



## City of Fort Worth Convention and Hospitality Market Feasibility Study

Submitted to:

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Dear Mr. Jameson and Mr. Slaughter,

The City of Fort Worth and the Fort Worth Convention and Visitors Bureau engaged the Hunden Strategic Partners' team, including TVS Design and Benner Bennett Partners (referred to collectively as HSP, HSP Team or Team) to conduct a market and financial analysis related to the future potential expansion and renovation of the Fort Worth Convention Center (FWCC), as well as the possible development of a new arena and repurposing of the existing arena at the FWCC. The analysis includes an analysis of the downtown hotels, restaurants, nightlife and entertainment that were considered as part of the overall hospitality package, based on research conducted by the Team. The scope of work also included analyses of marketing and building resources as well as governance profiles of other similar facilities. Finally, an economic and fiscal impact analysis was conducted for the recommended development scenarios. The attached is our report.

This deliverable has been prepared under the following general assumptions and limiting conditions:

- The findings presented herein reflect analysis of primary and secondary sources of information that are assumed to be correct. HSP utilized sources deemed to be reliable, but cannot guarantee their accuracy.
- No responsibility is taken for changes in market conditions after the date of this report and no obligation is assumed to revise this report to reflect events or conditions occurring after the date of this report.
- HSP has no control over construction costs or timing of construction and opening.
- Macroeconomic events affecting travel and the economy cannot be predicted and may impact the development and performance of the project.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

**Hunden Strategic Partners**

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## EXECUTIVE SUMMARY

The City of Fort Worth (City) and the Fort Worth Convention and Visitors Bureau (FWCVB) retained the Hunden Strategic Partners Team (HSP or the HSP Team), consisting of TVS Design and Benner Bennett Partners (BBP) to analyze the current conditions of the Fort Worth Convention Center (FWCC), the local, downtown and walkable hotel package, as well as the arena market, to determine the likely next steps that the City and FWCC should take to optimize Fort Worth's place in the competitive convention and event market, given its size, location, growth and other key attributes. The HSP Team was also tasked with analyzing the resources that are collected and allocated to both the FWCC and the FWCVB for operating and marketing efforts, as well as profiling alternative governance structures for the management and marketing of the FWCC.

These tasks were undertaken within a context of known or assumed facts or likely occurrences that were additionally investigated.

### Existing Conditions and Critical Factors

These assumptions and trends provide significant context to the study and its outcomes. They include:

- Fort Worth is the fastest growing city in Texas and one of the fastest growing cities in the country. This is generally true of the population within the city limits, the Tarrant County population, as well as the greater Dallas-Fort Worth Metroplex.
- The State of Texas is one of the fastest growing states in the nation and was one of the few states that were only minimally impacted by the latest recession. Relative to the balance of the country, Texas has grown in population and performed exceedingly well in terms of its economy.
- The convention and event market nationally has been in a recovery period following two consecutive declines in the past decade (after 9/11 and from 2008 – 2011). Overall convention activity, based on one key measure of exhibit hall usage, is essentially at the same level as in 2000. However, the convention industry has changed significantly, with less emphasis on exhibit space and more emphasis on ballroom and meeting space. Therefore, simplistic measures of the industry do not tell the whole story of a dynamic and continuously active market for events.
- The event and convention market in Texas has continued to expand based on the growth of its economy, population and major cities. Cities like Fort Worth and Austin that had only been state or regional players in the past are now competing for nationally rotating events. This is based on each of their improved reputations nationally for active downtowns, vibrant cultural scenes, and improved convention and hotel packages. In addition, Houston, Dallas and San Antonio have responded to the market's demands for more and better quality space and hotels – especially hotels – and have each made major strides in improving their competitive positions nationally.

- Smaller cities in Texas have grown as well, and have advanced their desires to host rotating state events and corporate conferences. Cities like Irving and Grapevine have joined a host of other other Texas cities (Arlington, Corpus Christi, Amarillo, etc.) in offering compelling packages for meetings and events. These have not simply been convention center investments, but hotel and entertainment district investments as well.
- Fort Worth itself has benefited extensively from its past investments in its convention and hotel package, its downtown and entertainment/dining options. The last expansion of the FWCC paired with the addition of the 614-room in 2009 has lifted the profile and performance of the FWCC and City in the industry. The downtown hotel package has improved not just in size, but in quality, as the higher quality Omni essentially forced the balance of the market to catch up in quality. Had the market not responded positively to these investments, this report may not be necessary. However, there has been a measureable flight to quality with a spike in the hotel rates that the Omni and other improved hotels have been able to achieve. The difference between the downtown hotel market's health between 2002 and 2014 is nearly night and day. Occupancies and hotel rates are strong enough that several new and compelling hotel projects are under consideration in the walkable area around the FWCC. These include high-end boutique and extended stay properties.
- A public-private partnership to build a new, state-of-the-art arena is underway, with a project that would be located at the Will Rogers Memorial Complex. It would serve as both a host and headquarters for the massive and legendary Fort Worth Stock Show in January of each year, but just as important, will provide this two million person market with its first major market arena to host concerts, family shows, sporting events and other entertainment. The opportunity this will provide to Fort Worth is significant in terms of recapturing lost business that currently goes to Dallas for events or is simply not accommodated in the Metroplex market now due to a lack of suitable venues and calendar availability.
- The addition of the arena will likely impact the FWCC and some of the events it holds. Some may want to move to a new arena, although most will likely want to stay at the FWCC as long as it meets their needs. There are several existing annual events that use the arena for their religious or direct selling assemblies.
- There are two distinct portions of the FWCC: a new and relatively optimized portion containing exhibit, ballroom and meeting space, as well as pre-function space; and a 40+ year old component containing the original arena, meeting rooms and some underutilized space. There are a number of logistical and other challenges at the FWCC that require attention if the facility hopes to be competitive.
- The FWCC is somewhat landlocked, both physically and politically. In order to expand in all but one direction, streets would either need to be bridged, moved or removed. The direction where street adjustment is not needed is toward the south, where the Water Gardens sit. While many civic and political leaders expressed opinions suggesting the Water Gardens could or should be removed or modified, there was also

a significant feeling that the Water Gardens have a somewhat sacred status in downtown. Any adjustments would potentially be more difficult than moving a street.

## Key Findings

Based on HSP's extensive analysis of the existing and past clients in Fort Worth, the facility, the competitive market, demand and other issues, HSP determined the following:

- The market has responded extremely positively to the expansions and improvements in Fort Worth's convention package over the past 10 – 12 years. The two primary changes were the last expansion, completed in 2003, and the addition of the Omni, opened in 2009. Demand levels in both facilities have been strong, exceeding most all expectations. The Omni leads the market in hotel performance. A third primary improvement has been the quality change in the downtown hotel package. While the number of rooms has not expanded dramatically beyond the Omni addition, its quality set the bar for the market at a level that encouraged the remainder of the market to adjust upward. As a result, the downtown market has a good quality reputation for most properties and excellent performance levels. These levels are so strong that several new hotels are under consideration in the downtown area, near the FWCC.
- Fort Worth's downtown has enhanced its reputation as a fun, walkable city with a variety of restaurants and leisure time activities. While not quite at the level of San Antonio and Austin, most visitors who know the major Texas cities would rank Fort Worth's downtown higher than Dallas or Houston for the visitor experience. It has a walkable, easy to get around feeling to it along with plenty to do. The addition of Sundance Plaza has underscored this change.
- The FWCC has some significant challenges in quality and logistics that have locked it into a business plateau.
  - The new part of the building is excellent and users enjoy it, however servicing the new and old portions of the building is an extreme challenge due to back of house circulation issues.
  - The original part of the building, the arena, is nearly 50 years old and is outmoded and underutilized. Very few groups use the arena as an arena, and those who do have made do with a variety of challenges. The meeting rooms surrounding it are also much lower quality than the newer meeting rooms. The Annex, which is supposed to be an exhibit hall, is essentially a catch-all room for indoor unloading, food prep, storage, staging, etc. Unfortunately, it is not a good quality exhibit hall and has logistical challenges, and so therefore is almost never used by groups for exhibit space.
  - The kitchen facilities are exceedingly small and make food preparation and service execution difficult. The back-of-house hallways to the ballroom are virtually non-existent and the need to elevator food also presents a challenge.
  - Onsite food options are minimal, as are public seating areas. While downtown Fort Worth has a number of restaurants, users of the facility would like to have several

quick and casual food service options onsite, as well as the opportunity to bring in food trucks that would provide trendy fare.

- Building technology has been noted by most large FWCC users as a challenge. Nothing short of a capital investment in a higher capacity system will change this commonly stated service issue. This investment can be made now to retain existing business and is a priority.
- Existing users are outgrowing the facility and some have had to relocate to larger buildings. Many potential users will not consider coming to the Fort Worth without larger and better quality spaces, especially a large ballroom and more high-quality meetings rooms.
- The existing meeting rooms do not have built in audio-visual equipment, which ends up costing users much more money as well as requires more labor for the building. All of these issues make Fort Worth and the FWCC less competitive for events.
- The downtown hotel market suffers from the episodic nature of the convention business, which has plagued many convention markets. When a convention is in town, hotels are generally full and rates are 'compressed' upward. However, during the lag time between conventions, hotels are left to fill the gaps with other in-house meetings business and the normal transient business. Rates and occupancies decline. This roller coaster scheduling can be difficult and harmful to business. Many facilities have realized that there are many more small and mid-sized conventions to host than large conventions. Being able to consistently host two to three small or mid-sized events with calendar overlap enables hotels to be more consistently occupied. With the proper space configuration and program in the FWCC and at least two proximate headquarters hotels, Fort Worth will be able to advance its business significantly, almost a "1 + 1 = 3" situation.
- The walkable hotel package, despite its vast improvement over the past decade, is still too small to be competitive for either mid-sized conventions or simultaneous smaller conventions. When comparing Fort Worth to its peers and competitors, it has many fewer rooms within walking distance. In order to package a large room block, the CVB struggles, as it has to cobble together small blocks of rooms from a large number of hotels, many of which are not close. Meeting planners want to contract with as few hotels as possible in order to set up their hotel room block. And while the Omni is a bright spot, it also presents a challenge in that its level of size, location and quality is so much better than any other hotel that planners balk at using other hotels if they are not able to secure their hotel rooms at the Omni.
- Fort Worth's hotel package will grow, but if not managed strategically in tandem with convention industry professionals, the market could end up with many small new hotels instead of one or two large, compelling, event-inducing properties. The smaller hotels will not help the FWCC expand its market penetration or attract the market Fort Worth can serve.

- In terms of governance structures, there are a number of structures that can result in successful outcomes for convention center sales and management. A number of structures have been tried, from a convention facility owned and operated by a city department, to one operated and marketed by a CVB (Memphis), to one operated and marketed by a private management firm (Cleveland), to hybrid structures involving public ownership and either private or independent management (most cities). The key to success appears to be aligning outcomes, responsibilities and resources within one organization or a combination of organizations. Those who are tasked with producing results in the building should also be provided the resources and authority to attract business and negotiate fair deals that meet the goals for the building. The goals of the building are usually an optimized combination of limited operating losses and economic impact through hotel room night and attendance generation. Structures that separate the authority from the resources to make effective decisions suffer, while those who align resources, management and marketing to work cohesively tend to prosper.

## Recommendations

As a result of these findings, the HSP Team makes the following recommendations, as shown in the table below:

**Table 1**

Fort Worth Convention Package Recommendations								
	Exhibit Space	Ballroom 1	Ballroom 2	Meeting Room Space	Meeting Room Divisions	Board Rooms	Convention Hotel 1 (Rooms)	Convention Hotel 2 (Rooms)
Current	227,613	28,160	0	58,520	55	1	614	0
Recommended	280,000	28,160	50,000	80,000	80	3	1,000	1,000
Net New Needed	52,387	0	50,000	21,480	25	2	386	1,000
Existing to be Replaced	45,000	0	0	25,000	25	0	0	0
<b>Net New to be Constructed</b>	<b>97,387</b>	<b>0</b>	<b>50,000</b>	<b>46,480</b>	<b>50</b>	<b>2</b>	<b>386</b>	<b>1,000</b>

Source: Hunden Strategic Partners

The description below provides discussion of each major recommendation.

- The FWCC should replace and/or upgrade the original portion of the building, including the arena. While arena-style seating is still favored by several function types, such as religious events and direct sales rallies, these can be accommodated by retractable seating that creates an arena-like setting in a new, modern and more flexible space. An example is the Mary Kay convention that moved from Dallas' old convention arena to an exhibit hall for their arena style events.

- The expansion and renovation of the FWCC should including the following components in order to optimize the FWCC's position in the market and respond to the market that wants to come to Fort Worth:
  - **Exhibit Space:** Expand prime exhibit space from 182,000 square feet currently to as close to 300,000 square feet as possible, likely 280,000 square feet, given site constraints. (Currently the 45,000-square foot Annex space is not prime space and is rarely used, so Fort Worth has total exhibit space of 227,000 square feet, but due to the 45,000 square feet of subprime space, there is only 182,000 square feet of prime exhibit space.) By creating this space, the FWCC can host either one mid-sized to large-sized convention or two simultaneous small-sized to mid-sized conventions. There is enough space on site to raze the arena or remodel it to expand prime exhibit space close to this level. Depending upon what is done with the Annex, this space can either be improved or eliminated, as it is not helpful currently to landing business. The benefits of removal are discussed further below.
  - **Ballrooms:** The addition of a 50,000 square foot ballroom will do the most within the building to make Fort Worth more competitive and able the meet the market's needs. This trend, more than any, has defined the convention business over the past ten years, while the emphasis on exhibit halls has plateaued. The reasons are many, but ballrooms can act as plenary session spaces, banquet and reception venues, exhibit halls and even large meeting rooms, given how they can be divided into multiple smaller spaces. They also have more lighting and built-in audio-visual capabilities as well as better finishes. This makes them flexible for all manner of events, even arena-style events, if proper seating is furnished. By having one large and one mid-sized existing ballroom, the FWCC can host one major convention effectively or two simultaneous conventions.
  - **Meeting Rooms:** The replacement and addition of meeting rooms for a new total of 80 meeting rooms and 80,000 square feet will help the FWCC attract higher rated business (professional associations, corporate events, technical meetings) that require numerous breakout meeting rooms for training, teaching and related small group settings. Even small and mid-sized events require a number of breakout meeting rooms. So in order to host two simultaneous events or one large event, these rooms are necessary, especially as Fort Worth begins to compete more with Dallas, Houston, Austin and San Antonio, not to mention about 25 other large U.S. cities and the Gaylord properties.
  - **Food and Beverage:** A full catering kitchen that allows for consistent, high-quality service and simultaneous plating for hundreds of people should be added to the FWCC. The onsite food and beverage operations should be enhanced with a mini-food court as well as other quick-serve options that provide consistent, basic food options (at a higher quality level than concession food). Allowing food trucks to come onsite for a fee to the FWCC to enhance the authenticity of the FWCC experience and minimize congestion and labor costs at in-house food outlets (or forcing groups to do a formal in-house food function) is also recommended.

- **Parking:** While parking downtown is not generally a problem, for large events, parking can easily overflow from the primary garage and lots. There is no existing or easy onsite parking option. Therefore, as part of the replacement of the north end of the building, an underground parking garage is recommended. This will allow daytrip or other non-walkable users to come and go from the facility in a completely weather-independent mode, while still allowing those in nearby hotels to easily walk to the building.
- **Hotels.** Due to the small hotel package that Fort Worth offers in a walkable and proximate radius from the FWCC, even with its current convention space sizing, it should add a second branded headquarters hotel of 1,000 rooms near the north or northeast end of the building. In addition, an option exists for the Omni to expand its room count by approximately 400 rooms on an adjacent site, as well as add the requisite meeting and ballroom space necessary to support it, so that it, too, is 1,000 rooms. If the Omni does not expand, then a third large hotel adjacent to the FWCC should be encouraged. Then Fort Worth will be well-positioned to host larger events and two simultaneous events. Any other hotels proposed for the proximate area around the FWCC should be prioritized behind these two developments in terms of city assistance, unless in unique circumstances. Only products that enhance Fort Worth's hotel package in terms of quality, such as a high-end boutique hotel or fill a service gap (extended stay) should be encouraged. Any hotels without full-service amenities and smaller than a size that would induce large events to Fort Worth should be placed on hold until the development of these headquarters properties is underway.
- **Straightening Commerce Street.** It has been established that the Annex is subprime space and its development caused Commerce Street to bow out around it. The space is not especially helpful to the FWCC and prime exhibit space can be added in a multi-story addition/replacement of the north end of the building. The benefit of removing the Annex and straightening Commerce is the creation of larger development parcels east of Commerce, which would make the development of one or more convention hotels easier. The costs of realigning Commerce to the original grid have been estimated to be reasonable within the overall cost structure of this project. It also completes a long-held planning goal of the downtown plan.
- **Creating a new Front Door.** The FWCC currently has no welcoming front door or obvious public space/living room, as the arena is somewhat foreboding and sends pedestrians around to the west side of the building to enter in many cases. A replaced north end should include a welcoming public access point and grand lobby and second level terraced restaurant or reception area that simultaneously functions as a counterpoint to the courthouse at the other end of Main Street. The views to and from this new front door should ultimately provide Fort Worth with some additional iconic imagery and create that connectivity to the rest of the entertainment district and Sundance Square area that is needed. Additional restaurant spaces along the east and west sides of the building (inside or across the street, but facing the street in all cases) should be a priority.

- **Governance.** Based on HSP's analysis of the governance, management and marketing structures for convention centers, it is recommended that the City, FWCVB and other key stakeholders initiate a more in-depth discussion of how the structure in Fort Worth may be improved. Key elements to consider will be the alignment of responsibilities and resources, calendar/sales management/deal negotiation and merit pay structures. While Fort Worth's model is working remarkably well due to a can-do attitude and expertise from both the FWCC team and the FWCVB, there may be opportunities to set up structures that induce success even if the professionals running it are not as gifted as those in place today.

The following sections of this Executive Summary include highlights from the report that follows.

### **Physical & Business Profile of the Fort Worth Convention Center**

The Fort Worth Convention Center (FWCC) opened on September 30<sup>th</sup>, 1968 in downtown Fort Worth, Texas. The facility has undergone several expansions since opening its doors:

- The first was the addition of the Exhibit Annex in 1984, which added 45,000 square feet of exhibition space and resulted in the realignment of Commerce Street to accommodate a building that "bowed out" into the traditional street grid.
- The second expansion was a two-phase renovation and expansion in 2002 and 2003, the first of which added 57,600 square feet of exhibit space, 18,700 square feet of meeting space and a ballroom measuring almost 29,000 square feet. Seats in the arena were also re-upholstered. The second phase added 21,600 square feet of exhibit space, 15,000 square feet of meeting space on the second floor and included the renovation of 100,000 square feet of existing exhibit space.
- The 615-room Omni Fort Worth opened adjacent to the FWCC in 2009 after a concerted effort to develop a convention hotel. It features a major ballroom and numerous breakout meeting rooms.

The most important category for the Fort Worth Convention Center is conventions. Conventions generate the most impact due to their combination of size and likelihood that guests are from out of town, so require hotels, restaurants and entertainment. The growth in this category is an important metric for the facility's overall health. This occurred against a backdrop of a tough convention industry struggling with the economic recession, which makes the results even more impressive.

The next table shows the number of conventions at the FWCC, broken down between smaller (less than 1,100 peak hotel room nights) and larger (more than 1,100 peak hotel room nights).

**Table 2**

<b>Fort Worth Conventions</b>			
<b>FY</b>	<b>Under 1,100 Peak Room Nights</b>	<b>Over 1,100 Peak Room Nights</b>	<b>Total</b>
2001	28	2	30
2002	27	6	33
2003	32	5	37
2004	29	6	35
2005	28	5	33
2006	41	2	43
2007	42	4	46
2008	28	6	34
2009	38	6	44
2010	46	7	53
2011	43	8	51
2012	43	4	47
2013	38	11	49
2014	44	10	54
<b>Change</b>	<b>57%</b>	<b>400%</b>	<b>80%</b>

Source: FWCC

As shown, the number of smaller conventions has increased from 28 to 44 over the period, with consistent increases after the last expansion and then the Omni opening. The larger conventions increased from two to ten over the period, with a general increase over the period. This implies that the building was being held back in the type, quality and size of conventions it could hold, first by a size restriction, then by a hotel restriction. While Fort Worth was able to host smaller conventions before the Omni opened, the small-market events still required quality accommodations and a proximate location, which the Omni provided. The increase in large conventions shows that with the added hotel (and other quality improvements to hotels downtown), the FWCC was able to host more and larger conventions.

There are a number of challenges with the building, as has been described in the findings at the beginning of this summary. These issues with the building need to be solved in order to accommodate any additional demand, higher rated groups and retain existing business.

### **Meeting Planner and User Interviews and Surveys**

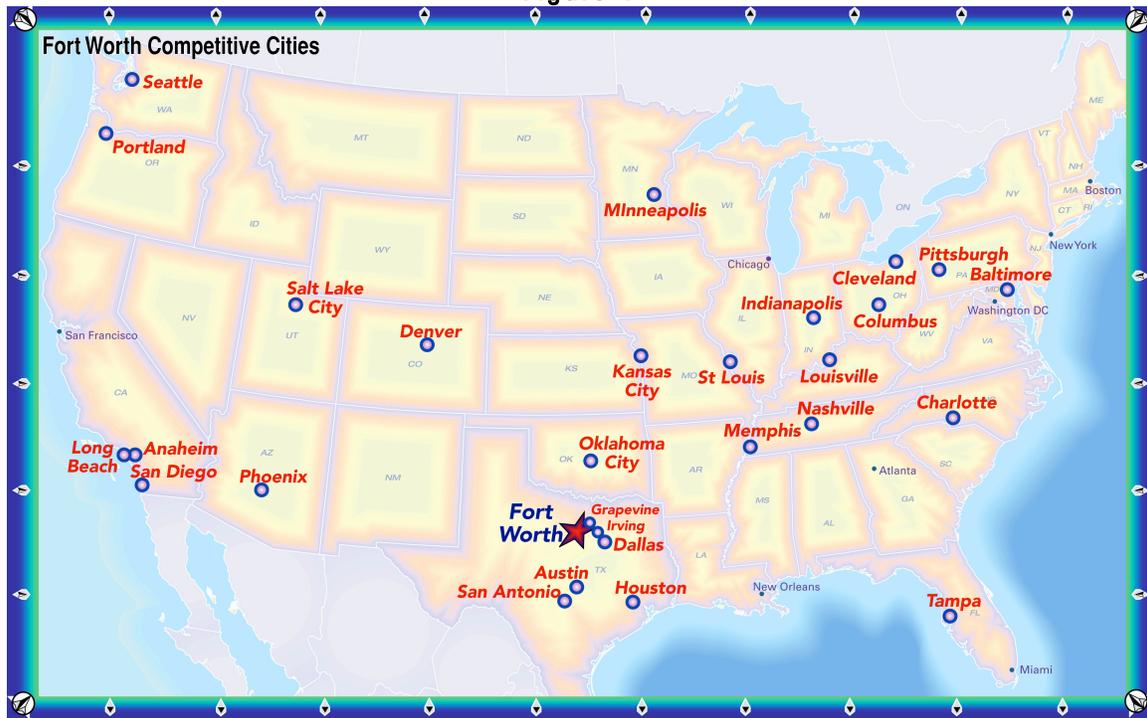
Hunden Strategic Partners conducted a number of in-person and over the phone interviews with meeting planners and existing or past FWCC users. Interviews were also held with the FWCVB sales professionals. HSP also conducted a meeting planner survey of those who would geographically qualify to hold their event in Fort Worth and received 491 responses from meeting planners nationwide.

The findings of the interviews and surveys are reflected in the physical and service recommendations found at the beginning of this executive summary and were the primary factors generating and supporting the recommendations.

## Competitive Event Destination Analysis

The following is a map of the peer cities profiled by HSP for the study in order to understand Fort Worth's competitive position.

**Figure 1**



Perhaps the most telling analysis in this report beyond the specific demands of meeting planners is the analysis of the competitive environment.

In summary, the competitive cities have average convention facility sizes that are larger and of higher quality than all portions of the FWCC's function space package, including the size of prime exhibit space, the size and number of ballrooms and the size, number and quality of meeting rooms. In terms of the hotel package, Fort Worth is already 600+ hotel rooms short of the average of the competitive proximate room count by several metrics and would be 2,000 rooms short if the recommended expansion is put in place today.

## Local Hotel Market Analysis

There are ten hotels in the downtown Fort Worth competitive / selected set, totaling 2,623 rooms. The largest and newest hotel is the Omni Fort Worth Hotel (614 rooms) followed by the Renaissance Worthington (504 rooms). The average age of the competitive set hotels is 18 years. However, five of the properties have been opened in the last ten years. The 614-room Omni Fort Worth and 140-room TownePlace Suites Fort Worth Downtown are the newest hotels in the downtown market, opening in 2009 and 2010, respectively. The average size of the listed properties is 262 rooms. The function space available in the competitive/selected set ranges from approximately 340 square feet at TownePlace Suites to 40,000 square feet at the Omni Fort Worth.

This 614-room Omni has greatly improved the city’s ability to attract a greater number and larger events than previously chose to host their events in competing cities. The Omni functions as a headquarter hotel that is within walking distance of dining and entertainment options. This has added a vital component necessary for the City to create the attractive, walkable downtown package that is an enticing destination for meeting planners, potential organizations and leisure guests.

The hotel was developed as a specific strategic effort of the city, a process that started in 2000 and led to the hotel’s eventual opening in 2009. The public-private project was privately financed and owned, but included a variety of incentives to make the project possible. The results of the hotel and market’s performance suggest the investment was well worth making. The hotel is the highest performer in the market and the whole competitive set’s performance has increased from recession lows. Demand in the set has nearly doubled.

## Recommendations - Recap

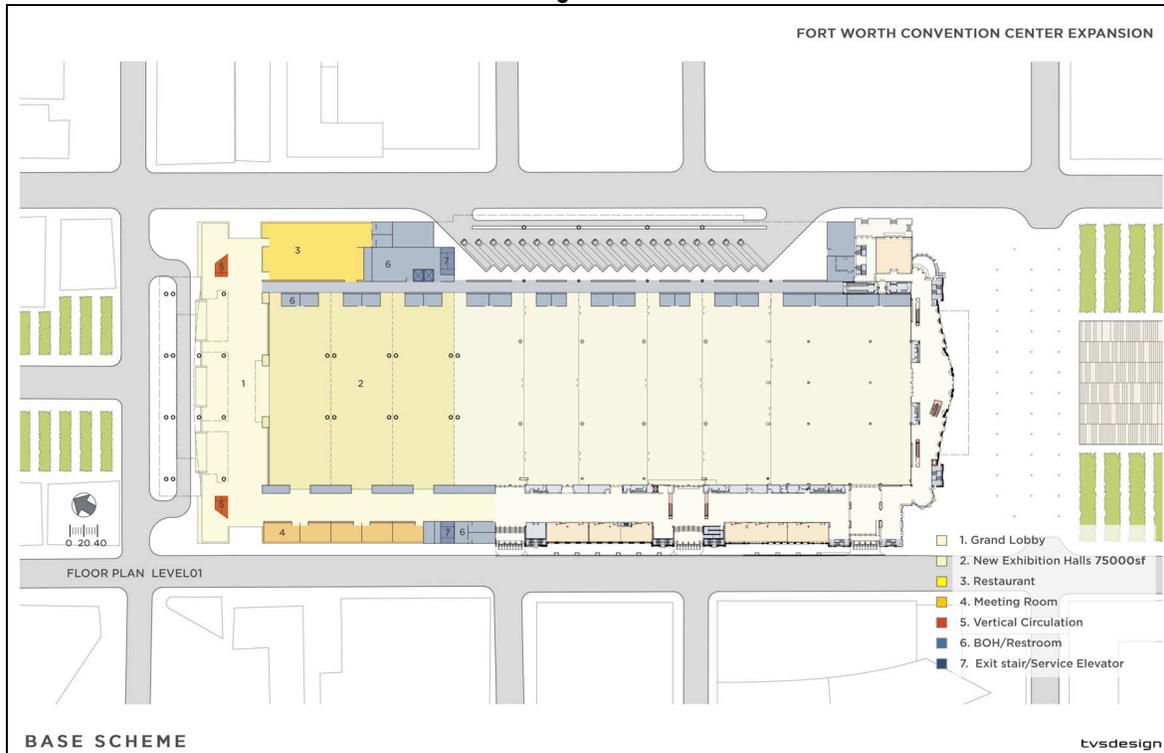
As a result of these findings, the HSP Team makes the following recommendations, as shown in the table below:

**Table 3**

Fort Worth Convention Package Recommendations								
	Exhibit Space	Ballroom 1	Ballroom 2	Meeting Room Space	Meeting Room Divisions	Board Rooms	Convention Hotel 1 (Rooms)	Convention Hotel 2 (Rooms)
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Source: Hunden Strategic Partners

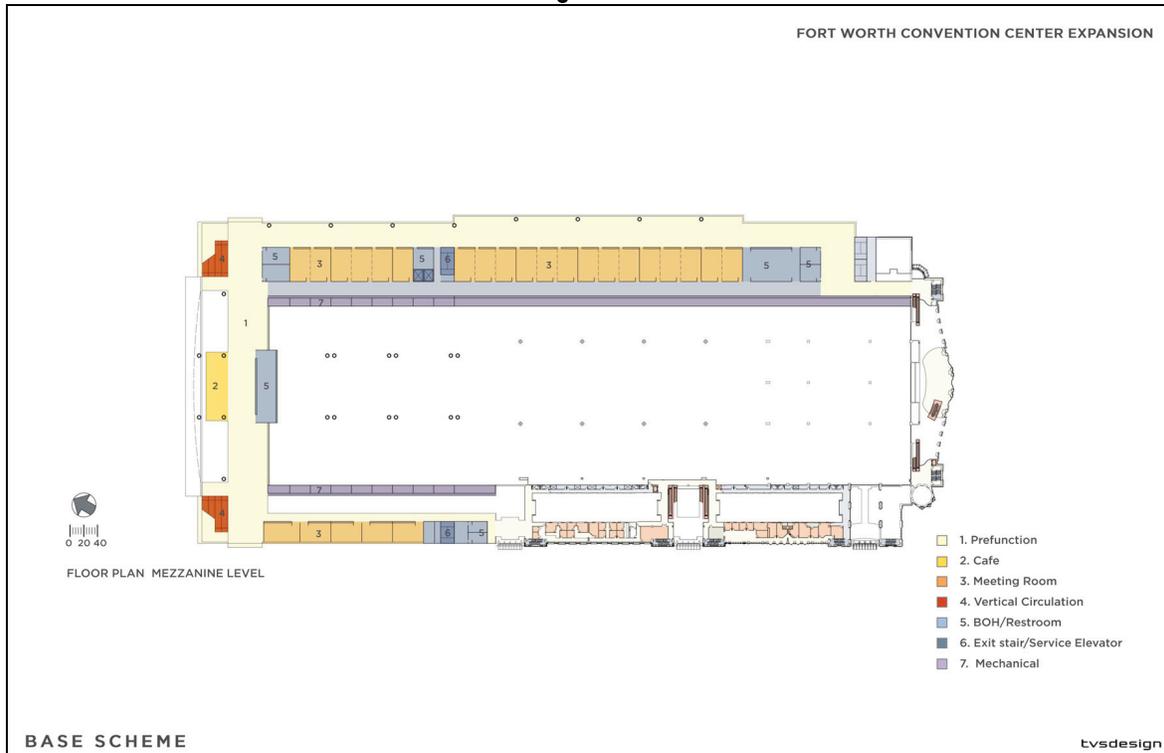
Figure 2



This design also includes a large new kitchen and new back-of-house circulation to enable food to get to all rooms and ballrooms without the current challenges. New loading docks are also designed. Finally, a new restaurant facing street level will help to activate what is now a dormant street experience.

