

*AUSTIN CONVENTION CENTER
EXPANSION:
PROMISES AND PERFORMANCE*

HEYWOOD SANDERS
UNIVERSITY OF TEXAS AT SAN ANTONIO

C.H. JOHNSON CONSULTING, INC.

EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING

July 24, 1997

Mr. Bob Hodge
Director
Austin Convention Center
500 East First Street
Austin, TX 78701

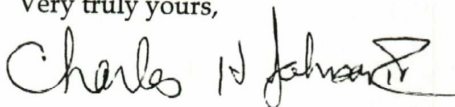
Dear Mr. Hodge:

C.H. Johnson Consulting, Inc. ("Johnson Consulting"), in association with Conventional Wisdom, Corp., was engaged by the City of Austin's Convention Center Department (the "City") to develop a long-range development plan for the Austin Convention Center. This study builds off prior feasibility study research and addresses four specific aspects in more detail than the previous study. This study includes: (i) an economic and fiscal impact analysis of the current and expanded facility, (ii) analysis of the relationship between the hotel market and the convention center, (iii) room tax revenue projections and (iv) a physical program for the next phase of the facility along with a vision for a longer-term perspective for the facility. The attached report presents our analysis and recommendations regarding the Convention Center strategy the City should employ.

Our findings reflect analysis of primary and secondary sources of information. We have utilized sources deemed to be reliable but cannot guarantee their accuracy. We projected economic and fiscal impacts and hotel tax growth for the City, based on assumptions stated herein. Moreover, estimates and analysis regarding the project are based on trends and assumptions which usually result in differences between the projected results and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

We have enjoyed the opportunity to work on this assignment and look forward to providing you with continuing service.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Charles H. Johnson". The signature is fluid and cursive, with a large initial "C" and a stylized "H".

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The Convention Center

The current convention center is comparatively small for a city with characteristics like Austin. The Stein and Company study recommended an immediate expansion to a minimum of 250,000 square feet. Anticipated growth in demand for Austin as a meeting location is likely to require additional future expansion. The city's designation as the state capital, its location in a prime tourism area, its high-tech industries, and educational institutions create several market opportunities for Austin. The City has potential to rival San Antonio and other major Texas and U.S. cities for state and national meeting business.

Business at the existing Convention Center continues to grow. The amount of space required for meetings is growing and meeting planners expect more sophisticated facilities similar to those found in other cities. Austin's competitive positions in the state and national markets will erode unless the City expands its facility.

This erosion of competitive position is already occurring. Lost business records maintained by the Austin Convention and Visitors Bureau ("ACVB") indicate that future bookings of 240,000 room nights have been lost due to inadequate facilities in Austin. Since publication of the prior feasibility report,

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Experts in Convention, Sport and Real Estate Consulting

the obstacles to future growth in Austin's Convention Center business have continued to mount.

Table 2-1 summarizes the major reasons for lost business. The reasons are distributed by the number of room nights lost.

Table 2-1 Reasons for Lost Business

Primary Reason	Room Nights Lost	% of Total
Facility dates unavailable	69,820	29%
Inadequate meeting space	31,045	13%
Lack of large hotel	28,155	12%
Room rates	25,133	10%
Political	11,874	5%
Large room block not available	11,130	5%
Location	11,002	5%
No response from hotels	9,625	4%
Meeting canceled	9,175	4%
Other reasons	33,488	14%

Source: Austin Convention and Visitor's Bureau

Meeting planners reported the lack of available facility dates more than any other reason for not using the Convention Center. The lack of available dates stems from the size of the facility, which prevents the occurrence of simultaneous events. Lack of adequate meeting space was the second most frequently cited problem. The availability of hotel rooms at reasonable rates is also important. Hotel-related factors (four categories in total) account for over 31 percent of the lost business. Additional hotel supply and greater cooperation from the existing hotel community are essential if the city is to realize its meeting market potential.

The current convention center is too small to accommodate Austin's potential demand. Center management is now facing severe problems in its attempts to retain a number of annual repeating events. Many national rotating events that previously came to Austin and liked the community cannot return because they are now too large for the facility. Many state events have also outgrown the facility.

