



**PERFORMANCE AND FISCAL IMPACT
FOR RIVERSIDE CONVENTION CENTER,
RIVERSIDE VISITORS BUREAU
AND RIVERSIDE SPORTS COMMISSION**

General Services Department

Budget Engagement Commission

March 14, 2024

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1

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 6/30/2028



2

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2

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.



3

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3

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.



4

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4

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.



5

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5

FY 2024 Management Fees

FY	Fund	Program	Account Number	Amount
2023/24	Entertainment Fund	Convention Center	2250000-459971	\$ 794,416
2023/24	Entertainment Fund	Sports Commission	2250100-459973	\$ 212,590
2023/24	Entertainment Fund	Visitors Bureau	2250100-459974	<u>\$1,828,938</u>
Total:				\$2,835,944



6

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6

Convention Center Key Performance Indicators

Quarter	Revenue	Events	Attendance	Hotel Utilization	Hotel Room Revenue
2023 Q1	\$ 1,015,029	26	9,375	2,223	\$ 318,351
2023 Q2	\$ 2,107,582	60	15,781	2,843	\$ 466,940
2023 Q2	\$ 2,185,813	46	19,783	4,952	\$ 808,178
2023 Q4	\$ 1,226,054	60	55,443	3,927	\$ 697,386
TOTALS:	\$ 7,424,478	192	100,742	13,945	\$ 2,290,855



7

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7

Key Performance Indicators

FY	Performance Metric	Visitors Bureau	Sports Commission
2023	Solicitation Calls	4,817	1,512
2023	Solicitation Emails	3,574	1,953
2023	Hotel Room Nights Booked	27,224	7,329
2023	Convention Center Revenue Contribution	49.6%	-



8

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8

ESTIMATED ECONOMIC IMPACT

RHC develops an annual estimated economic impact analysis based on:

- Convention Center Revenue
- Hotel Room Revenue, including a 1.4 multiplier to account for Transient Occupancy Tax and parking fees
- Estimated \$64 daily spend per visitor (based on State per diem rate) plus 1.1 multiplier to account for transportation, tips and sales tax
 - Estimated FY 22/23: \$16 million



9

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9

GENERAL FUND CONTRIBUTION

Total General Fund Contribution for the Riverside Convention Center, Sports Commission & Visitors Bureau

	2019	2020	2021	2022	2023
Operator Financial Results:					
Operating Revenues	\$10,102,888	\$6,944,171	\$1,325,914	\$5,612,597	\$9,674,733
Operating Expenditures	9,202,795	7,136,988	3,011,896	7,021,253	9,888,409
Net Profit/Loss	\$900,093	\$(192,817)	\$(1,685,982)	\$(1,408,655)	\$(213,676)
General Fund Contribution:					
Management Fee	\$2,301,824	\$2,368,394	\$2,426,022	\$2,396,189	\$2,756,838
Direct Expenses	195,197	190,506	96,655	147,091	355,031
Other Revenue Offset	(896)	-	(510,815)	(842)	(1,649)
Operating P/L Contribution	(900,093)	192,817	1,685,982	1,408,655	213,676
Operating Contribution	\$1,596,032	\$2,751,717	\$3,697,844	\$3,951,093	\$3,323,896
Debt Service	3,475,181	3,448,288	3,425,577	3,026,185	3,073,169
Total GF Contribution	\$5,071,213	\$6,200,004	\$7,123,420	\$6,977,278	\$6,397,064



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10

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



11

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11

RECOMMENDATIONS

That the Budget Engagement Commission receive and file this performance and fiscal update on the Riverside Convention Center, Riverside Convention and Visitors Bureau, and Riverside Sports Commission.



12

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12