

2019





DEPARTMENT







results
minneapolis

Minneapolis Convention Center

Performance summary

Enterprise priorities (page 3): Workforce diversity, Spending with diverse suppliers
Department priorities (page 4): Economic impact, Volatile taxes

Trend Key			
	Year-over-year (YoY) increase by more than 5%		Less than 5% YoY change
	YoY decrease by more than 5%		No trend

Budget program	2018 Budget	Performance measure	2018 performance	Trend from prior year	Trend: Red/yellow/green
Minneapolis Convention Center Events Program	\$25.6M	<ol style="list-style-type: none"> Total operating revenue Operating subsidy Total occupancy Future room nights; future leisure room nights 	<ol style="list-style-type: none"> \$23.0M \$5.7M 62% 561K; 151K 	<ol style="list-style-type: none"> Increase Decrease Stable Increase; Increase 	<ol style="list-style-type: none">    
Minneapolis Convention Center Facilities Program	\$20.7M	<ol style="list-style-type: none"> Total energy use Gallons of water used Recycling rate 	<ol style="list-style-type: none"> 140 million kBTU 9 million 60% 	<ol style="list-style-type: none"> Increase Decrease Stable 	<ol style="list-style-type: none">   
Target Center Program	\$6.6M	<ol style="list-style-type: none"> Entertainment taxes 	<ol style="list-style-type: none"> \$24M 	<ol style="list-style-type: none"> Increase 	<ol style="list-style-type: none"> 
Peavey Plaza Program	\$4.4M	<ol style="list-style-type: none"> N/A: Pass-through program 	<ol style="list-style-type: none"> N/A 	<ol style="list-style-type: none"> N/A 	<ol style="list-style-type: none"> 
The Commons Program	\$.8M	<ol style="list-style-type: none"> N/A: Pass-through program 	<ol style="list-style-type: none"> N/A 	<ol style="list-style-type: none"> N/A 	<ol style="list-style-type: none"> 
Minneapolis Convention Center Tallmadge Building Program	\$0.1M	<ol style="list-style-type: none"> Tallmadge revenues Tallmadge expenses 	<ol style="list-style-type: none"> \$214K \$224K 	<ol style="list-style-type: none"> Increase Increase 	<ol style="list-style-type: none">  

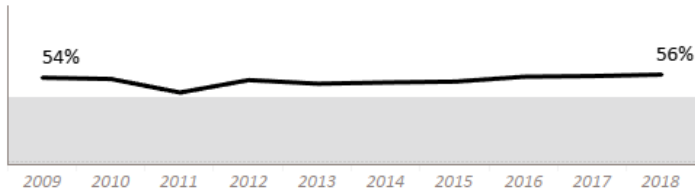
Enterprise Priorities

Workforce diversity

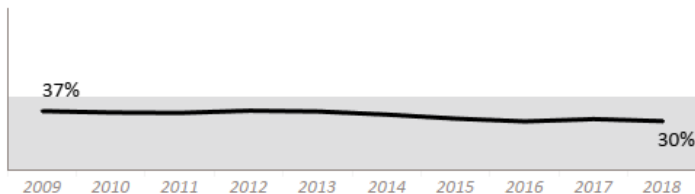
- **Meets** enterprise goal of 41% people of color
- **Does not meet** enterprise goal of 45% women
- The Minneapolis Convention Center develops a recruitment plan and strategy to meet the placement goals established for each position when hiring. These strategies include targeted advertising in neighborhoods and schools, and participation in job fairs. We have developed our own recruitment video, available on our web page.
- In 2018, we experienced 5 retirements and 9 terminations, 57% of these employees were women.

Workforce diversity (2009-2018)

People of color



Women

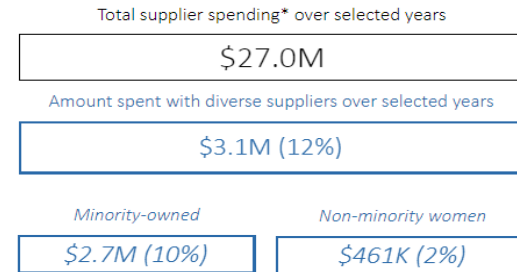


Notes:
 (1) Grey shading indicates enterprise goals (41% people of color and 45% women).

