# Convention Center

June 5, 2012

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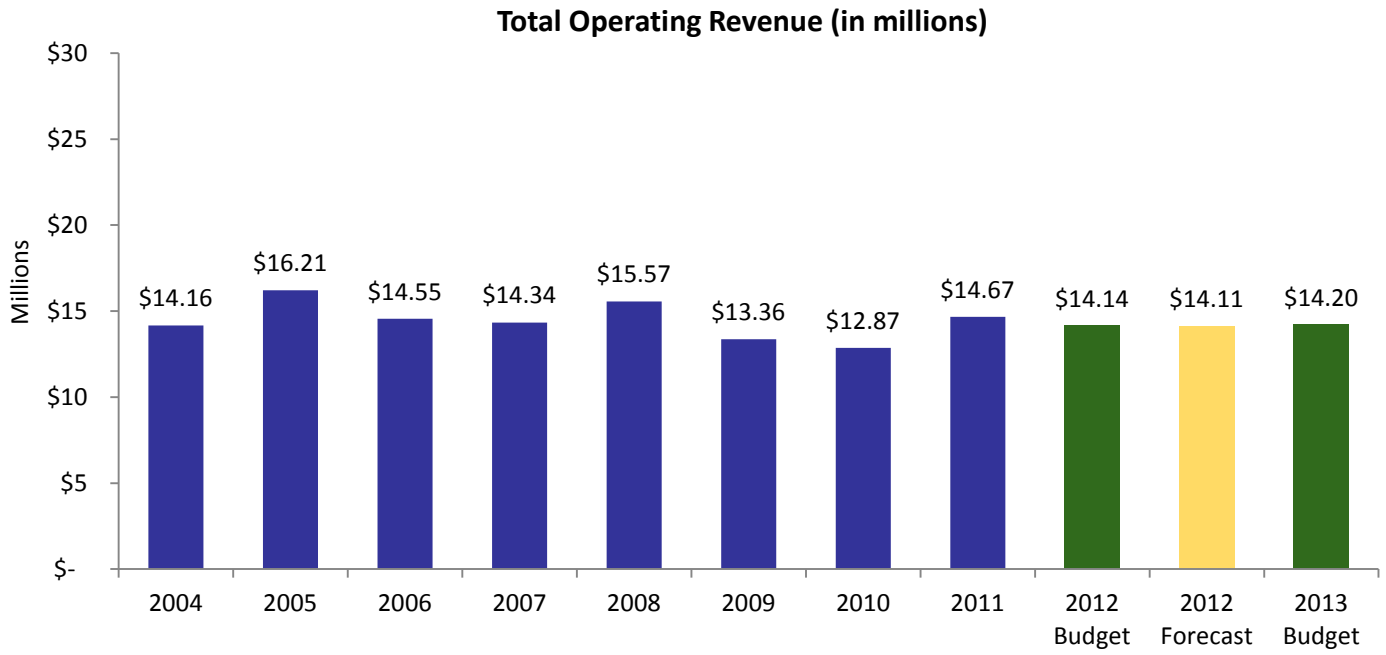
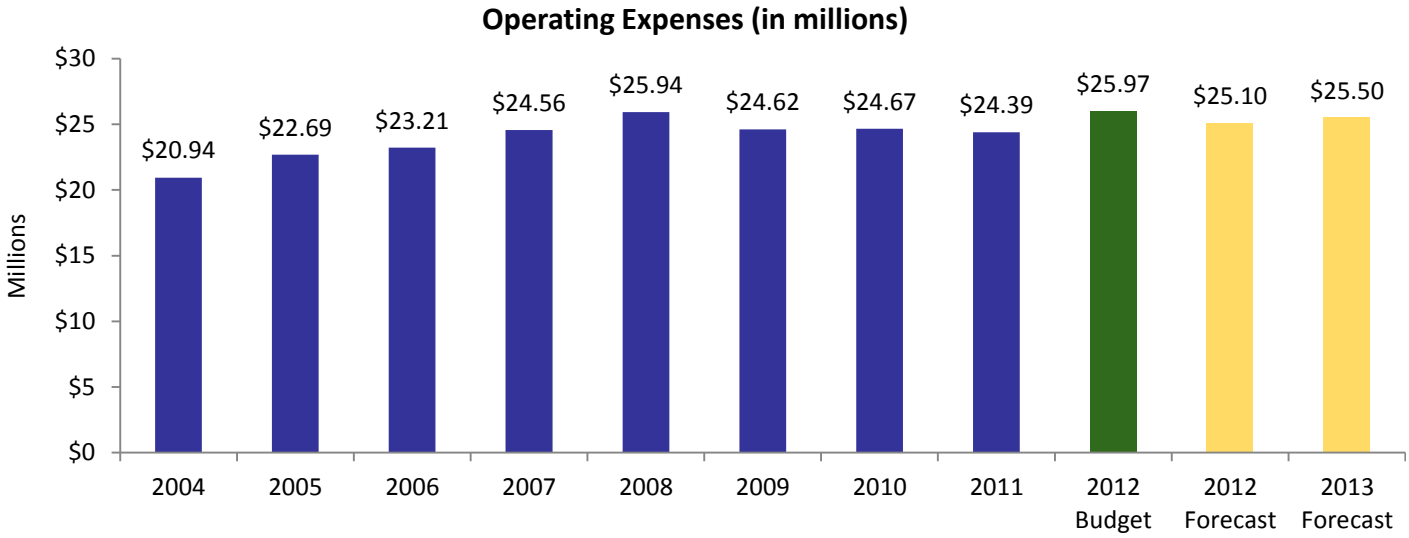



**Why is this measure important?**
Our ability to generate revenue is important to managing fund health and is a reflection of the direct revenues that come out of the Convention Center. Our operating revenue versus our operating expense impacts the convention center fund through the amount of subsidy needed from hospitality taxes.

**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 slightly behind our budget, due in part to the mix of events and an industry-wide economic decrease for the year. Cost-saving changes, implemented at the beginning of 2012, to offset the reduction in business will not be realized until later in 2012.

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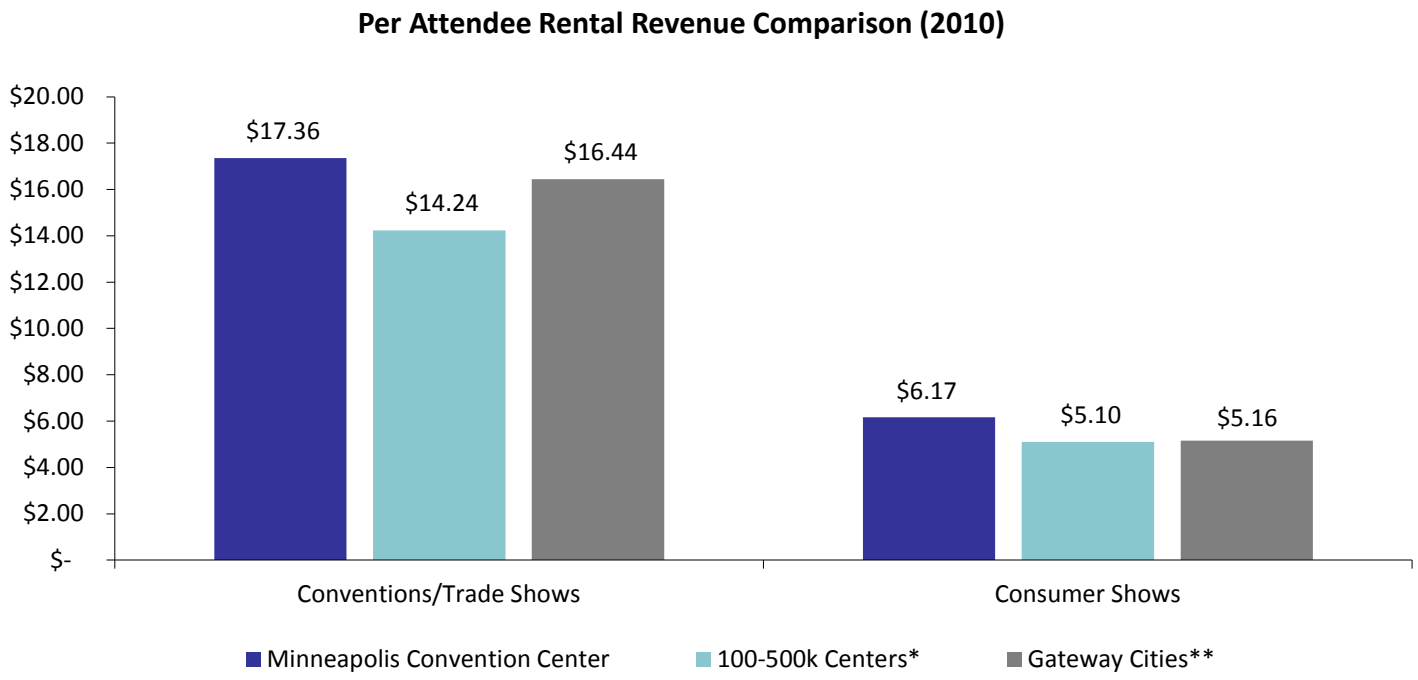
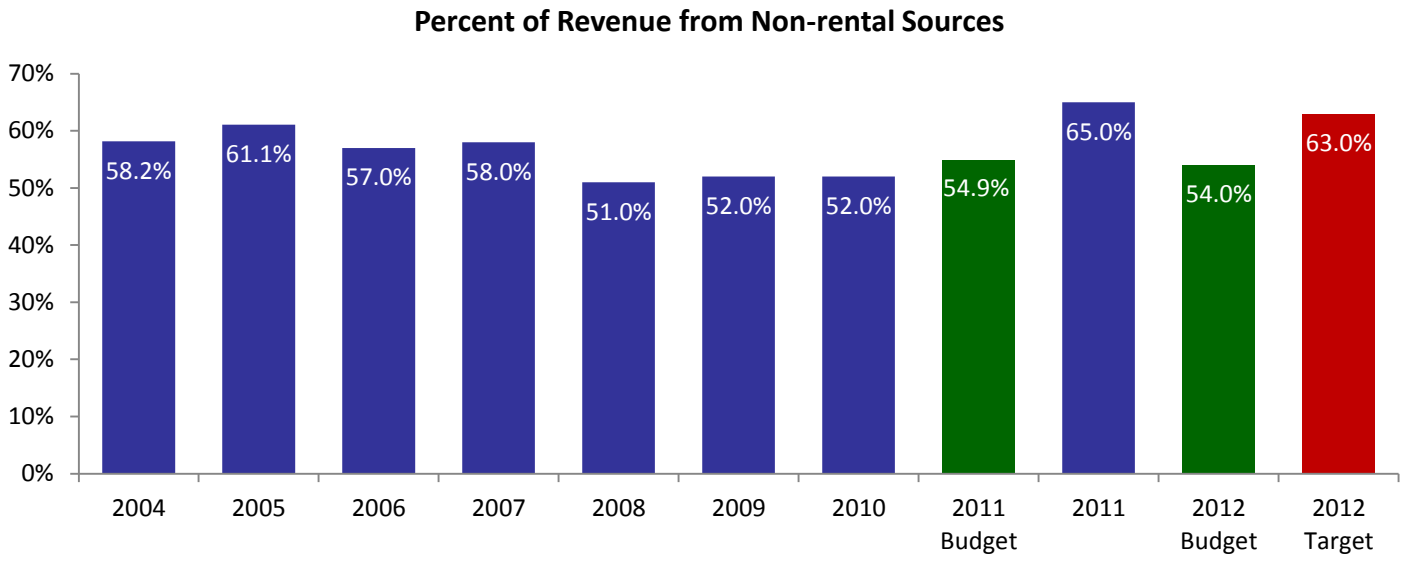



*Source: PriceWaterhouseCooper 2011 Convention Center Report.*
** Centers with 100,000 to 500,000 of sq. ft. of exhibit space .*
*** Metropolitan areas with at least 30,000 hotel rooms.*