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Table 4-1 Comparison of Demand- 1996 VS. 125,000 SF. Expansion, Stabilized

Demand Categories	125,970 S.F. Facility- 1996		255,600 S.F. Facility- 2005		Increment 2005 VS. 1996	
	# of Events	# of Attendees	# of Events	# of Attendees	# of Events	# of Attendees
Exhibit Hall Events						
Conventions & Trade Shows						
0-50,000 SF	23		32	32,000	9	
50,001-100,000 SF	11		30	90,000	19	
100,001-150,000 SF	13		26	117,000	13	
150,001-200,000 SF			6	42,000	6	
200,001-250,000 SF			4	48,000	4	
Subtotal	47	150,000	98	329,000	51	179,000

The current Convention Center generates approximately 150,500 room nights. Johnson Consulting projects that an expanded Center will generate approximately 332,600 room nights in Austin. The City can leverage this increasing demand to influence its future hotel development.



Convention Center Expansion

Summary

The original Austin Convention Center facility covered four city blocks downtown, bounded by Red River, East Cesar Chavez, Trinity and East Third streets. This project is a \$110 million expansion of the Convention Center on adjacent land north of the current facility, pushing the footprint to Fourth Street. The Center, which opened in July 1992, was built to allow for future expansion.

Description

The expansion will add an additional 130,000 square feet of exhibit space, a new 40,000 square foot ballroom and another 35,000 square feet of meeting rooms, doubling its capacity.

Room nights - the nights people spend in area hotels - are expected to increase from 150,500 to 332,600 with the expansion.

AUSTIN CONVENTION CENTER

*FY17-18 CONVENTION EVENTS
WITH ATTENDANCE AND ROOM NIGHTS*

KeHE 2017 Natural Show	10/01/17	10/06/17	1,500	2,000	1,972
SpiceWorld Austin 2017	10/06/17	10/11/17	3,000	2,670	2,637
2017 AALAS National Meeting	10/13/17	10/19/17	4,800	4,136	8,174
2017 SWE Annual Conference	10/23/17	10/28/17	13,700	14,500	7,972
Texas Society of Architect's 78th Annual Convention & Design Expo	11/06/17	11/12/17	3,500	3,074	1,144
2017 STAFDA Annual Convention and Tradeshow	11/09/17	11/15/17	4,300	4,470	4,900
2017 The Running Event	11/25/17	12/02/17	1,700	2,629	2,296
Xerocon Austin 2017	12/04/17	12/06/17	80	80	671
2018 American Meteorological Society	01/04/18	01/12/18	3,700	4,198	7,996
2018 TASA Midwinter Conference	01/26/18	01/31/18	6,500	6,700	5,043
2018 TCEA Annual Convention	02/02/18	02/10/18	15,000	10,547	10,394
AAAS Annual Meeting	02/13/18	02/19/18	6,000	6,836	5,298
NDA 2018 Annual Convention & Expo	02/19/18	02/25/18	1,200	1,055	1,457
NTCA	02/22/18	03/01/18	2,500	2,268	5,902
2018 SXSW Conference and Festivals	03/02/18	03/19/18	150,000	200,310	53,681
2018 Distributors Conference	03/21/18	03/30/18	3,800	2,975	5,451
Work Human 2018	03/31/18	04/06/18	3,000	2,850	4,674
2018 Annual Spring Clinical Meeting	04/07/18	04/14/18	2,500	2,900	4,258
2018 Annual Clinical & Scientific Meeting	04/24/18	05/01/18	6,000	6,800	8,414
IMMUNOLOGY 2018	05/02/18	05/08/18	3,000	3,652	14,462
2018 TCEQ Environmental Trade Fair & Conference	05/11/18	05/16/18	6,000	4,900	2,353
2018 NI WEEK	05/16/18	05/25/18	6,000	4,754	5,487
DreamHack Austin 2018	05/26/18	06/04/18	27,000	36,000	1,079
SPIE Astronomical Telescopes and Instrumentation 2018	06/08/18	06/15/18	2,300	2,227	2,982
2018 TASSP Summer Workshop	06/11/18	06/15/18	2,850	2,253	3,302
2018 National Charter Schools Conference	06/15/18	06/20/18	4,800	4,502	4,281
2018 NASFAA National Conference	06/22/18	06/27/18	2,000	2,135	6,064



