

Report of the Working Group – November 11, 2020

The success of Visit Duluth and the Duluth Entertainment Convention Center are directly tied to the success of our community. This recommendation is designed to make a lasting positive impact by taking advantage of a unique opportunity in this time of change to leverage our shared values, build efficiencies, and significantly improve and sustain overall economic benefits for Duluth.

How it started

The discussion was initiated by Mayor Emily Larson through exploration conversations with Jesse Hinkemeyer (Visit Duluth board chair) and Karen Pionk (DECC board chair). Both chairs agreed that there were potential synergies to explore between the two organizations and brought the discussion back to their respective boards of directors. Both boards approved moving forward with a Working Group that included three members from each executive committee:

Visit Duluth board

Jessica Stauber – Vice Chair

Brianna Vander Heyden – Finance Chair

Jason Vincent – Executive Committee

Duluth Entertainment Convention Center board

Karen Pionk – Chair

Patrick Mullen – Vice Chair

Lynne Williams – Secretary/Treasurer

Facilitator: Noah Schuchman, City of Duluth

The first meeting of the Working Group was held on September 22, 2020, with the final meeting held on November 11, 2020. The group met a total of 16 times. All meetings were facilitated by Mr. Schuchman.

Common goals and principles

During the first set of meetings, the Working Group established the reasons for meeting and – to serve as a guide for the discussions – established a set of common goals and principles that connected to the missions of both organizations:

DECC: We are committed to providing a multidimensional entertainment and convention facility with high-quality integrated support services that will maximize the economic and social benefit to our business community, our investors, our clients and our customers. We will operate our facility with the highest regard for environmental sustainability.

Visit Duluth: Visit Duluth, the official destination marketing organization, exists to attract the maximum number of visitor dollars into Duluth's economy. Visit Duluth establishes new initiatives to increase tourism, visitors and conventions, and further enhance the awareness of the industry.

That discussion led to the establishment of the following goals and principles for the Working Group:

Goals

- Attract the maximum number of visitor dollars to Duluth
- Foster economic development
- Maximize the impact of financial resources
- Ensure and leverage consistent brand marketing
- Be responsive to current pandemic environment and ensuring a successful recovery from the pandemic
- Consistent communication and engagement with both board of directors

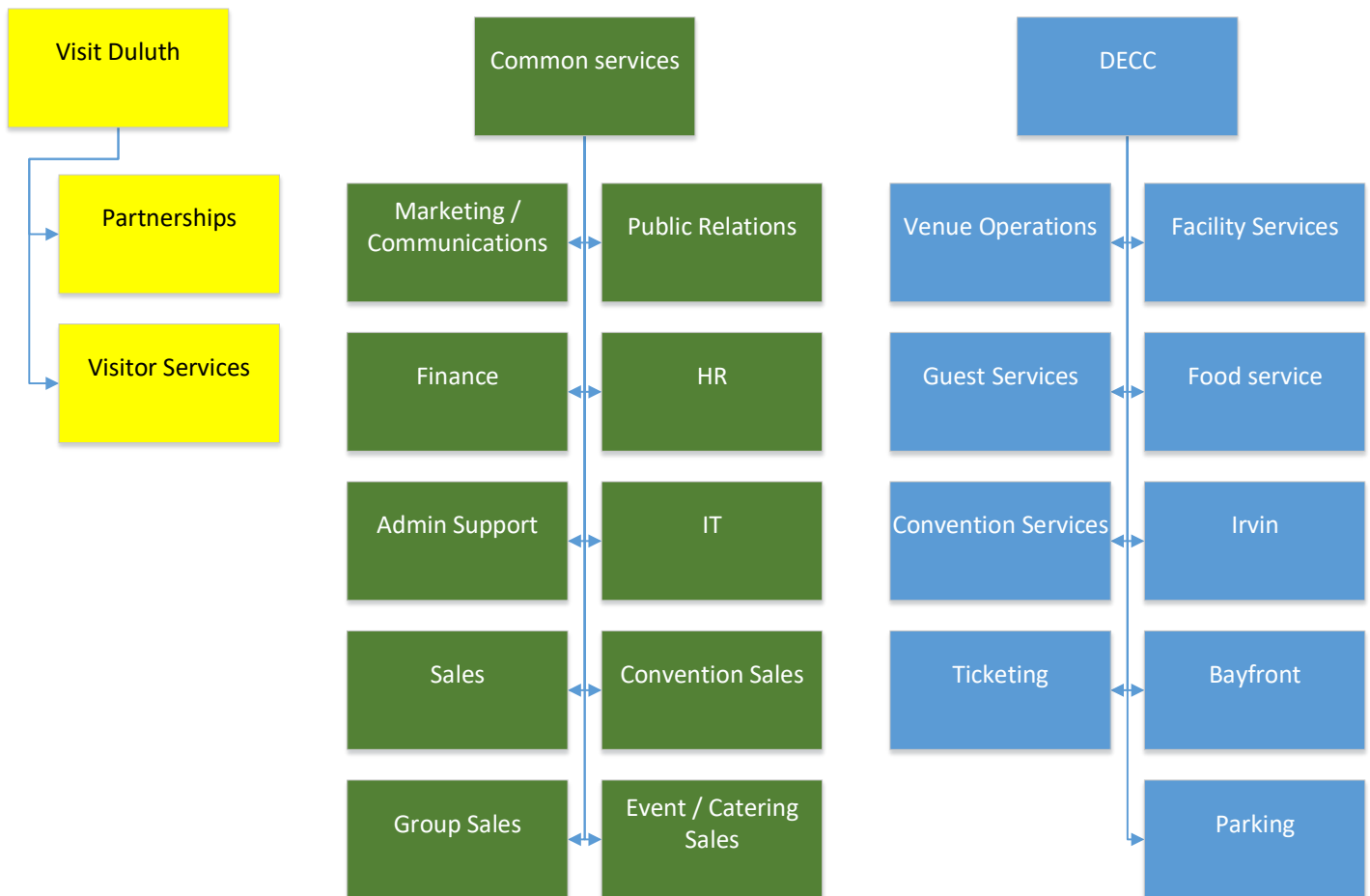
Guiding principles - The intent of this discussion is to make sure that any recommendations:

- Enhance overall benefit for our community and region
- Serve public interest
- Honor partnerships and key stakeholders
- Create financial sustainability

Organizational analysis

After establishing common goals and principles, the Working Group discussed operations and missions of both the DECC and Visit Duluth, using organizational bylaws, organizational charts and state legislation language to review services that overlap between the organizations and those that only one of the organizations provide.

On the functional organizational chart below, the green boxes in the middle represent common services that are either provided, contracted or performed by both organizations. The yellow boxes represent work that Visit Duluth exclusively performs. The blue boxes represent work that the DECC exclusively performs. The chart below does not represent recommendations.



The common services represent organizational synergies that would allow for potential efficiencies and increased economic impact through shared services and maximization of financial resources.

Comparison organizations

For context, an understanding of best practices and for comparison of similar situations, the Working Group examined the relevant organizations and their structures in the following cities:

Rochester
Minneapolis
St. Paul
Little Rock, AR

Columbia, SC
Green Bay, WI
Milwaukee, WI

Recommendations

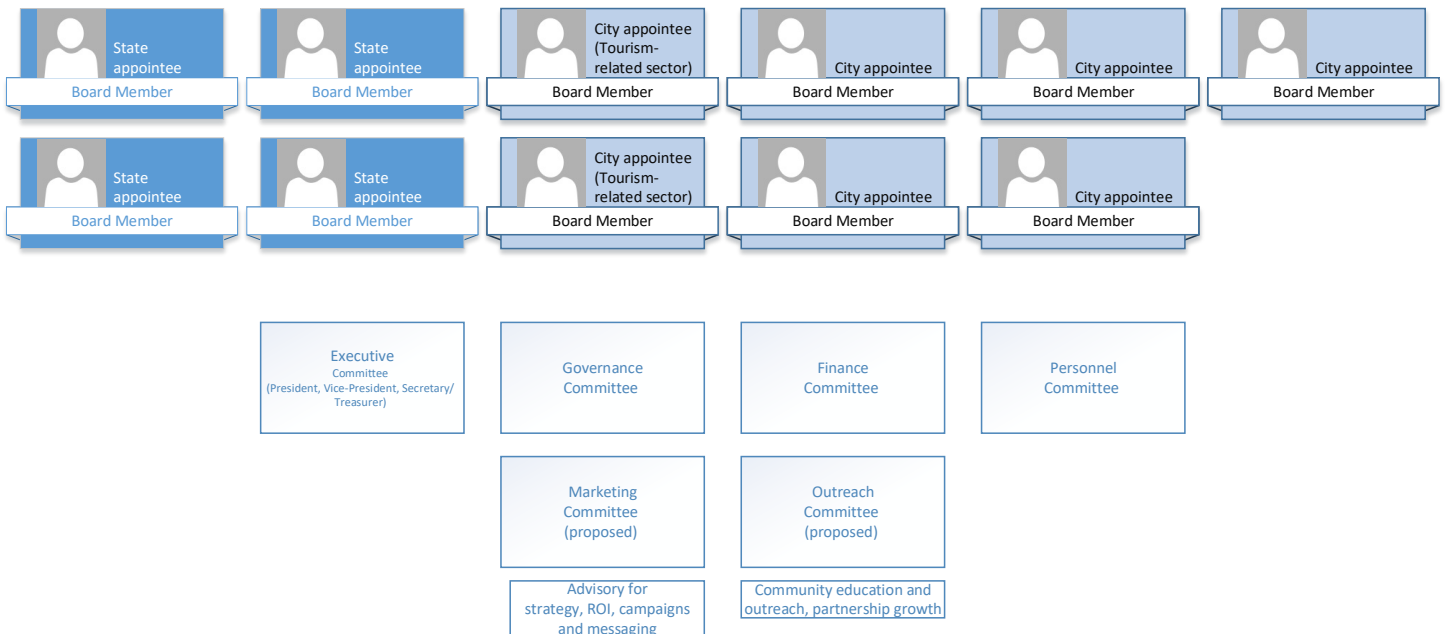
Given the scope of organizational synergies that would allow for potential efficiencies and increased economic impact through shared services and maximization of financial resources, the Working Group recommends:

Joint operating agreement

- That Visit Duluth and the Duluth Entertainment Convention Center enter a joint operating agreement beginning January 1, 2021
- That the City of Duluth enter into an agreement with the DECC to provide DMO services through the joint operating agreement for 2021
- That the joint operating agreement be established through the end of 2023 with regular review and evaluation
- That the DECC and the City of Duluth work together to advocate for legislative approval of changes to the DECC's enabling legislation at the appropriate time
- That the DECC Board of Directors commence recruitment for a permanent Executive Director
- That the DECC Board of Directors conduct an inclusive process to seek input from key stakeholders as part of the Executive Director hiring process
- That Visit Duluth employees who have maintained employment since the pandemic, up to January 1, 2021 be assigned to the DECC via the joint operating agreement
- That until the permanent Executive Director is hired, the Visit Duluth President/CEO will report to the DECC Board of Directors and the remaining Visit Duluth employees will report to the Visit Duluth President/CEO
- That the Visit Duluth name continue to be used as the marketing arm of the merged organization

Proposed governance model

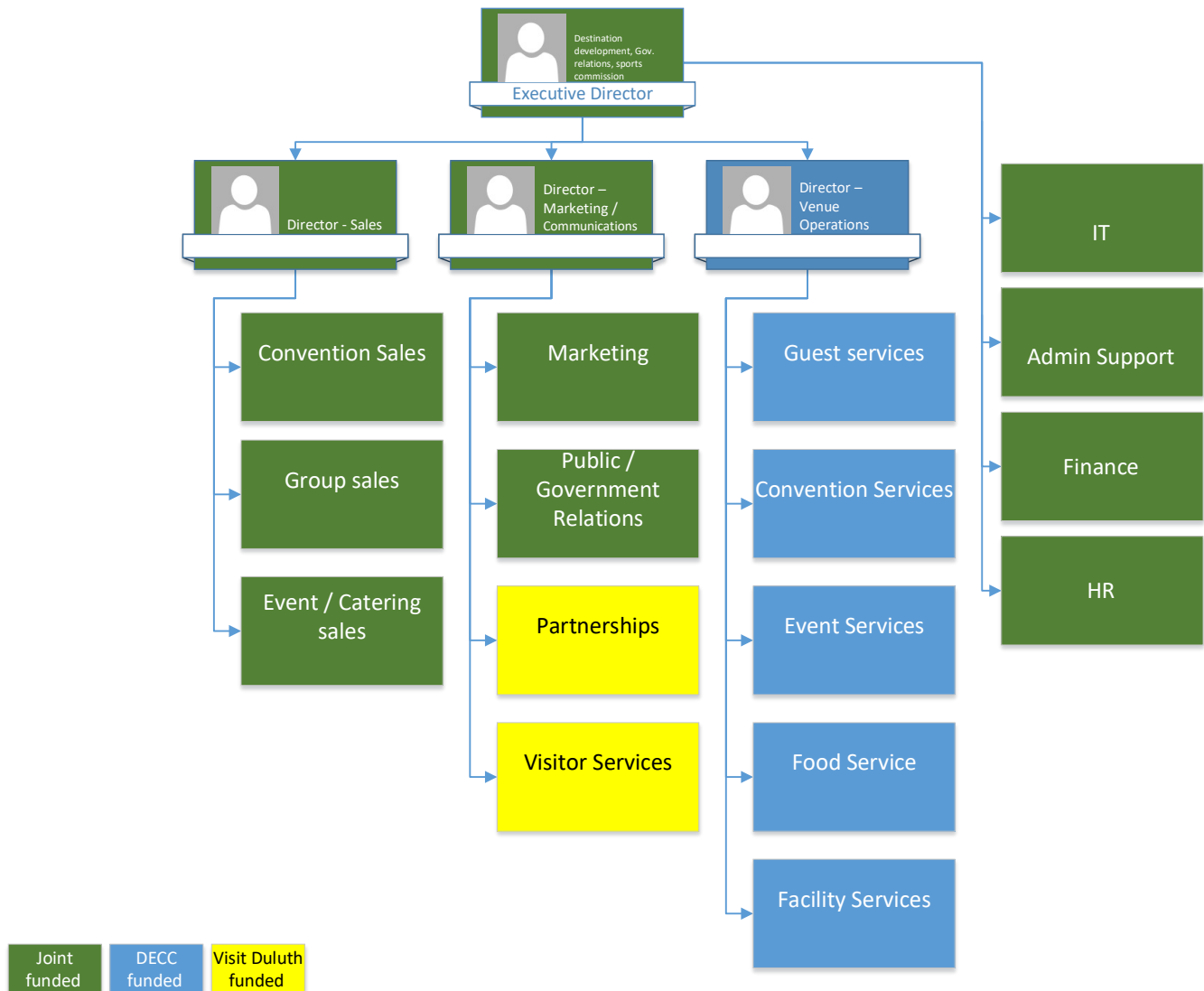
- That the merged organization operates under the governance of the DECC Board of Directors
- That the Visit Duluth Board of Directors ceases to operate beginning January 1, 2021
- That two of the City of Duluth's appointments to the DECC Board of Directors be required to be made from tourism-related sectors
- That the DECC Board of Directors add two committees (Marketing and Outreach) to allow for non-board member participation from Visit Duluth partners pursuant to the DECC bylaws
 - "The board may create committees as needed. The Board Chair appoints all committee chairs from the membership of the board. Limited term task forces may be appointed by the Board Chair at any time with approval by the Executive Committee; standing and longer-term committees shall be created with the affirmation of majority vote of the board. All board members are to serve on at least one committee. A minimum of three (3) members should serve on each committee."
 - The Marketing Committee will advise the Board of Directors and staff on marketing strategy, return on investment, campaigns and messaging