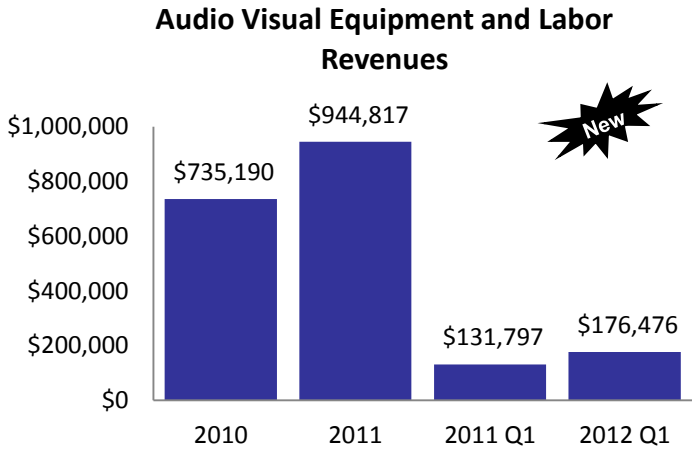


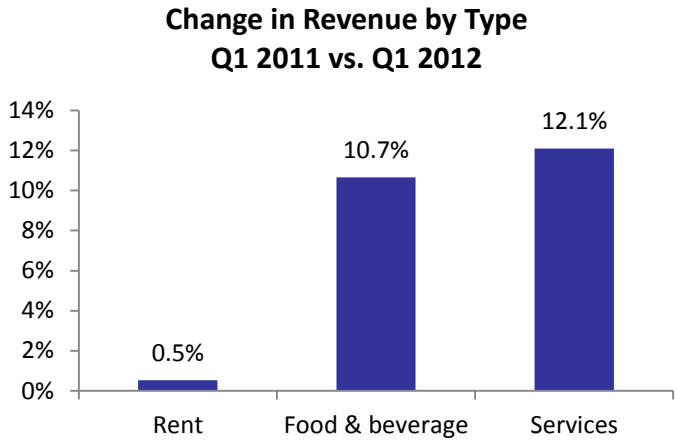

**Why is this measure important?**

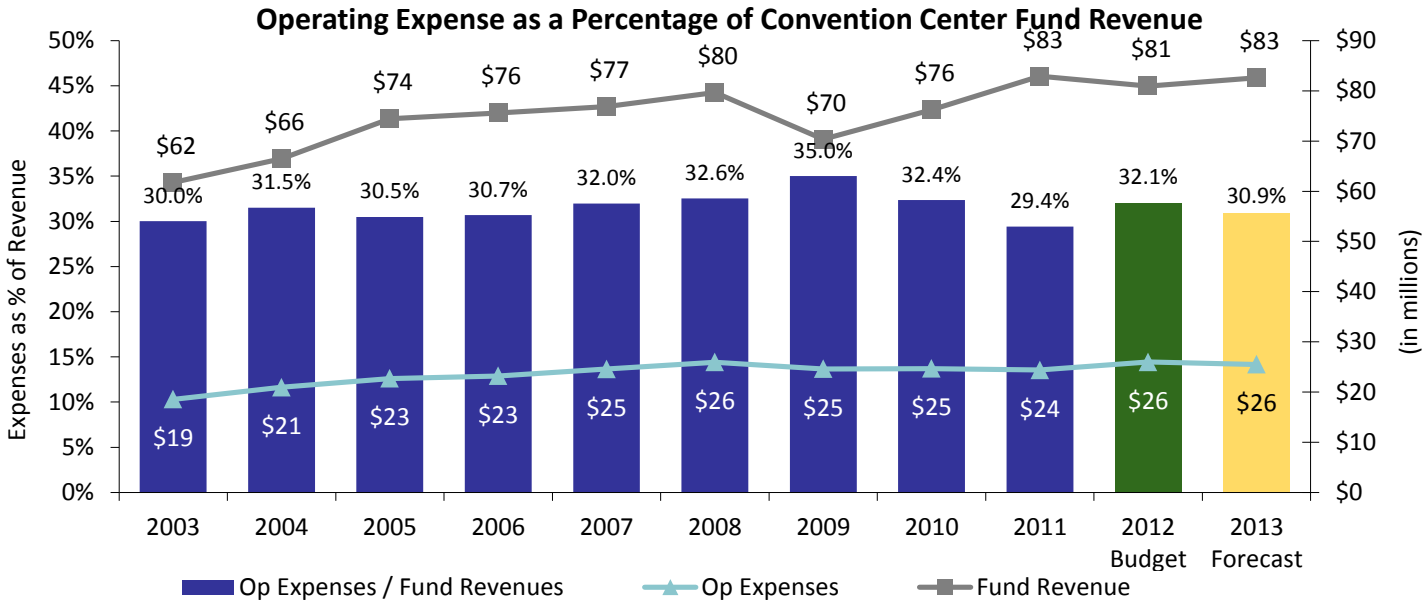
This measure shows the reliance of non-rental revenue at the Convention Center. Rental revenue has been flat and/or declining, with industry competition holding down the ability to increase rents. Ancillary revenues were developed at the convention center to help capture more revenue out of the events 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 are offering the right services that are both value-added and revenue generating. In 2011, we repurposed two staff positions- a Booking Coordinator, who assumes some administrative duties from Meet Minneapolis sales staff in order to free up sales time, and a Technology Services Coordinator, who focuses on selling ancillary services to clients based on client need. As a result, audio visual revenues have increased 29 percent from 2010 to 2011 and 34 percent in the first quarter 2012 compared to 2011. Further, in 2012, we will be conducting focus groups with clients in a variety of segments to ensure that we are offering services they want and need.



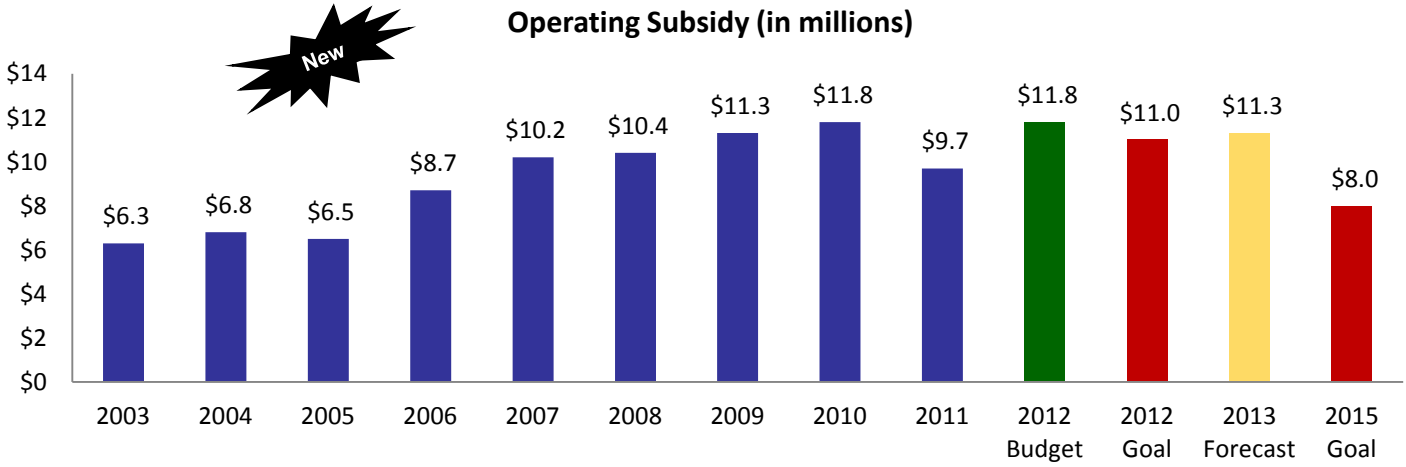


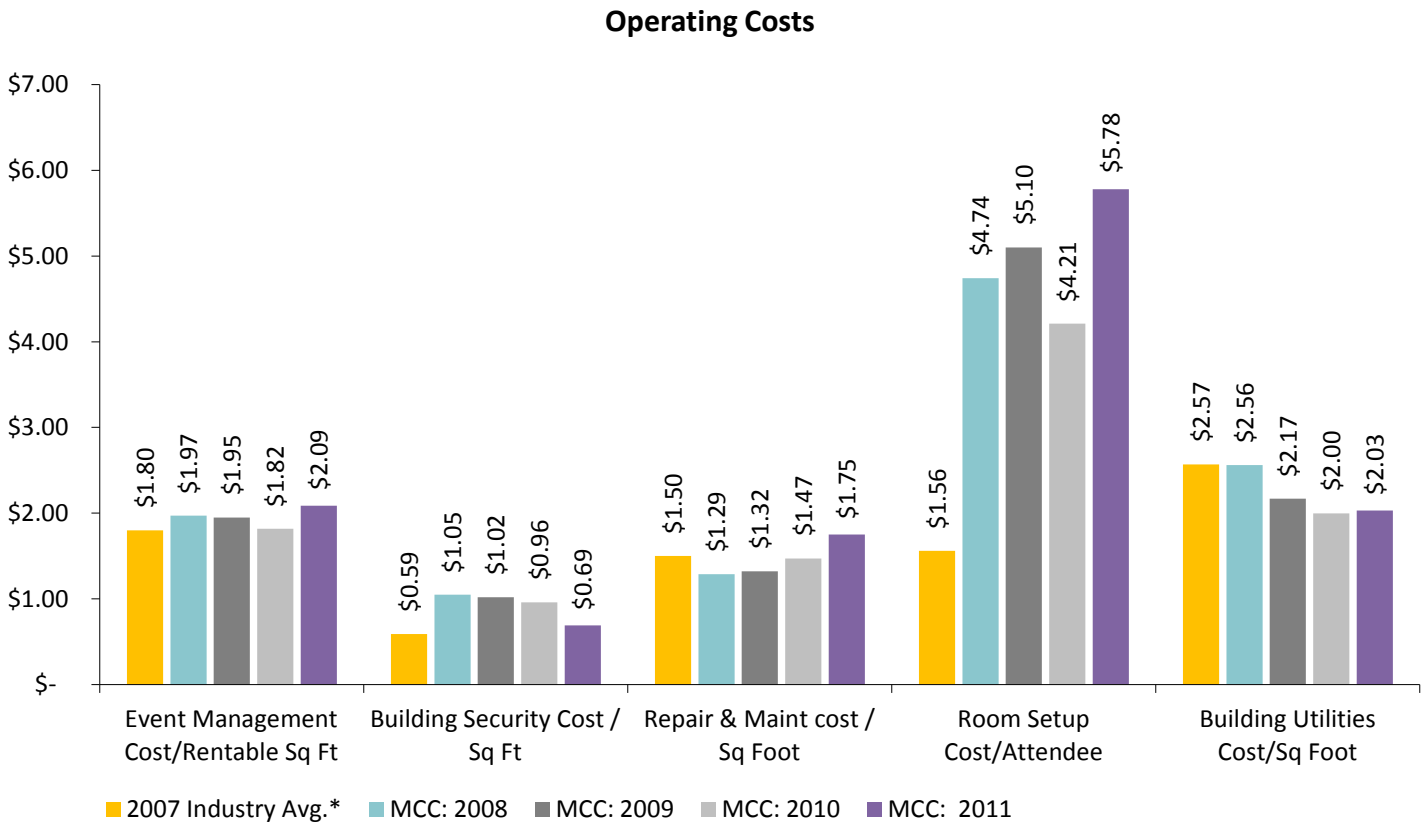

**Why is this measure important?**

It is a reflection of Minneapolis Convention Center's (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 indicates operating costs were growing proportionately with the fund until 2009. In 2009, fund revenue projections reverted back to below 2005 levels. The 2009 tax revenue decreased 9.3 percent from 2008 and rebounded slightly in 2010. In 2011, we came in at our highest level ever and we are optimistic that this trend will continue. The economy is a factor in fund revenues. Early indicators suggest that 2012 revenues will come in at slightly below budget; however, the first quarter of the year is typically the strongest in terms of revenues. Expenses are estimated to be about 3% below budget and will be held as flat as possible in 2013.

**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 and labor system. Further, our sustainability efforts will help us realize cost savings in utilities, especially in energy. Also, beginning in 2012 we have established a more flexible staffing model and eliminated a level of supervision. The leadership of MCC is shifting our culture and is using the balanced scorecard approach. Impact! Goals have been established in the areas of operations, employees, customers and finance.






*2007 Industry Avg. is most up to date comparison available.

