



Convention Center

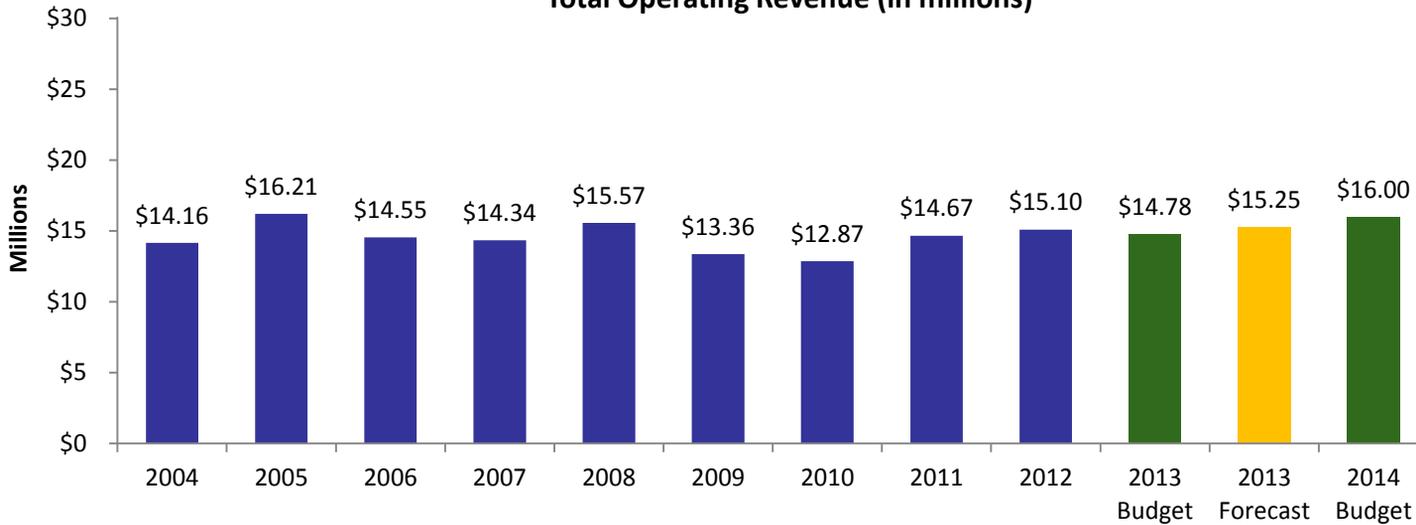
June 18, 2013

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Convention Center

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Total Operating Revenue (in millions)

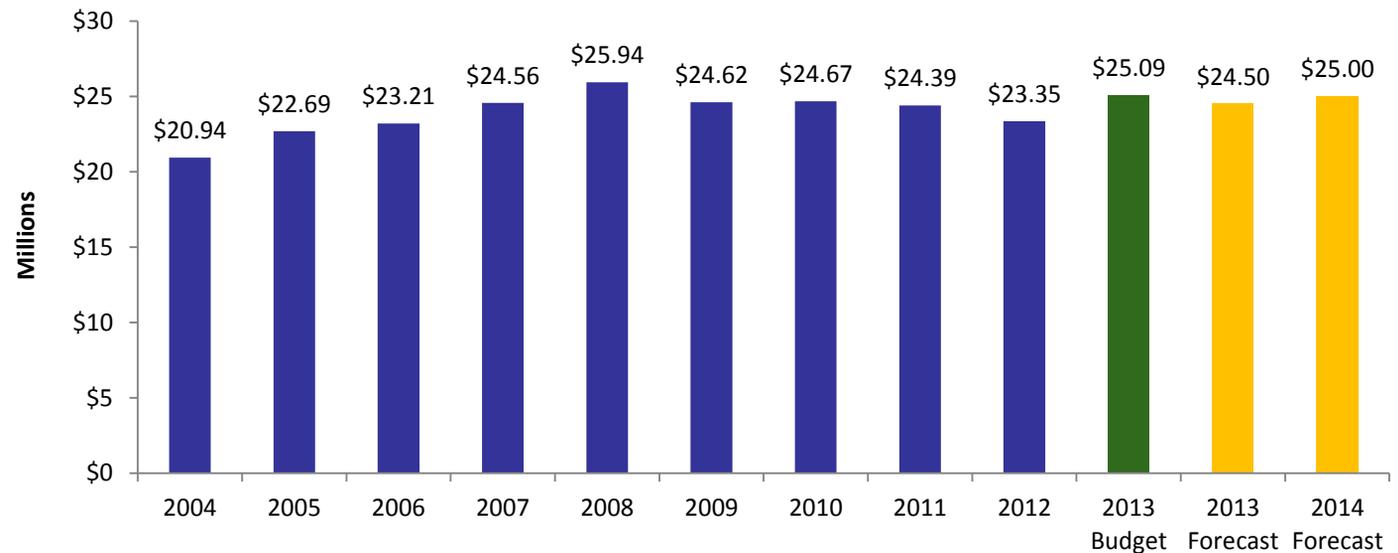
**Why is this measure important?**

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?

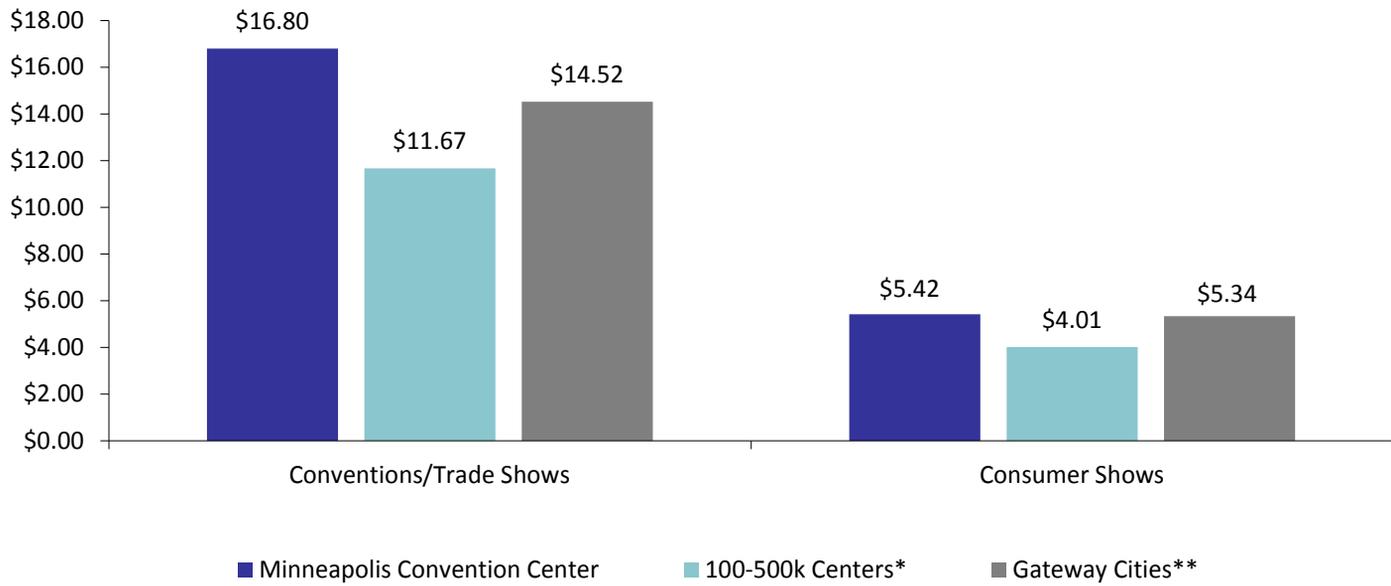
Our continued partnership with Meet Minneapolis is key to the success of both organizations. The current revenue projection is slightly ahead of budget, due in part to a strong consumer show season in the first quarter and renewed emphasis on revenue producing activities. The cost-saving changes implemented at the beginning of 2012 were realized within the year, and will continue to fluctuate with building event activities and operating refinements.

Operating Expenses (in millions)



Additional Data on Next Page...

Per Attendee Rental Revenue Comparison (2011)

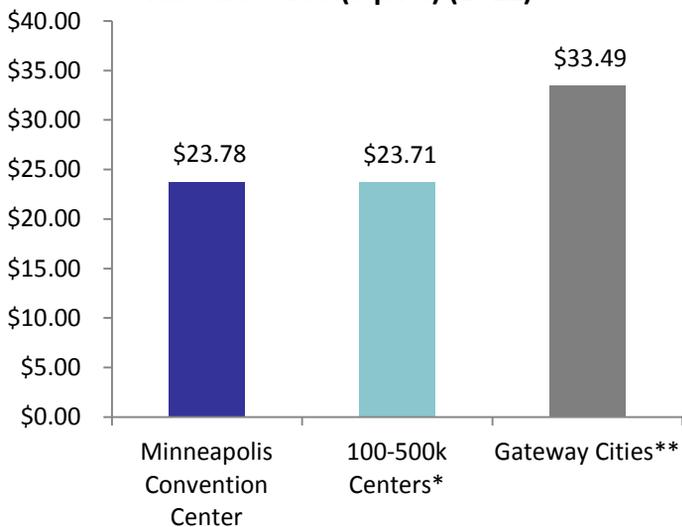


Source: PriceWaterhouseCooper 2012 Convention Center Report

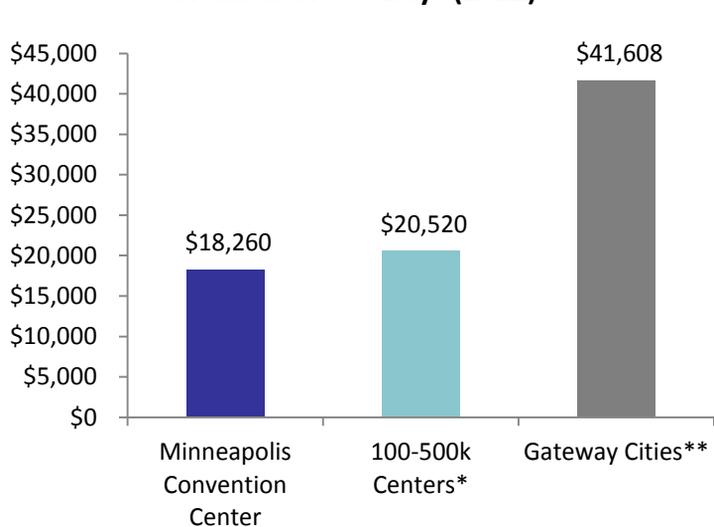
* Centers with 100,000 to 500,000 of sq. ft. of exhibit space (MCC has 475,200 sq. ft. of exhibit space)

** Metropolitan areas with at least 30,000 hotel rooms (Minneapolis metro area has 17,150 hotel rooms)

Average Operating Revenue by Total Rentable Area (Sq. Ft.) (2012)



Average Operating Revenue by Annual Number of Use Days (2012)



Source: IAVM 2012 Operating Revenue Report, Convention Centers

Note: MCC's Total Rentable Area is 628,183 sq. ft.

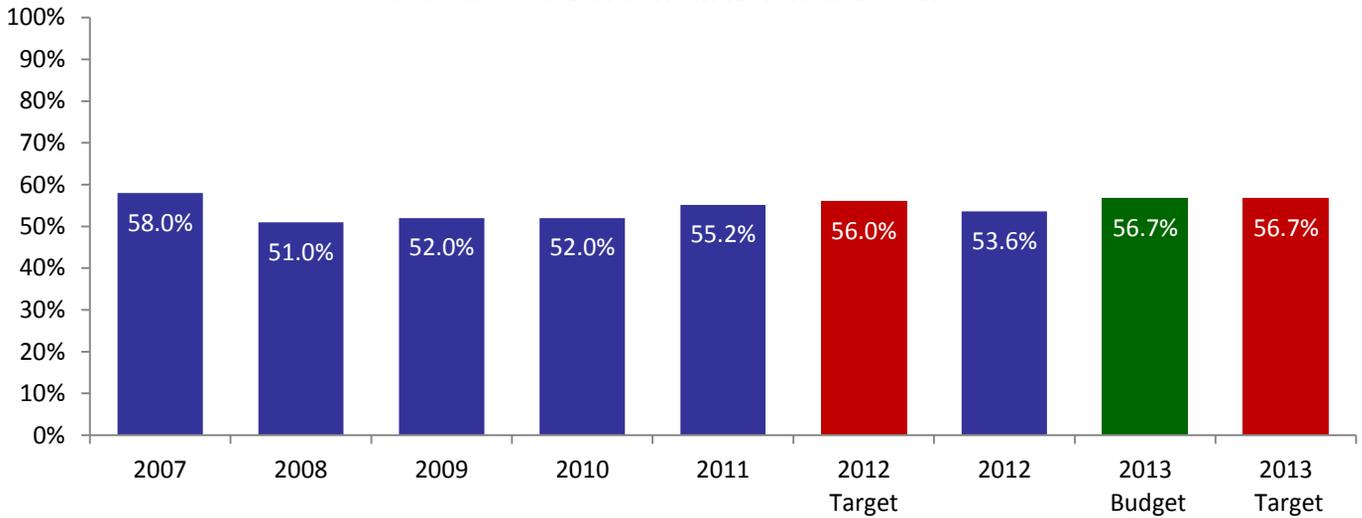
Why is this measure important?

