

Saint Paul RiverCentre  
2024 Operating Budget

DRAFT - Confidential

|   | VS FORECAST           |                    |                    | VS BUDGET             |                    |                    |           |
|---|-----------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|-----------|
|   | (a)                   | (b)                | (c)                | (d)                   | (e)                | (f)                |           |
|   | 2024 Budget           | 2023 YTD +Forecast | Variance           | 2024 Budget           | 2023 Budget        | Variance           |           |
| <b>OPERATING RIVERCENTRE</b>                      |                       | 9+3                |                    |                       |                    |                    |           |
| REVENUES  |                       |                    |                    |                       |                    |                    |           |
| Building Rent                                     | 1 1,793,187           | 1,632,976          | 160,210            | 1 1,793,187           | 1,570,983          | 222,204            | 1         |
| Service Income                                    | 2 3,345,638           | 2,800,261          | 545,377            | 2 3,345,638           | 3,140,541          | 205,097            | 2         |
| Parking Ramp                                      | 3 4,251,140           | 4,187,340          | 63,800             | 3 4,251,140           | 3,900,758          | 350,381            | 3         |
| Food & Beverage                                   | 4 1,459,469           | 1,060,820          | 398,649            | 4 1,459,469           | 1,033,336          | 426,133            | 4         |
| Sponsorship                                       | 5 70,157              | 64,604             | 5,554              | 5 70,157              | 68,326             | 1,831              | 5         |
| Other Income                                      | 6 259,663             | 248,261            | 11,402             | 6 259,663             | 237,982            | 21,681             | 6         |
| <b>TOTAL REVENUE</b>                              | <b>7 11,179,254</b>   | <b>9,994,262</b>   | <b>1,184,991</b>   | <b>7 11,179,254</b>   | <b>9,951,926</b>   | <b>1,227,328</b>   | <b>7</b>  |
| EXPENSES  |                       |                    |                    |                       |                    |                    |           |
| Facility Operations                               | 8 2,586,601           | 2,291,248          | 295,353            | 8 2,586,601           | 2,417,656          | 168,945            | 8         |
| Event Operations                                  | 9 2,981,741           | 2,605,381          | 376,360            | 9 2,981,741           | 2,651,902          | 329,838            | 9         |
| Parking Ramp Costs                                | 10 1,236,828          | 1,166,715          | 70,113             | 10 1,236,828          | 1,065,314          | 171,514            | 10        |
| Overhead  | 11 1,395,262          | 1,360,711          | 34,552             | 11 1,395,262          | 1,258,814          | 136,448            | 11        |
| Utilities   | 12 2,226,074          | 2,137,895          | 88,179             | 12 2,226,074          | 2,125,943          | 100,131            | 12        |
| Administration/SPAC Marketing-Sales               | 13 1,113,535          | 1,026,153          | 87,382             | 13 1,113,535          | 1,103,141          | 10,393             | 13        |
| Management Fee                                    | 14 269,182            | 266,815            | 2,366              | 14 269,182            | 266,815            | 2,366              | 14        |
| <b>TOTAL EXPENSES</b>                             | <b>15 11,809,223</b>  | <b>10,854,918</b>  | <b>954,305</b>     | <b>15 11,809,223</b>  | <b>10,889,586</b>  | <b>919,637</b>     | <b>15</b> |
| <b>RC NET OPERATING PROFIT (LOSS)</b>             | <b>16 (629,969)</b>   | <b>(860,656)</b>   | <b>230,687</b>     | <b>16 (629,969)</b>   | <b>(937,660)</b>   | <b>307,691</b>     | <b>16</b> |
| <b>AUTHORITY</b>                                  |                       |                    |                    |                       |                    |                    |           |
| REVENUES  |                       |                    |                    |                       |                    |                    |           |
| Administration-Hotel Motel Tax from City          | 17 2,954,829          | 2,897,779          | 57,050             | 17 2,954,829          | 2,341,472          | 613,357            | 17        |
| Convention Sales                                  | 18 20,000             | -                  | 20,000             | 18 20,000             | -                  | 20,000             | 18        |
| Membership  | 19 262,100            | 237,183            | 24,917             | 19 262,100            | 262,100            | -                  | 19        |
| Tourism/Marketing                                 | 20 -                  | -                  | -                  | 20 -                  | 17,500             | (17,500)           | 20        |
| Overhead  | 21 10,728             | 26,376             | (15,648)           | 21 10,728             | 10,728             | -                  | 21        |
| Convention Services                               | 22 -                  | -                  | -                  | 22 -                  | -                  | -                  | 22        |
| Convention Promotional Fund                       | 23 -                  | -                  | -                  | 23 -                  | -                  | -                  | 23        |
| <b>TOTAL REVENUE</b>                              | <b>24 3,247,657</b>   | <b>3,161,338</b>   | <b>86,319</b>      | <b>24 3,247,657</b>   | <b>2,631,800</b>   | <b>615,857</b>     | <b>24</b> |