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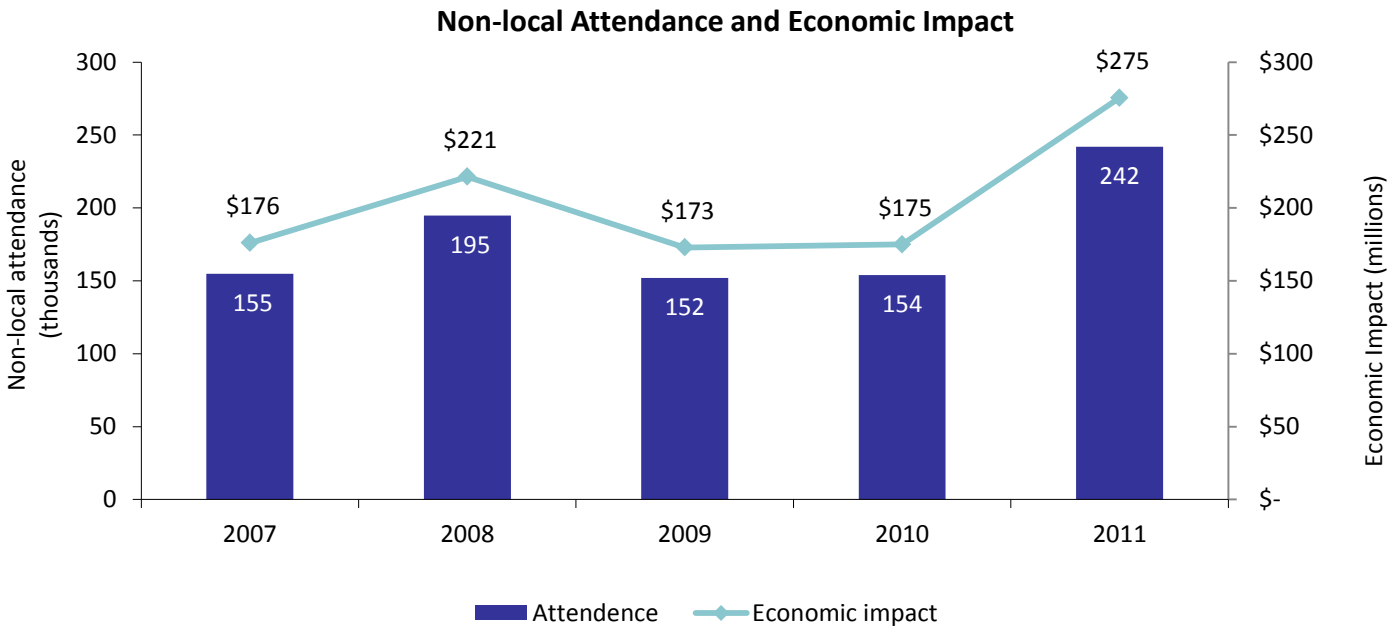
**Why is this measure important?**
These industry benchmarks provide an operational comparison in terms of managing expenses. The metrics can help identify areas where we need to pursue more cost saving initiatives, as well as illustrate successes.

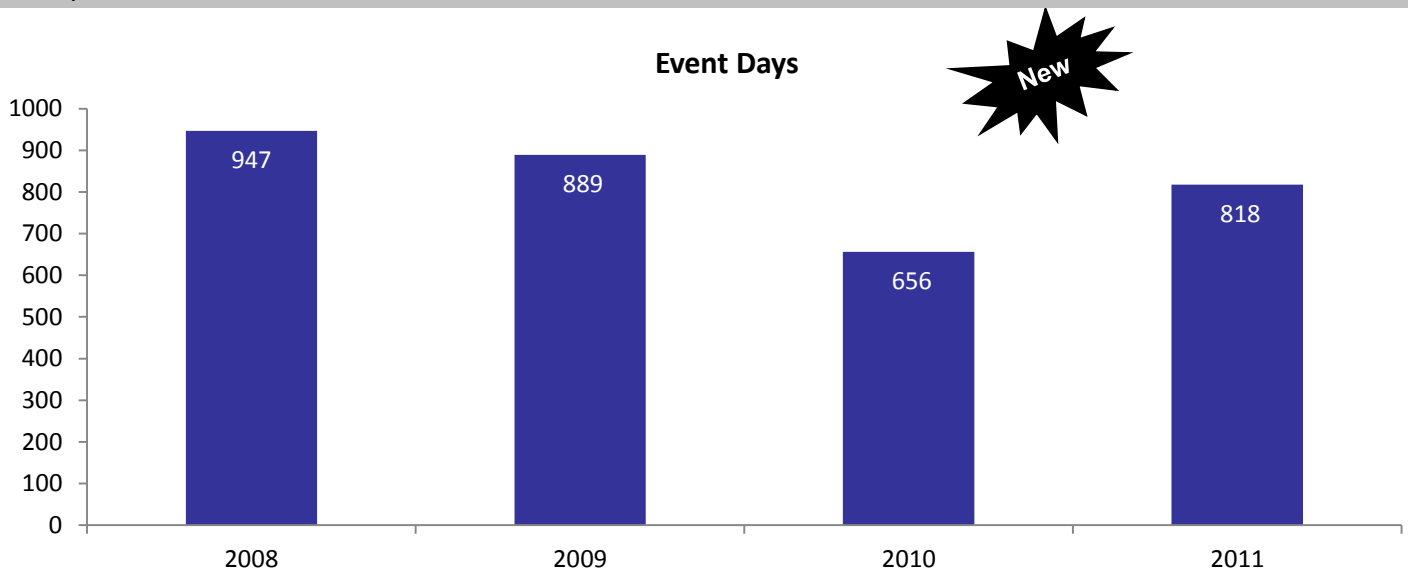
**What does this mean in terms of cost-containment?**
These statistics indicate that costs are very competitive in most areas. Building security costs continue to decline through investments in an improved camera system, new dispatch and reporting software and realignment of contracted security staff. Repair and maintenance costs increased slightly in 2011 due to the age of the building. Room set-up costs increased in 2011 due to staffing changes announced in October 2011. Several staff members used sick leave and vacation, leaving us short-staffed as a result of the announcement to a more flexible staffing model implementation in 2012. These costs are expected to decline in the second half of 2012 as MCC is able to operate leaner and make adjustments to operations so that MCC is as efficient as possible. In the last two years, the Convention Center has focused on utility costs; as a result, this area has seen dramatic decreases. Utility costs have increased slightly in 2011 due to rate increases and changes in billing. The Convention Center is in the process of a building-wide retro-commissioning of mechanical systems, as well as using federal funding for a lighting retrofit in Exhibition Hall A. It is anticipated these measures will save considerable utility costs in the future.




**Why is this measure important?**
Generating economic impact for the community is the primary purpose for convention centers.

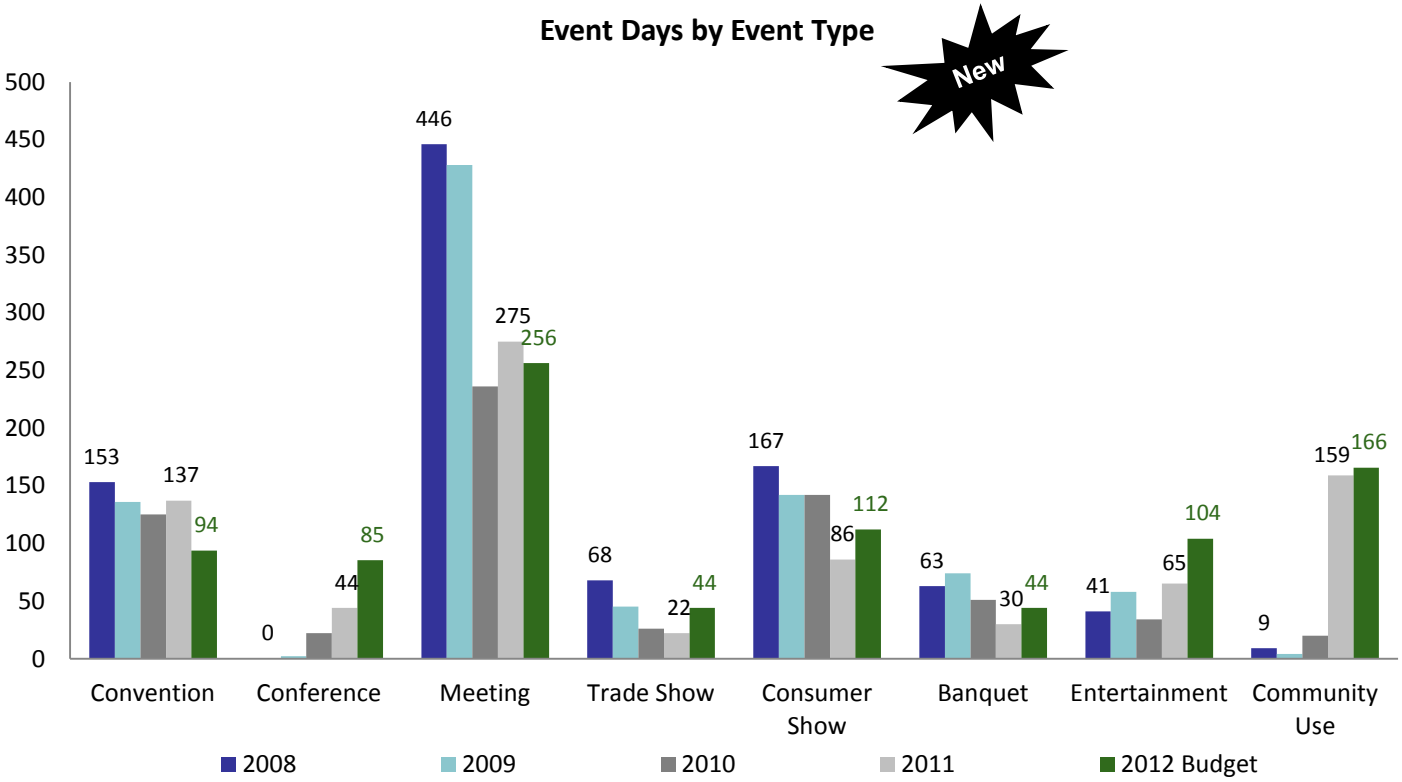
**What will it take to make progress?**
To increase economic impact we need to book more national and state conventions and conferences. In order to remain competitive we need to continuously reinvest in our facility and service amenities that appeal to event planners as well as attendees. Every out of town attendee spends an average of $1,137* per visit.

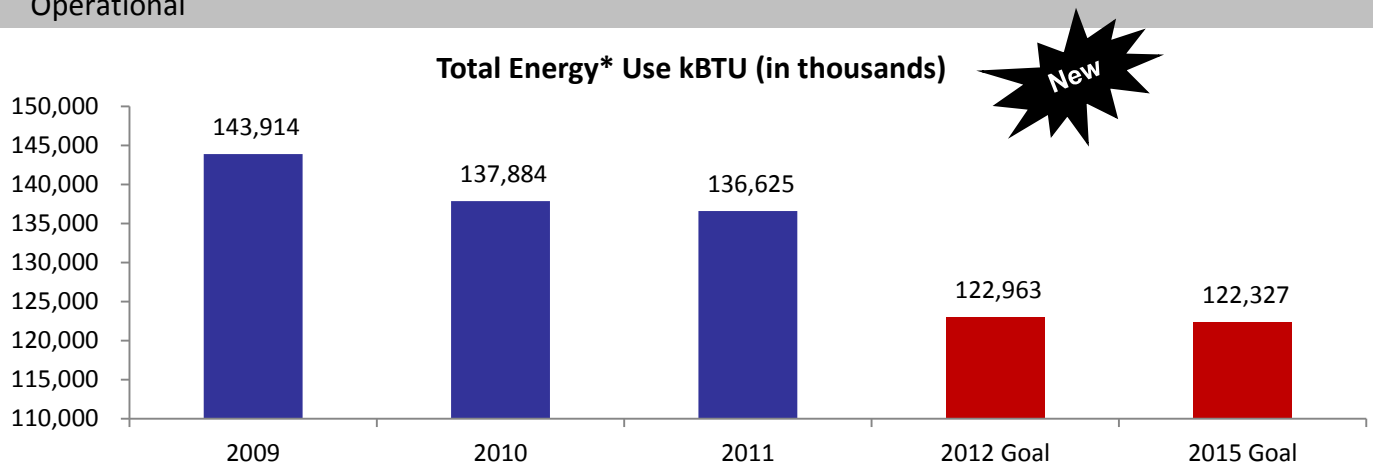
*Source: DAMI, 2005




**Why is this measure important?**
Event days reflect the event activity in the building.

**What will it take to make progress?**
In 2011, the Convention Center hosted an average of 2.3 events per day, up 25 percent from 2010. Event days, as well as the event mix, impacts staffing levels, building use and revenues. In 2012, we anticipate higher event days, but a reduction in revenues due to the event mix – less of the economic impact and revenue generating conventions, and more small events such as conferences, meetings and entertainment events.






