

**GRAND JUNCTION
CITY COUNCIL WORKSHOP**

October 29, 2001

The City Council of the City of Grand Junction, Colorado, met on Monday, October 29, 2001 at 7:00 p.m. in the City Auditorium to discuss workshop items. Those present were Harry Butler, Dennis Kirtland, Bill McCurry, Jim Spehar, Reford Theobold, Janet Terry and President of the Council Cindy Enos-Martinez.

Summary and Actions on the following items:

1. **Two Rivers Convention Center Policies, Procedures and Fees:** The City of Grand Junction will be re-opening the convention center in December 2001. One immediate goal is to create an upbeat environment. This not only extends to the facility's physical presence but also includes operating procedures, appropriate staff training, and most importantly the manner in which the convention Center accommodates customers. The report provides details about proposed fees, charges, and operating policies and raises several issues that require Council direction.

Mr. Dave Varley gave an overview of the goal for the newly remodeled and expanded Two Rivers Convention Center. Having a first rate facility will require first and foremost - Customer Service. Mr. Varley then turned the meeting over to Joe Stevens, Director of Parks and Recreation.

Mr. Stevens explained the process that has been going on since 1997 with the study; costs, marketing, looking at the policies and procedures. Mr. Stevens said there would be a "soft" opening on December 4, 2001; December 11, a temporary CO will be issued and then the official "Grand Opening" would be after the first of the year. City Manager Kelly Arnold asked that next week, a press conference be held and a media open house for the Center.

Overall discussion and conclusion was the success of the Center will be on the delivery of service. Hiring the new manager who will begin work on November 5, 2001 who has 18 years previous experience and he will be able to bring to the Convention Center his experience. Mr. Stevens explained to the Council the changes in staffing at the Center. The new manager will answer directly to the Director. Mr. Arnold also explained that the new manager will have the latitude to work with the new policy. Changes in costs of booking the facility will be made so that the facility is at current "market pricing".

Mr. Bruce Hill, with DDA represented the Building Committee. The focus for this group was for a community center with an open door to a convention center. Customer Service is the number one goal for their committee also. Discussion was that the center will be used much more than in the past, excited about the new facility, but to keep the costs "at market" and not above.

Confusion on the service groups will be helped by having a "Reader Board" right up front to direct customers to the proper location. This has been an issue in the past.

Action Summary: A general consensus was for Policy Proposal #2 as follows:

Elements of this Plan could include:

Basic philosophy is a hybrid for-profit Convention Center/Not-for-profit community center as the determining operating principle. Establish pricing policies/strategies that generally reflect:

- An estimated general fund annual subsidy (community investment) maximum goal: (\$250,000+).
- Base pricing on group status or event – change this to “no dual costs” and “waived room rental if food or other related costs exceeds the room cost”.
- Take out the Facility Manager and/or City Manager discretion used in determining type of event and group. In case of dispute, Council will be asked to resolve.
- Annual assessment of fees like most of City’s fee-based operations.
- Allow for greater flexibility of Facility Manager to negotiate some fees associated with the size and revenue generated.
- Annual report to City Manager and Council on operations, including an accounting (detailed breakdown by activity) of each group/event.
- Flexibility will have to be exercised by all users, particularly weekly users. There may be times a large convention, which will move a weekly user (with advanced notice). Council agreed “guidelines” will be needed for this.
- Other items discussed were the Service Club Storage and Displays – City Manager Arnold suggested waiting until the facility is open to finalize this.
- The complementary services and equipment uses by previous users. List is on page 35 of the policies. Leave as is and have the new Manager come back to Council in a year with items for suggested change.
- City Manager Arnold would like to change the oversight/review to an Advisory Board.

Adjournment: 9:45 p.m.

Attach W-1

MEMORANDUM

TO: GRAND JUNCTION CITY COUNCIL
FROM: KELLY ARNOLD, CITY MANAGER
DATE: OCTOBER 17, 2001
RE: TWO RIVERS CONVENTION CENTER BUSINESS PLAN

Enclosed is a summary of three proposals for Council consideration for developing the Two Rivers Convention Center Business Plan. The proposals center on the primary areas of fees and identifying a basic operating philosophy for Two Rivers Convention Center. In addition, there are a couple of other issues that are not fee and philosophy oriented that are found on the last page.

It is very unusual to get the opportunity to start over with any type of operations. This unique opportunity is now available to us at Two Rivers Convention Center. Staff, including myself, look forward to not only improving upon our prior experiences, but to make Two Rivers Convention Center one of the best, if not the best, public service facilities in Colorado and the region. Council shares this common goal.

