

Mayo Civic Center Commission Meeting

Wednesday, December 9 – 3:00 PM

Mayo Civic Center McDonnell Suite

Attendees: Commission Members

John Beltz, John Eischen, Jerrie Hayes, Marv Mitchell, Dan Nelson

Absent: Shannon Knoepke, Heidi Mestad

Other Attendees:

Donna Drews (Mayo Civic Center (MCC)), Matt Esau (MCC), Mary Gastner (Rochester Convention and Visitors Bureau (RCVB)), Brad Jones (RCVB), Chad Koehler (Lancer Hospitality), Andy Krogstad (MCC), Jo Oeltjen (MCC), Erin Okins (MCC), David Silker (MCC), Pete Virnig (Lancer Hospitality), Laura Woolworth (MCC)

A. Call to Order

The meeting was called to order by John Beltz at 3:02 PM

B. Approval of Agenda

Motion to approve the agenda was made by John Eischen, Second by Jerrie Hayes. Motion unanimously approved.

C. Open Comment Period

Question from Pete Virnig, Lancer Hospitality. He would like to better understand from the RCVB why the food service company is being asked to entice the customer with catering rebates – some of the rebates have been quite large, as much as \$10,000. This forces caterers to raise prices to offset those dollars that are being requested. Commissioner question: To whom is the rebate applied? Response from Mr. Virnig: They are asking caterers to give it back to the Civic Center and then it goes to the client. Commissioner question: Was there any type of introductory telephone call/meeting when you or any of the caterers were approached about this? Response from Brad Jones: An email was sent.

The purpose of the rebate is to subsidize rental rates for the customer in cases where the customer does not have a facility rental budget. Commissioner question: Was this brought to the Commission for approval? Commissioner's responses: The Commission was not made aware of this change before it was implemented by the RCVB. The RCVB does not anticipate doing many of these rebates. Some meeting planners will have a very robust food budget, but \$0 for room rental. The RCVB has done rebates on the hotel side for many years, but are just starting to do this on the food and beverage side.

There is a concern on the bonding limitations – the Commission would like Gary Neumann, or someone from the City's Legal Department, to review this process. The rebate is not meant to be a primary

strategy according to Mr. Jones. Commissioner question: Of the 5 proposals on which the rebate was requested on, did the rebate result in a confirmed booking? Responses: Brad Jones was unsure, but said he would let the Commission know. Once reviewed, the Commission would like a response included in the minutes. Donna will follow up with Brad.

Question: if there are already subsidies available for room rental, why are we asking the caterers to provide rebates? Commissioner asked if IRS regulations associated with tax free bonds prevent the legal use of catering rebates. Commissioner requested a presentation by RCVB sales staff explaining how rebate and subsidy incentives affect the bookings process. A Commissioner reminded attendees that the city's ordinance establishing the MCC Commission requires Commission approval of the RCVB marketing plan and budget.

Motion to approve the Rochester Convention and Visitors 2016 Budget and Group Sales. Motion by John Eischen, Second by Marv Mitchell. Voting in favor of motion: John Eischen, Marv Mitchell and Dan Nelson. Opposed: Jerrie Hayes. Motion approved.

Action Items Recap:

1. Brad Jones will make a brief presentation to the Commission at the January meeting detailing how the caterer rebate/subsidy program will function.
2. The issue of rebates will be referred to city Administration to determine the legality and potential IRS implications of the rebate.
3. Brad Jones will respond regarding the effectiveness of the rebate in closing a sale in the 5 proposals discussed. Donna Drews will follow up to ensure this information is included in the packet for the January meeting.

D. Consent Agenda

- a. Approve Council Agenda Items
- b. Approve Meeting Minutes
 - i. November 11, 2015
- c. Approve Monthly Financial Report
 - i. October 2015

Motion to approve the consent agenda. Motion by Marv Mitchell, Second by Jerrie Hayes. Motion unanimously approved.

Andy Krogstad mentioned that the budget is almost \$134,000 favorable to plan at the end of November. Originally it was anticipated that the budget would be about \$261,000 unfavorable at this point in the year.

E. Information Items

- a. Strategic Plan Goals Update
It has been an extraordinarily busy month.
- b. Sales Report Update

Brad Jones distributed the November Sales report: totals-to-goal including rent, services and food/beverage are listed. The MCC budget target this year was \$2.707M, which was surpassed by \$11,000 this month. These are positive sales numbers according to Brad Jones.

Reports: confirmed bookings, lost business (a bad month is 10 lost events, a good month is 2-3 lost events) and revenue (shows revenue for future years, not revenues for the year). The report is generated from Ungerboeck (Sales Revenue Forecast & Long Range Budget Projections) and includes data on events that have been confirmed. This is the report the Commission has requested to see each month. Going forward, the Commission expects to see the booking pace broken out by year, as compared to multi-year, cumulative figure. The Commissioners requested that the RCVB sales reports be included in the Commission Packet at least one week prior to the monthly meeting, in time to be distributed to Commissioners with the meeting packet.

