

*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

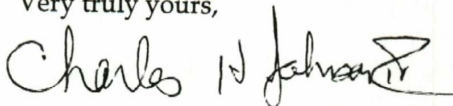
Dear Mr. Hodge:

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,

C.H. JOHNSON CONSULTING, INC.
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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EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING

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
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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



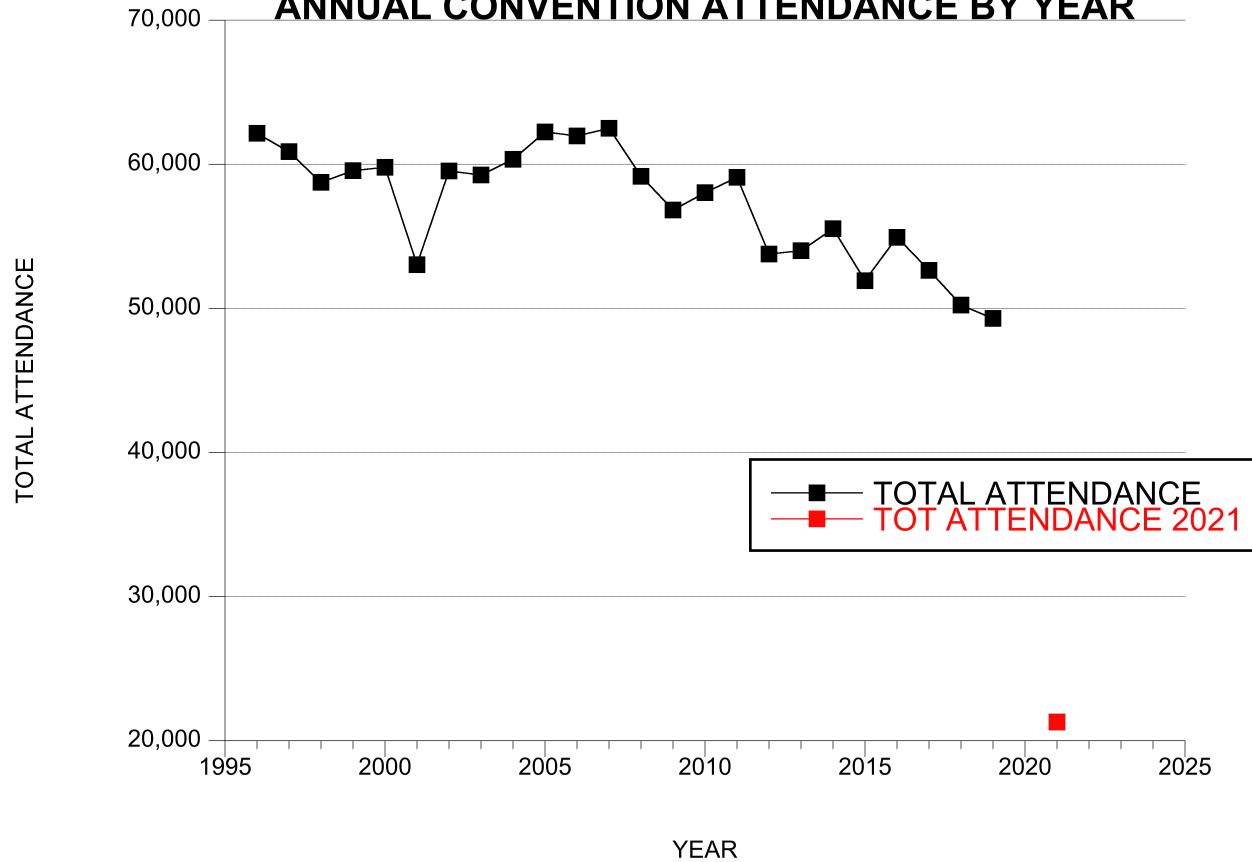
Convention Center Project Creates the Opportunity To:

- **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

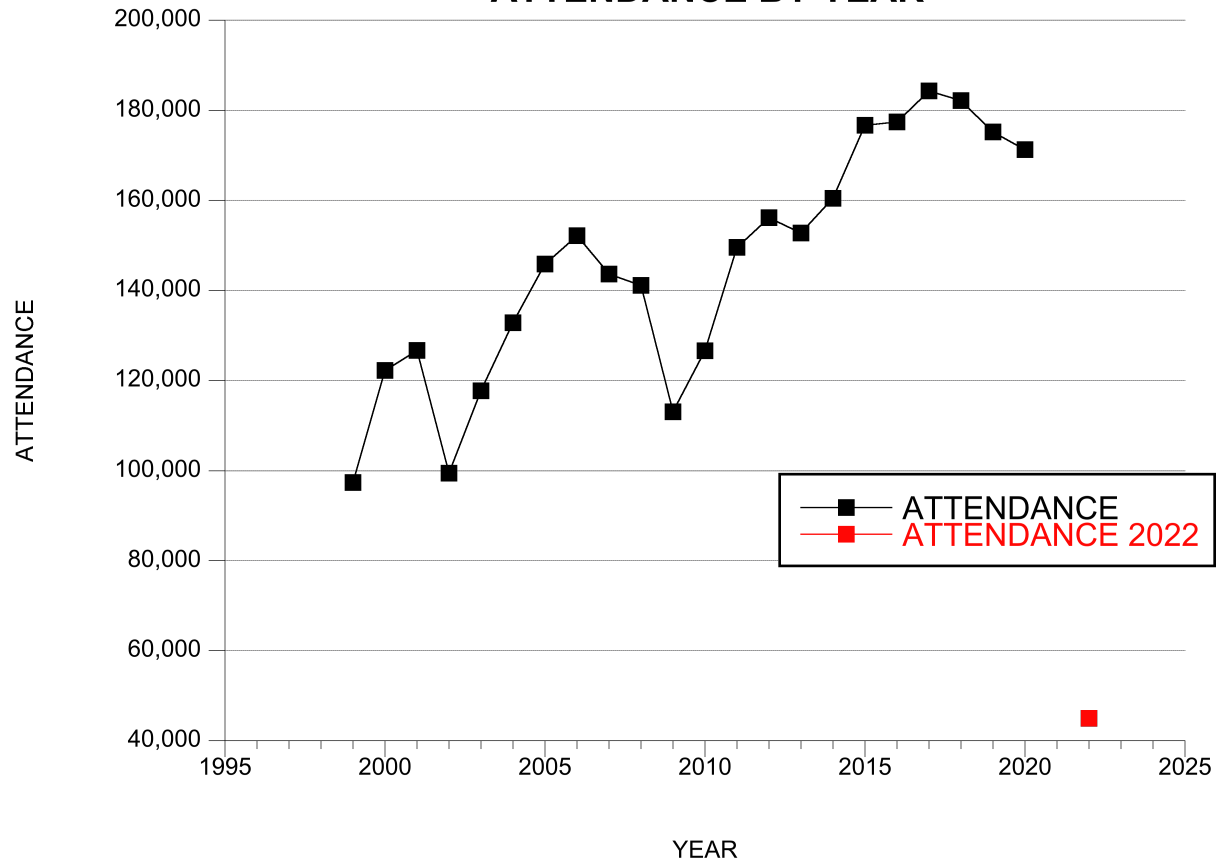


***THE CURRENT STATE OF
CONVENTION ATTENDANCE***

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