| EXPENSES  |                       |                    |                    |                       |                    |                    |           |
| Administration                                    | 25 783,262            | 765,308            | 17,954             | 25 783,262            | 745,752            | 37,510             | 25        |
| Convention Sales                                  | 26 1,261,444          | 1,247,264          | 14,180             | 26 1,261,444          | 1,248,656          | 12,788             | 26        |
| Membership  | 27 557,096            | 548,499            | 8,597              | 27 557,096            | 572,500            | (15,404)           | 27        |
| Tourism/Marketing                                 | 28 794,318            | 778,651            | 15,667             | 28 794,318            | 786,044            | 8,274              | 28        |
| Overhead  | 29 67,336             | 64,088             | 3,248              | 29 67,336             | 61,504             | 5,832              | 29        |
| Convention Services                               | 30 84,201             | 46,173             | 38,028             | 30 84,201             | 77,956             | 6,245              | 30        |
| Convention Promotional Fund                       | 31 -                  | -                  | -                  | 31 -                  | -                  | -                  | 31        |
| <b>TOTAL EXPENSES</b>                             | <b>32 3,547,657</b>   | <b>3,449,983</b>   | <b>97,674</b>      | <b>32 3,547,657</b>   | <b>3,492,412</b>   | <b>55,245</b>      | <b>32</b> |
| <b>AUTHORITY NET PROFIT (LOSS)</b>                | <b>33 (300,000)</b>   | <b>(288,644)</b>   | <b>(11,356)</b>    | <b>33 (300,000)</b>   | <b>(860,612)</b>   | <b>560,612</b>     | <b>33</b> |
| <b>COMBINED NET INCOME FROM OP (LOSS)</b>         | <b>34 (929,969)</b>   | <b>(1,149,300)</b> | <b>219,331</b>     | <b>34 (929,969)</b>   | <b>(1,798,272)</b> | <b>868,303</b>     | <b>34</b> |
| RCVA Amortization/Depreciation                    | 35 7,080              | 8,477              | (1,397)            | 35 7,080              | 1,404              | 5,676              | 35        |
| Net Income (Loss) after Depreciation              | 36 (937,049)          | (1,157,777)        | 220,728            | 36 (937,049)          | (1,799,679)        | 862,630            | 36        |
| <b>FOUNDATION</b>                                 |                       |                    |                    |                       |                    |                    |           |
| REVENUES  | 37 10,450             | 4,000              | 6,450              | 37 10,450             | 3,750              | 6,700              | 37        |
| EXPENSES  | 38 19,080             | 21,434             | (2,354)            | 38 19,080             | 5,000              | 14,080             | 38        |
| <b>NON OPERATING</b>                              |                       |                    |                    |                       |                    |                    |           |
| <b>CAPITAL and EQUIPMENT BUDGET</b>               |                       |                    |                    |                       |                    |                    |           |
| CITY BUDGETED RC SALES TAX (69583210-40605)       | 39 2,894,000          | 1,767,545          | 1,126,455          | 39 2,894,000          | 1,767,545          | 1,126,455          | 39        |
| CITY BUDGETED SALES TAX FROM TIF (69583215-40605) | 40 1,350,000          | 1,200,000          | 150,000            | 40 1,350,000          | 1,200,000          | 150,000            | 40        |
| CITY BUDGETED RC FOR OPERATIONS (69583210-40605)  | 41 750,000            | 750,000            | -                  | 41 750,000            | 750,000            | -                  | 41        |
| CITY ENCUMBERED RC FOR OPERATIONS                 | 42 -                  | -                  | -                  | 42 -                  | -                  | -                  | 42        |
| CITY ENCUMBERED CAPITAL                           | 43 -                  | 74,980             | (74,980)           | 43 -                  | 74,980             | (74,980)           | 43        |
| <b>TOTAL AVAILABLE</b>                            | <b>44 4,994,000</b>   | <b>3,792,525</b>   | <b>1,201,475</b>   | <b>44 4,994,000</b>   | <b>3,792,525</b>   | <b>1,201,475</b>   | <b>44</b> |
| RC DEBT AND OBLIGATIONS (69583215-78340 & 78850)  | 45 (390,155)          | (391,000)          | 845                | 45 (390,155)          | (391,000)          | 845                | 45        |
| CAPITAL AND EQUIPMENT EXPENSE                     | 46 (4,325,000)        | (2,101,545)        | (2,223,455)        | 46 (4,325,000)        | (2,576,545)        | (1,748,455)        | 46        |
| PROMOTIONAL FUND                                  | 47 -                  | -                  | -                  | 47 -                  | -                  | -                  | 47        |
| OPERATIONS  | 48 (629,969)          | (860,656)          | 230,687            | 48 (629,969)          | (937,663)          | 307,694            | 48        |
| ENCUMBERED CAPITAL PROJECT                        | 49 -                  | (74,980)           | 74,980             | 49 -                  | (74,980)           | 74,980             | 49        |
| <b>TOTAL EXPENDITURES</b>                         | <b>50 (5,345,124)</b> | <b>(3,428,181)</b> | <b>(1,916,943)</b> | <b>50 (5,345,124)</b> | <b>(3,905,208)</b> | <b>(1,439,916)</b> | <b>50</b> |
| FROM BUILDING RESERVES                            | 51 351,124            | (364,344)          | \$ 715,467         | 51 351,124            | 187,663            | \$ 163,460         | 51        |
| FROM VSP RESERVES                                 | 52 307,080            | 297,121            | \$ 9,959           | 52 307,080            | 862,016            | \$ (554,936)       | 52        |