Operating revenues are an important industry benchmark for comparing convention centers. Common metrics are functions of rentable area and annual use days. These measures indicate if we are capturing revenues (rent, food & beverage, equipment rental and services) as effectively as our peers.

What does this mean to operating revenues?

On average, our operating revenue by rentable area and operating revenue by annual number of use days is trending even or slightly below our peers in similar sized venues. As noted on the previous chart, "Per Attendee Rental Revenue" is above average; however, our "Percent of Revenue from Non-Rental Sources"(pp 6) shows that we have struggled to capture more revenue from non-rental sources such as food & beverage and services. As noted on the next page, the repurposing of a position to sell audio visual services is resulting in increased revenues. Further, the extension of the current catering agreement will yield an increase in food & beverage commissions beginning in 2013. We are also developing strategies to further increase food & beverage revenues.

Percent of Revenue from Non-Rental Sources



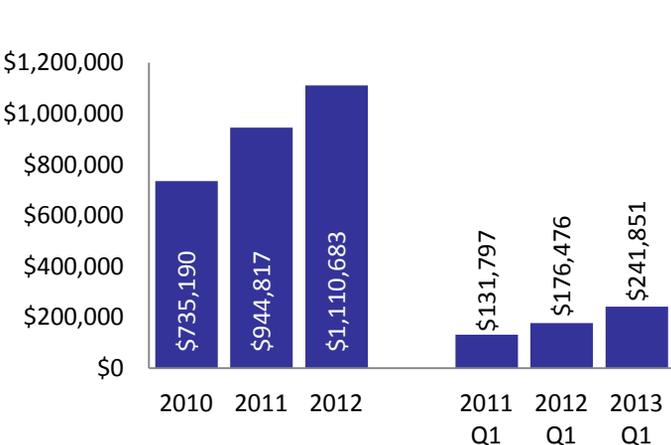
Why is this measure important?

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

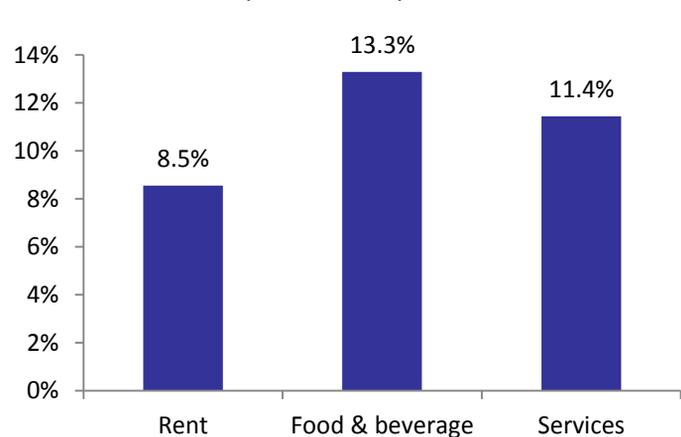
What will it take to achieve the targets?

Continued 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, whose focus is on selling ancillary services to clients based on client need. As a result, audio visual revenues have increased 18 percent from 2011 to 2012 and 37 percent in the first quarter 2013 compared to 2012. Further, in 2013, we will continue to conduct focus groups with clients in a variety of market segments to ensure that we are offering services they want and need.

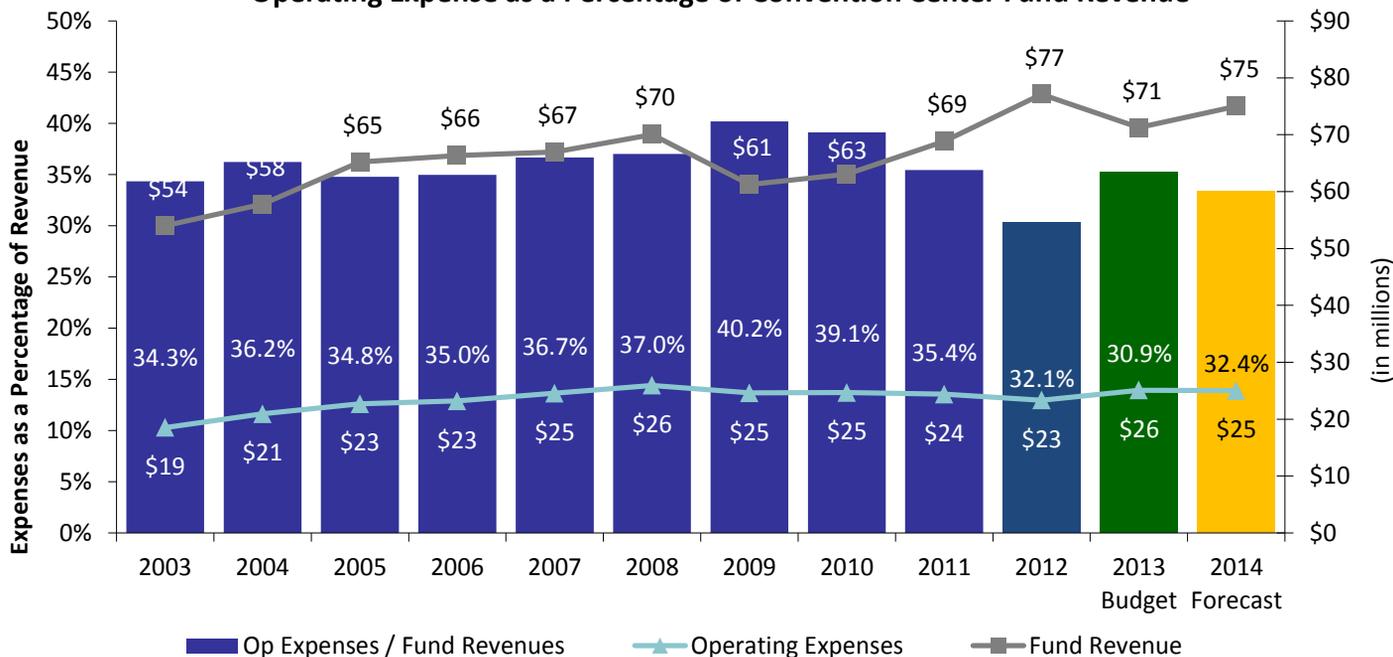
Audio Visual Equipment and Labor Revenues



Change in Revenue by Type Q1 2012 vs Q1 2013



Operating Expense as a Percentage of Convention Center Fund Revenue



Note: Fund revenue consists of Convention Center operating revenues and Hospitality Taxes (sales, food, liquor & lodging)

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 2012, we came in at our highest level ever and we are optimistic that this trend will continue.

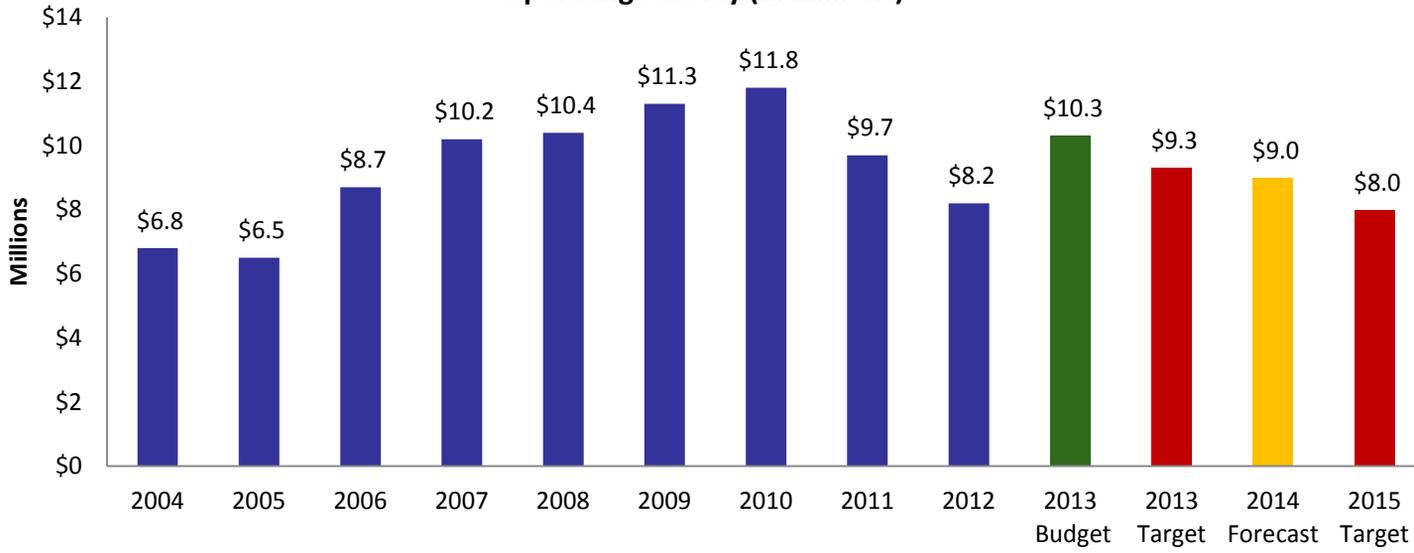
The economy influences fund revenues. Several changes occurred in 2012. Beginning in 2012, entertainment taxes are no longer posted to the Convention Center Fund. As a result of this change, the entertainment tax has been removed from previous years in the chart above so that comparisons are consistent. Also in 2012, the fund saw a one-time \$4.8 million increase due to a bond issue and scrap sales related to the dome replacement. 2012 tax revenues came in at eight percent above budget. Early indicators suggest that 2013 revenues will come in at slightly above budget. It is important to note however that the first quarter of the year is typically the strongest in terms of revenues. Expenses are estimated to be about two percent below budget and will be held as flat as possible in 2014.

What will it take to make progress?

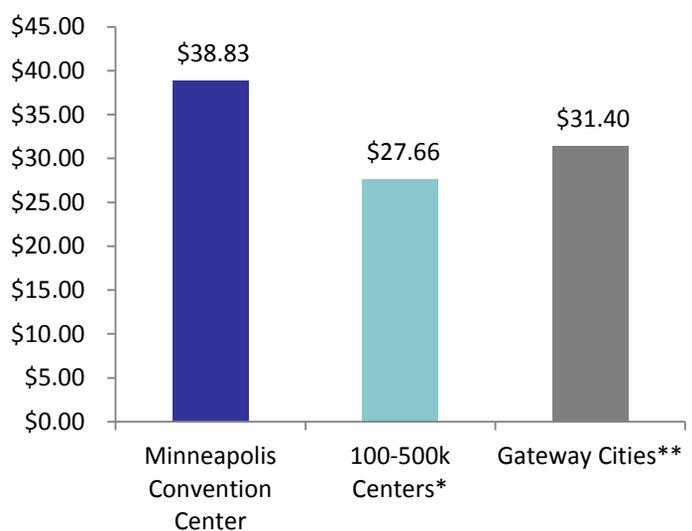
Continual monitoring of operating costs and innovation in cost containment continue to be critical for MCC. We will be expanding the use of the Event Business Management System software system to track costs, as well as use the City’s new time and labor system. Further, our sustainability efforts will help us realize cost savings in utilities, especially in water. Also, beginning in 2012 we established a more flexible staffing model and eliminated a level of supervision. The leadership of MCC is shifting our culture and employing balanced scorecard approach. Impact! goals have been established in the areas of operations, employees, customers, finance and the community.

Additional Data on Next Page...

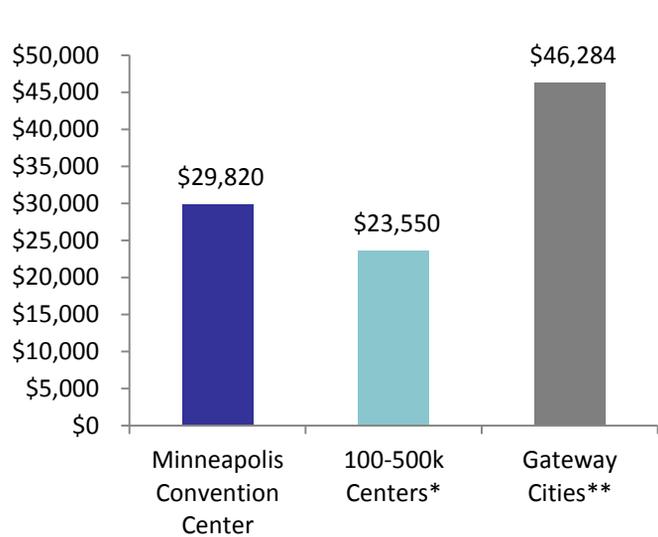
Operating Subsidy (in millions)



Average Operating Expense by Total Rentable Area (Sq. Ft.) (2012) 



Average Operating Expense by Annual Number of Use Days (2012) 



Source: IAVM 2012 Operating Revenue Report, Convention Centers

Note: MCC's Total Rentable Area is 628,183 sq. ft.