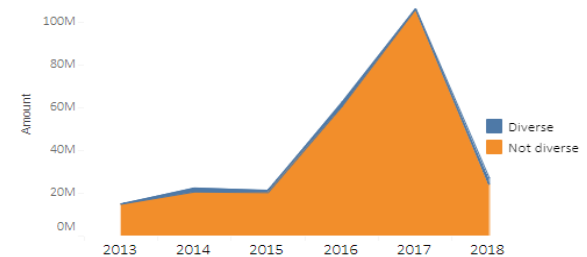
Spending with diverse suppliers

- **Does not meet** Citywide percent diverse spending
- **Exceeds** Citywide percent spending with minority-owned suppliers
- **Does not meet** Citywide percent spending with non-minority women-owned suppliers
- The Convention Center is committed to utilizing Target Market Program vendors whenever possible.
- Data below does not include second-tier spending, subcontractors that would have fallen into the SUBBP goals.
- Nearly \$12M of the total spend is contractual with single source vendors (Meet Minneapolis and AEG (Target Center))

Summary



Share of diverse spending* (all years)

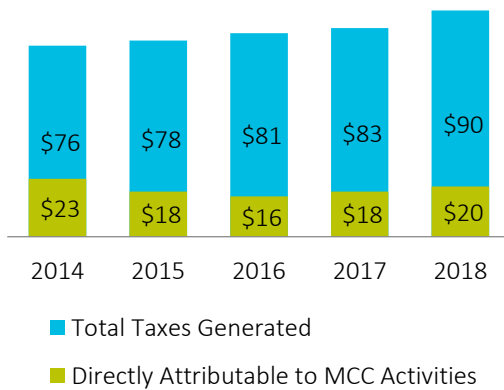


Department Priorities

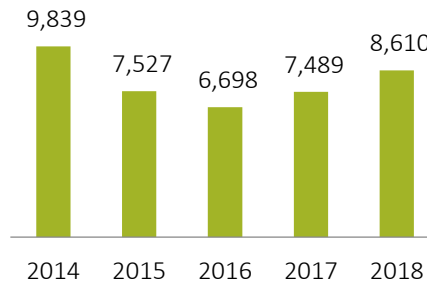
Economic impact

- Minneapolis Convention Center events drive economic activity to the City. These clients and visitors purchase goods and services from the Convention Center as well as local restaurants, hotels, retail establishments, recreational, and arts & cultural businesses contributing to economic impact and growth in the community through the generation of local taxes and living wage jobs.
- Events drive our revenues, thereby reducing our operating subsidy.
- Local taxes attributable to MCC activity covers the costs of the MCC subsidy, repair & maintenance investments and the majority of marketing both MCC and the City.
- Keys to our success are our people, responsible resource use, investing in our facility and funding marketing efforts to continue to attract business in a competitive environment.
- Support the Destination Transformation 2030 plan. This plan strives to provide opportunities for Minneapolis to grow economic activity, jobs and local tax generation through increased tourism and hospitality.
- In 2018, all our budget programs were moved under the umbrella of the Downtown Assets Fund. While the local tax collections is housed in this fund, new budget program responsibilities were also included.

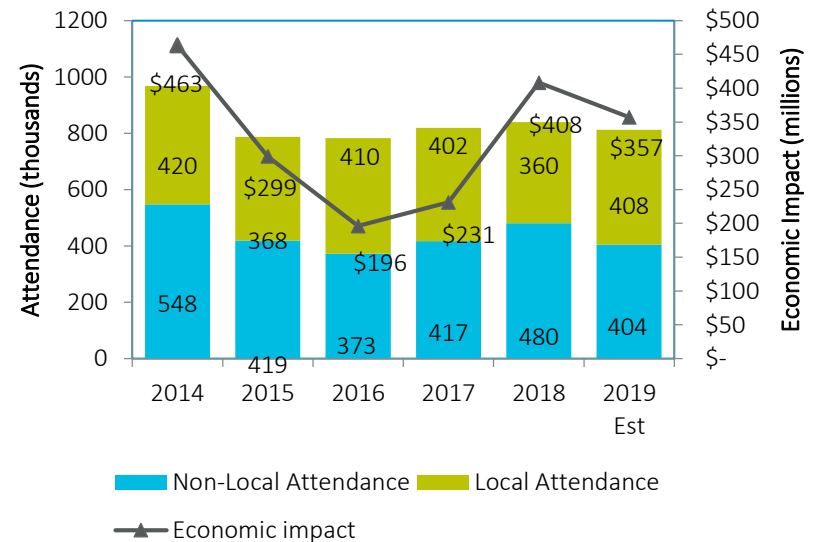
Hospitality Taxes Generated (millions)



