

Minneapolis Convention Center 2014 Budget Hearing

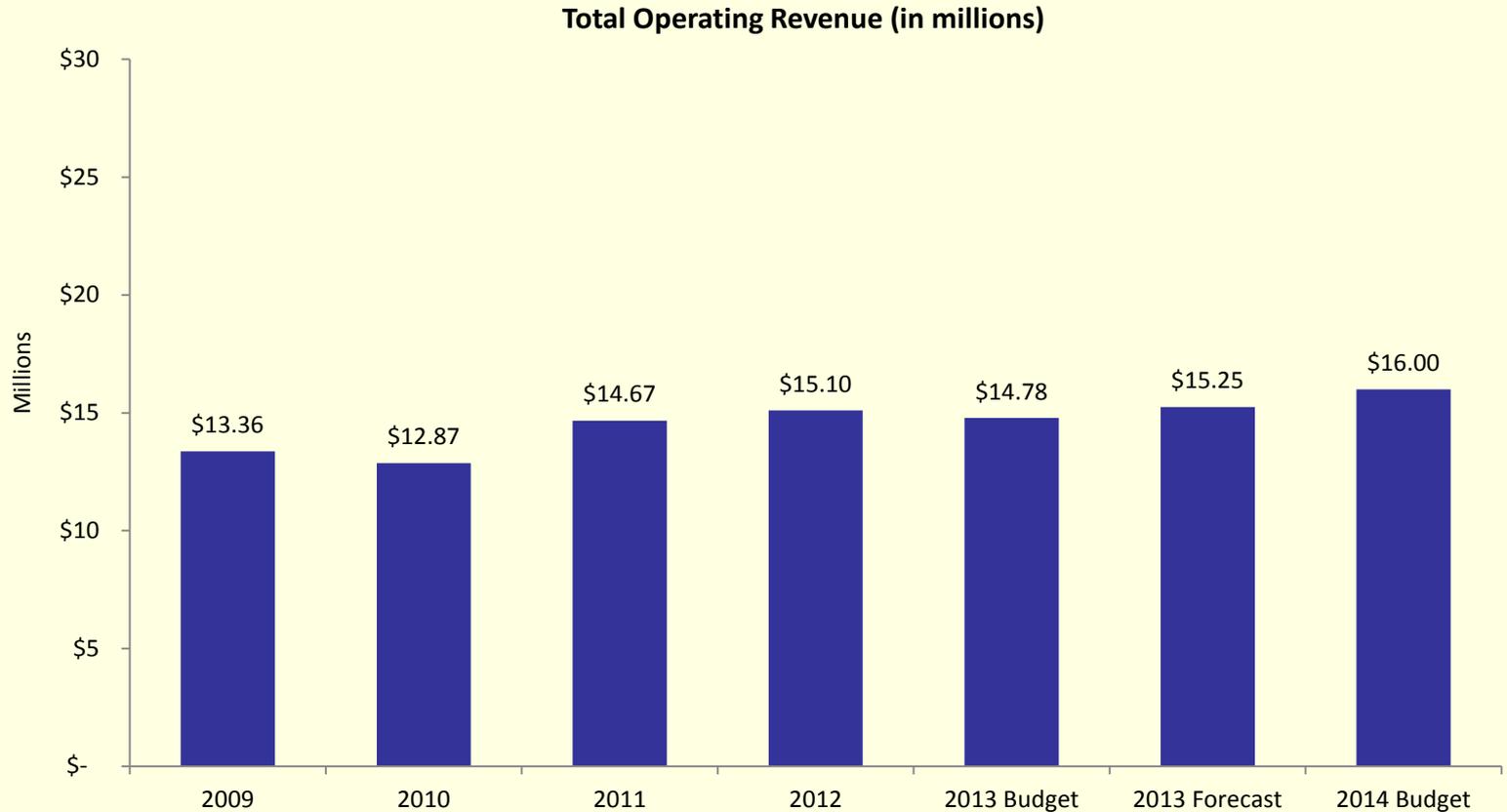
Department found on pages E59-E64 in budget book

Presentation to Ways and Means/Budget Committee
September 12, 2013

Convention Center 2014 Budget - Overall

Minneapolis Convention Center Finance Plan (in millions)			
	2013 Budget	2013 Projection	2014 Budget
Operating Revenues	14,783	15,250	16,000
Non-Operating Revenues			
Hospitality Taxes	56,000	56,100	-
Interest	465	807	576
Subtotal	56,465	56,907	576
Total Revenues	71,248	72,157	16,576
Use of Funds			
Convention Center Operations	25,092	24,500	25,504
Event Creation Funds			400
Ongoing Equipment/Improvement	11,073	11,073	9,115
Meet Minneapolis	9,017	8,767	9,289
Transfer To Gen Fund - Sales Tax	5,250	5,250	-
Transfer To Debt Service	16,959	16,947	17,087
Transfer To Other Debt Serv Fund	586	586	1,774
Transfer To Parking Fund	4,729	4,729	-
Total	72,706	71,852	63,169
Net Income	(1,458)	305	(46,593)
Transfer from General Fund			46,593
SUBSIDY	(10,309)	(9,250)	(9,504)
(Operating Revenues less Operating Expenses)			

Convention Center Overall



Convention Center Overall

Operating Expenses (in millions)



Convention Center Programs

MCC Events Program

■ Operating Revenues	\$16.0 million
■ Operating Expenses	\$13.5 million
■ Meet Minneapolis	<u>\$ 9.3 million</u>
Net	(\$ 6.8million)
Event Creation Funds	<u>\$.4 million</u>
■ Hospitality Tax Support	\$ 7.2 million

- FTEs 144.3
- Economic Driver
- Supports Jobs & Economic Vitality Goal
- Economic engine of our hospitality community which is an almost \$1 Billion industry with 28,785 middle income jobs in Minneapolis.
- Eco-Focused

Event planners using the Minneapolis Convention Center have hired over 200 International Alliance of Theatrical Stage Employees (I.A.T.S.E.) Local 13 employees, representing \$2.5 million in wages for Twin City families in 2012.

