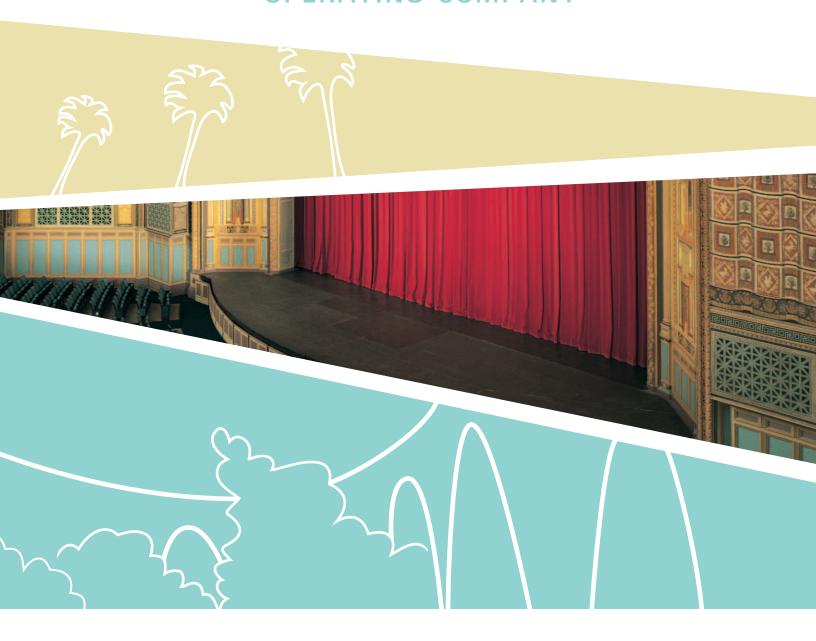
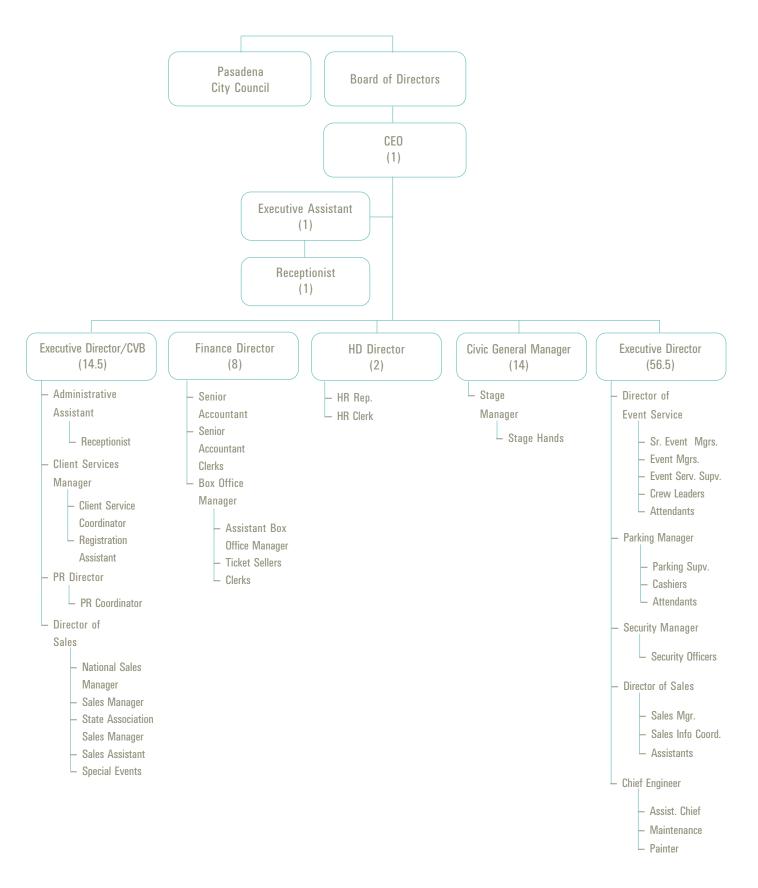
# PASADENA CENTER OPERATING COMPANY



ADOPTED OPERATING BUDGET FISCAL YEAR

2009



### DEPARTMENT SUMMARY PASADENA CENTER OPERATING COMPANY

#### **Mission Statement**

The mission of the Pasadena Center Operating Company is to generate revenues for Pasadena by marketing and providing quality facilities and services for meetings, shows and cultural events.