Hospitality Jobs Sustained



Attendance and Economic Impact

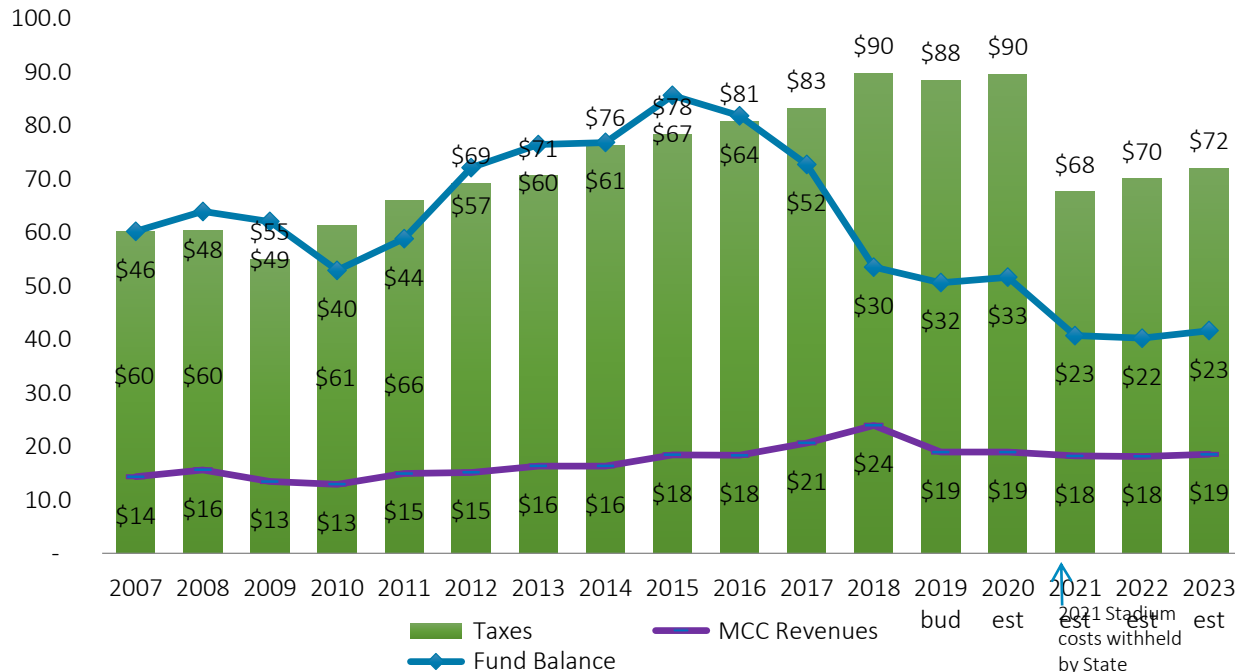


Department Priorities

Volatile Taxes

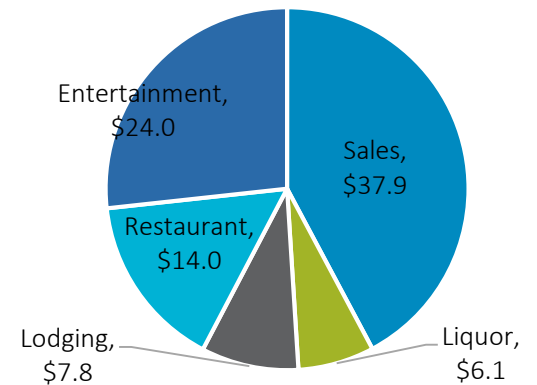
- Long-term health and growth of the hospitality industry and the Convention Center is a priority.
- Hospitality tax receipts are volatile and assume growth.
- Projections through 2023 show expenses exceeding revenue sources with deficits covered by fund balance.
- The Minneapolis Convention Center will be 30 years old in 2020.
- Reinvestment in the facility is necessary to maintain revenue streams, create new revenue streams, and continue to compete in a national environment.
- There continues to be a state cap on lodging tax. Hennepin County tax increase reduced the lodging tax rate .5%, reducing tax receipts by \$2M. Changes were vetoed in the last legislative session.