Action Items Recap:

1. The RCVB should include the Sales Revenue Forecast & Long Range Budget Projections report as part of their monthly reports to the Commission.
2. The booking pace report should be broken out by year, as compared to a multi-year cumulative figure.
3. The RCVB will provide their reports to the MCC staff one week before each monthly Commission meeting so the Commissioners have time to digest the information prior to the meeting.

c. 2016 Marketing Plan

Mary Gastner presented working draft of the Marketing Plan. Chairman Beltz requested volunteers from the Commission to work with MCC Staff and the RCVB Board to fully flesh out the plan, bring clarity to the strategies and tactics, and bring it back to the Commission for approval. The Marketing Plan Outline is a collaborative view of all marketing activities, when activities should occur, and to whom they are assigned. Any rebranding efforts will be funded from a capital budget, not an operating budget.

Mary reviewed each line item in the Marketing Plan Outline. A Commissioner asked if the Mayo Civic Center was scheduled to host any groups of meeting planners this year. Brad Jones said the Minnesota Society of Association Executives have made a commitment to meet in Rochester in 2017.

Naming rights was mentioned as part of the rebranding strategy. The Mayo Civic Center Commission has a sub-committee working on branding and revenue-enhancement opportunities. Any discussion of naming rights is on hold until there is clarification on any State bonding regulations. Gary Neumann and the City Attorney will meet with the State Attorney General's office in January

Donna Drews said that there are members of the Mayo Civic Center staff who feel strongly that they are not part of the marketing planning process. Commissioners Mitchell and Eischen made it clear that it is the Commission's expectation that, moving forward, the MCC staff and the RCVB will collaborate, cooperate and share information in a timely manner. Brad Jones proposed a marketing sub-committee to include RCVB staff, MCC staff, MCC Commissioners, and RCVB Board Members.

A Commissioner asked if the RCVB had brought in any consultants or marketing experts in the field of national conferences (priority 1 events) to participate or give any input into the plan. Brad Jones said that no consultants have been engaged and believes that the RCVB staff has sufficient sales and marketing expertise on staff. Brad mentioned that in 2016, the RCVB will establish a Customer Advisory Board. An independent party has been hired to facilitate information gathering, feedback and advocacy. A Commissioner stated that out of a total marketing budget of \$170,000, about 40% is going to trade shows, and the sales staff may lack sufficient experience penetrating this market.

Mary Gastner said there are professional development dollars designated for training. When a person returns from a trade show, a post-event report is filed. This report is monitored for effectiveness and return on investment. Mary mentioned a trade show contact has a shelf life of about 2 years. Commissioner asked which budget includes MCC-dedicated marketing dollars. Mary said she will provide this information.

Commissioner stated that according to the RCVB's contract with the City, marketing the Mayo Civic Center is its first priority. \$170,000 is a small portion of the RCVB's overall budget and there are concerns among the Commissioners that this amount is insufficient. According to Brad Jones, every line item in the RCVB budget pertains to the Mayo Civic Center in some way. Jerrie Hayes commented she was very disappointed that the marketing plan was not shared with the Commission earlier and the expectation moving forward is that the RCVB will provide sales and marketing plans, budgets and reports as outlined by the Commission. Commissioner asked who will serve on the marketing committee. Marketing Committee: Erin Okins (MCC), Laura Woolworth (MCC,) Donna/Andy (MCC), Mary Gastner (RCVB) and Dan Nelson (MCC Commissioner.)

Action Items Recap:

1. The Marketing Committee comprises Erin Okins (MCC), Laura Woolworth (MCC), Donna/Andy (MCC), Mary Gastner (RCVB) and Dan Nelson (MCC Commissioner). Mary Gastner will be responsible for setting up in-person or phone meetings among the committee members.
2. The Commission will approve the completed marketing plan
3. Time sensitive tactics in the current plan may be implemented as necessary.
4. Mary Gastner will provide the Commission with information on which budget includes MCC-dedicated marketing dollars

d. Construction Update

The skyway is now open. Construction of the banquet kitchen is continuing, the walls are going up and the roof deck is on. The Ballroom is partially enclosed in plastic so it can be heated. All the major steel installation will probably be finished in the next few weeks. To accommodate plows and snow removal, the road in front of the Mayo Civic Center has been reconfigured. There is a path through the construction site to accommodate Art Center visitors.

F. New Business

- a. Election of 2016 MCC Commission Officers

John Beltz has extended his resignation from the Mayo Civic Center Commission to the Mayor, primarily due to his new job responsibilities. John will continue as Commission Chair until a replacement is named. John said it was an extreme privilege to be a part of this Commission. Marv Mitchell asked the minutes reflect a thank you to John for his leadership over these last two years.

John Eischen asked if anyone had talked with the Mayor about reconfiguring the members of the Commission with some of the job changes of the Commission members. The Mayor had discussed this with Gary Neumann, but no formal information has been provided to the Commission as yet.