- Matt Rice, Business Representative

Convention Center Programs

■ Facilities Program

- Operating Expenses \$11.8 million
 - Repair & Maintenance \$ 9.1 million
 - Net (\$20.9 million)
 - Hospitality Tax Support \$20.9 million
- FTEs 32.8
 - Supports Jobs & Economic Vitality Goal
 - Eco-Focused

Whelan Security has had the honor of providing security and guest services to the Minneapolis Convention Center since January 1, 2012. The Convention Center has had a huge impact on our organization, allowing us to hire an additional 31 full-time security officers and over 175 part-time security/guest services officers to work in the City of Minneapolis.

- Whelan Security

Convention Center Programs

Tallmadge Program

■ Operating Revenues	\$180,000
■ Operating Expenses	<u>\$200,000</u>
Net	(\$20,000)
■ Hospitality Tax Support	\$ 20,000

- FTEs -0-
- Currently operated as office building
- Tallmadge Center future in flux
- Supports Jobs & Economic Vitality Goal

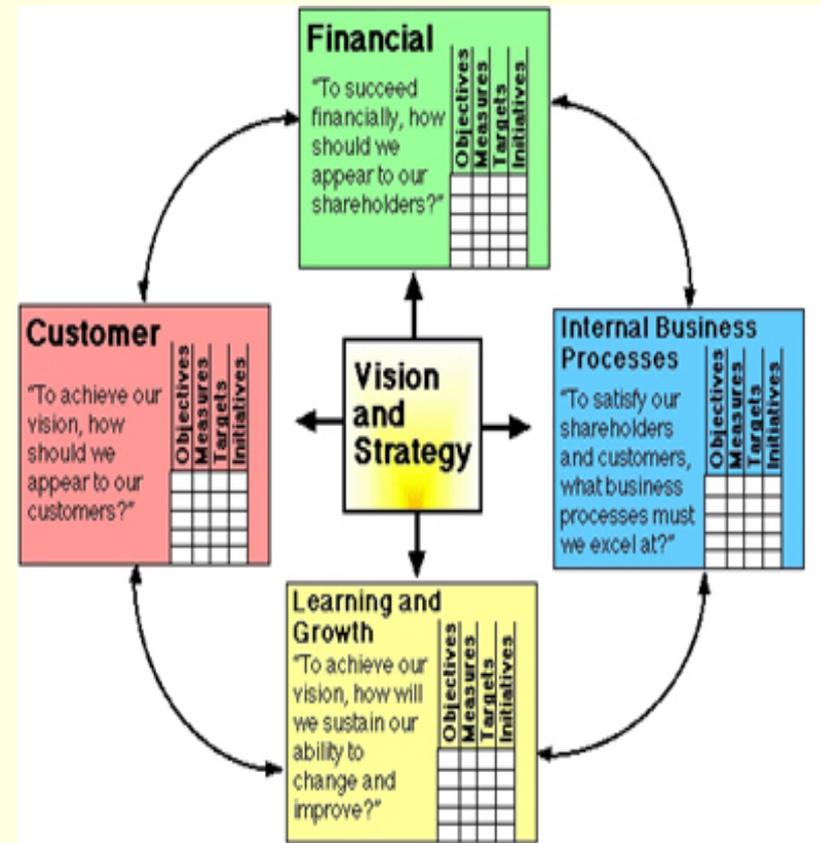
Target Center Program

■ Operating Expenses	\$6.9 million
■ Arena Reserve Fund	<u>\$1.3 million</u>
Net	(\$5.6 million)
TIF, local taxes, Ent Tax, Parking Fund	\$5.6 million

- FTEs 1
- Supports Jobs & Economic Vitality Goal
- Contributes to a vibrant downtown
- Contractual operational agreement with AEG

2014 Impact Goals

- **Minneapolis Convention Center is using the Balanced Scorecard for Planning & Goal Setting**
 - Links to Business Plan
- **Fifth Area of Focus**
 - **COMMUNITY**



2014 Impact Goals

■ **Financial: Impact on the Stakeholders**

- Provide \$350 million in Economic Impact to the Community
- Contain our operating subsidy (operating expenses minus operating revenue) to \$8.7M

■ **Operational - Impact on the Operation**

- Recycle 65% of our waste
- Reduce Water Usage by 10%
- Reduce Energy Usage by 5%

■ **Customer – Impact on the Customer**

- Achieve 66% client resolution
- Better understand customer needs
- Analyze new attendee survey

2014 Impact Goals

■ **People: - Impact on the Staff**

- Conduct organizational culture survey to identify areas of improvement
- 100% engagement in Perform Minneapolis
- Engage staff through information about events and attendees
- Train all MCC employees and contractors in Standards of Service