Past Conference Attendance:

Indianapolis, IN/Hybrid – 16,609

Virtual WE20 – 18,825

Anaheim, CA WE19 – 16,627

Minneapolis, MN WE18 – 14,100

Austin, TX WE17 – 14,600

Philadelphia, PA WE16 – 11,700

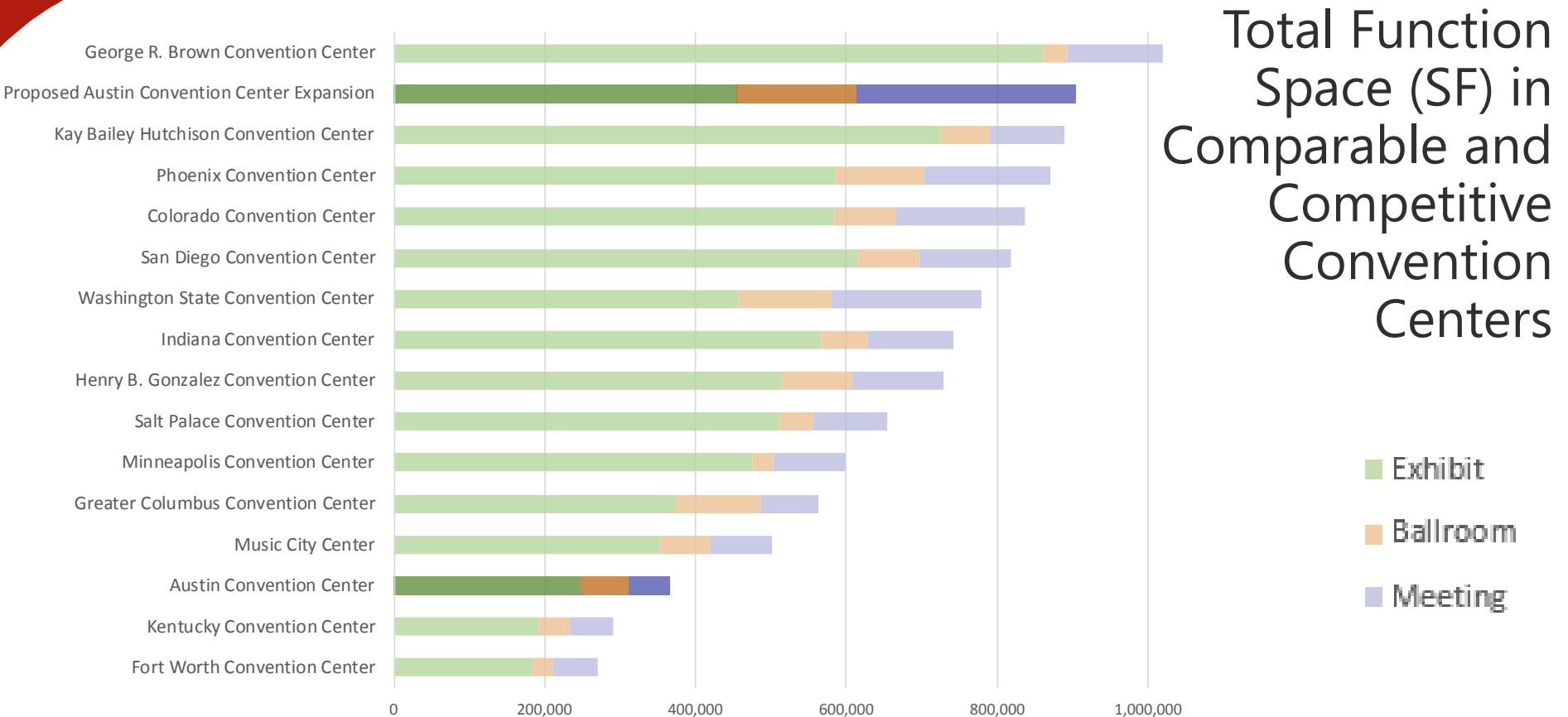
Nashville, TN WE15 – 8,539

Future Locations:

Houston, TX WE22 October 20-22, 2022

Los Angeles, CA WE23 October 26-28, 2023

Chicago, IL WE24 October 24-26, 2024



SpiceWorld 2022 is hybrid!