The next figure shows the mezzanine level.

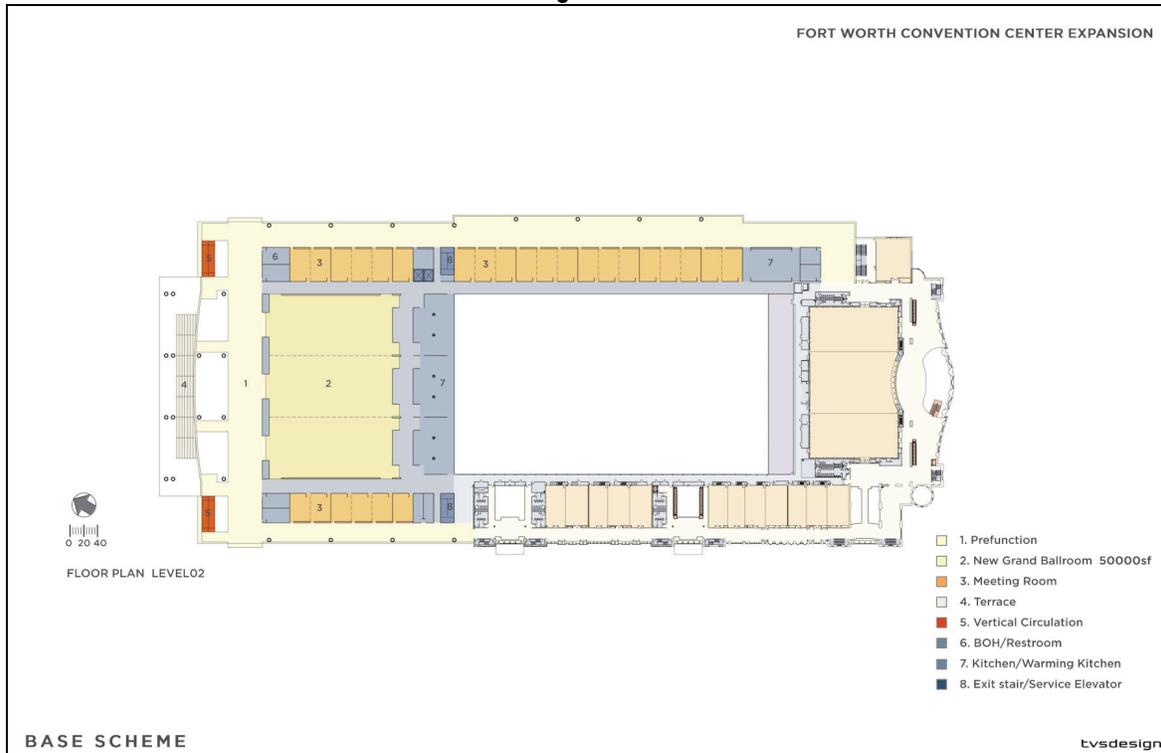
Figure 3



The mezzanine level has an expanded array of high quality meeting rooms and circulation all around this level.

The next figure shows the second level of the proposed plan.

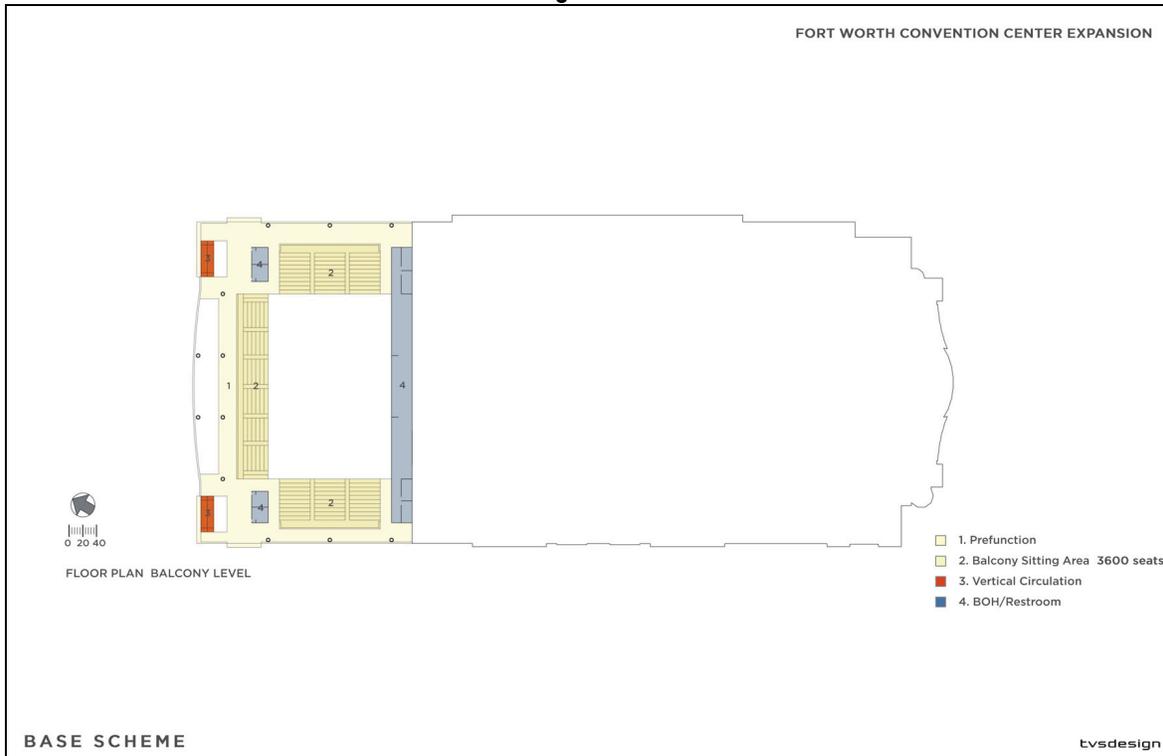
Figure 4



On the second level, a new grand ballroom of 50,000 square feet is designed above the expanded exhibit hall space. Additional meeting rooms are located around the ballroom and along the hallways. There is also a second level overlook and terrace looking out over Main Street and the grand lobby.

The next figure shows the top level for the FWCC, which includes retractable seating. The key part of this design is that between retractable seating in the ballroom and above it, an arena setting can be created with the same number of seats as the current arena.

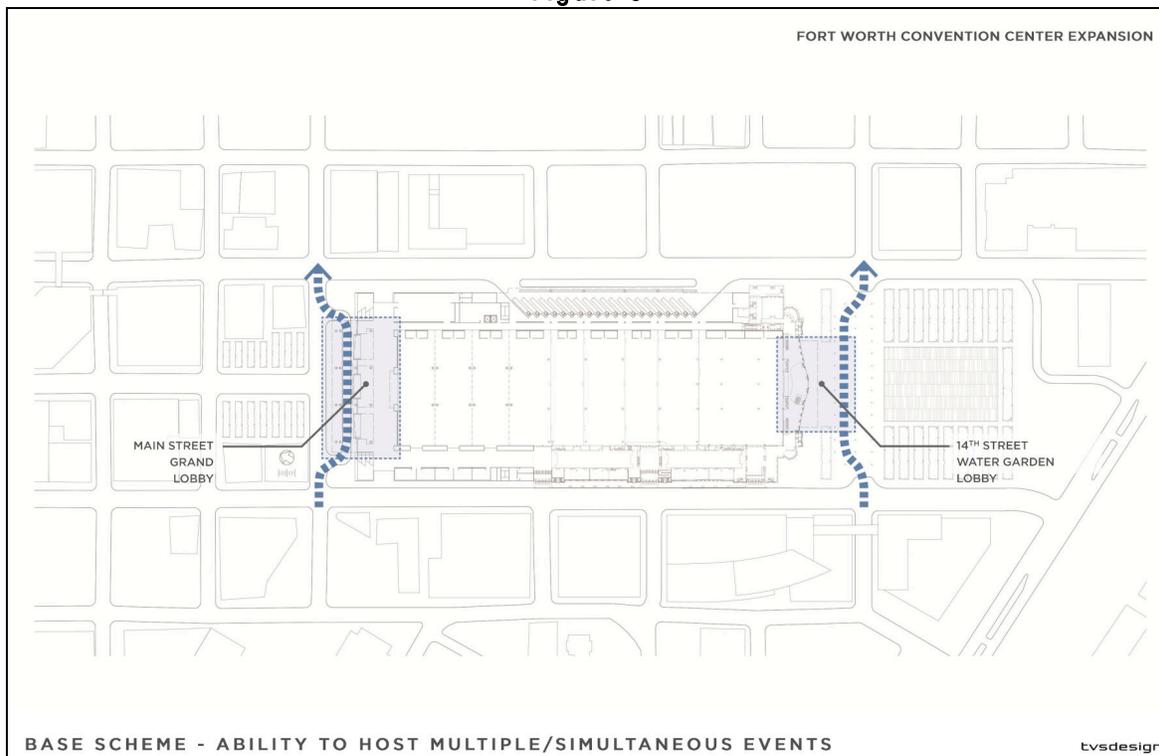
Figure 5



As shown, 3,600 additional retractable seats can be installed in addition to the retractable seats that would be at the ballroom level.

The final drawing shows the subterranean level, which includes substantial new parking for the building.

Figure 6



This drawing shows how the building could host two major events at one time, with entrances at the north and south ends of the building. The exhibit halls, meeting rooms and ballrooms can also be divided north and south for separate events.

Other schemes that keep the arena intact and Commerce Street in its current form were drawn by TVS. However, in HSP's professional opinion, the current arena should be removed. The decision to straighten Commerce street is not an absolute given, but is recommended. The loss of the Annex is not harmful to the building and that space, along with new space can be added where the arena sits currently. In total, nearly all the recommended spaces can be developed within the site.

## Projections

The first set of tables shows the conservative expectations for the expanded FWCC. With the ability to host two simultaneous conventions of the same size as it can currently hold, or one large convention that is double the size, HSP expects more conventions and trade shows, as well as a larger average event size.

Based on the future number of events and average attendance estimates, total future attendance was projected, as shown below.

**Table 4**

Fort Worth Convention Center - Projection of Attendance												
	Prior 5-Yr. Avg.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	% Change
Public Shows	176,759	190,400	168,000	145,200	146,400	147,600	148,800	150,000	151,800	153,600	155,400	-12%
Conventions	502,175	577,500	663,400	741,200	821,400	858,800	874,000	889,200	904,400	919,600	934,800	86%
Banquets	14,367	21,000	27,300	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	134%
Meetings	18,157	27,600	33,840	40,320	41,160	42,000	42,840	43,680	44,520	45,360	46,200	154%
Other	3,962	4,620	4,851	5,094	5,094	5,094	5,094	5,094	5,094	5,094	5,094	29%
Religious	14,915	12,800	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	-36%
Special Events	866	944	1,070	1,211	1,370	1,408	1,447	1,485	1,523	1,561	1,599	85%
Sporting Events	17,406	19,958	22,187	22,419	22,651	22,884	23,116	23,348	23,580	23,813	24,045	38%
Trade Show	2,318	3,850	5,530	7,290	7,470	7,650	7,920	8,190	8,460	8,730	9,000	288%
<b>Total</b>	<b>931,724</b>	<b>858,672</b>	<b>935,777</b>	<b>1,005,934</b>	<b>1,088,745</b>	<b>1,128,636</b>	<b>1,146,416</b>	<b>1,164,196</b>	<b>1,182,577</b>	<b>1,200,957</b>	<b>1,219,337</b>	<b>31%</b>

Source: Fort Worth Convention Center

The five-year historical average attendance is 932,000. With the number of additional events and larger sized events, total attendance is expected to increase to 1.2 million, or by 31 percent. However, it is expected that many of the attendees lost due to the loss of the arena will be local, while those that it will gain will be staying in hotels. This is an example of higher-rated business replacing lower-rated or local business. The net impact will be much greater than 31 percent as the room nights generated are expected to increase by a much greater margin.

### Hotel Projections

The below projections focus primarily on the 1,000-room convention hotel recommended to be opened in 2020 along with the FWCC expansion, but also assumes there are three other hotels developed between 2016 and 2018 totaling 450 rooms. A 400-room hotel addition is also assumed in 2023.

The next table shows the expected increase in room night demand over the period.

**Table 5**

Estimated Competitive Set Demand Growth by Segment												
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2013	372,391	--	173,797	--	97,924	--	644,112	---	957,061	---	2,622	67.3%
2014	377,977	1.5%	175,535	1.0%	99,393	1.5%	652,905	1.4%	957,061	0.0%	2,622	68.2%
2015	383,647	1.5%	175,535	0.0%	100,884	1.5%	660,065	1.1%	957,061	0.0%	2,622	69.0%
2016	393,238	2.5%	179,045	2.0%	103,911	3.0%	676,194	2.4%	993,561	3.8%	2,722	68.1%
2017	405,035	3.0%	183,521	2.5%	107,547	3.5%	696,104	2.9%	1,048,311	5.5%	2,872	66.4%
2018	415,161	2.5%	178,933	-2.5%	110,774	3.0%	704,868	1.3%	1,121,311	7.0%	3,072	62.9%
2019	419,312	1.0%	177,144	-1.0%	111,882	1.0%	708,338	0.5%	1,121,311	0.0%	3,072	63.2%
2020	452,857	8.0%	210,801	19.0%	124,189	11.0%	787,847	11.2%	1,486,311	32.6%	4,072	53.0%
2021	484,558	7.0%	240,314	14.0%	134,124	8.0%	858,995	9.0%	1,486,311	0.0%	4,072	57.8%
2022	508,785	5.0%	259,539	8.0%	142,171	6.0%	910,495	6.0%	1,486,311	0.0%	4,072	61.3%
2023	539,313	6.0%	285,493	10.0%	152,834	7.5%	977,639	7.4%	1,632,311	9.8%	4,472	59.9%
2024	555,492	3.0%	305,477	7.0%	160,476	5.0%	1,021,444	4.5%	1,632,311	0.0%	4,472	62.6%
2025	566,602	2.0%	317,696	4.0%	165,290	3.0%	1,049,588	2.8%	1,632,311	0.0%	4,472	64.3%
2026	575,101	1.5%	325,638	2.5%	168,596	2.0%	1,069,335	1.9%	1,632,311	0.0%	4,472	65.5%
2027	580,852	1.0%	328,895	1.0%	170,282	1.0%	1,080,028	1.0%	1,632,311	0.0%	4,472	66.2%
2028	580,852	0.0%	328,895	0.0%	170,282	0.0%	1,080,028	0.0%	1,632,311	0.0%	4,472	66.2%
2029	580,852	0.0%	328,895	0.0%	170,282	0.0%	1,080,028	0.0%	1,632,311	0.0%	4,472	66.2%

Source: Hunden Strategic Partners

As shown, the expected downtown hotel room supply is expected to increase from 2,622 rooms to 4,472 rooms based on currently proposed hotels and those recommended by this report. When accompanied by the FWCC expansion and renovation recommended, the demand for hotel rooms is expected to increase from 644,000 in 2013 to nearly 1.1 million by 2027. Given that hotel room night demand increased by a faster rate in the past seven years and with fewer dynamic changes to the hospitality package, HSP believes these projections are reasonable.

### Next Steps

The next steps in the process involve refining projections, designing the recommended program, determining development budgets for all components, and determining a plan of finance for all components. The impact of the projects on the community will also be determined.

## Report Layout

Below is the layout of this report, by chapter.

- Chapter 1 Economic, Demographic & Tourism Profile of Fort Worth
- Chapter 2 Physical & Business Profile of the Fort Worth Convention Center
- Chapter 3 Meeting Planner and User Interviews and Surveys
- Chapter 4 Meeting & Convention Industry Analysis & Trends
- Chapter 5 Competitive Event Destination Analysis
- Chapter 6 Local Hotel Market Analysis
- Chapter 7 Convention Headquarters Hotel Trends
- Chapter 8 Arena Analysis
- Chapter 9 Downtowns as Visitor Destinations
- Chapter 10 Marketing & Convention Center Resources Analysis
- Chapter 11 Governance Profiles & Implications
- Chapter 12 Key Findings & Recommendations
- Chapter 13 Demand and Financial Projections

## About Hunden Strategic Partners

Hunden Strategic Partners is a full service real estate development advisory practice specializing in destination assets. Based in Chicago, Hunden Strategic Partners provides a variety of services for all stages of destination development in the following primary areas:

- Real estate market and financial feasibility and financial consulting
- Owner's representation and operating consulting
- Strategy and master planning
- Public incentive analysis
- Economic, fiscal, and employment impact analysis (cost/benefit)
- Economic and tourism policy/legislation consulting
- Organizational development
- Research and statistical analysis
- Developer solicitation and selection; Private management company solicitation and selection



Hunden Strategic Partners professionals have provided all of the above services for hundreds of client projects worldwide for the public, non-profit and private sectors. In addition, our professionals have prior professional career experience in municipal and state government, economic and real estate development, real estate law, hotel operations and non-profit management. Over 80 percent of our clients are public entities, such as municipalities, counties, states, convention bureaus, authorities and other quasi-government entities empowered to conduct real estate, economic development and tourism activities.

### **Limiting Conditions**

HSP relied on primary and secondary sources of information for the assumptions made in this report and assumes these sources to be accurate. Assumptions created for the analysis were based on the data available to HSP during the study period as well as professional judgment.

The Convention Center and proposed hotels are assumed to be owned, operated and marketed in a first-class manner by all relevant parties.

No responsibility is taken for unforeseen events occurring after the date of the analysis, including war and terror attacks, natural disasters and economic recessions.

This report is intended to be used as a tool for decision-making by the contracting parties related to this Project and for no other purpose.

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## ECONOMIC & DEMOGRAPHIC ANALYSIS

Local market area characteristics such as population, demographics, a diversified economy, access, quality of downtown and tourist attractions influence the potential demand for a convention center as well as the overall attractiveness of a city to any potential organization or user group. This section profiles the City of Fort Worth and the surrounding area, including an overview of the economic characteristics of the market and the area, as well as a description of downtown.

### Overview

The city of Fort Worth is in northeastern Texas, just west of Dallas and south of the Oklahoma state border. Along with Dallas, the two cities make up a cosmopolitan urban center known commonly as “The Metroplex.” It is positioned in the southern Great Plains of the United States, approximately halfway between the Atlantic and Pacific coasts.

The city is located approximately 15 miles west of Arlington, 32 miles west of Dallas, 190 miles north of Austin, 262 miles northwest of Houston and 268 miles northeast of San Antonio. Fort Worth is part of the 12-county Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA) with a 2010 census population of 6,426,214. According to 2012 population estimates, the MSA has grown to 6,700,991. The city proper has increased in population between the 2000 and 2010 census from 534,694 to 741,206, or 38.6 percent.

The region, after a century of substantial growth, has become one of America’s true regional and national hubs of commerce, transportation, and media. Although Texas is a coastal state, Fort Worth and the Metroplex have historically much more to do with ranching and agricultural economies, including large food production, storage and trucking, of the southern Great Plains. High Tech firms also populate the landscape. The area is a major hub for air and rail transportation, similar in many ways to Chicago in terms of its centralized location, yet with better access to the rapidly growing southern part of the U.S.

The figure below shows a map of the region.

Figure 1-1



## Airport Access

The Dallas / Fort Worth International Airport (DFW), which opened in 1974 and is the largest hub and headquarters for American Airlines, is the primary airport servicing not only the City of Fort Worth but the Dallas-Fort Worth-Arlington MSA. The airport, owned by the cities of Dallas and Fort Worth and operated by the DFW Airport Board, is approximately 25 miles from downtown Fort Worth or approximately a 30-minute drive with light traffic.

DFW ranks fourth in the world in terms of total operations or aircraft movement and eighth in terms of the number of passengers serviced. The airport has seven runways, offers direct service to 206 destinations (148 domestic and 57 international) and offers service from 20 passenger airlines, 11 that are domestic and nine foreign. From the airport, every major city in the continental United States can be accessed within four hours. DFW has approximately 158,400

passengers pass through the airport daily on 1,800 flights and serves approximately 60 million individuals annually. Of these passengers, 58 percent are from connecting flights and the remaining 42 percent are local.

## Highway Access

The City is at the crossroads of two of the busiest cross-country interstate highways and trucking routes. Interstate 20 locally connects Fort Worth to Dallas and further east to Shreveport, Louisiana, Jackson, Mississippi, Birmingham, Alabama, and Atlanta. I-20 to the west links travelers with Abilene, Midland and Odessa and joins I-10 to El Paso, Tucson, Phoenix and Los Angeles. The north-south interstate connecting Canada to Mexico is I-35. It connects Fort Worth to northern cities such as Oklahoma City, Kansas City, Des Moines and Minneapolis-St. Paul, and the southern Texas cities of Waco, Austin, San Antonio and Laredo. Interstate 30 connects downtown Fort Worth to downtown Dallas and continues northeast towards Texarkana to I-40 in Little Rock. Houston and the Gulf Coast are accessible via I-45, 260 miles to the southeast.

Residential development is rapidly expanding twenty miles to the northwest around Eagle Mountain Lake. In downtown Fort Worth, a recent realignment of I-30 moved the elevated freeway two blocks to the south to provide more room for downtown expansion, and gave breathing room for the mainline lane expansion of the freeway and its interchange with I-35W.

## Population

A large population base is important to the success and demand of a convention center, hotels and related developments. While the primary support will not come from local businesses and residents, the surrounding entertainment, attractions, hotels and dining options that help to entice outside groups to the City are supported by the local residents.

The table below shows the population characteristics of the state, MSA and City.

**Table 1-1**

City of Fort Worth, Dallas-Fort Worth-Arlington MSA, and State Population and Growth Rates					
	Population			2012 Estimate	Percent Change 2000 - 2010
	1990	2000	2010		
United States	248,709,873	281,421,906	308,745,538	313,914,040	9.7%
State of Texas	16,986,510	20,851,820	25,145,561	26,145,561	20.6%
Dallas-Fort Worth-Arlington MSA	3,989,294	5,161,544	6,371,773	6,700,991	23.4%
Tarrant County	1,170,103	1,446,219	1,809,034	1,881,445	25.1%
<b>City of Fort Worth</b>	<b>447,619</b>	<b>534,694</b>	<b>741,206</b>	<b>777,992</b>	<b>38.6%</b>
City Pop. As % of MSA	11.2%	10.4%	11.6%	11.6%	

Source: U.S. Census Bureau

The twelve counties that form the MSA recorded a 23.4 percent population increase between 2000 and 2010. The City of Fort Worth, which makes up 11.6 percent of the MSA, accounted for 17.1

percent of the population increase during the same period. The population of the city increased nearly 40 percent in ten years, one of the fastest growth rates in the country, especially for a large city. In 2012, Fort Worth's population was estimated to be 777,992, a five percent increase from 2010. Clearly, the local area is growing rapidly, surrounding by a metro area and state that are also growing quickly.

## **Diversified Economy**

A healthy and diversified economy provides not only employment and disposable income for a market's residents; it also helps provide resilience from economic downturns. Markets that have historically relied on one sector have often had difficulty adapting and recovering when the market shifts from that sector. This can lead to an overall loss of local income and employment. In turn, a declining local economy, prompted by a single market sector, will often lead to declining population trends, as has been the case in many industrial cities. Markets with diversified employment can often withstand economic downturns better than those reliant on one industry.

The following figure shows the 2012 income generated by sector for Tarrant County.

**Table 1-2**

<b>Tarrant County Income by Category - 2012</b>		
<b>Description</b>	<b>Income (000s)</b>	<b>Percent of Total</b>
Earnings by place of work	\$60,740,476	100%
By Industry		
Farm earnings	\$21,470	0.0%
Nonfarm earnings	\$60,719,006	100.0%
<b>Private earnings</b>	<b>\$53,515,552</b>	<b>88.1%</b>
Manufacturing	\$7,830,343	12.9%
Health care and social assistance	\$5,942,472	9.8%
Transportation and warehousing	\$4,868,838	8.0%
Mining	\$4,281,554	7.0%
Professional, scientific, and technical services	\$4,168,201	6.9%
Finance and insurance	\$4,036,094	6.6%
Retail trade	\$3,683,801	6.1%
Construction	\$3,678,763	6.1%
Wholesale trade	\$3,282,586	5.4%
Administrative and waste management services	\$2,912,302	4.8%
Other services, except public administration	\$2,712,251	4.5%
Accommodation and food services	\$1,874,943	3.1%
Real estate and rental and leasing	\$1,154,793	1.9%
Information	\$1,036,252	1.7%
Educational services	\$651,885	1.1%
Arts, entertainment, and recreation	\$616,151	1.0%
Management of companies and enterprises	\$538,738	0.9%
Utilities	\$239,276	0.4%
Forestry, fishing, and related activities	\$6,309	0.0%
<b>Government and government enterprises</b>	<b>\$7,203,454</b>	<b>11.9%</b>
State and local	\$5,332,525	8.8%
State government	\$682,546	1.1%
Local government	\$4,649,979	7.7%
Federal, civilian	\$1,635,117	2.7%
Military	\$235,812	0.4%

Source: Bureau of Economic Analysis

As shown, income in Tarrant County is quite varied, with no single sector accounting for more than 13 percent of local income. Manufacturing, health care and social assistance and transportation and warehousing are the industries generating the most local income, led by manufacturing at 12.9 percent. Tarrant County and the Fort Worth area are diversified, helping to buffer the area from weakness in a particular industry.

## Income and Housing

The depth and strength of a market's employment base and income levels is an indicator of its ability to support hotel, meeting and event facilities and especially entertainment facilities. Indicators of a market's overall wealth and growth can include trends in its income and employment.

The following table provides data on home ownership, income and retail sales, based on the latest data from the US Census Bureau.

**Table 1-3**

Income, Spending and Other Demographic Data				
Category	United States	Texas	Tarrant County	Fort Worth
Homeownership rate, 2008-2012	65.5%	63.9%	62.3%	59.1%
Median value of owner-occupied housing units, 2008-2012	\$181,400	\$128,000	\$136,300	\$121,100
Persons per household, 2008-2012	2.61	2.8	2.75	2.79
Median household income, 2008-2012	\$53,046	\$51,563	\$56,859	\$51,105
Persons below poverty level, percent, 2008-2012	14.9%	17.4%	14.7%	18.7%
Private nonfarm employment, 2011	113,425,965	8,987,663	687,510	---
Private nonfarm employment, percent change, 2010-2011	1.3%	2.3%	2.3%	---
Retail sales per capita, 2007	\$12,990	\$13,061	\$14,582	\$14,088

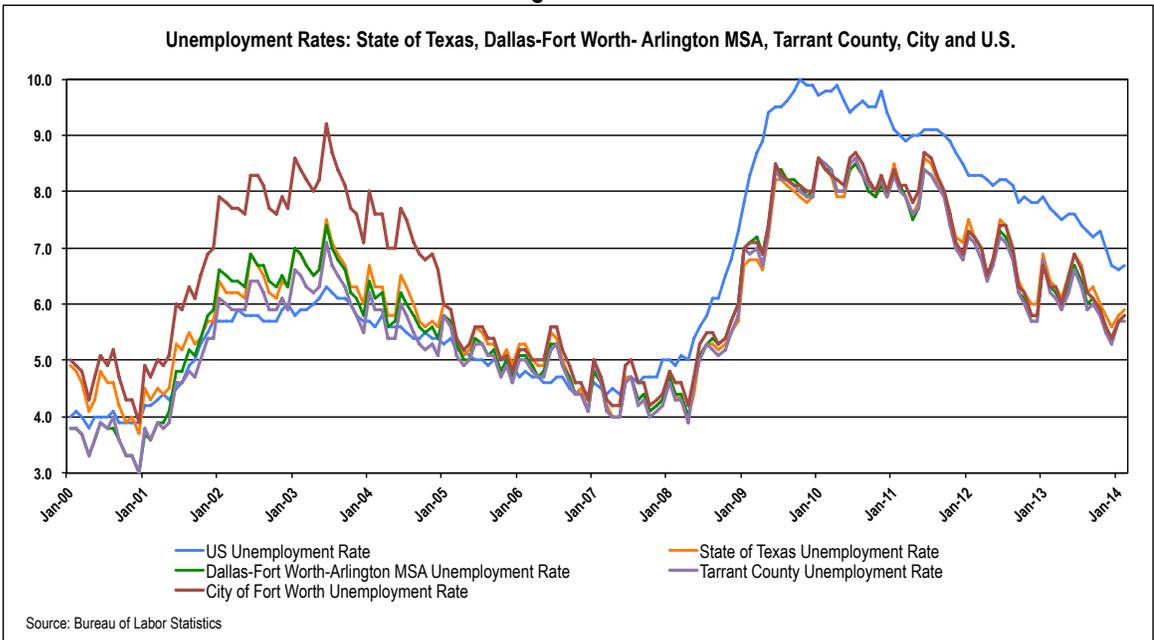
Source: US Census Bureau

The average home ownership rate and median value of owner-occupied homes between 2008 and 2012 is lower in Fort Worth than in Tarrant County, Texas and the nation by approximately three to six percentage points and between \$6,900 to \$60,300 respectively. These real estate values are determined by a combination of factors, including density, quality of schools, and income levels. The Fort Worth poverty rate is higher than the county, state and nation by approximately one to four percentage points. Fort Worth's retail sales per capita in 2007 were higher than the state and national average, but lower than the County, at approximately \$14,100. Median household income is nearly the same as the Texas median and just below the national average. However, given the lower cost of homes, income in Fort Worth goes much further than it does in the nation as a whole.

## Unemployment

The figure below shows the unemployment rate in the MSA (green line), state (orange line), county (purple), city (red) and United States (blue line) for 2000 through January of 2014.

Figure 1-2



The unemployment rate for the City, County and MSA consistently follow a similar pattern since 2005 with the noticeable increase between 2008 and 2009 due to the recession, yet always lower than the national rate. However, the most interesting fact to note over the years is that Fort Worth's rate went from consistently being higher than all others, to being lower or equal to all others beginning in about 2007. This suggests that the area turned a corner of sorts, something rarely seen, as this implies structural competitiveness and economic health.

### Corporate Presence

In general, corporations provide stability to a market and generally consistent employment. They also provide demand for various real estate developments, especially meeting and entertainment facilities.

The following table shows the top employers in the Fort Worth area by number of employees.