#### **Program Description**

The Pasadena Center Operating Company (PCOC) is responsible for the operations and maintenance of the Pasadena Civic Auditorium, the Conference Building, the East Pavilion and the Convention and Visitors Bureau. The PCOC has embarked on a \$142.4 million convention center expansion. The project is on schedule and within budget. When completed in April of 2009, the state-of-the-art convention center will feature 60,000 square feet of exhibit space, 28 meeting rooms and a new 25,000 square foot ballroom. The 47,000-square-foot Exhibition Hall has been demolished as part of the construction. Events have been moved to the East pavilion, a 26,000 square foot facility located on the property. The 18-room Conference Building (28,000 square feet) provides ideal settings for conventions, trade shows, conferences, theater presentations and receptions. The Conference Building was closed from July through mid-September to accommodate a major interior renovation. Other services include an automated Box Office, audio/visual, teleconferencing and other technology conveniences for clients. Boston Culinary Group, the on-site catering service, provides food and beverage for banquets, cocktail receptions, weddings, and all concessions for public events.

The 17,000 square foot historic ballroom which currently houses the Pasadena Ice Rink is expected to revert back to PCOC sometime in the future after a new ice rink is constructed. It is anticipated that this facility will be renovated as funds become available.

The 3,000 seat Civic Auditorium serves as home for the Pasadena Symphony, Speaker's Series, ballet, musicals, comedy, pop concerts and international, national and local special events.

The parking garage has been affected by the construction. We have 300 fewer parking spaces available than in the past. The garage continues to provide convenient and adjacent parking for over 500 cars. After full completion of the project, removal of the

east pavilion and the construction of surface parking on the east plaza, our parking capacity will be restored to previous levels.

The Center's client retention level is high and the Center offers dates more than one year into the future to higher-rated conventions and trade shows. Space rental discounts are offered to encourage usage and to generate Transient Occupancy Tax and Tourism Business Improvement District revenue.

The Pasadena Convention and Visitors Bureau (CVB) is dedicated to marketing Pasadena as a desirable meeting, convention and tourism destination. The CVB's destination experts solicit meetings and conventions from associations and corporations, both regionally and nationally, that require meeting space and hotel room nights. These room nights generate significant tax dollars that directly impact Pasadena's general fund.

The CVB offers a multitude of complimentary services to meeting planners, including site selection assistance, a computerized convention housing system, promotional materials and more. The CVB markets Pasadena's world- class attributes to visitors regionally, nationally and internationally through extensive media relations efforts. The organization's Visitor Center assists walk-in, call-in and online visitors by offering current destination information and materials, including the annual Visitors Guide, Simply More Value Card, and Simply More Architecture brochure.

#### Departmental Relationship to City Council Goals

#### • Foster Economic Prosperity

Two of PCOC's results statements include: Visitors and tourists will select Pasadena for their destination. Convention planners and exhibitors will hold their events at the Pasadena Convention Center.

For fiscal year 2008, the CVB has set a goal of 30,000 definite room nights. As of April 2, 2008, the CVB has booked 20,402 definite room nights, representing 68% of the annual goal.

In addition, nearly 29 million national readers were reached through media exposure efforts that reflect 57% of the annual established target. In the first eight months of fiscal year 2008 the Exhibition and Conference Buildings earned \$419,838 or 61.4% of the annual target in sales revenue. The Civic Auditorium earned \$390,147 or 80.4% of the annual target in sales revenue.

#### Major Accomplishments

The expansion project is well underway with a completion date of April 2009. On the east side of the Civic Auditorium, the conference building interior renovation is complete. Work is continuing on the new exterior facade and new administrative offices. The conference building will be substantially completed in late 2008. In front of the Civic Auditorium, the new stairs and balustrade have been installed. Grading has been completed for the installation of the new paving for the grand plaza which will be constructed in sections. The center section will be completed and reopened by early May, 2008. On the west side of the Civic Auditorium, the new ballroom and exhibit hall are taking shape. The lower level slab and loading docks are complete. The plaza level slab is 90% complete and will be completed in early April,

2008. Steel erection is well underway and is expected to be complete by early summer. When completed, the state-of-art convention center will feature 60,000 square feet of exhibit space, 28 meeting rooms and a new 25,000 square foot ballroom.

Due to its efforts, the CVB substantially enhanced Pasadena's economy by contributing to an average hotel occupancy rate of 77.5% for calendar year 2007. The Pasadena Convention and Visitors Bureau operated the 24th Annual Holiday Hotline from December 28, 2007 through January 2, 2008. Over this period, 70 volunteers answered 2,071 calls from visitors coming to the Rose Parade and Rose Bowl Game. Through the CVB's intense publicity efforts, the Holiday Hotline information reached more than 1.2 million television viewers over the course of its operation.