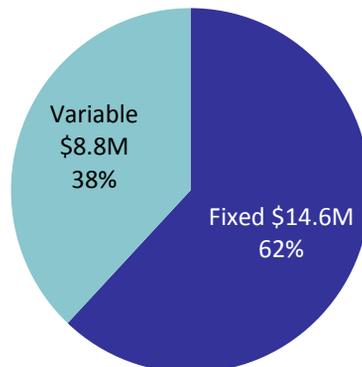
Why is this measure important?

Operating expenses are another important industry benchmark for comparing convention centers. Common metrics are functions of rentable area and annual use days. These measures indicate if we are as cost efficient as our peers.

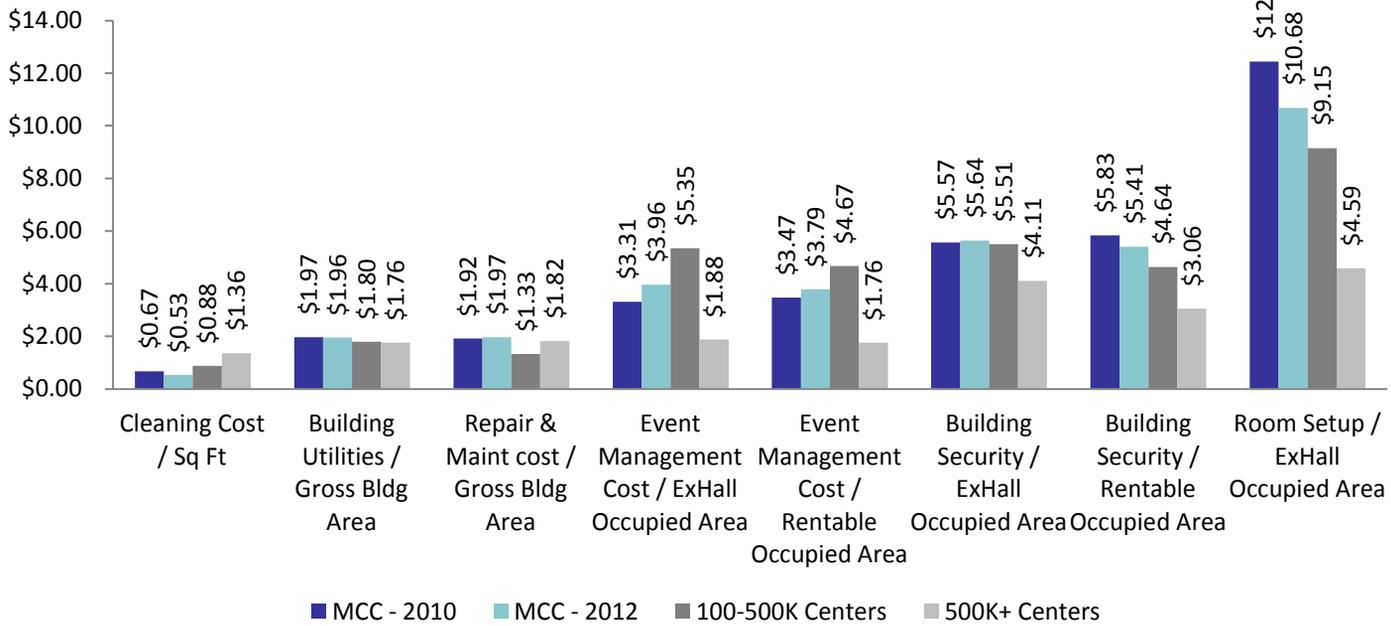
What does this mean in terms of cost-containment?

On average, our operating expenses by rentable area are higher than similar sized venues. There may be several reasons for this – our extreme weather, overall size of the building in comparison to rentable square feet, use of a full-time staffing model, high fixed costs, and the absence of a consistent sustainability program. In 2012, the Convention Center shifted to a flexible work force resulting in operating savings and implemented a sustainability program which included cost containment of energy and water. Our costs by use days is trending consist with our peers with similar sized venues based on our activity levels.

Breakdown of 2012 Expenses 



Operating Cost Comparison



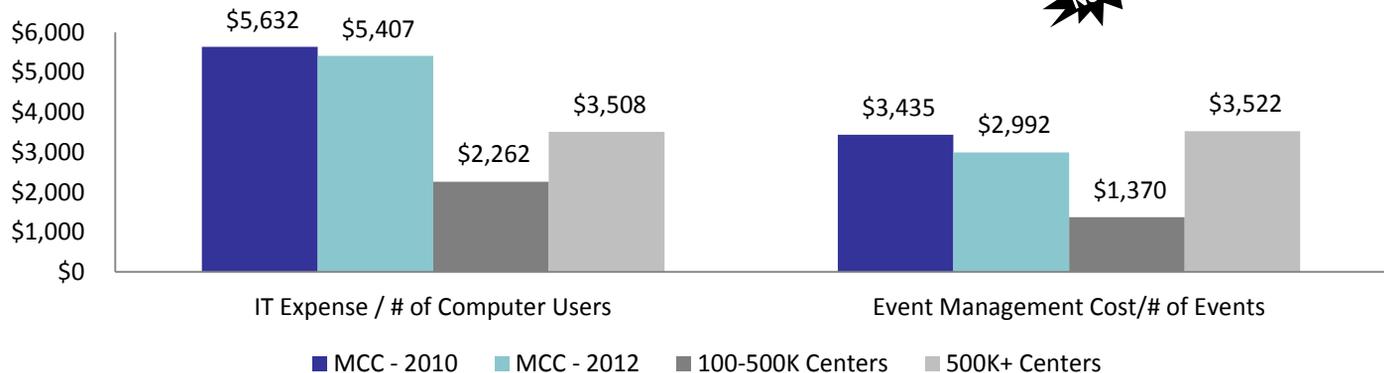
Why is this measure important?

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.

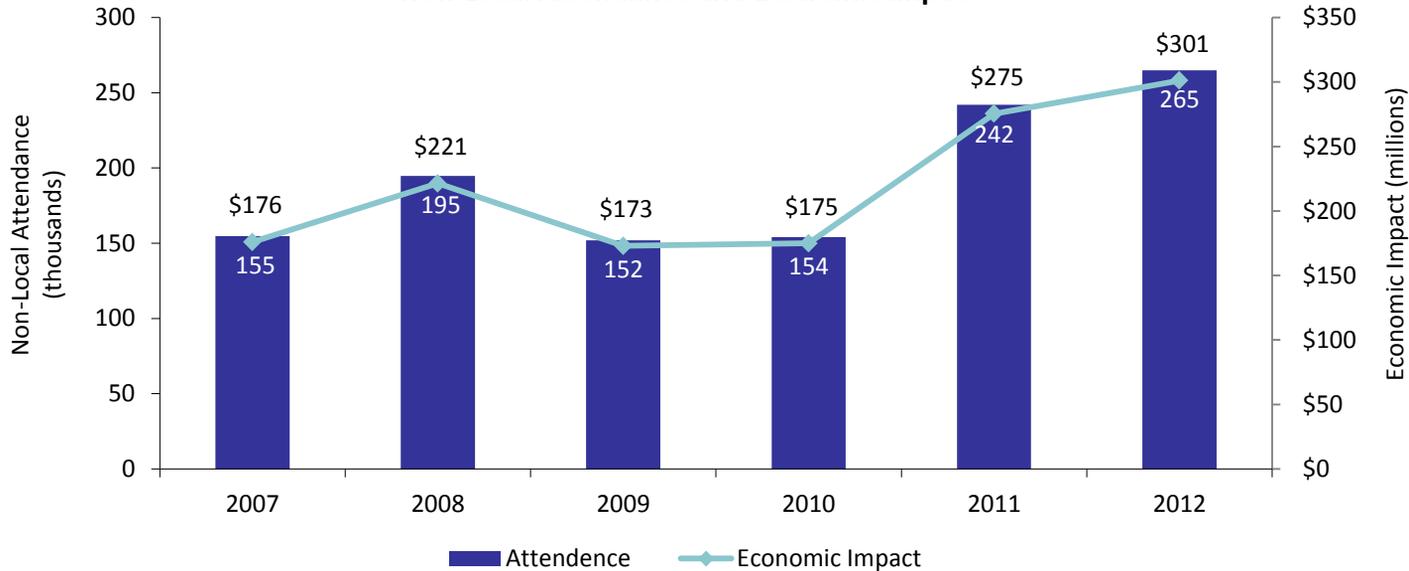
What does this mean in terms of cost-containment?

These statistics indicate that costs are very similar in most areas. Building security costs are elevated, however we anticipate these costs will decline through investments made in an improved camera system, new dispatch and reporting software and realignment of contracted security staff in 2011 and 2012. Room set-up costs were considerably higher in 2010 and will decline as a result of the changes to a more flexible staffing model implemented in 2012. In the last two years, the Convention Center has focused on utility costs; as a result, it is anticipated these measures will contain costs in the future. As noted below, IT expenses are considerably higher than industry peers. Event Management costs are consistent with our peers, although elevated when compared to number of events. This is likely the result of event mix and the number of large events compared to our peers.

Operating Costs



Non-Local Attendance and Economic Impact



Source: DMAI, 2005*

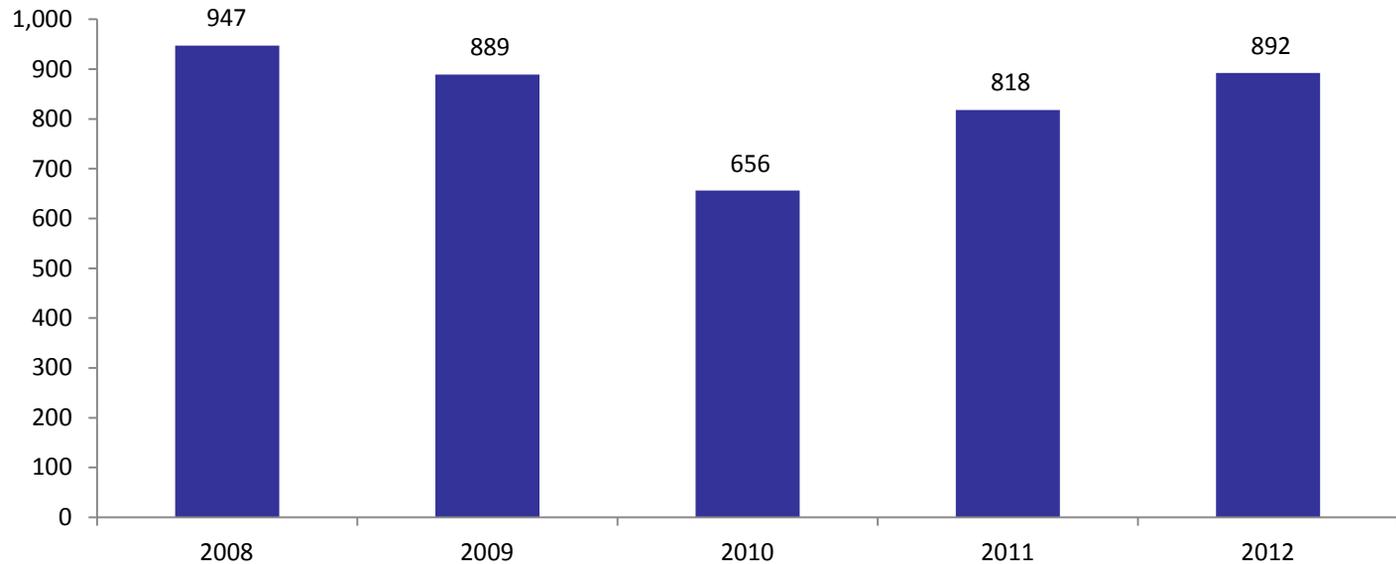
Why is this measure important?

Generating economic impact for the community is the primary purpose for convention centers. Economic impact is based on events that have taken place only at the Convention Center in the year noted. Economic Impact is based on the assumption that every out of town attendee spends an average of \$1,137* per visit.

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. We anticipate the implementation of a new Economic Impact tool from our industry association that will allow us to more accurately calculate economic impact in late 2013.

