

2018

DEPARTMENT

results
minneapolis

Minneapolis Convention Center











Results Minneapolis is changing.

The Strategic Planning and Analysis team (City Coordinator's Office) is leading an evolution of the City's Results Minneapolis program. These changes reflect recommendations of a recent program assessment completed by What Works Cities, a Bloomberg Philanthropies initiative, and the Center for Government Excellence at Johns Hopkins University. [See the assessment to learn more about the changes.](#)

Note: The Strategic Planning and Analysis team is working with City departments on a rolling basis to select a core set of performance metrics to report on each year. This department has not yet completed the process. Therefore, **the performance metrics in this report are interim metrics for 2018 and may be subject to change.**

Performance summary

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

Budget program	2017 Budget	Performance measure	2017 performance	Data trend	Status indicator: Red/yellow/green
Minneapolis Convention Center Events Program	\$25.4M	<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"> \$19.9M \$5.8M 59% 556K; 92K 	<ol style="list-style-type: none"> Increasing Decreasing Stable Increasing; Increasing 	<ol style="list-style-type: none">    
Minneapolis Convention Center Facilities Program	\$21.4M	<ol style="list-style-type: none"> Gallons of water used Recycling rate Total energy use 	<ol style="list-style-type: none"> 10 million 61% 125 million kBTU 	<ol style="list-style-type: none"> Stable Stable Stable 	<ol style="list-style-type: none">   
Target Center Program	\$6.9M	<ol style="list-style-type: none"> Entertainment taxes 	<ol style="list-style-type: none"> \$20M 	<ol style="list-style-type: none"> Increasing 	<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"> \$179K \$219 	<ol style="list-style-type: none"> Increasing Increasing 	<ol style="list-style-type: none">  

Enterprise Priorities

Workforce diversity

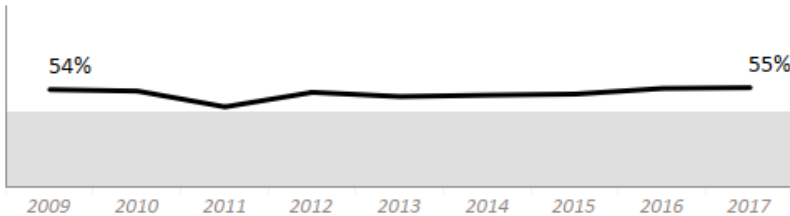
Exceeds 2020 enterprise goal of 41% people of color

Does not meet 2020 enterprise goal of 45% women

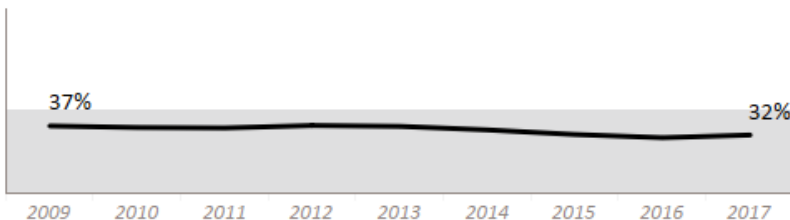
- The Minneapolis Convention Center develops a recruitment plan and strategy to meet the placement goals established for each position when hiring. These strategies include targeted advertising in neighborhoods and schools and participation in job fairs.
- CPED's Workforce Development and HR have assisted us in extending our candidate reach. We also hosted our own job fair, resulting in the hiring of 30 employees. We also developed our own recruitment video, which can be found on our web page. In 2017, we hired 51 employees.

