

CONVENTION CENTER

MISSION

The Minneapolis Convention Center is the national convention and trade show venue of the State of Minnesota. By hosting events and offering a variety of services, the Minneapolis Convention Center showcases and provides economic benefit to Minneapolis and the surrounding region.

We will provide an exceptional product, in a safe environment, while maintaining the integrity and financial health of the facility.

BUSINESS LINES

The Convention Center has identified four primary business lines.

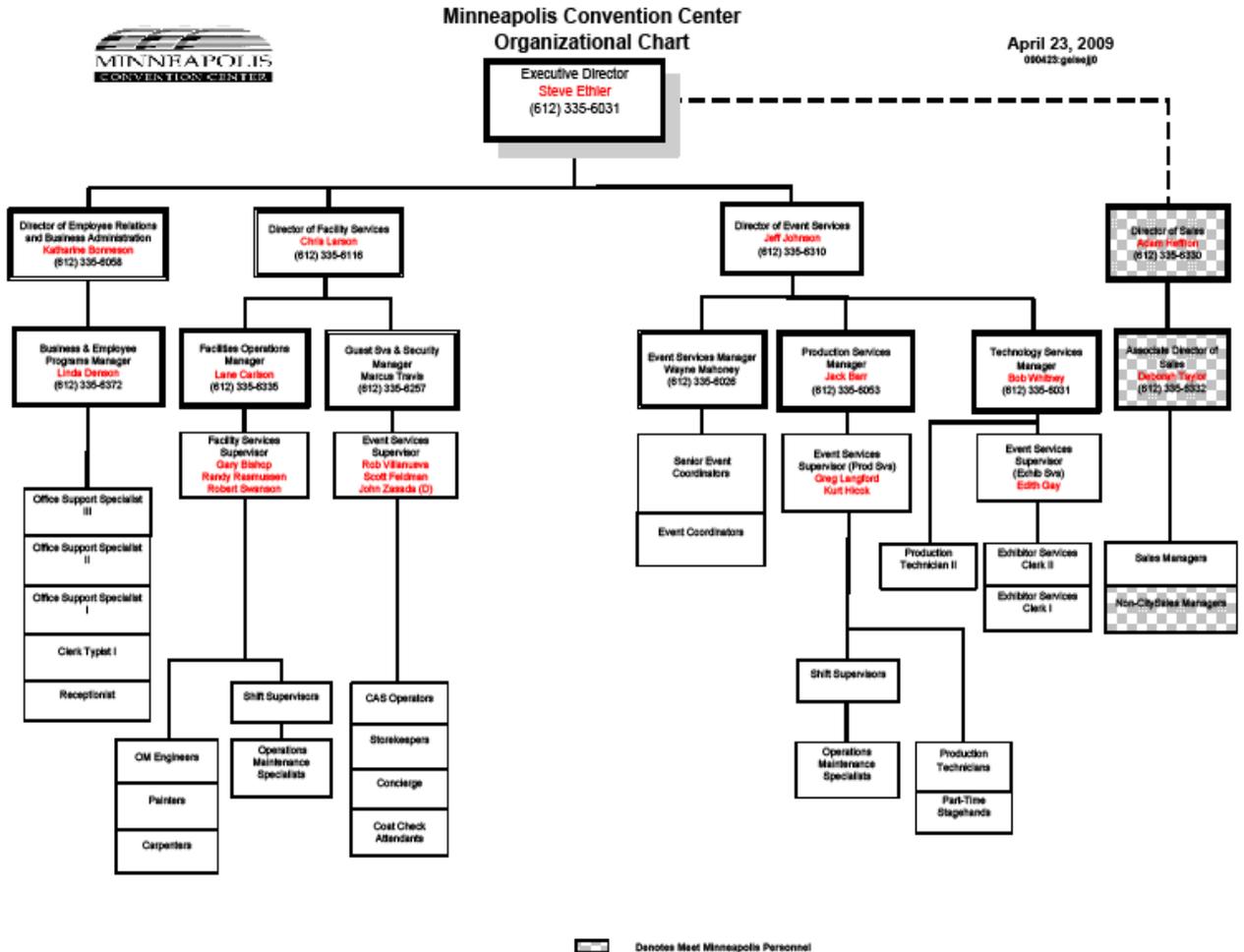
Event Services: Responsible for providing an exceptional event planning product through coordination of both in-house departments and vendors for all events. Event Services coordinates production, set-up, technology services as well as event planning.

