

CONVENTION CENTER

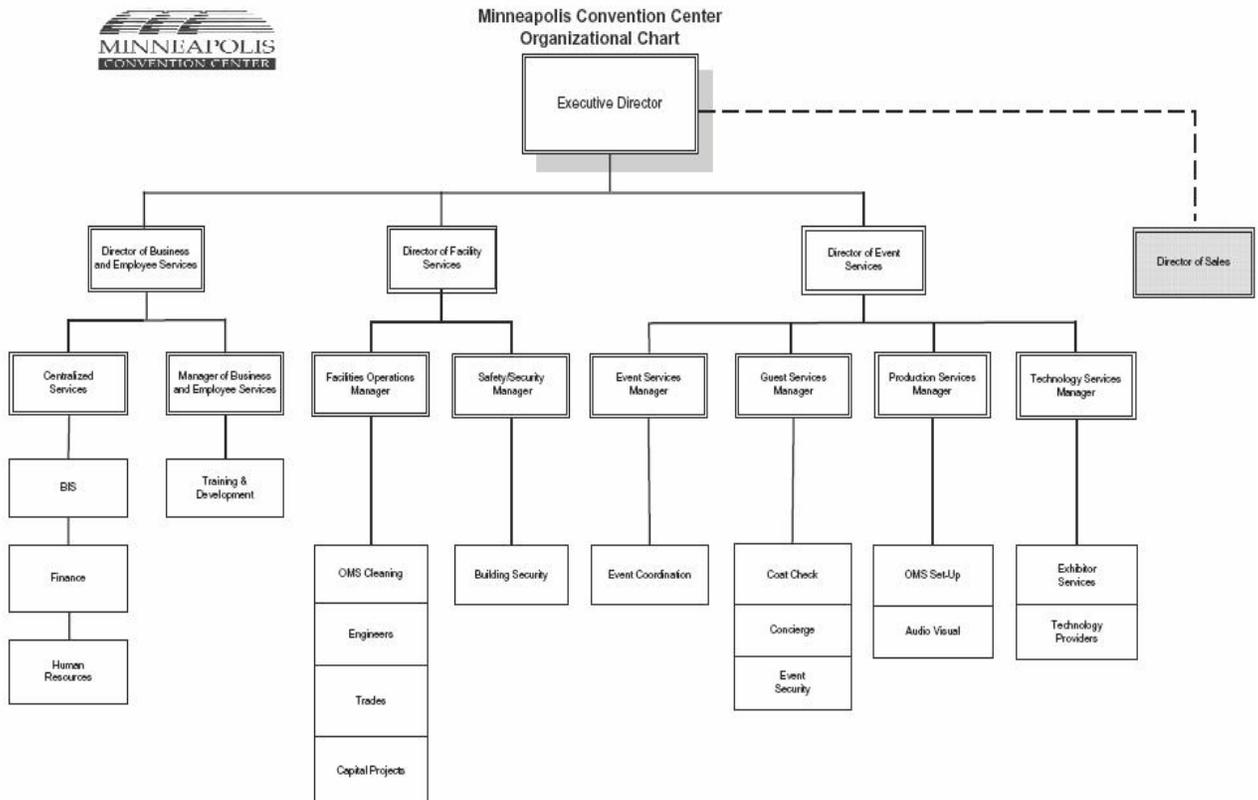
MISSION

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

BUSINESS LINES

- **Event services:** Coordinates both in-house departments and contracted services in the areas of production, set-up, event coordination, and guest needs.
- **Facility services:** Coordinates the areas of safety and security, parking and marshaling operations, building and grounds maintenance, capital project planning and management as well as custodial operations.
- **Sales and marketing services:** Provides information about the facility, identifying and attracting events, maintaining relationships, and gathering data on how the MCC serves customers. The majority of these services are provided through the partnership with Meet Minneapolis in coordination with the convention center's executive management team.
- **Business and employee services:** Resulted from a growing need for depth and sophistication in the business reporting requirements for the executive management team as well as a response to shortcomings in employee relations and employee development areas identified in an organizational assessment.