Workforce diversity (2009-2017)

People of color



Women



Notes:

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

Spending with diverse suppliers

Lower than Citywide percent diverse spending

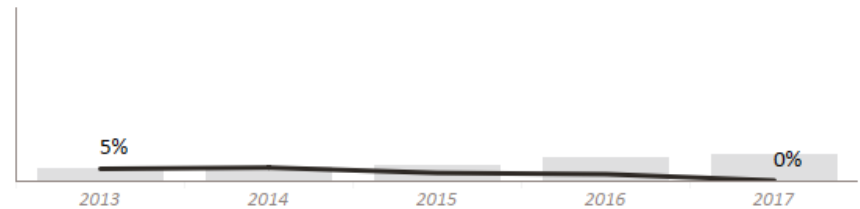
Lower than Citywide percent spending with minority-owned suppliers

Similar to Citywide percent spending with non-minority women-owned suppliers

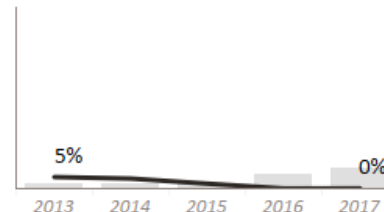
- In 2017, the \$140 million renovation of the Target Center dominated the Convention Center's spend. This spending followed the established bid process and all the bid vendors were required to follow SUBP goals established and monitored by Civil Rights.
- The data below does not include the second-tier spending, subcontractors that would have fallen into the SUBP goals.
- The Convention Center is committed to utilizing Target Market Program vendors whenever possible.

Spending with diverse suppliers (2013-2017)

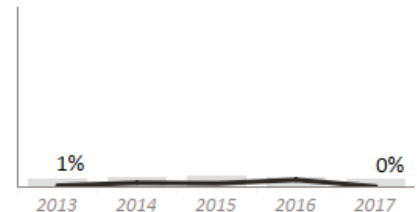
Overall



Minority (all genders)



Non-minority women



Notes:

(1) Grey shading indicates Citywide percent for each year.

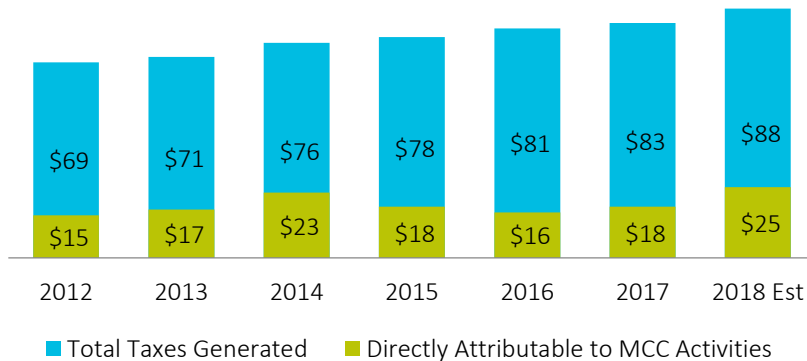
(2) Data does not reflect the entire budget. Data reflects discretionary spending with for-profit primary suppliers.

Department Priorities

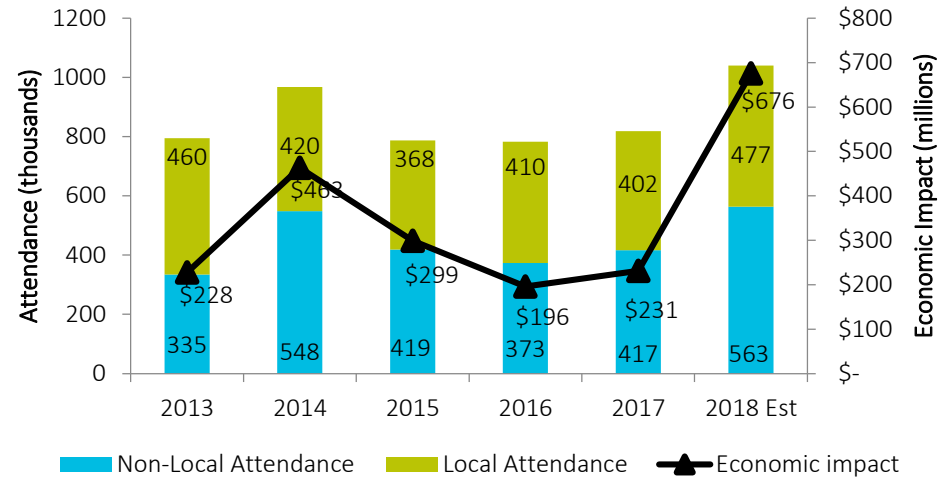
Economic Impact

- A POWERFUL ECONOMIC ENGINE: 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 will be under the umbrella of the Downtown Assets Fund. While the local tax collections will be housed in this fund, new budget program responsibilities are also included.