Hospitality Tax Receipts* (in millions)

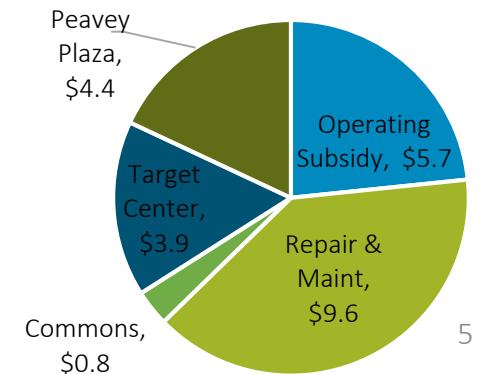


2019 Department Results: Convention Center

2018 Local Tax Sources - \$89.8M



2018 Use of Taxes - \$90.4M

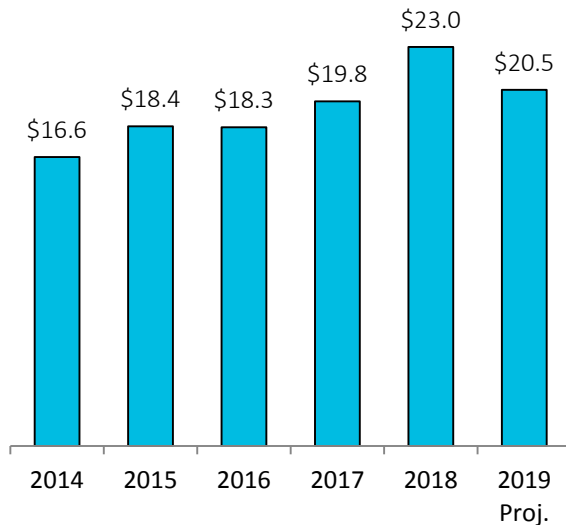


Minneapolis Convention Center Events Program

Program description: The Convention Center Events Program provides sales, event coordination, delivery of audio visual, utilities, security and guest services to international, national, regional, state and local clients and their attendees. This program also includes the City's contract with Meet Minneapolis, which provides sales and marketing services for the convention center as well as destination marketing for the City of Minneapolis. Events drive our revenues, thereby reducing our operating subsidy, and contribute to economic growth in the community through the generation of local taxes, sustaining jobs and creating economic impact.

Performance measures

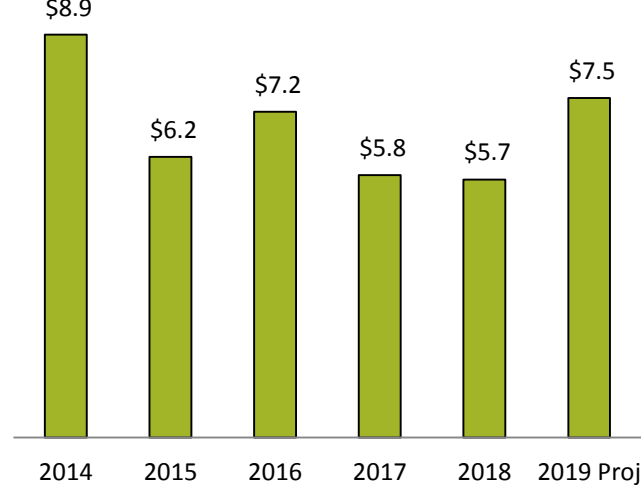
Total Operating Revenue (in millions)



Definition:

- Operating revenues are earned from the purchase of MCC services (audio/visual equipment rental, utilities, security guards, space rental, ushers, etc) by clients, as well as commissions from our partners.