**Table 1-4**

<b>Fort Worth Area Major Employers</b>			
<b>Company Name</b>	<b>Location</b>	<b>Industry</b>	<b>Number of Employees</b>
AMR/American Airlines	Fort Worth	Airline	22,169
Texas Health Resources	Arlington	Health care	18,866
Lockheed Martin	Fort Worth	Aerospace / Defense	14,988
NAS Fort Worth JRB	Fort Worth	Military	11,350
Fort Worth ISD	Fort Worth	Education	11,000
Arlington ISD	Arlington	Education	8,126
University of Texas Arlington	Arlington	Education	6,239
City of Fort Worth	Fort Worth	Government	6,195
JPS Health Network	Fort Worth	Health care	4,872
Cook Children's Health Care System	Fort Worth	Health care	4,826
Tarrant County Government	Fort Worth	Government	4,173
Texas Health Harris Methodist Hospital	Fort Worth	Health care	3,968
Bell Helicopter Textron	Fort Worth	Aerospace	3,820
Fidelity	Westlake	Financial Services	3,700
Keller ISD	Keller	Education	3,600
Alcon Laboratories	Fort Worth	Ophthalmology Products	3,346
Genco ATC	Fort Worth	Logistics	3,315

Source: Fort Worth Chamber

As shown, the largest private employers in the Fort Worth area are AMR / American Airlines and Texas Health Resources, providing over 41,000 jobs between them. The AMR Corporation was a commercial aviation business and airline holding company that was based in Fort Worth. They were the parent company to American Airlines, American Eagle Airlines AmericanConnection and Executive Airlines but filed for bankruptcy in November of 2011. In December of 2013, AMR merged with the US Airways Group to form what is now the American Airlines Group, the top employer in Fort Worth.

### Higher Education

While the presence of colleges, universities, and educational institutions does not typically serve as a major demand base for tourism or attracting meetings, the student base in the Fort Worth area can significantly contribute to the area's economy and many universities rely on large public assembly facilities for their large events or to hold conferences.

The following table shows colleges and universities in the Fort Worth area.

**Table 1-5**

Fort Worth Area Colleges & Universities (within 25 miles of downtown)					
Institution	Location	Distance from Downtown Fort Worth	Highest Degree Offered	Enrollment	
Tarrant County College District	Fort Worth, TX	---	Associates	50,439	
Kaplan College-Fort Worth	Fort Worth, TX	---	Doctorate	9,727	
Texas Wesleyan University	Fort Worth, TX	---	Doctorate	3,204	
Everest College-Fort Worth	Fort Worth, TX	---	Doctorate	1,949	
Westwood College-Ft Worth	Fort Worth, TX	---	Associates	526	
University of North Texas Health Science Center	Fort Worth, TX	---	Associates	515	
Remington College-Fort Worth Campus	Fort Worth, TX	---	Associates	489	
Brite Divinity School	Fort Worth, TX	---	Bachelors	398	
Texas Christian University	Fort Worth, TX	---	Associates	268	
Everest College-Fort Worth South	Fort Worth, TX	---	Doctorate	211	
South University-The Art Institute of Fort Worth	Fort Worth, TX	---	Bachelors	31	
The University of Texas at Arlington	Arlington, TX	9.7 miles	Doctorate	33,239	
Arlington Baptist College	Arlington, TX	9.8 miles	Masters	265	
Everest College-Arlington	Arlington, TX	12.5 miles	Associates	655	
ITT Technical Institute-Arlington	Arlington, TX	12.5 miles	Bachelors	619	
Kaplan College-Arlington	Arlington, TX	13.4 miles	Associates	456	
Messenger College	Eules, TX	13.4 miles	Bachelors	63	
Lincoln College of Technology-Grand Prairie	Grand Prairie, TX	18.3 miles	Associates	730	
North Lake College	Irving, TX	19.8 miles	Associates	11,397	
University of Dallas	Irving, TX	20.1 miles	Doctorate	2,576	
DeVry University's Keller Graduate School of Management-Texas	Irving, TX	21.5 miles	Masters	1,128	
DeVry University-Texas	Irving, TX	21.5 miles	Bachelors	3,240	
Dallas Baptist University	Dallas, TX	23.5 miles	Doctorate	5,622	
Mountain View College	Dallas, TX	23.5 miles	Associates	9,068	
Northwood University-Texas	Cedar Hill, TX	24.7 miles	Masters	816	
Court Reporting Institute of Dallas	Dallas, TX	24.7 miles	Associates	390	
Sanford-Brown College-Dallas	Dallas, TX	24.7 miles	Associates	606	
West Coast University-Dallas	Dallas, TX	24.7 miles	Bachelors	168	
<i>Grand Total:</i>				138,795	

Source: National Center for Education Statistics

There are several educational institutions in the area that offer degree programs and certifications including 11 universities, 14 colleges, and three other institutions. The largest institution is the Tarrant County College District (TCCD) in Fort Worth. TCCD is a two-year institution that was established in 1965 and has more than 50,000 students enrolled in their associate degree and technical programs. They are ranked as the sixth largest college or university within Texas. The second largest educational institution within 25 miles of Fort Worth is the University of Texas at Arlington, enrolling more than 33,000 students. It is the largest university nearest to Fort Worth.

In addition to providing opportunities for higher education to both area residents and non-locals, the colleges and universities offer attractive employment opportunities that provide stable demand generators in the market. The University of Texas at Arlington, which is listed as one of the area's major employers, employs approximately 6,200 individuals. Higher educational institutions within 25 miles of Fort Worth additionally enroll approximately 139,000 students, which contribute to the community's economic activity.

## Educational Attainment

The level of education in a community is generally linked to income potential and hence, disposable income and long-term growth. Highly educated people have more choices in their decision to choose employment and locate themselves and their families. The higher the education level, the stronger the labor market and the more disposable income that is available to spend on recreational activities, such as dining out, attending cultural events and sports activities.

The following table shows the education attainment levels in the area.

**Table 1-6**

<b>2010 Highest Education Level Attained (Population Age 25+)</b>			
<b>Population Age 25+</b>	<b>Fort Worth</b>	<b>Texas</b>	<b>United States</b>
Did Not Complete High School	20.4%	19.1%	15.4%
Completed High School	25.9%	25.6%	29.2%
Some College	22.2%	22.0%	20.6%
Completed Associate Degree	6.1%	6.3%	7.5%
Completed Bachelors Degree	17.2%	18.2%	17.5%
Completed Graduate Degree	8.2%	8.8%	9.8%

Source: CLR Search Demographics Summary

Fort Worth’s adult population ranks below the national averages in terms of individuals who have completed high school and completed some form of higher education. Fort Worth’s adult population is also five percentage points above the national average of individuals who did not complete high school and 1.3 percentage points higher than that of the state. Overall the City follows the state’s level of educational attainment closely.

## Downtown

The City of Fort Worth features a vibrant and growing downtown for locals and visitors that is home to historic buildings, modern skyscrapers and recent developments. Downtown offers a compelling nightlife with restaurants, shops, art galleries and performing arts facilities/venues in a restored, historic atmosphere. Downtown Fort Worth also features the new Omni Fort Worth Hotel, the Fort Worth Convention Center, the Bass Performance Hall, the Water Gardens and the recently completed 35-block Sundance Square.

The Sundance Square district is named after the Sundance Kid, who was known for frequenting the area with Butch Cassidy. Most of the buildings in Sundance Square date from the turn of the 20<sup>th</sup> century and have been or are in the process of being restored. The red brick streets and multiple courtyards contribute to the historic atmosphere. The redeveloping area includes an attractive combination of hotels, restaurants, condos, lofts, museums, bars, shops, clubs and multiple festivals throughout the year.

The following two images show Sundance Square Plaza.

Figure 1-3



Within Sundance Square is the \$110-million Sundance Square Plaza development. The two-block, plaza totals approximately 55,000 square feet. It features four 36-foot tall Teflon umbrellas, a permanent stage, jetted fountains, a wave wall fountain, a commemorative fountain and is bookended by the Westbrook and Commerce office buildings. The Westbrook and Commerce buildings are two of the three new Class A buildings nearby. The plaza is intended to act as a focal point for public outdoor events downtown, accommodating everything from community gatherings and festivals to day-to-day use by downtown residents, workers and visitors.

In February of 2011, Sundance Square and the Sundance Square Plaza received national recognition and attention after the successful broadcast of Super Bowl XLV programs by ESPN. Since the series of well received broadcasts, totaling more than 110 hours of live television and radio coverage, Sundance Square Plaza has become the TV headquarters for ESPN's NCAA Men's Basketball Championship coverage when the Metroplex hosts the event. The NCAA Final Four coverage recently returned to Sundance Square in April of 2014.

Prior to the developments such as Sundance Square, the Downtown Fort Worth was not a residential area. However, with the added entertainment, residential, office and retail options the number of locals making the downtown area home has grown. City and community leaders support and drive multiple rehabilitation and improvement projects that continue to attract more businesses and create a walkable environment.

Other projects impacting downtown, either recently completed or now underway, include the following:

- **Hogan Building renovations** – The 910 Houston Street Hogan Building (Shelton Building) will be receiving a “turn-of-the-century” facelift. The new owners plan to rehabilitate the building to resemble the original architecture.
- **Improvements to I-35** – Some of the \$800-million improvements include changes to the I-35/820 interchange north of downtown and adding toll lanes to connect I-35 and I-30. These changes are expected to significantly reduce congestion.
- **Lancaster Place** – The mixed-use development will shore up the northern side of the burgeoning Lancaster Avenue. The City of Fort Worth has released a Request for

Qualification detailing the availability of City-owned land on the north side of Lancaster.

- **City Place** – New construction follows months of demolition at City Place, making way for new downtown office, retail and parking space.
- **Tarrant County College Trinity River East Campus** – A new addition to the TCC Trinity River East Campus houses the Center for Healthcare Professions.
- **3<sup>rd</sup> Street** – 3<sup>rd</sup> street is a pedestrian connector that will provide pedestrian-friendly access between the business district, downtown library, Sundance Square and the growing residential areas west of Henderson Street and east of Elm Street. The improvements to this street were part of the original 1995 TIF Project Plan.

## Tourism

Attractions provide tourists with activities while in town, and if compelling enough, prolong and/or induce visitation. The more tourist attractions, the better the community can attract meetings, events and hotel stays. Fort Worth and the surrounding area have a wide variety of large and quaint attractions that add to its appeal. The following list of the area's attractions includes, but are not limited to:

### *Stockyards National Historic District - The Western Experience*

Fort Worth is the last major stop on the Chisholm Trail, a trail used in the late 19<sup>th</sup> century to drive cattle from ranches in Texas to Kansas railheads. The stockyards that developed at the end of this trail transformed Fort Worth from a small town into a major city. The Stockyards feature several attractions that include:

- **Billy Bob's Texas** – This is the world's largest honkey tonk: a western dance hall, that features approximately 100,000 square feet of interior space, attracts big name country music performers, hosts live indoor bull riding and has two dance floors.
- **Cowtown Coliseum** – This landmark building was constructed in 1908 and hosted the world's original indoor rodeo. The Coliseum still hosts weekly rodeos and a mixture of other events.
- **Grapevine Vintage Railroad (formerly known as the Tarantula Railroad)** – The Vintage Railroad travels along the historic Cotton Belt Route between Grapevine and the Fort Worth Stockyards. The Railroad is serviced by two vintage steam locomotives, one 1896 locomotive that is the oldest continuously operating steam engine in the South and one 1953 GP-7 diesel locomotive. The historic 1896 steam train offers riders a unique way to tour the Fort Worth area in authentic 1920s and 1930s Victorian-style coaches. It is used to host events and parties.
- **White Elephant Saloon** – This legendary watering hole has served visitors to the Stockyards for more than 100 years. The Saloon is owned by celebrity Fort Worth chef and TV personality, Tim Love.

- **Stockyards Station** – As a former cattle way station that bustled with livestock, the Stockyard Station now contains specialty stores, restaurants and Wild West theme-park rides. The Station provides a blend of old and new Texas through historic walking tours along the Texas Trail of Fame and The Texas Cowboy Hall of Fame. It is one of the top tourist attractions in Fort Worth.

### *The Cultural District*

The Fort Worth Cultural District is approximately 1.5 miles west of Downtown, across Clear Fork Trinity River. The Cultural District is celebrated for its high concentration of unique and diverse museums and the Will Rogers Memorial Center.

In addition to the WRMC facilities, the Cultural District's attractions include the following:

- **Will Rogers Memorial Center (WRMC)** – The 105-acre public multi-purpose entertainment and livestock complex was built in 1936 and named after the American humorist and writer Will Rogers. WRMC is home to the annual Fort Worth Stock Show and Rodeo, livestock shows and several equestrian events, such as the annual World Championship Paint Horse Show. WRMC is composed of multiple components such as the Will Rogers Coliseum, Auditorium and Equestrian Center, Richardson-Bass Building, livestock barns, Amon Garter Jr. Exhibits Hall, James Eunice West Arena, John Justin Arena and the W.R. Watt Arena. It is discussed more later in this report.
- **Amon Carter Museum of American Art** – This museum is home to a collection of nineteenth and twentieth-century American paintings, sculptures and works on paper. The museum of collected works by legendary American western artists is home to one of the nation's foremost collections of American photography.
- **Botanical Research Institute of Texas (BRIT)** – Originally occupying a two-story, 11,500-square foot turn-of-the-century warehouse, BRIT opened to the public in 1991. BRIT's herbarium contains more than one million plant specimens and its library houses approximately 125,000 volumes of books and journals.
- **Cattle Raisers Museum** – Originally opened in 1980 to create a greater public appreciation for the ranching heritage, the museum relocated in 2009. The Museum reopened within the Museum of Science and History. The 10,000-square foot exhibition is dedicated to preserving the cattle industry history.
- **National Multicultural Western Heritage Museum and Hall of Fame (Cowboys of Color Museum)** – The Museum is currently located at 3400 Mount Vernon Avenue and features exhibits such as the Tuskegee Airmen and the Buffalo Soldiers. The Museum was founded to acknowledge the important contributions of Hispanic, Native American, European and African Americans in the settlement of the Western American Frontier. There is currently a campaign to secure funding for the renovation of a new location in a high traffic area on Interstate 287.

- **Fort Worth Botanic Garden** – The 109-acre botanical garden features more than 2,500 types of native and exotic plants, a 10,000-square-foot tropical plant conservatory, Japanese and rose gardens and 23 renowned specialty gardens.
- **Fort Worth Museum of Science and History** – The \$80-million facility is one of the Southwest’s largest science and history museums offering traveling and permanent interactive exhibits, the Noble Planetarium, the Fort Worth Children’s Museum, the Cattle Raisers Museum, Innovation Studios and an Omni iMax theater. The facility also has conference rooms with catering available.
- **Fort Worth Zoo** – The natural-habitat, indoor and outdoor exhibits exposes visitors to more than 7,000 exotic and native animals.
- **Kimbell Art Museum** – Renowned internationally for the collection of art and the facility’s architecture by Louis I. Kahn, the museum is owned and operated by the Kimbell Art Foundation. The art originates from the antiquity period to the twentieth-century, including European works by Fra Angelico, Michelangelo, Caravaggio, Poussin, Monet, Picasso and Matisse. Egyptian collections, classical antiquities, Asian, Mesoamerican and African art are also displayed at the museum.
- **Log Cabin Village** – Located on three acres, the Village is home to nine historic structures that date back to the mid-1800s. Donated to Fort Worth and opened to the public in 1966, the historical recreation allows visitors to experience authentic log homes and artifacts, a blacksmith shop, a one-room schoolhouse, a smokehouse, a water-powered gristmill and herb garden. Guests can see frontier chores, such as candle making, spinning and weaving.
- **Modern Art Museum of Fort Worth** – Maintaining one of the leading collections of international contemporary and modern art in the country, the museum was founded in 1892 and is one of the city’s oldest. The facility features the work of artists such as Andy Warhol, Jackson Pollock and Mark Rothko, comprised of nearly 3,000 objects. In 2002 the museum moved to a new \$70-million, 150,000-square foot facility that was designed by renowned Japanese architect Tadao Ando.
- **National Cowgirl Museum and Hall of Fame** – Dedicated to honoring and documenting the women of the American West, the \$21-million, 33,000-square-foot facility is home to three permanent galleries, multiple traveling exhibits, a multipurpose theater and a research library. Designed by David Schwarz, the Museum and Hall of Fame honors women such as Georgia O’Keeffe, Dale Evans, Patsy Cline, Sacajawea, Willa Cather and Annie Oakley.
- **Sid Richardson Museum** – Located in Sundance Square in downtown and considered to be part of the cultural package, this collection of western art includes the largest single permanent collection of works by Federic Remington and Charles Russell. The works reflect the art and reality of the American West. This collection of art is the legacy of the late philanthropist and oilman, Sid Williams Richardson. He acquired the collection from 1942 until the time of his death in 1959.
- **Thistle Hill** – This cattle baron mansion was built in 1904 and is one of the few remaining examples of Georgian Revival architecture in the Southwest. The mansion

is used today for functions such as weddings, receptions and other special events. It is considered to be part of Fort Worth's cultural package, although it is located in Near South.

Fort Worth is an attractive destination for the arts, athletic events and festivals. Due to the city's and community's dedication to their history and growth, Fort Worth continues to attract those seeking entertainment and enrichment through the arts. The city maintains itself as a destination through the following destinations and events:

### *Performing Arts*

- **Bass Performance Hall** – Located at 525 Commerce Street in downtown Fort Worth, the fine arts hall seats 2,056 people. Both the Texas Rangers Ballpark in Arlington and the Bass Performance Hall were designed by David M. Schwarz Architectural Services Inc. The multi-purpose facility is home to the Fort Worth Symphony Orchestra, Texas Ballet Theater, Fort Worth Opera, and the Van Cliburn International Piano Competition and Cliburn Concerts. National touring Broadway productions and family shows are also staged in the hall. The **Fort Worth Symphony Orchestra** performs a summer series at the Fort Worth Botanical Garden. The **Texas Ballet Theater** splits their time between the Bass and the Winspear Opera House and AT&T Performing Arts Center in Dallas. The **Fort Worth Opera** is the state's oldest continually operating opera company, and one of the nation's oldest. In 2007, the company began performing in a "festival" format, performing three to four full operas within a few weekends in spring so that patrons could take advantage of seeing several different performances within a few days.
- **Casa Mañana Theatre** – Located in the Fort Worth Cultural District and known as the House of Tomorrow, the theatre was built in 1936. It operated for one year as an outdoor 4,000-seat dinner theater in which a moat and a curtain waterfall surrounded the stage. The theatre was covered by a geodesic dome in 1958 and rebuilt with a thrust stage. It seats 1,805 people and schedules a full calendar of musical theater.

### *Other Attractions*

- **Fort Worth Water Gardens** – were designed in 1974 by Philip Johnson and John Burgee and built by the Amon G. Carter Foundation. The terraced park of concrete interspersed by greenery and trees is an anchor for the southern end of the developed downtown area and lies adjacent to the south end of the Fort Worth Convention Center and across the street from the Omni Hotel. It is frequently billed as a "cooling oasis in the concrete jungle" of downtown Fort Worth. There are three pools: the quiet meditation pool, the aeration pool with spray fountains, and the main feature, the Water Gardens which features a 38-foot descent of water flowing down steps from many sides and directions towards a central pool with walkways allowing guests to descend with the water. The gardens also feature more than 500 species of plant life. The park acts as a buffer from nearby I-30.

- **Fossil Rim Wildlife Center** - is an 1,800-acre endangered species research and conservation center near Glen Rose, TX. The facility has more than 1,000 animals from 50 species and is open to guided and self-guided tours. The facility operates several annual events such as workshops, children's parties, tours and a murder mystery. The park lies 60 miles southwest of downtown Fort Worth.
- **Six Flags over Texas Theme Park** – While not near downtown, this attraction is located within one mile of the Arlington Convention Center, Rangers Ballpark in Arlington and AT&T Stadium, home of the Dallas Cowboys, at the southwest corner of the I-30 and Highway 360 interchange. The Interchange itself serves as a kind of halfway point between Fort Worth and Dallas, and as such, has attracted multiple tourist attractions. Six Flags-Texas covers 212 acres, has 44 rides and 12 roller coasters, and attracts between 2.5 and 3 million guests per year. **Hurricane Harbor** took over the Wet 'n Wild Water Park in 1996 and has operated as part of the Six Flags brand. The large park filled with water tube slides, lazy rivers, and wave pools, lies just across I-30 to the northwest of the Six Flags Theme Park.

### *Sports*

- **Texas Motor Speedway** – The speedway is located north of Fort Worth and straddles the border between Tarrant and Denton Counties. The Texas Motor Speedway is the second largest NASCAR and IndyCar venue in the world in terms of capacity, after the Indianapolis Motor Speedway, with seating for 190,000 people. The 1.5-mile oval track opened in 1996. The facility is part of Speedway Motorsports, Inc.'s (SMI) speedway portfolio that includes Atlanta Motor Speedway, Charlotte Motor Speedway, Bristol Motor Speedway and others. The Firestone 600, run at the track annually in early June, is widely considered the second largest oval-track event in terms of popularity, attendance, and prestige. However, the seating capacity has recently been reduced to 112,000 for the two NASCAR Sprint Cup Races. Other races held in the complex are two Nationwide Series NASCAR races, two Camping World Truck Series races sponsored by WinStar Casino, the ARCA Stock car race called the Rattlesnake 150, and the Global RallyCross Championship. Occasional large-scale music festivals are held at the site, the largest being the Blockbuster Rock Fest, which attracted 385,000 people over the course of 15 acts and 16 hours of music, and is one of the highest attended music festivals in history.
- **AT&T Stadium (NFL and College football)** - Formerly known as Dallas Cowboys stadium, the stadium is located in Arlington near Interstate 30, Six Flags Theme Park and Six Flags Hurricane Harbor, and the Texas Rangers Ballpark in Arlington. The \$1.3 billion, 80,000-seat stadium is the home to the NFL's most valuable team, the Dallas Cowboys. The Cowboys play ten sold-out home games per year, but it is also the home to several annual college football games, including the Big 12 Championship, the Cotton Bowl Classic, the Southwest Classic between Texas A&M and the University of Arkansas and the Cowboys Classic. Other occasional top-tier athletic events also routinely host games at AT&T Stadium such as NCAA Men's Basketball Championship tournament games, boxing matches and international soccer

games. Despite the main tenant's namesake wearing the moniker of Dallas, the team actually plays four miles closer to downtown Fort Worth in Tarrant County than downtown Dallas, and as a result, downtown Fort Worth and eastern Tarrant County hotel rooms, restaurants, and meeting space during game weekends experience spikes in their usage and occupancy.

- **Globe Life Park in Arlington** – recently renamed from The Ballpark at Arlington, is located in Arlington near the AT&T Stadium. It opened in 1994 as a 48,114-seat retro-style three-level baseball park, which drew rave reviews for its design and realistic old-time baseball atmosphere. At least 81 games are played here every year, and drew an average of 38,759 fans per game in 2013.
- **The NBA Dallas Mavericks and NHL Dallas Stars** play in the \$420 Million American Airlines Center near the Central Business District of Dallas. While most of the media coverage and patrons from around the Metroplex are drawn to this arena from the Dallas area for Stars and Mavericks games, a rather far distance from Fort Worth, it can still be considered a top draw for spectators on the eastern Fort Worth side of the Metroplex. The arena would also be a likely competitor for a new and larger arena that would replace the existing 10,400-seat FWCC Arena.
- **Texas Christian University (TCU) and Amon G. Carter Stadium** is the home of the Horned Frogs, a member of the Big 12 Conference. Built in 2012 on the TCU campus, the new 45,000-seat open-air stadium is situated four miles southwest of downtown Fort Worth. Big 12 Conference games draw large numbers of rival team fans that will likely stay in Fort Worth or Tarrant County, especially visitors from Oklahoma and Texas. The stadium hosts six football games annually.

### *Events and Festivals*

- **Concerts in the Garden** – In June and July, guests can enjoy the Fort Worth Symphony Orchestra and other artists outside at the Botanical Gardens.
- **Cowtown Marathon** – The annual marathon has been held in February since 1978. Event activities include two 5Ks, a 10K, a half marathon, a marathon and an ultra marathon. In 2013, the marathon drew nearly 27,000 participants and increased participation to nearly 29,000 participants in 2014. It is the largest multiple-distance event in Texas.
- **Food and Wine Festival** – Home to culinary artists, wine makers and brewers, the first annual four-day festival will allow these local hospitality professionals to showcase their talents.
- **Fort Worth Music Festival** – The two-day festival features music on three stages at Fort Worth's Panther Island Pavilion. Diverse programming includes everything from Jazz and Blues to Rock and Country music, as well as showcasing local artists.
- **Fort Worth Opera Festival** – May of 2007 marked Fort Worth Opera's 60<sup>th</sup> anniversary and the start of the initial and annual Fort Worth Opera Festival. During

the four-week period there are multiple performances, all in the Bass Performance Hall, and events that attract local area patrons and out-of-town visitors.

- **Lockheed Martin Armed Forces Bowl** – Owned and operated by ESPN, the Bowl offers a postseason college football bowl game. The game recognizes all five branches of the military services and is the theme throughout the event.
- **Lone Star Film Festival** – The five-day cinema celebration in November showcases artistically and culturally significant films. Educational forums allow filmmakers and enthusiasts to learn more about the cinema business.
- **Main Street Fort Worth Arts Festival** – The four-day celebration attracts thousands of artists, dancers, performance artists, musicians, exhibitors and food vendors to Fort Worth. Visitors can find everything from oil paintings and kinetic sculptures to jewelry.

## Implications

The City of Fort Worth is an attractive location for tourists and residents. Its population growth from under 450,000 in 1990 to nearly 800,000 today is evidence that the local economy and quality of life is strong. Tarrant County has increased its population to nearly two million and the Metroplex has increased to 6.7 million, making it one of the largest and fastest growing metro areas in the U.S. Multiple industries are thriving in the area, including aerospace, health and medicine, technology, education and many others.

The city continues to enhance its current offerings of the arts, sports and entertainment, not only to attract visitors, but also to develop a desired quality of life for its residents. Through developments such as Sundance Square and the Sundance Square Plaza, downtown is growing as a place to live, work and seek entertainment. With the recent and ongoing changes, Fort Worth offers an attractive package that draws a number of young professionals and visitors, creating a more vibrant and active downtown.

Between the resurgence of downtown, the area's rapid and continued growth in population and the general economic growth of the Metroplex region, Fort Worth is well positioned to continue to enhance its position as a place for large public assembly events, including at the Fort Worth Convention Center and a new potential arena.

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## PROFILE OF THE FORT WORTH CONVENTION CENTER

The focus of this chapter is the Fort Worth Convention Center's historical performance and its physical and other attributes. The HSP Team examined the facility in terms of both size and quality to identify improvements that would be necessary to allow the facility to meet the market. HSP also analyzed ten years of data across a multitude of performance metrics related to events, attendance, revenues and expenses. The data provides insight into what is working, what is not working and potential areas of opportunity for the center.

### Profile of Fort Worth Convention Center

The Fort Worth Convention Center (FWCC) opened on September 30<sup>th</sup>, 1968 in downtown Fort Worth, Texas. The facility has undergone several expansions since opening its doors:

- The first was the addition of the Exhibit Annex in 1984, which added 45,000 square feet of exhibition space and resulted in the realignment of Commerce Street to accommodate a building that “bowed out” into the traditional street grid.
- The second expansion was a two-phase renovation and expansion in 2002 and 2003, the first of which added 57,600 square feet of exhibit space, 18,700 square feet of meeting space and a ballroom measuring almost 29,000 square feet. Seats in the arena were also re-upholstered. The second phase added 21,600 square feet of exhibit space, 15,000 square feet of meeting space on the second floor and included the renovation of 100,000 square feet of existing exhibit space.
- The 615-room Omni Fort Worth opened adjacent to the FWCC in 2009 after a concerted effort to develop a convention hotel. It features a major ballroom and numerous breakout meeting rooms.

The following figure shows the exterior the Fort Worth Convention Center from Houston Street.

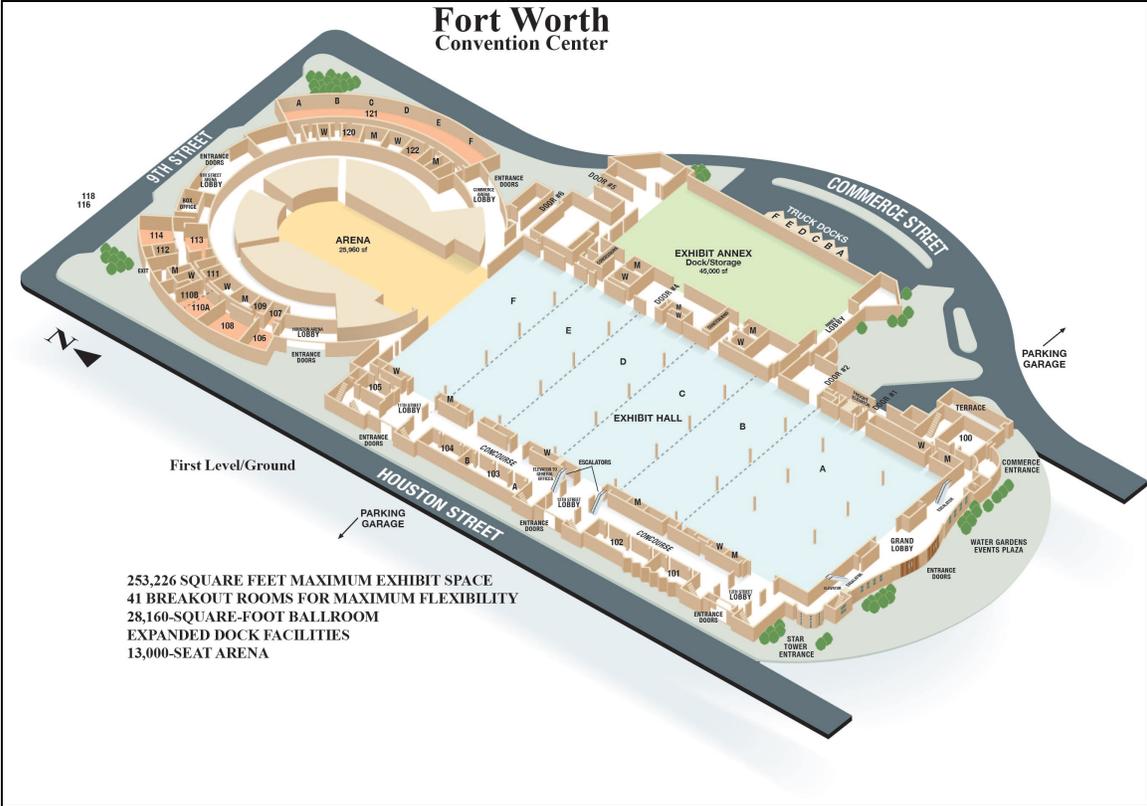
Figure 2-1



Notable physical attributes include a grand façade of multi-colored brick, a star tower and a terrazzo belt-buckle in the south lobby.

The figure below shows the layout of the first floor of the facility.