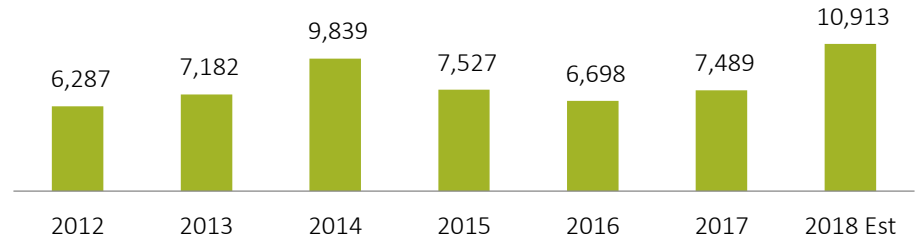
Hospitality Taxes Generated (millions)



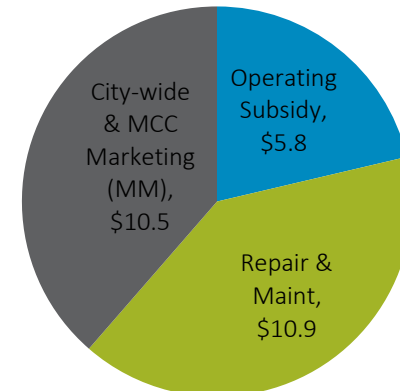
Attendance and Economic Impact



Hospitality Jobs Sustained



MCC Use of Hospitality Taxes - 2017



Minneapolis Convention Center Events Program

Program description:

- The Convention Center Events Program provides sales, event coordination, delivery of audiovisual, 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.

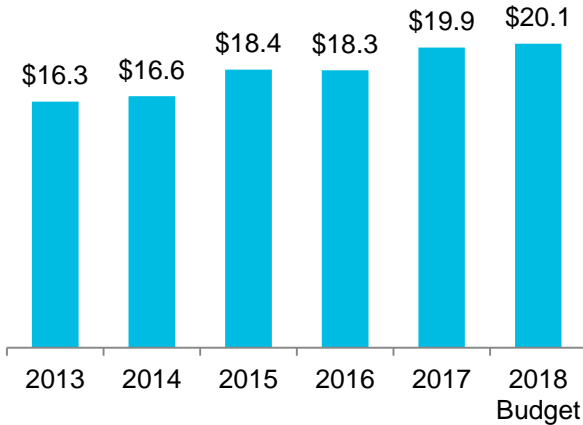
Analysis:

- The Minneapolis Convention Center achieved our highest revenue in our history in 2017 resulting in the lowest operating subsidy in our history.
- This is a result of a slight increase in pricing and commission rates, an increase in the number of events, attendees and occupancy, and investments in the facility to help offset increased demands in energy and water use.

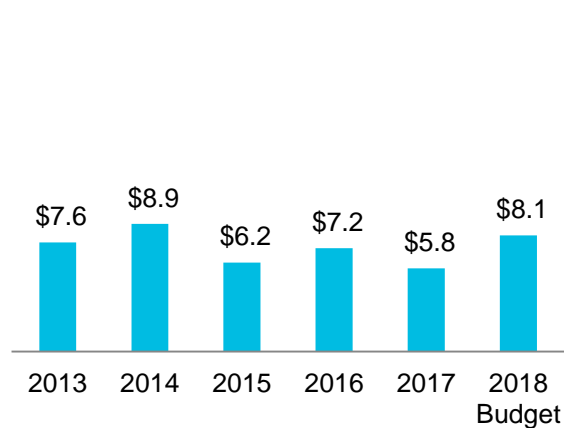
Action planned for 2018

- We continue to work on reducing our subsidy through management of our expenses. We do this using historical data, industry benchmarking, and strategically investing in the facility.
- Evaluate positions when attrition occurs. Several positions have been converted to revenue generating positions in the audio/visual and video areas. This allows us to provide key services to clients while maximizing our revenues.
- Ensuring our partner, Meet Minneapolis, achieves results to increase occupancy and generate revenues.