■ **Destination Development**

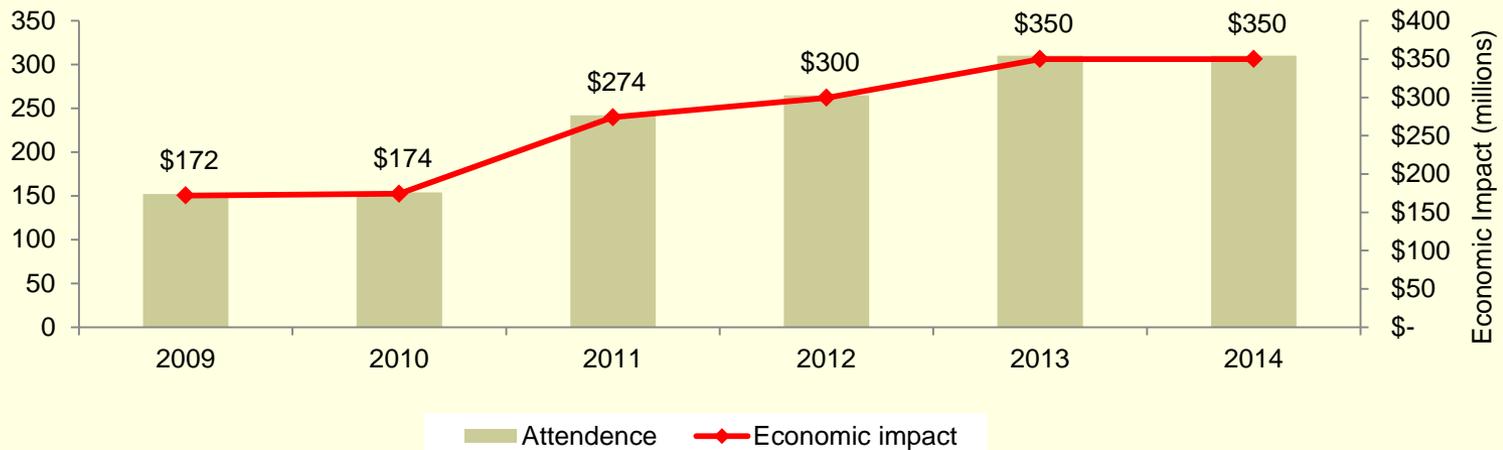
- Increase Regional attendees through City/Plaza events leverage the Go campaign
- Identify and implement opportunities to align partners with public shows
- Provide \$25,000 in discounts to local events that fit our criteria as Community Events

Impact of Recommended Budget on Key Results

■ Financial: Impact on the Stakeholders

Provide \$350 million in Economic Impact to the Community

Non-local Attendance and Economic Impact



The Boat Show and Sports Show are the premier boating and outdoor sports equipment sales opportunities for our member organizations which helped support Minnesota new product boating expenditures of \$553,336,600 in 2012.

Impact of Recommended Budget on Key Results

Financial: Impact on the Stakeholders

Contain our operating subsidy (operating expenses minus operating revenue) to \$8.7M

Operating Subsidy (in millions)



Excludes \$400k in Special City Event Funds

Hubbel-Tyner maintains a 20-person full time work force to support the events that are brought to the Minneapolis Convention Center. In addition, over 60 part-time workers are required to support MCC events.