In order to enhance our opportunity for success, it would be helpful for Council direction on adopting one of the attached proposals and/or modify as appropriate for Council.

The current proposal has been circulated to some user groups and advisory bodies for their input. They have not contemplated other options and/or proposals. Their input, along with a limited number of focus groups, could provide Council some further guidance in determining the preferred proposal.

Based upon ascertaining further information, Council may want to consider scheduling a workshop on October 29th at 7:00 pm to further discuss and refine one or more of the proposals.

**PROPOSALS ON TWO RIVERS CONVENTION
CENTER BUSINESS PLAN 2002/03**

COUNCIL DISCUSSION PACKET

OCTOBER 17, 2001

Proposal #1:

Two Rivers Convention Center Business Plan – 2002/03. Found on Pages 36 through 41.

Elements of Plan include:

- ✓ Cost recovery is primary goal. Food pricing is at or just below comparable convention center market cost. All other tangible costs are charged at market costs, except for special situations:
 - Service Clubs pay 50% of room rate.
 - City Manager and/or City Council may modify some costs during an RFP process for convention proposals.

- ✓ It is anticipated that there will continue to be a general fund subsidy; it is anticipated that the subsidy will be less than \$250,000 if the previous use level is met.

- ✓ Consistent approach with all users of the facility.

- ✓ Annual assessment fee review like most of our fee-based operations.

Option A under Proposal #1:

As recommended by the Parks and Recreation Board, phase in the new fee (cost) structure over a three-year period. For instance, most all fees would be reassessed and lowered in year 2002, with a steady increase over the next two to three years.

Option B under Proposal #1:

Pick and choose fees that should be amended. Basic premise is still towards cost recovery with special modifications, such as Facility Manager flexibility to negotiate specific trade-offs for using more facilities or dinners (ie. Free or reduced cost of some of equipment when a certain number of dinners are served).

Proposal #2

Two Rivers Convention Center's Business Plan 2002-2003:

Elements of this Plan could include:

- ✓ Basic philosophy is a hybrid for profit convention center/not for profit community center as the determining operating principle. Establish pricing policies/strategies that generally reflect:
 - An estimated general fund annual subsidy maximum goal (\$250,000+).
 - Base pricing on group status or event.
 - ✧ Not for profit groups or events (80% of previous use) pay cost for food, room rental, and other related costs with minor (less than 5%) overhead or other administrative charges associated with the fees.
 - ✧ For profit groups or events pay market costs for food, room rental, and other related costs with market overhead and other administrative charges associated with the fees.
 - Facility manager and/or City Manager discretion used in determining type of event and group. In case of dispute, Council will be asked to resolve.
 - Annual assessment of fees like most of our fee based operations.
 - Allow for greater flexibility of Facility Manager to negotiate some fees associated with the size and revenue generated by a for profit event. Much like practices incorporated by other facilities such as the Adams Mark.
 - Annual report to City Manager and Council on operations. Include an accounting of each group/event in each category: not for profit and for profit. Council reviews and redirects possible changes to event/group status or reaffirms prior decisions.
 - Flexibility will have to exercised by all users, particularly weekly users. There may be times a large convention, which will move a weekly user (with advanced notice).

Proposal #3

Two Rivers Convention Center Business Plan – 2002/03

Decide if the primary focus of the Center should be on Conventions or Community groups/events. Once this determination is made, pricing and marketing strategies can be made.

If Conventions are the primary focus, then marketing efforts will be enhanced, pricing strategies will primarily focus on benefiting large revenue generators. Subsidy may be reduced, but is influenced on market and capturing the maximum amount of outside business.

If Community groups/events are the primary focus, then marketing efforts will be minimized, similar to previous standards. Efforts will be made to enhance and grow local events. Subsidy will more than likely increase; it would be helpful to set a target subsidy amount and then if exceeded a complete accounting of reasons for increase. Pricing strategies would reflect Council values on providing this service for the community.

Other Policies Outside of Fees

Some other policy issues that may not necessarily be determined based upon implementation of one of the three proposals, merit Council consideration. They are:

- ✓ Service Club Storage and Displays: As recommended, service clubs would be limited to available storage space, limited displays (during meetings), with the possibility of temporary displays if space is available and does not conflict with other uses.

- ✓ Complementary services and equipment uses by previous users. List is found on page 35. Question is: Maintain previous arrangements; modify previous arrangements; or eliminate previous arrangements?