Facility Services: Ensures the safety, sustainability and maintenance of the building required to provide a world-class facility for customers. This includes contract management, capital planning, safety, guest services and security, parking operations, building and grounds maintenance to include custodial operations.

Sales and Marketing: Through a partnership with Meet Minneapolis, this group is responsible for selling and marketing the Convention Center. This includes being the initial point of contact for customers, identifying and attracting clients/events, gathering marketing data, determining and implementing marketing strategies and capitalizing on existing client relationships. The Meet Minneapolis contract is currently under review for modification and extension.

Business and Employee Services: Responsible for providing financial management activities and employee relationship and development programs for the Center's Staff. This includes providing data analysis, financial planning and evaluation, business and strategic planning as well as developing, implementing and evaluating employee programs (training, professional development, recognition).

ORGANIZATION CHART



RESULTS MINNEAPOLIS MEASURES, DATA AND TARGETS TABLE						
Measure Name	2005 Data	2006 Data	2007 Data	2008 Actual	2009 Target	2011 Target
Total Occupancy	65.5 %	61.8%	60.7%	61%	58%	65%
Total Attendance	784,250	836,000	782,059	779,000	700,000	760,000
Total Revenue (1,000's)	\$16,208	\$15,645	\$14,341	\$15,569	\$13,000	\$15,766
Customer Survey Overall Rating	4.42	4.42	4.50	4.42	4.5	4.5
Climate Survey Rating	3.91	3.93	4.26	4.26	4.20	4.20

What key trends and challenges does the department face and how will each be addressed?

- **Weak Economy:** The economic slowdown has negatively affected the convention and tradeshow market as clients look to cut costs through a reduction in event spending. To date, MCC is tracking an 8% shortfall in revenue compared to 2008 and projects that number to rise to 15% by year end. To off-set this loss, new marketing campaigns such as *Meet in Minneapolis* are aimed at encouraging Minnesota-based business to remain local by booking their meetings at the Convention Center.
- **Managing Client Expectations:** The Convention Center staff is continually striving to exceed client expectations within a dynamic environment, while adjusting business and staffing models to the current industry trends and economic conditions.
- **Redefining our Competitive Edge:** In the past MCC was able to market as a new center throughout the 1990's and an expanded facility with enhanced features in 2002 and the ensuing five years. At this juncture, a brand and marketing plan is needed to capture a redefined, competitive edge within an ever-changing marketplace.
- **Revenue Development and Client Services Composition:** With convention centers around the country discounting rental rates, it is challenging for MCC to maintain rate integrity as well as current, high standard of customer service while averting a devaluation of our product. Over the past five years, ancillary service offerings have been adapted to proactively respond to customers' needs. Adjustments will continue in this area to maximize revenue and achieve the highest level of customer satisfaction.

The 2010 revenue projections reflect an improvement over the 2009 numbers. The 2010 projections are guarded due to an uncertain economic forecast and sustained reductions in consumer spending.

- **Budget Subsidy:** The gap between fund revenue and expenses is an important gauge of fund health. As the building's operating revenues hold flat or decline and the demand for reinvestment in the twenty-year old facility increases, so does the subsidy. There are steps that can be taken to reduce this subsidy such as 1) reduction in expenses, namely energy, capital and personnel (use of time and labor) 2) further develop ancillary services 3) expand the client base to increase the number of events through efforts like *Meet in Minneapolis* and regional promotion of public consumer shows.