* Total energy includes electricty, natural gas, cooling and heating.

**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 temperature set point and raising the summer temperature 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. The solar array on the rooftop is connected directly to the facility's internal electrical system, producing 750,000 kWh of renewable electricity per year - the equivalent of powering 85 homes. It will offset 539 metric tons of carbon dioxide emissions annually.

In 2011, three sustainability goals were announced: 1) to recycle 75 percent of all our waste, 2) reduce energy usage by 10 percent and 3) reduce water use by 50 percent by 2015.

1) Waste: We are renovating an underutilized storage building to become a Resource Recovery Center. MCC has received grant funding from Hennepin County to support compost integration in our efforts. In 2009, our benchmark year, we recycled 31 percent of our waste, or 1,776,140 pounds. Our 2012 recycling goal is 40 percent with significant gains expected when our Resource Recovery Center is operational in 2013.

2) Energy: We are currently 24.5 percent more energy efficient than other Midwest public facilities. We are accomplishing this goal through retro-commissioning, improved scheduling of staff and a series of lighting upgrades. One lighting retrofit project is expected to reduce the energy needed in that area by over 72 percent. These projects are funded by federal stimulus grants. Results show a reduction in energy use from 143,913,907 kBTUs in 2009 to 136,624,506 kBTUs in 2011. This achieves our goal of a reduction of 10 percent by 2015, but MCC still strives to reduce even more in 2012.

3) Water: We are reducing usage in three areas: landscaping, restrooms and kitchens. All renovations made will meet the criteria of using less than 50 percent of the pre-retrofit system. MCC is currently renovating 32 restrooms with low flow fixtures. Through a Mississippi Water Shed grant, we are studying the feasibility of a water-reuse system that would collect 21 million gallons of storm-water from our roof to be reused for landscaping and cleaning loading docks. Our water use decreased from our 2009 benchmark of 14,008,544 gallons to 13,108,700 in 2011. In 2012, our goal is to further reduce water usage by 12 percent.

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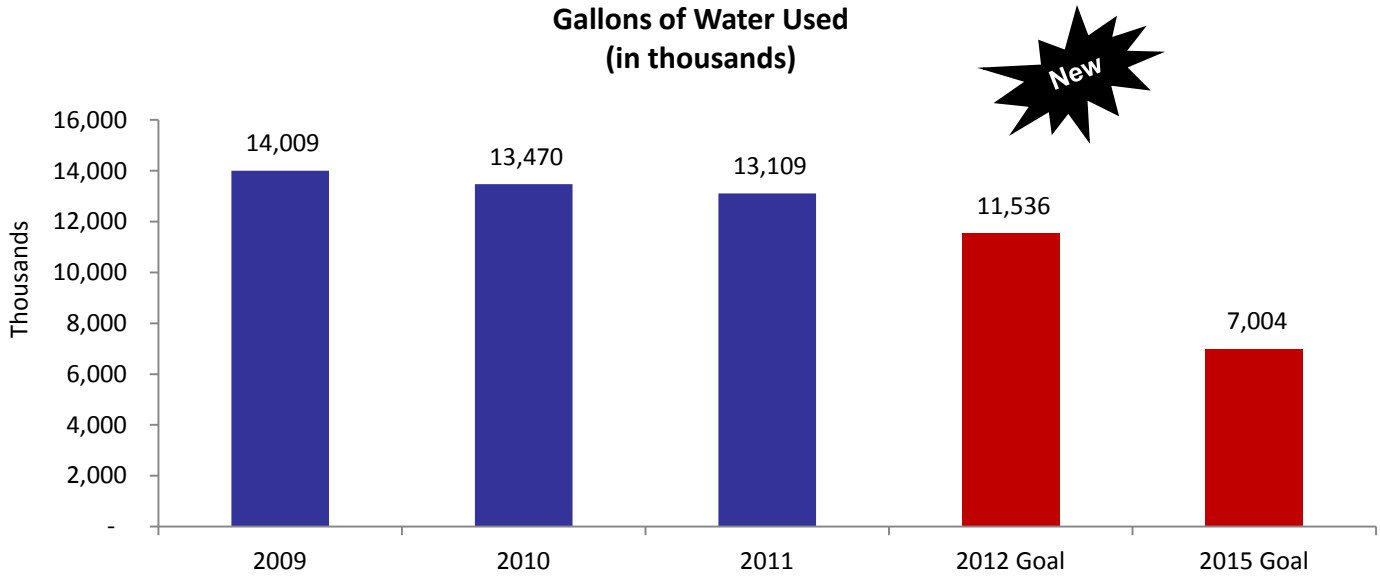
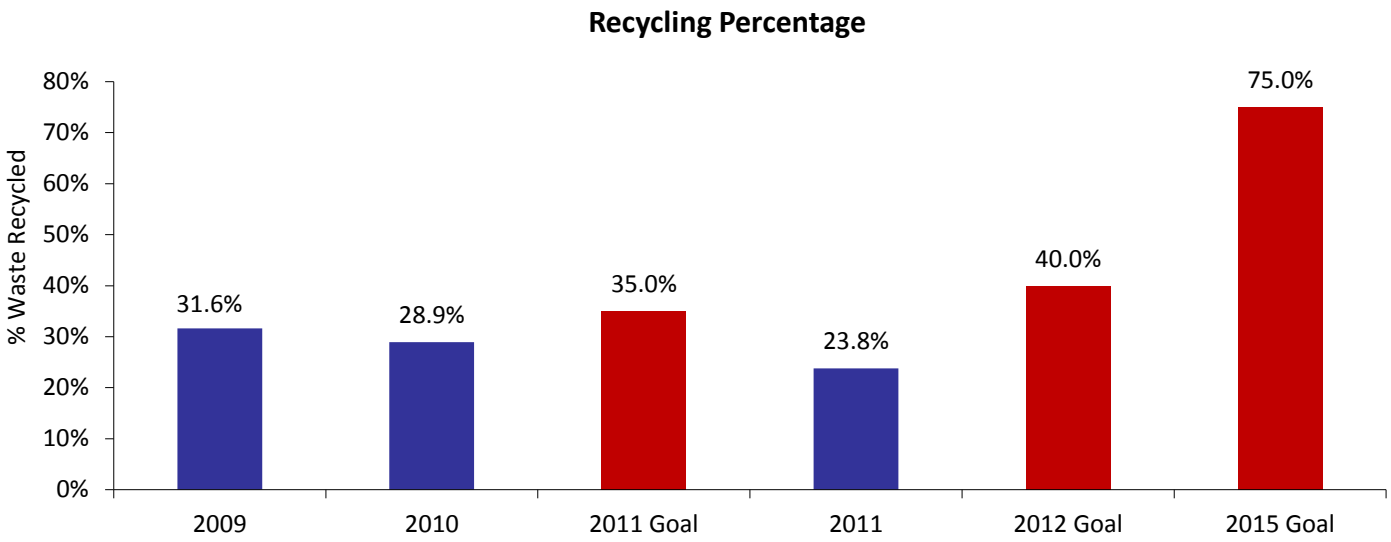
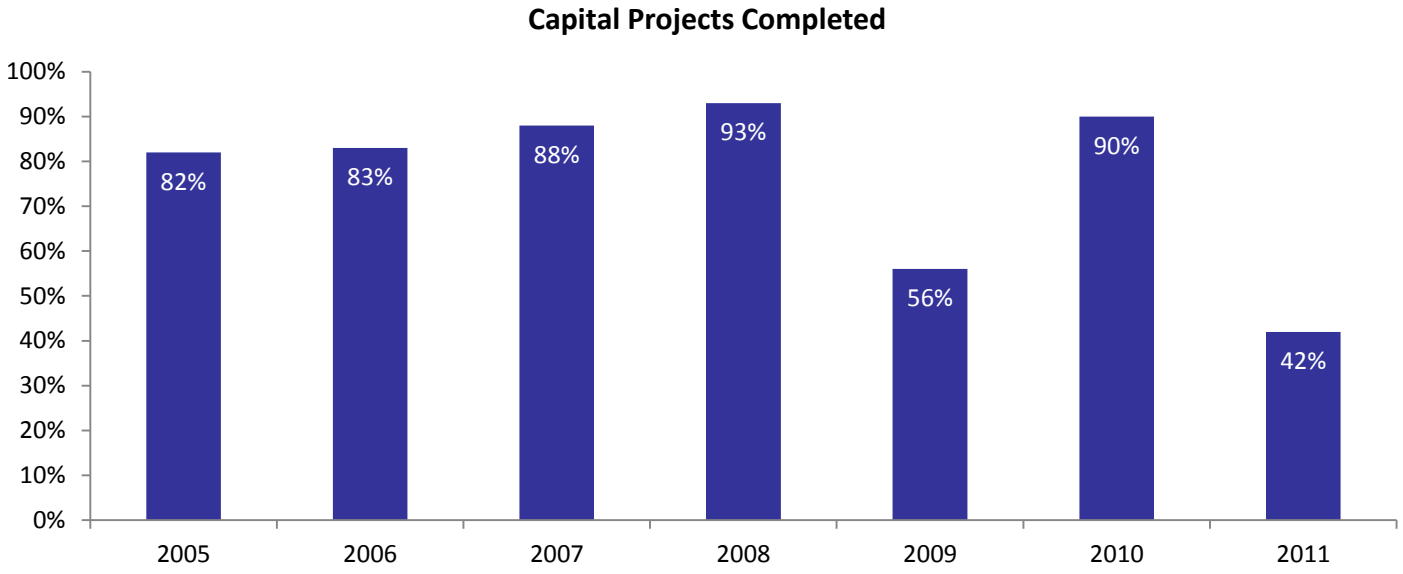
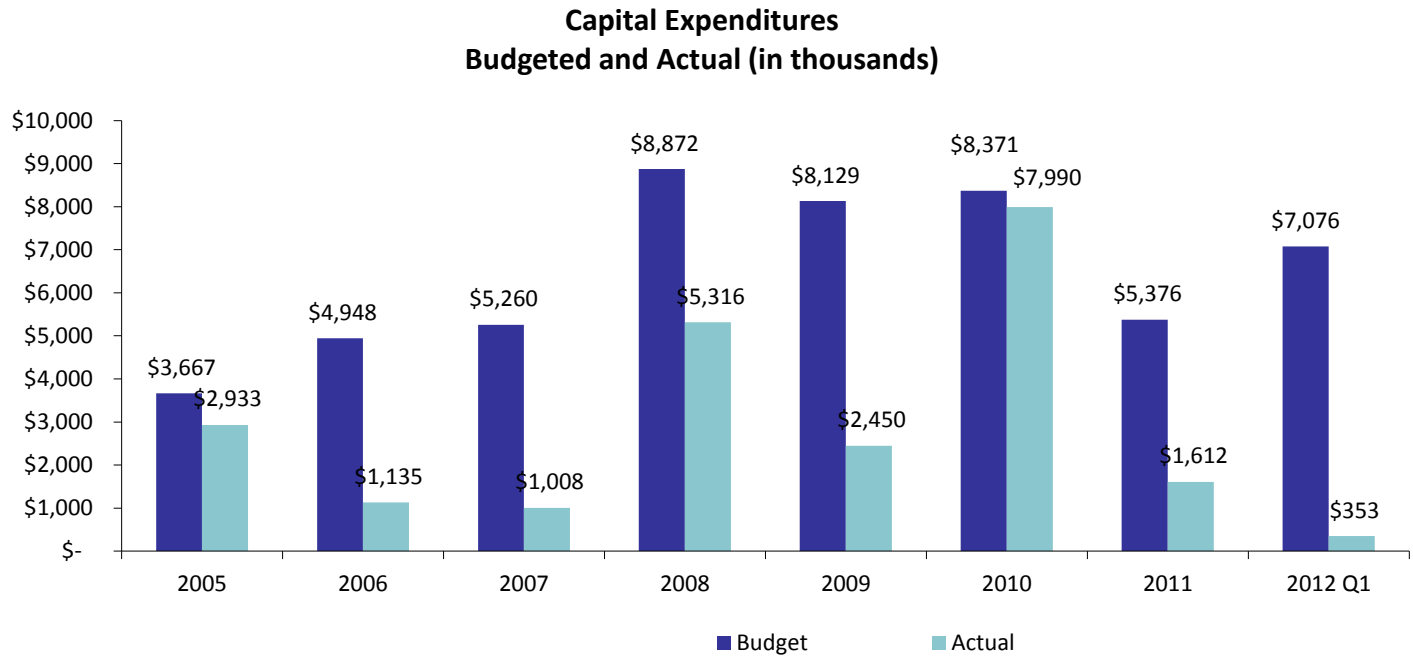