Event Days



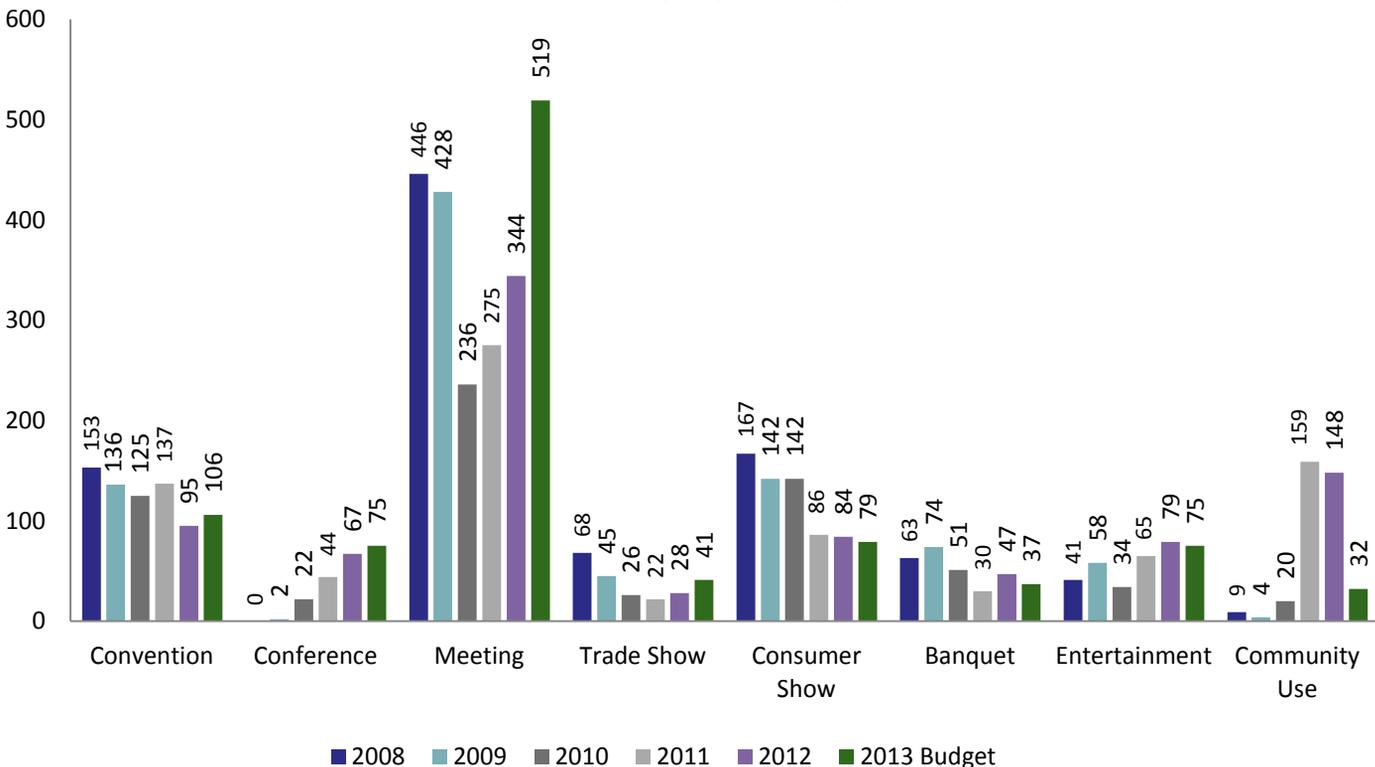
Why is this measure important?

Event days reflect the event activity in the building.

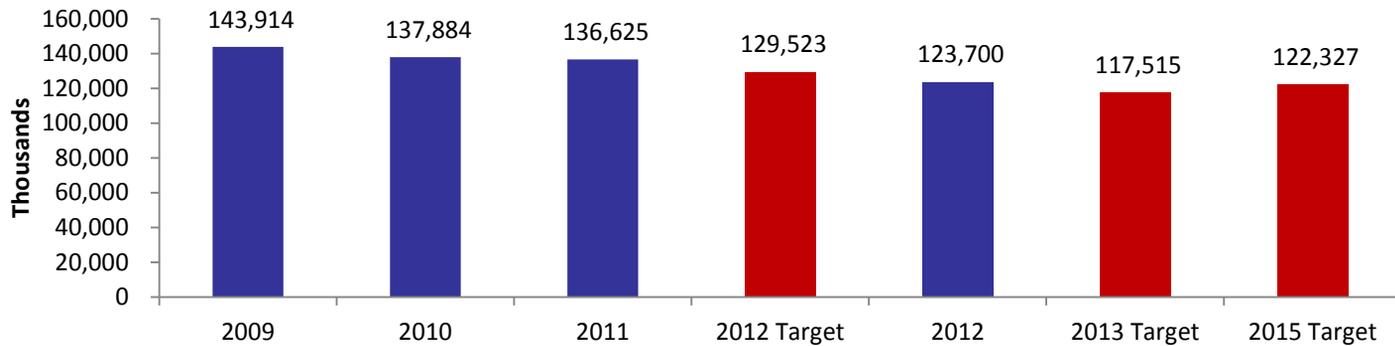
What will it take to make progress?

In 2012, the Convention Center hosted an average of 2.5 events per day, up nine percent from 2011. Event days, as well as the event mix, impacts staffing levels, building use and revenues. In 2013, we anticipate higher event days, due to more events and a change in the event mix.

Event Days by Event Type



Total Energy* Use kBTU (in thousands)



* Total energy includes electricity, 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, are priorities for all staff.

What will it take to make progress?

MCC implemented a number of energy-saving initiatives in 2009, which included lowering the winter temperature and raising the summer temperature set points 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 for 2015: 1) to recycle 75 percent of all our waste, 2) reduce energy usage by 10 percent and 3) reduce water use by 50 percent.

1) Waste: MCC has received grant funding from Hennepin County to support compost integration in our efforts, we anticipate this will be implemented in 2013. In 2009, our benchmark year, we recycled 31 percent of our waste, or 1,776,140 pounds. Our 2012 recycling goal was 40 percent and we achieved a 41 percent recycling rate with significant gains expected in 2013.

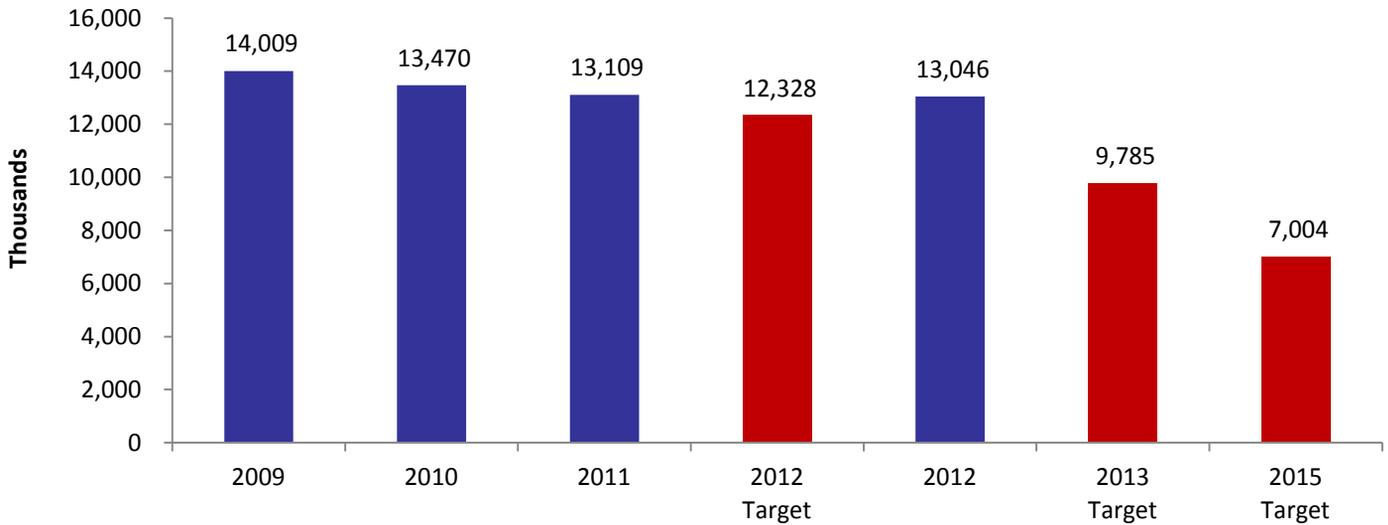
2) Energy: We are currently 32 percent more energy efficient than other Midwest public facilities. We are accomplishing this goal through retro-commissioning, improved scheduling of staff and a series of lighting upgrades. Retrofitting the ExHall A in late 2012 is expected to reduce the energy needed in that area by over 72 percent. These projects were funded by federal stimulus grants. Results show a reduction in energy use from 143,913,907 kBTUs in 2009 to 123,700,000 kBTUs in 2012. This achieves our goal of a reduction of 10 percent by 2015, but MCC still strives to reduce even more in 2013.

Additional Data and Narrative on Next Page...

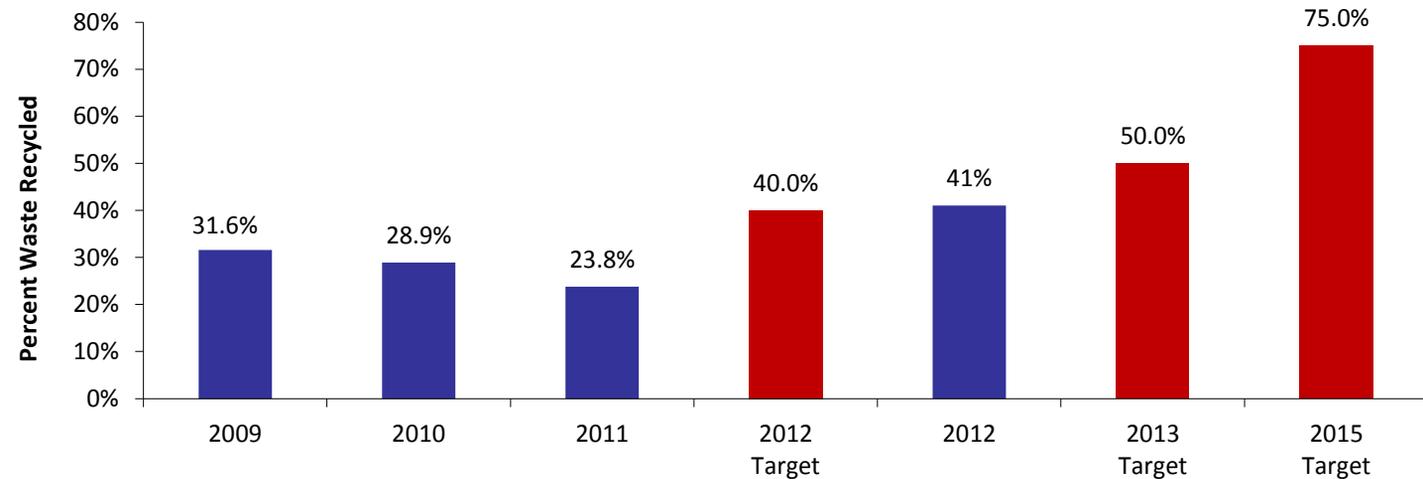
Operational

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. In late 2012, MCC renovated 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 13,046,000 in 2012. In 2013, our goal is to further reduce water usage by 25 percent.

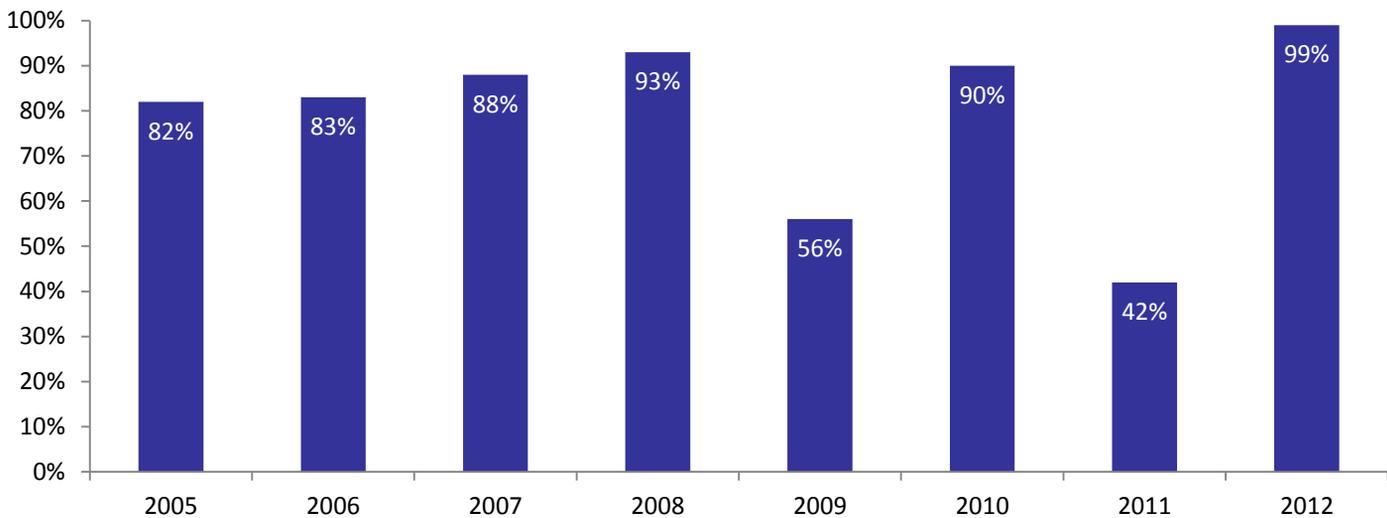
**Gallons of Water Used
(in thousands)**