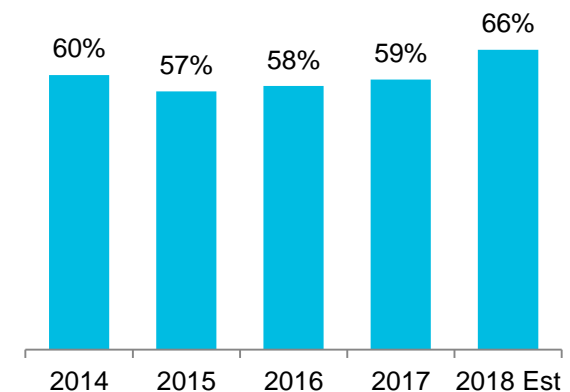
Total Operating Revenue (in millions)



Operating Subsidy (in millions)



Total Convention Center Occupancy



Minneapolis Convention Center Events Program – Meet Minneapolis

2017 Budget: **\$10.61 million**
(within events budget)

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.

Analysis: This program has achieved increased results over the last five years as noted below, in part, due to a focused effort on the sports market. Market conditions, however, are changing and presenting future challenges. While hotel demand continues to be strong, new hotel growth in Minneapolis has surpassed demand. Similarly, the leisure tourism market is strong to MSP, but international tourism is challenged by the strong U.S. dollar and visitation to the US overall has decreased.

Importance of Room Nights: Room nights are hotel rooms blocked or occupied multiplied by the number of nights each room is reserved or occupied. It is an important metric that Meet Minneapolis uses for the measurement of groups and leisure visitors to our city, and is used both when forecasting future room blocks needed by groups and is the measurement of rooms occupied after the group has departed. Future room nights booked assist the hotel industry in setting rates or marketing efforts for periods in which room availability far exceeds demand. Room nights are also a leading indicator of lodging tax projections – a hospitality sales tax used to support the City of Minneapolis Downtown Assets.

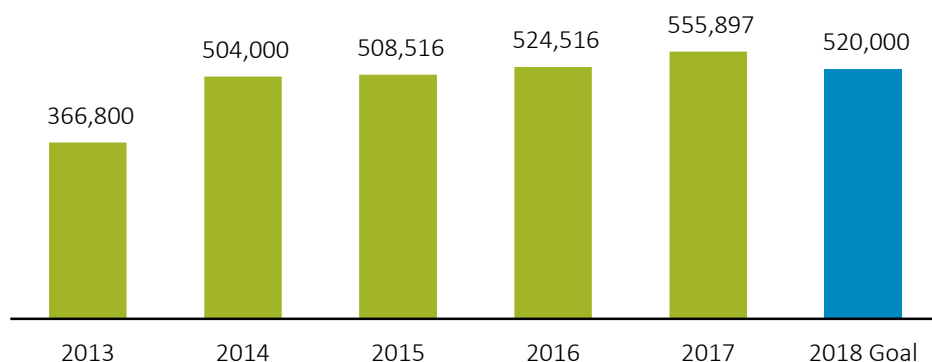
Action planned for 2018

Support Minneapolis Convention Center through securing conventions, meetings and trade shows that utilize the building.

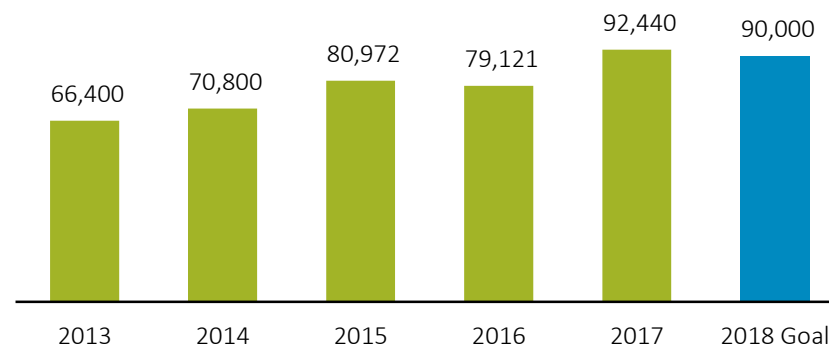
Build upon the Super Bowl to encourage other events in Minneapolis. Will host 80 customers during the Super Bowl representing future business.