In what internal/external partnerships is the department currently engaged and/or exploring for the future?

Key partnerships include:

- **Meet Minneapolis** – Through more staff collaboration and a renewed understanding of goals, MCC hopes to maximize the talents of the Meet Minneapolis staff in the pursuit of sales and revenue goals. Joint goal setting will help align both staffs to focus on shared priorities and better position resources to meet City goals.
- **Target Center and AEG** – Starting June 2009, the MCC Staff will assume responsibility for contract oversight and capital management of the Target Center. Through this relationship MCC hopes to share capital improvement

- expertise and cost savings and potentially share event leads forming a citywide partnership focused on using MCC's auditorium and Target Center arena.
- Arts and Theatre – Through partnerships with organizations like the Walker Art Center and the Guthrie Theatre, MCC hopes to showcase certain assets and offerings of each attraction to better present Minneapolis as a premier destination.
 - Professional Associations – Through association membership in organizations like the International Association of Arena Managers (IAAM) the American Society of Public Administrators (ASPA), Meeting Professionals International (MPI), International Facility Manager Association (IFMA) and the Professional Convention Management Association (PCMA) MCC staff will network and gain professional knowledge in their area of expertise that will better prepare them to create strategic solutions to everyday problems.

How is the department evaluating programs or services for cost effectiveness?

Cost Containment – The development of formalized cost containment goals in the areas of overtime usage, part-time labor and other expenditures will help control expenses. An increased focus on cost analysis, spending trends and forecasting will help this effort succeed as well as implementation of an activity based costing program via a time and labor management system.

Revenue Maximization – A renewed focus on strategically marketing convention sales by Meet Minneapolis is needed to off-set flat rental sales. Jointly established revenue goals are an expected result of a new Meet Minneapolis contract, which will provide the framework for both organizations to align skills and work toward expanded revenue generation.

Meet in Minneapolis Campaign – A marketing effort through Meet Minneapolis that focuses on marketing the Convention Center to local, corporate businesses as an alternative to business travel. Meet Minneapolis' response to a Request for Proposal is currently under review. A final contract amount will be brought forward for final approval.

Employee Development – Continued investment in employees to provide them with the essential tools required to thrive in their positions. This is especially important as MCC seeks to accomplish more with less.

What actions will the department take to meet the current financial projections (5% reduction in all funding sources)?

Cost saving activities designed to reduce MCC's budget by 5% (\$1.9M) would focus on the following areas.

- Adjust staffing levels to meet our changing business needs, given the dynamics of our industry. (Savings up to \$500K)
 - Impact- Requirement for additional and more frequent training to address any inconsistency of skills that may be negatively affected, need for continual and timely communication with organized labor and maintained focus on employee climate.
- Evaluation of providing exclusive services (contracts). (Savings up to \$1M)

- Impact – reduction in expenses will also reduce ancillary revenues, overall revenue and client service offerings. Examples of exclusive client services include security, coat check and cleaning services.
- Reduction in energy consumption. (*Savings up to \$500K*)
 - Impact – potential dissatisfaction from clients due to temperature adjustments in building spaces.

Currently, MCC is working toward a 3% reduction in 2009 with an additional 2% reduction for 2010 (5% in total over 2 years).

Impacts on Results Measures

Results Minneapolis measures, data and targets table						
Measure Name	2006 Data	2007 Data	2008 Actual	2009 Target	2010 Target	2011 Target
Current Occupancy	61.8%	60.7%	61.0%	58.0%	58%	60%
5% Reduction					58%	60%
10 % Reduction					50%	52%
Current Attendance	836,000	782,059	779,000	700,000	700,000	884,000
5% Reduction					700,000	760,000
10 % Reduction					600,000	650,000
Current Revenue	\$15,645	\$14,341	\$15,569	\$13,000	\$14,787	\$15,766
5% Reduction					\$14,787	\$15,766
10 % Reduction					\$13,800	\$14,300
Current Customer Survey Overall	4.42	4.5	4.42	4.5	4.5	4.5
5% Reduction					4.3	4.3
10 % Reduction					4	4

FINANCIAL ANALYSIS

EXPENDITURE

The Convention Center's 2010 budget is \$43.8 million, a \$1.9 million decrease from the 2009 budget.