Percent Waste Recycled



Capital Projects Completed



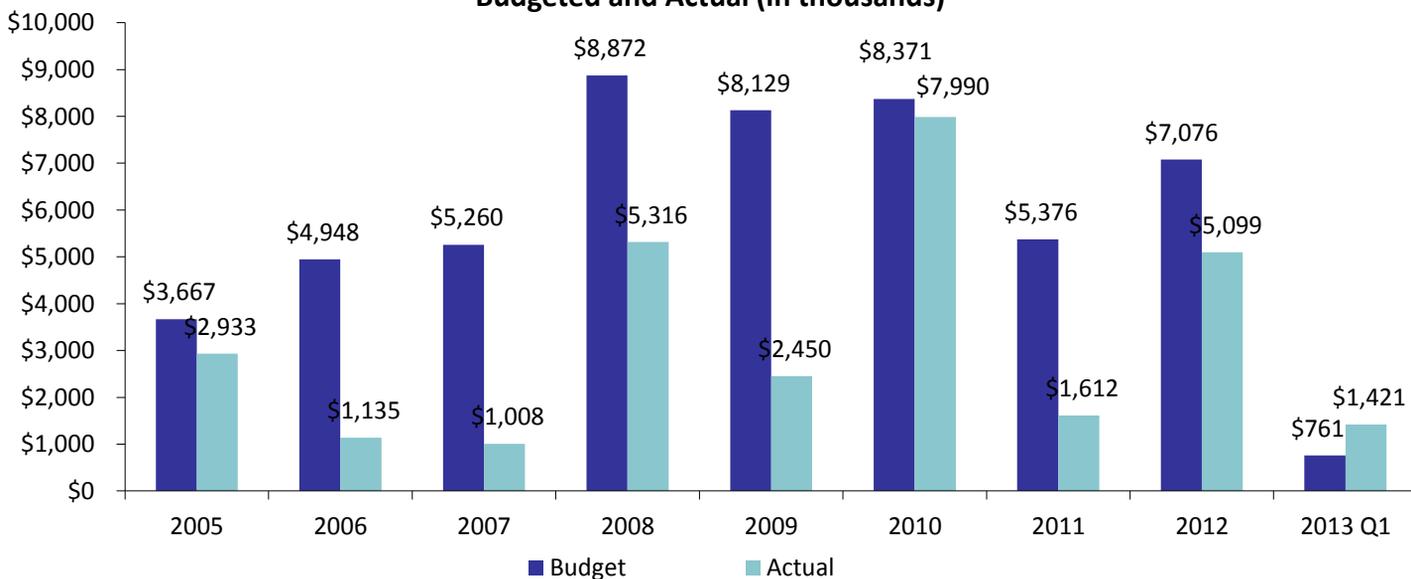
Why is this measure important?

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.

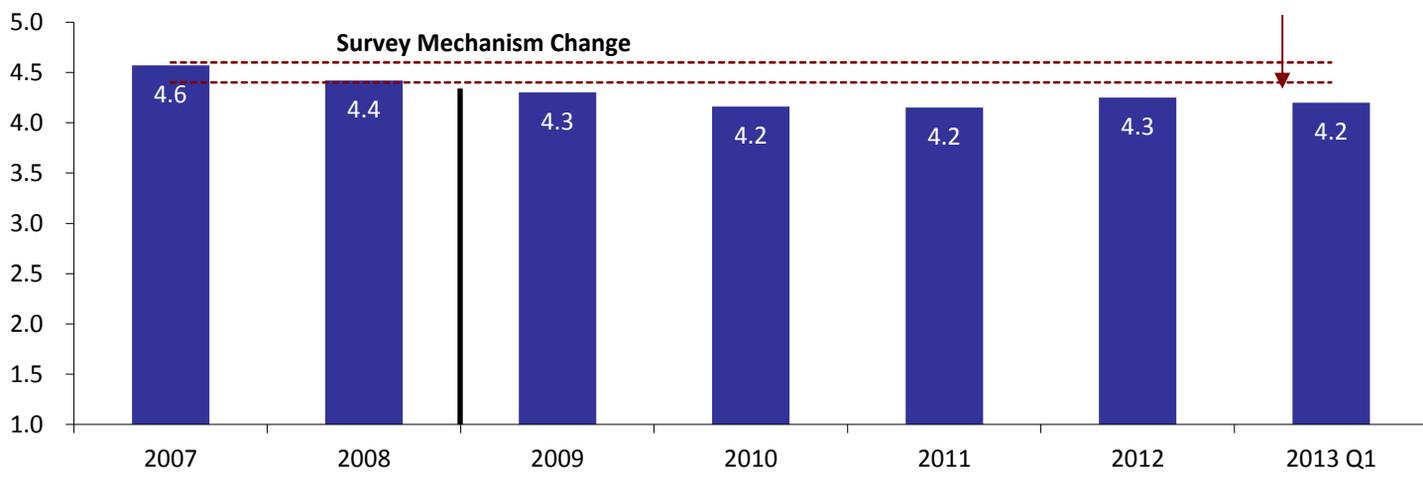
What will it take to make progress?

In the past, the Convention Center has saved money by controlling capital spending. This trend continued in 2012; however, additional staff resources have been repurposed to assist with the procurement and planning process especially as the building ages. There were several projects that resulted in improvements to the building in 2012 including replacement of three of our four domes, Exhibit Hall A lighting retrofits, remodeling of restrooms, installation of speed doors (back of house), completion of the building-wide re-commissioning and meeting room lighting. As the building ages, capital improvements continue to be a major focus.

Capital Expenditures Budgeted and Actual (in thousands)



Customer Survey Overall Rating

Target Range:
4.4 - 4.6**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?

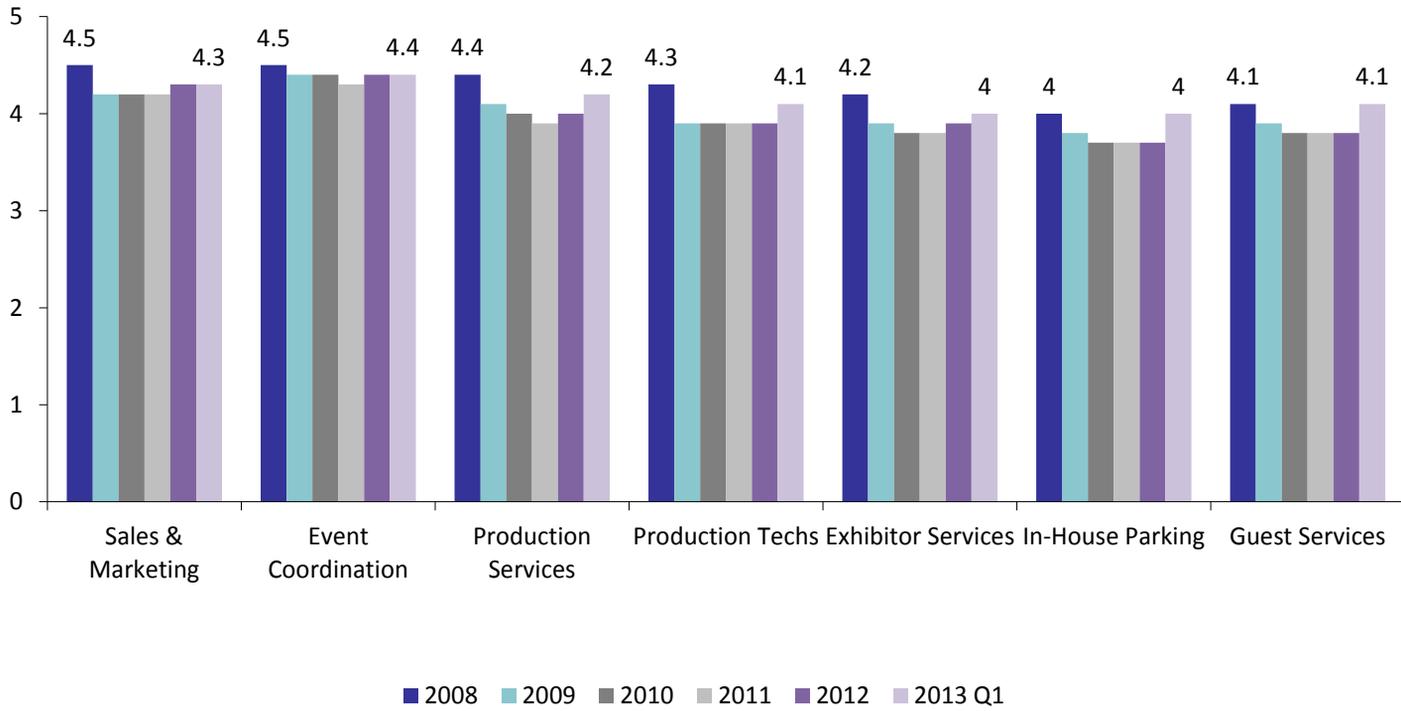
Since the economic decline in 2009, we believe there is increased client sensitivity to costs and services. Perceived and real value from our service offerings must be managed through training, extra effort and dedication to our customers. Changes to our staffing models and pricing are continuously monitored to make sure that excellent customer service is still an outcome. In 2012, we started a Leadership Forum to ensure that our leadership is sending a unified message. Further, in late 2012, we developed Standards of Service and are currently developing a training program around those standards. This Impact! goal 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. Although we did not reach our target in 2012, given the number of opportunities for issues to arise, the rate of reported problems is very low.

Customer Focus groups were conducted in October 2012 and May 2013, with most event planners holding the Minneapolis Convention Center in high regard, noting: "It is a world class facility – modern, clean, bright and energetic," "It offers a great physical space in terms of size, variety, aesthetics and ease of working within," "the staff is responsive, flexible, accommodating, pays attention to detail, and therefore is easy to work with, and one of the best in the nation in terms of *"partnering"* with the meeting planner." There were also some opportunities noted "The facility is lacking privacy for events due to the fact that some of the reception areas are in the public walkways," "Variety in the shape and décor of the meeting rooms (*"they are boxes"*)," "Lounge areas and carpeting in the hallways." Additional client focus groups are planned in 2013 and strategies will be designed to address the common trends.

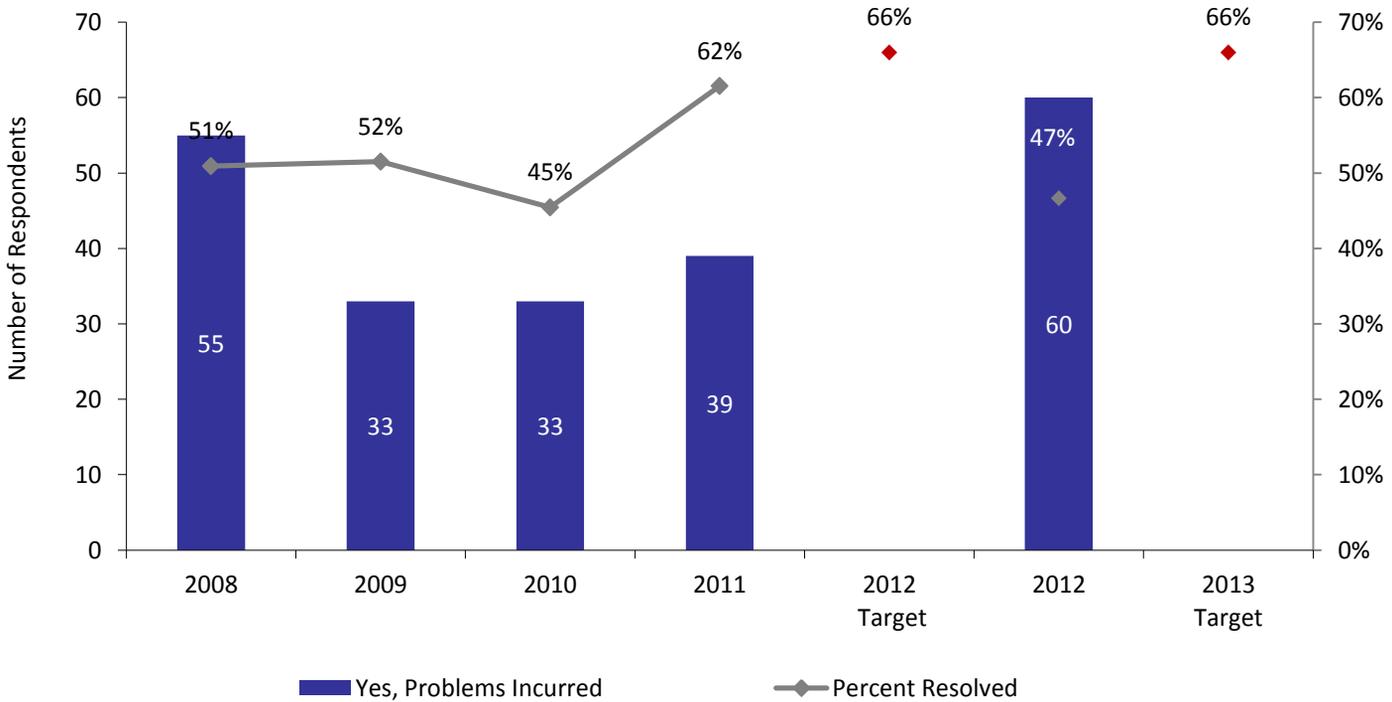
Additional data on next page...

