

Capturing the full value of the Twin Cities' assets:

The Case for a National and Regional Events Catalyst

This summary proposal draws on research produced for the Itasca Project, a nonpartisan, cross-sector collaboration of Twin Cities leaders voluntarily working to strengthen regional economic competitiveness and grow our civic infrastructure. It presents findings from an assessment of more than 50 major events held in the Twin Cities and across the U.S., along with interviews with leading events and sports experts and cultural, public sector and business leaders.

Over the past decade, the Twin Cities has entered a new landscape of opportunity by playing host to large, high profile sporting events. Events – not only sporting events but also arts, music, and cultural events – provide opportunities to generate economic benefit, raise our region's profile, and strengthen our civic fabric. This moment prompted the Itasca Project, a cross-sector collaboration of leaders in the Twin Cities, to ask "What could be the potential impact from developing a sustainable events and sports economy for our region, and state, and what would be required to realize that opportunity?"

To answer that question, an Events and Sports task team was formed. In their research, the team identified two opportunities around event types that provide significant impact relative to the investment required:

- **Develop "Sweet spot events"** – home grown events that are well attended with significant economic impact and are nationally visible
- **Maximize "Large rotating events"** – take a strategic, regional, and deliberate approach to major events such as the Super Bowl or NCAA Men's Final Four to optimize their long-term impact

While the Twin Cities region has significant assets – including venues, infrastructure, arts and music communities, and corporate sector, to realize the potential for our region, the task team has developed a framework for a "Regional Events Catalyst" (REC). The REC would have the mission and mechanisms ensuring the support of events that meet the triple aim of delivering economic, reputational, and civic impact.

The implementation of a Regional Events Catalyst could

- **Provide a strategic and coordinated approach** to grow and execute events in the region which is better able to leverage events to attract business and talent, utilize our world-class facilities, and engage community
- **Develop three to five signature events** that generate meaningful economic impact while raising the profile of the region and support our communities
- **Strengthen the organizational hosting capabilities** through a permanent institution that has organizing and execution expertise and infrastructure and is able to optimize large-rotating events
- **Improve the partnership between the public and private sectors** resulting in sustained leadership and resources for events that are able to advance the region and increase shared prosperity

The followings are our details of our findings and a proposal of where our region could go from here.

The Twin Cities region is hitting its stride as a national host. From 2014 to 2021, we will have hosted at least one major event annually – from the MLB All-Star Game and Ryder Cup to the 2018 Super Bowl and next year’s Men’s and Women’s Final Four, the PGA Tour and the Women’s PGA Championship.

We know how to put out the welcome mat, and we have the right amenities and infrastructure. Facilities for all five major sports. A hub airport.

Good transit systems, great parks, a thriving arts scene and a robust economy.

We’re proud to host high-profile events. They bring people together and let us showcase all that our region has to offer. But there’s a problem with a focus on large, high-profile events. They don’t always deliver a sustained and significant benefit to the host region.

An Itasca Project analysis of 15 regions¹ that hosted the Super Bowl or Men’s NCAA Final Four shows that, since 2000, these major events did not change the cities’ overall economic picture or result in a net gain for their tourism and entertainment sectors.

We are confident that the Twin Cities leveraged our Super Bowl investments better than these other host cities. And we’ll do the same in 2019 with the Final Four and PGA events.

We also believe there is a more sustainable way for the Twin Cities region to capitalize on its assets. It will take commitment from all sectors.

Guiding principles for our sustainable way include:

- **Focus on attracting and organizing events that deliver across three dimensions –** increase economic development, positively raise our region’s reputation, *and* meaningful engage our communities
- **Enhance our existing events infrastructure –** be additive to the unique assets and robust regional organizations (e.g. local Convention and Visitor’s Bureaus)
- **Coordinate across sectors –** the optimal approach to attracting and executing events is to organize and coordinate resources from public and private sectors

And the result — a robust sports and events economy for our region and state – will be well worth the effort.

¹ Peer regions include Atlanta, Austin, Chicago, Dallas, Denver, Detroit, Houston, Indianapolis, Los Angeles, New Orleans, Orlando, Phoenix, San Antonio, Seattle and Tampa.

What Events Work Best for Our Region?

The research team grouped an inventory of more than 50 local and national events across the U.S. into four categories:

MEGA EVENTS

Highly attended, infrequently recurring events with an international audience. They rotate host locations and require very high levels of investment (\$100M+) and sophisticated organizing entities. Examples: Olympics, World Cup.

LARGE ROTATING EVENTS

Highly attended annual events with a national or international audience. They rotate host locations and require high levels of investment (~\$50M+), as well as sophisticated organizing and execution. Examples: Super Bowl, Final Four, national political conventions.