Gallons of Water Used
(in thousands)
New
Thousands
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
-
14,009
13,470
13,109
11,536
7,004
2009
2010
2011
2012 Goal
2015 Goal

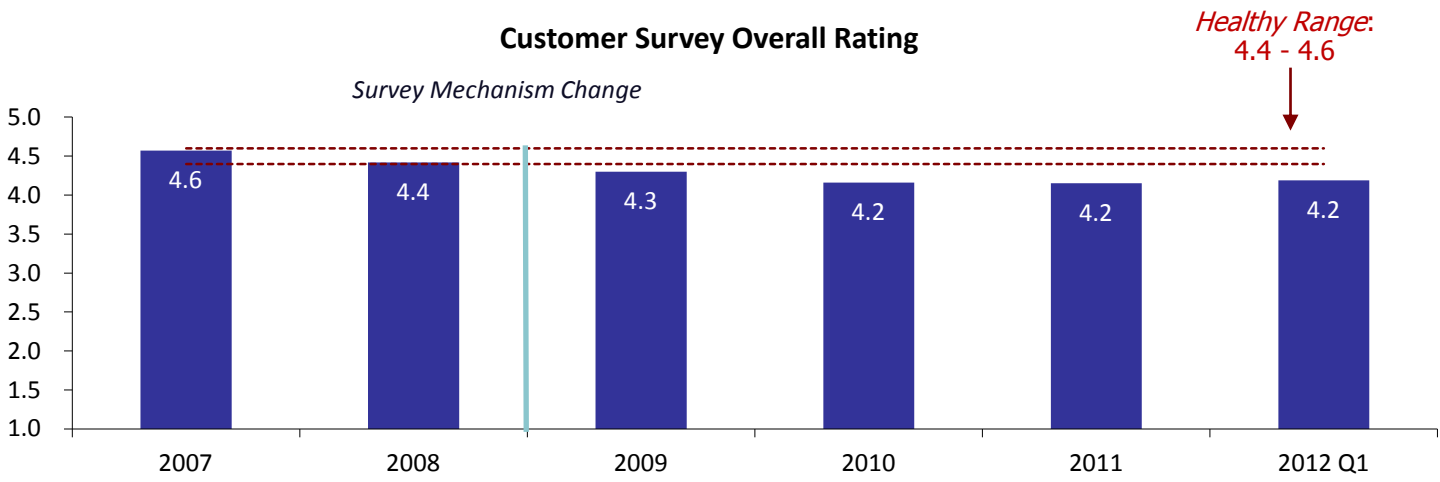

Recycling Percentage
% Waste Recycled
80%
70%
60%
50%
40%
30%
20%
10%
0%
31.6%
28.9%
35.0%
23.8%
40.0%
75.0%
2009
2010
2011 Goal
2011
2012 Goal
2015 Goal

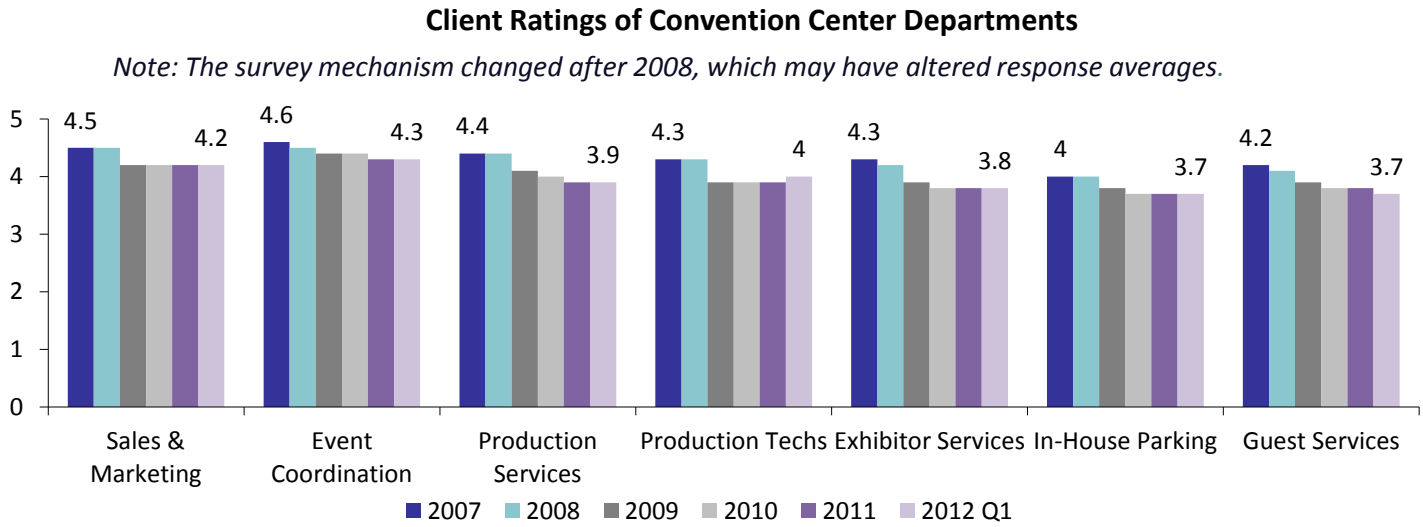



**Why is this measure important?**
Managing our capital budget and project overview encourages both good fiscal management, as well as, keeps the building in good health. These graphs illustrate the percentage of projects completed within a given year and the budget used.

**What will it take to make progress?**
In the past, the Convention Center has saved money by controlling capital spending. This trend continued in 2011. Further, the procurement process and staff resources extended the planning process and pushed many projects into 2012 or future years. There were several projects that resulted in improvements to the building in 2011 including operable wall replacement in the ballroom, carpet in the auditorium, the Sustainability Wall and Phase One of the landscaping renewal. As the building ages, capital improvements will become a major focus.






**Why is this measure important?**

This measure presents the clients' perspective on the management of the building and customer service provided by 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 on 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 are continuously monitored to make sure that excellent customer service is still an outcome. Further, we have a 2012 Impact! Goal which will provide a more unified vision and a customer service program that includes staff training to achieve a more empowered staff.

Client problem resolution is a measure not only of customer satisfaction, but also of employee empowerment. Given the number of opportunities for issues to arise, the rate of reported problems is very low.

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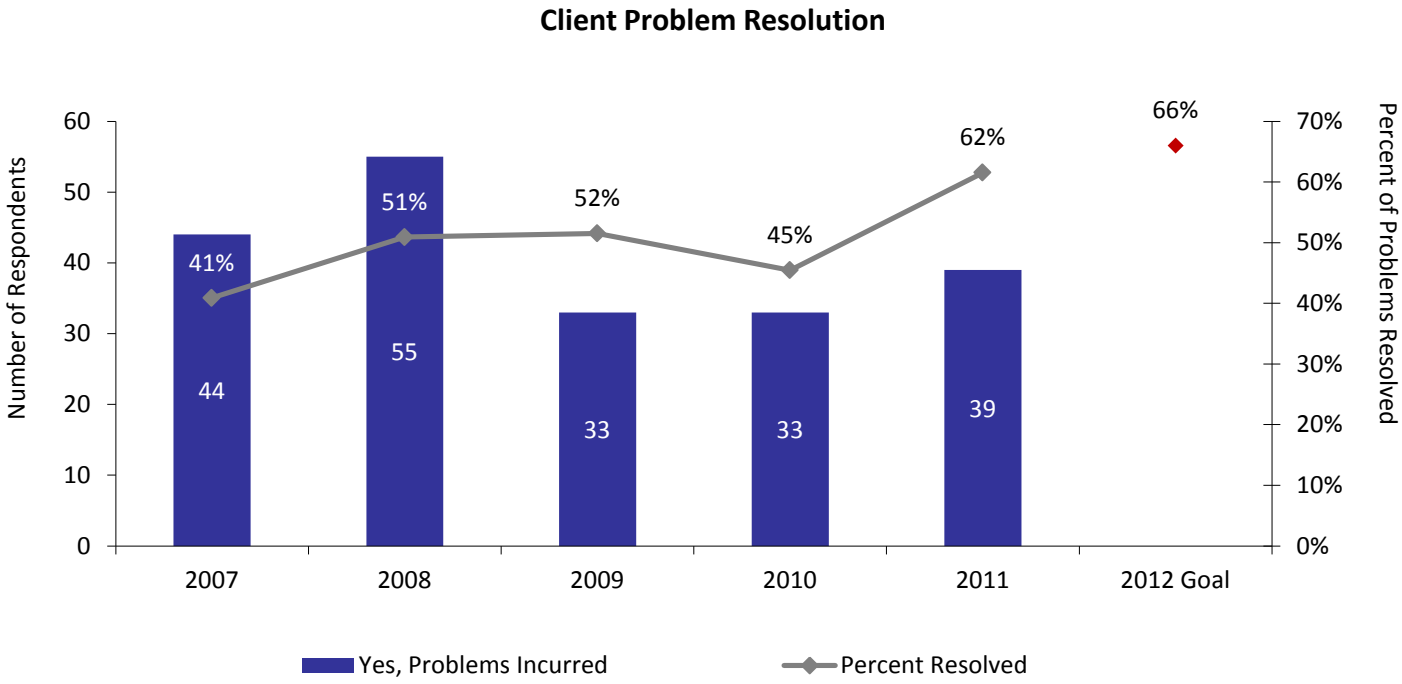
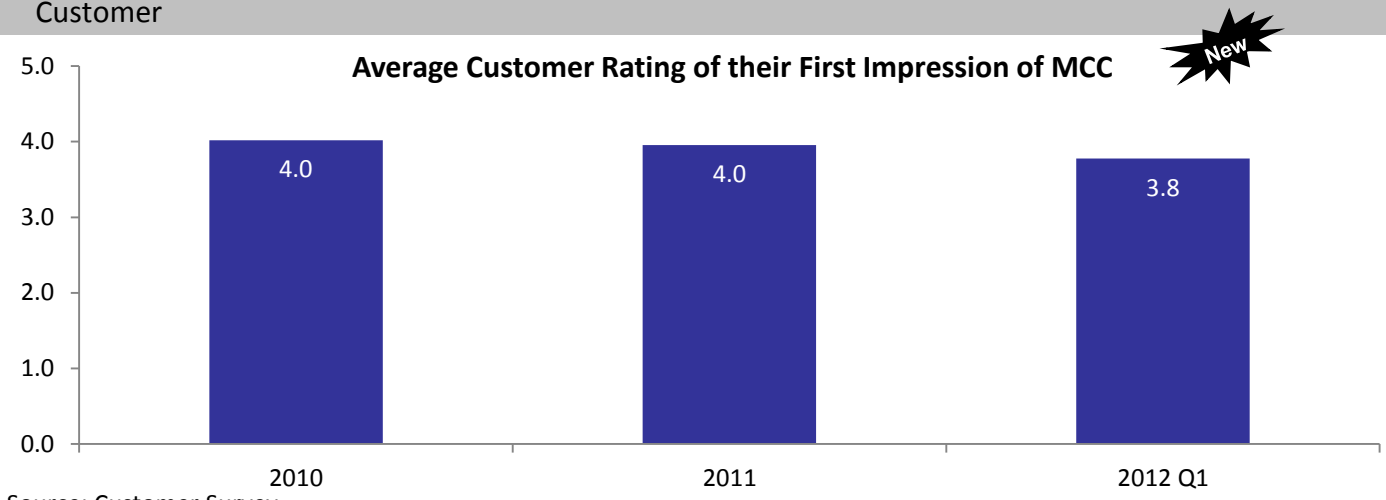

Client Problem Resolution
Number of Respondents
Percent of Problems Resolved
60
50
40
30
20
10
0
70%
60%
50%
40%
30%
20%
10%
0%
41%
51%
52%
45%
62%
66%
44
55
33
33
39
2007
2008
2009
2010
2011
2012 Goal
Yes, Problems Incurred
Percent Resolved