Client Ratings of Convention Center Departments

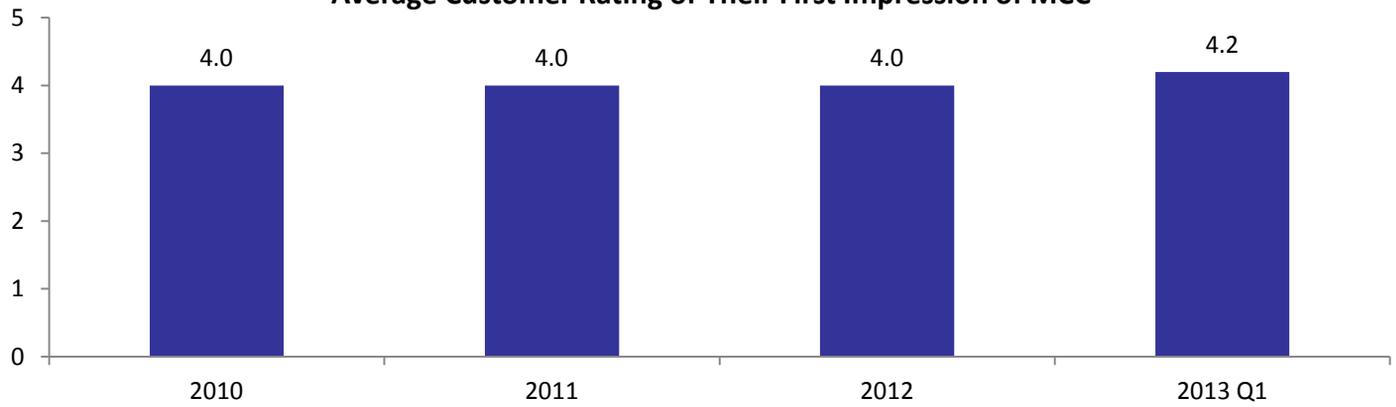


Note: The survey mechanism changed after 2008, which may have altered response averages.

Client Problem Resolution



Average Customer Rating of Their First Impression of MCC



Source: Customer Survey

Why is this measure important?

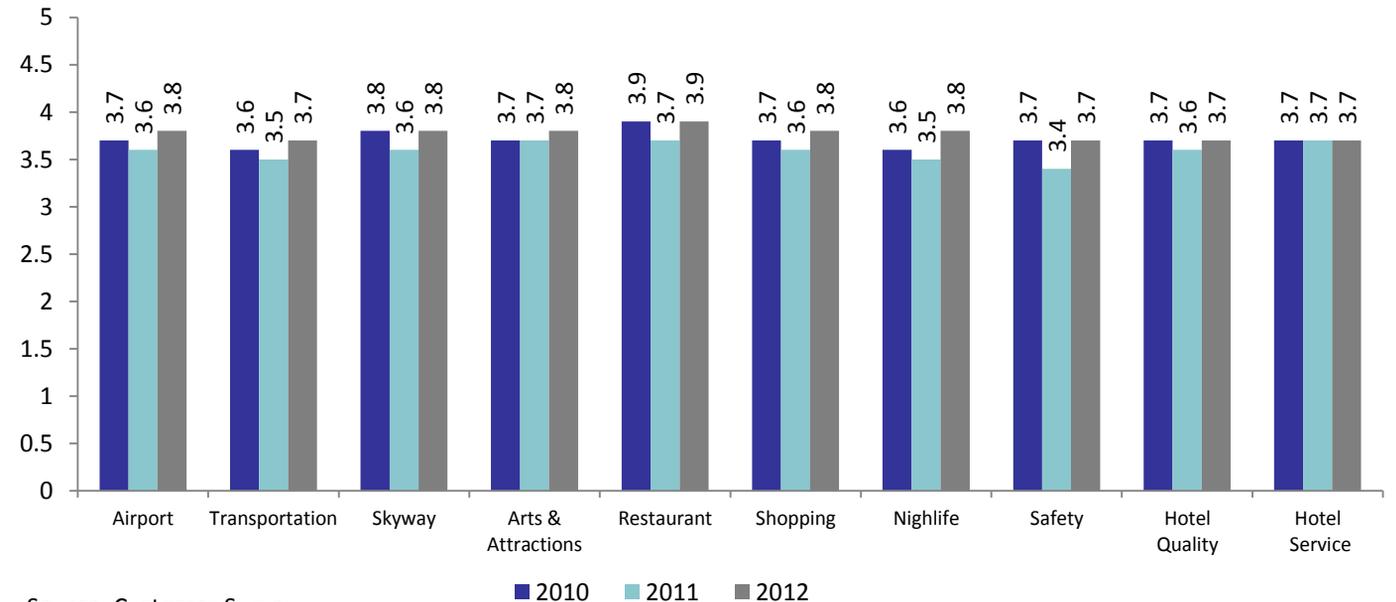
A client’s first impression of the MCC and the City provides a framework for market comparison. The metrics can identify areas to provide a welcoming window to the City of Minneapolis, as well as amenities clients and guest look for within the city. Our facility must remain welcoming and well-kept within 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” with five being “exceptional.”

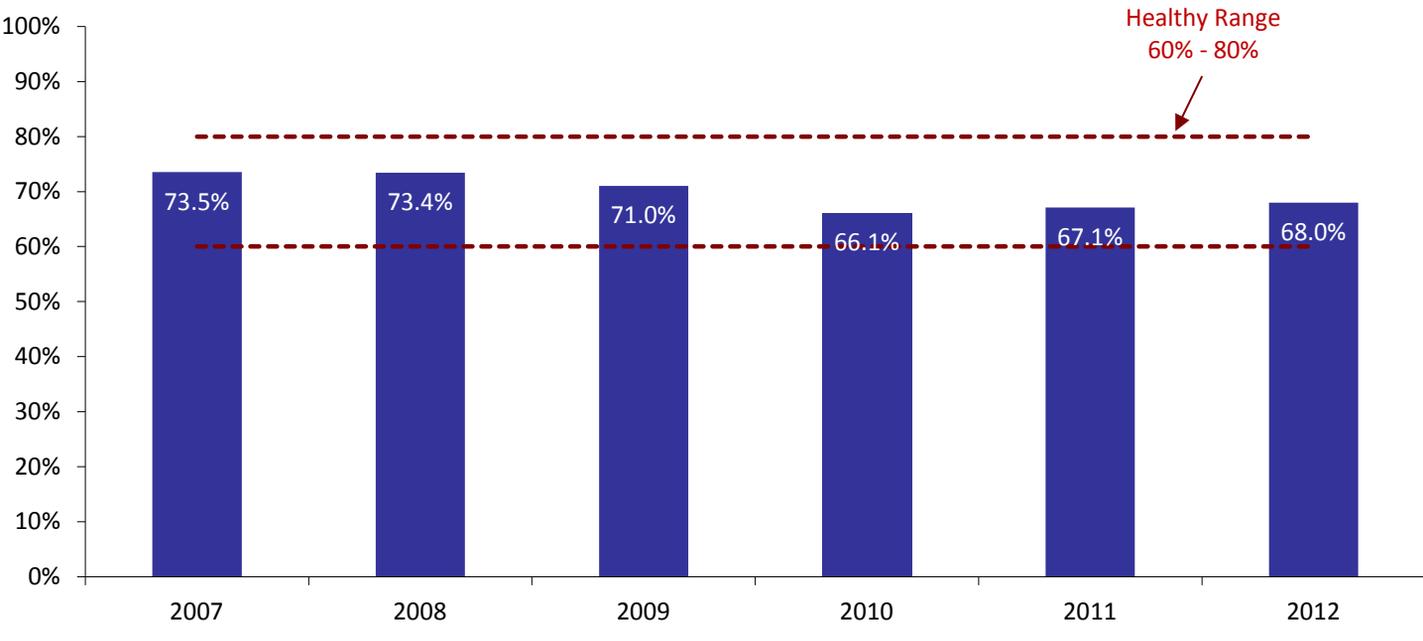
The data below shows the amenities meeting planners are looking for when selecting a destination. Customer ratings are important because the Convention Center relies on our hospitality partners to provide services that enhance customers’ total experience.

Average Customer Rating of Minneapolis Hospitality Amenities



Source: Customer Survey

Minneapolis Convention Center Repeat Customers



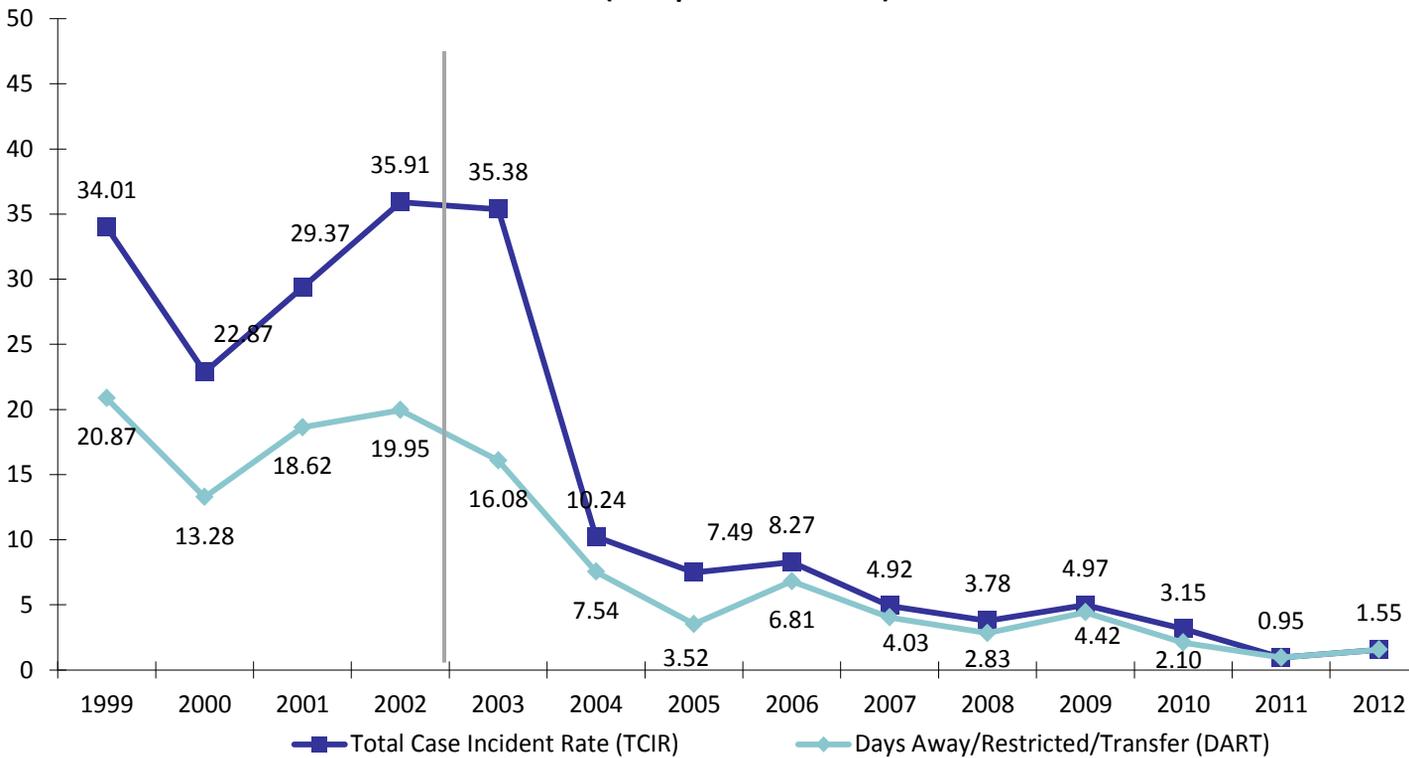
Why is this measure important?

Repeat customers are a measure of customer satisfaction. With ten 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 our targets. 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.

Workplace Safety (as reported to OSHA)



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

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.

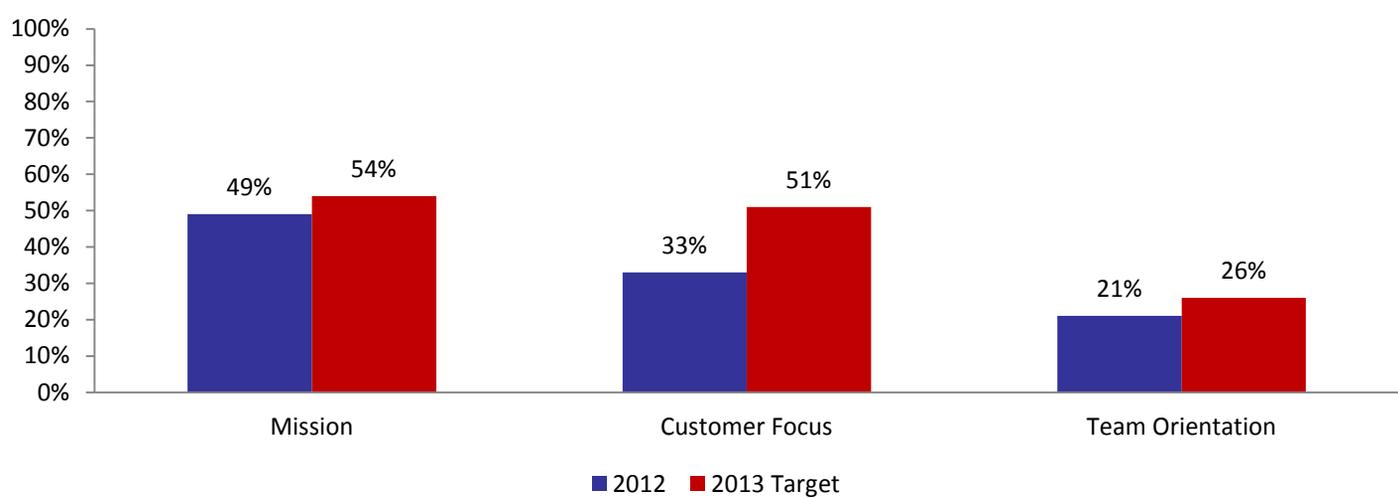
What will it take to make progress?