## 2024 RiverCentre/Visit Saint Paul Budget Memo

To: Mike Solomon  
From: Jim Ibister, Cindy Dupont  
CC: Kate Setley, Bill Huepenbecker, Jaimee Lucke Hendrickson, Susan Hubbard  
Date: November 9, 2023  
Re: 2024 Visit Saint Paul – RiverCentre Budget

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Mr. Solomon,

We respectfully submit the 2024 Visit Saint Paul - RiverCentre Budget for your review.

As in previous years, revenues for rent, service income, and food and beverage were calculated with a master event summary schedule, which we call the EVENT budget. The event budget is used as a foundation to build the operating budget. This system also allows us to forecast budgets for future years, plan a calculated sales attack, and assist in explaining any variances from budget.

### **2023 Budget Assumptions**

#### **Facility**

- Number of events: 248\* as of 11/9/2023
- Rent is based on estimated P&L for all known confirmed, tentative and pick up events.
- Service Income is based on estimated P&L for all known confirmed and tentative events. Pick up events added based on market trends and date availability.
- Parking Budget anticipates a similar event schedule as 2023. There will need to be some rate adjustment to allow for the additional sales taxes.
- Food and beverage combines the catering and concession net dollars.
- Sponsorship is expected to be the same as 2023.
- Other Income represents school rent and Verizon cell tower lease. The cell tower lease is up for renewal and the budget assumes no change in rate.
- **Expenses** also include the following:
  - 2.5 to 4% Union wage increases
  - 2.5 to 4% Admin/Management wage increases
  - Slight reallocation of labor % between facilities
  - Allocation for PT costs for Safe and Sick Time and minimum wage increases
- Large repairs and equipment purchases continue to be paid from operating budget as we balance the needs of the capital budget and the ramp needs.
- Sales efforts continue to be aggressive for rent, catering and service income revenue. We are implementing tiered rental pricing in an effort to capture more revenue for the most desirable dates, while incentivizing event organizers to select dates that are traditionally less desirable and more difficult to sell.

\*Includes estimates from Pick Up Events. Some of these events could combine into one event.