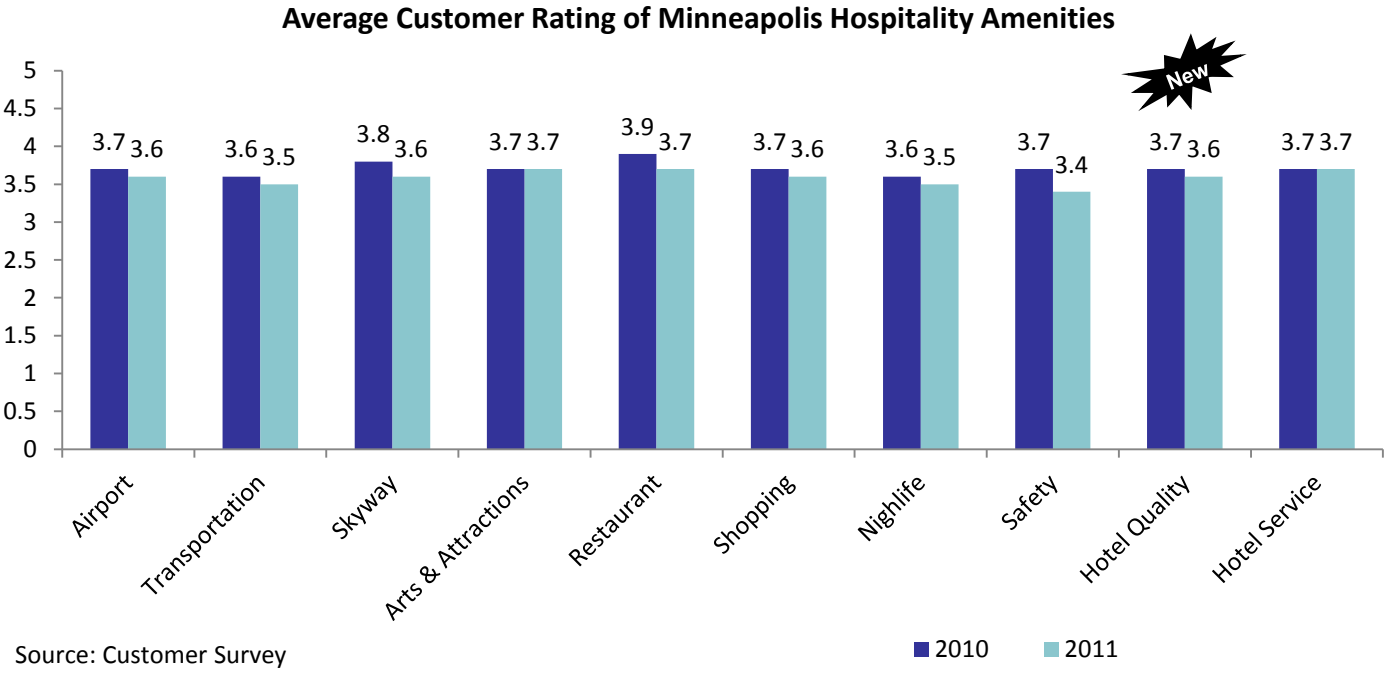



Source: Customer Survey

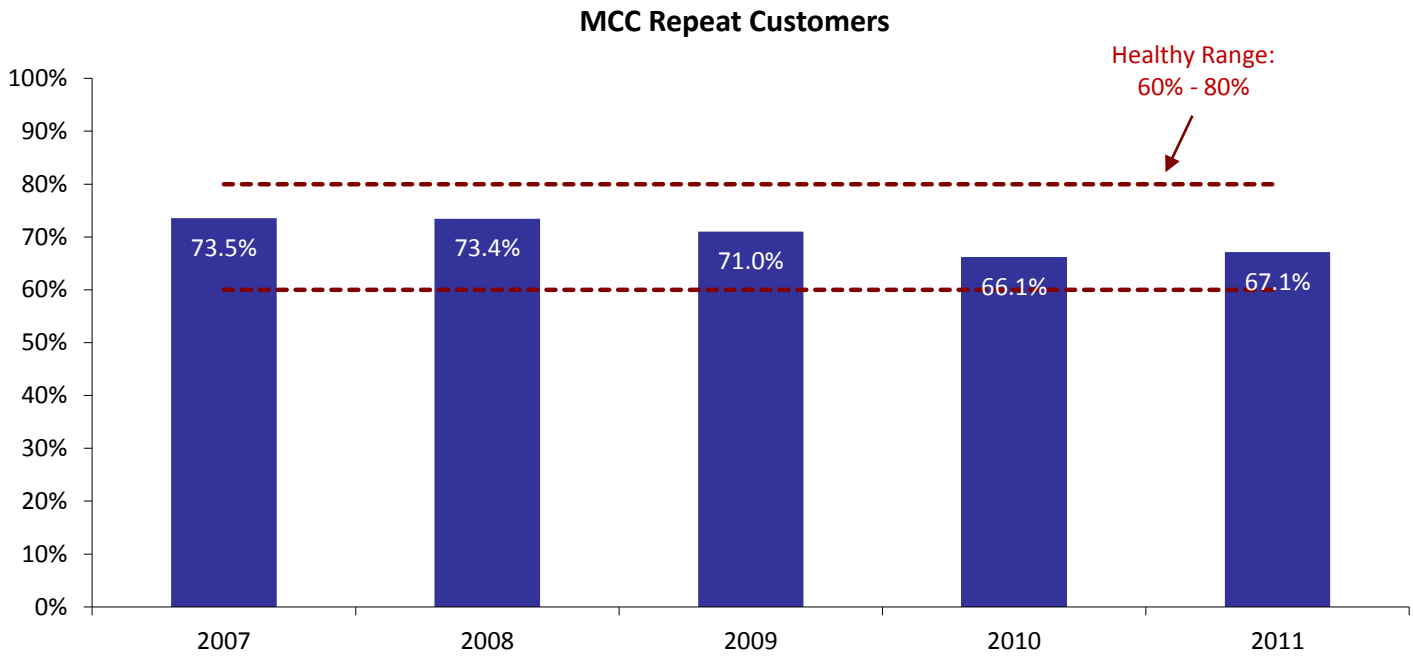
**Why is this measure important?**
A client's first impression of the MCC and the City of Minneapolis provides a framework for market comparison. The metrics can identify areas to provide a welcoming window to the City of Minneapolis, as well as amenities clients and guest look for within the City. Our facility must remain welcoming and well-kept within our competitive set.

**What will it take to make progress?**
This survey data comes from our client surveys and replaces data collected by the Watkins Research Group. The ratings are based on a scale of one to five. A rating of four represents a client response of "exceeds expectations."

The data below shows the amenities meeting planners are looking for when selecting a destination. Customer ratings are important because the Convention Center relies on our hospitality partners to provide services that enhance customers' total experience.

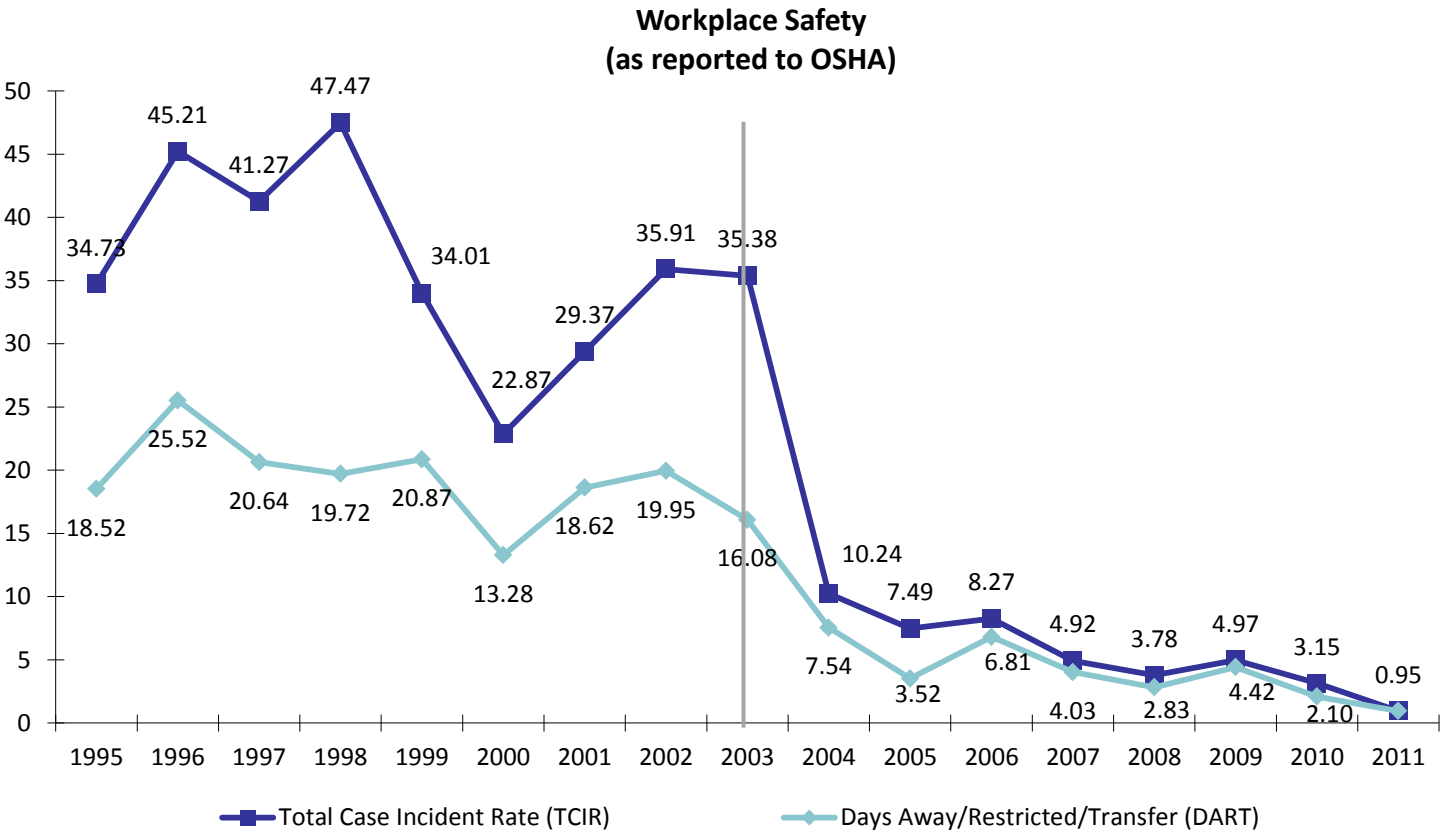



Source: Customer Survey




**Why is this measure important?**
Repeat customers are a measure of customer satisfaction. With 10 to 15 percent of our events coming from national and 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 will help achieve the target. To retain clients, they must appreciate the value received for the price paid. This is a critical element for maintaining a strong customer base. We need to grow and maintain client relationships and ensure customer satisfaction. This is achieved through management of client issues, client surveys and thorough follow-up by our Events and Sales Teams.




Note: The line represents the inception of the Safety Committee, which facilitated a drastic drop in workplace injuries.

