



# City of Madison

City of Madison  
Madison, WI 53703  
www.cityofmadison.com

## Meeting Minutes - Approved MONONA TERRACE COMMUNITY AND CONVENTION CENTER BOARD

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Thursday, October 17, 2013

4:00 PM

One John Nolen Drive  
Hall of Fame Room

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### CALL TO ORDER / ROLL CALL

**Present:** 12 -

Jane Richardson; Michael E. Verveer; M. Alice O'Connor; Mark J. Richardson; Ricardo A. Gonzalez; Mark Clarke; Judith F. Karofsky; Glenn R. Krieg; Thomas J. Ziarnik; James Ring; Chet Gerlach and Thomas P. Solheim

**Excused:** 2 -

Susan Sabatke and Dianne Hesselbein

### APPROVAL OF MINUTES

A motion was made by Gerlach, seconded by Richardson, to Approve the Minutes. The motion passed by voice vote/other.

### PUBLIC COMMENT

No public comment.

### DISCLOSURES AND RECUSALS

No disclosures or recusals.

### NEW BUSINESS

1. [31886](#) Finance Committee Report: Glenn Krieg, Member

The Operating budget has been referred to the Common Council by the Board of Estimates (BOE) and all amendments will be deliberated on by the BOE on October 21, 2013.

The Capital and Operating Budgets will be deliberated on by the Common Council beginning on November 5, 2013. It was noted that the Mayor's budget does reflect specific language concerning the replenishment of Monona Terrace's Reserve Fund in two separate locations. The specific budget language was distributed to the board.

The final renovation contract has been approved by the Board of Public Works. This contract, ultimately awarded to Sergenians for removal and installation of the carpet, had to be rebid 3 times. The first two times the company did not meet the Small Business Enterprise (SBE) goal and the city rejected them.

Finally, Sergenians subcontracted the removal of carpet to a small business and this brought them in line with the City's requirements. The downside to this process was that each successive bid was quoted higher than the last. The accepted bid is \$35,000 more than the original bid; however, it is still within the budget parameters for the project.

2013 has been a very positive revenue generating year; however, the downside is the increase in the variable cost as it relates to the expenses associated with increased business. To service a greater number of events, labor and utility costs and credit card fees have increased dramatically. There is some offset to the labor cost due to staff turnover but labor expenses continue to run slightly over budget. Additionally, a State tax audit resulted in Monona Terrace owing state tax and penalties in the amount of \$33,000. All of these expenses will erode the year end bottom line; however, a \$75,000 surplus is forecast. The Finance Committee recommended the release of up to \$50,000 to support the creation of an ad message that will highlight the changes to the facility as a result of the renovation and thereby sustain the momentum gained from the strong revenue performance in 2013. As a result, the year-end surplus is forecasted to be about \$25,000.

2. [31885](#)

2014 Renovation Update: Gregg McManners, Director

All Public Works contracts have been approved. Carpet is scheduled for removal starting January 2. Depending on what condition the carpet is in after removal it will either be sold or recycled.

A recent article in Convene Magazine discussed a new convention center industry trend regarding public art. It seems that more and more convention facilities around the nation are adding public art as a means to create interest, add beauty and to draw visitors. This article corroborates the direction that Monona Terrace is taking in its effort to add public art and educational displays in and around the building as part of the 2014 renovation plan. A copy of the article was distributed to all board members.

3. [17074](#)

Booking Pace Update: Bill Zeinemann, Associate Director - Marketing and Event Services

Event revenue is over by 10%. Overall revenue is over by 8%. This increase seems to stem from the fact that groups have been spending more than was anticipated.

The 2014 booking pace looks good:

|            | Projected | Budgeted |
|------------|-----------|----------|
| Banquets   | 220       | 215      |
| Meetings   | 200       | 192      |
| Conference | 26        | 30       |
| Convention | 25*       | 27       |

\* This does not include two tentative conventions that are in the works. Once contracted the budgeted goal will be met.

2015 has a projected 17 conferences and 33 conventions. At this time last year 2014 projected only 13 conferences and 30 conventions, and the projection for 2013 was 16 conferences and 30 conventions. This shows that though the

increase in business is slight, there has been no loss of market share.

In terms of revenue, the facility is very nearly recovered from the economic crash of 2009. Monona Catering is on track to beat their all time revenue high in 2008.

There have been and continue to be remarkable events in the building. Last weekend, 5 weddings were hosted on one day. This weekend, General Beverage is celebrating their 80th Anniversary with a 1,000 person banquet. Monona Catering has had to hire 150 extra casual and temp workers for the event.

4. [24060](#) Finance Report: Kathi Hurtgen, Associate Director - Finance and Operations

The month of September saw 77 events of a budgeted 61. This was an increase of 18% in event revenue with total operating revenues coming in at 13% over budget. Due to the increase in business, variable expenses have increased. This led to total operating expenditures coming in 9% over budget. The month of September, however, did end up on budget.

Year to date operating revenue is 3% over budget, expenses are 2% over budget and total revenue is under expenditures by \$3,000. It is important to note that credit card fees have hit unusually hard this year, budgeted for \$48,000 they have come in at \$72,000 year-to-date. There is no way around this expense, people need this payment method as an option, although efforts have been made with some of the larger business accounts to switch over to Electronic Funds Transfer.

5. [31890](#) Judge Doyle Square Update: Gregg McManners, Director

Presentations from the two developers vying for the Judge Doyle Square (JDS) contract have been given and are under consideration by the JDS committee. The City has hired a financial consultant to review the competing proposals and make sure that the City gets the most value for its dollar.

Alderman David Ahrens has been holding public meetings to dispel the idea that Madison needs another downtown hotel. Alder Ahrens has been invited to provide his presentation to the JDS committee on October 28.

The committee would have liked to have a developer chosen by December 1st; however, it will most likely be closer to January before a choice is made. Once chosen, the committee will refer the matter to the Common Council for a vote.

6. [31891](#) Room Tax Reform Bill: Gregg McManners, Director

Gregg McManners and Nick Zavos from the Mayor's Office have been meeting with the authors of the bill, the Executive Director of the State Hotel Association, and the State Convention Bureau regarding the bill that if passed in its current form could have a dramatic impact on Monona Terrace. The bill would create a commission that would receive and appropriate the expenditure of 70% of the total room tax collected. In addition, the bill removes the grandfather clause in the current law, which allows communities who have established room taxes prior to a certain year, the option of not abiding by the

state standard. Madison has been voluntarily living within that standard since Monona Terrace was built in 1997.

Madison already has had great success in distributing TOT with transparency and accurate reporting. This bill's intent is unlikely to top current success and there is no surety of financial support to Monona Terrace. It's not clear that there is a widespread state problem, although the bill takes a widespread approach.

There is no question that the current statute in regard to the use of room tax could be more clearly defined, and that transparency and reporting regulations could be tighter. The grandfathering and the commission formation may yet be proven to be unnecessary; however, if it does go forward, it could ultimately be detrimental to Monona Terrace.

7. [28249](#) Director's Report: Gregg McManners, Director  
A. Board Report

No additional comments.

8. [31617](#) Announcements from the Chair: Glenn Krieg, Chair

No announcements.

#### ADJOURNMENT

A motion was made by Karofsky, seconded by Gonzalez, to Adjourn. The motion passed by voice vote/other.