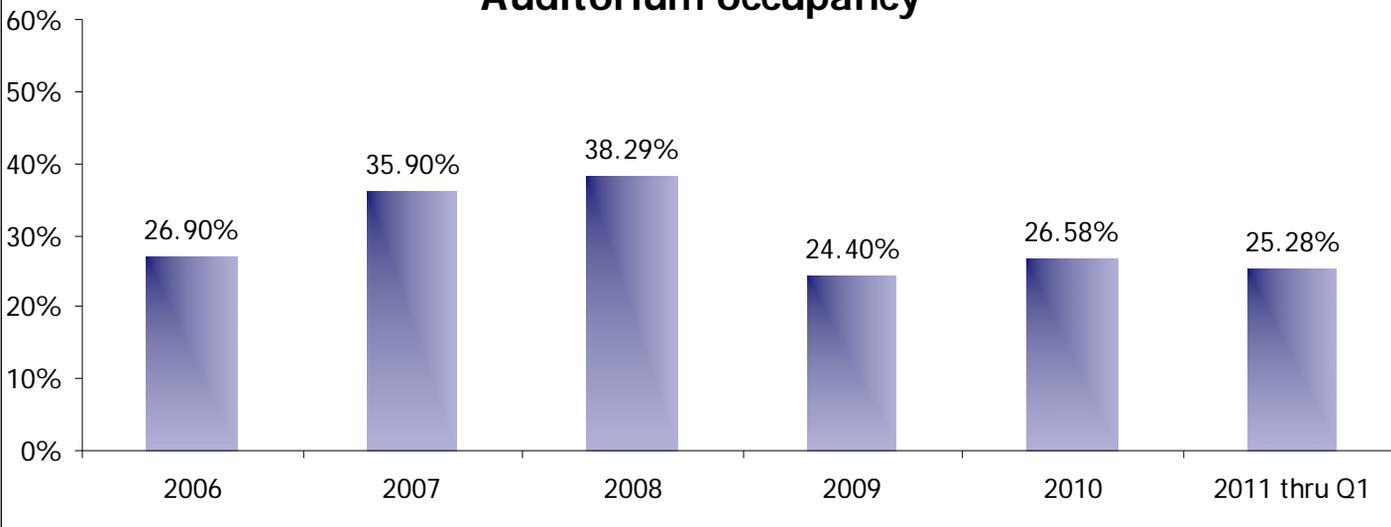
The convention center does not easily fit into an industry category for comparative purposes. In 2008, the hospitality industry reported a TCIR of 4.2; local government reported a TCIR of 7.0, according to the Bureau of Labor Statistics.