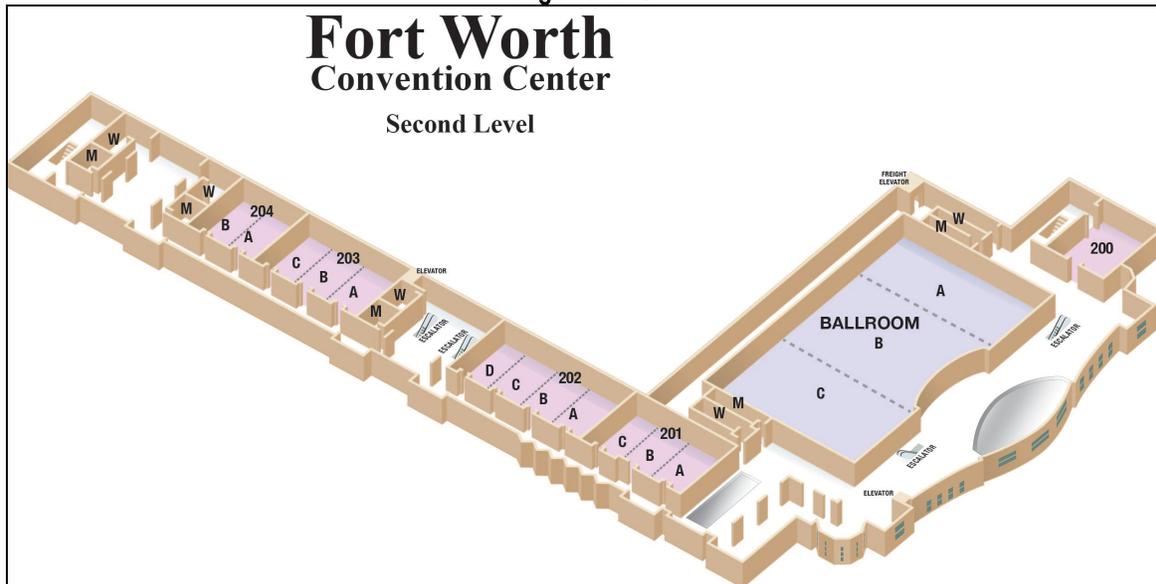
Figure 2-2



The first floor of the FWCC contains three main areas: the exhibit hall, the exhibit annex and the arena. It also includes pre-function areas as well as a number of meeting rooms. The exhibit annex is attached to the east side of the exhibit hall and the arena lies to the northwest of the exhibit hall. There are meeting rooms surrounding the arena floor.

The following figure shows the second floor of the Fort Worth Convention Center.

Figure 2-3



The ballroom is located on the second floor at the south end of the facility. Newer meeting rooms line the west side of the second floor closest to Houston Street.

The following table shows the square footage of event space at the Fort Worth Convention Center.

**Table 2-1**

Fort Worth Convention Center Function Space			
Facilities	Total (SF)	By Division (SF)	Divisions
<b>Exhibit Hall Facilities</b>			
Exhibit Hall A	56,508		1
Exhibit Hall B	27,700		1
Exhibit Hall C	22,160		1
Exhibit Hall D	27,700		1
Exhibit Hall E	22,160		1
Exhibit Hall F	16,038		1
<b>Total*</b>	<b>172,266</b>		<b>6</b>
<b>Exhibit Annex Facilities</b>			
Exhibit Annex A	12,900		1
Exhibit Annex B	12,000		1
Exhibit Annex C	7,350		1
Exhibit Annex D	12,750		1
	<b>45,000</b>		<b>4</b>
<b>Ballroom Facilities</b>			
Ballroom	27,904		3
<b>Total</b>	<b>27,904</b>		<b>3</b>
<b>Meeting Room Facilities</b>			
Meeting Room 100	2,156		1
Meeting Room 101	1,508		1
Meeting Room 102	2,210		1
Meeting Room 103	2,160		2
Meeting Room 104	1,440		1
Meeting Room 105	819		1
Meeting Room 200	2,850		1
Meeting Room 201	5,162		3
Meeting Room 202	6,670		4
Meeting Room 203	5,248		3
Meeting Room 204	3,596		2
<b>Total</b>	<b>33,819</b>		<b>20</b>
<b>Arena Facilities</b>			
Arena - 10,481 permanent seats	25,960		1
Arena Meeting Room 106	1,276		1
Arena Meeting Room 107	558		1
Arena Meeting Room 108	2,090		1
Arena Meeting Room 109	608		1
Arena Meeting Room 110	2,376		2
Arena Meeting Room 111	640		1
Arena Meeting Room 112	536		1
Arena Meeting Room 113	1,344		2
Arena Meeting Room 114	347		1
Arena Meeting Room 116	1,219		1
Arena Meeting Room 118	483		1
Arena Meeting Room 120	683		1
Arena Meeting Room 121	11,858		6
Arena Meeting Room 122	682		1
<b>Total</b>	<b>50,659</b>		<b>22</b>
*Exhibit Hall total without divisions is 182,613 SF			
Hotel Rooms	1,043	(Omni and Sheraton Hotels)	
Total Exhibit Space	227,613	/ Guest Room	218
Total Ballroom Space	27,904		27
Total Meeting Space	58,518		56
Total Arena Space	25,960		25
Total Function Space	339,995		326
Total Exhibit Divisions	10	/ 100 Guest Rooms	0.96
Total Ballroom Divisions	3		0.29
Total Meeting Room Divisions	41		4
Total Arena Divisions	1		0.10
Total Divisions (including Ballroom)	55		5

Source: meetinfortworth.com, Hunden Strategic Partners

The Fort Worth Convention Center has five main areas of function space. The Exhibit Hall facilities account for the largest portion of square footage, which totals 182,613 square feet and can be divided into six areas as small as 16,038 square feet. The Exhibit Annex totals 45,000 square feet and can be divided into four areas, the smallest being 7,350 square feet. The Ballroom is 27,904 square feet and can be divided into three sections. The smallest ballroom division is 8,192 square feet. Meeting rooms are located on the first and second floor of the facility. There are a total of 41 meeting rooms totaling 58,518 square feet that can accommodate a wide range of space needs from 347 square feet up to about approximately 12,000 square feet of contiguous meeting space. The Arena is 25,960 square feet, has 10,481 permanent seats and can accommodate approximately 13,000 people if the floor space is also used for seating.

## Review of Physical Attributes

HSP reviewed the physical aspects of the Fort Worth Convention Center, taking into account the size, quality and layout of the function space.

**Relationship to Downtown Amenities.** Beginning with location of the complex itself, while it is located downtown, it is separated by two or three key blocks from the Sundance Square area and other nearby restaurant and retail developments. While these areas are easily walkable, there are few options for attendees to spill over to dining, entertainment or active streetscapes immediately outside the building and some visual disconnects between the bustling restaurant areas nearby and the FWCC. In addition, there is only one major hotel within easy walking distance from the Fort Worth Convention Center, the new Omni. The other walkable hotels, discussed in more detail in this report, are smaller, older and of varying service and quality levels. Several are quite close, but none are of large convention headquarters attributes.

**Building Faces.** The north face of the building is not welcoming, as it presents the original arena toward downtown and the courthouse on the opposite end of Main Street. Instead of attracting people to it, it implies a ship splitting the street grid, suggesting that those who wish to enter should come from the west sides. The east side of the building is the loading side along with the Annex. Combined with the curvature of Commerce Street, these loading docks and back doors present an unfriendly and multi-block long frontage for pedestrians to somehow circumnavigate. The south end, facing the Water Gardens, has visual appeal, yet is hidden by the Water Gardens themselves, which have very tall and mature trees throughout. While this creates an urban oasis, it also creates a blockage for those on the outside who would like to see in and vice versa.

**Entrances, Access & Parking.** The architecture and materials chosen for the façade of the building, especially the west and south sides, is compelling and appropriate to the materials of the downtown district. There are several entrances on the west side, allowing those who park at the garage on the west side or who walk from the Omni easy access. However, for those coming from other hotels to the north or from the east and south, the building is not inviting, nor does it present a strong wayfinding environment for pedestrians or cars. There is no parking in the building and obvious parking areas for visitors are few. However, parking in general downtown and in the area is plentiful, but perhaps not as obvious or convenient as in other cities. Once a visitor parks, accessing the building is most obvious from the west side. While the south side Water

Gardens entrance is designed to look like a grand lobby, it mostly acts as a back or side door where attendees can spill out onto the public and green spaces. Because of visibility and access issues, this grand entrance appears mostly hidden. With better visibility and auto arrival zones, this face of the FWCC could be better utilized.

**Building Space and Quality.** Regarding the building itself, there is a significant difference between the new building and the old and new/renovated areas of the building. The new spaces, such as the ballroom, a number of meeting rooms, pre-function areas and some exhibit spaces appear new, light, airy and functional, although there is a noticeable lack of seating areas in the pre-function spaces as well as a lack of in-house amenities, such as concessions, quick food service and office-type/supplies retail. Users enjoy these spaces.

The older spaces are essentially obsolete. For example, the 45,000-square foot Exhibit Annex has become more of a glorified staging area than prime exhibit space (it only is used for exhibit space a few times per year, due to its condition and accessibility). As a result, the actual prime exhibit space at the FWCC 172,000 square feet and not the more commonly promoted 217,000 square feet. The Arena is outmoded, obsolete and difficult to continually keep at peak operating condition due to challenges with the air conditioning and other factors. Technically, the building has some challenges as well and so the large spaces like the arena have trouble offering a premier experience.

The arena, which will be discussed more in depth later in this report, was once popular for concerts, family shows, sports teams and events and religious events. Over the years, its ability to be attractive as a venue for these users has eroded, as these users have found better facilities with more modern amenities and technical specifications. In older facilities such as this, the cost to make the building “work” for a special event can be cost-prohibitive, and this is simply the cost to achieve the bare minimum requirements for users, which are a given in newer facilities. Making a profit within such an environment is difficult for promoters and tough for the FWCC and FWCVB to market. The remaining user types for this space are direct-selling companies like Premier Designs and religious or motivational events, who appreciate the bowl-shaped seating of the arena. And while these tenants are key users during an otherwise slow time of year (many take place in the summer), there may be design alternatives within new, flexible spaces that can work better for these groups.

The issues with the Exhibit Annex have been noted. This space is not prime exhibit space and is only accessible if other exhibit halls to the west are used, given the one-sided pre-function area. So due to this lack of access, lower quality, ceiling height and other issues, the Annex is not utilized as exhibit space. It makes a glorified garage, staging area, loading, set-up and other non-revenue generating space. The other exhibit halls are generally of high quality, however, due to exiting challenges, the fire marshal has determined that certain exhibit halls must be used together or that single exhibit halls without exiting cannot be rented individually. This limits the building’s flexibility and makes scheduling and utilization difficult for all exhibit halls.

The most notable service challenge is in servicing the facility by the caterer, Trinity Food & Beverage Services. There is minimal catering preparation area or kitchen space, and providing service to all areas of the building presents a major logistical challenge, particularly when catering the ballroom, which is on the second level. The fact that the caterer has been able to make this

environment work is a tribute to their skill and agility, however, servicing larger groups without improving this situation, would be difficult.

Other issues include challenges with Wi-Fi service availability, connectivity and bandwidth and ADA accessibility. These are noted in the interviews and discussed in some detail further in this document.

In summary, the building suffers from a Jekyll and Hyde reality, with some wonderful and attractive spaces enjoyed by the market, yet with still others that are 45 years old, unattractive, obsolete for many users and difficult to sell. The servicing aspect of the FWCC, including catering and Wi-Fi, is challenged. As such, regardless if expansion occurs, the existing building has challenges that should be addressed in order to remain competitive.

## Event and Attendance History

HSP reviewed the performance of the FWCC to determine how the building has been used.

The table below shows the number of events by type from 2003 through 2013 and the percent change in each category. Although there are great variations from year to year in certain categories, general trends can be noted.

**Table 2-2**

Fort Worth Convention Center Events												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% Change
City of Fort Worth	56	102	120	93	60	55	31	20	21	14	13	-77%
Concert	3	2	2	1	2	6	4	4	2	3	3	0%
Public Shows	12	9	15	10	10	11	9	7	6	8	9	-25%
Conventions	37	35	33	43	46	34	44	53	51	47	49	32%
Family Events	4	2	5	3	2	4	4	3	2	2	2	-50%
Graduations	14	16	14	19	15	18	18	15	16	17	13	-7%
Banquets	26	26	28	39	45	53	35	14	17	26	13	-50%
Meetings	41	55	45	46	105	115	87	45	40	24	27	-34%
Other	15	13	33	24	37	53	74	52	41	53	55	267%
Receptions*	16	19	12	7	14	20	9	28	48	0	0	-100%
Religious	3	2	4	3	4	9	3	12	6	2	2	-33%
Special Events	4	6	7	5	5	9	3	4	4	1	1	-75%
Sporting Events	12	14	21	23	22	17	8	6	5	12	17	42%
Theatrical	0	0	0	0	1	2	3	1	1	0	0	--
Trade Show	0	2	1	3	3	5	5	2	2	3	2	--
FWCC Internal Events	77	96	94	79	64	65	73	170	231	227	189	145%
<b>Total</b>	<b>320</b>	<b>399</b>	<b>434</b>	<b>398</b>	<b>435</b>	<b>476</b>	<b>410</b>	<b>436</b>	<b>493</b>	<b>439</b>	<b>395</b>	<b>23%</b>
<b>Non-City or FWCC</b>	<b>187</b>	<b>201</b>	<b>220</b>	<b>226</b>	<b>311</b>	<b>356</b>	<b>306</b>	<b>246</b>	<b>241</b>	<b>198</b>	<b>193</b>	<b>3%</b>

\* Recategorized and eliminated in 2012  
Source: Fort Worth Convention Center

As the table shows, the building's events have shifted toward a higher concentration of conventions and fewer arena-based events, such as graduations, concerts, family shows and theatrical events. Even high revenue events like consumer shows, which are great for generating

rent for a building, but not impactful on hotel room nights (and therefore a lesser priority for convention facilities), have been migrating to the Will Rogers facilities. While the trend to move consumer/public shows out of the building is by design, the decline in usage by arena style events is a market signal that the arena, while still preferred by some who are committed to Fort Worth, is not preferred by most arena-style events.

The most important category for the Fort Worth Convention Center is conventions. Conventions generate the most impact due to their combination of size and likelihood that guests are from out of town, so require hotels, restaurants and entertainment. The growth in this category is an important metric for the facility’s overall health. This occurred against a backdrop of a tough convention industry struggling with the economic recession, which makes the results even more impressive.

The next table shows the number of conventions at the FWCC, broken down between smaller (less than 1,100 peak hotel room nights) and larger (more than 1,100 peak hotel room nights).

**Table 2-3**

<b>Fort Worth Conventions</b>			
<b>FY</b>	<b>Under 1,100 Peak Room Nights</b>	<b>Over 1,100 Peak Room Nights</b>	<b>Total</b>
2001	28	2	30
2002	27	6	33
2003	32	5	37
2004	29	6	35
2005	28	5	33
2006	41	2	43
2007	42	4	46
2008	28	6	34
2009	38	6	44
2010	46	7	53
2011	43	8	51
2012	43	4	47
2013	38	11	49
2014	44	10	54
<b>Change</b>	<b>57%</b>	<b>400%</b>	<b>80%</b>

Source: FWCC

As shown, the number of smaller conventions has increased from 28 to 44 over the period, with consistent increases after the last expansion and then the Omni opening. The larger conventions increased from two to ten over the period, with a general increase over the period. This implies that the building was being held back in the type, quality and size of conventions it could hold, first by a size restriction, then by a hotel restriction. While Fort Worth was able to host smaller conventions before the Omni opened, the small-market events still required quality accommodations and a proximate location, which the Omni provided. The increase in large conventions shows that with the added hotel (and other quality improvements to hotels downtown), the FWCC was able to host more and larger conventions.

The table on the following page shows the names of the conventions that used the FWCC in 2011, 2012 and 2013 to provide a sense of the groups who utilize the facility. Those highlighted in green are generally considered “resident” shows that come back each year, sometimes multiple times without as tough a bidding process. Those not highlighted are rotating shows that Fort Worth won through a bidding process. These shows typically rotate through Texas as well as nationally, depending on the group.

**Table 2-4**

Fort Worth Conventions 2011 - 2013		
FY2011	FY 2012	FY 2013
2011 AAMFT Annual Conference	2012 ACA Cheer Nationals	2012 RadioShack Business Summit
2011 Magic; The Gathering	2012 NATM Annual Convention & Trade Show	2013 NACA American Dream Event
2011 NBS Fall & Spring Market Conventions	2012 NBS Fall & Spring Market Conventions	2013 NBS Fall & Spring Market Conventions
2011 Passion Conference	USA Gymnastics Trampoline and Tumbling 2012 Region 3 Championships	2013 North American Sales Meeting
AcuSport Corporation Business Conference	AcuSport Corporation Business Conference	2013 SAGE SHOW
Advocare International Success School	Advocare International Success School	2013 Texas Bigfoot Conference
AHI 2011 National Sales Meeting	AHS International 68th Annual Forum and Technology Display	AcuSport Corporation Business Conference
Airport Business Diversity Conference	Animal Health International 2012 National Sales Meeting	Advocare International Success School
All Baby and Child Spring Education Conference	CertainTeed Corporation	Allied Electronics, Inc.
American Cheerleader Association National Championship	Christian Congregation of Jehovah's Witnesses Conventions	American Cheerleader Association National Championship
APEC 2011 Conference and Exposition	Cooperative Baptist Fellowship 2012 CBF General Assembly	AMTA 2013 National Convention
Arrow Electronics, Inc.	Developing Unconventional Gas Conference and Expo	Army Aviation Association of America
Association of Water Board Directors - Texas	Gulf States Toyota, Inc. 2012 Winter Dealer Meeting	Christian Congregation of Jehovah's Witnesses Conventions
Avon World Tour	Imprinted Sportswear Show	Convention and Semi Finals Competition
BeautiControl Directors Conference 2010	International Foodservice Distributors Association	Developing Unconventional Gas Conference and Expo
BPA Annual Texas Leadership Convention	Kenneth Copeland Ministries 2012 Southwest Believers' Convention	Eternity Forever DFW 2012
Christian Congregation of Jehovah's Witnesses Conventions	LMC 2012 Annual Meeting	Evergreen Marketing Group 2013 Partnership Conference
Developing Unconventional Gas Conference and Expo	LOA Staff Meeting	Fort Worth CVB/AOPA Hospitality Committee
Fort Worth Convention & Visitors Bureau Sales Training	MA Dance Nationals	Imprinted Sportswear Show
GameStop Field Management Meeting	Mannatech Incorporated MannaFest 2012	International Society of Explosive Engineers Annual
International Coach Federation Annual Meeting	Police Fleet Expo-SOUTHWEST	IT Roadmap Conference and Expo
Kenneth Copeland Ministries SW Believers Convention	PowerTest 2012	Kenneth Copeland Ministries SW Believers Convention
MA Dance Nationals	Metroplex Challenge 2012	2013 Go West Summit
Metroplex Challenge 2011	Premier Designs, Inc.	LIMU International Convention 2013
NABSE - Annual November North American Convention	RadioShack April 2012 Summit	MA Dance Nationals
Premier Designs, Inc.	Region VI Annual Safety Conference	Metroplex Challenge 2013
ProQuest Sales Meeting	Rent-A-Center 2012 Leadership Conference	National Art Education Association National Conference
REO Expo 2011	REO Expo 2012	National Association of Counties
Scentsy, Inc. Annual Convention	Republican Party of Texas 2012 RPT State Convention	National Association of Free Will Baptist Planning Meeting
Taste of the NFL	Republican Party of Texas Board	National Association of Tower Erectors National - NATE 2013 Conference and Exposition
Texas Apartment Association 48th Annual Education Conference & Lone Star Expo	SAE 2012 Aerospace Manufacturing & Automated Fastening Conference	National Business Aviation Association 2013 Maintenance Managers Conference
Texas Association for School Nutrition	SAE- DoD Maintenance Symposium & Exhibition	Order of Eastern Star Triennial Assembly of the General Grand Chapter 2012 POA Meeting
Texas Association for the Gifted and Talented - Professional Development Conference	Scentsy, Inc. 2012 Spring Sprint	
Texas DECA 2011 Annual State Conference	SMTA International Annual Conference	Police Fleet Expo-SOUTHWEST
Texas High School Coaches Association 2011 Convention	Texas & Southwestern Cattle Raisers 2012 Convention	Premier Designs 2013 National Rally
Texas Pharmacy Association 2011 Annual Conference	Texas Bankers Association 128th Annual Convention	RadioShack 2013 Business Summit
Texas Self Storage Association 2010 Convention	Texas Counseling Association Annual Professional Growth Conference	REX 2013
Texas Turfgrass Association 2010 Annual Convention	The American Showdown	SHPE Annual Conference
Texas Water Conference	The HRSouthwest Conference	SW Food & Fuel Expo
The HRSouthwest Conference	The Susan G. Komen Breast Cancer Foundation 2012 Affiliate Conference	TAFP 2013 Convention
The Limu Company	UBM Canon 2012 MD&M Texas	Texas & Southwestern Cattle Raisers 2013 Convention
True Woman 10 Conference	Varsity Spirit Cheer and Dance Camp 2012	Texas High School Coaches Association 2013 Convention
Unconventional Gas International Conference & Exhibition	Logistic Officers Association 2011 National Conference	2012 Independent Electrical Contractors Annual National Convention
USA Gymnastics Tumbling and Trampoline 2011 Region 3 Championships		Texas Library Association 2013 Annual Convention
Varsity Spirit Corporation		The American Showdown
		The HRSouthwest Conference
		The World Missions Summit 2012
Repeat: 12	Repeat: 10	USA Gymnastics Trampoline & Tumbling 2013 Region 3 Championships
Rotating: 33	Rotating: 33	Worley Catastrophe Response 2013 Claims Expo Conference & Exhibition
		Repeat: 10
		Rotating: 39

Source: Fort Worth Convention Center

As shown, the FWCC hosts between ten and twelve annual repeating conventions. A few of these are arena users, such as Premier Designs and Kenneth Copeland Ministries. The bulk of conventions are rotating shows that move about Texas and the nation. A good portion each year is

from Texas state associations. The number of rotating conventions or events increased from 33 to 39 from 2012 to 2013.

The table below shows total attendance and revenue per attendee at the facility from 2003 through 2013.

**Table 2-5**

<b>Fort Worth Convention Center Event Attendance</b>			
<b>Year</b>	<b>Attendance</b>	<b>% Change</b>	<b>FWCC Revenue per Attendee</b>
2003	572,030	--	\$4.87
2004	1,104,987	48%	\$3.16
2005	1,115,669	1%	\$3.19
2006	1,130,918	1%	\$3.02
2007	1,162,657	3%	\$2.54
2008	1,005,618	-16%	\$3.24
2009	1,030,804	2%	\$4.28
2010	991,123	-4%	\$4.07
2011	983,693	-1%	\$5.32
2012	801,928	-23%	\$5.44
2013	912,659	12%	\$6.19
<b>Change</b>	<b>60%</b>		<b>27%</b>

Source: Fort Worth Convention Center, HSP

After an initial jump in 2004, event attendance increased to over one million attendees where it remained through 2009. Even during the recession, total attendance remained relatively stable, except for a low of 800,000 in 2012. Yet, the quality of the business at the facility appears to have been increasing over time (despite the fact that the building was not able to count parking revenue after 2005), with revenue per attendee increasing from a low of \$2.54 in 2007 to \$6.19 in 2013.

HSP analyzed recent activity to understand the character of demand for the facility. The table below shows attendance by type of event at the Fort Worth Convention Center from 2003 to 2013.

**Table 2-6**

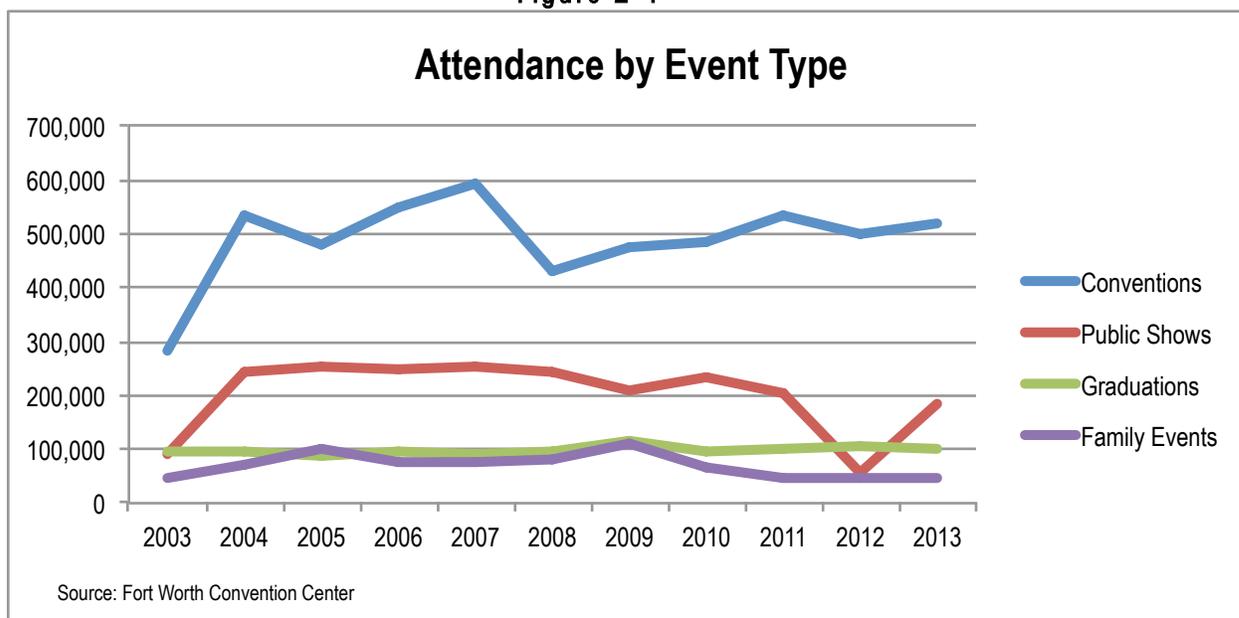
Fort Worth Convention Center Event Attendance by Type												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% Change
City of Fort Worth	6,647	9,140	11,148	8,725	9,328	6,391	14,612	7,862	7,123	7,645	2,348	-65%
Concert	13,445	9,659	4,329	500	11,395	35,727	19,844	15,829	19,582	9,584	10,215	-24%
Public Shows	92,488	242,686	255,171	247,594	252,053	244,101	207,614	231,355	205,818	55,083	183,927	99%
Conventions	282,181	532,913	478,113	549,009	593,382	428,558	476,298	484,067	531,345	501,101	518,065	84%
Family Events	45,250	72,490	98,493	75,372	76,725	79,599	110,107	65,607	47,494	44,890	46,638	3%
Graduations	93,525	96,750	87,727	96,210	90,573	98,314	113,645	94,072	102,300	103,610	100,580	8%
Banquets	10,608	14,697	17,271	22,639	29,021	28,210	21,117	11,085	11,091	18,993	9,547	-10%
Meetings	13,293	20,584	50,507	22,644	25,005	33,759	24,021	28,404	13,740	18,447	6,171	-54%
Other	617	5,888	355	717	2,773	2,861	4,198	4,708	5,267	3,356	2,282	270%
Receptions	3,065	9,099	3,010	1,742	4,425	3,410	780	340	n/a	n/a	n/a	-100%
Religious Services	4,350	4,800	5,250	6,740	3,400	11,580	8,820	27,725	25,580	6,300	6,150	41%
Special Events	2,400	3,230	2,660	2,350	2,020	3,780	1,050	1,090	1,590	400	200	-92%
Sporting Events	3,000	73,534	98,773	88,275	57,750	15,277	18,915	12,652	7,287	24,916	23,258	675%
Theatrical	n/a	n/a	n/a	n/a	40	500	2,500	700	n/a	n/a	n/a	-100%
Trade Show	n/a	7,300	120	5,625	2,616	11,863	5,337	2,740	312	2,875	325	-100%
FWCC Internal Events	1,161	2,217	2,742	2,776	2,151	1,688	1,946	2,887	5,164	4,728	2,953	154%
<b>Total</b>	<b>572,030</b>	<b>1,104,987</b>	<b>1,115,669</b>	<b>1,130,918</b>	<b>1,162,657</b>	<b>1,005,618</b>	<b>1,030,804</b>	<b>991,123</b>	<b>983,693</b>	<b>801,928</b>	<b>912,659</b>	<b>60%</b>
<b>Non-City &amp; FWCC</b>	<b>565,383</b>	<b>1,095,847</b>	<b>1,104,521</b>	<b>1,122,193</b>	<b>1,153,329</b>	<b>999,227</b>	<b>1,016,192</b>	<b>983,261</b>	<b>976,570</b>	<b>794,283</b>	<b>910,311</b>	<b>61%</b>

Source: Fort Worth Convention Center

As the table above shows, the majority of attendance is due to conventions, followed by public/consumer shows, then graduations.

The following figure shows attendance trends for the top four event types.

**Figure 2-4**



Source: Fort Worth Convention Center

As the table shows, convention attendance is the highest category across the entire timeframe despite several fluctuations. Convention attendance sharply increased from 282,181 in 2003 to 532,913 in 2004 following the renovation and expansion and continued positive growth to its peak

of 593,382 attendees in 2007. There was a significant drop down to 428,558 in 2008, the same year that the economic recession began. Since 2008, convention attendance has continued to increase, and as of 2013, had reached 518,065.

Much like conventions, public show attendance also increased sharply after the expansion and renovation, from 92,488 in 2003 to 242,686 in 2004. Since then, public show attendance has remained relatively stable, with the exception of a drop from 205,818 in 2011 to 55,983 in 2012, followed by an immediate recovery in 2013 with attendance climbing to 183,927. Graduations and family event remained fairly stable from 2003 to 2013, with only small fluctuations in both categories.

The next table shows average attendance per event by type over the period.

**Table 2-7**

Fort Worth Convention Center Average Attendance per Event by Type												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% Change
City of Fort Worth	104	64	57	60	123	82	94	55	50	59	63	-40%
Concert	1,681	4,830	2,165	500	5,698	5,104	3,307	3,957	6,527	1,597	2,554	52%
Public Shows	2,434	8,090	5,934	8,253	8,691	7,397	8,651	11,568	12,864	2,899	6,569	170%
<b>Conventions</b>	<b>2,001</b>	<b>3,506</b>	<b>3,706</b>	<b>3,453</b>	<b>3,709</b>	<b>2,857</b>	<b>2,996</b>	<b>2,798</b>	<b>3,280</b>	<b>3,152</b>	<b>2,835</b>	<b>42%</b>
Family Events	2,382	7,249	5,794	6,852	8,525	7,960	5,795	5,467	5,277	4,988	5,182	118%
Graduations	6,235	5,691	5,848	4,581	5,661	4,916	4,735	5,534	6,820	6,095	8,382	34%
Banquets	408	544	617	552	631	504	603	739	616	731	764	87%
Meetings	225	226	526	302	128	156	148	481	254	429	235	4%
Other	41	453	13	30	66	40	39	100	125	68	42	3%
Receptions	61	268	251	249	369	262	195	113	n/a	n/a	n/a	-100%
Religious Services	1,450	2,400	1,050	2,247	680	965	2,940	1,320	2,842	2,100	1,538	6%
Special Events	600	538	380	470	404	344	350	273	398	400	200	-67%
Sporting Events	35	639	1,411	1,318	1,179	804	1,892	1,582	1,457	1,404	895	2464%
Theatrical	n/a	n/a	n/a	n/a	4	71	93	25	n/a	n/a	n/a	-100%
Trade Show	n/a	2,433	120	1,875	436	1,186	485	685	62	719	108	-100%
FWCC Internal Events	9	16	20	20	19	16	17	13	16	17	18	112%
<b>Total</b>	<b>861</b>	<b>1,417</b>	<b>1,421</b>	<b>1,545</b>	<b>1,494</b>	<b>1,228</b>	<b>1,190</b>	<b>1,263</b>	<b>1,220</b>	<b>1,050</b>	<b>1,622</b>	<b>88%</b>
Non-City & FWCC	1,218	2,183	2,438	2,510	1,965	1,574	1,705	2,369	2,855	2,245	2,513	106%

Source: Fort Worth Convention Center

The average event size has doubled during the period, increasing from 1,218 in 2003 to 2,513 in 2013. However, each category shows fluctuations due to specific events increasing or decreasing a particular year's performance. The biggest impact in event size occurred between 2003 and 2004, after the latest expansion. Since then, it is the character of the business that has changed, not so much the size. This will be discussed in more detail in the financial recap below.