Summary of Appropriations and Revenues	FY 2006 Actual	FY 2007 Actual	FY 2008 Adopted	FY 2008 Revised	FY 2009 Adopted
FTEs	98.00	98.00	98.00	98.00	98.00
Appropriations	11,362,971	11,663,369	10,757,949	11,234,288	12,230,339
Sources By Fund					
PCOC Share of TOT	5,301,897	5,355,584	5,570,305	5,570,832	5,765,811
Tourism Business Imp District Tax	2,008,743	2,450,470	2,388,395	2,552,610	2,641,951
PCOC Space Rental	1,152,238	911,290	684,110	719,952	947,442
PCOC Civic Auditorium	523,985	519,109	485,000	535,000	551,688
PCOC Other Rental Income	76,963	93,645	77,000	85,000	100,000
PCOC Parking Fees	1,369,949	1,106,786	713,000	891,302	1,162,124
PCOC Box Office Income	184,198	72,227	50,000	50,000	88,432
PCOC Misc./Other Income	440,069	875,376	570,142	604,592	707,891
PCOC Food & Beverage Comm	304,929	248,882	220,000	225,000	265,000
Total Sources	11,362,971	11,663,369	10,757,949	11,234,288	12,230,339

Departmental Results Statements	Actual	FY 2007 Target	% Target	FY 2008 Target	FY 2009 Target				
	7101001	Turgot	70 Turgot	raigot	rurgot				
RESULT 1: VISITORS AND TOURISTS WILL SELECT PASADENA FOR THEIR DESTINATION.									
Measure 1.1 Hotel occupancy									
A. Develop definite hotel room night bookings annually	26,067	25,000	100%	30,000	35,000				
B. Develop tentative hotel room night bookings annually	104,044	75,000	100%	80,000	85,000				
Measure 1.2 Media exposure									
A. Reach 50 million readers nationally	49,080,883	50,000,000	98%	50,000,000	50,000,000				
RESULT 2: EXHIBITORS AND CONVENTION PLANNERS WILL HOLD THEIR EVENTS AT THE PASADENA CONVENTION CENTER.  Measure 2.1 Use of Conference Building									
A. Annual Day-use of Conference Building	329	330	100%	240	300				
Measure 2.2 Use of Pavilion /Exhibition Building									
A. Annual Day-use of Exhibition Building	160	220	73%	208	215				
Measure 2.3 Gross revenue for Conference and Exhibition Buildings									
A. \$925,000 in gross rental revenue	\$911,290	\$925,000	99%	\$684,110	\$947,442				
Measure 2.4 Use of Civic Auditorium and Gold Room									
A. 180-day use of Civic Auditorium and Gold Room	173	207	84%	156	160				
B. \$500,000 in gross rental revenue	\$519,109	\$550,000	94%	\$535,000	\$551,688				

#### **Changes From Prior Year**

- Cost Changes: PCOC's budgeted increase for expenses is primarily related to gearing up for the expansion opening. Sales and marketing activities including advertising and grand opening activities are programmed in order to increase awareness of the project and attract new events to maximize occupancy when the facilities open. Initiatives include the roll-out of our new "Pasadena: Simply More" brand, an upgraded web-site and web marketing program and targeted advertising. Operating expenses have also increased as we prepare to operate a larger facility and meet the required standards of customer service.
- FTE Changes: There are no FTE changes for FY 2009.
- Revenue Changes: PCOC's total revenue is based on non-operating revenue (Transit Occupancy Tax and Tourism Business Improvement District Tax collected by the City) and operating revenue (generated by the Center). PCOC's share of the Transient Occupancy Tax is expected to increase by \$195,506 in fiscal year 2009 (when compared to the budgeted amount for fiscal year 2008) based on estimates of the actual amount to be collected. In addition, PCOC's revenue generated by the Tourism Business Improvement District Tax is estimated to be \$2,641,951 for fiscal year 2009. Operating revenue is expected

to increase by \$491,771 due to an increase in available space with the expansion opening in the last quarter. The Parking Garage revenue is also expected to increase by \$449,124 based upon additional event activity and additional inventory beneath the new exhibit hall.