Motion to table the election of officers until a future meeting. Motion by Marv Mitchell, Second by John Eischen. Voting for the motion: Marv Mitchell and Dan Nelson; Opposed: John Eischen and Jerrie Hayes. John Beltz, cast the tie-breaking, affirmative vote to approve the motion to table the election. The motion is approved.

Action Item Recap:

1. Election of Offices will take place at the January meeting of the Commission.

b. Approval of Rochester Convention and Visitors 2016 Budget and Group Sales Goals
Approval of the Group Sales Goals. These are relative to Mayo Civic Center only. The budget provided by the RCVB is the entire annual budget for the RCVB. It was agreed that the RCVB budget process, as it related to the Civic Center, must be aligned with the city's annual budgeting process.

c. Approval of Contract Labor Agreement with Express Personnel Services
MCC has a current agreement with Express Personnel Services. In the interest of competitive, fair practices, the MCC Operations Staff conducted market comparisons of other service providers. Thirteen years ago, MCC contracted with Express for part time cleaning services. Since then, Express has been an excellent partner with the Mayo Civic Center. A core of 8 to 10 Express workers provide cleaning services at various times during throughout the day, depending on the needs. After review, MCC Operations staff David Silker and Randy Blake requested quotes from other providers, but continue to recommend Express as their first choice. Donna Drews fully supports the operations staff's recommendation.

Motion to approve the recommendation to continue the service agreement with Express Employment Professionals. Motion by Jerrie Hayes, second by Marv Mitchell. Motion unanimously approved.

G. Unfinished Business

a. MCC Convention Center Art Task Force Update

Within Convention Center expansion construction budget, there is an allocation for an art project or projects. A representative from the Minnesota State Arts Board was in Rochester recently to help define the process. The Commission has been asked to name three or more members of the arts community to help with site selection and approval process. The State Arts Board will send out RFPs to artists locally, regionally, nationally and some even internationally, to submit proposals. The Art Task Force's job, as stated in its first meeting, is to select sites for art installations, then evaluate artist proposals. The task force will then make recommendations on the artist(s), type of art, location(s) for installation and purchase agreement(s) to the Commission

Susan Jones, with CPMI, verified State of MN requirements for the art funding, and found that the State grant does not require funding for art. When the original construction budget was created, the State required all grants include a 0.5% budget dedicated to art. Over the years, it was assumed the 0.5% arts allocation should remain in the budget. However, just recently the State clarified that the grant agreement has no such stipulation, and therefore, the City would provide any funds allocated for art through its portion of the budget (3% Lodging Tax). Because art funding has been a component of the overall Convention Center Expansion plan from the start, Susan Jones, Gary Neumann and Donna Drews agree that some allocation for art should remain in the budget. Donna Drews discussed this issue with Marv Mitchell who is representing the Commission on the Art Task. Marv suggested, and Donna agreed, that the issue should be brought before the Commission.

Commissioners discussed whether or not to reduce the \$432,000 allocation. The project does not have to be a single piece of art, it may be multiple pieces, and they may be commissioned art or purchase of existing art. Typically, there is a 10% fee to work with the MN Arts Board. A Commissioner commented that hopefully Mayo Clinic would be asked if they had any art worthy of being displayed here.

Two questions from Commission members:

- 1) Do we want to pay the state 10% to manage the process?
- 2) How much do we want the budget to be?

Motion to maintain the current arts budget, that the Commission oversee the process except for the issuance of the RFP for which we will engage the State of MN, and opting out of engaging the State to manage the whole entire process. Motion by Jerrie Hayes, Second by Dan Nelson. Motion unanimously approved.

Marv Mitchell recommended the following people be contacted to assess their interest and availability to be part of the MCC Art Task: Tessa Leung, local business person; Sally Enders, art placement person at the Mayo Clinic; Bobby Marines, local artist; and Megan Johnston, Rochester Art Center Executive Director.

Motion to approach Tessa Leung, Sally Enders, Bobby Marines and Megan Johnston and their interest and ability to provide voluntary service by serving on this Art Task Force. Motion by Jerrie Hayes, Second by Marv Mitchell. Motion unanimously approved.

John Beltz offered to help on the Art Task Force until he ends his time on the commission. Jerrie Hayes offered to step forward when John Beltz leaves.

Action Items Recap:

1. Marv Mitchell will contact Tessa Leung, Sally Enders, Bobby Marines and Megan Johnston regarding their interest in serving on the Art Task Force.

H. Monthly Discussion Topic –*Consideration of New or Increased Fees to Generate Additional Revenue*
Tabled

I. Other Business
None

J. Adjournment

Motion to adjourn the meeting was made by Marv Mitchell, Second by Jerrie Hayes. Motion unanimously approved. Meeting adjourned at 5:19 PM

Next Meeting: Wednesday, January 13, 2016 at 3:00 PM