The next table shows the occupancy of the prime exhibit space using a measure called gross square foot days. Given the time and occupancy taken up by move-in/move-out days as well as the fact that conventions are not held on holidays, occupancy of 70 percent is considered full occupancy.

**Table 2-8**

Fort Worth Convention Center Occupancy of Prime Exhibit Space by Events												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average
Total Exh Hall Cons/Public Show GSFD*	12,673,068	15,739,924	17,080,580	16,907,406	15,362,324	14,982,052	12,185,232	9,588,458	6,947,060	7,108,274	6,634,630	12,291,728
Total Exh Hall Conv/Tradeshow GSFD*	19,205,454	17,130,884	25,920,810	22,762,328	22,428,356	21,673,348	21,205,794	23,222,250	23,072,468	25,084,492	28,272,010	22,725,290
Total GSFD	33,008,682	35,071,958	43,304,982	41,151,534	40,912,546	38,578,334	34,343,906	40,246,800	30,031,840	34,941,438	40,512,642	37,464,060
Public Show Occupancy %	20.2%	25.0%	27.2%	26.9%	24.4%	23.8%	19.4%	15.2%	11.0%	11.3%	10.6%	19.5%
Convention & Tradeshow Occupancy %	30.5%	27.2%	41.2%	36.2%	35.7%	34.5%	33.7%	36.9%	36.7%	39.9%	45.0%	36.1%
<b>Total Occupancy %</b>	<b>50.7%</b>	<b>52.3%</b>	<b>68.4%</b>	<b>63.1%</b>	<b>60.1%</b>	<b>58.3%</b>	<b>53.1%</b>	<b>52.2%</b>	<b>47.7%</b>	<b>51.2%</b>	<b>55.5%</b>	<b>55.7%</b>

\* GSFD: Gross Square Foot Days, a measure of occupancy  
Source: Hunden Strategic Partners

As shown, occupancy has varied by year, but the trend that has increased is the occupancy by conventions and tradeshows and the decline in occupancy by public/consumer shows. Public show occupancy has declined from as much as 27 percent of occupancy to an average of approximately 11 percent over the past three years. Meanwhile, convention and tradeshow occupancy has increased to more than triple the level of public show occupancy. This shows a shift from less impactful local shows to those that generate more out-of-town guests and spending. Total occupancy by show day use has averaged 56 percent, which is very healthy, especially considering the occupancy of non-event occupancy not shown.

## Arena Usage

Given the obsolescence of the arena portion of the FWCC, it is important to understand the amount of business that had been occurring there as well as how much business still occurs in the facility. With a transition to a newer facility, the hope is that all groups will transition to the new space.

The table below shows arena-specific events from 2008 through 2013. That is, these events either solely used the arena because of the arena, or only used the FWCC due to the arena.

**Table 2-9**

FWCC Arena Usage Since 2008							
Item	2008	2009	2010	2011	2012	2013	Average
Events	43	29	29	31	33	27	32
Event Days	100	66	73	70	81	44	72
Arena Use Days	155	113	127	129	105	64	115
Arena Revenue	\$207,950	\$125,550	\$122,682	\$110,200	\$140,850	\$61,500	\$128,122
Total Event Attendance	407,638	255,383	402,102	460,864	501,365	401,120	404,745

Source: Fort Worth Convention Center, Hunden Strategic Partners

All metrics related to arena events have been declining except for total event attendance, which has remained strong. The number of events has declined from 43 to 27, even days have dropped by more than half and arena use days have declined by about two-thirds. Arena revenue has also declined by two-thirds.

However, as the next table shows, there are events that have used the arena floor (not arena-reliant events), suggesting a need for the floor space of the arena. This shows wider usage of the arena generally, but not always for its intended use.

**Table 2-10**

Fort Worth Convention Center Arena Usage							
Events (Fiscal Year)	2008	2009	2010	2011	2012	2013	% Change (2008 - 2013)
Conventions	22	18	22	19	21	22	0%
Consumer/Other Events	14	12	10	8	8	15	7%
Graduations	13	16	13	12	12	10	-23%
Concerts	4	2	3	2	1	1	-75%
<b>Total</b>	<b>53</b>	<b>48</b>	<b>48</b>	<b>41</b>	<b>42</b>	<b>48</b>	<b>-9%</b>

Event Days (Fiscal Year)	2008	2009	2010	2011	2012	2013	% Change (2008 - 2013)
Conventions	74	60	67	60	67	75	1%
Consumer/Other Events	33	35	28	17	18	36	9%
Graduations	17	26	21	17	19	16	-6%
Concerts	5	4	3	3	2	2	-60%
<b>Total</b>	<b>129</b>	<b>125</b>	<b>119</b>	<b>97</b>	<b>106</b>	<b>129</b>	<b>0%</b>

Source: Fort Worth Convention Center

As shown, concerts have essentially ceased to exist at the FWCC, however other events have continued to spill over into the arena space, suggesting that demand for floor space remains high. The arena floor is in use approximately 35 percent of the year.

### Annex Usage

As previously identified, the Annex space is rarely used as exhibit space due to its condition and lack of accessibility if an event is using the prime exhibit space. This makes the space less viable than other spaces in the building.

The table below shows the usage for events in the Annex.

**Table 2-11**

Fort Worth Convention Center Annex Usage (2011 - 2013)			
	2011	2012	2013
Events	5	4	7
Event Days	21	19	27
% of Calendar Used	5.8%	5.2%	7.4%

Source: Fort Worth Convention Center

The number of events using the Annex ranged from four to seven during the past three years, with a maximum of 27 event days, which is only seven percent of the calendar year. This data confirms the rare usage of the Annex.

## Ballroom Usage

One of the most popular additions from the past expansion is the ballroom. The table below shows the usage of the ballroom. One factor to consider is the impact of the Omni and its ballroom. Once this facility opened, the FWCC ballroom was not the only large, high quality ballroom in the city, so those two facilities split the market for new, large ballroom users after 2009.

**Table 2-12**

<b>Fort Worth Convention Center Ballroom Usage Comparison (2004, 2009, 2013)</b>				
	<b>2004</b>	<b>2009</b>	<b>2013</b>	<b>% Change</b>
Ballroom - Event Day	38	89	141	271%
Ballroom A - Event Day	8	3	17	113%
Ballroom B - Event Day	30	16	25	-17%
Ballroom C - Event Day	7	7	13	86%
Ballroom B&C - Event Day	4	1	2	-50%
Ballroom A&B - Event Day	4	0	1	-75%
<b>Subtotal</b>	<b>91</b>	<b>116</b>	<b>199</b>	<b>119%</b>
Ballroom - Move In / Move Out	12	20	26	117%
Ballroom B - Move In / Move Out	0	2	3	--
Ballroom C - Move In / Move Out	1	0	1	0%
<b>Subtotal</b>	<b>13</b>	<b>22</b>	<b>30</b>	<b>131%</b>
Ballroom A - HOLD	14	15	18	29%
<b>Total Ballroom Usage</b>	<b>118</b>	<b>153</b>	<b>247</b>	<b>109%</b>
<b>% of Calendar Occupied</b>	<b>32%</b>	<b>42%</b>	<b>68%</b>	

Source: Fort Worth Convention Center

Despite the opening of the Omni and its ballroom in 2009, the usage of the FWCC ballroom has increased throughout the period, from 118 use days to 247. The percentage of the calendar occupied by some ballroom use is a very high 68 percent, suggesting the room is fairly maximized by convention and ballroom standards.

## Future Booked Business

The FWCVB subscribes to an analytical report called the TAP Report. The purpose of the report is to determine how Fort Worth is doing versus its peers in terms of future booked convention and meeting business (not all events), the pace of bookings and how it is doing versus its own targets.

The table below shows the most recent results of the TAP report for the coming years.

**Table 2-13**

Fort Worth Convention & Events Booking Pace									
	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Definite Events	136	53	28	19	14	8	2	0	260
Pace Targets	103	52	29	17	11	5	0	0	217
Variance	33	1	(1)	2	3	3	2	0	43
Consumption Benchmark	113	113	113	113	113	113	113	113	904
Pace Percentage	132%	102%	97%	112%	127%	160%	200%	0%	120%
Total Demand Events	653	391	193	91	48	23	7	0	1,406
Lost Events	517	338	165	72	34	15	5	0	1,146
Conversion Percentage	21%	14%	15%	21%	29%	35%	29%	29%	18%
Tentative Events	27	61	53	35	25	8	9	2	220

Source: The Tap Report

As shown, the pace of 2014, according to the TAP report, is essentially at the goal levels set for the FWCC.

The next table shows the room nights booking pace related to the FWCC.

**Table 2-14**

Fort Worth Room Nights Booking Pace - Fort Worth Convention Center									
	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Definite Room Nights	168,052	95,202	67,385	51,310	41,590	22,128	4,235	0	449,902
Pace Targets	150,575	112,966	86,580	58,124	39,473	22,480	14,054	8,122	492,374
Variance	17,477	(17,764)	(19,195)	(6,814)	2,117	(352)	(9,819)	(8,122)	(42,472)
Consumption Benchmark	157,678	157,678	157,678	157,678	157,678	157,678	157,678	157,678	1,261,424
Pace Percentage	112%	84%	78%	88%	105%	98%	30%	0%	91%
Total Demand Room Nights	1,005,022	885,863	514,760	300,316	187,427	69,144	27,543	0	2,990,075
Lost Room Nights	836,970	790,661	447,375	249,006	145,837	47,016	23,308	0	2,540,173
Conversion Percentage	17%	11%	13%	17%	22%	32%	15%	0%	15%
Tentative Room Nights	19,658	63,798	74,490	55,900	63,638	37,728	38,320	6,490	360,022

Source: The Tap Report

Definite room nights booked for 2015 and beyond are behind the goals set for this time period. There are a variety of reasons that certain years show better performance than others, but ongoing competition with improved buildings, new hotels and competitive hotel rates are often the reason that groups are lost to other destinations.

## Historical Financial Performance

HSP also analyzed the financial activity at the Fort Worth Convention Center. The FWCC operates on a fiscal year running from October through September. It shifted from a city department to a special government fund in 2009 that receives funding from the general fund. There are vestiges of city ownership and control that influence the financial results of the FWCC. HSP has attempted to strip these non-FWCC revenues and expenses from the tables shown below, so that only building-related revenue is profiled. Two items should be noted: the FWCC no longer receives revenue (or

credit for revenue) generated by the FWCC parking garage, about an \$850,000 annual item. However, it also does not pay for a number of utility expenses incurred by the facility, which could total as much as \$1.5 million per year. It would be cleaner and easier to manage a facility that could manage and control the revenue and expenses it created and/or incurred, even if that meant that the operating deficit widened. It would incentivize the reduction of building-related expenses and encourage better parking garage operations, for example.

The table below shows the results. The amounts in 2009 are influenced by the changeover in accounting, so are not reflective of truly higher revenue and expense for that year.

**Table 2-15**

Fort Worth Convention Center Financial Performance												% Change	% Change
Item	2003	2004	2005	2006	2007	2008	2009*	2010	2011	2012	2013	'03-'08	'08-'13
<b>Revenues</b>													
Building Rent	\$1,337,920	\$1,490,053	\$1,608,883	\$1,864,527	\$1,731,606	\$1,789,769	\$2,198,639	\$2,034,484	\$2,130,938	\$2,099,155	\$3,102,035	34%	173%
Concessions	\$296,080	\$437,663	\$456,507	\$458,744	\$330,056	\$355,532	\$312,070	\$311,531	\$441,917	\$296,099	\$295,583	20%	83%
Labor Recovery	\$64,996	\$82,449	\$109,702	\$130,443	\$95,802	\$90,149	\$117,446	\$126,157	\$133,827	\$143,680	\$174,770	39%	194%
Equipment Rental	\$12,022	\$27,000	\$23,403	\$29,530	\$24,675	\$22,494	\$24,669	\$15,848	\$32,666	\$33,461	\$26,194	87%	116%
Merchandise Commission	\$4,694	\$23,020	\$12,942	\$3,159	\$10,284	\$38,186	\$8,898	\$14,613	\$13,314	\$5,870	\$10,107	714%	26%
Catering Revenue	\$226,022	\$427,060	\$300,214	\$765,316	\$545,520	\$656,612	\$1,100,129	\$928,319	\$1,313,722	\$1,050,055	\$1,298,697	191%	198%
Parking	\$745,596	\$857,722	\$852,771	\$204	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a	n/a
Miscellaneous	\$65,507	\$114,735	\$162,579	\$135,889	\$188,797	\$282,641	\$590,226	\$567,755	\$1,124,367	\$696,473	\$726,016	331%	257%
<b>Total</b>	<b>\$2,752,837</b>	<b>\$3,459,703</b>	<b>\$3,527,001</b>	<b>\$3,387,813</b>	<b>\$2,926,742</b>	<b>\$3,235,383</b>	<b>\$4,352,076</b>	<b>\$3,998,707</b>	<b>\$5,190,751</b>	<b>\$4,324,793</b>	<b>\$5,633,402</b>	<b>18%</b>	<b>174%</b>
<b>Expenses</b>													
Personnel	\$2,620,578	\$2,510,028	\$2,833,729	\$2,958,955	\$3,276,566	\$3,486,947	\$4,386,263	\$3,524,687	\$3,689,672	\$4,042,570	\$4,100,727	33%	118%
Supplies	\$208,344	\$201,752	\$224,258	\$292,878	\$321,916	\$302,906	\$266,470	\$356,848	\$299,201	\$382,817	\$398,075	45%	131%
Contractual	\$676,188	\$896,864	\$925,231	\$1,314,286	\$1,238,957	\$1,305,999	\$1,583,773	\$804,950	\$898,246	\$786,132	\$1,178,617	93%	90%
Capital	\$38,448	\$11,318	\$5,515	\$0	\$68,762	\$34,284	\$48,221	\$57,980	\$196,920	\$0	\$35,302	-11%	103%
<b>Total</b>	<b>\$3,543,559</b>	<b>\$3,619,962</b>	<b>\$3,988,732</b>	<b>\$4,566,118</b>	<b>\$4,906,201</b>	<b>\$5,130,135</b>	<b>\$6,284,728</b>	<b>\$4,744,465</b>	<b>\$5,084,039</b>	<b>\$5,211,520</b>	<b>\$5,712,720</b>	<b>45%</b>	<b>111%</b>
<b>Net Operating Income</b>	<b>(\$790,722)</b>	<b>(\$160,259)</b>	<b>(\$461,731)</b>	<b>(\$1,178,305)</b>	<b>(\$1,979,459)</b>	<b>(\$1,894,753)</b>	<b>(\$1,932,652)</b>	<b>(\$745,758)</b>	<b>\$106,712</b>	<b>(\$886,727)</b>	<b>(\$79,318)</b>	<b>140%</b>	<b>4%</b>

\*The FWCC transitioned from a General Fund to an Enterprise Fund in 2009  
Source: Fort Worth Convention Center

Within the table above, there are several time periods significant to the financial performance of the Fort Worth Convention Center. The first is the period following the completion of the last expansion and renovation, but before the opening of the Omni. During this time, overall revenues increased 18 percent (despite losing \$850,000 in parking revenue), led by an increase in catering revenue from \$226,000 to \$657,000, and each of the individual revenue streams showed positive growth as well. If parking had not been considered, revenue increased from \$2 million to \$3.2 million in that time period. From 2008 to 2013, a time period that included the opening of the Omni in 2009, revenue increased by 174 percent, led by catering and labor recovery revenue. Miscellaneous revenue also increased significantly.

Expenses have increased in most years, although reset to a lower level in 2010, declining from \$6.3 million to \$4.7 million, then increasing since. The wild card line item is Contractual, which includes a number of expenses. It can swing from \$700,000 to \$1.6 million, creating inconsistent net income/losses.

The following table shows the revenue and expenses per attendee to the FWCC.

**Table 2-16**

Fort Worth Convention Center Revenue & Expenses per Attendee													
Per Attendee Metrics	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% Change '03-'08	% Change '08 - '13
<b>Revenues</b>													
Building Rent	\$2.37	\$1.36	\$1.46	\$1.66	\$1.50	\$1.79	\$2.16	\$2.07	\$2.18	\$2.64	\$3.41	-24%	59%
Concessions	\$0.52	\$0.40	\$0.41	\$0.41	\$0.29	\$0.36	\$0.31	\$0.32	\$0.45	\$0.37	\$0.32	-32%	-23%
Labor Recovery	\$0.11	\$0.08	\$0.10	\$0.12	\$0.08	\$0.09	\$0.12	\$0.13	\$0.14	\$0.18	\$0.19	-22%	54%
Equipment Rental	\$0.02	\$0.02	\$0.02	\$0.03	\$0.02	\$0.02	\$0.02	\$0.02	\$0.03	\$0.04	\$0.03	6%	-1%
Merchandise Commission	\$0.01	\$0.02	\$0.01	\$0.00	\$0.01	\$0.04	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	360%	-58%
Catering Revenue	\$0.40	\$0.39	\$0.27	\$0.68	\$0.47	\$0.66	\$1.08	\$0.94	\$1.35	\$1.32	\$1.43	64%	178%
Parking	\$1.32	\$0.78	\$0.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-100%	-100%
Miscellaneous	\$0.12	\$0.10	\$0.15	\$0.12	\$0.16	\$0.28	\$0.58	\$0.58	\$1.15	\$0.88	\$0.80	144%	455%
<b>Total</b>	<b>\$4.87</b>	<b>\$3.16</b>	<b>\$3.19</b>	<b>\$3.02</b>	<b>\$2.54</b>	<b>\$3.24</b>	<b>\$4.28</b>	<b>\$4.07</b>	<b>\$5.32</b>	<b>\$5.44</b>	<b>\$6.19</b>	<b>-33%</b>	<b>36%</b>
<b>Expenses</b>													
Personnel	\$4.64	\$2.29	\$2.57	\$2.64	\$2.84	\$3.49	\$4.32	\$3.58	\$3.78	\$5.09	\$4.50	-25%	88%
Supplies	\$0.37	\$0.18	\$0.20	\$0.26	\$0.28	\$0.30	\$0.26	\$0.36	\$0.31	\$0.48	\$0.44	-18%	42%
Contractual	\$1.20	\$0.82	\$0.84	\$1.17	\$1.07	\$1.31	\$1.56	\$0.82	\$0.92	\$0.99	\$1.29	9%	90%
Capital	\$0.07	\$0.01	\$0.00	\$0.00	\$0.06	\$0.03	\$0.05	\$0.06	\$0.20	\$0.00	\$0.04	-50%	359%
<b>Total</b>	<b>\$6.27</b>	<b>\$3.30</b>	<b>\$3.61</b>	<b>\$4.07</b>	<b>\$4.25</b>	<b>\$5.13</b>	<b>\$6.18</b>	<b>\$4.83</b>	<b>\$5.21</b>	<b>\$6.56</b>	<b>\$6.28</b>	<b>-18%</b>	<b>87%</b>

Source: Fort Worth Convention Center

In the table, building rent is shown to have increased to \$3.41 per attendee, from a low of \$1.36 in 2004. Concessions revenue per attendee has declined due to the trend toward non-public events, like consumer shows. Conventioneers typically have meal functions and do not rely on concessions. In addition, with the arena becoming more obsolete, concession use has declined. The impact of more conventions and other higher rated events is shown by the catering figure, which has increased from 40 cents per person to \$1.43 per person during the period. Personnel expenses peaked in 2012, then declined to the 2003 level by 2013. Overall, costs per attendee in 2013 were essentially the same as in 2003, with most years lower than this figure.

## Lost Business

The Fort Worth CVB provided HSP with data detailing both historical lost business since 2011 and some projections for future lost business through 2020.

The following figure shows total rooms nights lost by cause or reason.

**Figure 2-5**

<b>FWCC Lost Business by % of Room Nights Lost</b>	
<b>Non-Controllable Issues</b>	
Organization Political Decision	29.10%
RFP Retracted/No Response	12.00%
Geographic Preference/Rotation	3.80%
Other	1.60%
Lack of Local Support	1.20%
<b>Total</b>	<b>47.70%</b>
<b>Controllable FWCC Issues</b>	
Space not available at CC	13.50%
Affordability	2.10%
Rates too high at CC	2.10%
Services/Facilities Lacking	1.50%
Booking Guidelines at FWCC	0.80%
Transportation/Parking Issue	0.20%
<b>Total</b>	<b>20.20%</b>
<b>Controllable Hotel Issues</b>	
Space not available at Hotel	14.60%
Rates too high at Hotel	8.30%
Prefers big box hotel	4.30%
Room block not available	4.00%
Rooms/Space Ratio	0.30%
<b>Total</b>	<b>31.50%</b>
<b>Room Nights/Business Recapturable:</b>	<b>46.50%</b>
Source: FWCVB	

As shown in the figure, political decisions make up the highest number of lost hotel room nights, at 29.1 percent, which is a hard to combat factor. However, most of the remaining factors can be mitigated. Nearly 32 percent of the reasons supplied were related to the hotel package either not being large enough, available, of high enough quality or with rates that met the group’s budget. With the Omni being such a high quality, large facility, it has little competition at that end of the market, so its rates are often the highest in the market. With additional and high quality larger hotels, most of these issues would be mitigated.

Issues with the size, quality and availability of the convention center are also substantial factors in lost business. Approximately 20 percent of the lost business reported was due to issues with the convention center's size, availability, cost and quality.

Very few lost business items occurred due to the quality and reputation of the destination, its location or other factors that are tough to control. Yet by fixing the hotel and building issues, as many as 50 percent of groups lost could have been won by the FWCC.

## Implications

The Fort Worth Convention Center is a tale of two buildings: one is a new and attractive facility with excellent design and amenities, while the other is an aging facility with a variety of obsolescence issues. Unfortunately, the lack of service corridors, kitchen size/quality and condition of older spaces is inhibiting the FWCC's reputation and performance. As a result of age, advances in venue design and technology, the current functionality and physical limitations of the arena and other areas have ultimately become an impediment to its own revenue generating potential.

Outside of physical issues, the Fort Worth Convention Center has seen consistent demand in its convention business that has reacted positively as historical changes have been made to the facility itself and to its hotel package. These positive reactions seem to indicate that unmet demand for groups that would choose Fort Worth if ample event space and hotel room block could be provided. This thought is supported by the lost business section, in which convention space and hotel availability accounted for a significant number of lost events. Furthermore, as the financial performance shows, the addition of function space and hotel rooms can immediately improve the income of the facility. Immediately after the last expansion, the building increased its occupancy and total usage. The quality of the events then increased significantly after the addition of the Omni in 2009. Both the expansion and the Omni addition improved revenue generation in the building, especially catering and other services, while concession declined due to fewer public and arena events.

**Areas of concern:** the Annex is rarely used due to lack of access from the front of the building without also crossing through other halls and is not prime quality space. This space should be repurposed or eliminated for better building utilization. The arena, while still hosting many people via fewer events, is on a downward quality path due to age and its viability is limited going forward. It services direct selling groups and religious events during some lower demand periods, which still generates significant revenue. However, the opportunity within that space as a high quality venue is much greater than today. Also, service corridors and kitchen/catering space is a major hindrance to quality service. Trinity has been doing heroic work in serving events under these circumstances, but without improvement in space and accessibility, service levels at the building will be challenged.

As the national economy and convention market begins to grow again (which has been limited over the period 2008-2012), the occupancy of the building should start bumping into maximum practical territory. The overarching story here is that the FWCC and Omni combination, solid management and marketing, along with improvements to downtown and its attraction and other hotels, have caused the building to triple its utilization and run up against ceilings (and walls)

limiting further growth. As will be discussed further in the report, more business would like to come to Fort Worth, but capacity and quality of space are primary issues that must be mitigated.

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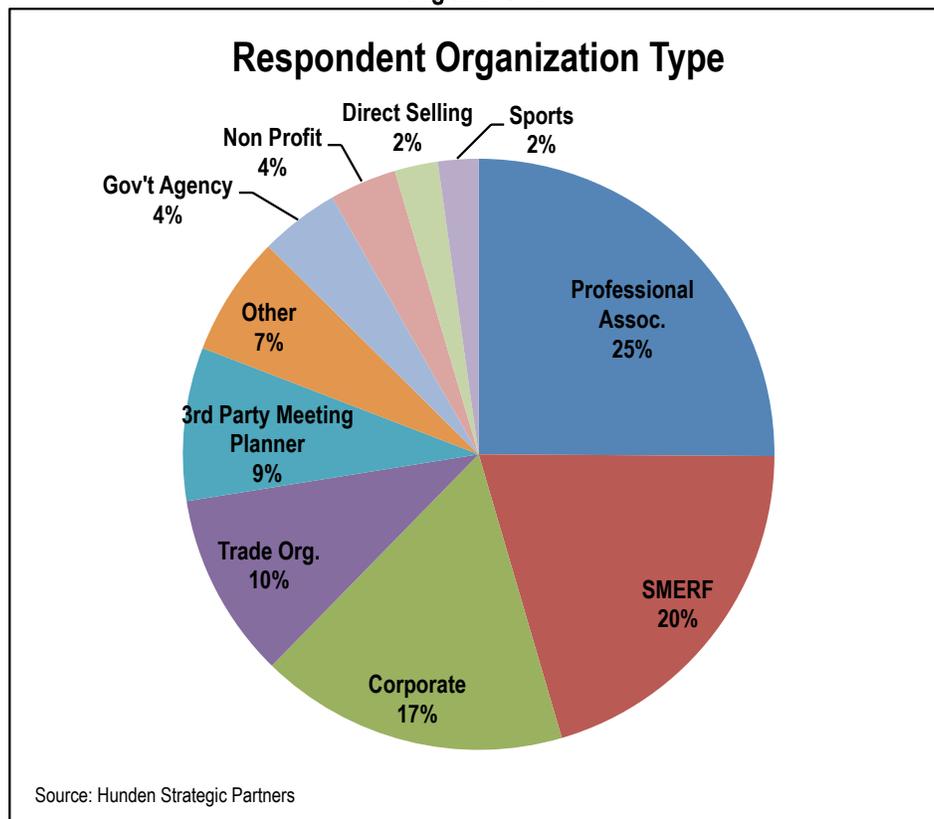
## INTERVIEWS AND SURVEY

Hunden Strategic Partners conducted a number of in-person and over the phone interviews with meeting planners and existing or past FWCC users. HSP also conducted a meeting planner survey of those who would geographically qualify to hold their event in Fort Worth and received 491 responses from meeting planners nationwide. The Fort Worth Convention and Visitors Bureau (FWCVB) provided these names and contact information due to its large database of local and regional market planners. The CVB developed this database through a range of data collection and interaction with these individuals. As a result, the HSP team felt these planners would provide the best representation of the needs and expectations of the meeting planner market.

While the results are not scientific, they do provide insight into meeting planner thoughts about Fort Worth and its competition. The results are presented below.

The following figure shows survey responses by type of organization.

Figure 3-1

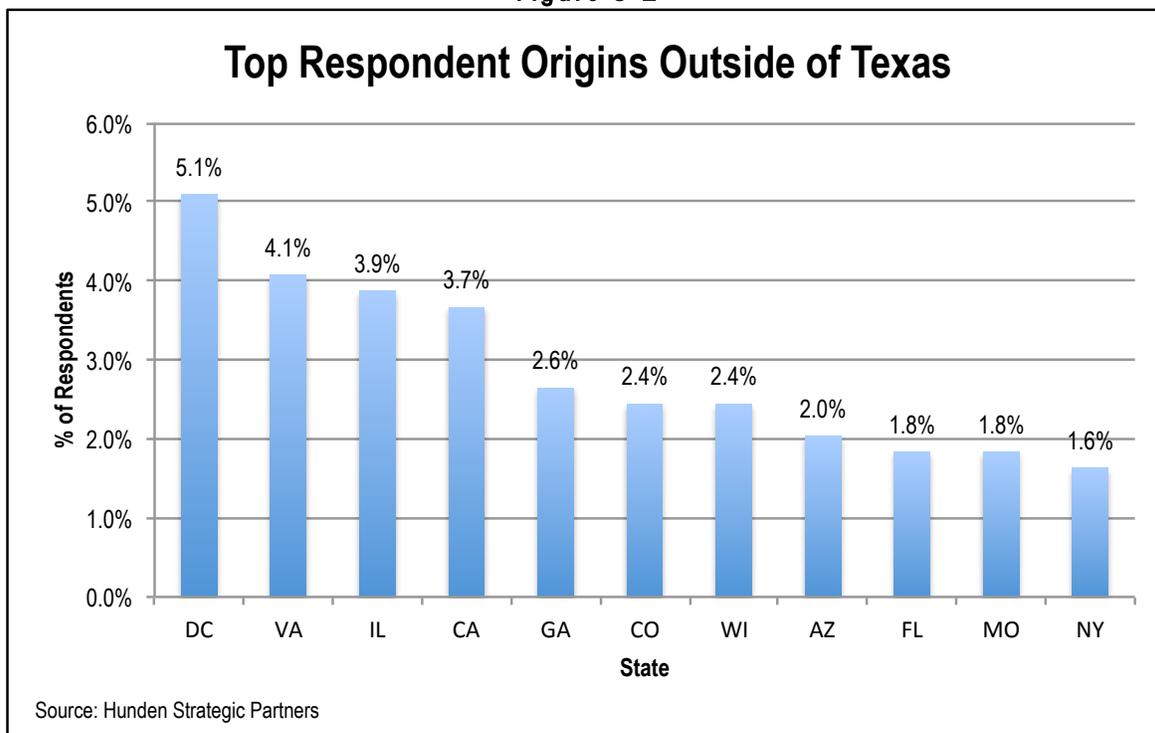


As shown, professional associations accounted for 25 percent of total respondents, followed by the Social, Military, Education, Religious and Fraternal (SMERF) category with 20 percent. Corporate

planners accounted for 17 percent and trade organization respondents made up ten percent of the survey. Other categories that participated in the survey include third party meeting planners, sports, direct selling, non-profit and government agencies.

The figure below shows the most common respondent locations outside of the state of Texas.

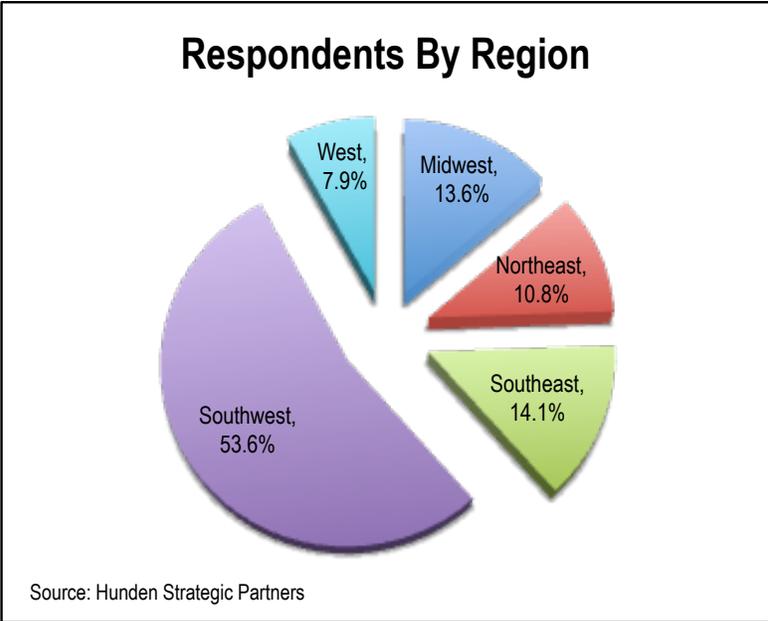
Figure 3-2



Overall, 41 states were represented in the survey results. While a total of 225 respondents (about 46 percent) are based in Texas, over half of responses came from elsewhere in the United States. The Washington DC and Virginia areas, which are often viewed as one market, accounted for the next-highest percentage of responses at more than nine percent, while Illinois and California accounted for just less than four percent each. Georgia, Colorado, Wisconsin, Arizona, Florida, Missouri and New York also returned a notable number of responses.

