

CITY OF MINNEAPOLIS

2015 Mayor's recommended budget

Minneapolis Convention Center

October 2, 2014

Budget Book Pages F76-F84

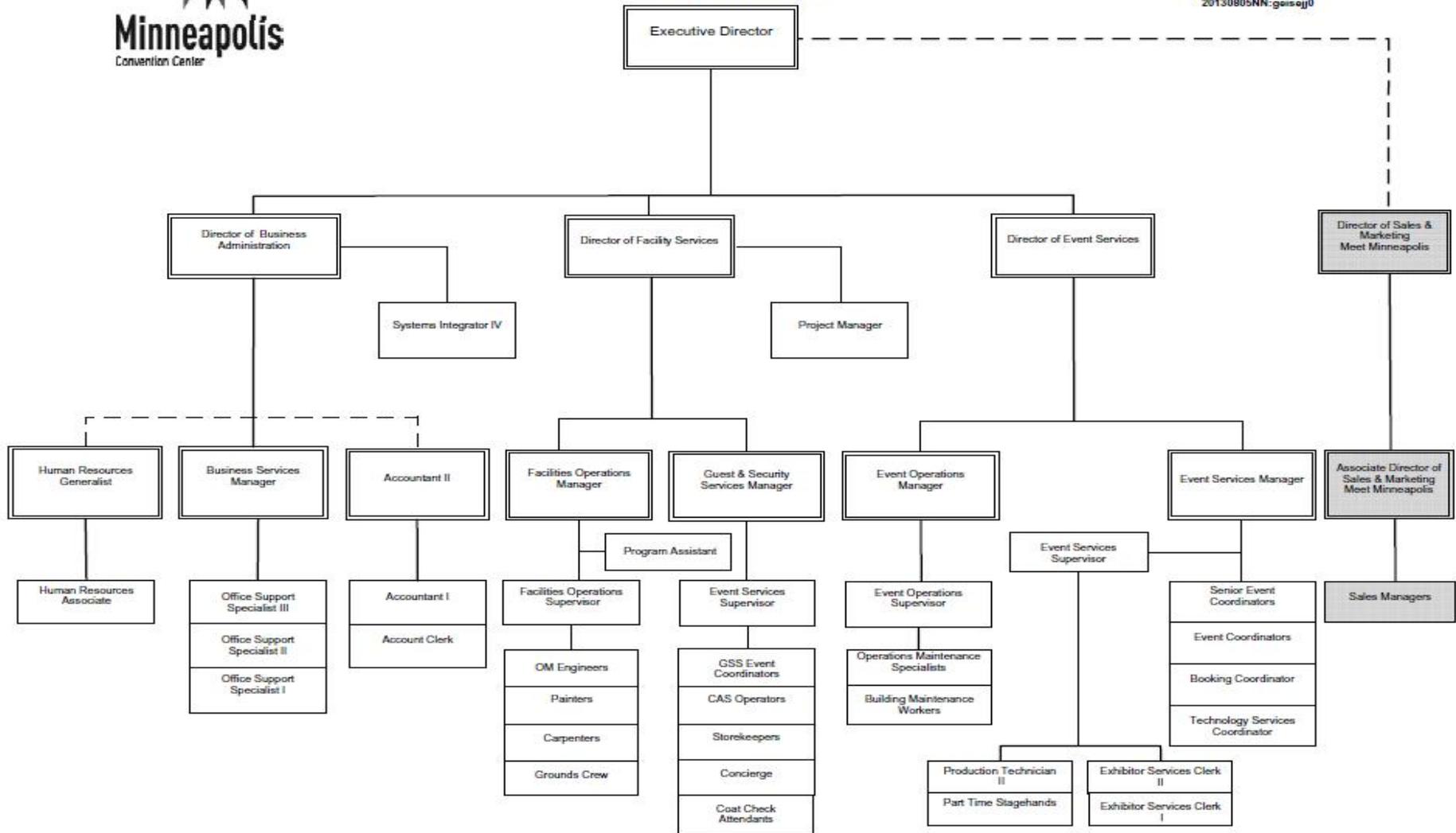


Department Organizational Chart



Minneapolis Convention Center Organization Chart

August 5, 2013
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Denotes Meet Minneapolis Personnel

Events Program

- The Convention Center Events Program provides sales, event coordination, delivery of audio visual, utility, security and guest services for our clients.
 - Includes the City's contract with Meet Minneapolis
 - Operating Revenues Generated = **\$17,447,000***
 - Investment Funded from Hospitality Tax Collections
- Events drive economic impact and contribute to City growth
 - Hospitality Jobs Sustained = **7,032***
 - Hospitality Taxes Directly Attributable to MCC Activities Generated = **\$16,706,747***
 - Economic Impact = **\$405 million***