Successfully host National Association of Sports Commissions in April to showcase Minneapolis for future events

Future Room Nights



Future Leisure Room Nights



Minneapolis Convention Center Facilities Program

2017 Budget: \$21.4 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.

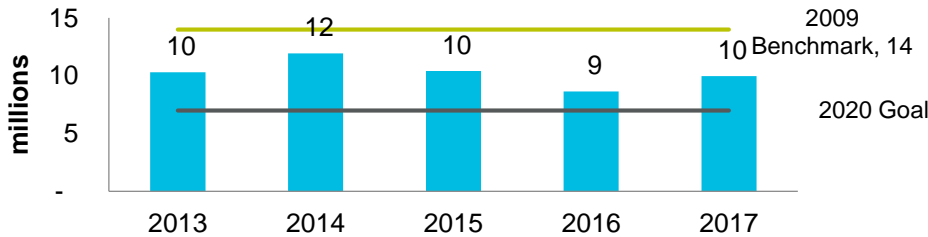
Analysis

- The Convention Center is continually striving toward becoming a more efficient and environmentally-conscious facility. Monitoring and managing waste, water and energy use to be more efficient is a priority for staff.
- The Convention Center achieved Level One certification to the ASTM Standard pertaining to the Evaluation and Selection of Venues for Environmentally Sustainable Meetings, Events, Trade Shows and Conferences. MCC was the 6th facility in the world to achieve this certification. We have recently been recertified.
- In 2017, the Convention Center obtained LEED Certification for Existing Buildings: Operation & Maintenance (EBOM).
- The Convention Center has invested in infrastructure initiatives to be more efficient in the past several years. We have installed low-flow fixtures in the majority of our restrooms, installed a cistern to collect rainwater for our irrigation needs, replaced lighting with LED fixtures and lighting control systems, upgrading our HVAC units and installed high speed roll-up doors. Our recycling program also includes organics.
- Our energy use increased less than 1%, our recycling saw a 1.6% decrease and our water use increased 15% from 2016 due to increased demand on the building. In 2017, our even days increased 9%, our attendance increased 10% and our overall occupancy increased 2%.

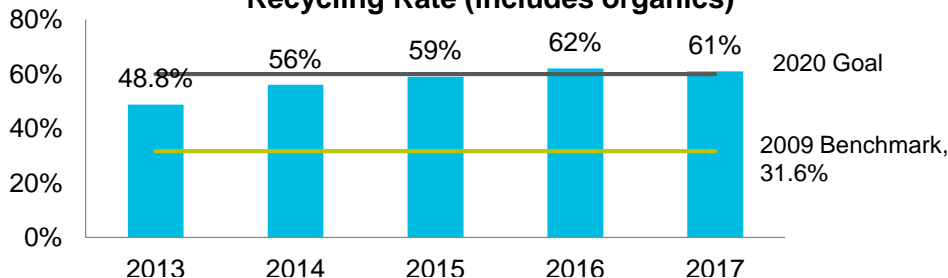
Action planned for 2018

- By 2020, we would like to maintain a recycle rate of 60%, reduce water by 50% and reduce energy by 20%. This will be accomplished through continued investment in retro-commissioning, high speed roll-up doors and upgrading our lighting.