The following figure shows respondents by region of the United States.

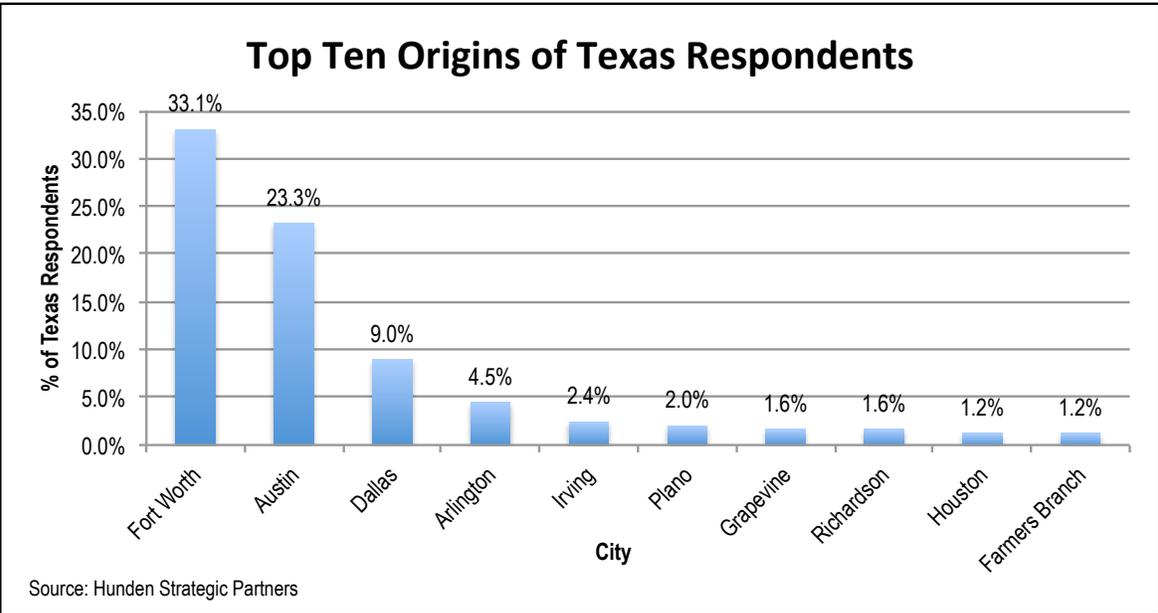
Figure 3-3



As shown, the Southwest represents the highest share (53.6 percent) followed by the Southeast at 14.1 percent and the Midwest at 13.6 percent. The Northeast represented 10.8 percent and the West represented 7.9 percent.

The figure below shows the top ten locations of Texas-based respondents.

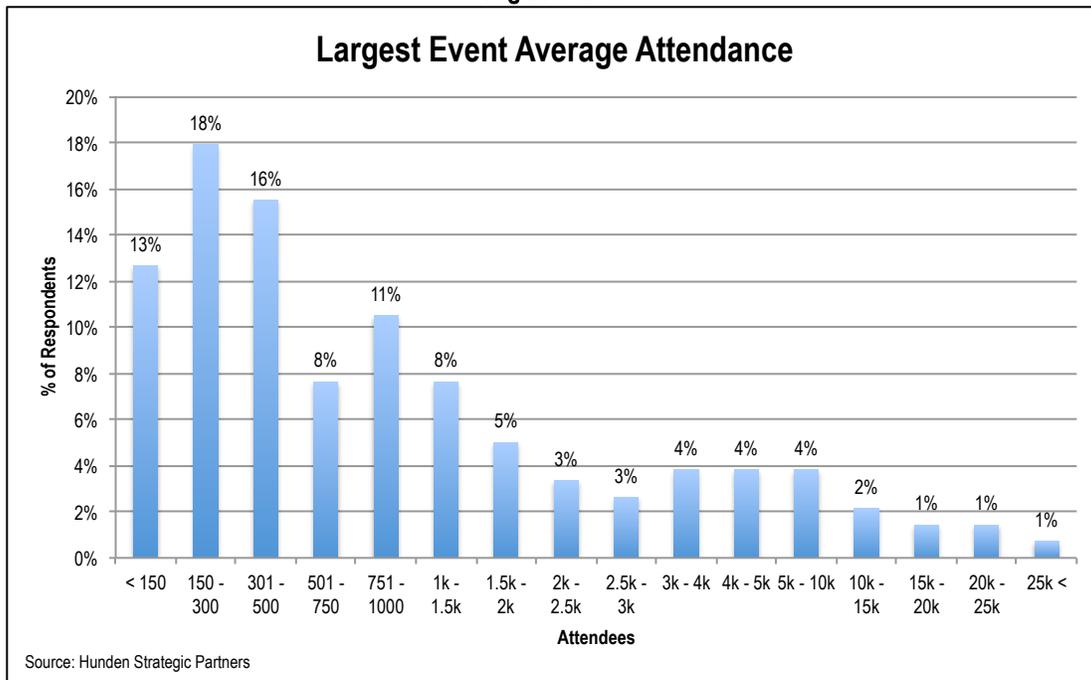
Figure 3-4



Of all respondents, 49.9 percent were Texas-based and represented a total of 50 cities. About 33 percent of the Texas-based respondents are based in Fort Worth, while Austin accounted for 23 percent and Dallas accounted for nine percent of responses. Arlington, Irving, Plano, Grapevine, Richardson, Houston and Farmers Branch each represented less than five percent of respondents.

The figure below shows attendance of the respondent's largest annual event.

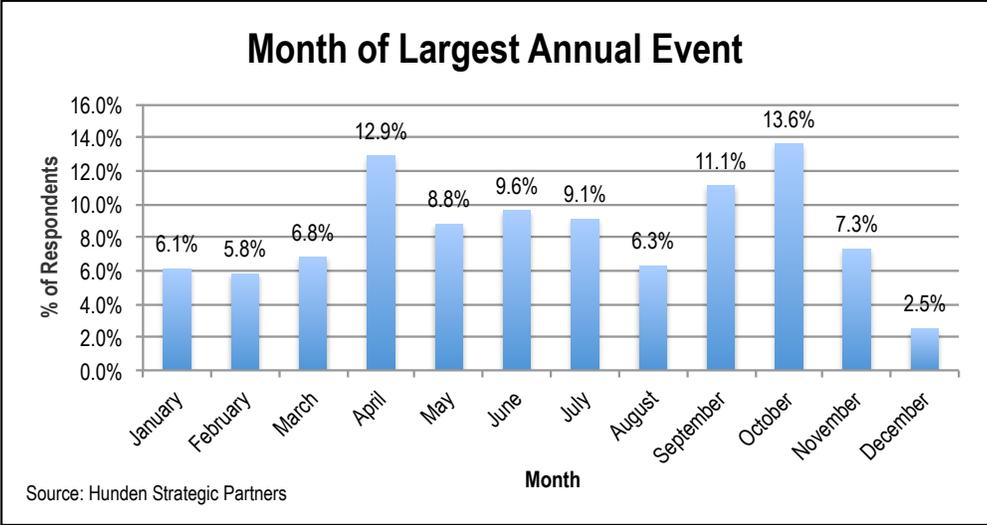
**Figure 3-5**



As shown, the largest attendance range is 150-300 representing 18 percent of respondents. The next largest attendance ranges are 301-500 with 16 percent and fewer than 150 with 13 percent. Overall, two thirds of events had fewer than 1,000 attendees. Yet while this is true across the convention industry (more smaller events and fewer larger event), the impact of those fewer larger shows is critical. Yet it also speaks to the potential to host simultaneous smaller groups as opposed to going after only the largest events the FWCC can hold.

The following figure shows the month when the respondent's largest annual event is held.

Figure 3-6

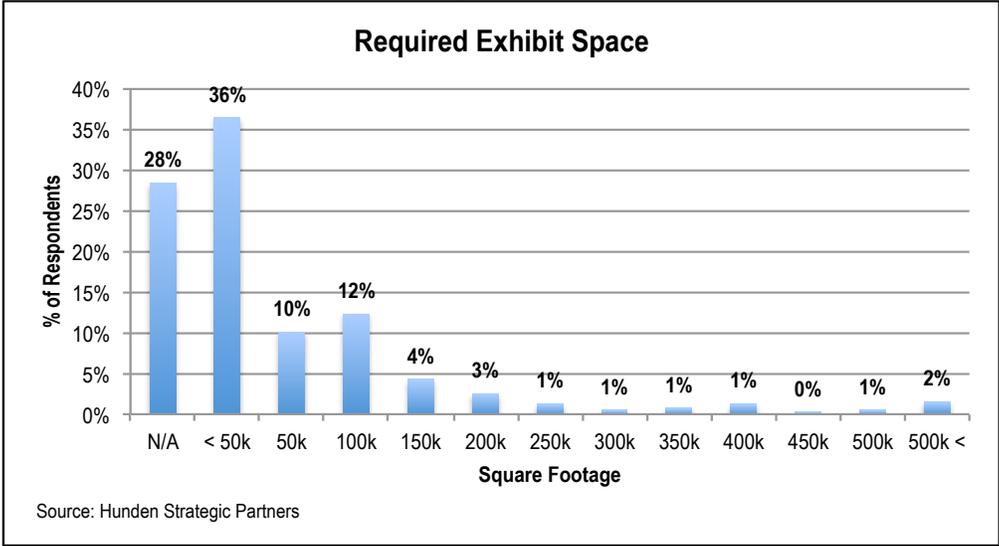


As shown, the most popular months for the largest annual events are April and October with 12.9 percent and 13.6 percent, respectively. Approximately 71 percent of events took place between April and October with the remaining 29 percent taking place in the winter months. These figures reflect industry norms with peaks in the spring and fall and fewer events during the summer and winter months.

**Meeting Space Requirements**

The following figure shows required exhibit space for the respondent’s largest annual event.

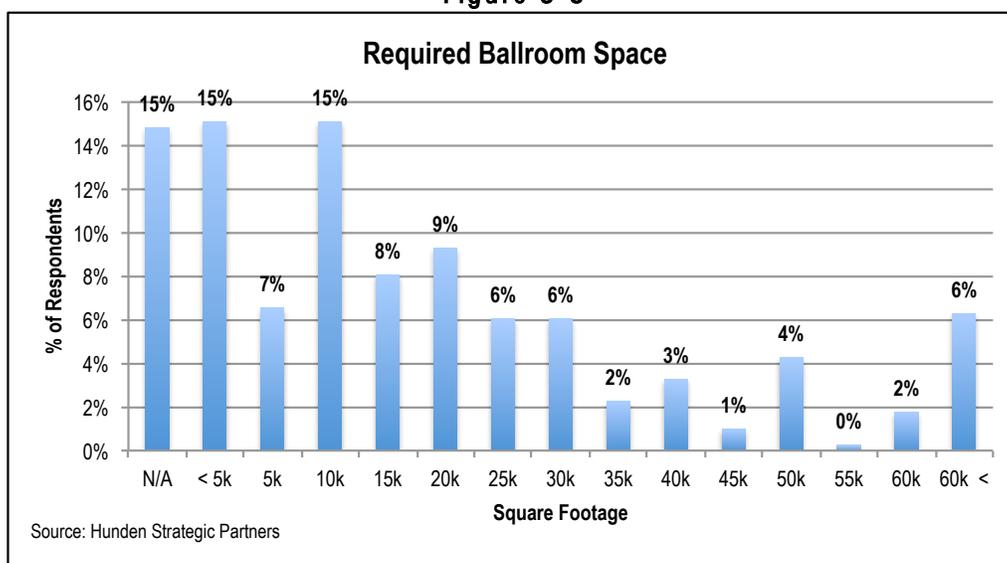
Figure 3-7



As shown, 36 percent of respondents require less than 50,000 square feet of exhibit space for their largest annual event. Ten percent require 50,000 square feet of exhibit space, and 12 percent require 100,000 square feet. Eighteen percent require at least 150,000 square feet of exhibit space. Again, this suggests that the facility, if programmed properly, could host two overlapping conventions with exhibit space. The amount of exhibit space required by those in the industry is not as great as in the past (as is discussed in the convention industry chapter). However, since Fort Worth only has approximately 170,000 square feet of exhibit space, it is unable to compete for about one fifth of all events (and the largest ones).

The figure below shows required ballroom space for the respondent's largest annual event.

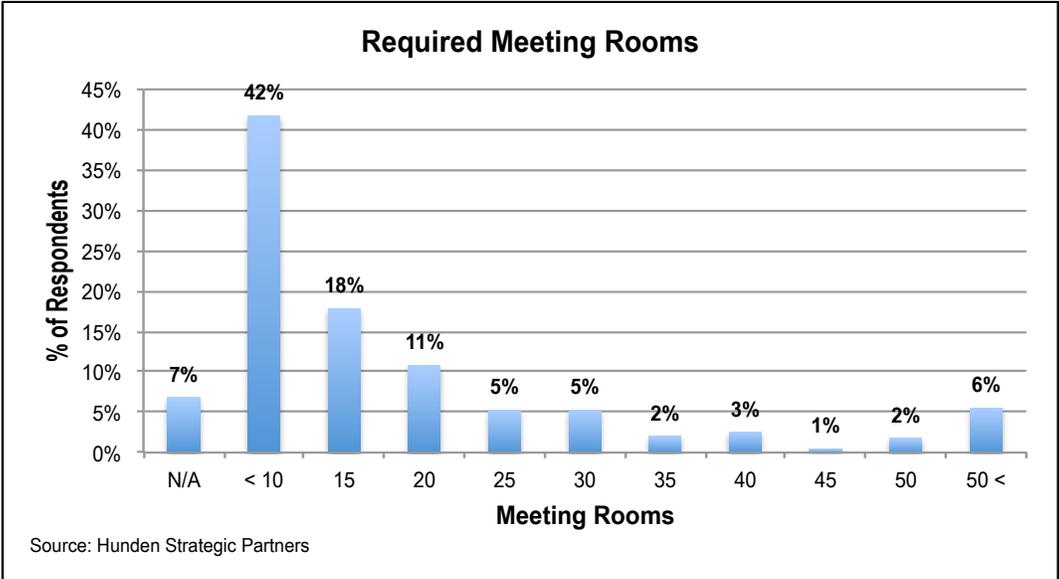
Figure 3-8



As shown, 15 percent of respondents require less than 5,000 square feet of ballroom space, and an equal percentage require 10,000 square feet. Overall, 64 percent require 20,000 square feet or less of ballroom space, 27 percent require 25,000 to 50,000 square feet. Nine percent require greater than 50,000 square feet. One quarter of respondents require more ballroom space than Fort Worth currently offers (in its 28,000 square foot ballroom). The common trend for planners, events and new/expanded convention centers is the addition of a large, flexible ballroom.

The following figure shows required meeting rooms for the respondent's largest annual event.

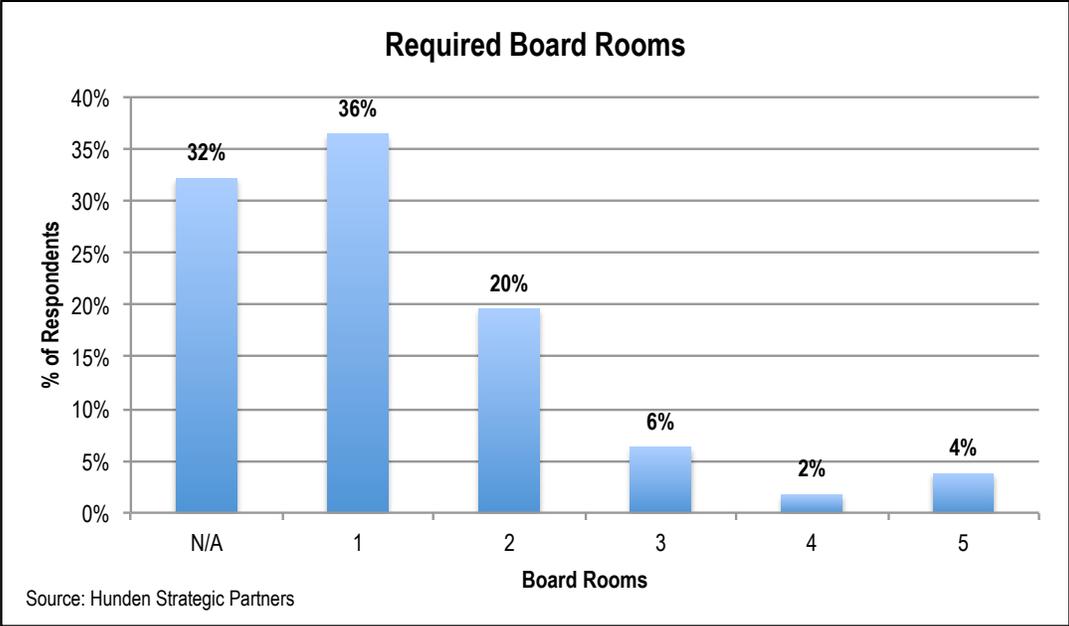
Figure 3-9



As shown, 42 percent of respondents require less than ten meeting rooms, 18 percent require 15 meeting rooms and 11 percent require 20 meeting rooms. Approximately one quarter of respondents require at least 25 meeting rooms for their largest annual event. For each convention held, at least 20 breakout rooms should be dedicated. Therefore if two conventions are using a facility at once, the total number of meeting rooms should be more than 40.

The figure below shows required boardrooms for the respondent’s largest annual event.

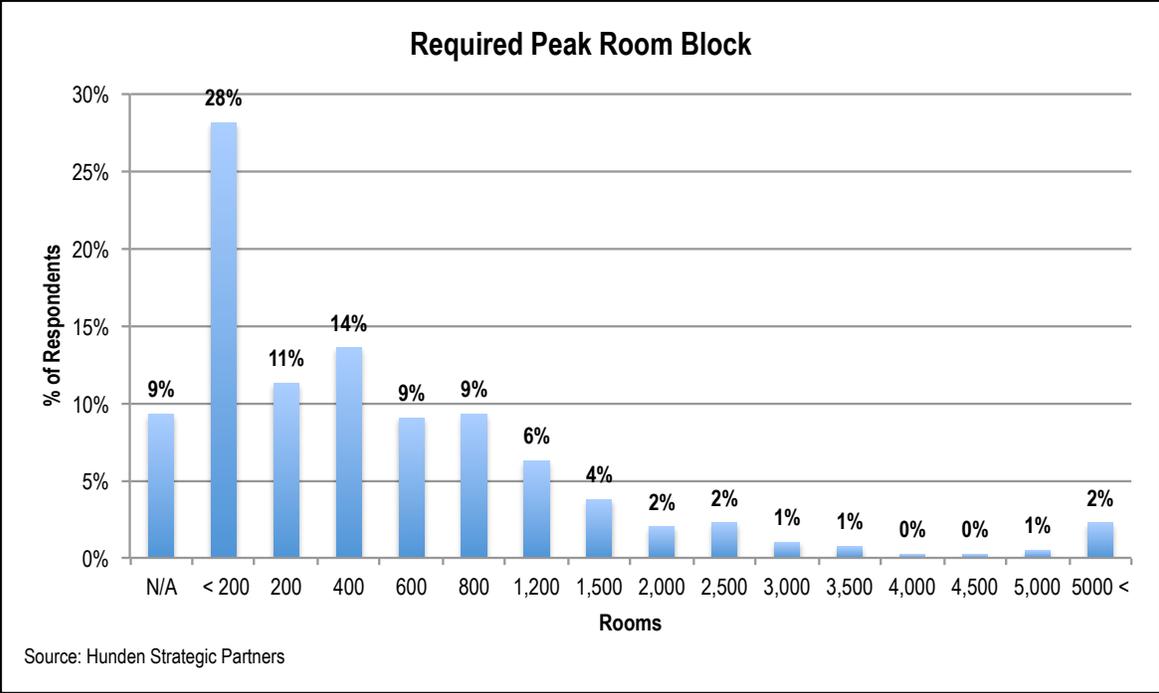
Figure 3-10



As shown, the majority of respondents require one or two boardrooms for their largest annual event, with 36 percent and 20 percent, respectively. Twelve percent require at least three boardrooms.

The figure below shows the required peak room block for the respondent’s largest annual event.

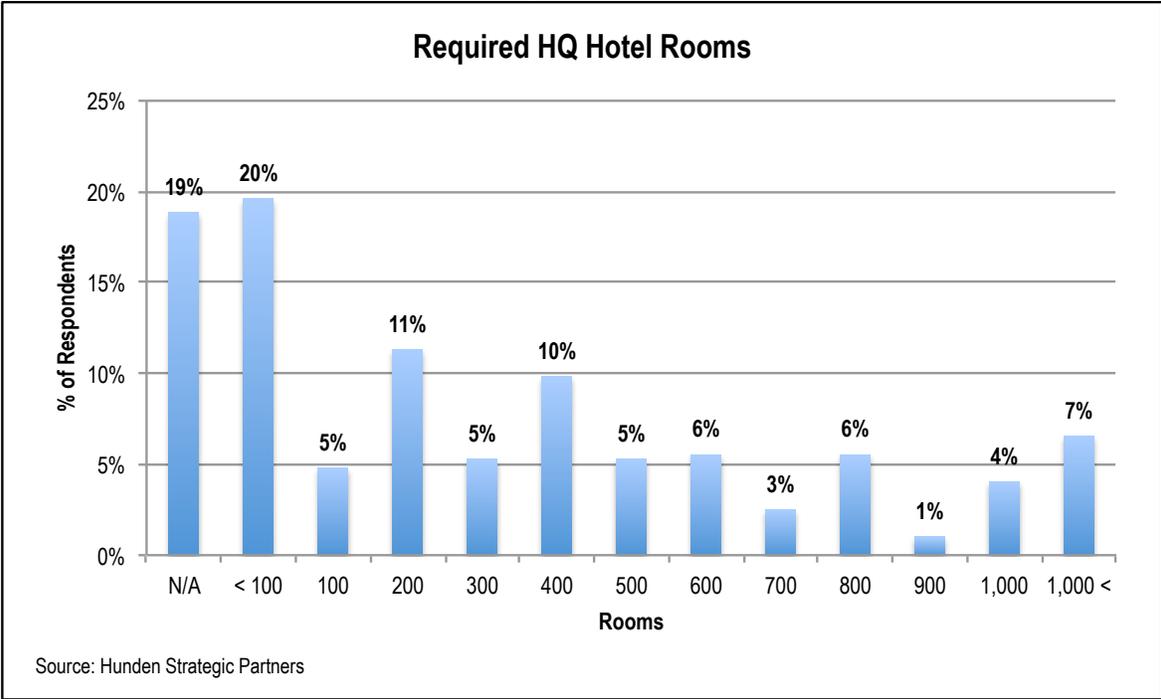
Figure 3-11



As shown, 28 percent require less than 200 rooms for the largest annual event. Eleven percent require 200 rooms, 14 percent require a block of 400 rooms, and approximately nine percent of respondents represent each of the 600 and 800 room block categories. Nineteen percent require 1,200 rooms or more.

The following figure shows the required headquarter hotel rooms for the respondent’s largest annual event.

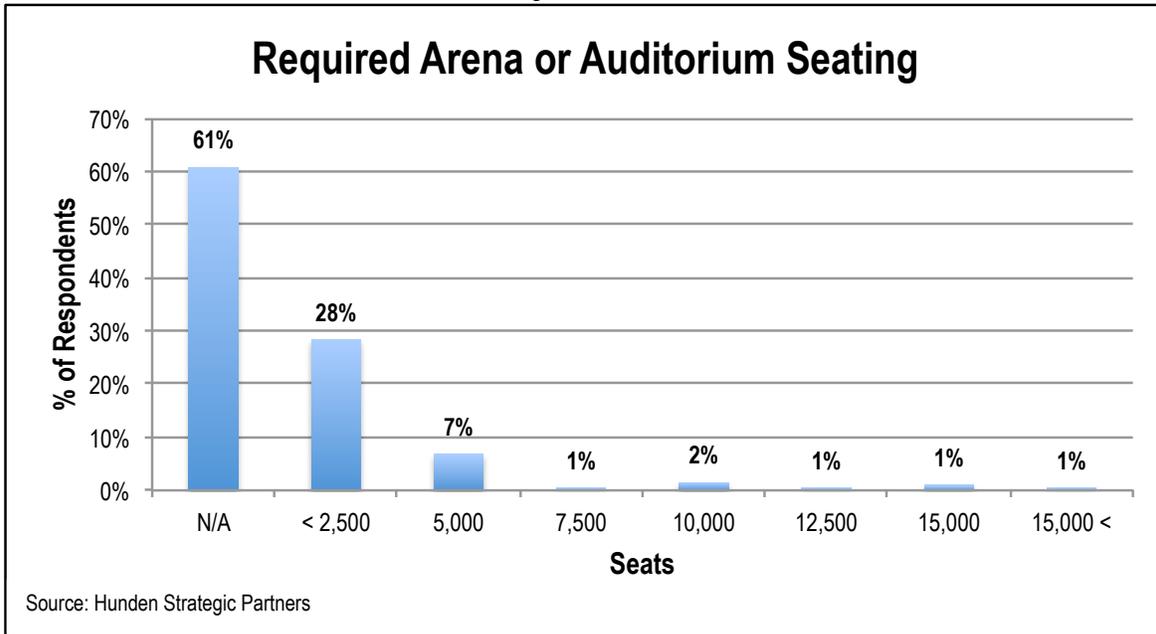
Figure 3-12



As the figure above shows, 20 percent of respondents require fewer than 100 headquarter hotel rooms. The second and third highest requirements were 200 and 400 headquarter rooms with 11 percent and 10 percent, respectively. Approximately 27 percent require 600 or more rooms in their headquarters hotel.

The figure below shows the required auditorium seating for the respondent's largest annual event.

Figure 3-13



As the figure shows, 61 do not require arena or auditorium seating. For those that require seating, 28 percent of respondents require less than 2,500 seats and 7 percent of events require 5,000 auditorium seats. All other categories (requiring more than 5,000 seats) represented fewer than approximately two percent of respondents each.

After understanding the organization types and locations of the participating organizations and the details of their events, several questions dealt with Fort Worth as a part of the overall host city selection process. HSP's questions identified who was considering Fort Worth, why it was ultimately not selected in order to target potential roadblocks to Fort Worth's success in the selection process and which cities were selected other than Fort Worth. These questions helped HSP understand FWCC's customer, competition and challenges to success.

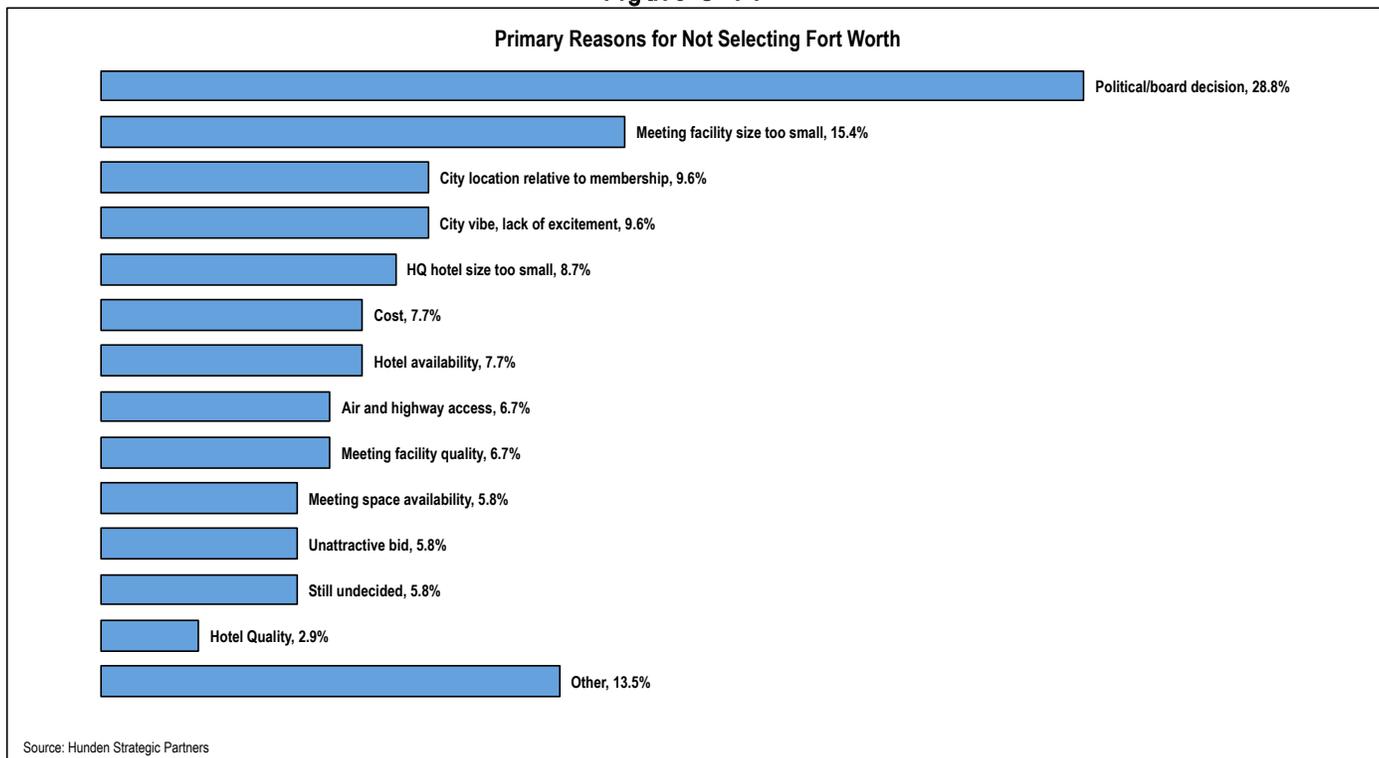
Other key findings:

- Just six responses (about one percent) indicated that they were geographically limited from selecting Fort Worth as a meeting destination.
- Less than half (46.2 percent) have visited Fort Worth for a "fam tour" in the past three years.
- 66 percent have held an event in Fort Worth previously. Of those planners who have not held an event in Fort Worth before, 66 percent said they have considered it while 34 percent have not yet considered Fort Worth to host an event.
- 92 percent stated that they would consider Fort Worth in the future.

The figure below shows the results of the following question:

*“What were the primary reasons for not selecting Fort Worth?”*

Figure 3-14



As shown, the figure indicates that more than 28 percent of respondents cited a political or board decision as the reason not choosing Fort Worth. While this response may not drive a specific or actionable response for the CVB, it is important to note that ultimately, the client or board (and not the meeting planner) has the final say in site location.