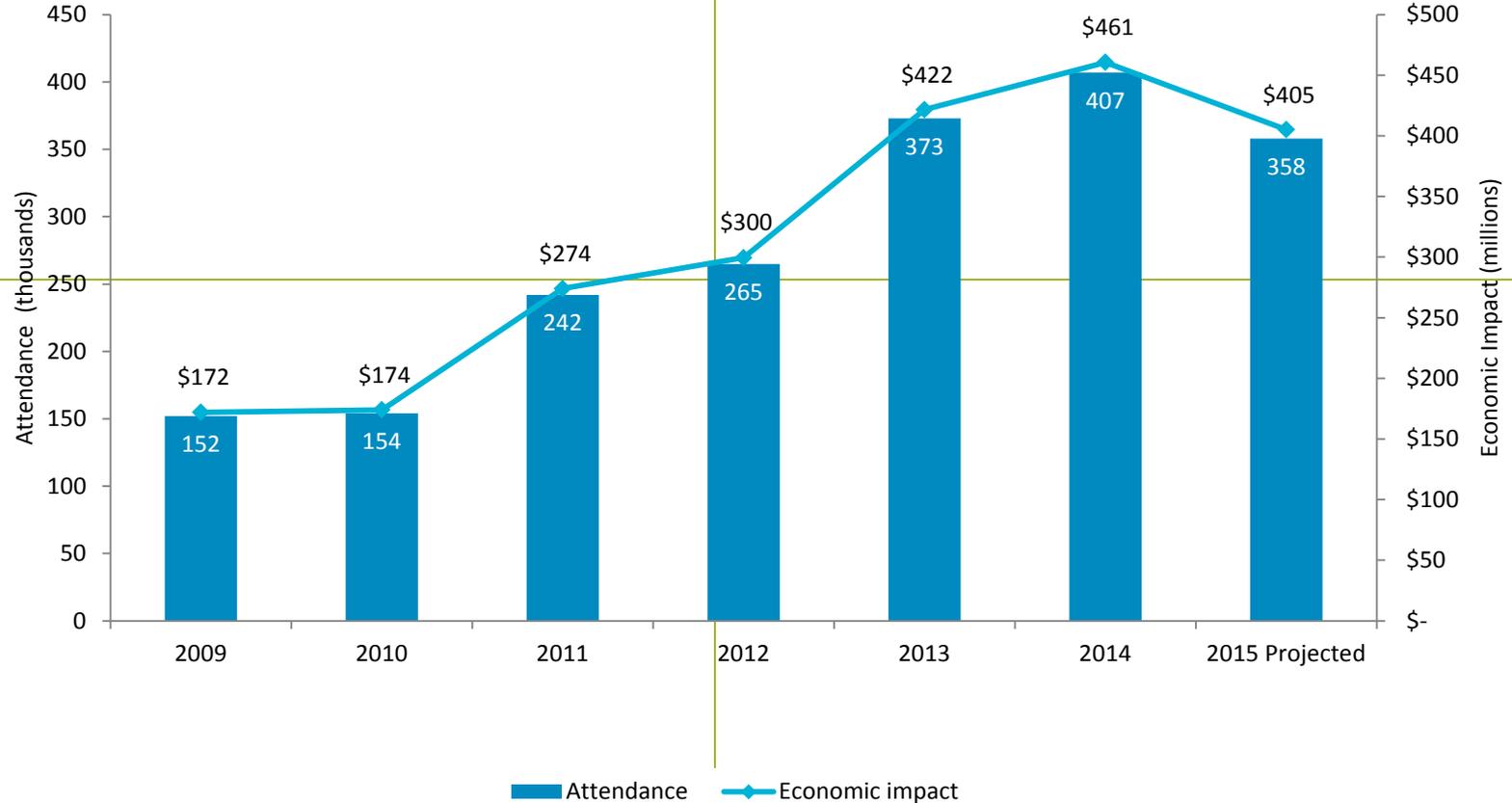
*2015 Projected

Events Program Enhancements – Growing the City thru Economic Impact

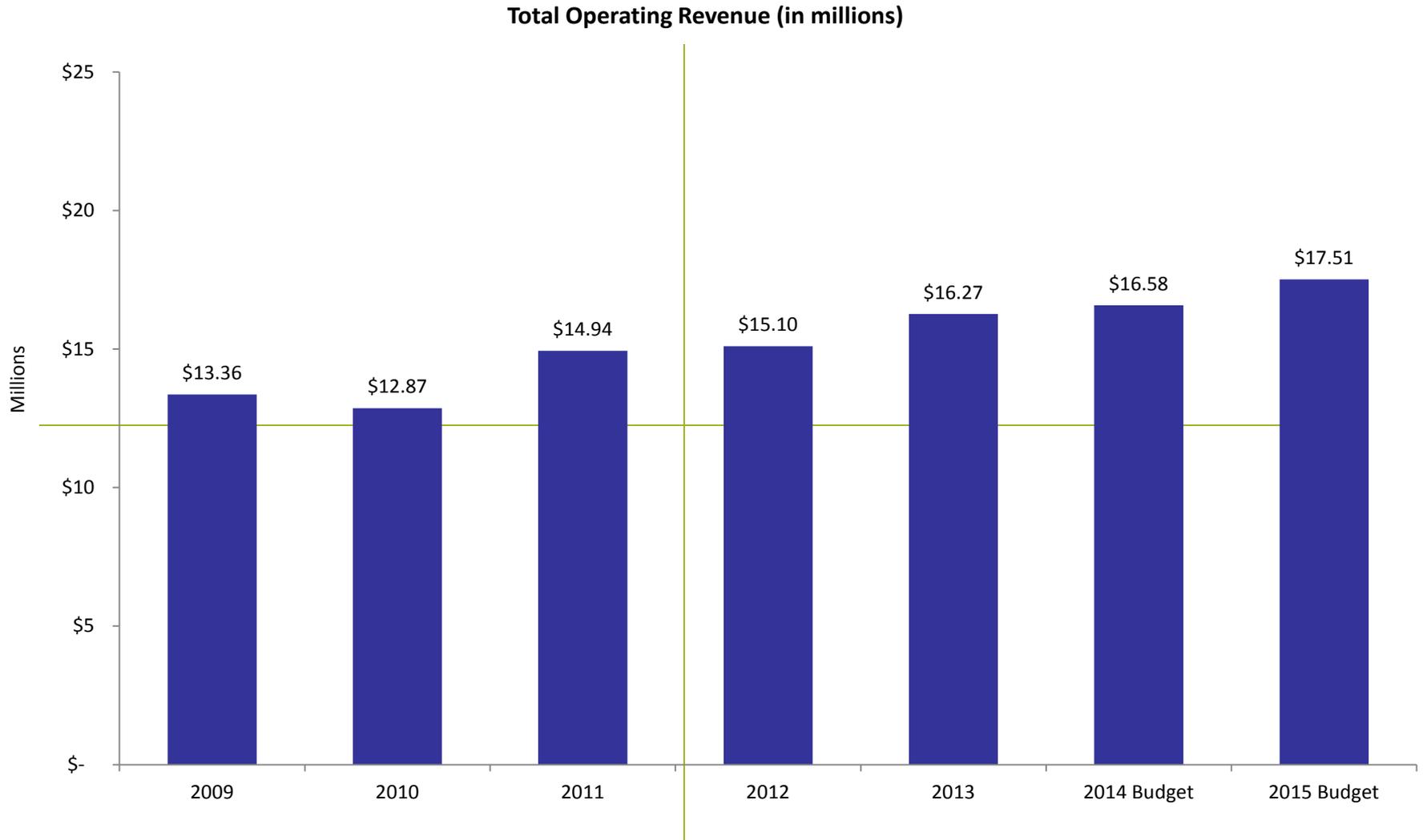
- **Meet Minneapolis**

Justification: *Results Minneapolis* measures – Events Program

Non-local Attendance and Economic Impact



Justification: *Results Minneapolis* measures – Events Program



Links to goals and values – Events Program

Goals

Does this program move the City closer to achieving any of the following goals?