#### **Future Outlook**

The key priorities for fiscal year 2009 will be to capitalize on our sales and media outreach efforts to maximize the number of visitors to the city, increasing the number of meeting and convention, business and leisure visitors. Targeted sales efforts to attract long-term meeting and convention bookings utilizing the new center and Pasadena's hotels are underway. We have also implemented a comprehensive tourism marketing strategy that maximize the potential of Pasadena as a desirable tourism destination, positioning Pasadena's cultural tourism assets as a "must-see" for visitors to Pasadena and the Greater Los Angeles area. The priority of the convention center will be to maintain current levels of business while under construction and aggressively pursue short-term bookings for the expanded facilities to maximize occupancy as the project is completed.

Revenue and Expense Statement Adopted Budget – Fiscal Year 2009	FY 2006 Actual	FY 2007 Actual	FY 2008 Adopted	FY 2008 Revised	FY 2009 Adopted
Support & Revenues:					
Operating Revenues:					
Rental-Ex/Conf Bldgs	\$1,152,238	\$911,290	\$684,110	\$719,952	\$947,442
Rental-Civic Auditorium	\$523,985	\$519,109	\$485,000	\$535,000	\$551,688
Rental-Ice Skating Center	\$76,963	\$93,645	\$77,000	\$85,000	\$100,000
Rental-Parking Garage	\$1,369,949	\$1,106,786	\$713,000	\$891,302	\$1,162,124
Income-Box Office Fees	\$184,198	\$72,227	\$50,000	\$50,000	\$ 88,432
Income-Miscellaneous/Center	\$440,069	\$875,376	\$570,142	\$604,592	\$707,891
Income Food and Beverage Comm	\$304,929	\$248,882	\$220,000	\$225,000	\$265,000
Total Operating Revenues	\$4,052,331	\$3,827,315	\$2,799,249	\$3,110,846	\$3,822,577
Non-Operating Revenues:					
Transient Occupancy Tax	\$5,301,897	\$5,355,584	\$5,570,305	\$5,570,832	\$5,765,811
Tourism Business Imp District Tax	\$2,008,743	\$2,450,470	\$2,388,395	\$2,552,610	\$2,641,951
Total PCOC Revenues	\$11,362,971	\$11,633,369	\$10,757,949	\$11,234,288	\$12,230,339
Expenses:					
Convention Operations:					
Wages & Benefits	\$3,032,022	\$3,111,486	\$3,305,455	\$3,336,369	\$3,511,237
Advertising	\$1,040	\$4,438	\$12,000	\$6,000	\$45,000
Other Promotional Exp	\$67,951	\$83,871	\$57,000	\$44,550	\$144,400
Other Operating Expenses	\$1,228,471	\$1,172,381	\$1,402,000	\$1,070,786	\$1,205,820
Eng Repairs/Maintenance	\$314,275	\$357,593	\$144,000	\$221,000	\$326,800
Interest Expense	\$55,415	\$1,680,958	\$49,864	\$50,938	\$47,541
Expansion Bond Interest Expense	-	538,679	-	1,345,438	\$1,840,000
Depreciation Expense	377,118	1,538,499	396,072	648,879	648,879
Total Center Expenses	\$5,076,292	\$6,859,606	\$5,366,391	\$6,723,960	\$7,769,677
Convention & Visitors Bureau:					
Wages & Benefits	\$778,629	\$834,418	\$1,098,787	\$1,038,721	\$1,155,330
Advertising	\$338,817	\$183,495	\$303,500	\$308,148	\$299,894
Other Promotional Exp	\$491,509	\$624,087	\$639,815	\$679,989	\$659,565
Other Operating Expenses	\$191,602	\$231,315	\$187,177	\$175,057	\$118,956
Total CVB Expenses	\$1,800,556	\$1,873,315	\$2,229,278	\$2,201,915	\$2,233,745
Parking Garage:					
Wages & Benefits	\$379,782	\$382,859	\$441,932	\$396,470	\$430,121
Other Operating Expenses	\$12,328	\$12,580	\$16,950	\$14,492	\$31,860
Total Garage Expenses	\$392,110	\$395,439	\$458,882	\$410,962	\$461,981
Total PCOC Expenses	\$7,268,958	\$9,128,360	\$8,054,551	\$9,336,837	\$10,465,403
Net PCOC Operations	\$4,094,013	\$2,505,009	\$2,703,398	\$1,897,451	\$1,764,936
Allocated to Expansion Costs Reserve (from TOT Revenues)	\$4,094,013	\$2,505,009	\$2,703,398	\$1,897,451	\$1,764,936
Net PCOC Operations	\$0	\$0	\$0	\$0	\$0

#### Pasadena Center Operating Company Budget and Position Control