Other decision-making factors centered on size, availability, and quality of both the FWCC facility itself and of the surrounding hotels. More than 15 percent reported that the facility could not accommodate the group size, and nearly nine percent said the headquarter hotel could not accommodate the group. Almost eight percent were limited by hotel availability and almost six percent were limited by meeting space availability. Approximately seven percent stated that the meeting facility quality did not meet their standards and almost three percent said the hotel quality did not meet their standards. Cost and an unattractive bid were as identified as prohibitive by 7.7 percent and 5.8 percent, respectively. Fully 45 percent of respondents who did not choose Fort Worth stated hotel or FWCC size, quality and availability issues. These can be resolved with proper planning, development and renovation.

Several additional challenges were identified related to the city of Fort Worth and its location. Approximately 9.5 percent said that Fort Worth is too far from its membership base, while the same percentage said they were looking for more excitement or “vibe” than Fort Worth has to

offer. Approximately seven percent cited air and highway access as their main issue, but comments reveal that providing transportation or shuttle service from DFW Airport could alleviate this issue.

The “other” category accounted for 13.5 percent of responses, and while the issues were wide ranging, many planners indicated that they are looking for a “total package” when it comes to booking and Fort Worth came up short in one way or another. The “total package” means that communication and booking is seamless through all categories, with the highest importance on the meeting space, hotel room block, catering and transportation categories.

The table below shows the results of the following question:

***“Assuming FW meets the facility and hotel requirements, why else might the respondent not choose Fort Worth?”***

**Table 3-1**

<b>Primary Reasons for Not Selecting Fort Worth</b>	
<b>Item</b>	<b>Percentage</b>
Political/board decision	30.9%
City location relative to membership	12.6%
Meeting facility quality	8.7%
Hotel room block quality	8.7%
Downtown vibe, excitement, leisure options	8.1%
Cost	6.2%
Air and highway access	5.3%
Service quality concerns	3.8%
Group rotates event	3.2%
Date availability	1.5%
Safety concerns	0.2%
Other	10.9%

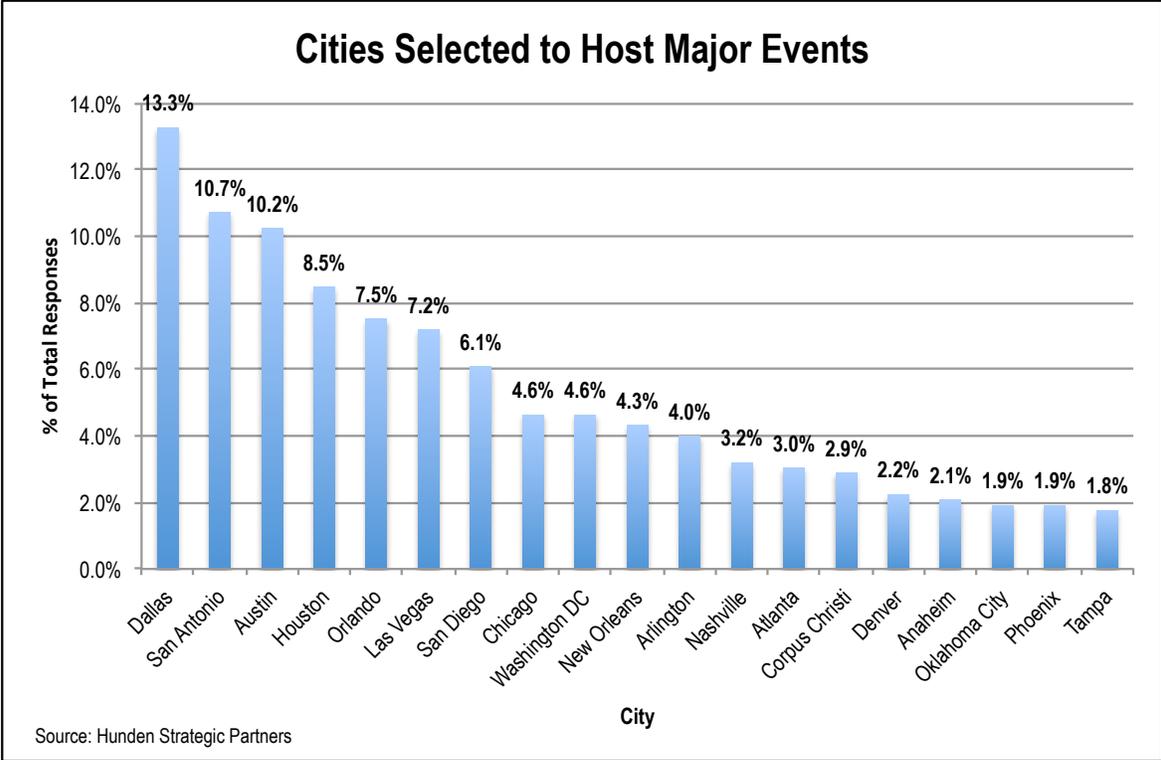
Source: Hunden Strategic Partners

The most common factors that influence the selection process assuming the convention center needs are met and there is a large enough room block available are political or board decisions and Fort Worth’s location relative to membership. Quality of both meeting space and hotel were the next-highest concerns, followed by cost. Respondents also cited downtown vibe, air and highway access and service quality concerns. Date availability and safety were of the least concern. The figure below shows the results of the following question:

***“Where were the last three cities and venues you hosted major annual or semi annual event (other than Fort Worth)?”***

The figure below shows the results.

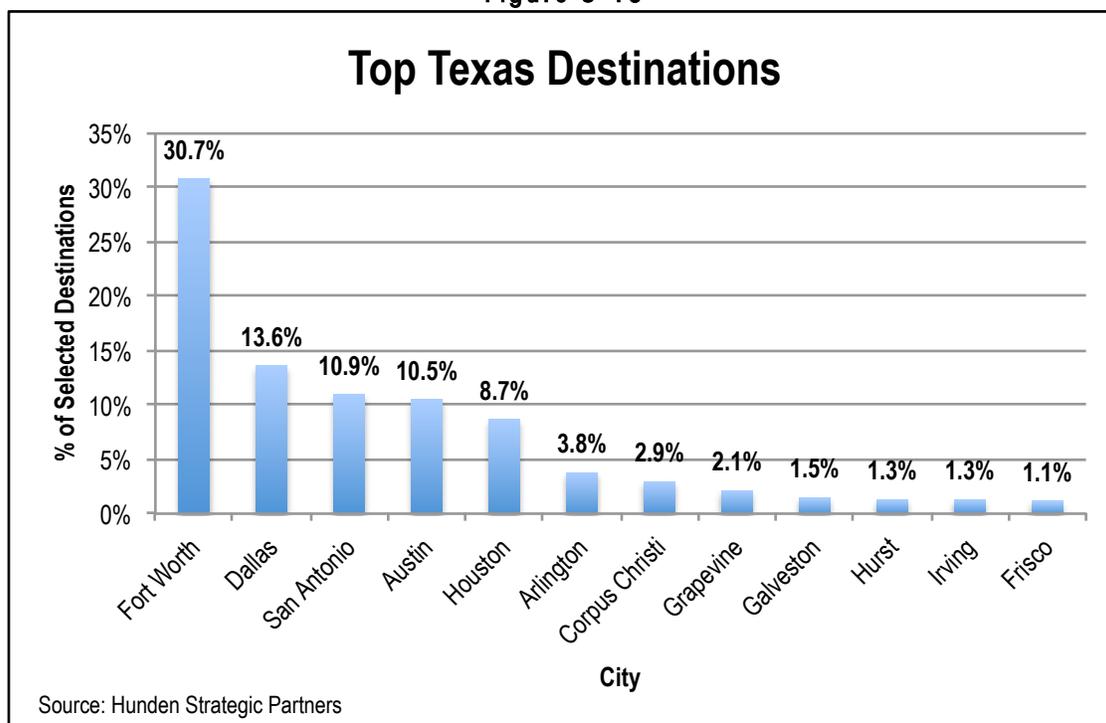
Figure 3-15



As shown, the top four most common cities are also in Texas. Dallas, San Antonio, Austin and Houston make up 42 percent of other cities chosen. Other popular convention cities such as Orlando, Las Vegas, San Diego, Chicago, Washington DC, New Orleans and Nashville were also among the most prevalent responses.

The following figure shows the top competitive cities in Texas.

Figure 3-16



As the figure shows, Fort Worth accounts for 30.7 percent of responses. Dallas and San Antonio are the next highest destinations, with 13.6 percent and 10.9 percent, respectively. Austin hosted 10.5 percent of respondents' previous events and Houston hosted 8.7 percent. Other Texas cities with notable numbers are Arlington, Corpus Christie, Grapevine, Galveston, Hurst, Irving and Frisco. It is important to note that the Fort Worth CVB provided the recipient list for this survey, so the recipients are more likely to have had some previous contact with the city and therefore, are more likely to have held an event in Fort Worth in the past.

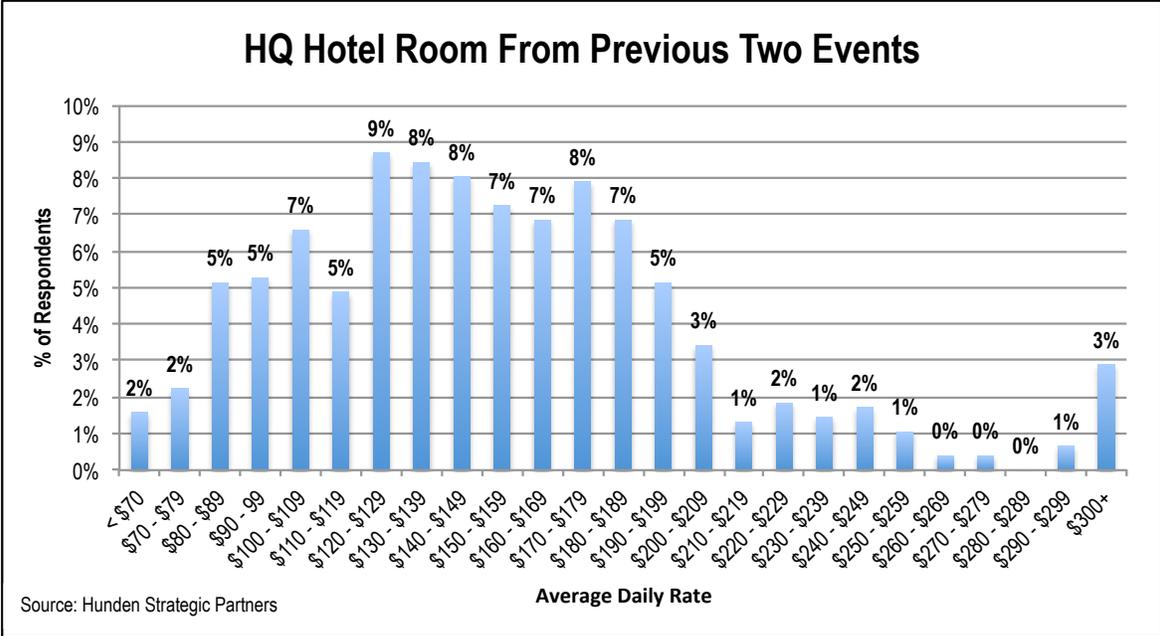
## Hotel Requirements

After understanding Fort Worth as a part of the site selection process, several questions targeted the issue of hotel requirements.

The following figure shows the results of the following question:

***“What was the average daily rate (ADR) for your headquarter hotel room for your two previous annual or semi-annual events?”***

Figure 3-17

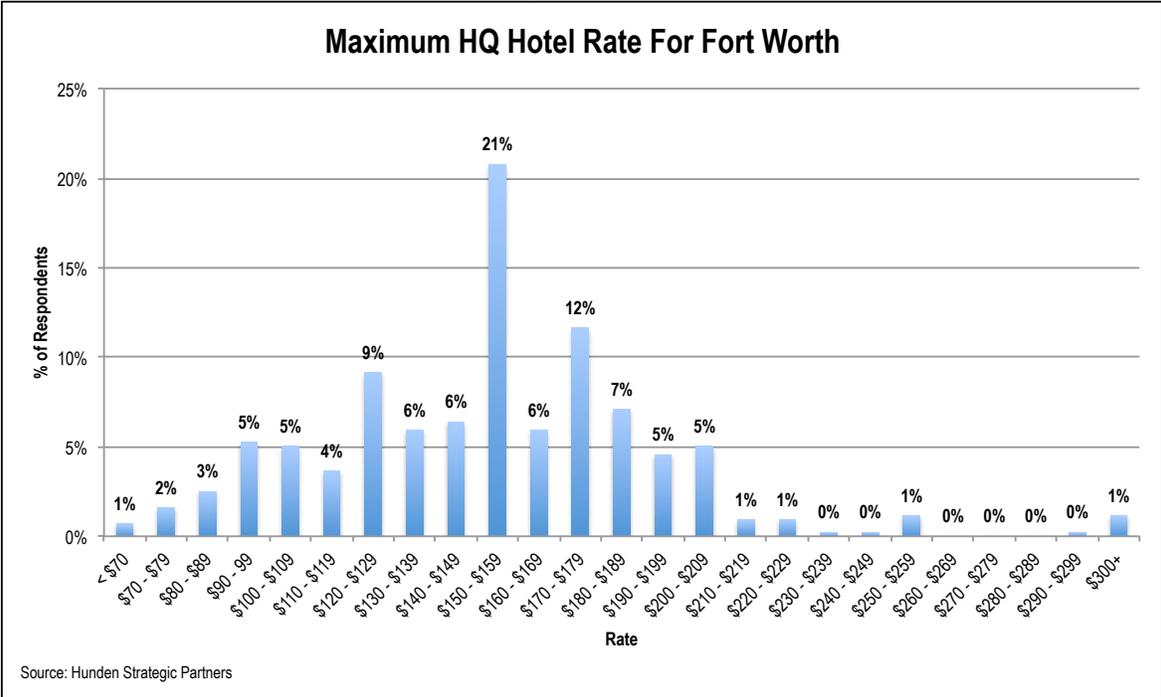


As shown, 59 percent of respondents reported the ADR from their previous two events between \$120 and \$200. The most common ADR was \$120-\$129, at nine percent. Both the \$130-\$139 and the \$140-\$149 ranges represented eight percent of respondents while the \$150-\$159 range and the \$160-\$169 range represented seven percent each. Smaller percentages fell on either side of the spectrum with 25 percent of respondents reporting previous ADR of less than \$120 and fifteen percent of respondents reported previous ADR over \$200.

The following figure shows the results of the following question:

***“What do you believe your maximum headquarter hotel room rate should be if you were to choose to stay in Fort Worth?”***

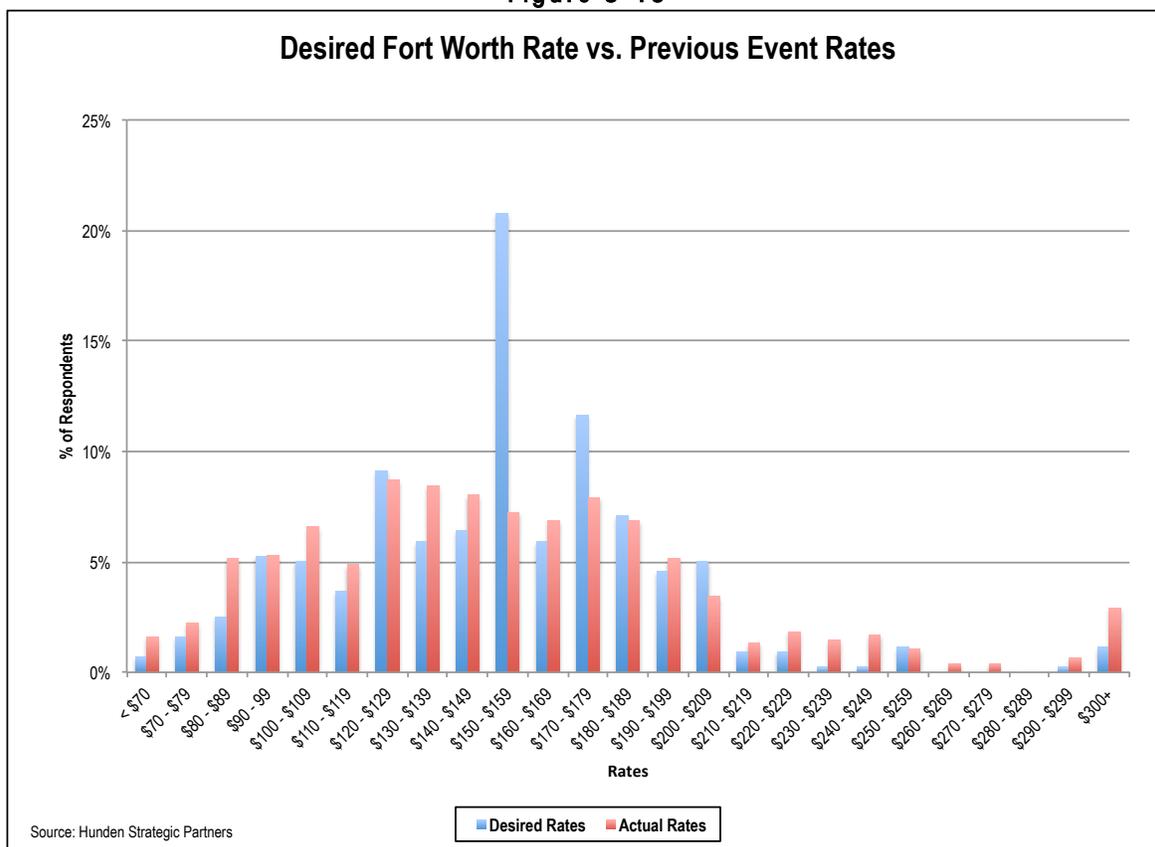
Figure 3-18



As shown, the highest percentage (21 percent) of planners thought the maximum headquarter hotel rate for Fort Worth should fall in the \$150-\$159 range, and the second highest category was the \$170-\$179 range, with 12 percent of respondents. Forty-one percent feel that the maximum rate for Fort Worth should be less than the highest percentage range \$150-\$159 range and 38 percent feel that it should be more.

The following figure shows the respondents' desired maximum headquarter hotel rate for Fort Worth as compared to actual rates from previous events shown in the figure above. .

Figure 3-19



As the figure shows, the range for both the desired rates and actual rates is between \$120 and \$189. Approximately 39 percent of the respondents indicated room rates between \$150 and \$179 would be reasonable despite a third of the respondents had room rates between \$120 and \$159 at previous events. There is a large gap between the percentage of people willing to pay a maximum ADR of \$170-\$179 and the percentage of people who actually pay that amount.

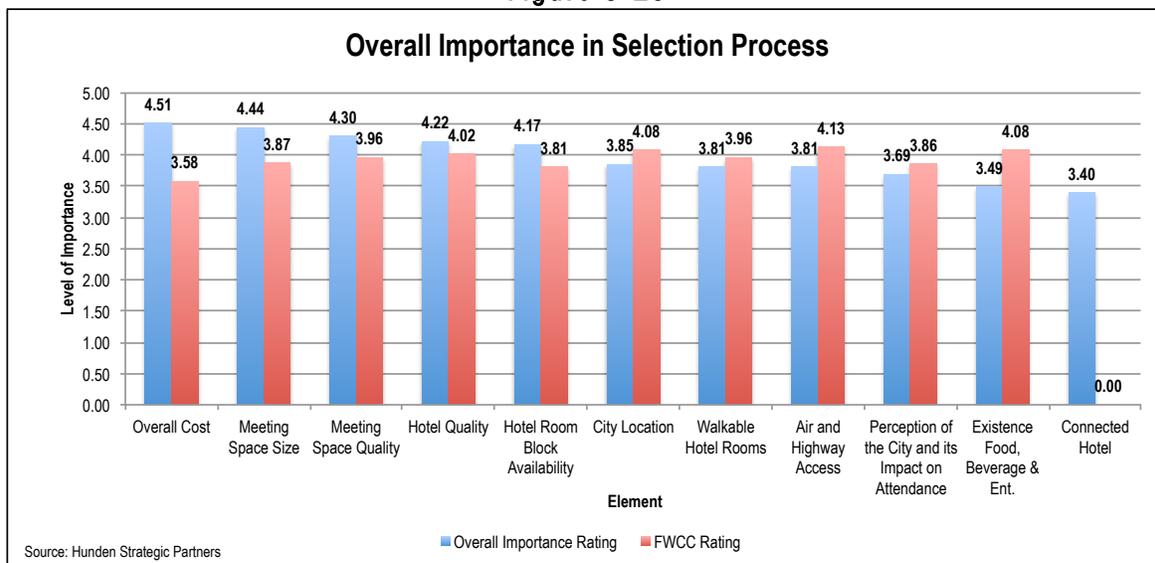
### Critical Element Ratings

The following figures show the results of the following question:

***“Please rank the importance of each of the following elements that impact your selection of a convention/exposition venue and host city.”***

Respondents were asked to rank each element on a scale of 1 to 5, with “5” of the most importance and “1” of the lowest importance. Respondents were then asked how FWCC rated on the same scale in terms of how it meets those same requirements. The average off all responses are presented in the following figure.

Figure 3-20



As shown, overall cost and the meeting space size were identified as the most important factors of the respondents. These same categories also represent the highest differential between the importance level and FWCC rating for a convention/meeting location. Meeting space quality, hotel quality and hotel room block availability closely followed in importance. Respondents rated the FWCC higher than the level of importance for air and highway access, city location, existence of food, beverage and entertainment and perception of the city and its impact on attendance. The existence and walkability of restaurants and entertainment areas and the existence of a connected hotel were shown to be of the least importance during the decision making process. Although they influence the decision making process the least, these areas, except for connected hotel, were rated as some of the greatest strengths in the Fort Worth hospitality package. These ratings are consistent with feedback provided as well as the opportunities identified later in the report.

Challenges for Fort Worth include overall cost (rates are higher than at more widely known destinations), meeting space size and quality and hotel block and quality.

## Implications

The majority of responses to this survey came from Texas-based event planners. The results of the survey indicate that these event planners host different sized events with the majority attracting 1,500 attendees or less. More than 50 percent of respondents require less than a 400-room peak block, while another 25 percent of respondents require between a 600- 1,200-room peak blocks for their events.

In terms of Fort Worth, these meeting planners have indicated that the destination’s costs are high, the meeting facility needs to be updated and expanded and the hotel inventory needs to be improved and increased. The access and walkability of Fort Worth were perceived as positive factors as well as the availability of restaurant, entertainment and attractions. Of the respondents,

92 percent stated they would consider Fort Worth for a future event whether the groups is an existing or potential client.

In order for Fort Worth to stay competitive, its convention center must update and expand its function space such as ballroom space as well as resolve critical amenities like the Internet that numerous groups are reliant on. In addition, Fort Worth must have the necessary hotel room inventory in close proximity to support the desired events. Although Fort Worth is competitive, the city would be more competitively positioned statewide and nationally to secure more events if the facility and hotel packages were enhanced.

### Meeting Planner Interviews

HSP contacted various groups that hold events at the FWCC. This section includes information about the current issues, challenges and suggestions for how the FWCC can improve to better accommodate groups and provide a more attractive hospitality package for existing and new user groups.

The following tables lists the groups contacted.

**Table 3-1**

<b>Fort Worth Convention Center User Interviews</b>		
<b>Organization</b>	<b>Contact</b>	<b>Organization Type</b>
Advocare International	Kimberli Kuhn	Direct Selling
Kenneth Copeland Ministries	Tim Page	Religious
Nation's Best Sports	Anna VanGoey	Trade Organization
Premier Design	Bob Bolander	Direct Selling
Premier Design	Karen Lewis	Direct Selling
RadioShack	Josh Newman	Corporate
Texas Association of Counties	Judge B. Glen Whitley	State Association
Texas High School Coaches Association	D.W. Rutledge	State Association
Texas Librarians Association	Patricia Smith	State Association
Texas Thesbians	Jennifer Haisten	State Association
USA Gymnastics	Patti Connor	Sports

Source: Hunden Strategic Partners

HSP conducted a number of interviews to help determine the potential need and inducement potential of a renovated and expanded FWCC. In addition, HSP received comments and feedback from the Fort Worth CVB's Destination Advisory Board on potential renovations to the FWCC, service quality, hotel package and other components that could impact the attractiveness of Fort Worth's overall meeting and hospitality package.

This section summarizes our findings and suggestions based on interviews and other primary and secondary research. The findings drive the implications and the recommendations for the FWCC,

Fort Worth hotels, services and overall hospitality package. The implications from the interviews are presented by key components for a meetings and hospitality package.

## FWCC Facility

- All groups consistently stated the facility spaces are dated and must be renovated. There is a clear difference between the spaces that were and were not renovated in 2002. The center building structure, with its old and new sections, does not look uniform or consistent and can be confusing for new visitors to navigate.
- The convention center does not match the rest of the City with the new high quality Omni and Sundance Square. It is awkward to use attractive, high quality updated breakout meeting rooms at the Omni then walk across the street to utilize outdated exhibit space and the arena-side meeting rooms that are badly shaped and lack the same level of quality found at the Omni. Also, there is a difference in lighting between the Omni and the Convention Center.
- The arena is outdated and has reached obsolescence. The venue offers less than adequate acoustics. The arena also creates a hindrance getting visitors to and from attractions downtown like Sundance Square. The giant concrete “space ship” is awkward and separates the Omni and convention center from the rest of downtown. A more attractive and inviting “bookend” at the location of the arena would establish synergy and optimal connectivity between downtown destinations.
- Most groups fully support the demolition or complete repurposing of the arena in order to improve and expand the Convention Center function space. On the other hand, there are some groups that value and rely on the functionality of the arena. All groups consistently agree the arena must be improved and updated or replaced.
- The arena meeting rooms are small, awkward, run down and lack the technology capabilities of standard facilities. There are several challenges and concerns for attendees with disabilities to navigate the arena seating and stairs.
- The raked seating in the arena offers an ideal venue for large general session meetings and events. Few venues can hold 5,000 or more visitors. If the arena is demolished, flexible space must be designed into new space to accommodate retractable bleachers or theater-style seating for as many as 3,000 people. Otherwise a replacement venue needs to be built in order for some groups to remain in Fort Worth.
- One group, Kenneth Copeland, requires raked seating in order to create a more personal atmosphere. Flat floor seating was used for an event in Anaheim due to construction and the audience felt too distant, detracting from the overall atmosphere and experience of the event. In addition, weekly broadcasts are aired during events such as this and the raked seating configuration is ideal for the broadcasting stage and set. Kenneth Copeland is open to possible arena resolutions.
- Existing large meeting rooms, when divided, become too narrow and awkward on the second floor. More squared meeting rooms in an extended meeting room corridor are desired. The meeting rooms seem outdated.

- The Convention Center annex hall is inefficient space that is difficult to maximize during events. If used, it is primarily for behind the scenes as a staging or dumping site and loading area. Overall, the annex hall is unusable space that can be an opportunity during an expansion or renovation.
- The loading dock needs to be improved. More loading docks would be ideal to make loading and unloading more efficient. Also, there are security concerns for the dock area and would recommend security cameras to monitor area.
- Groups returning annually have outgrown or are reaching the Convention Center's maximum capacity.
  - Larger groups are looking for more ballroom-style and large pre-function space. Groups use the Omni function space to meet their needs and use the FWCC's breakout rooms.
  - There is a need for additional ballroom space. Build a grand ballroom space of 45,000 square feet or more and renovate make the existing ballroom space into a junior ballroom. Ideal space could accommodate at least 3,000 guests in theater-style seating. The more divisions the ballrooms can have, the better.
  - Users require about 25-30 breakout rooms at one time.
- The lighting throughout the facility is not consistent or adequate. Some of the meeting rooms tend to be too dark and cannot be adjusted to meet groups' needs. Groups expressed a desire to have better light coordination in different areas of the building. For example, have lights on in Exhibit Hall A and off in Exhibit Hall B.
- Convention center needs more way-finding signs, electronic maps and "You Are Here" interactive TV-screen maps. Austin is an example for its technological initiatives and offerings such as wayfinding, free Wi-Fi and up-to-date A/V throughout the center.

## Services and Logistics

- The onsite Internet is an ongoing challenge for groups. Internet issues are one of the first and most stated challenges at the FWCC.
- There are not enough access points. Provide different access for meeting rooms and common space in the facility. Dead zones occur in areas especially if the networks are overloaded.
- Groups would like to see Wi-Fi in the meeting rooms as well as built in audio-visual equipment. It is very cumbersome to have equipment setup and taken down.
- The Internet costs are considered high - "Costs are a lot for what is provided."
- The existing Internet provider, Smart City, is not well received by FWCC clients.
- The Convention Center desperately needs updated technology throughout the Center, with each room wired for A/V. Wi-Fi is only available in the corridors but not in the expo hall or meeting rooms, which is enough for groups to take their business elsewhere.

- Trinity Food and Beverages Services as well as the Omni offer quality food and beverage service. Consistent with other service issues, groups have stated the exclusive Trinity services are expensive. Groups want more F&B options available to them such as cash-n-go food without minimums, food trucks, branded restaurants and dining options programmed on street level.
- The requirement to hire uniformed police/security guards is not always ideal and is expensive.
- FWCC needs available vendor services in the building such as business offices, copy centers and shipping centers.
- Unsatisfied that the FWCC charges for use of simple electrical outlets. An electrical box is more understandable for higher volumes of use, but it seems that the ability to plug into an electrical outlet should come with the cost of renting the facility. The electrical systems in the exhibit hall are outdated and viewed as potentially unsafe.
- Groups stated the Convention Center management is very friendly and works hard to meet any needs and execute a successful event. If they need anything extra, staff is very accommodating to resolve unforeseen issues.

### **Downtown Atmosphere and Attractions**

- Groups value and appreciate the downtown and its family-friendly feel, which is why groups return on an annual basis. There are options that are for adults, children and all ages depending on the type of event.
- There are different nodes of activities and attractions in Fort Worth and the surrounding area such as the Cultural District, Stockyards, Arlington sports and entertainment facilities.
- The downtown area is considered safe and very walkable. For these reasons, groups like going to Fort Worth. It is very popular statewide.
- Downtown Fort Worth provides big city options with the intimacy of a smaller town.
- The Water Gardens offer an attractive location for outdoor events for some groups, while others view the attraction in a similar light as the arena. If updated, the Water Gardens could be utilized more often. To many, it is an underutilized opportunity that could be enhanced significantly.
- The presence of security and bicycle police patrol expanded to the area around the Omni and FWCC would be nice.
- Visitors like Sundance Square and the dining and entertainment options in close proximity to it. Sundance Square area provides enough options for attendees to find a restaurant as they walk around rather than determine a place to eat ahead of time.
- Would like to see more restaurant and retail options around the Convention Center.

## Accessibility

- Groups would like better or more direct train service to get from the airport to the Convention Center, and once in town, buses are necessary to get to the Cultural District and Historic Stockyards. Groups really enjoy Molly the Trolley and it is helpful, however it is still too limited in how many and how far it can service.
- Because there are few amenities within the immediate area of the Convention Center, coordinate the Molly the Trolley schedules with the group's agenda to facilitate attendee visits to the local community.
- Recruit airline partners like American Airlines to sponsor an in-center schedule feed on a large screen and kiosks with the ability to print boarding passes and check luggage, which would ship directly to the airport. This will bring awareness that the airport is a main hub, would be a huge convenience for attendees that would help set Fort Worth apart as a great destination for meetings.
- Many of the attendees drive their personal vehicles and have challenges finding parking for the event.