**We can't wait to see you virtually
or in person in Austin, TX.**

September 28 - 30, 2022!



Future AVMA meeting dates

2022 Philadelphia, Friday, July 29 – Tuesday, August 2, 2022

2023 Denver, Friday, July 14 – Tuesday, July 18, 2023

2024 Austin, Friday, June 21 – Tuesday, June 25, 2024

2025 Washington D.C., Friday, July 18 – Tuesday, July 22, 2025

2023 Anaheim, Friday, July 10 – Tuesday, July 14, 2026

FISCAL YEAR DATA FROM RESPONSE TO ALTER**EXCLUDING SXSW****YEAR CONV ATTD ROOM NIGHTS****CONV ATTD ROOM NIGHTS****FY15-16 315,711 224,072****165,711 167,696****FY16-17 338,232 239,189****188,232 183,542****FY17-18 403,770 246,235****203,460 192,554**



EXPANSION STUDY

Austin Convention Center

AUSTIN, TEXAS



SUBMITTED TO:

Mrs. Trisha Tatro
Austin Convention Center
500 East Cesar Chavez Street
Austin, Texas 78701
Trisha.Tatro@austintexas.gov
+1 (512) 404-4000

PREPARED BY:

HVS Convention, Sports & Entertainment
Facilities Consulting
205 West Randolph
Suite 1650
Chicago, Illinois 60606
+1 (312) 587-9900

FIGURE 6-2
SUMMARY OF DEMAND HISTORY

	2015	2016	2017	2018	2019
Event					
Conventions	37	38	42	36	38
Tradeshows	2	1	3	1	1
Consumer Shows	11	9	16	11	11
Conferences	12	11	11	12	10
Banquets	7	5	9	7	6
Meeting	31	18	25	15	26
Sports	8	4	5	3	3
Concerts & Entertainment	1	3	1	2	1
Other	3	na	2	3	2
South by Southwest	1	1	1	1	1
Total	113	90	115	91	99
Estimated Attendees					
Conventions	130,329	174,600	186,480	216,500	156,750
Tradeshows	1,700	10,000	3,200	1,500	1,200
Consumer Shows	86,063	45,100	132,600	80,700	84,700
Conferences	23,854	12,875	17,275	23,400	13,000
Banquets	12,250	3,280	5,775	5,275	8,730
Meeting	14,225	8,330	15,165	7,800	10,913
Sports	33,500	22,700	29,100	18,000	4,300
Concerts & Entertainment	900	2,850	2,500	4,600	1,000
Other	35	na	30	32	15
South by Southwest	105,000	150,000	150,000	200,000	200,300
Total	407,856	429,735	542,125	557,807	480,908

Source: ACC

FIGURE 6-6
SUMMARY OF DEMAND PROJECTIONS

Event Type	Events		Average Attendance		Total Attendance	
	Base 2024	Stabilized 2033	Base 2024	Stabilized 2033	Base 2024	Stabilized 2033
Conventions	38	65	4,539	4,700	172,000	306,000
Tradeshows	2	6	2,923	2,200	6,000	13,000
Consumer Shows	12	15	7,232	7,200	87,000	108,000
Conferences	11	35	1,596	2,000	18,000	70,000
Banquets	7	25	1,051	1,100	7,000	28,000
Meeting	23	55	494	500	11,000	28,000
Sports	4	6	4,623	4,700	18,000	28,000
Concerts & Entertainment	2	4	1,530	1,500	3,000	6,000
Other	2	2	9	10	20	20
South by Southwest	1	1	161,060	250,000	161,000	250,000
Total	102	214			483,000	837,000



City of Dallas

Kay Bailey Hutchison Convention Center Dallas (KBHCCD) Master Plan Update and Project Financing Zone

**Economic Development Committee
October 4, 2021**

Rosa Fleming - Director, Convention and Event Services
Robin Bentley - Director, Economic Development
Joey Zapata - Assistant City Manager
Dr. Eric A. Johnson - Chief of Economic Development
& Neighborhood Services

