



Baltimore Convention and Tourism Redevelopment
and Operating Authority Task Force

October 9, 2024

Online

2:00 – 4:00pm

Minutes

Task Force members present:

Chuck Tildon – University of Maryland Medical System, Chair
The Honorable Antonio Hayes – State Senate
The Honorable Stephanie Smith – State House
Secretary Kevin Anderson – Department of Commerce
Deputy Mayor Justin Williams – City of Baltimore
Al Hutchinson – Visit Baltimore
Bill Cole – Margrave Strategies
Tom Sadowski – Maryland Economic Development Corporation
Matthew (MAC) Campbell – Baltimore Convention Center
Holly Arnold – Maryland Transit Administration
Colin Tarbert – Baltimore Development Corporation
Ruth Toomey – Maryland Tourism Coalition
Alex Smith – Atlas Restaurant Group
Onahlea Shimunek – Renaissance Harborplace Hotel
Edward Brown – AFSCME
Leland Shelton – MCB Real Estate
Shamiah Kerney – City of Baltimore

Guests:

Liz Fitzsimmons – Commerce
Jen LaHatte – Commerce
Hannah Fuchs – Commerce
Lisa Jones – Harris Jones & Malone
Cassie Clemente – Just Economy
Gabriel Auteri – Just Economy
Justin Siplin – Baltimore Convention Center
Danielle Ziegler – State Senate
Jeff Johnson – Minneapolis Convention Center
Chris Hunjas – Minneapolis Convention Center
Melvin Tennant – Meet Minneapolis
Gina Sheridan – Charlotte Regional Visitors Authority
Steve Bagwell – Charlotte Regional Visitors Authority
Anthony Shelborne – Charlotte Regional Visitors Authority

I. Call to Order

Chuck Tildon called the meeting to order at 2:04 p.m.

II. Review and Approval of September 4, 2024 Meeting Minutes

Upon a motion duly made and seconded, the minutes of the September 4, 2024, meeting were approved.

III. Presentation by guest speaker Jeff Johnson, Executive Director, Minneapolis Convention Center

Mr. Johnson started his presentation by providing an overview of the key facts of the Minneapolis Convention Center (the center). It is a city-owned and operated facility of 1.6m sq. ft. and is located in downtown Minneapolis. 900,000 sq. ft. are rentable. The center has five exhibit halls, a 27,000 sq. ft. ballroom, 87 meeting rooms and a 3,400 seat auditorium. Before the pandemic, the center hosted 350 events with 730 event days and 800,000 to one million visitors per year on average. The center experienced a significant expansion in 2002. Since then, there has not been an industry-level significant expansion.

Funding for the convention center was created by legislation in 1986 to remain competitive. The legislation provided the city with the authority to implement several local taxes, such as a lodging, liquor, and food tax. The latter two applied to the downtown area only. Originally, Mr. Johnson noted, the revenue from these taxes was ringfenced to fund the convention center's debt, operations and maintenance. In 2012, the legislation was amended so that the taxes could be collected until 2047 and the tax revenue used to support funding of other city expenditures such as an arena or stadium. The taxes also helped pay for the city's portion of the bond payment. According to Mr. Johnson, the taxes now generate a little over \$102 million per year.

Regarding the governance structure, the center is city-owned and operated but works in partnership with Meet Minneapolis, the Convention and Visitor Bureau (CVB). The center is run by city employees who are part of 11 unions. Meet Minneapolis is a 501c(6) and receives 90 percent of its funding from the center. Meet Minneapolis's sales staff is housed in the center and is very embedded in it. Despite occasional differences in approaches between the center and Meet Minneapolis, Mr. Johnson pointed out that the two organizations are incredibly coordinated and that it is crucial for a successful working relationship to set key performance indicators, or KPIs. Mr. Johnson appreciated that the partnership between the convention center and Meet Minneapolis is a unique approach and works very successfully. Melvin Tennant, CEO of Meet Minneapolis, added that their sales team has been integrated into the convention center on various levels for a long time and has continuously been refined.

Mr. Johnson then explained their approach to a sustainable cash flow. In 2018, the Downtown Assets Fund was created, which supports more than just the convention center. It receives funding through the center's revenue as well as a sales and use tax and a hospitality tax. The general fund is financed through a three percent entertainment tax and a smaller share of the sales and use as well as hospitality tax revenue. Mr. Johnson noted that although the convention center seems to be set up like an authority, it is fully embedded in the city department structure.