Appendix

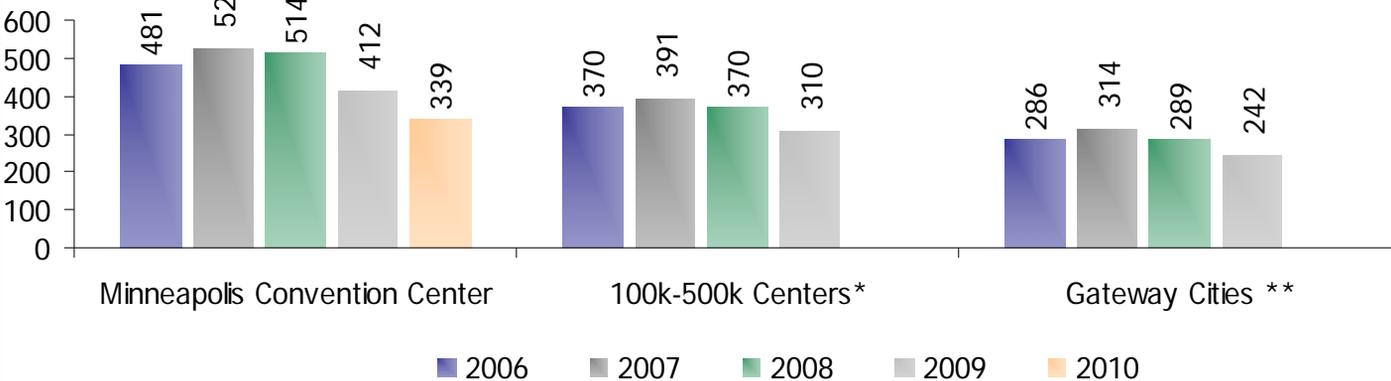
Total occupancy



Auditorium occupancy



Total number of events comparison

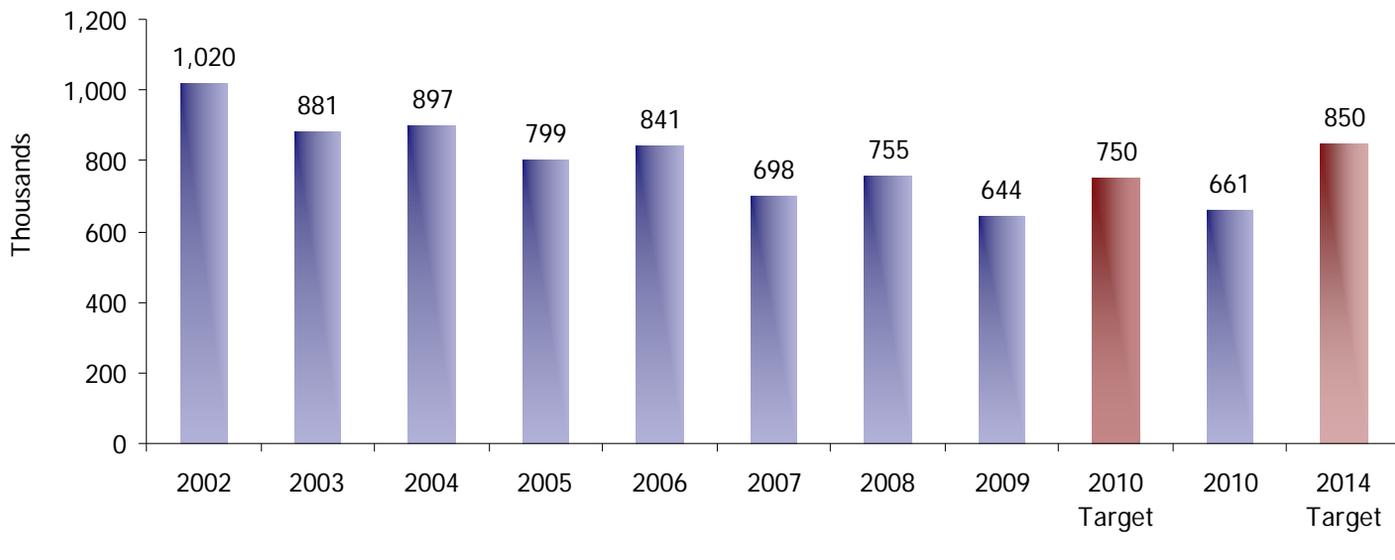


Source: PriceWaterhouse Coopers Convention Center Reports 2006-2010

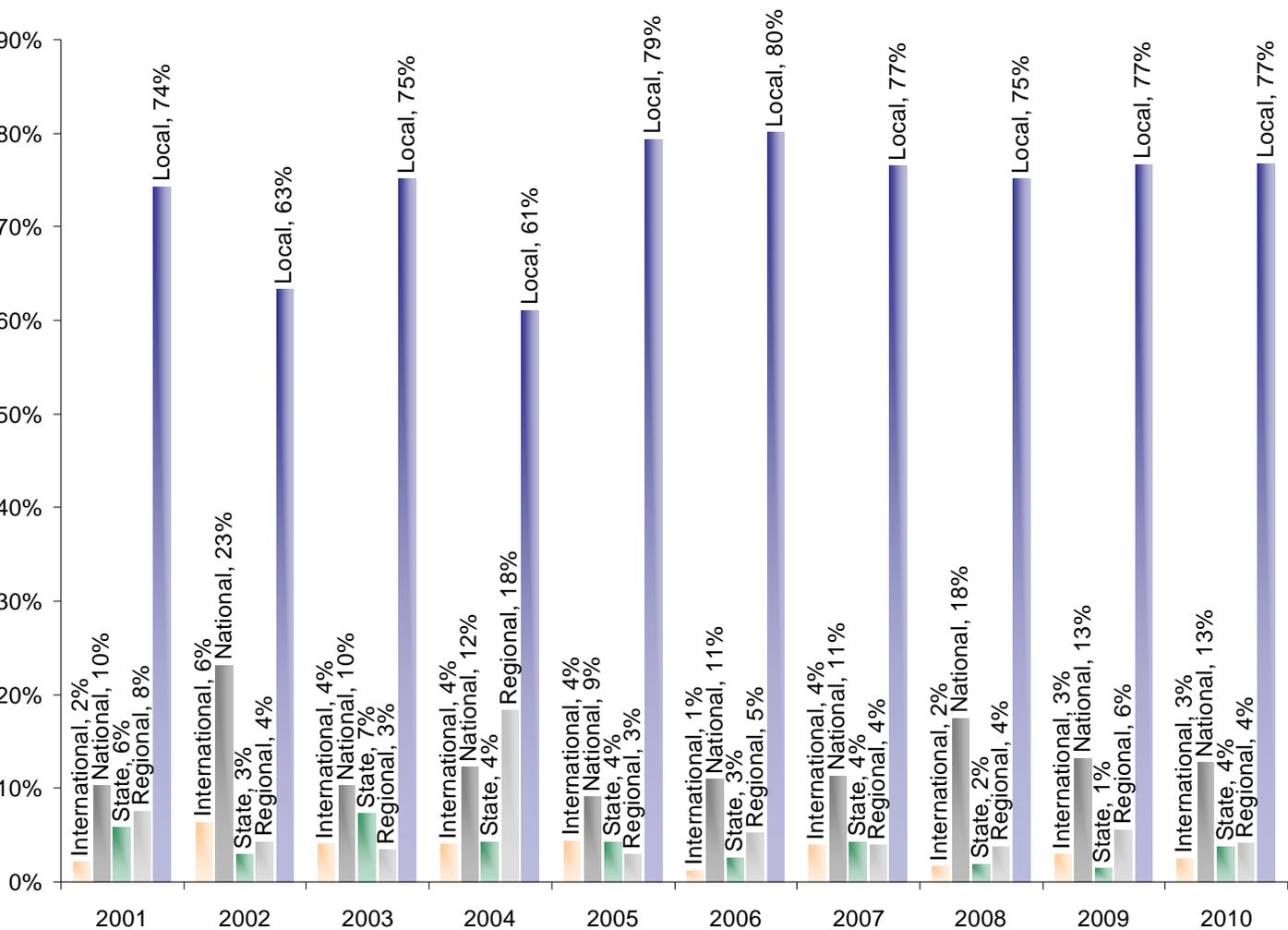
* Centers with 100,000 to 500,000 of sq. ft. of exhibit space