Continued focus on safety through using the Safety Committee and training will help us continue to strive toward 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 while local government reported a TCIR of 6.1, according to the Bureau of Labor Statistics. MCC is significantly below both of these comparisons.

Minneapolis Convention Center Organizational Culture Survey



Why is this measure important?

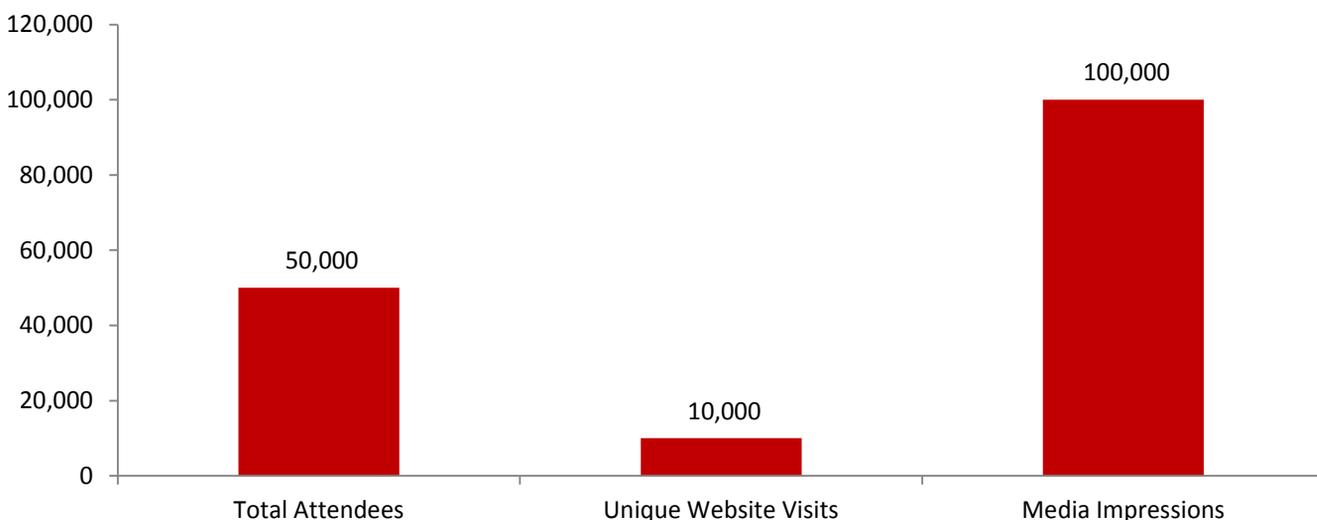
In August 2012, the convention center administered the Denison Organizational Cultural Survey to benchmark the pulse of the organization against a global database of nearly 1,000 organizations from multiple industries, regions and sectors. The survey is designed to assess an organization's strengths and weaknesses as they apply to organizational performance. The survey has 60 items that measure specific aspects of an organization's culture in each of four traits (Adaptability, Mission, Involvement & Consistency) and twelve management practices (Customer Focus, Organizational Learning, Creating Change, Empowerment, Team Orientation, Capability Development, Core Values, Agreement, Coordination & Integration, Vision, Goals & Objectives, Strategic Direction & Intent) outlined in the Denison Model. 74 of our 200 employees took the survey for a 37 percent response rate.

What will it take to make progress?

The leadership team will focus on three areas – Mission, Customer Focus and Team Orientation. Staff 'Think Tanks' were formed to develop ideas to improve these areas. The convention center scored high in Mission relative to other successful organizations. We felt it was important to maintain focus on this key area. The development of Standards of Service are a direct result of the cultural survey and are designed to improve the customer focus area. Training will be complete in 2013 and team orientation ideas are currently in development.



Mayor's Award for Creative Placemaking - 2013 Goals



Why is this measure important?

In 2013, the Convention Center developed a fifth Impact! goal for Destination Development - Impact on our Community. The Minneapolis Convention Center strives to be a community partner and become the "Window to Minneapolis." Two goals were established under Destination Development – to create a "Mayor's Award for Creating Placemaking" and to provide \$25,000 in discounts to local events that fit our criteria as Community Events.

What will it take to make progress?

The Placemaking award was developed and art installations were submitted and voted on through Facebook. The top five contenders were evaluated through a committee and a finalist was selected. Installation of the project is currently underway with the unveiling scheduled on June 13, 2013.

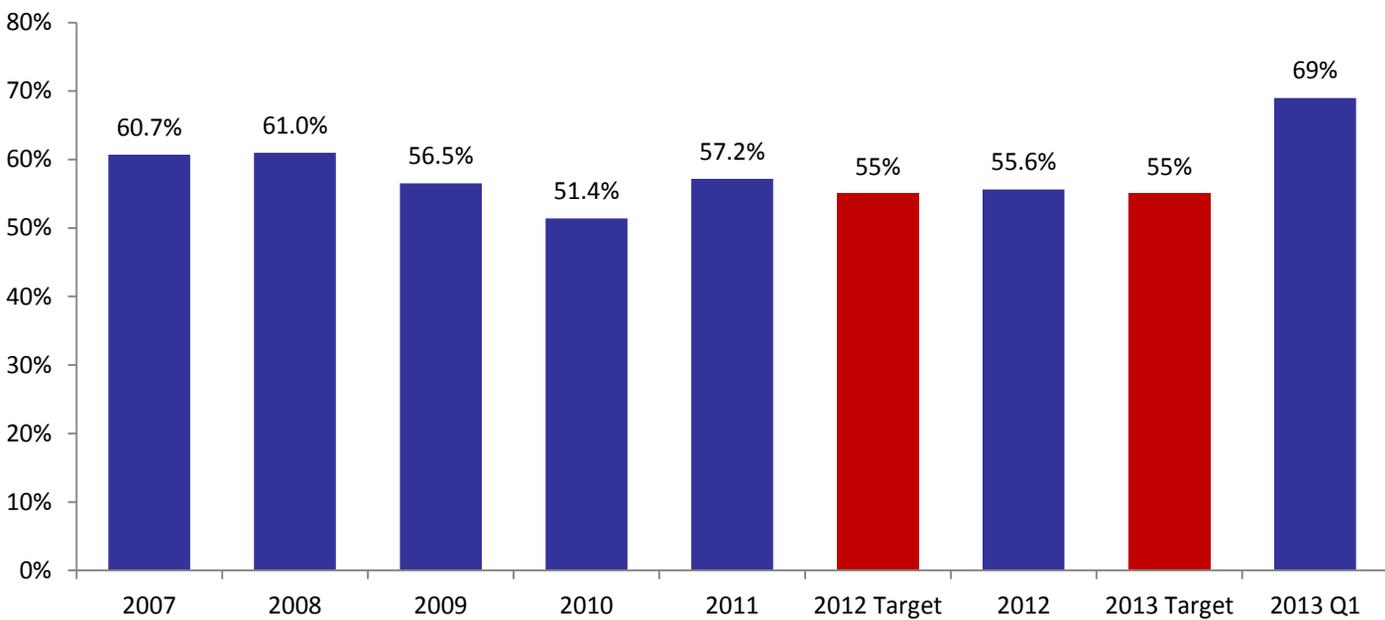
To encourage local events to use the Minneapolis Convention Center, collateral materials have been developed and staff has participated in local conferences to inform community groups and encourage use of the facility.