Living well: Minneapolis is safe and livable and has an active and connected way of life	X
One Minneapolis: Disparities are eliminated so all Minneapolis residents can participate and prosper	X
A hub of economic activity and innovation: Businesses, big and small, start, move, stay and grow here	X
Great places: Natural and built spaces work together and our environment is protected	X
A City that works: City government runs well and connects to the community it serves	X

Values

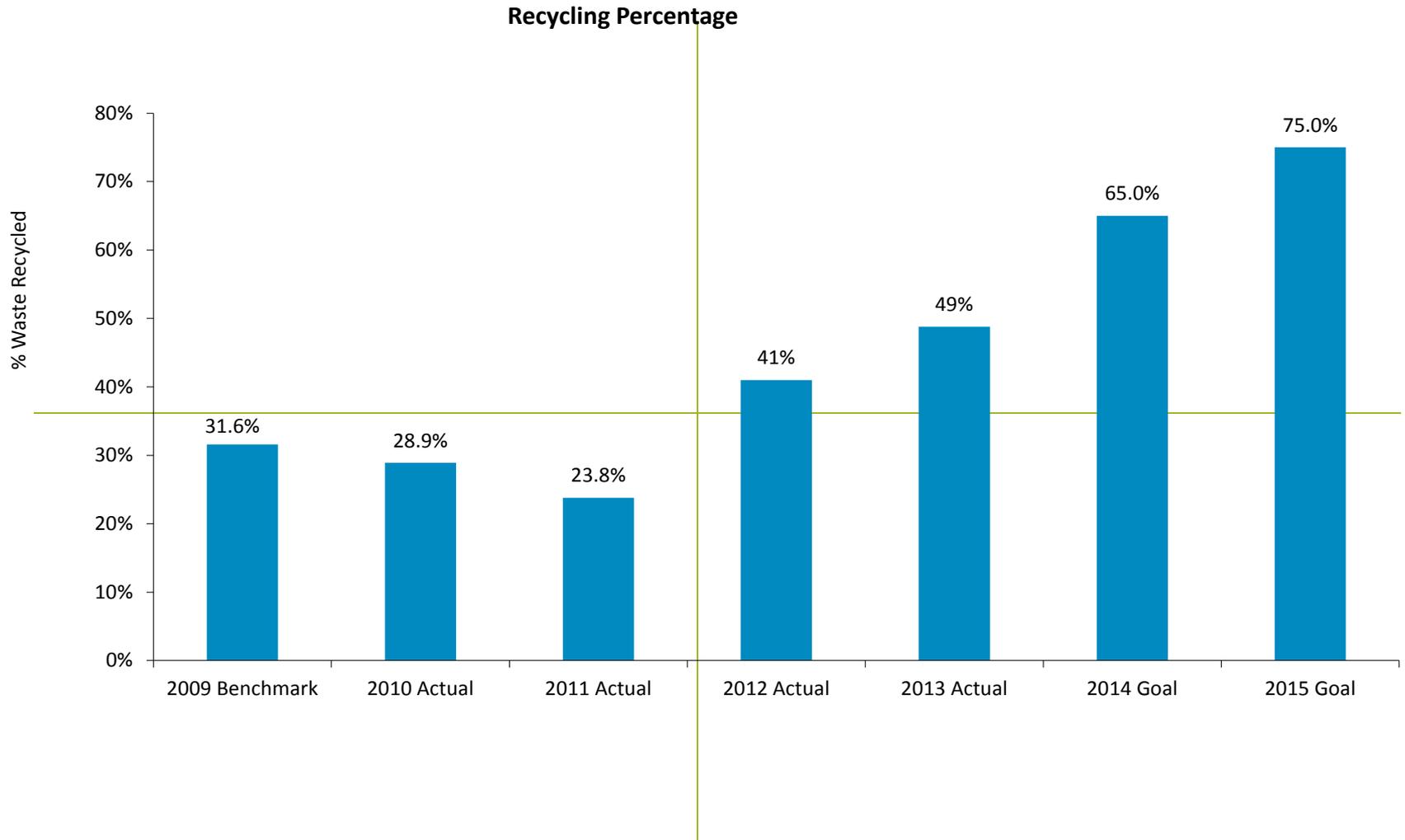
Does this program move the City closer to achieving any of the following values?

Equity	X
Safety	X
Health	
Vitality	X
Connectedness	X
Growth	X

Facilities Program

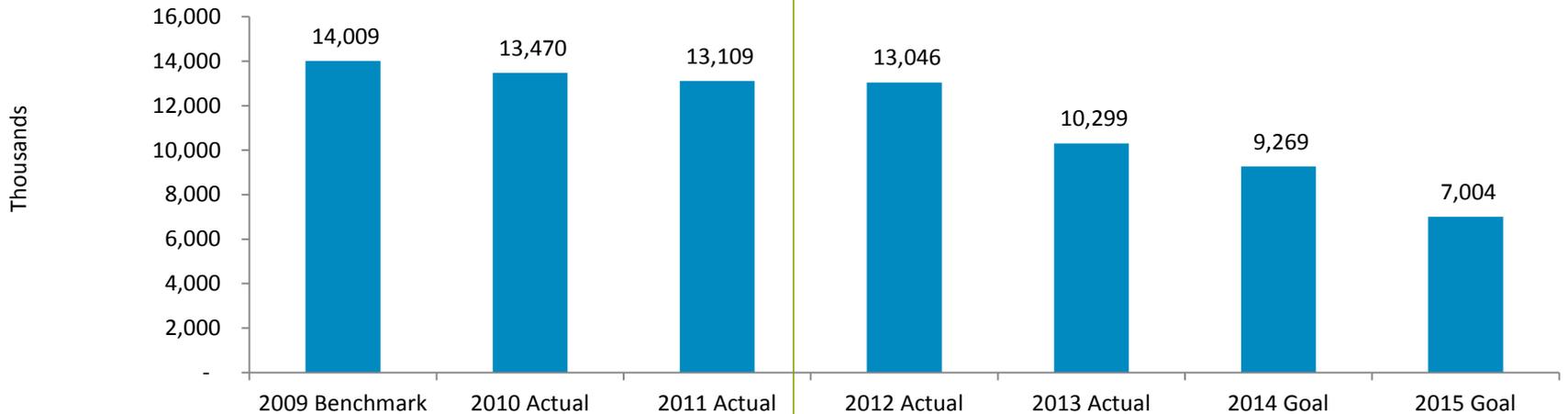
- The Convention Center Facility Program provides the physical building and grounds of the Convention Center as well as the staff to maintain this City asset. The Events Program utilizes the facility to sell and host events. The Facilities Program includes repair and maintenance expenditures.
 - Funded from Hospitality Taxes
 - \$9.5 million in projects to maintain facility competitiveness
 - Living Wage Jobs