 - The Outreach Committee will advise the Board of Directors and staff on community education and outreach and partnership growth



Proposed organizational structure

- That the new organization be organized administratively as follows:
 - The merged organization should be led by an Executive Director as selected by the DECC Board of Directors
 - The Executive Director will have administrative responsibility and oversight for the organization, reporting to the Board of Directors
 - The Executive Director will be responsible for supervision and oversight of staff
 - The Executive Director will also be responsible for overall destination development, government relations and partnership with the City of Duluth on any future sports commission
 - The Executive Director will oversee IT, administrative support, finance and human resources functions pending their choice of reporting structure
 - The Executive Director will be responsible for organizational structure choices, but in general the Working Group recommends three director-level positions be established:
 - Director of Sales – responsible for large group sales, small group sales, event and catering sales
 - Director of Marketing and Communications – responsible for marketing, public and government relations, partnerships and visitor services
 - Director of Venue Operations – responsible for guest, convention, event, food and facility services

Proposed organizational structure:



Next steps

- That at the November board meetings the Working Group present recommendations and schedule special board meetings
- That both boards schedule Special Board Meetings for December 2, 2020 to vote on the recommendation, commence drafting of the joint operating agreement and name transition team representatives
- That the transition team include Anna Tanski and Roger Reinert, a representative of the City Attorney's office and one board member from each organization, and be facilitated by Noah Schuchman
- That the transition team begin to meet as soon as possible after December 2, 2020 to craft the joint operating agreement and address any outstanding issues
- That the transition team further evaluate legal and financial considerations identified by the Working Group
- That as soon as possible after the Special Board Meetings, the DECC Board of Directors commence a hiring process for the Executive Director position
- That the DECC Board of Directors facilitates receiving input from key stakeholders as part of the Executive Director hiring process