## Visit Saint Paul Assumptions

### Authority Revenue

| 23 Budget          | 23 Forecast        | 24 Budget          |   |
|--------------------|--------------------|--------------------|---|
| <b>\$2,631,800</b> | <b>\$3,161,338</b> | <b>\$3,247,657</b> | Budgeted revenue for 2024 assumes a 23% increase compared to the 2023 budget, based on: <ul style="list-style-type: none"> <li>· Continued recovery of lodging tax performance along with the realization of the 1% lodging tax increase that first went into effect as the industry shut down due to the pandemic.</li> <li>· Forecasting a 28% increase on Hotel/Motel Revenue compared to the 2023 budget.</li> <li>· Securing several new groups, along with returning events in 2024.</li> <li>· Membership dues and advertising/sponsorship revenue is budgeted at the same level as 2023.</li> </ul> |

### Authority Expense

| 23 Budget          | 23 Forecast        | 24 Budget          |  |
|--------------------|--------------------|--------------------|--|
| <b>\$3,492,412</b> | <b>\$3,449,983</b> | <b>\$3,547,657</b> | Budgeted expenses for 2024 assumes a 2% increase compared to the 2023 budget. Included in the budget: <ul style="list-style-type: none"> <li>· Maintaining our budget for our Convention Promotional Fund at \$300,000.</li> <li>· Continuing support for festivals/events through the 2nd year of a marketing promotion program.</li> <li>· Increasing the number of sales team engagement events to 11: 7 tradeshow and four client events.</li> <li>· Continuing the sales incentive program to bring group business to hotels.</li> <li>· Dedicating \$200,000 to a digital marketing campaign.</li> </ul> |

### Foundation Revenues

| 2023 Budget    | 2024 Budget     |  |
|----------------|-----------------|--|
| <b>\$3,750</b> | <b>\$10,450</b> | Includes revenue from annual partnership contribution and sponsorship. |

### Foundation Expenses

| 2023 Budget    | 2024 Budget     |   |
|----------------|-----------------|---|
| <b>\$5,000</b> | <b>\$19,080</b> | Community outreach including the Legislative Reception and flags on Wabasha for Pride month and tax filing. |

## **2024 Visit Saint Paul Budget Overview and Goals**

In 2024, Visit Saint Paul will be coming off of a year of transition and recovery, having just brought on new leadership and re-establishing pre-pandemic services/programming made possible by the City tourism grant and growth in lodging tax performance. The continued recovery of lodging tax revenues, the organization's primary funding source, along with interest in Saint Paul as a meetings/events destination, brings more stability to the organization's financial outlook.

### **Administration**

- To execute programs and efforts to engage and support members, identify, and execute initiatives to leverage the organization in support of the community.
- Retain a positive culture of support and guidance to maximize organizational productivity. Successfully manage staff, workloads and transitions while championing a positive culture, morale, and loyalty.
- Ensure Visit Saint Paul is critical to local and regional initiatives. Successfully champion efforts to again adjust and enhance upon deliverables.

### **Sales Department**

- Generate new business for the local hotel community and increase economic impact from the convention and meeting industry for the City of Saint Paul.
- Utilize the Convention Promotion Fund to provide incentives for RiverCentre rent to remain competitive in the meeting industry. Continue our incentive program with the hotel community to entice planners to book at downtown Saint Paul hotel properties.
- Participate in 10-13 tradeshow and national events to solicit new business for RiverCentre and the hotels.
- Hire staff as new leadership takes over and bring sales staff level to pre-pandemic level.
- Continue our digital marketing campaign focused on reaching existing and new national, state, and local meeting professionals at the RiverCentre and hotel community for meetings.
- Focus on client engagement with Xcel Energy suite events and hosting's at Minnesota United and Saint Paul Saints games.
- Work in partnership with Minnesota Sports and Events to target Saint Paul area sporting events.
- Solicit metro-wide events with our partners in Minneapolis and Bloomington that bring increased economic impact to the Twin Cities region.

### **Marketing Department**

- Create new marketing campaigns and strategies aimed at better telling Saint Paul's story to leisure travelers, meeting planners and event attendees through digital advertising, print materials, email marketing, social media and website promotion.
- Expanded storytelling and economic inclusion for women and BIPOC-owned businesses.
- Securing media attention that focuses on Saint Paul as a desirable leisure and meetings destination.
- Growing our engagement with potential visitors through social media and content creation.
- Increasing brand awareness among consumers, media and stakeholders of Saint Paul's tourism industry.