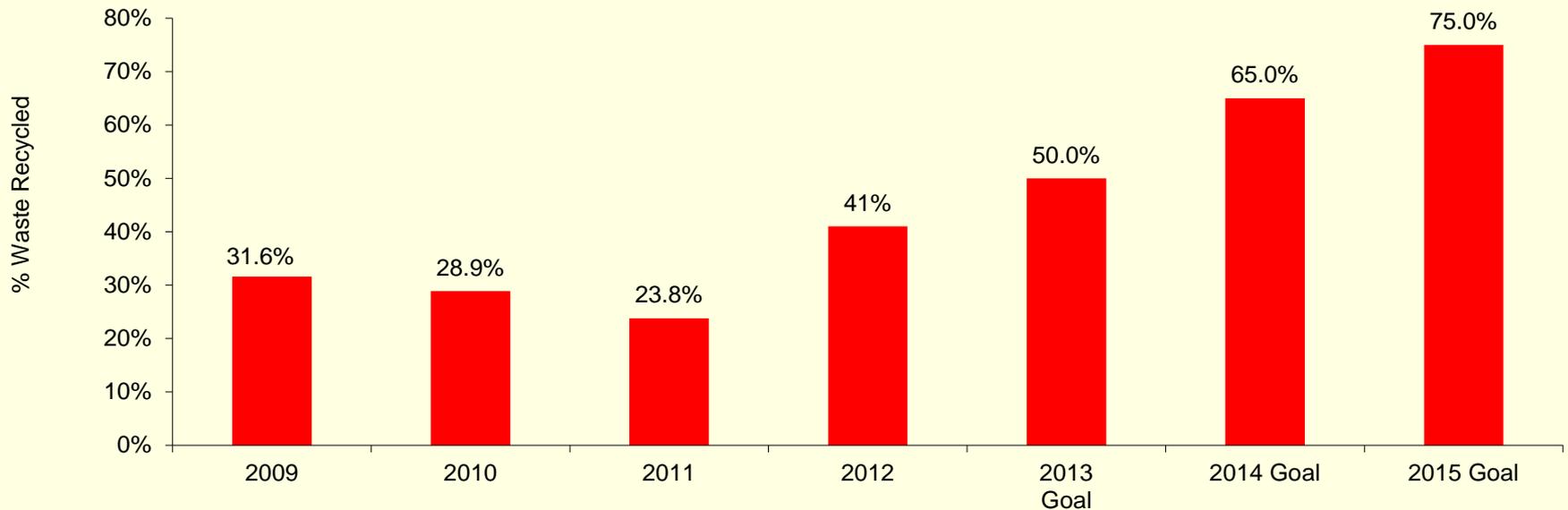
- Dwayne Hendricks, President

2014 Impact Goals

Operational - Impact on the Operation Recent or Planned Efficiencies

- Recycle 65% of all waste

Recycling Percentage

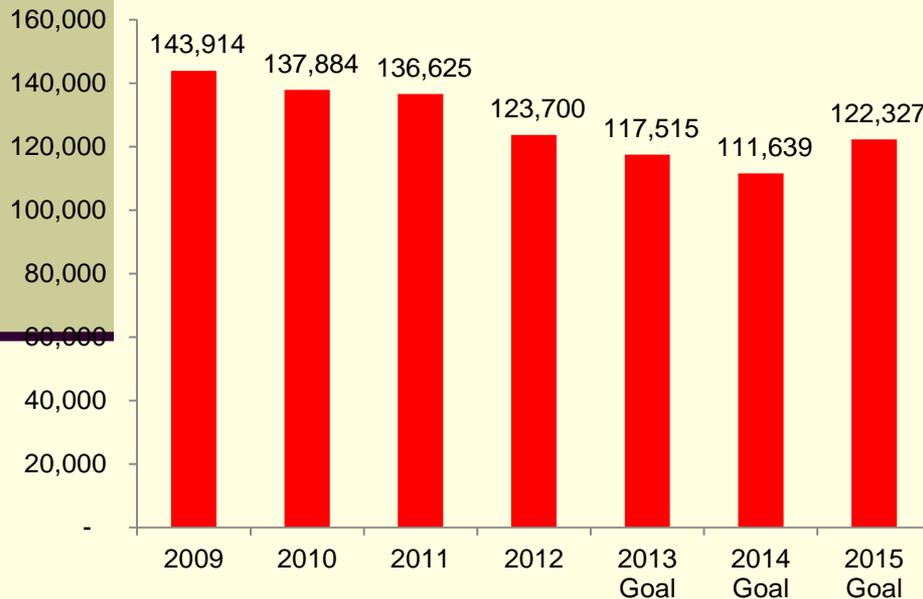


2014 Impact Goals

Operational - Impact on the Operation Recent or Planned Efficiencies

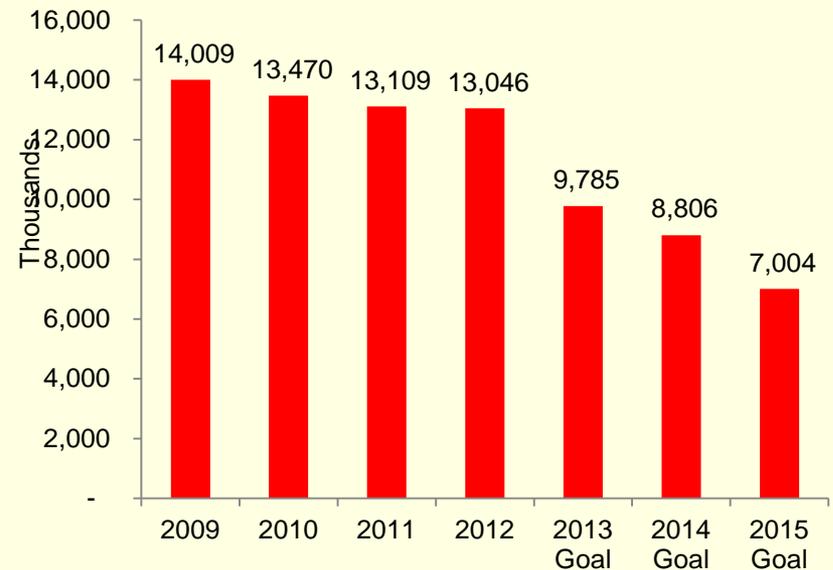
Reduce Energy use by 5%

Total Energy* Use kBTU (in thousands)



Reduce Water use by 10%

Gallons of Water Used
(in thousands)

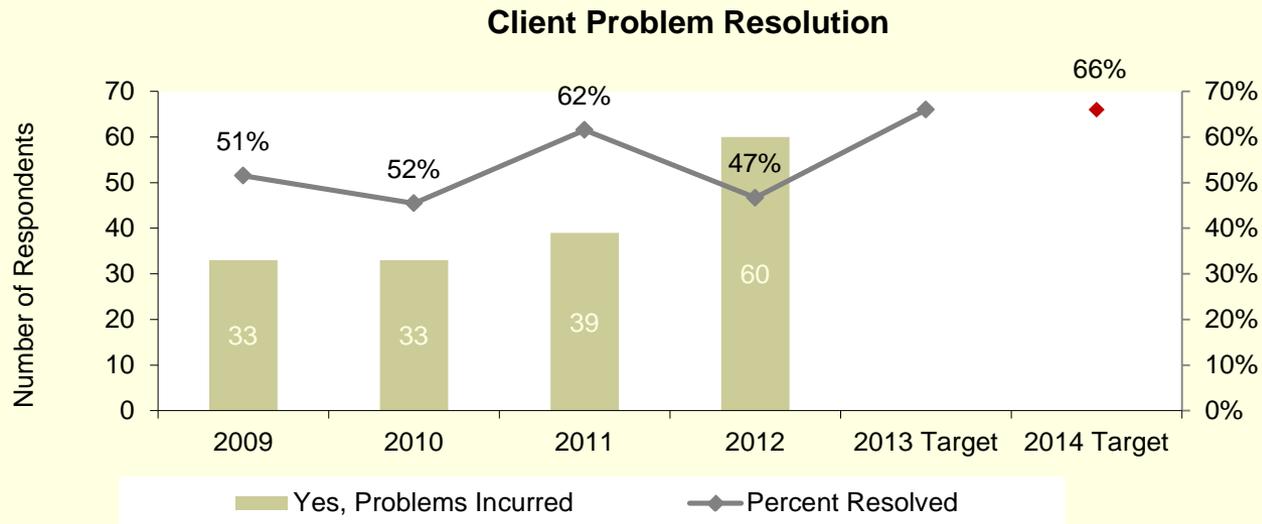


* Total energy includes electricity, natural gas, cooling and heating.