ORGANIZATION CHART



**FIVE-YEAR DEPARTMENT GOALS, OBJECTIVES AND PERFORMANCE MEASURES
(ALIGNED WITH CITY GOALS AND STRATEGIC DIRECTIONS)**

City Goals & Strategies	Department Goal	Objectives	Measures
A safe place to call home A premier destination: C. Cleaner, greener, safer downtown	Provide a safe and secure experience for all	Convention center staff & events have adequate security.	<ul style="list-style-type: none"> • Increase perceived safety rating on client survey
		Emergency response is coordinated efficient, and effective.	<ul style="list-style-type: none"> • General evacuation drill elapsed time.
		Employees work in an environment which is free from hazards to their health or safety	<ul style="list-style-type: none"> • Cash value of injury claims and losses • Lost days due to injury • # of safety issues identified and corrected by convention center employee/management safety committee
One Minneapolis A premier destination: A. Retain and grow business E. Leverage our entertainment edge	High Quality Product & Services	Show managers and exhibitors receive clear, concise, relevant information when they need it.	<ul style="list-style-type: none"> • Customer survey overall rating
		Maintain and upgrade clean, functional, competitive facility.	<ul style="list-style-type: none"> • Customer survey appearance rating • % of completed planned capital projects
		Clients, employees, and guests with limited English proficiency are readily able to access convention center services.	<ul style="list-style-type: none"> • Use of translation services
Lifelong Learning: B. Economic engine A Premier Destination: A. Retain and grow business	Optimize Business Processes	Manage and contain cost factors to limit annual expenditures.	<ul style="list-style-type: none"> • % growth of non-event expenses budget
		Improve level of operational self-sufficiency.	<ul style="list-style-type: none"> • % of self-sufficiency revenue/direct operating expenses
		Refine client contracting and invoicing processes.	<ul style="list-style-type: none"> • Reduce outstanding accounts Receivable
		Increase use of MCC on-line services.	<ul style="list-style-type: none"> • % of exhibitor on-line orders, website use numbers
One Minneapolis A Premier Destination	Maximize use of facility and services	Increase public exposure and use.	<ul style="list-style-type: none"> • Total attendance • Total occupancy • Auditorium occupancy • Local media coverage
		Increase facility use in local, corporate and national markets.	<ul style="list-style-type: none"> • Market breakdown
		Guests, exhibitors, and clients have a variety of parking options.	<ul style="list-style-type: none"> • Client survey ranking for parking • Annual parking revenue

City Goals & Strategies	Department Goal	Objectives	Measures
		Explore feasibility of a Life Sciences Center.	<ul style="list-style-type: none"> • Research document • Feasibility study • Technical/financial assessment
One Minneapolis Lifelong learning: B. Economic engine E. Education: stronger partnerships A premier destination: E. Leverage our entertainment edge	Provide a positive work environment	Employees work in a positive environment which encourages their growth and development.	<ul style="list-style-type: none"> • MCC climate survey gap analysis
		Workplace is free from harassment and retaliation.	<ul style="list-style-type: none"> • # of respect in the workplace complaints filed with HR and # substantiated
		Employees have the opportunity to continually improve and develop skills.	<ul style="list-style-type: none"> • % of employees with completed employee review during year and with complete development plan.

MEASURES, DATA AND TARGETS TABLE (RESULTS MINNEAPOLIS MEASURES)

Measure Name	2003 Data	2004 Data	2005 Data	2006 Data	2007 Target	2011 Target
Total occupancy (%)	54.8	55.9	65.5	61.8	66.0	72.0
Total attendance	917,821	903,330	784,250	836,000	785,000	884,000
Total revenue	12,235	14,161	16,208	15,645	14,156	17,571
Percent on-rental revenue (%)	53	58	61	62	63	65
Percent self-sufficiency	0.65	0.67	0.71	0.66	0.56	0.66
Customer survey overall rating	4.49	4.45	4.42	4.42	4.42	4.50
Climate survey gap analysis	0.40	0.39	0.37	0.48	0.35	0.30

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

Current service level increases over 2007: In professional services, a \$15,000 increase in rent projections from property services; for utilities, a 13% energy cost adjustment in steam and chilled water; a 5% increase in personnel cost; and a benefit cost increase of 5%.

Supply and demand of space: Recent research from *Tradeshow Week* shows a slowing growth in the supply of available space has finally allowed slow growth in demand for space to catch up in the market, but with the existing market conditions we expect a move for events from older venues to venues with better services and current amenities.

Competitiveness: One external competitive concern continues to be the status of a potential 1,200 room headquarters hotel. Hotel capacity and quality remains one of the top factors identified by show managers in the decision to book in any given city. While Minneapolis has a good number of rooms available in our downtown area, the ready availability of headquarters hotels at competitor sites remains a disadvantage in marketing our venue and is one factor in the slow growth of our occupancy rate. An analysis needs to be done to determine the extent of public participation in this project.