## Partnership Department

- Providing value to members through marketing partnerships making connections with those looking for information about Saint Paul, meeting planners, convention/event attendees, media producing stories about Saint Paul and the travel/hospitality community in the city.
- Promoting Visit Saint Paul partners and sharing Saint Paul's story through publication and distribution of a print Visitor's Guide.
- Hosting impactful meetings and events to build community among members while providing educational and professional development opportunities.
- Growing marketing opportunities to drive visitors and convention attendees to member businesses.
- Expand connections and outreach with BIPOC and women-owned businesses as well as those in Cultural Destination Areas in support of economic inclusion.
- Increasing awareness of Visit Saint Paul's mission while advocating for the far reaching economic and social impacts of tourism and meetings on the local community.

## **2024 RiverCentre Budget Overview**

RiverCentre is competing with other publicly owned convention centers that consistently operate at significant losses and receive public subsidies. RiverCentre endeavors to:

- Cover its operating expenses. Subsidized primarily through operation of parking ramp.
- Fund its maintenance and replacement reserves through excess sales tax dollars after debt and other obligations are met.

During and post pandemic, the city of St Paul added additional sales tax to help subsidize the impacted operations.

## **RiverCentre's Local Competition**

- Minneapolis Convention Center is forecasting a loss of \$35M in the Mayor Recommended Budget. The variance is funded by hotel/motel tax, sales tax, entertainment tax and food and beverage revenue via the city's Downtown Assets Fund and fund balance;
- Monona Terrace (Madison, WI) budgeted a deficit of \$5.3M for 2024; its deficits are covered by hotel/motel tax and other city transfers. Monona Terrace has asked the City \$1.85M for capital expenditures.

## **Status of RiverCentre**

- In 2024, RiverCentre would post a loss of \$3.6M if it were not for the parking ramp revenue.
- Only a few open positions are left to be hired, however continued retirements and turnover have exacerbated the hiring issues. Also, there is pressure on wage rate and work life balance.
- The facility has consistently emphasized a premium experience in order to present a quality value proposition that is required to generate the revenue needed to cover expenses. This is applied to the current state of event readiness as well, by using technology and applying innovative solutions to capacity issues.
- Evidenced through formal and informal feedback, client satisfaction continues to score very high on a five-point scale. 2023 year to date number show event management ratings averaging 4.9 / 5.0 for all surveyed clients and marketing ratings averaging 4.8 / 5.0.
- In order to keep deferred maintenance from growing at the rate it has since 2020, where little spending was done, sales tax dollars have been allocated to equipment, capital expenditures and debt.

## Food and Beverage

### Notable Influences

- Short term bookings have slowed from the high of Q3 and Q4 2022, returned to more typically expected levels in 2023. We expect this to continue for 2024.
- 2024 is a major election year. We look forward to opportunities to cater for more political events, contributing to our overall revenue goals both in-house and off-premise.
- As the economy continues to shift, we are seeing trends with shrinking discretionary income, resulting in more people looking for second jobs. This improves hiring opportunities for our part-time and on-call positions.

### Revenue Assumptions as of 11/9/23

- 2024 gross revenue is forecasted at \$7,299,062
  - Gross catering revenue = \$6,122,572
  - Gross concessions revenue = \$1,177,490
  - NOI = \$1,459,469

### Catering Event Summary

#### Type and volume of significant (\$30k+ per event day) events returning in 2024:

- Hunt Electric (\$115k), AGC Construction Summit (\$48k), Winter Carnival Coronation Banquet (\$66k), LeadingAge MN (\$38k), Park Dental & The Dental Specialists (\$50k), MN Chamber of Commerce Session Priorities (\$105k), Gala4Goals (\$95k), St. Paul Chamber Annual Meeting (\$40k), MMGMA (\$35k), Larson King Offsite (\$30k), MREA (MN Rural Electric Association) Annual Meeting (\$49k), MN CLE – 4 Events Total (\$260k), MN Dental Association (\$95k), MN Association for Financial Professionals (\$28k), Noche de Colores Gala (\$38k), MN Transportation Conference (\$200k), INFRA Annual Conference (\$139k), Connect (ImageTrend) (\$113k), Federated Challenge Gala (\$80k), Co+nvergence (\$114k), Federated Quarter Century Club (\$85k), Allen D Lemman Swine Conference (\$112k), Gala for Bridging (\$40k), MN Council of Non-Profits (\$60k), Opus & Olives Gala (\$47k), MN Water Resources (\$70k), MARRCH Conference (\$117k), MN Power Systems Conference (\$124k), MN English Learners (\$60k)