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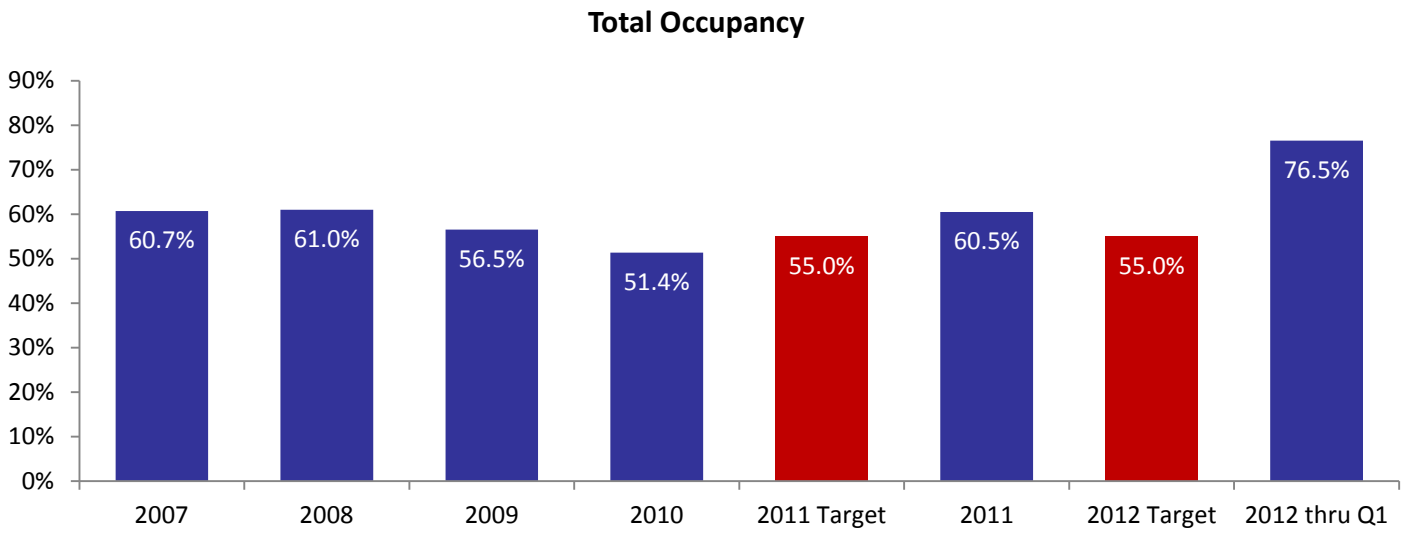
**Why is this measure important?**
Workplace safety is a core value of our organization. The Safety Committee was started in 2002 in order to ensure that we proactively look for safety issues and investigate any accidents in order to do our best to make sure they do not happen again.

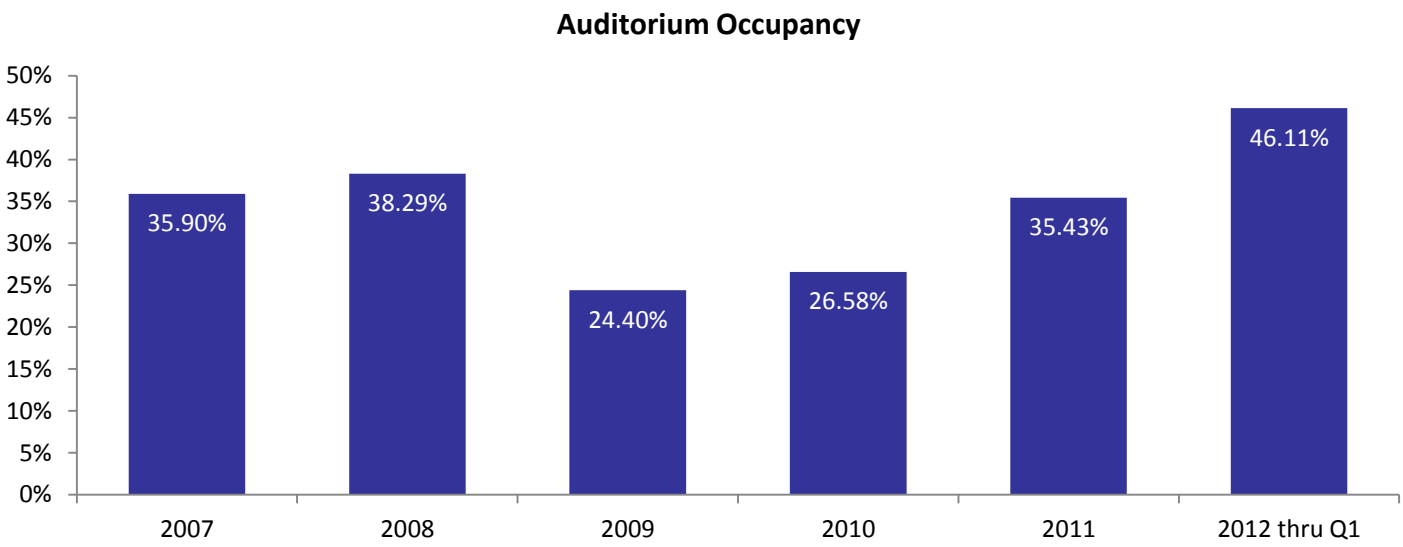
**What will it take to make progress?**
Continued focus on safety through using the Safety Committee and training will help us continue to strive towards a day when we have zero injuries or accidents on site. The two indicators, Total Case Incident Rate (TCIR) and Days Away/Restricted/Transfer (DART)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

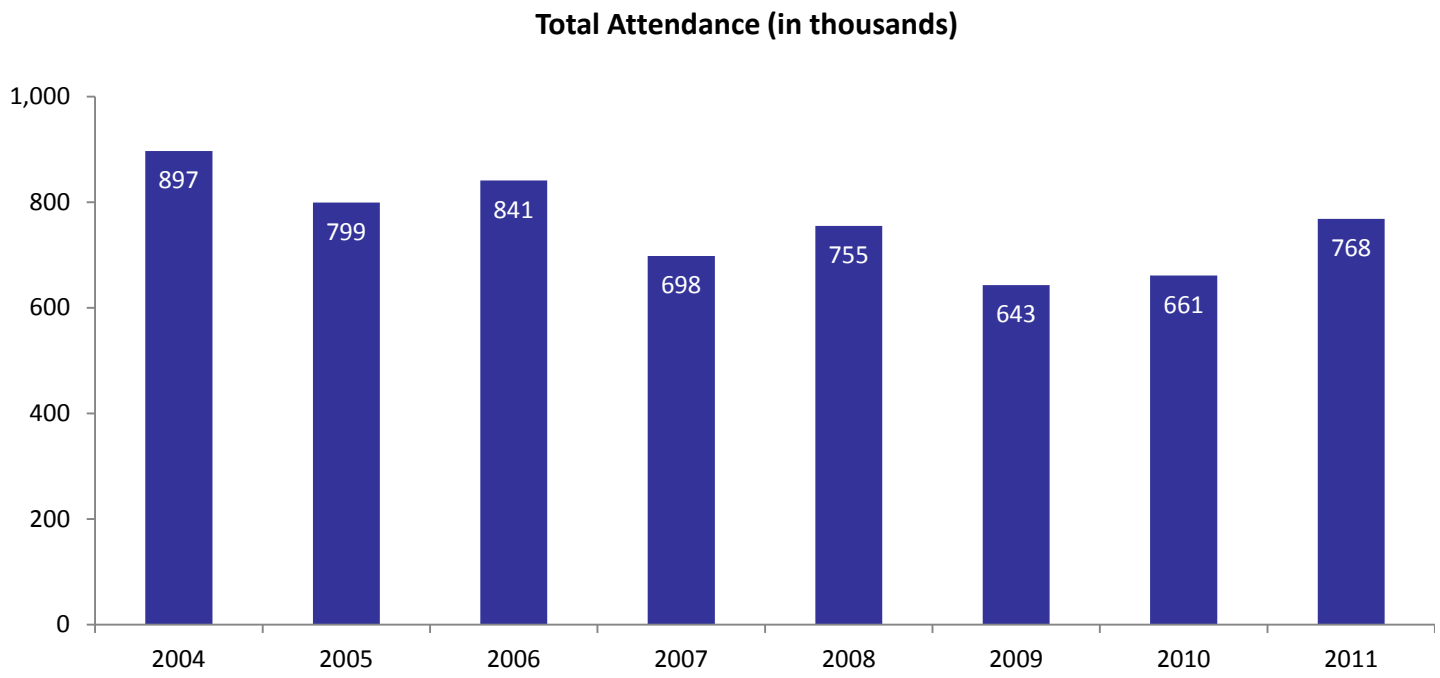
The TCIR is the number of recordable workplace injuries and illnesses, which is calculated per 100 FTE's. DART is the number of days away from work (or days where it was medically necessary to restrict job duties) per 200,000 hours worked.

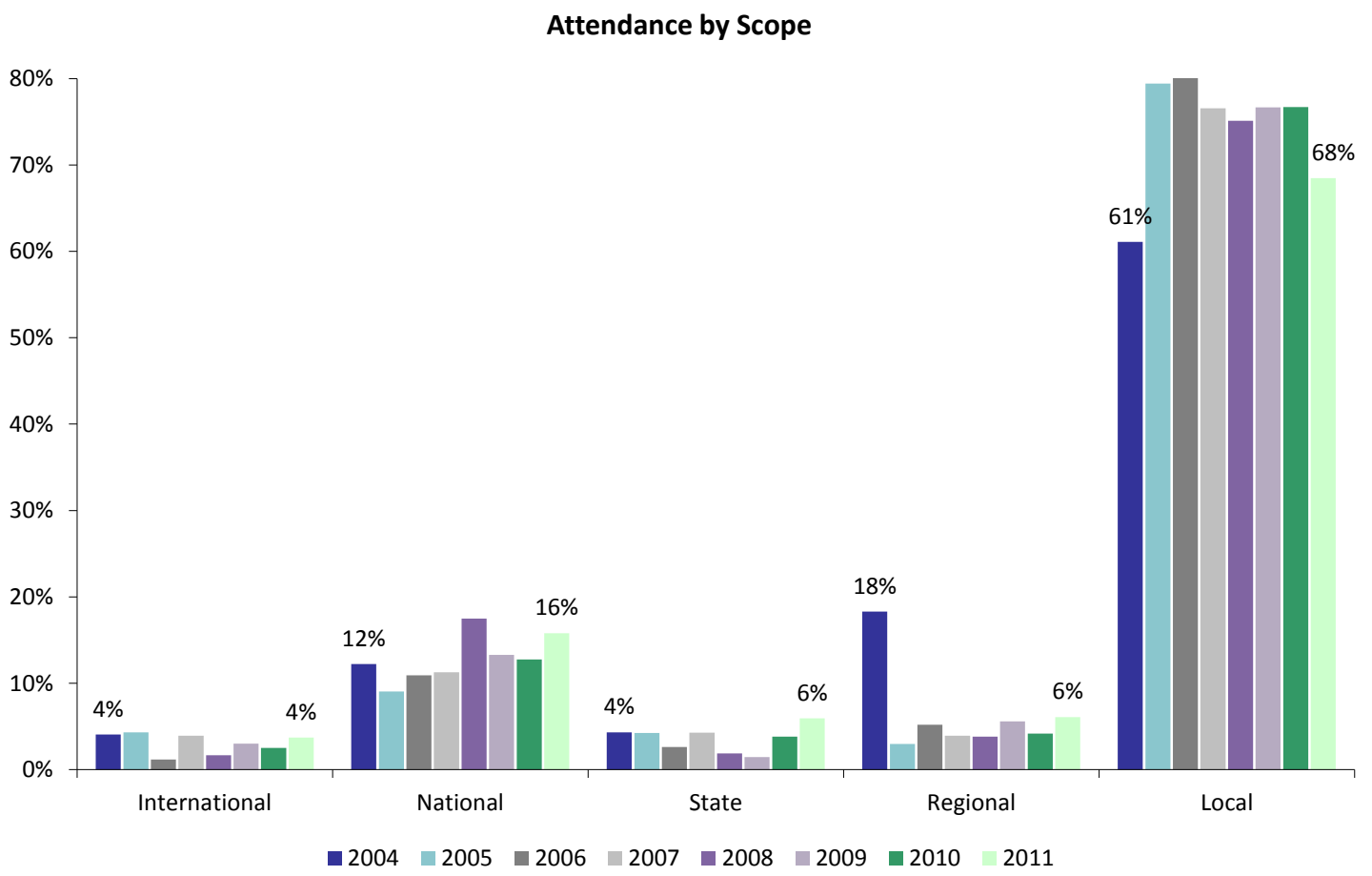
The Convention Center does not easily fit into an industry category for comparative purposes. In 2010, the hospitality industry reported a TCIR of 3.9; local government reported a TCIR of 6.1, according to the Bureau of Labor Statistics. MCC is signifincantly below both of these comparisons.