While the center has become a major contributor to the general fund, a share of the center's revenue also goes into the Downtown Assets fund. Mr. Johnson explained that they can tap into the general fund when the cash flow is lower or renovations are needed. He emphasized the center's objective to always have a strong fund balance so that they do not impact the city's fund balance and are required to request more funding from the city.

Mr. Johnson laid out the advantages and disadvantages of their structure. The advantages include a strong connection to the city leadership and an understanding of its goals, as well as access to the city departments such as HR, finance, or IT. Furthermore, the city is engaged in the conventions taking place and is supporting needed resources, which is an important sales factor. The center also serves as a tool in the city's economic development toolbox, which helps align the city's and the center's strategic goals. Finally, the center has a strong workforce, with low staff turnover and plenty of union jobs.

The disadvantages of its model include bureaucracy which can slow down making decisions and taking action. Changing elected officials and city goals can alter business plans too often. Finally, the center has to compete for resources which can make it more difficult to tell their story.

Mr. Johnson outlined what he believes are some of the success factors of the convention center. These include having a non-general fund source of dedicated funding specifically for the hospitality sector. Another factor is an engaged city council and mayoral team. For example, six councilors and the city mayor sit on the CVB Board. Also critical to success according to Mr. Johnson is to reinvest 1-5 percent of the building value every year for the building's maintenance. Additionally, there should be a 20-year capital spending plan with 5-year and 1-year components. Finally, the integration of the convention center and the CVB have increased the efficiency of sales processes and governance, which has proven to give them a competitive advantage.

Mr. Johnson concluded his presentation and opened the floor for questions. To a question about what funding they used for their renovations and expansion, Mr. Johnson answered that the major expansion and construction projects were always funded solely through the taxes the city was authorized to use.

Mac Campbell asked about how expensing costs works in practice with the special revenue fund in mind. Mr. Johnson said that this is relatively seamless. The center receives a fee each year for the services that they have to pay for. For example, they receive legal advice through the city attorney's office and pay those services annually, similar to a retainer fee. The center works directly with suppliers for utilities and pays them directly as well. Ultimately, Mr. Johnson summarized, the center pays all their own bills.

Chuck Tildon asked Alex Smith about whether the restaurant community would be willing to support a restaurant tax that would be dedicated to fund the convention center. Mr. Smith said the restaurant community would certainly support such a tax and probably view it as needed. The convention center generates important revenue for the restaurant community that they would otherwise not get. He was curious to know what the target number of such a tax would be. If it were between one to two percent and would not be seen as income revenue but explicitly as a tax, then it would be feasible.

Mr. Tildon responded saying that it would be best to consult with the restaurant association on how high such a tax should be. He noted that Baltimore is one of few cities in the US without a dedicated restaurant tax and that the legislature and the government must be part of this conversation. Mr. Johnson added that they have collected millions of dollars from the restaurant tax and that they applied this tax only for restaurants in a specified area around the convention center.

Mr. Campbell asked Mr. Johnson what their key to success is and how walkable the center and its surrounding areas are. The center is located in downtown Minneapolis and the entire area is considered a “total destination” that is walkable, but it does not look like a campus. Regarding their key to success, Mr. Johnson said that visitors are very positively surprised when they come to the city. They mention how clean and well functioning it is, and their great “midwestern customer service”. People also see the care, planning and investment that has gone into the hospitality community. Mr. Tennant added that a good governance structure that leaves little room for confusion is critical. Moreover, the center’s low staff turnover has allowed their sales team to develop strong relationships with their customers. This has resulted in several conventions returning annually.

A few task force members asked about Minneapolis’s customer incentives. Mr. Tennant said that in general their incentives relate to the expected room-per-night production, which is then reconciled after the event and adjusted for future incentives. For conferences happening during a holiday season, they usually offer a higher percentage of the room-per-night production. Mr. Johnson added that CVB can also offer an up to 10 percent rebate on food and beverages.