Justification: *Results Minneapolis* measures – Facilities Program

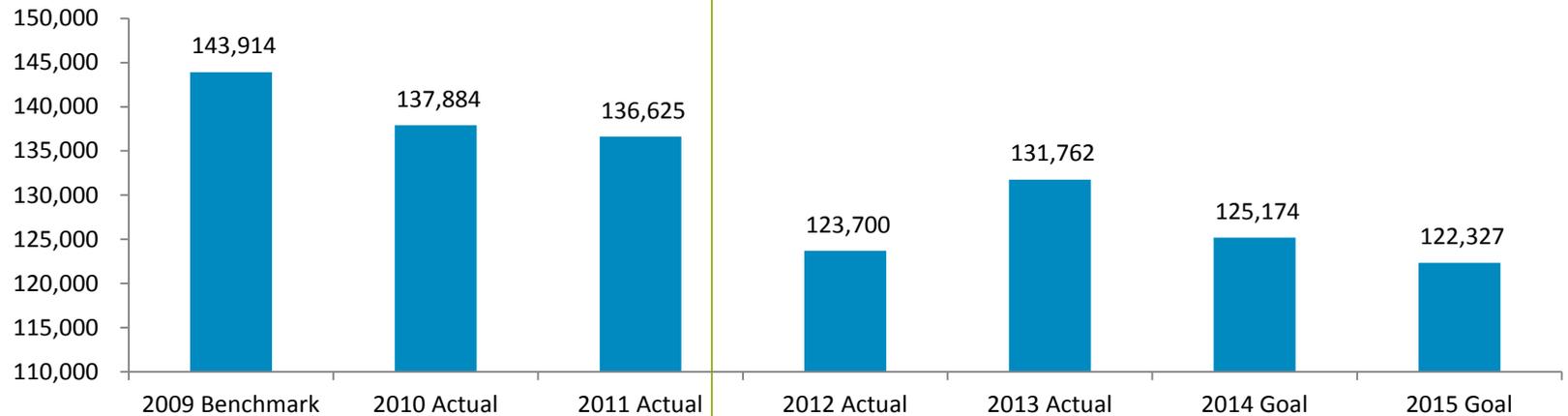


Justification: *Results Minneapolis* measures – Facilities Program

Gallons of Water Used
(in thousands)



Total Energy* Use kBtu (in thousands)



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

Links to goals and values – Facilities Program

Goals

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A hub of economic activity and innovation: Businesses, big and small, start, move, stay and grow here	X
Great places: Natural and built spaces work together and our environment is protected	X
A City that works: City government runs well and connects to the community it serves	X

Values

Does this program move the City closer to achieving any of the following values?

Equity	X
Safety	X
Health	
Vitality	X
Connectedness	X
Growth	X

Tallmadge Program

- The Tallmadge Building is currently operated as an office building that is leased to local businesses.
 - Long-term competitive strategy
 - New Nicollet Mall will change how Tallmadge and Plaza areas may be used to connect to the City
 - Operating Revenues = **\$97,000**
 - Significant improvements are needed to turn Tallmadge into a hospitality asset

Links to goals and values – Tallmadge Program

Goals

Does this program move the City closer to achieving any of the following goals?

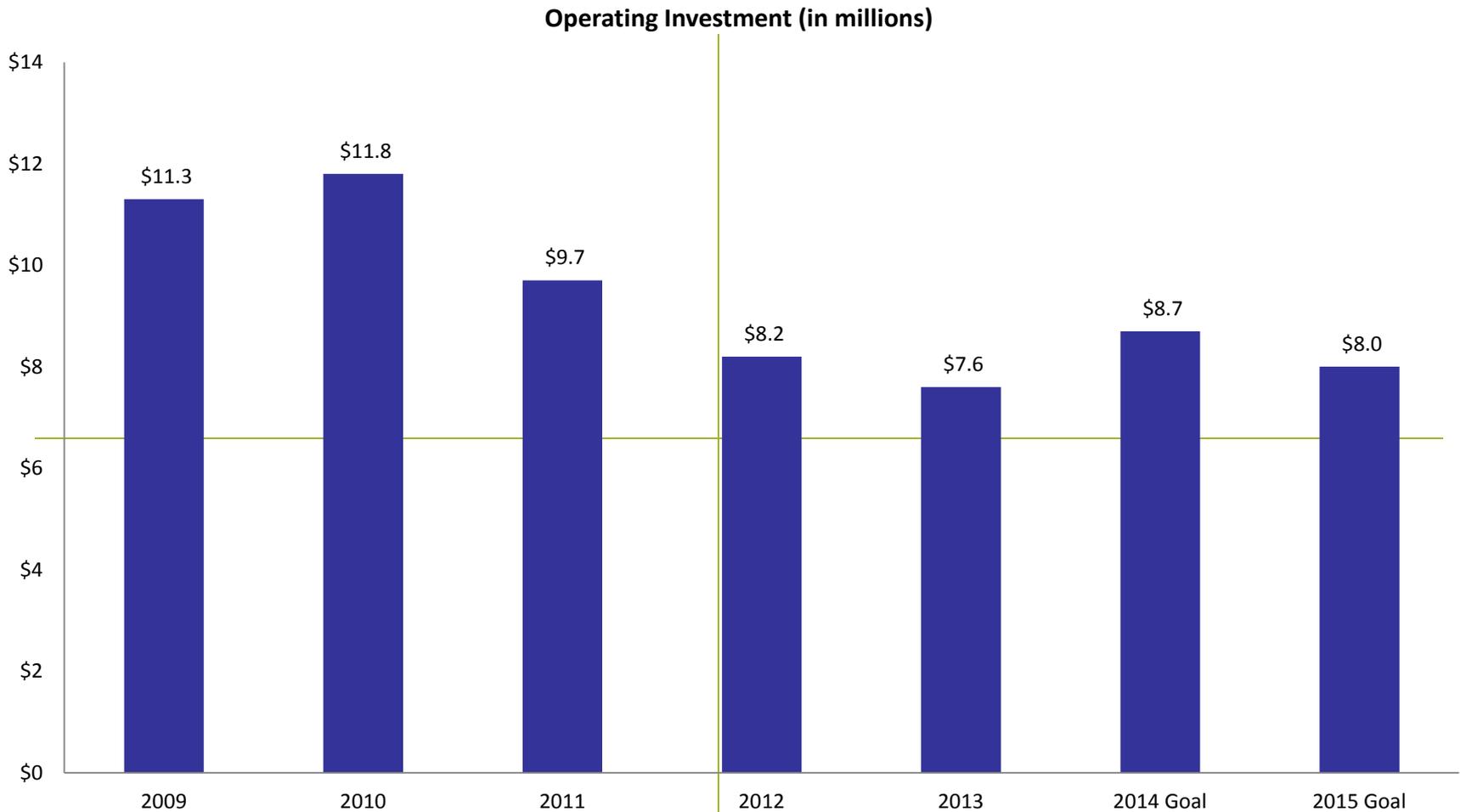
Living well: Minneapolis is safe and livable and has an active and connected way of life	
One Minneapolis: Disparities are eliminated so all Minneapolis residents can participate and prosper	
A hub of economic activity and innovation: Businesses, big and small, start, move, stay and grow here	X
Great places: Natural and built spaces work together and our environment is protected	
A City that works: City government runs well and connects to the community it serves	X

