



Request for City Council Committee Action From the Department of Public Works

Date: June 7, 2005
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to:

Subject: Plans for Aquatennial Fundraising and Cost Reduction to the City

Recommendation:

1. Receive and file the attached report

Previous Directives:

- July 13, 2004 – Staff Direction – That the Aquatennial and its partners present a plan to increase fundraising and decrease the percentage of reliance on the General Fund over a five year period, and return to committee with that plan by June 2005.

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Approved by: _____
Klara A. Fabry, P.E., City Engineer, Director of Public Works

Presenters: Paul W. Ogren PE, Director of Field Services
Sam Grabarski, President and CEO, Mpls Downtown Council
Lisa Dinndorf, Vice President/Marketing & Membership, Mpls Downtown Council

Financial Impact (Check those that apply)

- no financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): Special assessment against benefited properties.
- Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

The Minneapolis Aquatennial began in July of 1940. The Star and Tribune read "The City came to a virtual stand still.... A great success because of its extensive program and the regional and national publicity it generated for Minneapolis." That was just the start. For more than 65 years the Aquatennial has been providing free family based programming throughout the City of Minneapolis.

Each year roughly 500,000 people attend the festivities. Hosted during the traditionally warmest and driest days of the year, the event is coined the 10 Best Days of Summer. There are numerous free events spread throughout the entire city.

Since the festival's creation, nearly all police and event clean-up services have been provided by the City of Minneapolis on an in-kind basis. Based upon information provided by the Minneapolis Downtown Council (MDC) the rough (and low estimated) costs to produce the festival are as follows:

• Cash Expenses =	\$540,000
• Sanctioned Event Expenses =	\$500,000 (triathlon purse only)
• In-kind (documented) =	\$450,000 (inc. volunteer hours)
• <u>City of Mpls 2004 =</u>	<u>\$165,000</u>
	\$1,655,000

Throughout their relationship, the Aquatennial Association, the MDC, and the City of Minneapolis have made consistent strides to create efficiencies and maximize resources, whenever possible.

According to the MDC, in 1992, the Minneapolis City Council agreed that the Aquatennial was the City's most powerful, established civic celebration. Special considerations were made due to the stature and scale of the events. Block Party "clean-up" costs were waived. However, the Downtown Council began paying Public Works and the Police Department for their expenditures for all other events including the TCF Holidazzle that are sponsored by the MDC. The Parking Fund is providing MDC with \$356,000 in funding to assist in supporting the Holidazzle.

In 1997, the Minneapolis City Council passed a resolution (see Attachment #1) that the Minneapolis Aquatennial was recognized as the "Official Civic Celebration of the City of Minneapolis." In an effort to reduce City costs, the Downtown Council agreed to hire off duty officers "to attend to the security of the ticket booths and to transport cash receipts" for the Hennepin Avenue Block Party. This reduced duty staffing by 18 officers. (Memo to PSRS Committee, June 24, 1997; Deputy Chief Hestness – see Attachment #2)

In 2002, the Minneapolis Downtown Council purchased the assets to produce the festival from the Aquatennial Association.

Since that time, the Downtown Council has made many efforts to streamline events to reduce city service needs.

- In 2002, the Grande Day Parade was canceled.
- In 2003, the Grande Day Parade was brought back on-line, and with the approval of Minneapolis Police, a volunteer Parade Marshal program was launched reducing parade duty officer needs for both parades significantly.
- In 2004, the Block Party was moved to Washington Avenue. It was the understanding of the MDC that this would have a significant reduction for duty officers.

According to the MDC, since the Aquatennial has been under their management, the positive public relations for the City of Minneapolis have grown to an all time high.

- More than 16 million total marketing impressions for the 2004 festival
- NBC Sports national broadcast of the LifeTime Fitness Triathlon (1.6 million households and 4 million viewers)
- Night parade broadcast on Time Warner Cable
- 35,000 unique visitors to the Minneapolis Aquatennial website
- 15,000 Minneapolis-branded Skipper Pins
- 220,000 Minneapolis-branded Aquatennial inserts in the Star Tribune

Under the MDC, the festival is planning to continue to grow in size and scope to best reflect the uniqueness of the city and its residents. 2005 additions to the Aquatennial include, a national Hydrofoil Tour on the Mississippi River, a national Log Rolling event at North Memorial Mississippi Park, more food at the Festival of Neighborhood events (neighborhood events in 16 Minneapolis Parks).

The MDC reports the following goals for the future of the Aquatennial.

- Grow key events in their quality of production and attendance
- Increase the positive economic impact of the festival to the City of Minneapolis

The MDC feels that the Official Civic Celebration of Minneapolis brings free programming to all city residents, world class sporting events to the region, nationally televised marketing of the City of Minneapolis to the world, and also brings great pride to the City.

As directed by the Transportation & Public Works Committee July 13, 2004 staff direction, members of the Public Works Department, Regulatory Services and the Police Department, met with members of the MDC to discuss the elements of a plan for fundraising and the potential further reduction for the City of Minneapolis reliance on the General Fund, due to this event.

It should be noted that the costs related to the Public Works Traffic and Parking Services activities are supported by the General Fund, but expenditures by the Public Works Street Maintenance Division have been historically charged to the Street Cleaning (0100 6200) cost center, which was moved from the General Fund to the Sewer Fund (7300 6200) several years ago. Consequently, any cost savings by the Street Maintenance Division (Block Party/Parade clean-up, etc.) do not impact the General Fund.

In the short term, the following are the results of those discussions affecting the 2005 festival:

- The Grande Day parade has been permanently cancelled. This will reduce the City of Minneapolis General and Sewer Fund expenditures by not having the event.
- The relocated Washington Avenue Block Party has been extended later in the evening. The event will end at 11:30 pm versus 10:30 pm as in the past. This will enhance revenues. It is believed that the additional 45 minutes of product sales could roughly increase revenues by 5%, depending on weather and how this first year logistics.
- The Block Party police staffing has been reviewed and based on first year feedback fewer officers will be needed for this event in the Washington Avenue location.
- MDC will pay a trash service to manage trash during the Block Party, potentially reducing the clean-up time for the Public Works (Sewer Fund), post event.
- Ribfest, relocated to St. Paul, will not be occurring at the same time this year. This will decrease the impact of having two significant events in close proximity to one another.

In the past these two events have had a multiplying effect, that being an increased number people in a small space, resulting in higher police needs.

Below is a historical cost breakdown for the reported past three years and an estimate of what the cost implications will be for 2005, knowing the anticipated changes.

Description	2003	2004	Est. 2005
Reg. Serv. Traffic Control (Parking Fund)	\$4,500	\$8,000	\$8,000
Public Works Str. Maint. (Sewer Fund)	\$19,300	\$35,000	\$31,700
Public Works Traffic (General Fund)	\$9,700	\$10,800	\$8,500
Police (General Fund)	\$72,500	\$111,000	\$58,000
Total	\$106,000	\$165,000	\$106,200

In the longer term the MDC has proposed some additional ideas for 2006 and beyond. .

- Potentially expanding the Block Party to a two-day event
- Holding the current funding level in their budget at the 2004 level, in potential anticipation of future changes in the scope of the event, such as an expanded Block Party, etc.
- Currently other items from 2006 and beyond have not been fully developed.

Attachment 1: Resolution 97R-180

Attachment 2: MPD Letter, June 24, 1997