#### Type and volume of NEW events in 2024:

- Northern Green (\$74k), HP Transformation Tour (\$30k), 35th Annual National Service-Learning Conference (\$52k), The National Adaptation Forum (\$176), Republican Party of MN State Central Meeting & State Convention (\$60k), Frontiers in Hydrology (\$100k), North American Baptist 2024 Triennial Conference (\$90k), National Veterinary Symposium (\$176k), The North American SAF Conference & Expo (\$60k), Agile Day (\$42k), MRCA 2024 Annual Conference & Expo (\$92k)

#### Type and volume of significant events LOST and not returning in 2024:

- Collective Bargaining and Organizing Conference (\$51k), Medtronic – MECC – Quality Day (\$30k), MEDA Fundraising Gala (\$69k), Xcel Energy Solutions Expo (\$30k), Crescent Cove Home Plate Gala (\$31k), NACA (\$43k), Minnesota Library Association Annual Conference (\$42k)

### Concession Event Summary

#### Type and volume of significant (\$10k+ per event day) events returning in 2024:

- Land O' Lakes Kennel Club (\$31k), MN Roller Derby (\$19k each bout), St. Paul RV Super Show (\$44k), MN Cheerleading Competition (\$31k), First Tech Challenge and Lego League (\$29k), MSHSL Gymnastics Tournament (\$30k), Legacy Dance (\$10k), Donnie Smith Bike Show (\$115k), World Wide Dream Builders (\$10k), Frozen Four Fan Fest (\$40k), Hall of Fame Dance (\$25k), Starquest Dance (\$30k), CFA State Cheerleading Competition – 2 events (\$32k), Twin Cities Tattoo Festival (\$35k), Hmong New Year (\$90k), Ice Fishing Show (\$140k)

**Type and volume of NEW events in 2024:**

- Northern Green (\$20k), Celebrity Championships (\$30k), Minnesota Card Show – 2 events (\$50k), Republican Party of MN State Central Meeting & State Convention (\$20k), CannaCon (\$10k)

**Type and volume of significant events LOST and not returning in 2024:**

- N/A

**Analysis of 2023 Event Budget, 2023 Forecast and 2024 RiverCentre Budget**

The 2023 event budget and 2023 forecast vs.2024 event budget as of 11/9/2023:

| <u>2023 Budgeted Events</u> | <u>2023 Forecasted Events</u> | <u>2024 Budgeted Events</u> |
|-----------------------------|-------------------------------|-----------------------------|
| 251 Total Events            | 231 Total Events              | 248 Total Events            |
| 125 Firm Events             | 122 Firm Events               | 132 Firm Events             |
| 132 Tent/Pick Up Events     | 115 Tent/Pick Up Events       | 116 Tent/Pick Up Events     |
| 10 Conventions*             | 10 Conventions                | 17 Conventions*             |
| 134 Meetings*               | 134 Meetings                  | 120 Meetings*               |
| 16 Consumer Shows*          | 16 Consumer Shows             | 16 Consumer Shows*          |

\*Includes estimates from Pick Up Events. Some of the meetings could combine into larger events.

The 2023 EVENT budget proposed that:

- 71% of Net EVENT budget revenue is from Confirmed events
- 9% of Net EVENT budget revenue is from Tentative events
- 19% of Net EVENT budget revenue is from Pick-Up events

The 2023 EVENT forecast proposes that:

- 76% of Net EVENT budget revenue is from Confirmed events
- 7% of Net EVENT budget revenue is from Tentative events
- 17% of Net EVENT budget revenue is from Pick-Up events

The 2024 EVENT budget proposes that:

- 76% of Net EVENT budget revenue is from Confirmed events
- 10% of Net EVENT budget revenue is from Tentative events
- 14% of Net EVENT budget revenue is from Pick-Up events

The 2024 EVENT budget proposes that:

- The variance between the net revenue for the 2023 EVENT Budget and 2024 EVENT Budget is: \$665,930 (Positive).
- The variance between the net revenue of the 2023 EVENT Forecast (**9+3**) and 2024 EVENT Budget is: \$667,432 (Positive)

**Other Variances**

- 2024 Overhead/Utilities expenses are 7% higher than the 2023 budget and 4% higher than 2023 forecast. While insurance, maintenance agreements and credit card service costs increase, we continue to keep energy costs in line. Overhead costs such as facility repair are watched closely as the operating budget fluctuates. However, some repairs are critical and unavoidable in a twenty-five year old facility.