2014 Impact Goals

■ Customer – Impact on the Customer

- Achieve 66% client resolution
- Better understand customer needs
- Analyze new attendee survey

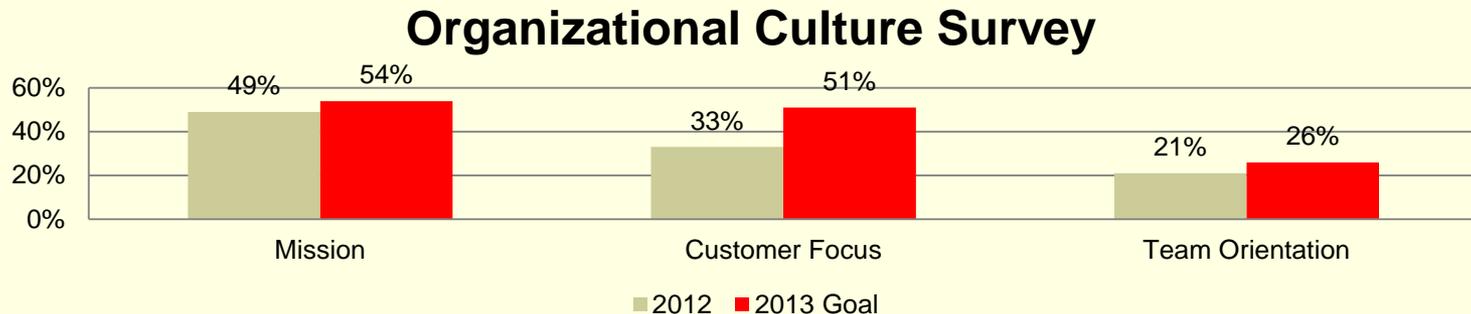


Kelber Catering employed 58 full-time and 336 part-time workers in 2012 to support the event activity at the Minneapolis Convention Center.

2014 Impact Goals – Workforce Planning

■ People: - Impact on the Staff

- Conduct organizational culture survey to identify areas of improvement
- 100% engagement in Perform Minneapolis
- Engage staff through information about events and attendees



The Minneapolis Convention Center is not only a job creator for Kelber Catering Inc., it is the only reason Kelber Catering Inc. is in existence. Since 1964, Kelber Catering Inc has flourished due in entirety from the relationship we have enjoyed being the in-house caterer within the former Minneapolis Auditorium and then after the teardown and rebuild, the present Minneapolis Convention Center facility. According to Local #17, Kelber Catering Inc. is the oldest union establishment in Minneapolis.

– Kim Nelson, Kelber Catering

2014 Impact Goals – Workforce Planning

- **People: - Impact on the Staff**
 - Train all MCC employees and contractors in Standards of Service
 - MCC Standards of Service

Our Philosophy:

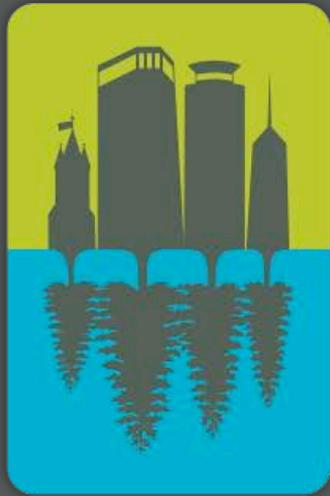
We make a positive impact on our guests by collaborating and delivering excellence in our service and facility

Making An Impact

- I Initiate Relationships
- M Make Eye Contact and Smile
- P Personalize the Guest Experience
- A Anticipate Guest Needs
- C Communicate
- T Thank Every Guest & Teammate

2014 Impact Goals

- Destination Development
 - Increase Regional attendees through City/Plaza events leverage the Go campaign
 - \$400,000 added to Events Program
 - Creative City Challenge
 - Secret City Event / Enhance City Events
 - Identify and implement opportunities to align partners with public shows
 - Provide \$25,000 in discounts to local events that fit our criteria as Community Events