Values

Does this program move the City closer to achieving any of the following values?

Equity	
Safety	
Health	
Vitality	X
Connectedness	
Growth	X

Justification: *Results Minneapolis* measures – Events, Facilities, & Tallmadge Program



\$1 invested in MCC programs returns \$12.67 to the Community

Target Center

- The Target Center program provides an operating subsidy and capital funds for this City-owned facility through a contractual agreement with its operator, AEG
- Revenues generated = **\$2.7 million** from taxes and rents
 - The Target Center program provides living wage jobs through their event activities as well as those of contractors.
 - Provides an estimated \$100 million in economic impact as well as cultural and arts activities to the Minneapolis community.

Links to goals and values – Target Center

Goals

Does this program move the City closer to achieving any of the following goals?

Living well: Minneapolis is safe and livable and has an active and connected way of life	X
One Minneapolis: Disparities are eliminated so all Minneapolis residents can participate and prosper	
A hub of economic activity and innovation: Businesses, big and small, start, move, stay and grow here	X
Great places: Natural and built spaces work together and our environment is protected	X
A City that works: City government runs well and connects to the community it serves	X

Values

Does this program move the City closer to achieving any of the following values?

Equity	X
Safety	X
Health	
Vitality	X
Connectedness	X
Growth	X

2014 Impact Goals – How are we doing?

- **MCC wins Prestigious Industry Excellence Award**
- **Operational Impact**
 - Recycle 65% of all waste
 - 56% through Q2
 - The MCC is one of six (6) facilities in the world to achieve Level One certification from the Green Meetings Council for sustainable practices in our venue.
- **People Impact**
 - Engage staff through information about events and attendees
 - Daily Message created and implemented
 - Culture & Engagement Survey Results
 - Significant improvement in Culture Survey
 - Engagement Survey increase in participation – some improvements and some opportunities

2014 Impact Goals – How are we doing?

- **Customer Impact**

- Conduct customer focus group
 - Customer Focus Group conducted in July 2014
 - 97% of customers rate their event a success in Q2
 - Repair & maintenance project response has been positive

- **Financial Impact**

- Contain our operating investment (operating expenses minus operating revenue) to \$8.7M
 - July 2014 2nd highest revenue month in Convention Center history
- Provide \$350M in economic impact
 - \$367M in economic impact through Q2

- **Community Impact**

- Provide \$25,000 in discounts to local events that fit our criteria as Community Events
 - Enabled 10 community groups to host events at MCC who otherwise would not have been able to hold the event

2015 Budget Compared to 2014

- Overall – Events Facilities & Tallmadge Programs

Convention Center Special Revenue Fund				
	2014	2014	2015 Mayor's	% Chg
Source of Funds:	Budget	Projected	Recommended Budget	From 2014
				Projected
Operating Revenues:				
Charges for Services	5,720	5,710	6,200	8.6%
Rents and Commissions	6,980	6,890	7,597	10.3%
Other Miscellaneous Operating	3,300	3,400	3,650	7.4%
Sub-Total	16,000	16,000	17,447	9.0%
Non-Operating Revenues:				
Local Taxes	-	-	-	0.0%
Restaurant Tax	-	-	-	0.0%
Liquor Tax	-	-	-	0.0%
Lodging Tax	-	-	-	0.0%
Interest	361	361	396	9.7%
Other Misc Non Operating	215	265	164	-38.1%
Sub-Total	576	626	560	-10.5%
Total	16,576	16,626	18,007	8.3%
Use of Funds:				
Convention Center Operations	25,904	25,904	26,502	2.3%
Ongoing Equipment/Improvement	14,468	14,468	9,480	-34.5%
Meet Minneapolis	9,586	9,461	10,040	6.1%
Transfer to Debt Service	17,087	17,087	23,462	37.3%
Transfer to Debt Service - Domes	1,774	1,774	1,040	-41.4%
Total	68,819	68,694	70,524	2.7%
Transfer from General Fund	46,593	46,593	50,500	8.4%
Net Income	(5,650)	(5,475)	(2,017)	-63.2%

2015 Budget Compared to 2014 – Target Center

	Arena Fund			% Chg
	2014	2014	2015 Mayor's	From 2014
	Budget	Projected	Recommended Budget	Projected
Source of Tax Increment Funds:				
Common Project TIF Contribution (01CPK)	1,474	1,474	1,515	2.8%
Consolidated TIF District (01CON)	5,149	5,247	6,231	18.8%
Interest Earnings (01CPK & 01CON)	10	68	73	7.4%
Sub-Total	6,757	6,789	7,819	15.2%
Use of Tax Increment Funds:				
Transfer to Debt Service (01CPK)	-	-	1,515	0.0%
Transfer to Debt Service (01CON)	4,250	4,250	2,977	-30.0%
Capital Improvements/Admin	-	-	-	0.0%
Sub-Total	4,250	4,250	4,492	5.7%
Net Available After 2009 Debt	2,507	2,539	3,327	
Source of Non-Restricted Funds:				
Estimated Local Option Taxes	3,700	-	3,700	0.0%
Estimated Private Debt Payments	3,700	-	3,700	0.0%
Event Parking	3,323	3,323	3,523	6.0%
Rent	1,350	1,350	1,350	0.0%
Entertainment Tax (Arena Events Only)	1,275	1,275	1,300	2.0%
AEG Capital Investment	-	237	-	-
Interest Earinings (01260)	63	19	41	115.8%
Sub-Total	13,411	6,204	13,614	119.4%
Use of Non-Restricted Funds:				
Estimated New Debt Service	7,400	-	7,400	0.0%
Capital Improvements	5,234	5,908	5,005	-15.3%
Administration	259	259	260	0.4%
Operator Reimbursement	1,441	1,500	1,500	0.0%
Sub-Total	14,334	4,055	14,165	249.3%
Net Income for Operations	(923)	2,149	(551)	-125.6%