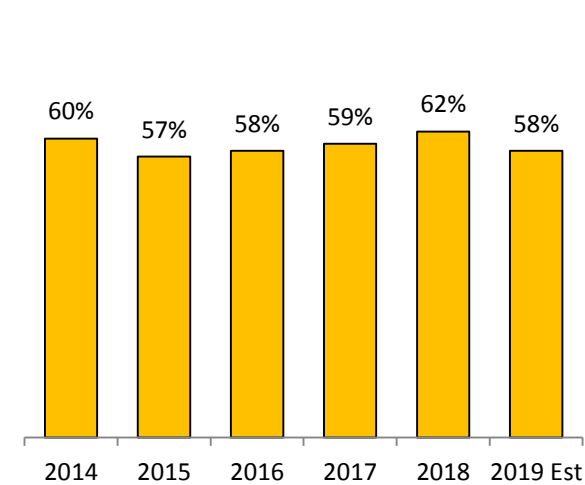
Operating Subsidy (in millions)



Definition:

- Operating subsidy is the difference between operating revenues and operating expenses.

Total MCC Occupancy



Definition:

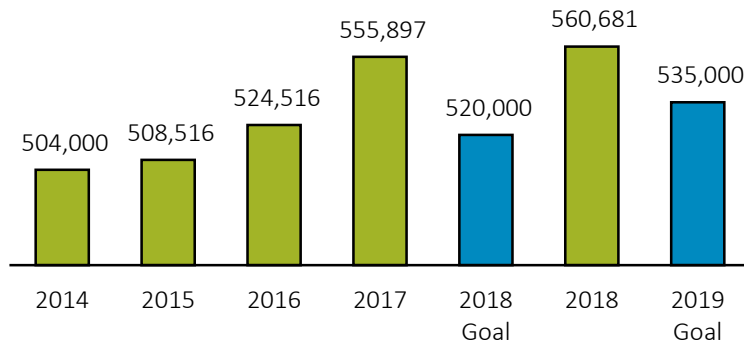
- Occupancy represents the percentage of space contracted by clients. In the conventions and meeting industry, the 2017 national average for occupancy is 47%. At 60%, business is often turned away.

Meet Minneapolis

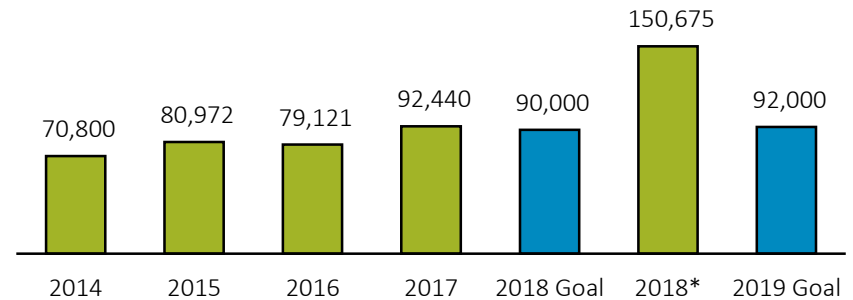
Program description: Meet Minneapolis champions efforts to attract events and future room nights that generates revenue, taxes, jobs and improves the quality of life for residents through a variety of sales efforts. Goals are accomplished by selling and marketing the destination at convention and travel industry trade shows, sales missions, site inspections, PR and advertising.

Performance measures

Future Room Nights



Future Leisure Room Nights



*Change in reporting metrics due to additional capability of third party

Definition:

- Number of future events, meetings and convention room nights secured at hotels determined annually by measuring the number of room nights included in signed contracts and letters of commitment.
- For reporting, this number is provided by third party program software, iDSS, from Meet Minneapolis owned data sources. It is audited by a third party at the year end.