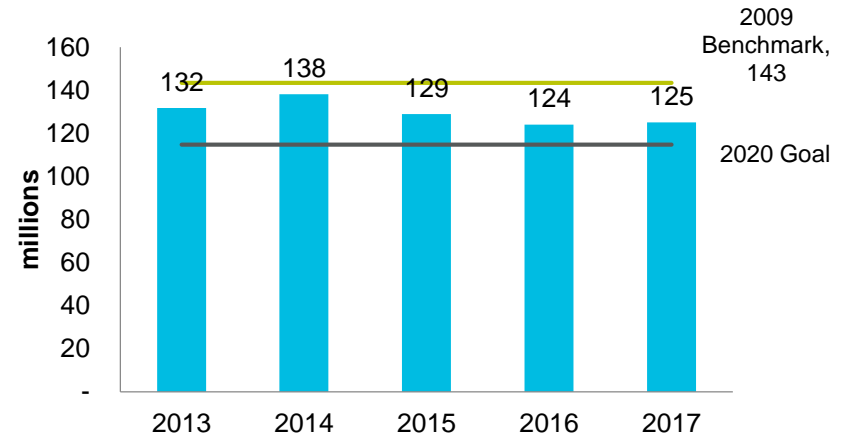
Gallons of Water Used



Recycling Rate (includes organics)



Total Energy* Use kBTU



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

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.

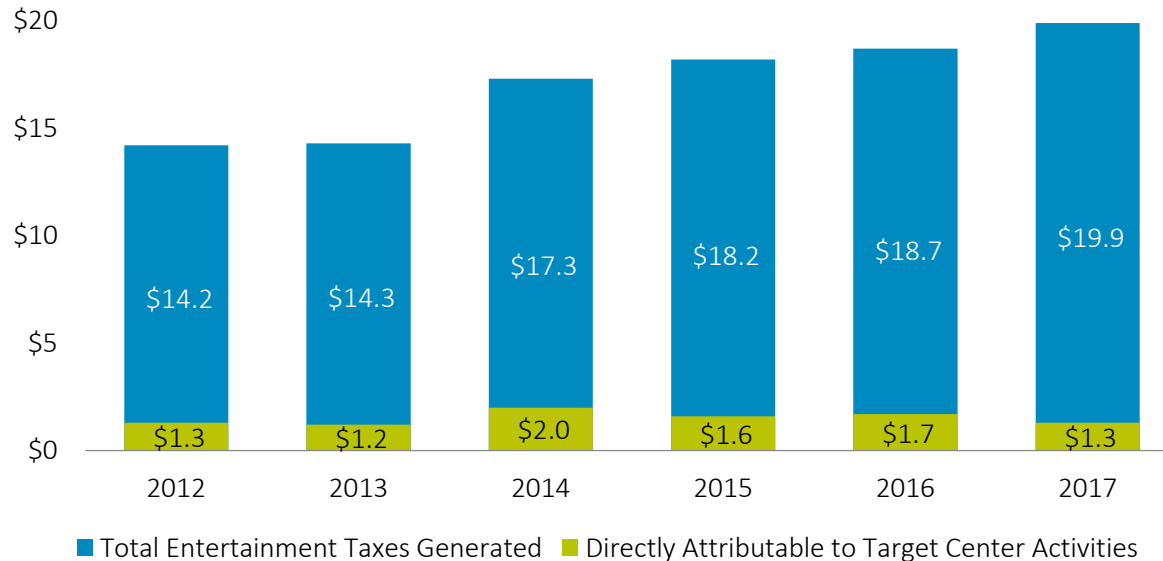
Analysis

- The Target Center was closed for 6 months in 2017 to complete a major renovation which resulted in entertainment tax decreases in 2017.
- The Target Center is a generator of entertainment taxes.
- New terms of extended operating agreement with AEG Facilities.
- The Target Center provides an estimated \$100 million in economic impact as well as cultural and arts activities to the Minneapolis community.

Action planned for 2018

- Leverage renovation with capital improvements to enhance operations
- AEG Facilities to market benefits of renovation to promoters to increase activity

Entertainment Taxes (in millions)



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.

Analysis

- The Tallmadge Building requires significant improvements to tuck pointing, windows, foundation and mechanical systems.
- All lease contracts are set to expire at the end of 2018.

Action planned for 2018

- Relaunch the Tallmadge with renovation of the building

Tallmadge Revenues & Expenses (in thousands)