Minneapolis

City by Nature



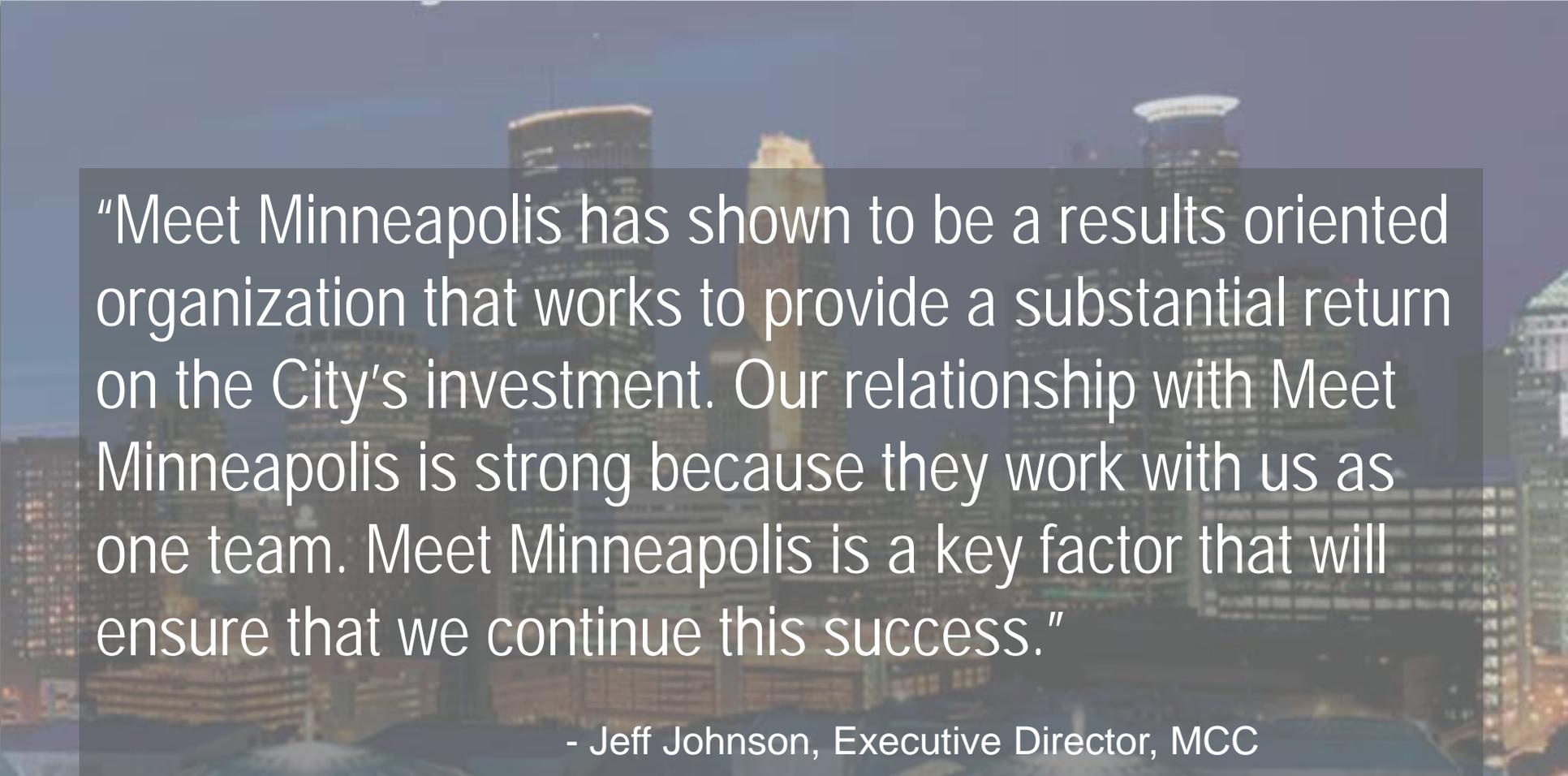
MEET MINNEAPOLIS

2014 Ways & Means Committee
Budget Hearings
September 12, 2013



Minneapolis
City by Nature

Meet Minneapolis
Convention & Visitors Association



“Meet Minneapolis has shown to be a results oriented organization that works to provide a substantial return on the City’s investment. Our relationship with Meet Minneapolis is strong because they work with us as one team. Meet Minneapolis is a key factor that will ensure that we continue this success.”

- Jeff Johnson, Executive Director, MCC



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MINNEAPOLIS CONVENTION CENTER

- ▶ \$14.9 M in revenue 2012
- ▶ \$15.25 M on pace
- ▶ Public Shows – Marketing Promotions



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Convention & Visitors Association

CHEVY VOLT GIVEAWAY



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2014 WHAT TO EXPECT

EVENT NAME	ESTIMATED ATTENDEES	ROOM NIGHTS	ECONOMIC IMPACT
Girls' Junior National Championships	30,000	68,605	\$60,000,000 ¹
Shriners' International	9,000	22,975	\$35,000,000 ¹
Government Finance Officers Association	7,000	14,432	\$20,000,000 ¹
MLB All-Star Game	46,700	14,359	\$75,000,000 ²
Midwest Volleyball Warehouse	6,000	12,000	\$6,000,000 ¹
Meeting Professionals International (MPI)	3,200	8,405	\$5,000,000 ¹

2014 A TOTAL OF WHAT TO EXPECT

EVENT NAME	ESTIMATED ATTENDEES	ROOM NIGHTS	ECONOMIC IMPACT
TOTAL	609,928	364,974	\$201,000,000

MAJOR LEAGUE ALL STAR GAME

- ▶ “Meet Minneapolis was a key to us winning the 2014 All-Star Game. Melvin and the entire team worked tirelessly on a complete bid package that ensured our place at the table. From space at the Minneapolis Convention Center to securing a large room block at area hotels, every detail was thought through and executed perfectly.”
 - Dave St. Peter, President, Minnesota Twins



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MEETING PROFESSIONALS
INTERNATIONAL



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MPI 2014

- ▶ Last hosted 1994
- ▶ Direct and indirect impact on Minneapolis:
- ▶ Attendee ratio is 40% planner and 60% supplier
- ▶ Planner's average annual budget \$1.6M¹
- ▶ MPI's planner community plan 700,000 meetings annually, with the buying power of the planner attendees totaling over \$1.7 billion
- ▶ MPI's economic impact to Minneapolis will be approximately \$5.0M²



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Meet Minneapolis
Convention & Visitors Association

1 Source: DMAI Economic Impact calculator

2 Source: The Economic Significance of Meetings to the Economy; 02/2011, Convention Industry Council, PWC, DMAI

INCREASE 33.2%
LEVEL OF FUNDING
FROM 9.6 MILLION
TO 12.8 MILLION

MAXIMIZE THE
LEVEL OF MARKETING
COORDINATION
AMONG THE
METROPOLITAN AREA
CVBS

TRANSFORM THE
MINNEAPOLIS VISITOR
EXPERIENCE

IMPLEMENT A COMPREHENSIVE
VISITOR EXPERIENCE PROGRAM

RESOLVE HOTEL &
MINNEAPOLIS
CONVENTION CENTER
OCCUPANCY
PEAK PERIODS

MAXIMIZE RELEVANCE
AMONG KEY
CUSTOMER GROUPS

ACHIEVE CUSTOMER/STAKEHOLDER
SATISFACTION OF 70% ANNUALLY

RECRUIT AND RETAIN
TOP TALENT

A WHOLE NEW PLAYING FIELD IMAGINE 2017



*"Tourism is the number one
service that we export. Number one.*

And that means jobs."