NOI RiverCentre:

- 2023 Budget: (\$937,660) (Negative)
- 2023 Forecast (**9+3**): (\$860,656) (Negative)
- 2024 Budget: (\$629,969) (Negative)

NOI RiverCentre and VSP:

- 2023 Budget: (\$1,798,272) (Negative)
- 2023 Forecast **(9+3)**: (\$1,149,300) (Negative)
- 2024 Budget: (\$929,969) (Negative)

## **2024 RiverCentre Non-Operating**

### **Capital Expenses/Sales Tax Assumptions**

- Capital budget is calculated by balancing estimated sales tax revenue and capital reserves with expected capital needs.
- Capital needs that are unfunded are carried over to future years as deferred maintenance.
- City Budgeted RiverCentre sales tax is \$3,644,000.
- City Budgeted released sales tax from TIF district proceeds estimated at \$1,350,000.
- Estimated debt and other non-operating obligations including facility-VSP-City portion of tunnel debt is \$390,154.80. This will be paid for by released sales tax.
- Amount able to be applied to capital budget \$3,972,929.
- Capital needs are many; however, the 2024 priorities that fit our funding capacity from sales tax are:
  - Networking Part 3 \$200,000
  - Roof (Skylight over Rotunda) \$600,000
  - Event Equipment (Easels, AV Equipment, Etc.) \$75,000
  - Ops Equipment (Tables, Chairs, Cleaning Equipment) \$75,000
  - Security Equipment (Cameras, Intercoms, Replacements) \$75,000
  - Ballroom Carpeting (15,000 ft) \$500,000
  - F&B Equipment (Kitchen Equipment, Serving, Retail) \$250,000
  - Parking Ramp Repair – Maintenance \$2,000,000
  - Closing Room \$200,000
  - Atmos Air Phase 1 \$350,000
- \$750,000 in City allocated sales tax will also be used to help cover losses/cash flow issues in 2024.
- \$352,071 in capital reserves will be used to fund additional parking ramp repairs.

## **2024 RiverCentre Facility Challenges, Opportunities and Goals**

### **Challenges**

- Retaining and developing event management staff.
- Continuing to stay ahead of industry trends to provide clients and guests with an experience that is consistent with convention centers across the country.
- The return of corporate events that are non-revenue producing for the client/promoter.
- To continue to hire, train and retain new sales associates.
- As we rebuild the Morrissey management team, we are working to incorporate energetic, collaborative, and creative new talent. As a newer team, the management group has a knowledge gap of our checks and balances and expectations. We are working to bring those systems back into our daily operations to ensure success for all events.
- We are working to bring back stable, high performers to our hourly part- and full-time team who can successfully support events with less supervision and oversight. With a fluctuating event business, it can be a challenge to provide regular enough hours to these high-performers to be their top choice for employment.
- Attracting more business, especially events that clients consider "non-essential" or "non-revenue" producing for their organization.
- Getting a new marketing team up to speed. Four of six team members are new.
- Keep parking staff levels at an optimum level to minimize overtime but maintain service.



- Maintain staffing levels to help allow more cleaning of the parking ramp.
- Improving sustainability practices to return to the previous levels of certification.
- Hiring and retaining full and part staff operations staff.
- Sustaining trained Security Officers with a high turnover rate in a tight labor market.
- Activity of the unsheltered with our close proximity to resources.