2015 Expenditure Budget Highlights

- 2.3% increase in expenditures
- 64% of expenses are fixed
- \$8M operating investment goal

2015 Revenue Budget Highlights

- 9% increase in operating revenues
- 366 events
- \$405M in Economic Impact

CITY OF MINNEAPOLIS

2015 Mayor's recommended budget

Meet Minneapolis

October 2, 2014

Budget Book Pages F76-F84



Events Program – Meet Minneapolis

- **Mission:** To market, sell and maximize the visitor experience of Minneapolis for the economic benefit of our community
- **Vision:** Minneapolis, the destination of choice
- **Values:** Respect, Innovation, Integrity, Excellence, Teamwork, Accountability



Budget Events Program

Meet Minneapolis Overview

PROGRAM	2014 AMOUNT	2015 AMOUNT
EXPENSES:		
• Sales (Destination Sales & Sports Minneapolis)	\$3.959M	\$3.305M
• Services (Destination Services)	\$.773M	\$.850M
• Marketing (Branding & Strategy)	\$2.214M	\$2.435M
• Tourism (Tourism Sales & Visitor Services)	\$.796M	\$1.142M
• Administration (Finance & Administration)	<u>\$3.740M</u>	<u>\$3.948M</u>
TOTAL EXPENSE	\$11.481M	\$11.680M

SOURCES OF REVENUE	2014 AMOUNT	2015 AMOUNT
• City funding	\$9.439M	\$9.5M
• Private funding	<u>\$2.042</u>	<u>\$2.180M</u>
TOTAL FUNDING	\$11.481M	\$11.680M
• City contract incentive (TBD)	<u>\$.5M</u>	<u>\$.5M</u>
TOTAL POTENTIAL REVENUE	\$11.981	\$12.180M

Events Program Enhancements – Growing the City thru Economic Impact: **Meet Minneapolis** Building Our Future – Original Request \$3.9M plus \$820K Capital)

Awareness Building

- Develop greater awareness in key travel markets to improve visitor counts and length of stay during need periods. Focus on leisure travelers, group tours, & meeting planners.

Convention Support Fund

- Provides funding for incentives to book groups that meet specific criteria for 2015 and future need periods, need years, and overall economic impact.

Visitor Information Center

- Build-out and operations for a new visitor information center on Nicollet Mall to connect visitors with the all the amenities and the neighborhoods of Minneapolis

Sports Minneapolis

- Cultivation and development of amateur, collegiate and major sporting events to maximize use of MCC, Target Center, and the new stadium and other city assets.

Expanded Welcome Program

- Develop comprehensive welcome program providing resources at all key visitor locations and arrival points. Improves recognition of visiting groups while in the City.

Links to Goals & Values

Meet Minneapolis & Hospitality Industry

Goals	
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Growth	X

Meet Minneapolis Helping to Grow the City

Success Results 5-Years

Metric	2005 Actual	2010 Actual	2015 Forecast
Hospitality Jobs	26,898	27,562	30,000
Lodging Tax Revenue	\$4.5M	\$5.8M	\$7.6M
Hotel Occupancy	72%	66%	73%
Visitor Count (MSP)	18M	25M	34M
MCC Revenue (Driven by MM)	\$16.2M	\$12.9M	\$17.5M
MM Private Sector Revenue	N/A	\$0.7M	\$2.2M

Sources: MN DEED, City of Minneapolis, Smith Travel Research (STR), D.K. Shifflet, Meet Minneapolis

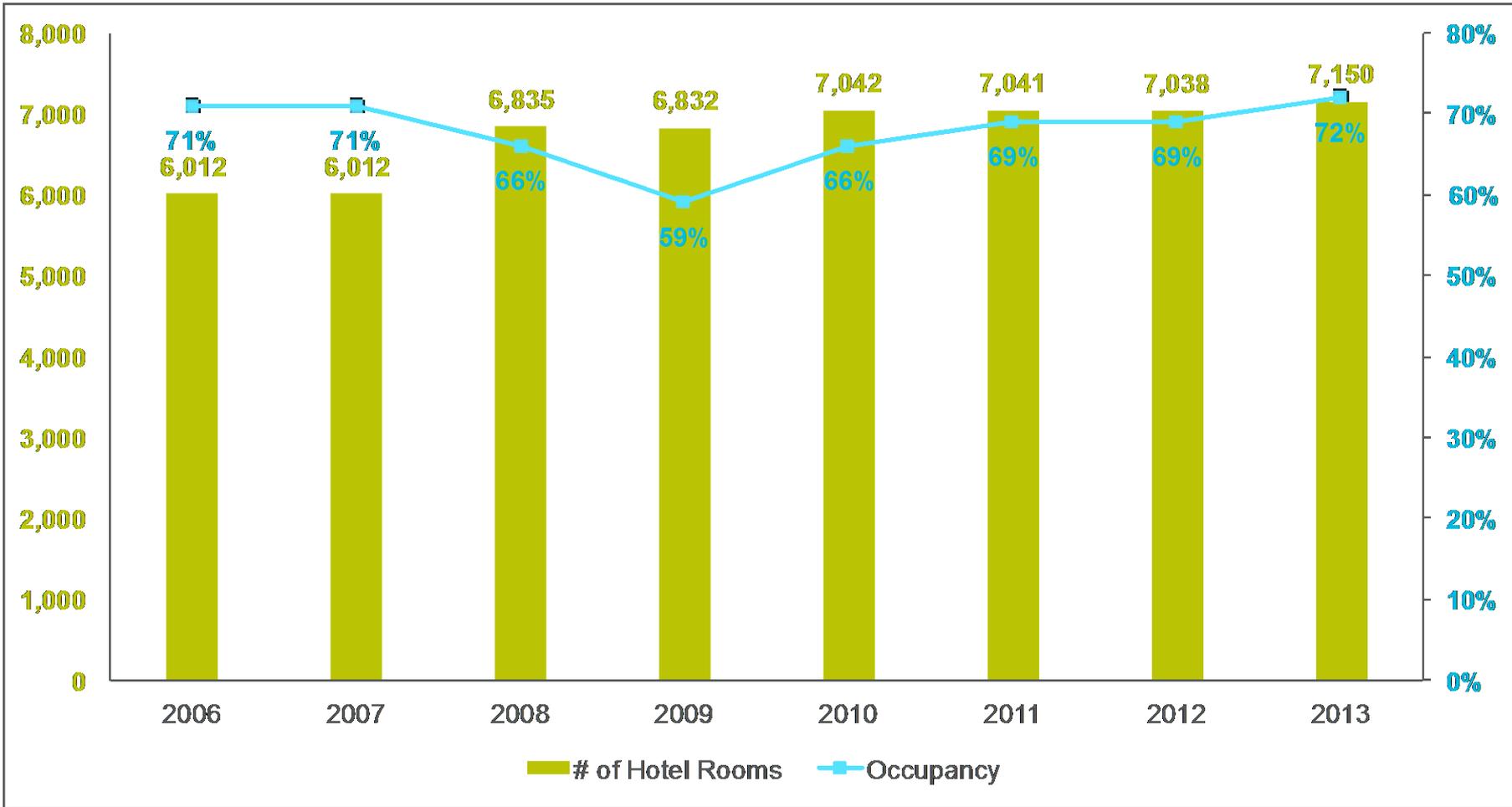
Meet Minneapolis Helping to Grow the City

