



Baltimore Convention and Tourism Redevelopment
and Operating Authority Task Force
September 4, 2024
Visit Baltimore
400 E Pratt Street
4:00 – 5:00pm
Minutes

Task Force members present:

Chuck Tildon – University of Maryland Medical System, Chair
The Honorable Antonio Hayes – State Senate
Secretary Kevin Anderson – Department of Commerce
Ben Seidel – Real Hospitality Group
Bill Cole – Margrave Strategies
Tom Sadowski – Maryland Economic Development Corporation
Matthew (MAC) Campbell – Baltimore Convention Center
Al Hutchinson – Visit Baltimore
Colin Tarbert – Baltimore Development Corporation
Shelonda Stokes – Downtown Partnership of Baltimore
Ruth Toomey – Maryland Tourism Coalition
Onahlea Shimunek – Renaissance Harborplace Hotel
Mark Anthony Thomas – Greater Baltimore Committee
Leland Shelton – MCB Real Estate
Alex Smith – Atlas Restaurant Group
Edward Brown – AFSCME
Shamiah Kerney – Baltimore City Government
Faith Leach – Baltimore City Government (on behalf of Deputy Mayor Justin Williams)

Guests:

John Kaatz – CSL International
Hannah Fuchs – Commerce
Liz Koontz – Baltimore City Government
Tonya Miller Hall – Baltimore City Government
Sydney Upshur – Baltimore Convention Center
Gabriel Auteri – Just Economy
Cassie Clemente – Just Economy
Mia Blom – Visit Baltimore

I. Call to Order

Chuck Tildon called the meeting to order at 4:10 p.m.

II. Secretary's Citation

Secretary of Commerce Kevin Anderson awarded BCC Executive Director Mac Campbell with a Secretary's Citation in recognition of receiving his Certified Venue Executive certification from the International Association of Venue Managers and thanking him for his contribution to the city of Baltimore and the state of Maryland.

III. Presentation by guest speaker John Kaatz, CSL International

John Kaatz gave a presentation on CSL International's convention center benchmark study regarding the Baltimore Convention Center (the center). In terms of the center's current conditions, the city-managed building is one of many city agencies competing for city-wide resources and priority. Procurement and hiring processes are also challenging in part due to the city's structure that is not designed with entities like the center in mind.

Industry-wide city-owned/run convention centers all struggle with limited funding for capital maintenance. In many cases, these city models end up with complete rebuilds of their facilities due to the costs of accumulated deferred maintenance. A typical new building of the center's size costs upwards of 1 billion dollars and requires \$5-10 million in annual capital maintenance funding.

Mr. Kaatz further outlined that Visit Baltimore's Board is rather passive, gives advice and guidance and is incredibly diverse in its perspectives. Notably, Visit Baltimore is not fully coordinated with Tourism Improvement District's (TID) strategies, most likely because TIDs are run by the hotel industry, which often have more short-term strategies compared to Destination Marketing Organizations (DMO)s' longer term plans.

Mr. Kaatz introduced three different governance structures for consideration.

Option One- Create a convention center authority with between seven to eleven members that are city-appointed and subject to term limits while continuing to work with the existing 501(c)6 Visit Baltimore entity. The authority board would serve as a representation of the hospitality and business community and its membership would be based on organizational priorities (sales, financing, renovation, etc). It would have a dedicated revenue stream (or several streams of revenue), such as multiple venues, parking assets, and/or dedicated tax revenue or other similar assessments. The new authority would hire its general manager directly. While it would maintain its industry membership mix, it could consider adding elected official representatives. Furthermore, a nominating committee would appoint Board members, alongside a strong executive committee and project-focused task committees. Each member would serve two to three terms of two to four years. The Authority CEO and Board Chair would be considered as ex-officio. An example of this model would be Boston, Massachusetts or Columbus, Ohio.

Option Two- Continue the Baltimore Convention Center as a city agency but with modifications to dedicated funding and policies that hinder unique industry conditions. The center would continue partnering with Visit Baltimore as it does today. The center would receive council/mayoral

oversight of policy and strategy and benefit from a close relationship with them. There would be a requirement to fully fund the center including industry-standard capital by receiving access to added City General Fund and/or other revenue sources. Furthermore, there would have to be modified hiring and procurement procedures to account for the unique conditions in the convention industry. Visit Baltimore would keep its existing 501c Board and maintain an industry membership mix. However, it could be considered adding elected official representatives. As mentioned above, a nominating committee would appoint Board members and a strong executive committee and project-focused task communities would be introduced. Each appointed member would serve two to three terms of two to four years. The convention center in Minneapolis, Minnesota has a similar governance model as introduced in option two.