Security concerns: Customer concern regarding security wavered slightly after 9/11. Customer desire for cost consciousness for security issues has created a desire to ignore or work around security measures. Recent increases in downtown security issues have caused increased patrols and broader community awareness of panhandling issues.

Technology: Applicable technology continues to evolve at a rapid pace and presents many opportunities for growth in services and revenue. To capture this potential market, the convention center has created the technology services department to find and capitalize on the many emerging technologies and related services developing into saleable products.

Customer service expectations: Customers are continuing to demand responsiveness to last minute changes. This expectation requires greater flexibility to deal with large last-minute requests.

Revenue development: Partnering with Meet Minneapolis, the department has undertaken an aggressive program to package its technology services and other innovative ways for clients to market events. The department budgeted \$100,000 in new revenue from this initiative.

Over the last four years, the department has captured several targeted revenue streams. It has consistently attempted to develop services which improve its attractiveness to central customers, national and regional convention and tradeshow. Those events have historically been more inclined to pay premium prices for premium services.

Growing demand to develop the Life Sciences Corridor has resulted in the possibility of developing specialized space in the now vacant 5,000 square foot unfinished meeting room space on the lower level for a learning lab.

The 2008 Revenue Projections also call for trended increases based on event use activity and a conservative increase in food service commission based on projections for the Republican National Convention.

Work environment: The one component that will differentiate the MCC from the competition is a successful culture or work environment. To this end, the MCC is dedicating large talent and financial resources to improve employee development and training. The newly created position of Director of Employee and Business Services has been filled, and launch of new initiatives to foster improved communications including an in-house newsletter and more frequent interactive full staff sessions is underway.

Branding/identity/image: Continuing work with Meet Minneapolis to present the MCC as a technologically state of the art sales-focused facility.

Event infrastructure: The primary concern in this area is the means and methods by which communication occurs internally, with clients, exhibitors and guests. It is increasingly important to provide an exceptional product and develop improved methods of providing information on the front and back end of events in a timely manner. The business needs to move from a reactionary position to one in which client and customer needs are anticipated prior to arrival.

The Meet Minneapolis sales staff has a variety of targeted efforts planned to address the corporate market. The management of the convention center will continue to hedge revenue shortfalls by bringing new revenue producing services online and will continue to increase the

number and availability of new services, particularly through the new technology services department. Additional use of the MCC Auditorium with cooperation from AEG also has the potential to provide short term revenue “boosts”.

Space rental figures are the primary drivers for the majority of the department’s total revenue. For every \$1 brought in for rental, an additional \$1.50 in ancillary services can be provided. Through intensive efforts to develop additional revenue sources over the last few years, the MCC has been able to maintain its revenue baseline year after year.

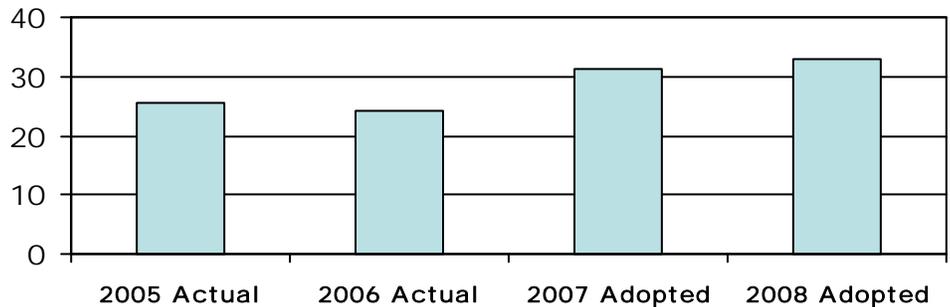
In the long-term booking picture, 2008 and 2009 are somewhat flat compared to the boom year of 2005 and advance bookings for 2010 and out. Based on past pick-up of events over advance booking numbers and factoring in increased availability of non-rental revenue, the department projects 2008 total revenue to be \$15,304,000.

FINANCIAL ANALYSIS

EXPENDITURE

The convention center’s 2008 budget is \$32.82 million, a 16.6% or \$4.7 million increase from the 2007 budget. This increase includes \$3 million in the center’s major capital repair and replacement program.

**Expenditures 2005-2008
(\$32.82 million)**



REVENUE

The convention center’s 2008 revenue is expected to increase to \$73.45 million or 3.5% over the 2007 budget.

MAYOR’S RECOMMENDED BUDGET

The Mayor recommended a one-time increase to the convention center’s budget to fund the Republican National Convention (RNC) coordination on the Community Fest (\$200,000).