Last 5 Years Key Highlights

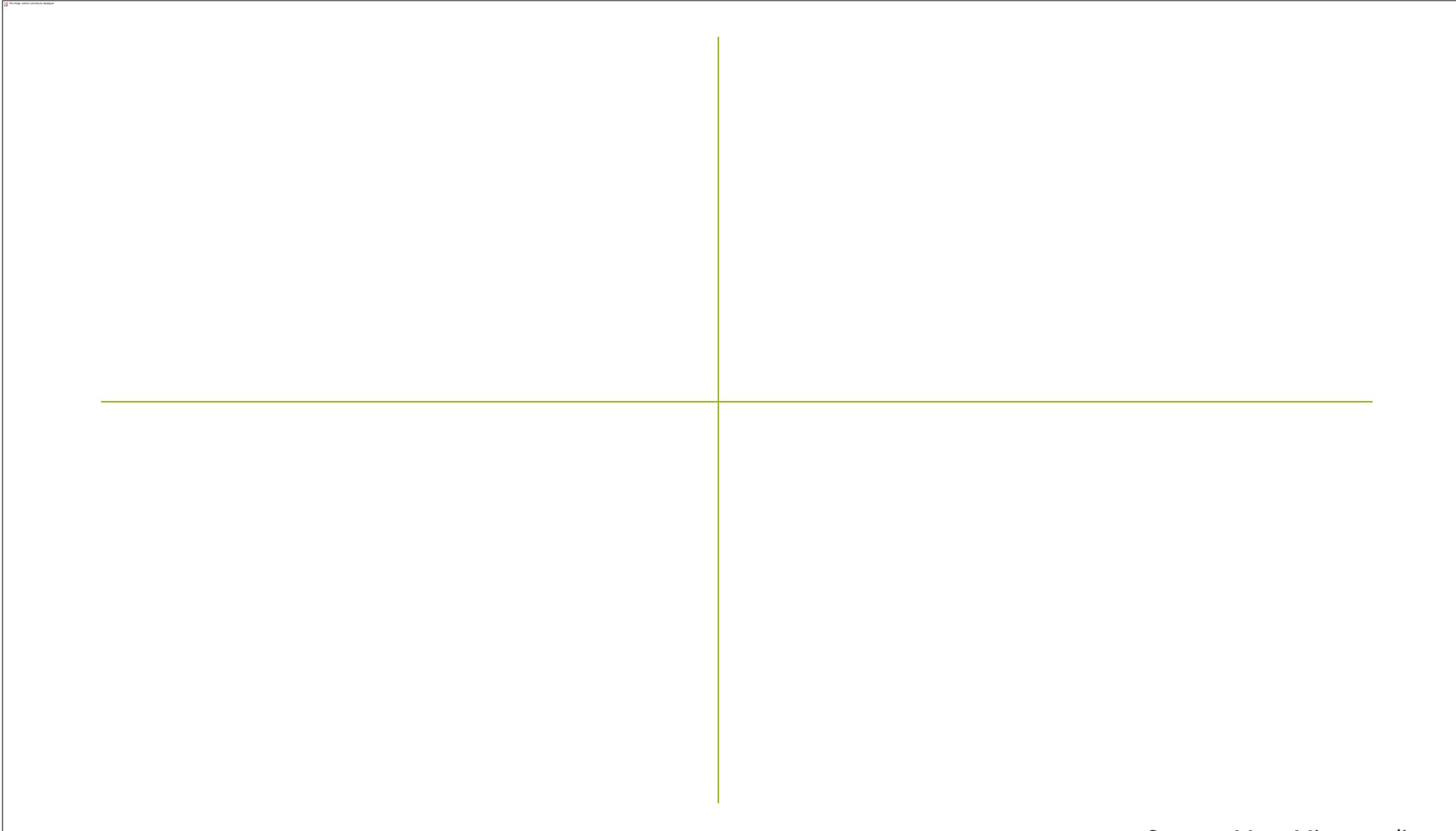
- MPI Corporate Social Responsibility (CSR)
- MLB All-Star Game
- NFL Super Bowl
- American Choral Directors Association
- Sister Cities Program
- Marry Me in Minneapolis Campaign
- Hospitality Training Initiative
- American Legion
- Major Hotel Room Absorption