IV. Presentation by guest speakers from the Charlotte Regional Business Authority (CRBA)

Steve Bagwell, CEO of the CRBA, started with the presentation and an overview of their history. The convention center was built in 1951. In 2004, legislation was amended to include responsibility for destination marketing, which resulted in the Auditorium-Coliseum Authority merging with Visit Charlotte. This merger combined the management of Charlotte’s publicly-owned venues with destination sales and marketing efforts. The legislation also established a 13-member Board of Directors to oversee the CRVA’s direction. Nine members are appointed by the city council and four members by the mayor. Both organizations continued operating without interacting much with each other. In 2012, the two entities started to actively merge their operations and governance structures.

Concerning funding, Anthony Shelborne, CFO and VP at CRVA, explained that different taxes contribute to four separate tourism funds. Each tourism fund receives a different amount from different taxes and invests in different projects. For example, the convention center fund receives three percent from the occupancy tax and one percent from the food and beverage tax. Its primary goal is the convention visitor promotion and its capital investment is the convention center, the center’s operations, promotion, large stadiums, and amateur sports. There is no general funds support.

He highlighted their efforts to promote minority and women-owned businesses. For example, CRVA actively reaches out to businesses in the community, strengthens relationships and educates their internal team members. They also hold educational and networking events to help business owners with their enterprises. The city has been very helpful in serving as a resource for them.

Considering the merger of the two organizations in 2005, Mr. Bagwell highlighted the importance of a successful integration. They did not have a common internal culture and did not collaborate to the extent they should have since they merged. In 2012, they streamlined sales and operations and emphasized the need for not only acknowledging the rules and regulations of the building but having customer service sit on top of everything. They increased their communication and collaboration across the two teams and aligned their goals. Advisory committees made up of team members across the different departments serve to provide a consistent direction and report to the Board of Directors. The four committees focus on innovation, DEI, safety and rewards and recognition, respectively.

Their most effective marketing tool is paid advertising in a 400 mile radius and in their top markets. This has resulted in a 1:71 ROI plus \$4 in incremental taxes for every dollar invested.

The convention center completed a \$126.9 million expansion in 2021. After interviewing and surveying their customers, the key demands were more flexible meeting space. As a result, the total leasable space increased from 550,000sq.ft. to 600,000sq.ft. with 50,000sq.ft. of meeting room and pre-function space. The total meeting space increased from 41 to 55 rooms. Two 10,000sq.ft. spaces have been made divisible into 19 configurations. Lastly, an overstreet pedestrian walkway was created to connect the center to the Westin Charlotte hotel and the light rail station stop, which provides connectivity to Uptown amenities.

After providing a brief overview of the center's strategy process, Mr. Bagwell opened the floor for questions. Secretary Anderson asked how support for the film industry fits into their organization. Mr. Bagwell noted that the film and hospitality industries have a strong interrelated connection and that they have a team of two people working with the film producers on locations and tax incentive packages.

To a question around how they approach community investment, Mr. Bagwell said that they dedicate the first three percent of a tax to community investments such as transportation or a major music festival.

V. Good of the Order

Mr. Tildon noted that there are several considerations for funding the renovation of the Baltimore Convention Center, including new taxes, such as a restaurant or parking tax. He urged task force members to think about other funding options that the group hasn't yet considered. He briefly shared on the screen a table created by the advisory and planning consultancy CSL which showed the funding and governance models of several convention centers. Mr. Tildon continued saying that there may be other venues that could be incorporated into an organization the task force recommends in its final report. The Baltimore Convention Center could receive revenue from other organizations like museums, arenas or hotels.

Delegate Stephanie Smith proposed turning the table by CSL into a survey for task force members to complete in order to better understand how people feel about the different governance and revenue models and to guide the conversation. Mr. Tildon endorsed the idea and asked if there were any objections. No objections were made. Tom Sadowski added that since the task force discussed creating a more comprehensive tourism and entertainment district during

their last meeting on September 4, it may be worth framing the survey questions in ways to ask whether people would be in favor of such a larger district.

Senator Antonio Hayes asked when the informal finance subcommittee last met and whether there were any updates. Mr. Tildon confirmed that the group has only met once and their discussions were shared during the September 4 meeting. He is planning on convening the group one more time to focus especially on the renovation of the convention center. The survey that Del. Smith proposed will help to inform some of their considerations.

Mr. Tildon concluded the meeting by saying their next meeting will be on October 29. Someone from the Stadium Authority will likely give a brief presentation but the majority of the time will be reserved for more discussion.

VI. Adjournment

Upon a motion duly made and seconded, the meeting adjourned at 3:59 p.m.