President Barack Obama

MISSION
VISION
VALUES
TARGET

Minneapolis. The Destination of Choice.

To market, sell and maximize the visitor experience of Minneapolis
for the economic benefit of our community.

Our success is defined by our values. Treat ourselves and others
with respect. Encourage innovation. Live with integrity. Strive for
excellence. Foster teamwork. Hold ourselves accountable.

Our target audience is leisure travelers,
meeting planners and convention attendees.



THE PEOPLE'S STADIUM



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Meet Minneapolis
Convention & Visitors Association

NFL SUPER BOWL



NCAA FINAL FOUR



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MISSION

- ▶ To market, sell and maximize the visitor experience of Minneapolis for the economic benefit of our community



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VISION

- ▶ Minneapolis,
The Destination
of Choice



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VALUES

- ▶ Excellence
- ▶ Innovation
- ▶ Integrity
- ▶ Respect
- ▶ Teamwork
- ▶ Accountability



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City by Nature

Meet Minneapolis
Convention & Visitors Association



**THANK
YOU!**

2014 Repair & Maintenance Investments (\$9.1 million)

- Show Office Refurbishing
- Tasting Room Remodel
- Updating Irrigation System
- Operable Wall Replacement (200 level, Ex Halls)
- Interior Refresh (Carpet & Painting)
- Visitor Information Center Remodel
- Escalators (2 sets)
- Data/Telecom/Low Voltage Infrastructure

In 2012, Brede Exposition Services paid \$1,278,482 in total labor & benefits for events held at the MCC.

2014 Technology Initiatives

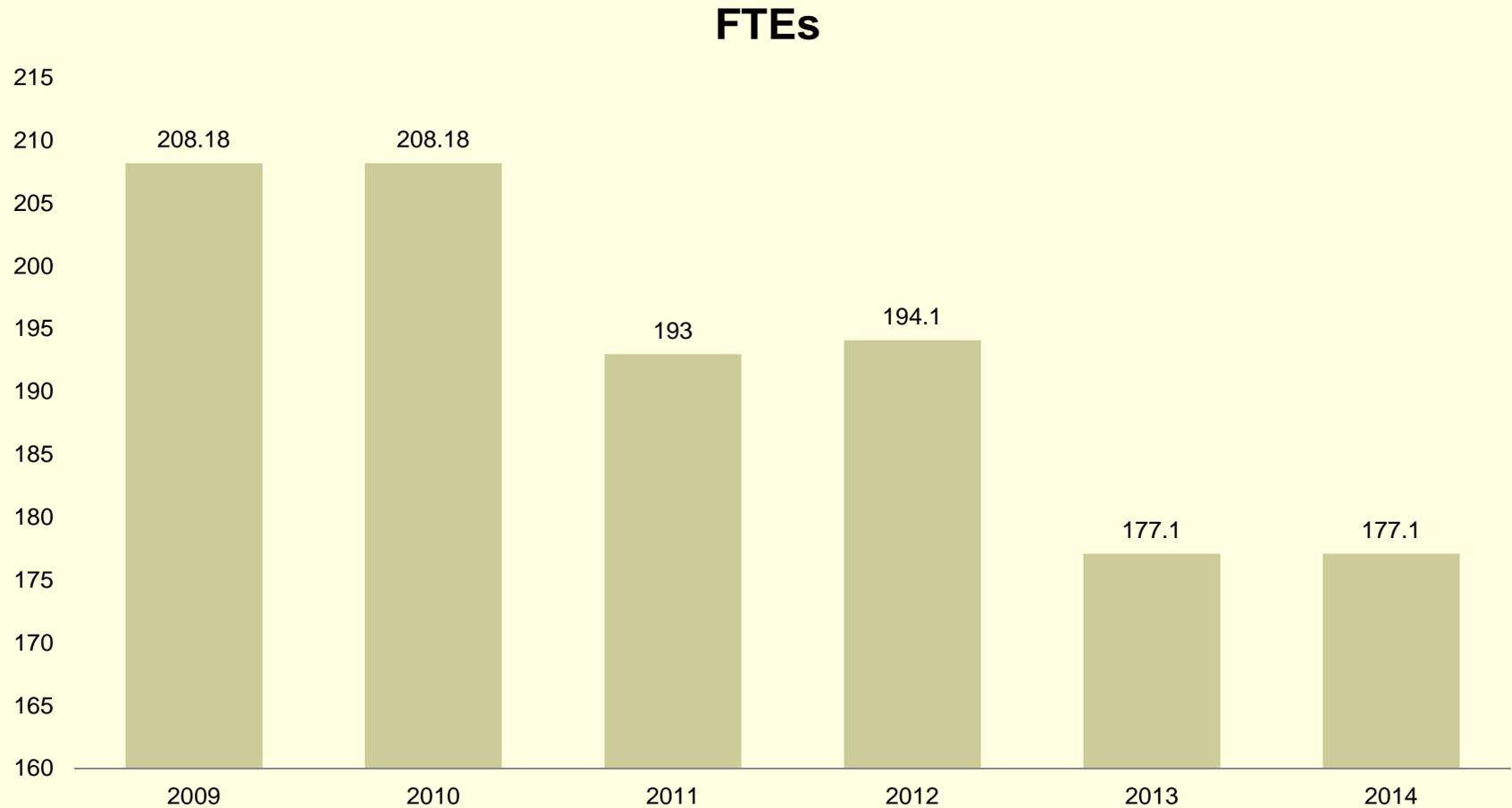
- iPADs
 - Exhibitor order processing
 - Full Work Order Integration of EBMS
- EBMS Job Management module implementation
- Implementation of Attendee Survey on MCC splash page
- Full Implementation of Perform Minneapolis
- Management Dashboards
- Interior Refresh – Digital Signage
- Estimating in EBMS . . .result of client focus groups
- New Industry Economic Impact Calculators
- New Internet and Low Voltage Super Highway