** Metropolitan areas with at least 30,000 hotel rooms

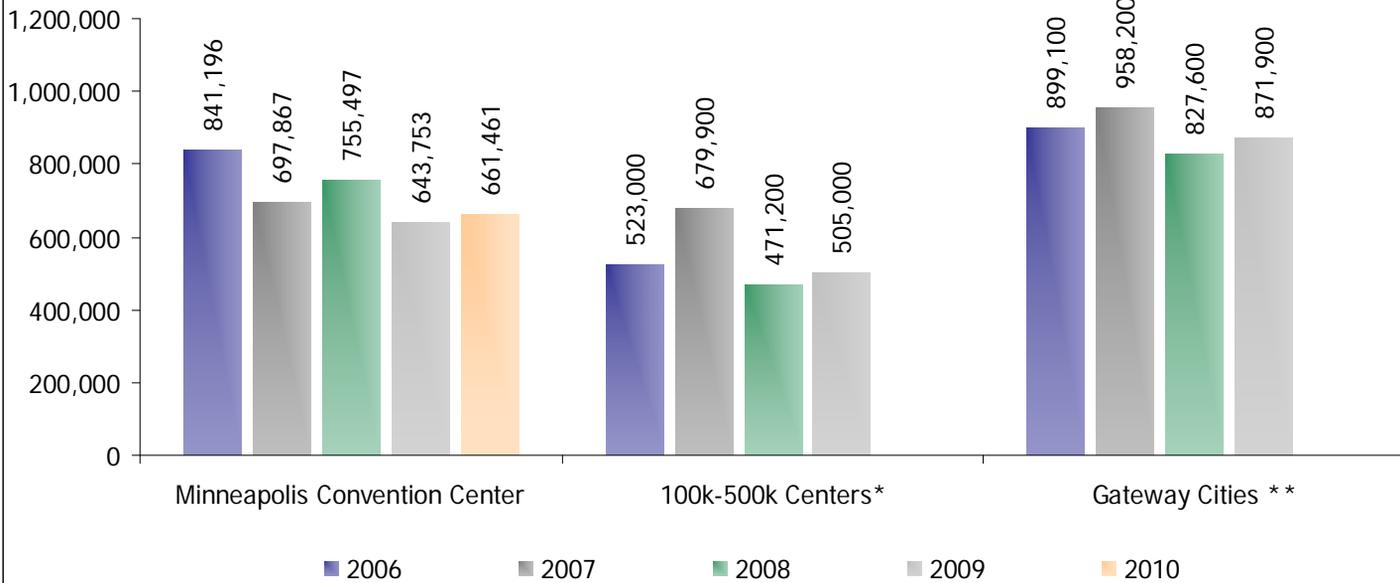
Total attendance (in thousands)



Attendance by scope



Total attendance comparison



Source: PriceWaterhouse Coopers Convention Center Report 2006-2010

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** Metropolitan areas with at least 30,000 hotel rooms

Non-local attendance and economic impact