Financing Strategy: Proposed Funding Sources



Funding Sources	Range of Revenue Sources	Note
Debt Restructuring	\$250 - \$500 M	CES working with Bond Counsel
Project Financing Zone (PFZ)	Approx. \$2.2 B	State Funds Redirected to City of Dallas
2% Hotel Occupancy Tax Increase	Approx. \$1.5 B	New visitor fee
Monetization of Public RE (CC Sites)	\$100 - \$240 M	Leverages existing under-utilized assets
Total Proposed Funding Sources	\$4.0 B - \$4.4 B	

Project Benefits



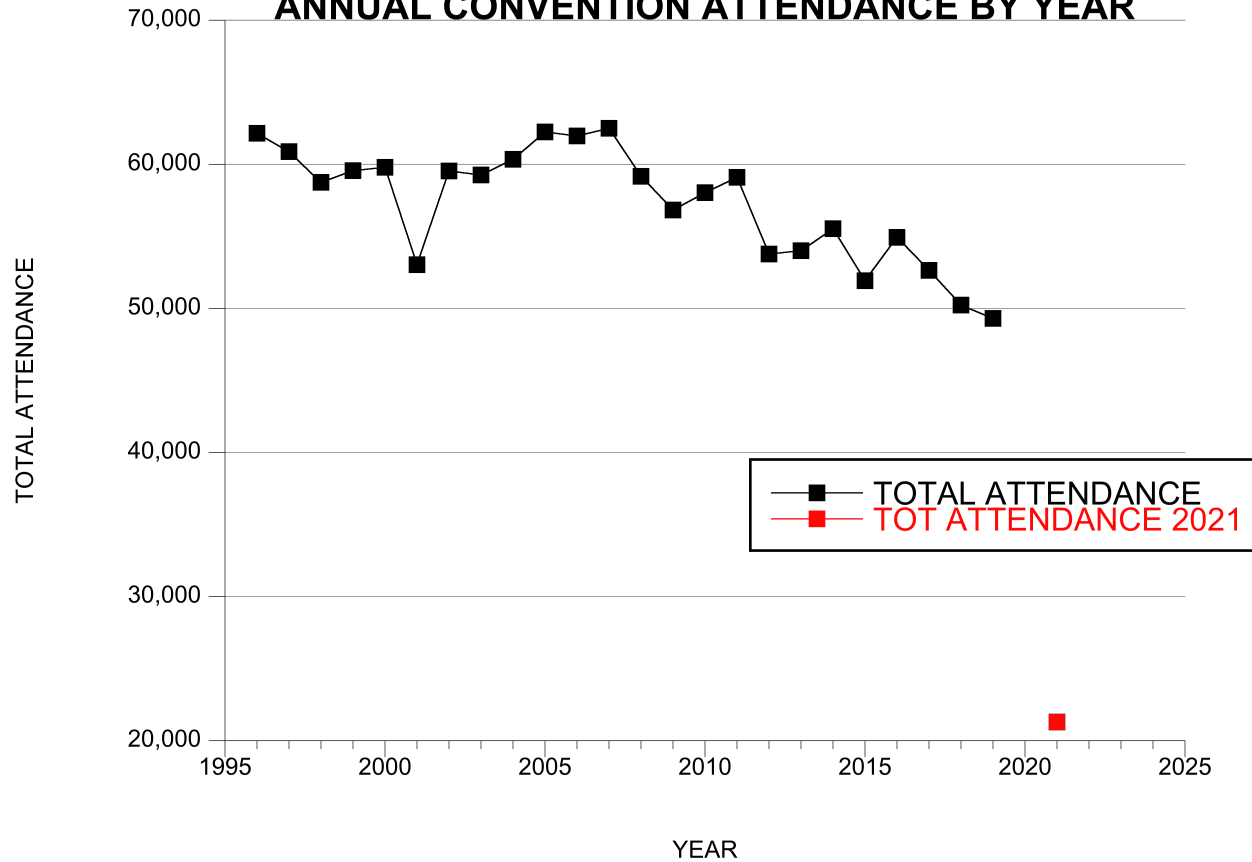
Convention Center Project Creates the Opportunity To:

- **Nearly double annual attendance** via the addition of new events and somewhat larger events, on average
- **Generate ~330k additional annual hotel room nights** in Dallas by stabilization, bringing annual total to ~700k hotel room nights
- Yield **50-100K jobs** (construction and permanent), up to **\$2.5 B in property taxes** and **\$30-50B** in total spending over 30 years
- Improve operating efficiency to bolster Convention and Event Services (CES) **continued operation as an enterprise department without reliance on the General Fund**
- **Redirect state taxes** back to Dallas, **capture new visitor and user fees**, and **leverage existing assets** to renovate or reconstruct the Convention Center

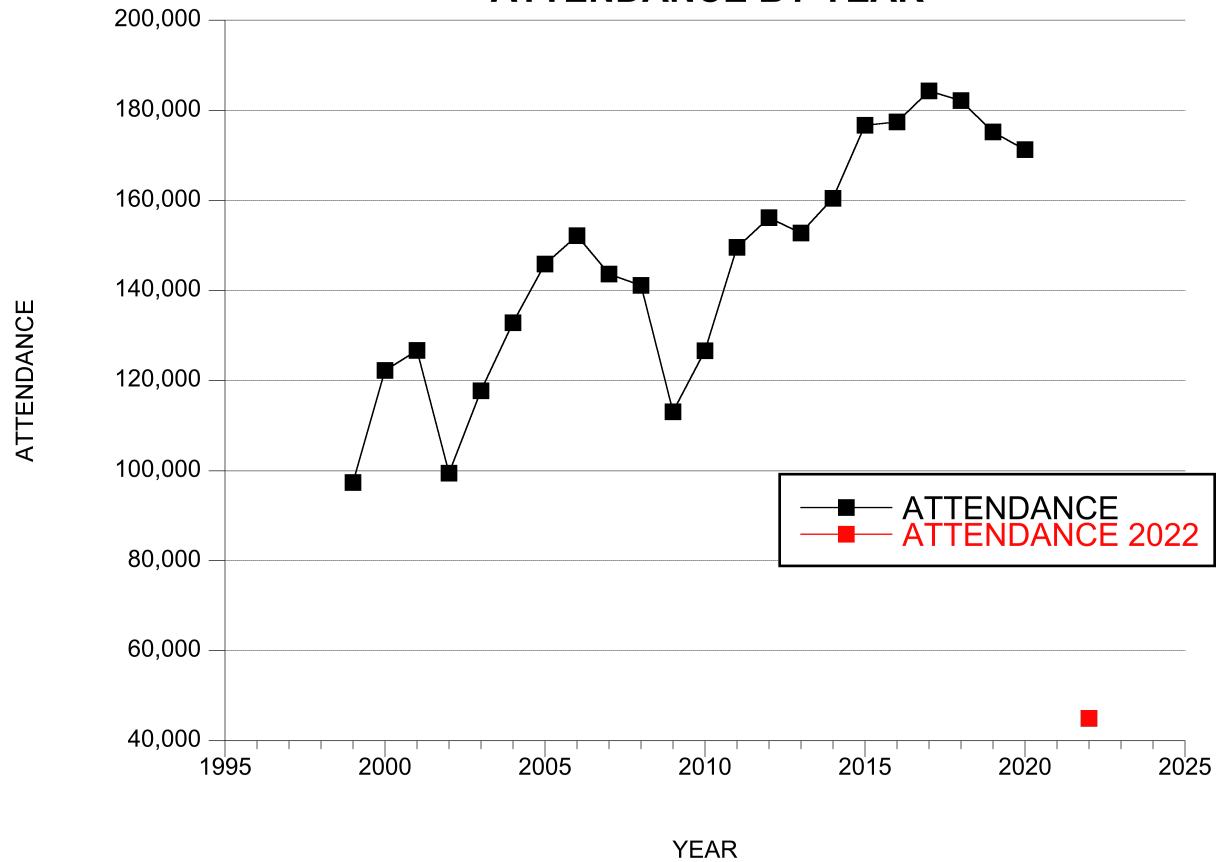


THE CURRENT STATE OF CONVENTION ATTENDANCE

RADIOLOGICAL SOCIETY OF NORTH AMERICAN ANNUAL CONVENTION ATTENDANCE BY YEAR



CONSUMER ELECTRONICS SHOW (CES) ATTENDANCE BY YEAR



WORLD OF CONCRETE (LAS VEGAS) ATTENDANCE BY YEAR