Option Three- A Joint Governance Board between the center and Visit Baltimore. It would have to balance its Board membership to ensure that there is a strong engaged core to approve operational imperatives of the center while having a large voice for destination wide marketing efforts. The Authority Board would retain the center and Visit Baltimore executives to run the two respective entities. Elected officials would need Board appointment responsibilities and certain Board positions should be reserved for funding entities such as the State or City. Subcommittee structures are important to address unique issues related to the center or destination. Adequate funding sources are critical for success. The convention center in Charlotte, North Carolina, has a similar governance structure as introduced in the third option.

Mr. Kaatz concluded his presentation and opened the floor for questions. To the question of whether it is true that a funding stream for at least a decade is required, Mr. Kaatz confirmed that this is correct, adding that similar projects to the center get funding in the billion-dollar range for their expansions or improvements. He also noted that once that, just as importantly, once constructed, a building will need five to eight billion dollars for capital repair and replacement with cities like New Orleans having \$100 million on capital balance sheet to be prepared for the unknown.

To the question of whether Mr. Kaatz is aware of any good models that consider hotels as part of the center, he mentioned the convention center in Houston, Texas, which added theaters and two hotels attached to the center. Another example is the convention center in Chicago, Illinois. It is important to note that the hotels must break even or generate a significant revenue for the center to be worth adding them.

Regarding pros and cons on how each model allows for the most flexibility to manage multiple funding sources, Mr. Kaatz suggested that the authority model would be the most suitable one as it allows significant flexibility and almost operates as a business. In his experience, the only municipal model with diverse funding streams is Minneapolis, Minnesota and was really a unique case of political support and opportunity aligning. The con with the authority model creation is the initial political lift of the creation and decision of what dedicated funding streams it will receive.

The convention center in Detroit, Michigan, was mentioned here as an example. After the city did not have sufficient funding for the center's renovation, a new authority was formed, funded primarily by the state of Michigan. Representatives from the state, the city and the surrounding counties are on the newly formed Board.

Senator Hayes asked how diversity can be ensured and how well diversity is being achieved in other convention center governance models across the country. Mr. Kaatz said that this was not included in the CSL study but that it is certainly something that must be looked into. The Senator asked for further details surrounding the Minneapolis model and the dedicated funding streams which Mr. Kaatz explained and also referenced further detail in the governance report.

Mr. Campbell asked Mr. Kaatz to describe different funding relationships between buildings and their DMO counterparts. Kaatz highlighted Minneapolis who has a direct contract with Meet Minneapolis and pays them for marketing and sales of the building as well but is a rarity and based on local political condition at the time.

The task force mentioned the convention centers in Nashville, Charlotte and Minneapolis as other successful models. The group then discussed Ocean City's convention center and the financial contributions it received from the state as well as through a local five percent food tax for its third expansion.

The final question to Mr. Kaatz was asked to re-confirm whether the authority model would provide the most funding flexibility. Mr. Kaatz responded that the authority model has several benefits compared to the other structures. While the funding could either be directed to a city agency or to a dedicated non-profit like an authority, the authority model prevails more frequently throughout the county because once the funding has been dedicated, the entity is legally bound to use the money for the defined purpose. Secondly, the authority can capture the revenue streams long term, building up a balance sheet that can respond to building needs without competition. Finally, the hiring and procurement processes can be done in a nimbler manner.

IV. Good of the Order

Mr. Tildon provided a brief recap of the finance subcommittee meeting, which discussed the funding aspect of the center. The group divided the issue into two categories; funding for ongoing operations and funding for the initial capital or renovations.

The task force acknowledged that ideally the funding ought to be a broad base of income streams and that this project should be considered as a redevelopment of the neighborhood to a sports and entertainment/tourism district because of how interconnected the areas are both subject wise and geographically in the city.

Several funding options were mentioned, and it was acknowledged that it should be a mix of several funding streams. The options include a food and beverage tax, a parking structure, and the redevelopment of Harborplace. There was a consensus amongst the group that a public-private partnership would provide the most revenue stream opportunities. While there was some concern from the city of Baltimore that giving up the center would be a lost asset, some group members highlighted that there are different, creative ways of ownership models and that ownership is different to having a stake in decision-making, which the city will most likely keep.

V. Review and Approval of August 8, 2024 Meeting Minutes

Upon a motion duly made and seconded, the minutes of the August 8, 2024, meeting were approved.

VI. Adjournment

Upon a motion duly made and seconded, the meeting adjourned at 5:38 p.m.