Definition:

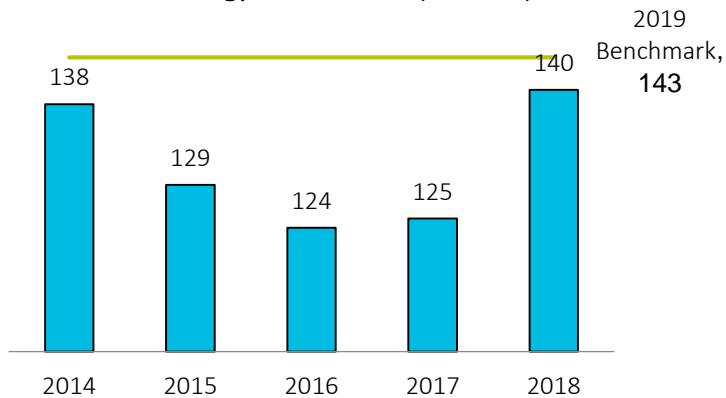
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Minneapolis Convention Center Facilities Program

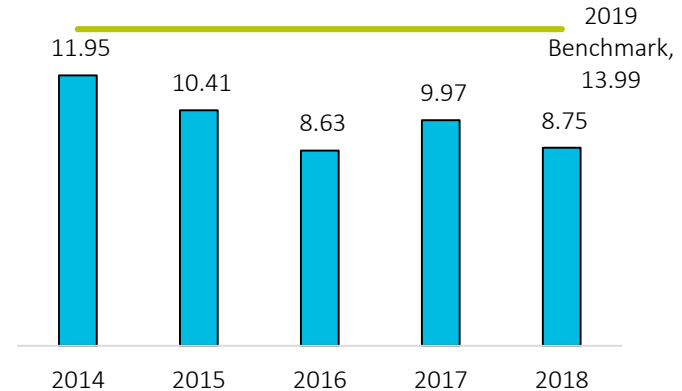
Program description: The Convention Center Facility Program provides the physical building and grounds of the Convention Center as well as the staff to maintain this City asset. The Events Program utilizes the facility to sell space and host events. The Facilities Program includes repair and maintenance expenditures as well as Internal Service Charges.

Performance measures

Total Energy* Used kBTU (millions)



Gallons of Water Used (In millions)



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

Definition:

- The Convention Center is continually striving toward becoming a more efficient and environmentally-conscious facility. Investments in infrastructure such as LED fixtures, lighting control systems, and upgrading our HVAC units has resulted in savings of 12.9M kWh of energy, the equivalent energy use for 1200 homes in a year and a calculated \$1.1M in cost avoidance since 2011. Energy use fluctuates with attendance and occupancy.

Definition:

- Investments in infrastructure such as low-flow fixtures in our restrooms and a cistern to collect rainwater for our irrigation needs has resulted in a savings of 18,000 gallons of water and a calculated savings of almost \$100,000 since 2011. Water use fluctuates with increase attendance and building occupancy.

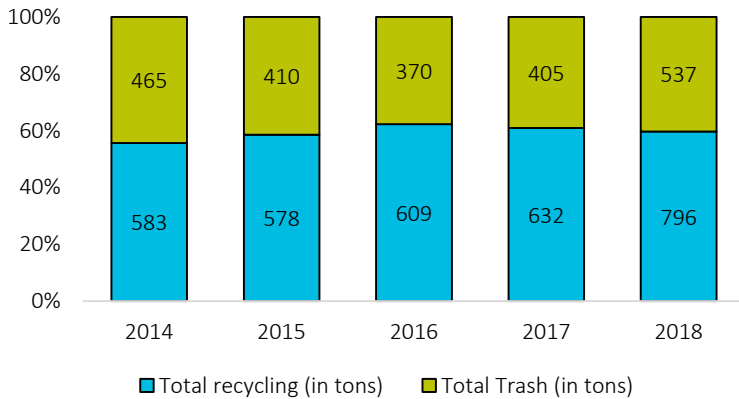
Minneapolis Convention Center Facilities Program (continued)

2018 Budget: \$20.7 million

Program description: 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 space and host events. The Facilities Program includes repair and maintenance expenditures as well as Internal Service Charges.