REVENUE

The Convention Center's 2010 revenue is expected to increase to \$77.6 million.

ORIGINAL BUDGET

The Mayor recommended a reduction of \$1.5 million in this department's operating budget. The Mayor further recommended an increase in the transfer from this fund to the parking fund of \$2 million to fund improvements to Convention-related parking ramps. This transfer was adjusted to accommodate debt service on these ramps from prior-year capital projects (\$1.4 million). Council adopted the Mayor's recommendations and directed the Convention Center fund transfer to the General fund be increased by \$250,000 for convention-related public safety activities performed by the Police Department.

The budget for this department includes a reduction of BIS charges of \$42,100 due to the Council's actions to reduce the BIS budget by \$1.7 million. This reduction in BIS charges will subsequently reduce the department's appropriation by the same amount. Additionally, the budget for this department includes a \$9,766 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.

MAYOR'S REVISED BUDGET

The Mayor included no reduction to this department.

COUNCIL REVISED BUDGET

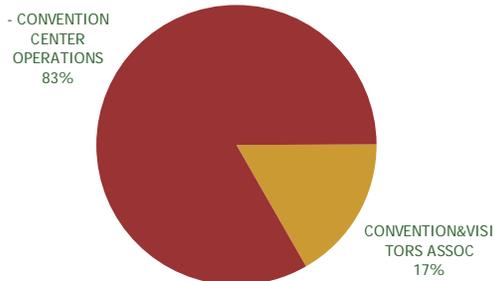
Council approved the Mayor's recommendations.

**CONVENTION CENTER
EXPENSE AND REVENUE INFORMATION**

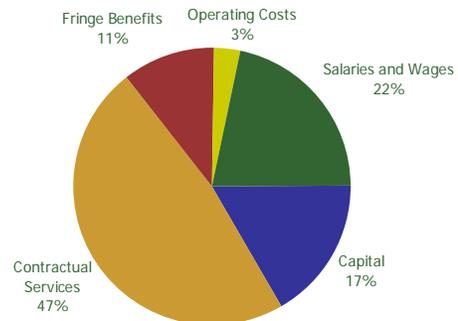
EXPENSE	2007 Actual	2008 Actual	2009 Revised Budget	2010 Revised Budget	Percent Change	Change
AGENCY						
Operating Costs		0 (1,705,065)			0.0%	0
TOTAL AGENCY	0	(1,705,065)				0
SPECIAL REVENUE						
Salaries and Wages	9,342,248	9,500,093	9,557,527	9,470,596	-0.9%	(86,931)
Fringe Benefits	3,084,234	3,262,672	4,364,083	4,709,835	7.9%	345,752
Contractual Services	18,870,796	19,986,632	21,208,269	20,933,758	-1.3%	(274,511)
Operating Costs	1,314,130	1,235,297	1,404,979	1,316,428	-6.3%	(88,551)
Capital	1,048,975	5,315,676	9,120,840	7,291,577	-20.1%	(1,829,263)
TOTAL SPECIAL REVENUE	33,660,383	39,300,370	45,655,697	43,722,194	-4.2%	(1,933,504)
TOTAL EXPENSE	33,660,383	37,595,305	45,655,697	43,722,194	-4.2%	(1,933,504)