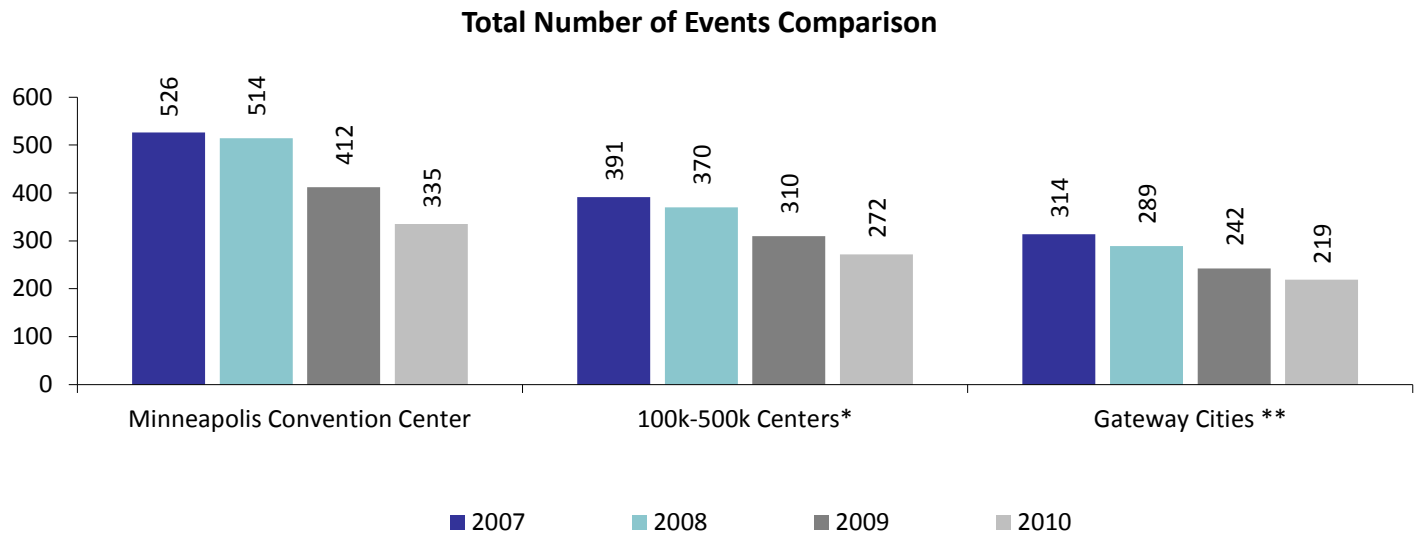
# Appendix


Total Occupancy
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
60.7%
61.0%
56.5%
51.4%
55.0%
60.5%
55.0%
76.5%
2007
2008
2009
2010
2011 Target
2011
2012 Target
2012 thru Q1

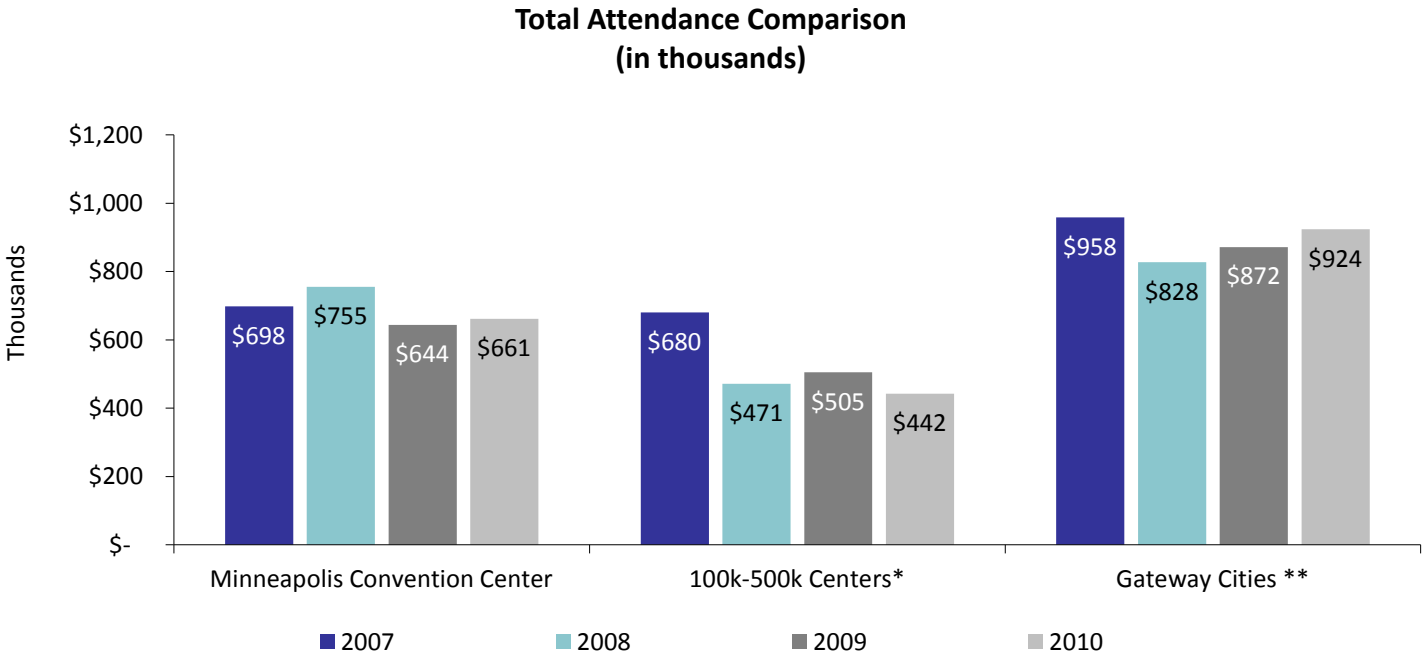

Auditorium Occupancy
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
35.90%
38.29%
24.40%
26.58%
35.43%
46.11%
2007
2008
2009
2010
2011
2012 thru Q1


Total Attendance (in thousands)
1,000
800
600
400
200
0
897
799
841
698
755
643
661
768
2004
2005
2006
2007
2008
2009
2010
2011


Attendance by Scope
80%
70%
60%
50%
40%
30%
20%
10%
0%
4%
4%
12%
16%
4%
6%
18%
6%
61%
68%
International
National
State
Regional
Local
2004
2005
2006
2007
2008
2009
2010
2011



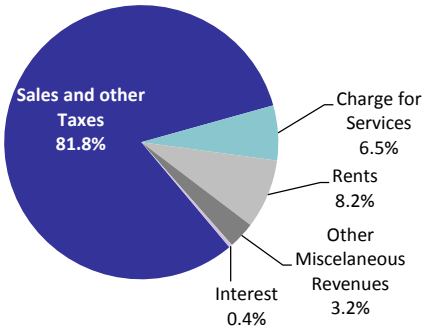

Source: PriceWaterhouse Coopers Convention Center Reports 2006-2011
* Centers with 100,000 to 500,000 of sq. ft. of exhibit space
** Metropolitan areas with at least 30,000 hotel rooms



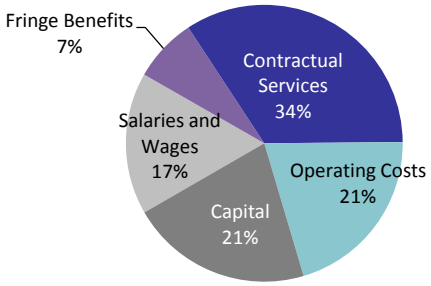

Source: PriceWaterhouse Coopers Convention Center Reports 2006 – 2011

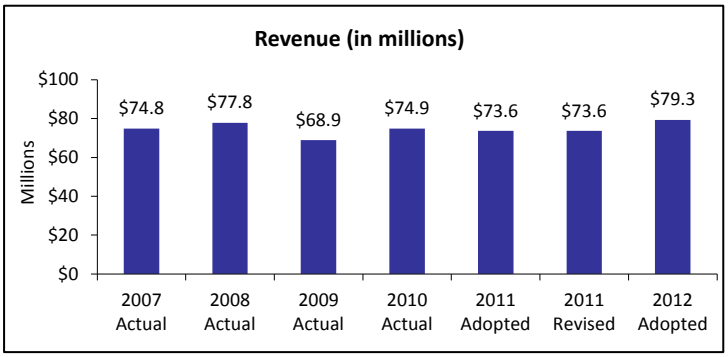
# Management Dashboard: Convention Center

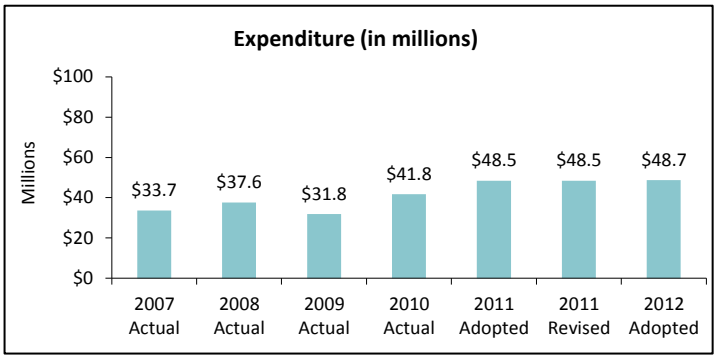
**2012 Revenues by Type: $79.3 million**




**2012 Expenditures by Type: $48.7 million**




| Loss Prevention Data | | | | | |
|---|---|---|---|---|---|
| Year | 2007 | 2008 | 2009 | 2010 | 2011 |
| Workers Comp | $64,108 | $54,374 | $21,342 | $22,268 | $ 119,497 |
| Liability Claims | $60 | $10,011 | $6,130 | $1,713 | $1,187 |

| Average Sick Days Taken per Employee | | | | | |
|---|---|---|---|---|---|
| Year | 2007 | 2008 | 2009 | 2010 | 2011 |
| Days | 9.9 | 9.5 | 10.3 | 10.3 | 8.0 |

| Workforce Demographics | | | |
|---|---|---|---|
| Year end | 12/31/2003 | 12/31/2011 | City Avg. |
| % Female | 33% | 28% | 31% |
| % Employee of Color | 44% | 45% | 24% |
| # of Employees | 203 | 195 | |

| Overtime Costs | | | | | |
|---|---|---|---|---|---|
| Year | 2007 | 2008 | 2009 | 2010 | 2011 |
| Hours | NA | 16,393 | 10,047 | 7,358 | 8,712 |
| Cost | NA | $544,391 | $354,972 | $258,501 | $306,547 |

| Employee Turnover and Savings | | | | | |
|---|---|---|---|---|---|
| Year end | 2008 | 2009 | 2010 | 2011 | City Avg. |
| Turnover | 7.20% | 11.59% | 5.66% | 31.21% | 5.42% |

| Positions Vacancies | | | | | |
|---|---|---|---|---|---|
| Year end | 2007 | 2008 | 2009 | 2010 | 2011 |
| Percent of Total | 15.0% | 13.0% | 13.0% | 3.0% | 11.0% |

| Performance Reviews Past Due in HRIS | |
|---|---|
| As of 30-May-12 | 24% |

| Retirement Projections | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Number | 8 | 2 | 4 | 2 | 3 | 2 | 3 | 8 | 4 | 2 | 3 |
| Cumulative Projectio | 4% | 5% | 7% | 8% | 10% | 11% | 12% | 16% | 18% | 19% | 21% |

Data as of 31-May-12

**Notes:**

Average Sick Days taken per Employee

A) Based on the payroll calendar year not the calendar year.
B) Does not include employees who were in a suspended ("S") Pay Status at the end of a given payroll year.
C) Includes employees who are in a paid ("P") Leave of Absence status and an unpaid Leave of Absence status ("L").

Overtime Costs

A) OT amount - Fiscol. Reconciled with CRS and Data ware house queries.
B) Hours - based on HRIS management reports with payroll data

Workforce Demographics

A) Includes employee counts at year's end for 2003 and 2011.
B) Includes active FT regular and seasonal employees.

Workforce Analysis Detail

5 of 8 categories indicate under-utilization:
Official and Admin. 4 incumbents Female = 25.0% Avail. = 40.6% POC=0.0% Avail.=6.5%
Professional 24 incumbents Female = 29.2% Avail. = 52.0%
Protect svc. (non-sworn) 9 incumbents Female = 22.2% Avail. = 67.5%
Skilled craft 29 incumbents Female = 0.0% Avail. = 7.9%
Svc. Maintenance 84 incumbents Female = 31.0% Avail. = 42.9%

Employee Turnover and Savings

A) Turnover Savings= $Budgeted (personnel) - $Actual (personnel)

Position Vacancies

A) Includes only budgeted positions.

Retirement Projections

A) The projected time an employee is eligible to retire is based on service time in HRIS. For employees who received pension service credit in other organizations, the actual year of retirement eligibility may be sooner than the projections show.