SWEET SPOT EVENTS

Well-attended events with a regional or national audience. They typically recur annually at the same location and require moderate levels of investment (~\$20M+) and established execution organizations. Examples: South by Southwest, Tribeca Film Festival, Chicago Marathon, New Orleans Essence Festival, Omaha NCAA College World Series.

NICHE EVENTS

Audience-specific annual events that have a consistent host location and require limited levels of investment (~5M+) and competent execution organizations. Examples: Aspen Ideas Festival, U.S. Pond Hockey, Schwan's Cup.

The research team assessed the impact of each category on:

Economy

What were the direct and indirect financial benefits?

Reputation

How did the event affect positive perception, especially as a draw for business and talent?

Civic and community life

What was the impact on volunteerism, philanthropy, engagement with local suppliers and diversity and inclusion?

Investors

How much was needed financially, as well as organizationally?

Where Should We Focus?

A cost-benefit analysis points to two opportunities:

SWEET SPOT EVENTS

These events not only require a smaller investment and less infrastructure support than the national mega-events or rotating large events — they produce \$50M-150M in direct economic impact, play up regional identity and assets, engage volunteers, favor local suppliers and have predictable schedules that avoid displacing other economically beneficial events.

Often led by an enthusiastic entrepreneur, their broad appeal attracts the people outside their region that allow them to scale. For example, South by Southwest started in 1987 and drew 700 people; by 2017, 421,900 people were attending its events, generating nearly \$349M for the Austin-area economy.

Isn't a sweet spot event just a niche event that has expanded? Yes, and that's the point. Events that have grown from the ground up have an emotional appeal that — when supported by more funding, marketing and operational expertise — are the kind of events that have staying power. And, we believe, the kind of events that the Twin Cities was built to capitalize on.

LARGE ROTATING EVENTS

Large rotating events can deliver significant direct economic impact (\$100M+) to the winning bidder if well-executed. These also are the events that struggle to sustain their impact. Conventions might have been displaced, or the intense focus on executing the event left little energy to create opportunities to extend its economic benefit.

Extensions alone could produce up to \$60M in additional gross direct economic impact per event, along with increased visibility for the Twin Cities region. Examples: The Preakness, a two-minute horse race, is now a weeklong celebration. Perth, Australia, created business clubs to sponsor networking events during the America's Cup to ensure commercial relationships endure well beyond the event.

Strengths and Weaknesses

STRENGTHS

- **State-of-the-art facilities** — One of four peer cities with facilities for all five major sports
- **Built infrastructure** — Hub airport, public transit, large research university
- **Solid corporate base** — Fortune 1000 companies are second per-capita among peer cities
- **Arts sector** — Visual and performing arts in Minnesota employ more than 1.5 times the national average
- **Public spaces** — Renowned park systems in Minneapolis and St. Paul
- **Relevant infrastructure** — Institutional knowledge and expertise (Ryder Cup, Super Bowl, X Games, etc.)

WEAKNESSES

- **Competing entities** — Convention and visitor bureaus and venues compete with one another to market the region, bid for and book events
- **Convention Center** — Minneapolis Convention Center is off-limits to events needing large space
- **Lack of catalyst/accelerator** — No entity dedicated to helping local events scale with financial and technical support or sustaining a large rotating events calendar

What Will It Take?

Getting the full benefit from sweet spot and large rotating events requires:

1. **Assets and infrastructure** – Venues and facilities, transit and public infrastructure, regional amenities like green space and culture.
2. **A coordinating regional body** – Consistent leadership to develop and execute a strategic, long-term events vision, convene critical stakeholders, market the region, leverage existing relationships among the business community and others, and maintain institutional knowledge and capabilities that can be applied across events.
3. **Broad-based support** – Sustainable funding from private and public sources to bid for, develop and execute regional events, as well as cross-sector leadership and participation from metro-area residents

Where Do We Stand?

1. Assets and infrastructure

An analysis of Minneapolis-St. Paul's assets compared with peer cities revealed significant strengths. What's more, areas for improvement can be addressed.

2. Regional coordinating organization

Many of the region's elected officials and 15 CVBs are already working to sell the metro's larger events. A regional coordinating organization could complement and build from the CVB structure, while extending CVBs' capacity to develop sweet spot events and manage the event calendar. This auxiliary body could also communicate a clear regional message, reducing unnecessary competition and maximizing the potential of large rotating events.

3. Broad-based support

The business community has been the primary financial support and underwriter for recent large rotating events. This heavy reliance is not sustainable. More public-sector leadership is needed to convene and coordinate CVBs and venues, to fund the development of true sweet spot events and to support large rotating events.

THE BOTTOM LINE?