REVENUE	2007 Actual	2008 Actual	2009 Revised Budget	2010 Revised Budget	Percent Change	Change
AGENCY						
Gains	0	6,505			0.0%	0
Long Term Liabilities Proceeds	0	(7,737)			0.0%	0
TOTAL AGENCY	0	(1,233)			0.0%	0
SPECIAL REVENUE						
Sales and Other Taxes	60,065,202	60,480,504	59,304,000	62,435,620	5.3%	3,131,620
Charges for Service	5,291,366	6,062,364	5,475,000	5,585,000	2.0%	110,000
Interest	0	1,277,715	1,729,011	402,611	-76.7%	(1,326,400)
Rents	6,508,640	6,705,066	6,435,000	6,432,411	-0.0%	(2,589)
Contributions	391,900	509,500			0.0%	0
Other Misc Revenues	2,581,563	2,809,463	3,025,000	2,770,000	-8.4%	(255,000)
TOTAL SPECIAL REVENUE	74,838,671	77,844,612	75,968,011	77,625,642	2.2%	1,657,631
TOTAL REVENUE	74,838,671	77,843,380	75,968,011	77,625,642	2.2%	1,657,631

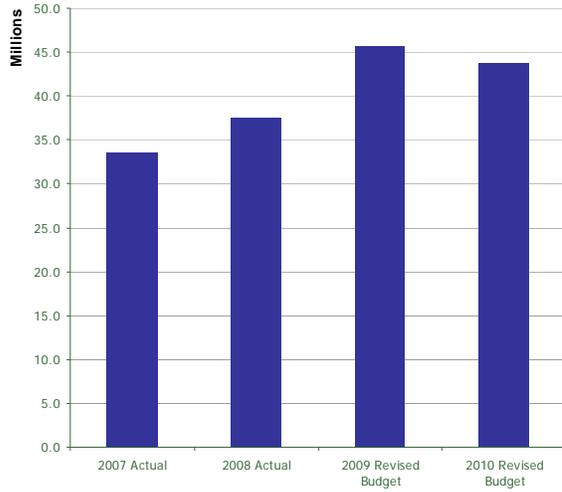
Expense by Division



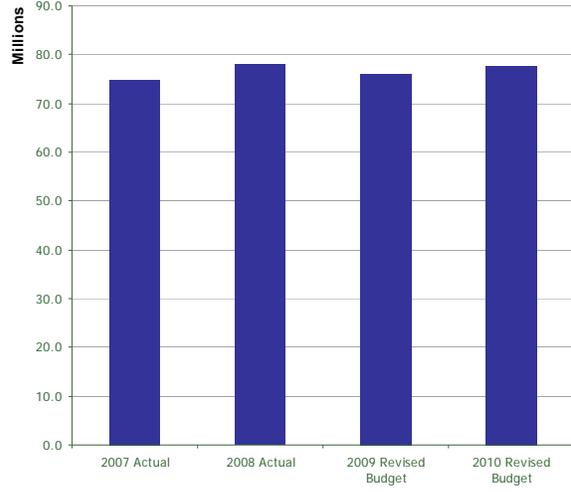
Expense by Category



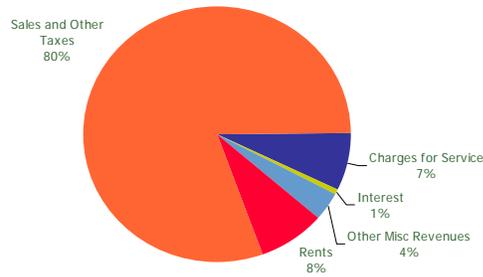
Expense 2007 - 2010



Revenue 2007 - 2010



Direct Revenue by Type



CONVENTION CENTER

Staffing Information

Expense	2007 Actual	2008 Adopted Budget	2009 Revised Budget	2010 Revised Budget	% Change	Change Budget
CONVENTION CENTER				0.00		0
CONVENTION CENTER OPERATIONS	211.00	212.00	208.18	208.18	0.0%	
TOTAL	211.00	212.00	208.18	208.18	0.0%	0

Positions 2007-2010