Recent or Planned Efficiencies

- Sustainability
 - Introducing Composting
 - New Public Waste Receptacles
 - Replace 20-year old Escalators
 - Exhibit Hall LED Lighting and Controls
 - Replaced Dishwasher



Recent or Planned Efficiencies



Contracts

- Kelber Catering
- Whalen Security
- Convention Center Repair & Maintenance \$9.1 million
- Operating Contracts Coming Due:
 - Meet Minneapolis
 - Attendee & Exhibitor Internet Services
 - Parking Controls Maintenance
 - Plumbing
 - Radio Maintenance
 - Electrical Services
 - Table Linens & Laundering
 - Uniforms
- Women or Minority Business Enterprise Opportunities

Contracts

- Contracts:
 - Meet Minneapolis
 - Provides sales & marketing for the Convention Center and City as a whole
 - \$9.3M included in Events Program
 - Includes one-time funding for MPI Event
 - Goal Based
 - Competitive Market
 - Event Booking Partnership
 - Contract Expires in December 2014

How is the Department Doing

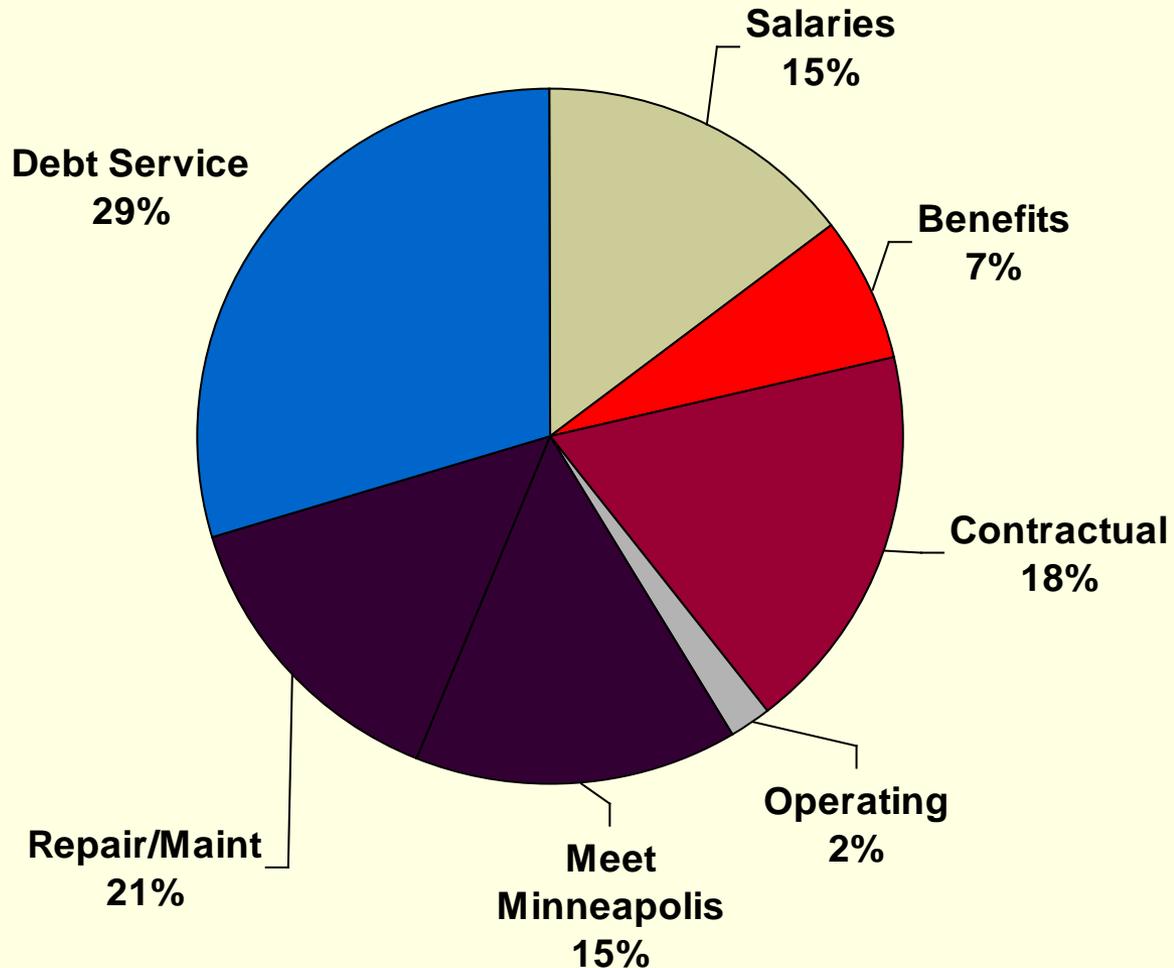
- Customer Survey responses continue to be positive
- Revenues are increasing
- Repeat Customers = 68%
- Sustainability goals are being met
- Employee Engagement is increasing
- \$1 invested in MCC programs = \$12.38 return to the Community
- \$1 invested in MCC programs and debt service = \$7.51 return to the Community
- In 2012 –
 - \$12 million in local taxes were generated
 - 5,227 jobs were sustained
 - \$301 million in economic impact generated
 - Hosted 414 events
 - 149,317,134 square feet rented

Two Thirds of our annual volume is work performed at the Minneapolis Convention Center. Over the past 25 years, this work has helped Hubbel-Tyner maintain 20 full time and over 60 part time employees.

- Dwayne Hendricks

Minneapolis Convention Center

Expenditures by Type (\$63.17 million)



Minneapolis Convention Center

Revenue by Type (\$63.17 million)