## Opportunities

- Continued development of event managers on a variety of events, providing professional exposure and growth, expanding knowledge of revenue-generating services, and venue/industry exposure.
- Expand our support to clients and their events, by supplying high-demand services in our event market, such as audio/visual support, services typically provided by a third-party decorator and other similar event support.
- New premium pricing to drive more room rental revenue.
- Three diamond listing in Cvent that will produce more RFP's.
- As the economy continues to shift, we are seeing trends with shrinking discretionary income, resulting in more people looking for second jobs. This improves hiring opportunities for our part-time and on-call positions.
- 2024 is a major election year and we look forward to opportunities to cater more political events, contributing to our overall revenue goals whether in-house or off-premise.
- Capitalizing on the first full year of events feeling back to pre-pandemic levels and adjusting our marketing strategies to reach event planners and consumer show attendees.
- Capitalizing on fresh perspectives of new employees and collaboration with VSP colleagues on renewed marketing approaches.
- Better utilization of lower unpaved triangle lot for oversized vehicles and trailers.
- Revamp our sustainability program. It is a good time to reset and retrain all staff.
- Hiring new staff will bring new excitement and fresh perspectives to the operations department.
- Create a security field training program to better train staff, minimize cost and to maintain security standards.
- Develop uniformed dispatch procedures, using 24/7 (Operation Management Software) to better track call volumes, proactive touchpoints and safety trends.

## Revenue Goals

- Re-evaluate and establish updated estimate & billing methods to ensure the consistent recovery of expenses.
- Additional efforts of upselling revenue generating services.
- Increase rental revenue due to new tiered rental pricing structure.
- Short term bookings have slowed from the high of Q3 and Q4 2022, returning to more typically expected levels in 2023. We aim to achieve the 2024 revenue goal by leveraging opportunities in this election year with political events, and filling in open dates on the event calendar with off-premise events.
- Develop more targeted social media content.
- Plan sales events with prospective clients.
- Goal of minimum 50 vehicles parked in lower unpaved triangle lot for the year.
- Increasing what we recycle will decrease what we pay in taxes on trash.
- Evaluate staffing based off of event loads, commuter times and calls for service to ensure security staffing levels are proportionate to activity levels.

## Expense Goals

- Increase monitoring of labor and energy use of events.
- Earlier event data entry into VenueOps, to ensure efficiencies.
- Conducting trade on Minnesota Wild events at RiverCentre instead of spending out of expense budget on client tickets.
- Integrate technology programs through Craftable to better manage and control our business in purchasing decisions, recipe management, inventory control, and expense category management by increasing our real time reporting capabilities.
- Work closely with operational departments to create signage to help prevent costly accidents.
- Eliminate majority of traditional print ads.
- Cut salt usage by 20% during winter months.
- Streamline purchasing to deal with as few vendors as possible. This loyalty helps on pricing and saves on shipping.
- Continue to build a culture within the security team to minimize turnover resulting in less onboarding expense.

## Sustainability Goals

- Focus additional time for event managers to work with events to optimize their sustainability impact, as well as ensure clients are aware of our current facility efforts.
- Tell our sustainability story during sales tours and about how we are planting a tree for every room booked.
- Expand compostable product line by researching and determining viability of marine biodegradable compostable products.
- Maintain 100% compostable purchasing strategy by incorporating additional vendors who can supply the necessary products during high usage.
- Update recycling signage - front & back of house.
- Refresh sustainability marketing materials and retell our sustainability story to the masses.
- Utilize 10% more green cleaning products.
- Improve front of house sorting.
- Incorporate sustainability training within our field training program to ensure officers are proactive in making sustainable choices.

## Service Priority Goals

- Maintain an average of 3.7 or higher on event management questions on client satisfaction surveys.
- Additional engagement with clients, guests, and exhibitors to explore their experience within the complex.
- Provide world-class internal customer service to our fellow co-workers.
- To be "Exceptional. Every Time." for our guests, clients, co-workers, and community with our commitment to excellence and exceptional results.
- We will participate in the Service First program, prioritize service skills in onboarding and departmental trainings, and recognize those who demonstrate exceptional service.
- We will serve our community by continuing our partnerships with Boys and Girls Clubs of Twin Cities, Second Harvest Kitchen Coalition, and Open Arms.
- Develop Client Advisory Board framework.
- Ongoing commitment to Service First training for all staff members.
- Update traffic vest to portray a more positive and professional team attire.
- Train our staff to be able to answer all questions presented to them by clients and the general public.
- Create and track proactive Security touchpoints to increase awareness and to establish benchmarks for the future.