Meet Minneapolis Helping to Grow the City

Successful Absorption of Hotel Rooms

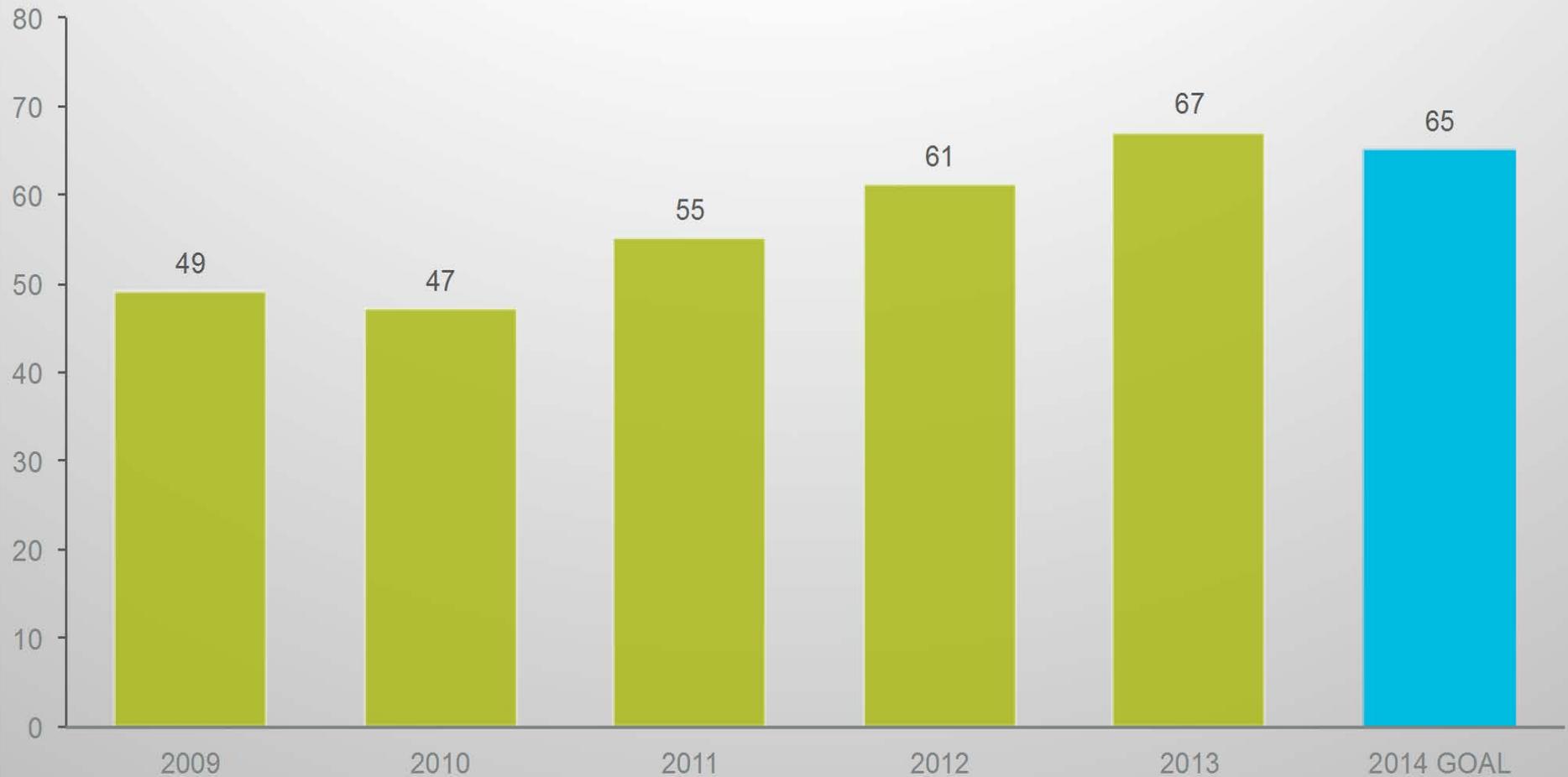


Justification: *Results Minneapolis* measures – Meet Minneapolis: 4 KPIs – **Group Room Nights**



Justification: *Results Minneapolis* measures – Meet Minneapolis: 4 KPIs – Leisure Room Nights

Leisure Room Nights Booked (in thousands)



Justification: *Results Minneapolis* measures – Meet Minneapolis: 4 KPI – MCC Revenue

Minneapolis Convention Center Revenue (in millions)



Justification: *Results Minneapolis* measures – Meet Minneapolis: 4 KPI – Partnership

Partnership Revenue



Meet Minneapolis Helping to Grow the City Coming Up in 2015

- Society of Government Meeting Professionals
- Sister Cities International Conference
- National Senior Games
- Railway Interchange
- Global Climate Summit-Club de Madrid
- National Association of Black Journalists

Events Program Enhancements – Growing the City thru Economic Impact: **Meet Minneapolis**

Building Our Future – Original Request \$3.9 M plus \$820K Capital

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Expanded Welcome Program

- Develop comprehensive welcome program providing resources at all key visitor locations and arrival points. Improves recognition of visiting groups while in the City.

Growing and Marketing a Vibrant 24-hour City

Goals

- Increase leisure visitors from new target markets
- Increase convention & event room nights during need periods
- Increase Minneapolis brand awareness – create local brand ambassadors
- Drive earned media
- Increase digital presence – web & social

Growing and Marketing

Campaign Initiatives – One Time Funding

(\$500,000)

- Integrated marketing and public relations campaigns in key domestic visitor markets
- International sales missions to key markets with sister city relationships
- Inclusion & diversity campaign launch
- Targeted sales initiatives in association & government convention & event markets

Meet Minneapolis – In Conclusion

- Meet Minneapolis will continue to drive
 - visitor count
 - tax revenue
 - jobs in the hospitality sector
- Meet Minneapolis will make Minneapolis the Destination of Choice

Questions?

THANK YOU

CITY OF MINNEAPOLIS
APPENDIX

Meet Minneapolis



STRATEGIC LEISURE ADVERTISING IN KEY MARKETS

DOMESTIC VISITORS

- Concentrated advertising campaigns in 2 key target markets
- Public Relations engagements with Mayor Hodges
- Go Minneapolis Sweepstakes to reinforce campaign messaging
- Targeted promotion and marketing of Minneapolis festivals and events
- Grow Minneapolis brand ambassadors through VIC launch and volunteerism

INTERNATIONAL VISITORS

- Attend United States Travel Association International Pow Wow – promotion – tour operators and media
- Create sales promotion in Japan - tied to an official sister city visit in November 2015
- Create sales promotion in France to promote the double daily non-stops from Paris to MSP - tied to an official sister city visit in May 2015

DIVERSITY & INCLUSION INITIATIVES

- Host Black Meeting & Tourism Hosted Buyer FAM
- Host Religious Conference Management Association (RCMA) Inspire Meeting
- Attend Rejuvenate Reverse Tradeshow
- Attend Collinson Diversity Marketplace
- Advertising locally & in national convention trades

ASSOCIATION & GOVERNMENT CONVENTION & EVENT MARKETS

- Conduct two sales missions to Washington D.C. market w/ hotel partners
- Host Society of Government Meeting Planners (SGMP) Annual Meeting
- Enhance Cvent Sponsorship package (lead generator)
- Trade advertising to support association & government markets