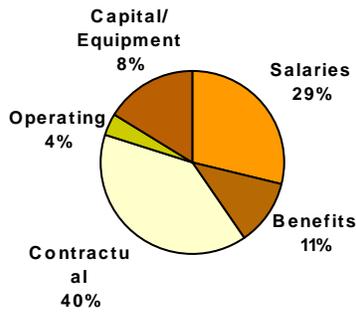
The Mayor also funded \$420,000 of increased energy costs, with the direction that the convention center uses a portion of the funds for energy efficiency improvements.

The 13th Avenue pedestrian improvements project was also funded in the recommended budget.

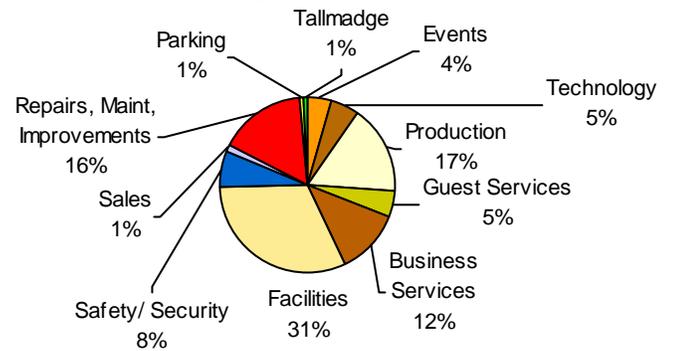
COUNCIL ADOPTED BUDGET

The Council concurred with the Mayor’s recommendations. The Council directed the City Coordinator to report back to the Ways and Means/Budget Committee on (12/03/07) with a more detailed proposal for use of the funds for the Community Fest. When this report was received, the Council affirmed the Mayor’s recommendations.

Expenditures by Type (\$32.82 million)



Expenditure by Division (\$32.82 million)

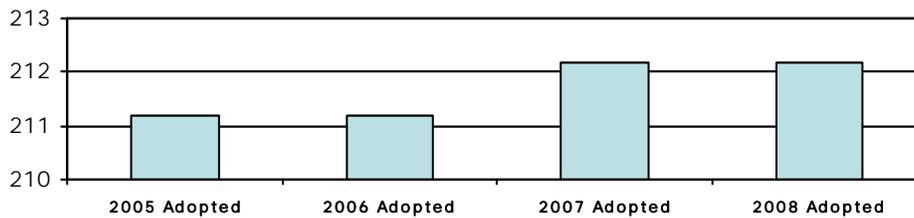


CONVENTION CENTER

Staffing Information

	2005 Adopted Budget	2006 Adopted Budget	2007 Adopted Budget	2008 Adopted Budget	% Change	Actual Change
Total FTE's	211.18	211.18	211.18	212.18	0.47%	1.00

Staffing Summary 2005-2008



**CONVENTION CENTER
EXPENDITURE AND REVENUE INFORMATION**

	2005 Actual	2006 Actual	2007 Adopted	2008 Adopted	Percent Change	Change
Total Expenditures - All Funds	25,618,363	24,347,131	28,163,316	32,824,202	16.55%	4,660,886
Total Revenues - All Funds	71,272,314	71,272,493	70,992,325	73,447,250	3.46%	2,454,925
Salaries and Wages	8,400,415	8,491,312	9,328,417	9,497,774	1.82%	169,357
Equipment Labor	1,948	660				
Contractual Services	10,782,494	11,064,462	11,689,132	13,034,287	11.51%	1,345,155
Operating Costs	926,718	842,245	1,419,207	1,330,256	-6.27%	-88,951
Fringe Benefits	2,573,959	2,813,398	3,466,560	3,691,898	6.50%	225,338
Equipment	2,932,829	1,135,054	2,260,000	5,269,987	133.19%	3,009,987
Total Expenditures	25,618,363	24,347,131	28,163,316	32,824,202	16.55%	4,660,886
Sales and Other Taxes	55,064,219	56,724,560	56,316,825	57,864,000	2.75%	1,547,175
Charges for Service	6,219,718	5,155,200	5,925,000	6,180,000	4.30%	255,000
Rents	6,867,231	6,768,181	6,290,000	6,689,250	6.35%	399,250
Other Misc Revenues	3,121,147	2,624,553	2,460,500	2,714,000	10.30%	253,500
Total Revenues	71,272,314	71,272,493	70,992,325	73,447,250	3.46%	2,454,925