For all the Twin Cities' strengths, we will fail to realize the myriad benefits of hosting events without:

- Reducing competing interests
- A coordinated regional event strategy
- A framework to sustain funding, expertise and support
- An organization dedicated to regional event development

Time for a Regional Events Catalyst

Bridging these gaps requires an intentional approach, via a regional events catalyst dedicated to maximizing the economic, reputational and civic impact of events in the region. The REC would:

- Establish a permanent base of tools and expertise to expand local events into sweet spot events, and to oversee the bidding and execution of large rotating events;
- Help create and direct a seed fund to scale local events create promising new ones; and
- Help create and advise a grant fund to cover large rotating event costs and build cross-sector support.

Between four and six full-time REC staff would operate with \$1-2M in annual funding from investors, with a time horizon of five-plus years. Specifically, the team would provide:

- Marketing expertise for the events themselves, while also promoting the entire region as a great place to live, work and visit;
- Operational expertise to successfully execute events at scale, including volunteer coordination, vendor management and risk management; and
- Coordination with local governments, venues, CVBs and others.

For potential sweet spot events, the REC would target three to five recurring events, which may or may not exist today, that could become sweet spot events. These events would primarily draw consumers, including from outside the region. They would have broad appeal, a clear entrepreneurial leader, leverage the region's assets and tie to something identifiable about the Twin Cities region.

For large rotating events, the REC would coordinate bids with all stakeholders and execute them in a way that delivers the most value for the entire region.

The REC will bring needed focus, coordination and accountability to the Twin Cities' regional event development and execution. Above all, it will enhance our quality of life by ensuring a more stable economic future. That's the goal. Now, how will we measure it?

What Success Will Look Like

Success metrics will reach beyond traditional direct economic measures like hotel nights, air travel and car rentals, to include:

Economic measures

- Attendance, growth rate and out-of-region visitors for portfolio events
- Event profitability
- Links with the business community
- Direct economic impact, including from extended stays
- Cross-marketed experiences with local providers
- Engagement of diverse suppliers and local businesses

Reputational measures

- Attendee satisfaction, perceptions of the region
- Positive media exposure

Civic measures

- Volunteerism, local attendance
- Inclusion of diverse communities and perspectives
- Minimizing negatives (traffic, crime, environmental impact)

HOW WE WILL FUND IT

The REC model has the potential to turn local events into high-impact events and to maximize the value of large rotating events. Making that potential a reality will take financial support in the form of two different funds.

THE SEED FUND

A seed fund of \$5M-10M could scale events quickly. Over time, the portfolio of these profitable sweet spot events could make the seed fund itself a self-sustaining entity and flywheel for growth. Example: Sports Backers in Richmond, Virginia, has used this fundraising model to produce RiverRock, the Monument Marathon and other successful events that have drawn talent to the city.

THE GRANT FUND

As the number of large rotating events in the Twin Cities grows, so does local private-donor fatigue. A grant fund would provide a reliable source of funding to host these events. The REC would give guidance to events on how to access the fund; it would not directly control it. This fund would require a sizable, stable source of income tied to the likely beneficiaries (e.g., a lodging or car rental tax).

Money would support only those events that can deliver on the metrics and increase prosperity for all. Public dollars will demonstrate state and local government leadership and commitment, which will help draw additional private support. Example: Texas directs a grant fund for events that bring tax revenue to the state, helping defer the cost of hosting events that would otherwise have been hosted elsewhere.

Where We Go From Here

Bringing a regional event catalyst to life is an ambitious, multiyear process – from designing the organization and raising seed funds to hiring staff, launching our first event and refining our model.

The time is right to take the next steps together.

In 2019 and beyond, we look to take the following steps

- **Share our findings** with the broader community
- **Work with our community partners to design and develop a REC** that will be additive to existing organizations
- **Organize resources** to realize our vision

It's time to put our exceptional assets and experience to work to create our sweet spot on the regional and national events scene.

We'll showcase all that our region has to offer. We'll create new interest in the Twin Cities as a great place to live, work and visit. And we'll do it with a sustained economic impact that supports prosperity for all.

About this report

The Itasca Project sponsored this report to better understand the potential impact from developing a sustainable events and sports economy for the Minneapolis-St Paul region, and the state of Minnesota, our region, and state, and what would be required to realize that opportunity.

The recommendations are based on research and analysis conducted for the Itasca Events and Sports task team. Methodology for the project included analyzing public data sources, reviewing literature and studies on individual event performance, interviewing experts, and benchmarking other regions. The research included interviews of over 60 external experts, including business leaders, event and sports owners and organizers, community leaders, academic experts, and policymakers.

This report concludes the first phase of the project, which involved fact-finding and identifying opportunities. The second phase of the project, which includes identifying partners, designing programs, advocating, and implementing the identified priorities continues.

About the Itasca Project

The Itasca Project is an employer-led alliance drawn together by an interest in new and better ways to address regional issues that impact our future economic competitiveness and quality of life in the Twin Cities area. Its 70-plus participants are primarily private-sector CEOs, public-sector leaders, and the leaders of major foundations based in the Twin Cities region. To learn more, please visit theitascaproject.com