



**GENERAL FUND IMPACT FOR
RIVERSIDE CONVENTION CENTER,
RIVERSIDE VISITORS BUREAU
AND RIVERSIDE SPORTS COMMISSION**

General Services Department

Budget Engagement Commission
December 8, 2022

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BACKGROUND

The City partners with Raincross Hospitality Management Corporation (RHMC) for management of the Convention Center, Visitors Bureau and Sports Commission.

- Convention Center agreement ends 6/30/2028.
- Visitors Bureau/Sports Commission agreement ends 6/30/2023, with one 5-year option.



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CONVENTION CENTER QMA

In August 2013, City Council approved a Qualified Management Agreement (QMA) with Raincross Hospitality Corporation (now RHMC) for operation of the Convention Center.

1. Internal Revenue Service Rules require that privately operated public facilities constructed with tax exempt debt be operated pursuant to a QMA.
2. In essence, RHMC acts as an agent for the City and is paid a flat fee. The City receives any profits and is responsible for any losses.



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CONVENTION CENTER CONTRACTUAL FEES

1. Annual Base management fee of \$400,000, with annual increases based on the March Consumer Price Index for Riverside-San Bernardino-Ontario, CA.
 - Base increased to \$480,000 in FY 2016, when gross revenues exceeded \$4.5 million.
2. Annual Incentive Bonus of up to \$120,000, if RHMC achieves gross revenue greater than \$5 million.
3. City maintains an operating fund balance of \$300,000 at all times, disbursing funds as needed.



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VISITORS BUREAU AND SPORTS COMMISSION CONTRACTUAL FEES

The Visitors Bureau markets and promotes Riverside as a premier destination for conventions and meetings.

The Sports Commission markets and promotes Riverside as a destination for athletic events.

1. Visitors Bureau annual compensation of \$1,100,000, subject to annual CPI increases.
2. Sports Commission annual compensation of \$150,000, subject to annual CPI increases.



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GENERAL FUND IMPACT

Fiscal Year	Convention Center*	Visitors Bureau and Sports Commission**	Total
2022	\$5,176,105.22	\$1,801,173.00	\$6,977,278.22
2021	\$5,384,164.84	\$1,739,255.52	\$7,123,420.36
2020	\$4,501,414.34	\$1,698,276.00	\$6,199,690.34
2019	\$3,420,342.40	\$1,651,184.28	\$5,071,526.68
2018	\$3,289,504.64	\$1,591,840.44	\$4,881,345.08
Totals:	\$21,771,531.44	\$8,481,729.24	\$30,253,260.68

*Convention Center general fund costs include contractual management fee, incentive bonus, operational replenishment and debt service, estimated at \$3mil annually.

**For the Visitors Bureau and Sports Commission, the management fee is the only general fund cost.



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ESTIMATED ECONOMIC IMPACT

Estimated economic impact:

- Convention Center revenue
- City's share of parking profit from Lot 33
- Hotel Revenue
- Transient Occupancy Tax Revenue
- Sales Tax Revenue
- Convention Center spending on local vendors
- Convention Center wages for Riverside resident employees



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ESTIMATED ECONOMIC IMPACT

Fiscal Year	Economic Impact
22-23 (Forecast)	\$ 11,319,461
21-22 (Actual)	\$ 6,688,209
20-21 (Actual)	\$ -
19-20 (Actual)	\$ 9,421,009
18-19 (Actual)	\$ 14,179,536
17-18 (Actual)	\$ 12,558,006

Figures Provided by RHMC



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POST PANDEMIC RECOVERY

Convention Center outlook compared to tentative and confirmed events during the same time last year:

- 39% increase in projected revenue
- 11.5% increase in projected events

Projected return to previous event demand and venue stabilization in late 2024 or early 2025.



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STRATEGIC PLAN ALIGNMENT

Strategic Priority 5: High Performing Government

Goal 5.4: Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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RECOMMENDATIONS

That the Budget Engagement Commission receive and file this update on general fund impact for the Riverside Convention Center, Riverside Convention and Visitors Bureau and Riverside Sports Commission.



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