Community Event Discounts - 2013 Goal

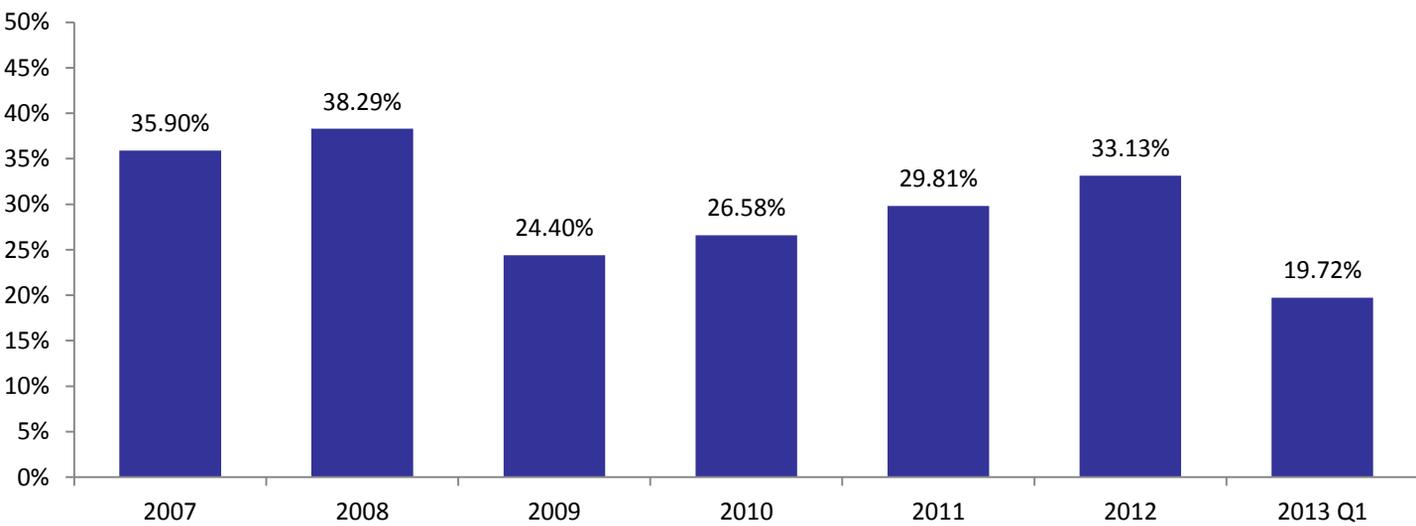


Appendix

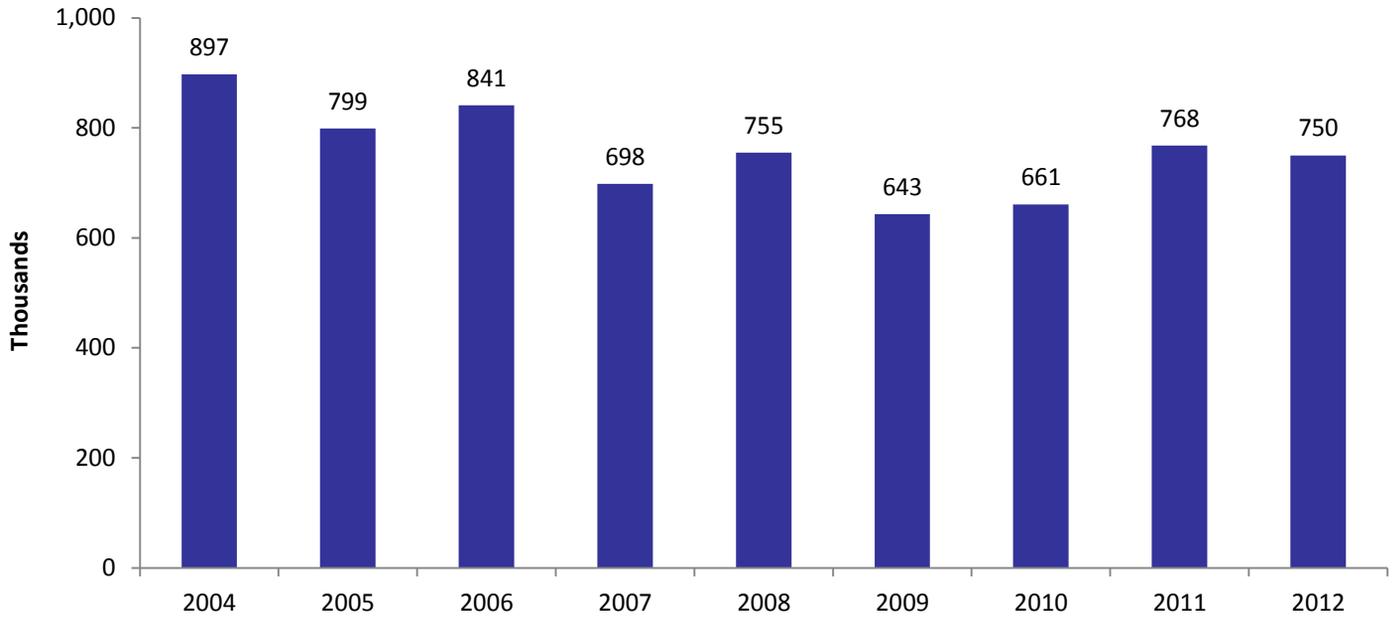
Total Percent of Occupied Space



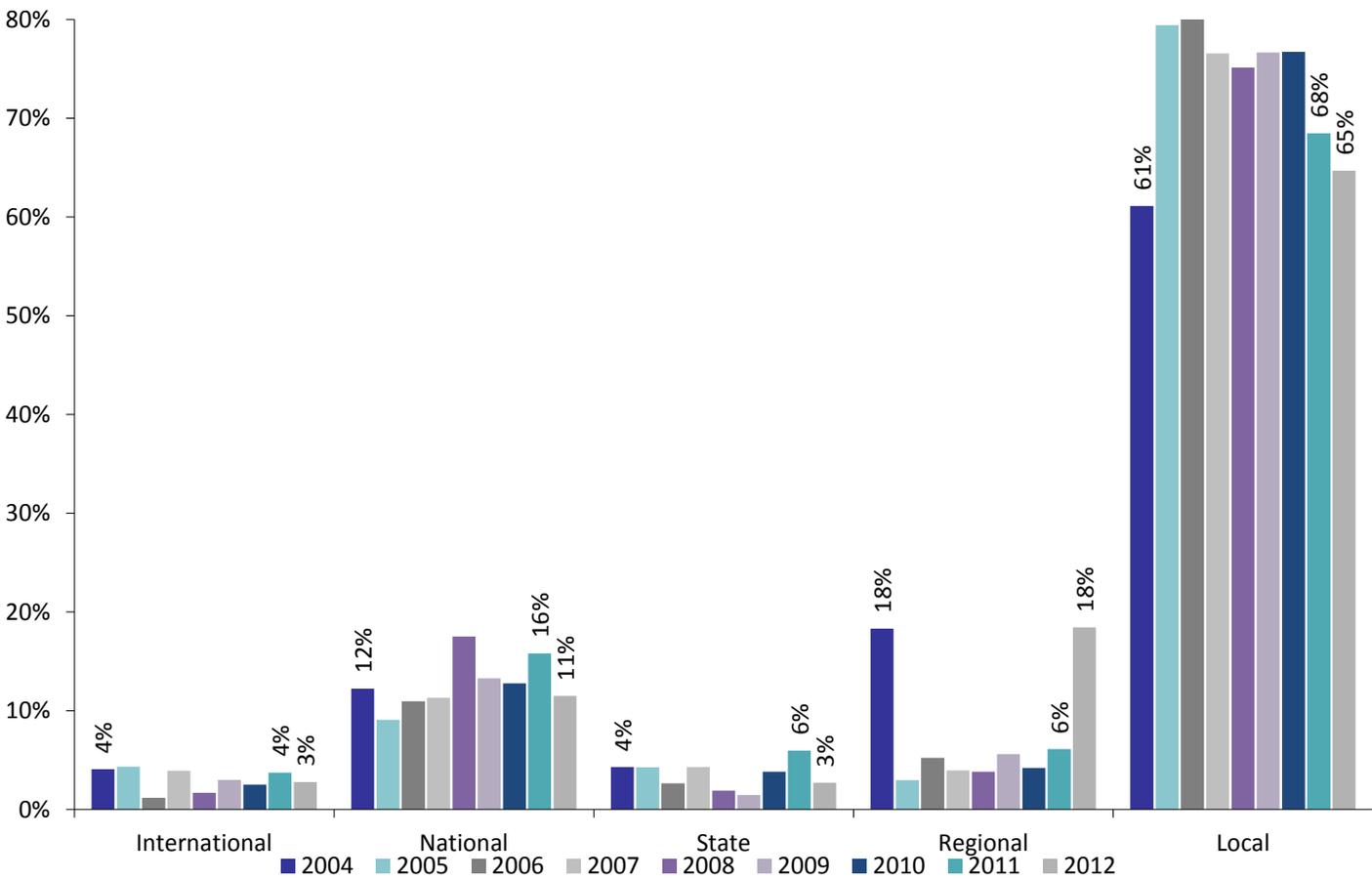
Auditorium Space Occupancy



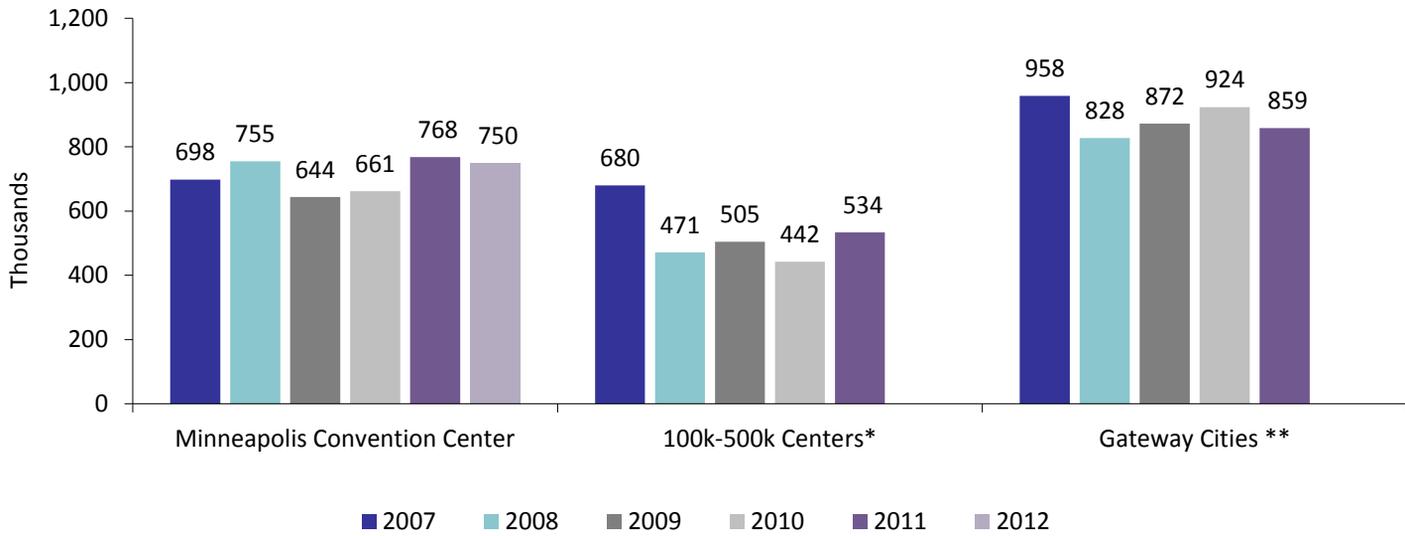
Total Attendance (in thousands)



Attendance by Scope



Total Attendance Comparison (in thousands)

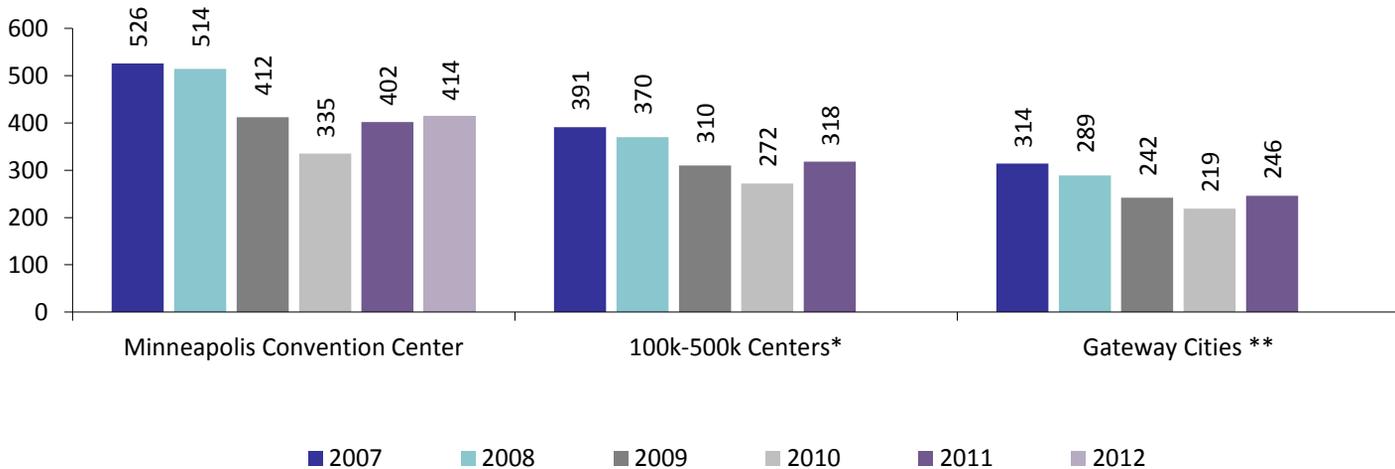


Source: PriceWaterhouseCooper Convention Center Reports 2008-2012

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

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

Total Number of Events Comparison



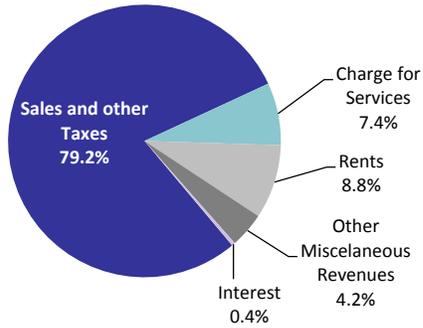
Source: PriceWaterhouse Coopers Convention Center Reports 2008-2012

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

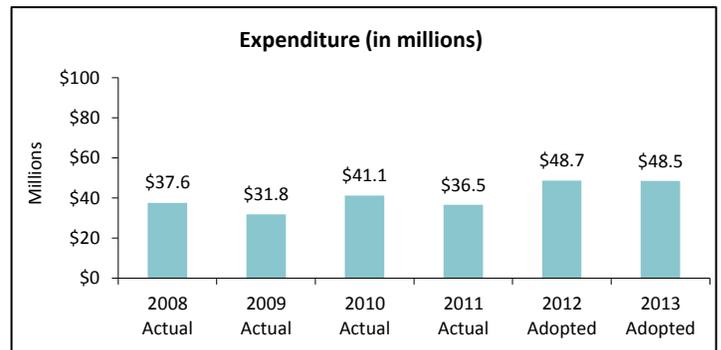
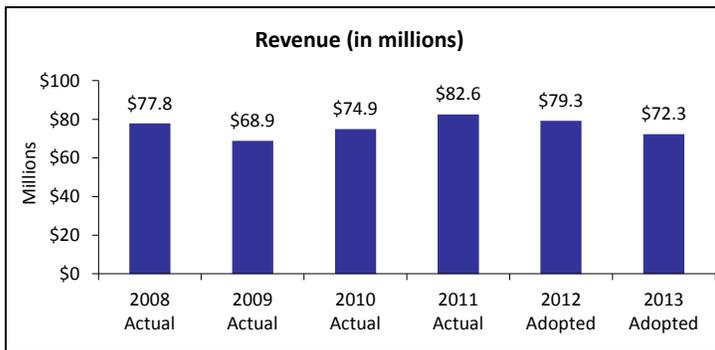
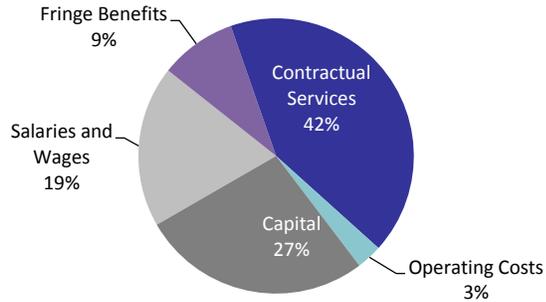
** Metropolitan areas with at least 30,000 hotel rooms

Management Dashboard: Convention Center

2013 Revenues by Type: \$72.3 million



2013 Expenditures by Type: \$48.6 million



Loss Prevention Data					
Year	2008	2009	2010	2011	2012
Workers Comp	\$54,374	\$21,342	\$22,268	\$119,497	\$33,349
Liability Claims	\$10,011	\$6,130	\$1,713	\$1,187	\$2,426

Average Sick Days Taken per Employee					
Year	2008	2009	2010	2011	2012
Days	9.5	10.3	10.3	8.6	8.2

Workforce Demographics			
Year end	12/31/2003	12/31/2011	12/31/2012
% Female	33%	28%	25%
% Employee of Color	44%	45%	43%
# of Employees	203	195	193

Overtime Costs					
Year	2008	2009	2010	2011	2012
Hours	16,393	10,047	7,358	8,712	6,871
Cost	\$544,391	\$354,972	\$258,501	\$306,547	\$238,200

Employee Turnover and Savings					
Year end	2008	2009	2010	2011	2012
Turnover	7.20%	11.59%	5.66%	31.21%	3.25%

Positions Vacancies					
Year end	2008	2009	2010	2011	2012
Percent of Total	13.0%	13.0%	3.0%	11.0%	5.0%

Performance Reviews Past Due in HRIS	
As of 13-Jun-12	42%

Retirement Projections											
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number	10	4	3	3	2	4	7	5	2	3	4
Cumulative Projection	5%	7%	9%	10%	11%	13%	17%	20%	21%	22%	24%

Data as of 13-Jun-13

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.