Performance measures

Recycling (in tons)



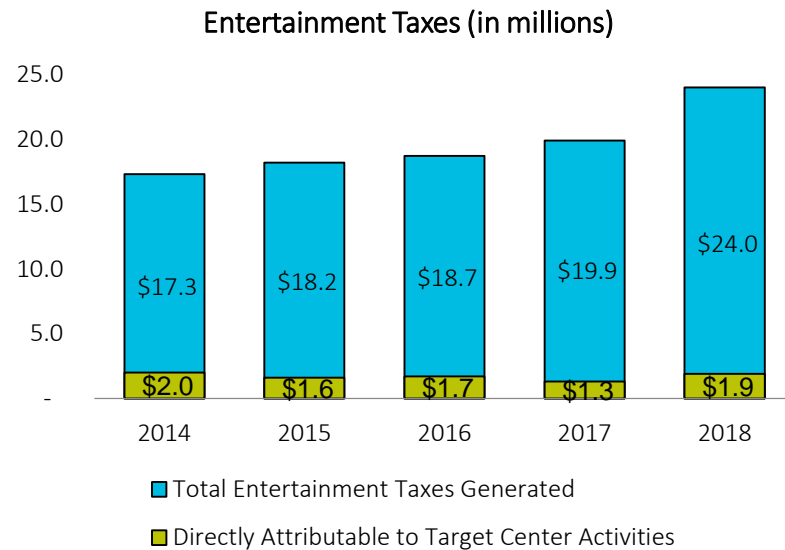
Definition:

- Our recycling program has been in place since 2011. Our recycling rate hovers around 60% each year and includes organics. Attendance, occupancy and the type of events impact total trash and total recycling tonnage.

Target Center Program

Program description: The Target Center program provides an operator reimbursement and capital funds for this City-owned facility through a contractual agreement with its operator, AEG Facilities. The Target Center was closed for 6 months in 2017 to complete a major renovation. The Target Center is a generator of entertainment taxes. The Target Center provides an estimated \$100 million in economic impact as well as cultural and arts activities to the Minneapolis community.

Performance measures



Definition:

- Target Center generates entertainment taxes through ticket sales.

Peavey Plaza Program

Program description: The Peavey Plaza Program provides operating and capital funds for this City-owned asset.

This budget program area does not have performance metrics because it is a pass-through.

The Commons Program

Program description: The Commons Program provides operating funds for maintenance and upkeep of this Cityowned asset.

This budget program area does not have performance metrics because it is a pass-through.

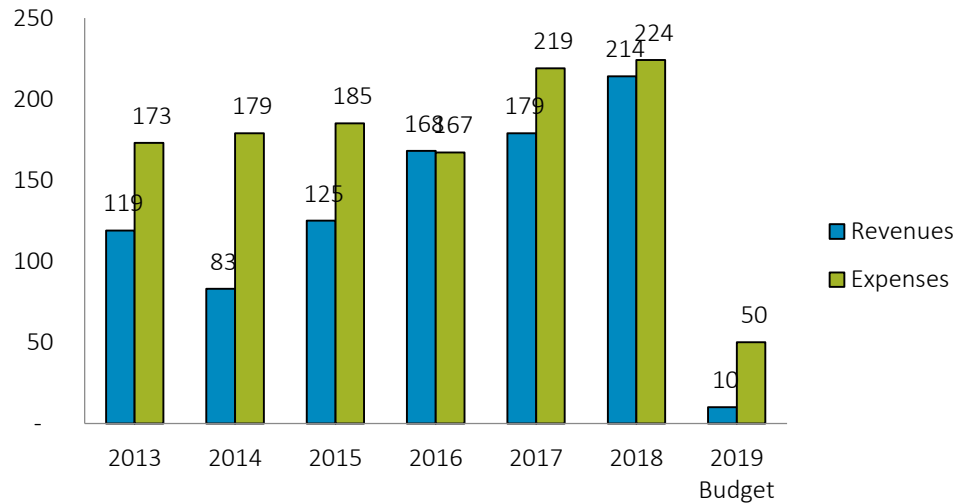
Minneapolis Convention Center Tallmadge Building Program

Program description : The Convention Center Tallmadge Building is currently operated as an office building that is leased to local businesses.

- The Tallmadge Building requires significant improvements to tuck pointing, windows, foundation, electrical and mechanical systems.
- All lease contracts are set to expire June 30, 2019.

Performance measures

Tallmadge Revenues & Expenses (in thousands)



Definition:

- Tallmadge revenues come from rents charged to tenants. Expenses include our contract with a Commercial Real Estate company who handles showing and rental agreements, cleaning, snow removal, electricity and repairs.