## Hotels

- The existing hotel inventory is dated except for the Omni. As a result, the Omni is more expensive and not ideal for all groups. Groups stated rates are approximately \$189 and higher. One group is contracted in Dallas for four years because the hotels gave the group a four-year rate of \$129 per room.
- Other groups stated the hotels meet the basic needs of their members/attendees. The smaller independent hotels that are less expensive are more affordable for some attendees, but are dated and need to be improved.
- Groups would like to see more hotel rooms in the market, preferably within walkable distance to the Convention Center. Fort Worth's hotel inventory is too small to accommodate larger groups. In addition, a more diverse mix of hotel options would provide a greater price range for hotel rooms that would appeal to a broader clientele. Some events, particularly those hosted by religious associations, are geared towards attracting families. The option of a quality brand with a lower rate is an appealing component in attracting these attendees to the City for a longer period. Not all hotels need to be upscale or upper upscale. Groups just want to be able to count on quality.
- A second convention hotel with 600+ rooms would be ideal. Expansion of the Omni was recommended as well (approximately 400 rooms).
- There are groups (typically SMERF in nature) that need hundreds of "double-double" rooms. Groups max out these rooms in the market. These lower-rated groups would welcome larger mid-priced hotels. However, as Fort Worth grows its quality product, these types of groups may be priced out of the market regardless.
- The quality of the headquarters hotel is important, especially to many of the vendors. If the primary hotel is too expensive it creates a perception that the city is expensive.

- Groups use all of the Omni, Sheraton and surrounding hotel properties for events, which spurred problems when part of the attendees are in a higher quality hotel like the Omni and others are in less than preferred lodging accommodations.
- The Omni really helps the Convention Center. The Omni's quality sleeping accommodations and function space help groups' event attendance. Without it, attendance would be negatively impacted.

### **Fort Worth as a Destination**

- Want to see more Cowboy Culture downtown. Bring the cowboys and culture theme front and center. Add a store that sells boots, hats and belt buckles in one section and local artwork in another. Attendees can size their boots, purchase the artwork and have both shipped directly home.
- Separating Fort Worth from the Dallas/Fort Worth perception is important. Showcase the unique, historic western Texas experience. Define Fort Worth as a destination separate from Dallas.
- Fort Worth is a comfortable, smaller city, which gives attendees confidence to get out and explore.
- Fort Worth has name recognition that is more appealing to members of national organizations than cities like Arlington.
- Fort Worth is able to support some rates at first-tier prices. Rates are comparable to San Diego.
- Showcase unique attributes that define the city, i.e., Churchill Downs in Louisville or BB King's in Memphis.

### **Comparable and Competitive Cities**

The following table shows the other cities groups view as comparable and competitive destinations with Fort Worth.

**Table 3-2**

<b>Other Cities Selected by Groups</b>	
Anaheim	Louisville
Atlanta	Nashville
Austin	New Orleans
Baltimore	Orland
Chicago	Portland
Columbus	Providence
Denver	Sacramento
Houston	Salt Lake City
Indianapolis	San Antonio
Long Beach	San Diego

Source: Various Groups, HSP

## Other Interview Results

HSP conducted other in-person interviews, phone interviews and focus groups with meeting planners and facility users as well as the survey. HSP also interviewed all of the sales people at the FWCVB to find out what their potential clients are saying.

These individuals offered insights to the potential market that could be captured. When speaking with these individuals (users and sales people), the questions were broken down into three components: The building itself, the experience during events (staff, food, amenities, etc.) and the hotel/restaurant package. Many of the results mimic those from the electronic survey discussed above. Here are some additional items of note:

- The building’s size is becoming constraining for certain groups, although this is often paired with a hotel room constraint as well. The primary constraints within the building are the fact that there are two different quality levels and so the experience is not consistent within the building. Those who use the older part have a worse experience than those using the newer part. While many groups use the whole building and would like it to expand, many would be happy to have the older spaces at the same quality level as the newer spaces.
- The ballroom size is too small and there should be multiple ballrooms. A ballroom of 40,000 to 60,000 square feet was mentioned as a desire by many interviewees. These rooms provide the ability to host many types of events and are flexible with their divisibility and audio/visual. Having a large ballroom in addition to the existing ballroom would be a major improvement.
- The Annex Exhibit Hall is not useful or easily accessible from the front of the building. It is almost never used due to quality and access issues. Replacing it with a usable exhibit hall in a better location would instantly make the building “bigger” in the market. Users do not see that 45,000 square feet of space as useful.

- The meeting rooms around the arena are in bad shape and are not beneficial or used unless absolutely necessary.
- The arena is outdated and has many issues, although the FWCC has done a heroic job of keeping it functional. Several groups use and like the space as it fits their size and budget needs. However, a similar facility in an updated setting would make hosting events easier and more attractive. Allowing a design that enabled the arena floor to be better used and incorporated for exhibit space would help as well. As an arena, its flexibility for different events is limited. That space could be better used if it could morph into a variety of space types.
- The availability and speed of Wi-Fi in the building was mentioned as the number one complaint by users and came up with every building user HSP interviewed. While cost was also mentioned, the ability to have reliable and fast wireless Internet service was paramount. This is a major competitive disadvantage for the FWCC at this time.
- Users would like more meeting rooms. Sales people said Fort Worth would not be competitive without a significant amount of additional high-quality meeting rooms as well as a large ballroom. Higher rated business requires these room types in large quantities. Exhibit space is secondary. Arena users are typically lower rated groups who do tend to fill in calendar gaps, but are usually extremely cost conscious. The next step up for Fort Worth is upping its quality so that the groups who it attracts are those who can afford the high quality hotels and spaces it has already begun to offer.
- While the food presentation and quality is considered good, there have been requests to expand the types of food and beverage options available onsite. Much of these requests were geared toward times when only a few people may need to eat, such as during move in/out days. There is not enough activity in the building during these times to justify opening the concession stand and the planners do not want to meet a minimum purchase requirement for a formal set up. Having a simple, flexible option for a boxed lunch or other onsite alternative that is not a concession stand item or a formal catering set up is preferred.
- During events, there is often not enough time for attendees to leave the building and walk to Sundance Square for lunch, so users have asked for more creative onsite options, such as food trucks in the Water Gardens area that could offer something fun and different compared with the catered options or concessions. The expectation is that these would not replace downtown restaurants, but provide a time-efficient alternative for those who want to eat a decent and interesting meal, and yet still get back to the event on time. If a fee or percentage could be charged from the building or caterer to the food trucks, then potentially all parties “win.”
- The hotel package, while much improved, is still lacking in size and quality. The Omni is head and shoulders above the balance of the hotels, so the costs and quality impact how users view their experience. In terms of sheer numbers, there are still not enough hotel rooms in large blocks downtown to attract many of the groups the building could host inside. A second hotel of 1,000 rooms is preferred, with a quality level approaching, but not exceeding that of the Omni.

## Implications

Fort Worth is a visionary city that groups enjoy and appreciate, and based on the desires of the current customers, needs of potential customers and growth in the market, needs to keep improving the center and the hotel package. Replacing the arena portion of the building, adding at least one major headquarters hotel (and expanding the Omni), improving logistics improvements, expanding internet and catering capabilities and adding a major ballroom, meeting rooms and quality exhibit space will help the building meet the market.

Fort Worth would be smart to induce more retail and restaurant uses on Main Street closer to the FWCC (and all sides of the center), along with a new welcoming façade creating a connection to the downtown. And by creating a facility with the ability to be used simultaneously by two smaller convention groups, each with its own headquarters hotel, exhibit, ballroom and meeting space, will allow for more consistent hotel demand.

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## CONVENTION CENTER INDUSTRY TRENDS

### Meeting and Event Industry Trends

This section provides a current overview of trends and developments impacting meeting and convention facilities. These trends have an effect on any new facility or potential renovations of an existing facility because they demonstrate the current demand for certain elements and features that may change as technology and meeting styles change. Therefore, it is important for Fort Worth to understand these trends in order to remain competitive.

Conventions, exhibitions and trade shows are conducted for the purposes of exchanging information, conducting business transactions and for educational, cultural and social enrichment. As developments occur in the larger economy, simultaneous developments occur in the meetings market, such as the growth of the tech sector generating growth in tech related meetings and events.

Often, a single event will use many different types of spaces, including exhibit halls, banquet facilities and breakout meeting rooms. Well-designed multi-purpose facilities offer the proportions of different types of spaces appropriate for the market. In addition, it offers the flexibility to host multiple events at one time. Different types of conventions and meetings have differing needs.

The following table summarizes the key attributes of various types of meetings, including facility requirements.

**Table 4-1**

Facility Types & Requirements for Various Event Types										
Event Type	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sports Events	Conferences	Meetings	Trainings	Banquets
<b>Attendance Range</b>	150 - 50,000	150 - 15,000	250 - 50,000	8,000 - 1,000,000	5,000 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
<b>Primary Purpose</b>	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
<b>Facility Requirements</b>	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
<b>Typical Facility Used</b>	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arena, Stadiums, Convention Centers	Convention/Conference Centers and Hotels			

Source: HSP

The various types of convention and conference center events are described below:

**Conventions and Trade Shows** – Associations, professional groups and other membership organizations hold conventions and trade shows, with attendance ranging from 150 to 50,000 attendees. The larger of these meetings take place in convention centers with large exhibit halls, but as a Center for Exhibition Industry Research (CEIR) survey indicates, the majority of events require less than 50,000 square feet. Conventions and trade shows may feature a single meeting, but usually offer a number of concurrent meetings and exhibitions. Facility needs include assembly space for general sessions and displays, banquet facilities and numerous breakout-meeting rooms. Two-thirds of conventions and trade shows use exhibit space as a means to communicate ideas and to display products.

**Conventions** are high-impact events economically because a large percentage of attendees originate from outside the local area, typically stay several nights in the host city and spend money on accommodations, food, transportation, retail goods, and entertainment. Spouses, family, or companions typically accompany a significant number of attendees.

Like conventions, **trade shows** offer a forum for exchanging industry ideas. They vary slightly from conventions in that they are more product and sales-oriented. Trade shows are exhibit-intensive, and exhibitors prefer column-free, open-space facilities in which temporary custom booths for product display are constructed. Trade shows typically attract a large number of attendees, who originate from outside the host city, but tend to have a shorter average stay than convention attendees.

**Consumer Shows** – Consumer shows are public, ticketed events featuring exhibitions of merchandise for sale or display. Consumer shows provide a means of product distribution and advertising. Some, such as auto and boat shows, have a recreational and entertainment function as well. Consumer shows range in size from small local and specialized shows with a few hundred attendees to large shows with thousands of attendees. The larger consumer shows may occur in convention centers, shopping malls, fairgrounds and other public-assembly facilities with large exhibition areas. The majority of attendees are local, but exhibitors often come from out of town. Site selection considerations for consumer shows include the size and income of the local population, availability of facilities and the number of competitive shows in the market.

**Assemblies** – Assembly events are social, military, educational, religious, and fraternal (SMERF) events. They attract large numbers of people and require seating arrangements to support all the visitors. Larger assemblies are held in arenas or stadiums while smaller assemblies are held in venues such as schools auditoriums, churches and community centers. Similar to conventions, attendees originate from outside the host city, but, unlike conventions, these events do not usually require large amounts of exhibit and meeting room space.

**Sports** – Sporting events are any youth, amateur, professional, or senior event of any variety of sports that can be played indoors. Typically, such events are held in arenas or stadiums; however, many events, from boxing to wrestling, to basketball, can be held in exhibit facilities with temporary seating/stands. A growing trend in this sector is cheerleading competitions. As such, a multipurpose facility can be marketed for a variety of event types.

**Conferences** – Conferences are meetings typically held by associations, professional groups, and other membership organizations. Educational institutions also host conferences. These events do not usually require exhibit space, but otherwise the facility demands are similar to those of conventions—such as meeting space for general sessions, food service facilities and breakout rooms. Hotels and conference centers typically serve as venues for conferences.

**Corporate, Training and Other Meetings** – Corporate meetings include training seminars, professional and technical conferences, business/job fairs, incentive trips and management meetings. Corporate meeting planners and attendees demand high-quality facilities. The existing facilities can accommodate most of these types of meetings; however, there are catering challenges for some facilities. With a higher-quality and expanded program of spaces, higher-rated and larger corporate meetings can be accommodated. High quality and flexible technology capabilities are an essential element corporate and business users are requiring when selecting meeting facilities.

**Banquets** – Banquets are typically locally generated events, from social and wedding events to the annual Chamber of Commerce event, which can be the largest of its kind in a given city. A mainstay of hotels and convention centers, banquets provide significant catering income and provide the community with its largest dining room, in most cases.

## **National Supply**

Demand for meeting and exhibition space allowed many communities in the U.S. to develop successful convention and trade show facilities during the 1970s and 1980s. Public sector involvement in these developments was motivated primarily by the desire to capture the economic benefits of the events they hosted in their communities.

The following figure shows the comparison of supply and demand growth beginning in 1987.

Figure 4-1

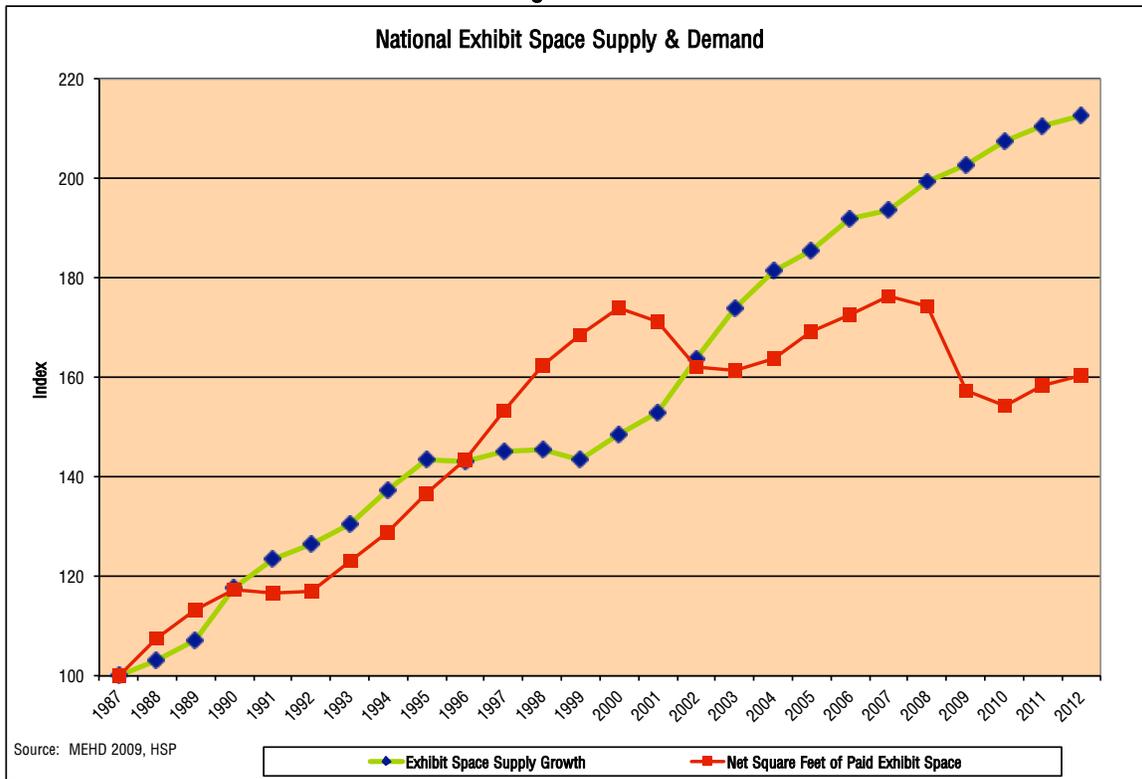


Exhibit space supply has increased every year since 1999, however paid exhibit space rises and falls with the economy, decreasing in 2001 and 2002 as well as 2008 and especially in 2009. This has led to increased competition amongst convention centers, especially larger facilities. While demand is now increasing at about the same rate as supply, the gap in the supply/demand index is as far apart in favor of the event planners than at any time since 1987.

Most existing facilities are in some form of expansion or renovation to update aging facilities, add new technology features and services and add space to attract larger events. The following table shows the percentage of national facilities that are currently in some form of growth.

**Table 4-2**

<b>Current Improvements in Industry</b>	
<b>Type of Improvement</b>	<b>Percentage</b>
New Construction	9%
Expansion	27%
Renovation	27%
<b>Total</b>	<b>63%</b>
<b>No Development Plans</b>	<b>36%</b>
Source: AIPC (2012), R7M Research & Consulting	

Sixty-three percent of facilities nationally are taking some current action to improve the facility, either through new construction, expansion or renovation. Forty-five percent of the respondents to AIPC’s survey added at least one new revenue stream in the past year, which is up from 27 percent in 2011. Examples of new revenue streams from the survey responses include the following:

- Expanded, enhanced meeting and conference spaces and services
- Enhanced and improved audio-visual, telecommunications and IT services
- Advertising and signage income
- Upgraded food and beverage and catering services
- Hosting cultural exhibitions, entertainment and sporting events

One of the major considerations in renovations and expansion is improvements to the facilities to accommodate new technology. The Internet has become an essential part of all exhibit space and convention facilities.

The following table sets out the changes that have occurred in convention center technology in the past ten years.

**Table 4-3**

<b>Convention Facilities Technology Status Ten-Year Comparison</b>		
<b>Type</b>	<b>Ten Years Ago</b>	<b>Today</b>
<b>Facility</b>		
Facility Website	87%	100%
Internet Access	77%	100%
Wireless Internet	60%	94%
Teleconferencing	58%	72%
Video Conferencing	50%	66%
Social Media Presence	0%	54%
Security Access Cards	43%	44%
<b>Online Event Planning</b>		
Booking Events	20%	19%
Ordering Supplies for Events	18%	31%
Booking Accommodations	16%	23%

Source: PricewaterhouseCoopers

Every convention center in the United States has a website and Internet access, which was not the case ten years ago. Almost every facility has wireless Internet, 94 percent, up from sixty percent ten years ago. More than half of the convention centers in the United States have some social media presence, either on Facebook, Twitter, or some other platform.

Online event planning has not changed much in the past ten years, however. The only category that has significantly changed is ordering supplies for events, up from 18 percent to 31 percent. This indicates that staffing and personal marketing are still very important to a convention center, with the one-on-one contact through telephone and in person still essential for event planning.

Industry investment in technology during the next five years will be necessary for facilities to increase space flexibility and enhance attendee experience. Facilities will need to use and create mobile platforms and internet-based applications to assist and accommodate attendees. Traditionally, facilities' technological efforts have focused on staples such as website development, standard audio/visual equipment and video-conferencing capabilities. However, according to a industry technology survey, facilities are increasingly focusing investment toward mobile and wireless capabilities, increasing network bandwidths, technologies that allow attendees to learn collaboratively and interactively as well as social media, e-marketing platforms, applications and webinars. Facilities must learn how to use these new technologies to their benefit, as they may pose a potential threat to industry revenue in the long run by allowing people to attend conferences and participate remotely. Ultimately, technology will need to be used as a tool that enhances business and individuals' experiences to drive demand for services.

The following table summarizes the ownership structure of U.S.-based convention centers.

**Table 4-4**

<b>Convention Centers Ownership</b>				
	<b>Total Convention Centers</b>	<b>Large</b>	<b>Medium</b>	<b>Small</b>
<b>Ownership</b>				
City	48%	27%	52%	57%
Authority	27%	55%	22%	14%
State	8%	18%	4%	7%
County / Council	10%	---	7%	21%
Private	2%	---	4%	---
Non-Profit	2%	---	4%	---
Other	4%	---	7%	---
Is part of a complex	33%	27%	41%	21%

Source: International Association of Venue Managers, Inc.

As shown, most convention facilities are owned by the public sector. This public ownership however can take multiple forms as shows, such as directly through the city, by means of a created authority or even through the state or county / council. State or county / council ownership however is less common within the public sector. And while many convention facilities are privately managed, which will be discussed shortly, very few are privately owned. Ownership structures are discussed in detail later in this report.

The following table shows the various convention center management types based on the exhibit space size.

**Table 4-5**

<b>North American Convention Center - Management Type</b>				
<b>Exhibit Space Size</b>	<b>Private Company</b>	<b>Quasi-Public Authority</b>	<b>Local Government</b>	<b>Other</b>
Less than 100,000 square feet	30%	18%	40%	13%
100,000 to 500,000 square feet	44%	24%	22%	9%
More than 500,000 square feet	17%	50%	33%	0%

Source: PricewaterhouseCoopers

The three chief types of management are private, a quasi-public authority or public, through the local government. Of the three classifications of convention centers, based on the size of the associated exhibit space, convention centers with 100,000 to 500,000 square feet of exhibit space are largely privately managed, by companies such as Global Spectrum or SMG, or 44 percent. This trend toward private management has increased as governments and citizens are demanding more professional management and accounting related to the results at these major public investments.

The following table breaks down North American convention centers' personnel by the size of exhibit space offered.

**Table 4-6**

<b>North American Convention Centers - Personnel</b>			
<b>Exhibit Space Size</b>	<b>Full-Time Total</b>	<b>Full-Time Sales Staff</b>	<b>Full-Time Equivalent</b>
Less than 100,000 square feet	32	4	47
100,000 to 500,000 square feet	95	6	119
More than 500,000 square feet	193	8	323

Source: PricewaterhouseCoopers

As expected, the larger the convention center the larger the full-time or full-time equivalent staff required.

## Meeting Demand

Meeting planners have the strongest influence on conventions and meetings held nationwide. This section includes some of the preferences of U.S. meeting planners based on Meetings Media's Market Trends Survey as well as data from other sources.

The following table shows the size of convention center events, measured by the total gross square feet of space used for the event.

**Table 4-7**

<b>Event Size (Gross Function Space)</b>		
<b>Function Space (SF)</b>	<b>Percent of Total</b>	<b>Cumulative Total</b>
6,000 - 14,999	19%	19%
15,000 - 24,999	13%	32%
25,000 - 34,999	15%	47%
35,000 - 49,999	13%	60%
50,000 - 99,999	19%	79%
100,000 - 199,999	14%	93%
200,000+	7%	100%

Source: Center for Exhibition Industry Research

Distribution is fairly equal for the size of exhibitions. Nearly 20 percent of exhibitions occur in less than 15,000 square feet of function space, and an additional 13 percent take place in 15,000 to 25,000 square feet of space. Facilities with less than 25,000 square feet of gross exhibit space can host just one third of conventions.

The following table shows the typical meeting duration organized by meeting planners.

**Table 4-8**

<b>Typical Meeting Duration</b>	
<b>Duration</b>	<b>Percent of Total</b>
0.5 day	8%
1.0 day	14%
1.5 days	7%
2.0 days	16%
2.5 days	14%
3.0 days	20%
3.5 days	7%
4.0 days	5%
4.5 days	4%
5.0 days	4%
More than 5 days	2%

Source: Meetings Media, HSP

Half of all meetings and events last between two and three days.

The following table shows the types of facilities used for all conventions and meetings (respondents could give more than one answer).

**Table 4-9**

<b>Types of Facilities - U.S. Meetings and Conventions</b>	
<b>Facility Type</b>	<b>Percent of Total</b>
Downtown Hotels	68%
Suburban Hotels	48%
Resort Hotels (excluding golf resorts)	42%
Airport Hotels	26%
Convention Centers	19%
Golf Resorts	16%
Suites Hotels	16%
Gaming Facilities	9%
Residential Conference Centers	9%
Nonresidential Conference Centers	6%
Cruise Ships	1%

Source: Meetings Market Report

For all meetings and conventions, hotels are the primary host venue, while convention centers host one out of five meetings or conventions. The term residential conference center refers to a conference center with hotel rooms. For the larger convention events, typically only convention centers and large hotels host these types of events.

The next set of tables presents the trend of important industry metrics such as exhibit hall demand, occupancy, attendance, room nights and critical financial information from surveyed participants by PricewaterhouseCoopers. This data represents approximately 35 percent of 2013 convention center participants and 45 percent of 2013 destination marketing organization participants.

The following table shows the average event count and attendance for survey respondents by facility size.

**Table 4-10**

<b>North American Convention Centers - All Event Characteristics</b>		
<b>Exhibit Space Size</b>	<b>Average Event Count</b>	<b>Average Total Attendance</b>
Less than 100,000 square feet	291	205,400
100,000 to 500,000 square feet	276	486,800
More than 500,000 square feet	199	1,277,400

Source: PricewaterhouseCoopers

The following table lists average annual exhibit event attendance for 2013 for facilities of varying size.

**Table 4-11**

<b>North American Convention Center - Annual Exhibit Event Attendance</b>			
<b>Exhibit Space Size</b>	<b>Convention / Trade Shows</b>	<b>Consumer Shows</b>	<b>Subtotal</b>
Less than 100,000 square feet	42,100	66,800	108,900
100,000 to 500,000 square feet	146,500	146,800	293,300
More than 500,000 square feet	567,600	447,100	1,014,700

Source: PricewaterhouseCoopers

As shown, the 2013 annual attendance of consumer shows is greater at smaller convention centers with less than 100,000 square feet of exhibit space than that of convention or trade shows. The number of annual exhibit event attendance is nearly split evenly between the two types of events for mid-sized convention centers. Larger convention centers, with more than 500,000 square feet of exhibit space, are opposite of their smaller counterparts, with convention and trade show attendance accounting for the largest portion of the annual exhibit event attendance.

The following table displays the number of convention/trade show and consumer show events hosted by survey respondents.

**Table 4-12**

<b>Surveyed National Exhibit Halls - Average Number of Events</b>			
<b>Exhibit Space Size</b>	<b>Conventions / Trade Shows</b>	<b>Consumer Shows</b>	<b>Total</b>
Less than 100,000 square feet	27	19	46
100,000 to 500,000 square feet	36	18	54
More than 500,000 square feet	50	20	70

Source: PricewaterhouseCoopers

The following table presents average attendance for convention/trade shows and consumer shows.

**Table 4-13**

<b>North American Convention Center - Average Attendance</b>		
<b>Exhibit Space Size</b>	<b>Conventions / Trade Shows</b>	<b>Consumer Shows</b>
Less than 100,000 square feet	1,600	4,100
100,000 to 500,000 square feet	4,300	10,500
More than 500,000 square feet	11,000	32,800

Source: PricewaterhouseCoopers

The following table shows the average number of room nights generated annually by respondents to the convention center survey. In general, convention centers should generate from .25 to .75 room nights per square foot of exhibit space. The average for larger convention centers is about .50 to .60 room nights per square foot of exhibit space.

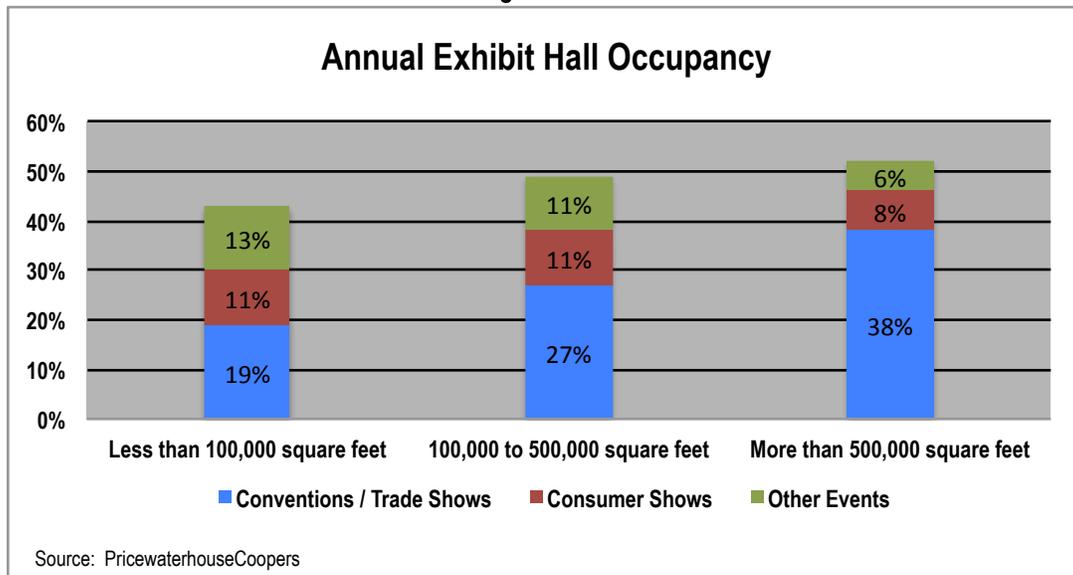
**Table 4-14**

<b>North American Convention Centers - Hotel Room Nights</b>	
<b>Exhibit Space Size</b>	<b>Average Number of Room Nights</b>
Less than 100,000 square feet	27,500
100,000 to 500,000 square feet	141,400
More than 500,000 square feet	807,600

Source: PricewaterhouseCoopers

The following graph breaks down the annual exhibit hall occupancy into conventions and trade shows, consumer shows and other events.

Figure 4-2



As shown, conventions and trade shows provide the largest portion of the overall exhibit hall demand for all three categories of convention centers. As the amount of exhibit space increases so does its utilization by convention and trade shows. These larger convention centers are able to attract various kinds of conventions, particularly the larger events that the smaller convention centers are unable to accommodate. Occupancy was higher in the larger facilities, led by convention and trade show occupancy. Consumer shows are less important as buildings increase in size. Exhibit hall occupancy, which can only practically reach 70 percent due to move in/out days and holidays, ranged from 42 percent in smaller buildings to 51 percent in larger buildings, on average. As discussed previously, Fort Worth has increased its occupancy to 45 percent from 15 percent in 2003, which is nearing the occupancy average for the mid-sized group.

The following table lists the North American convention center annual ballroom occupancy.

Table 4-15

Exhibit Space Size	Total
Less than 100,000 square feet	43%
100,000 to 500,000 square feet	42%
More than 500,000 square feet	51%

Source: PricewaterhouseCoopers

As demonstrated, ballroom occupancy within North American convention centers, regardless of size, averaged 45 percent from all event types.

The following breaks down the North American convention center exhibit hall average daily rate per square-foot.

**Table 4-16**

<b>North American Convention Center - Exhibit Hall Average Daily Rate (per square-foot)</b>		
<b>Exhibit Space Size</b>	<b>Convention / Trade Shows</b>	<b>Consumer Shows</b>
Less than 100,000 square feet	\$0.123	\$0.106
100,000 to 500,000 square feet	\$0.068	\$0.069
More than 500,000 square feet	\$0.063	\$0.055

Source: PricewaterhouseCoopers

The larger the event that is able to be accommodated in the event facilities, the lower the exhibit hall average daily rate per square-foot. The average daily rate per square-foot for convention or trade shows in larger convention centers is reduced by nearly half that of the rate recorded for smaller centers.

The following table categorizes the catering and concession operations of North American convention centers based on the amount of exhibit space offered.

**Table 4-17**

<b>North American Convention Center - Catering &amp; Concession Operations</b>			
<b>Exhibit Space Size</b>	<b>Exclusive Center</b>	<b>Exclusive Contractor</b>	<b>Other / Multiple</b>
Less than 100,000 square feet	41%	38%	21%
100,000 to 500,000 square feet	38%	62%	0%
More than 500,000 square feet	11%	89%	0%

Source: PricewaterhouseCoopers

Of convention centers with 100,000 square feet of exhibit space or more, catering and concession operations are predominately contracted through an exclusive contractor. While 41 percent of convention centers with less than 100,000 square feet of exhibit space exclusively manage catering and concession operations within the center, nearly just as many (38 percent), are also contracted through an exclusive contractor.

The following table shows the gross food and beverage revenue per convention/tradeshow and consumer show event attendee to North American convention centers.

**Table 4-18**

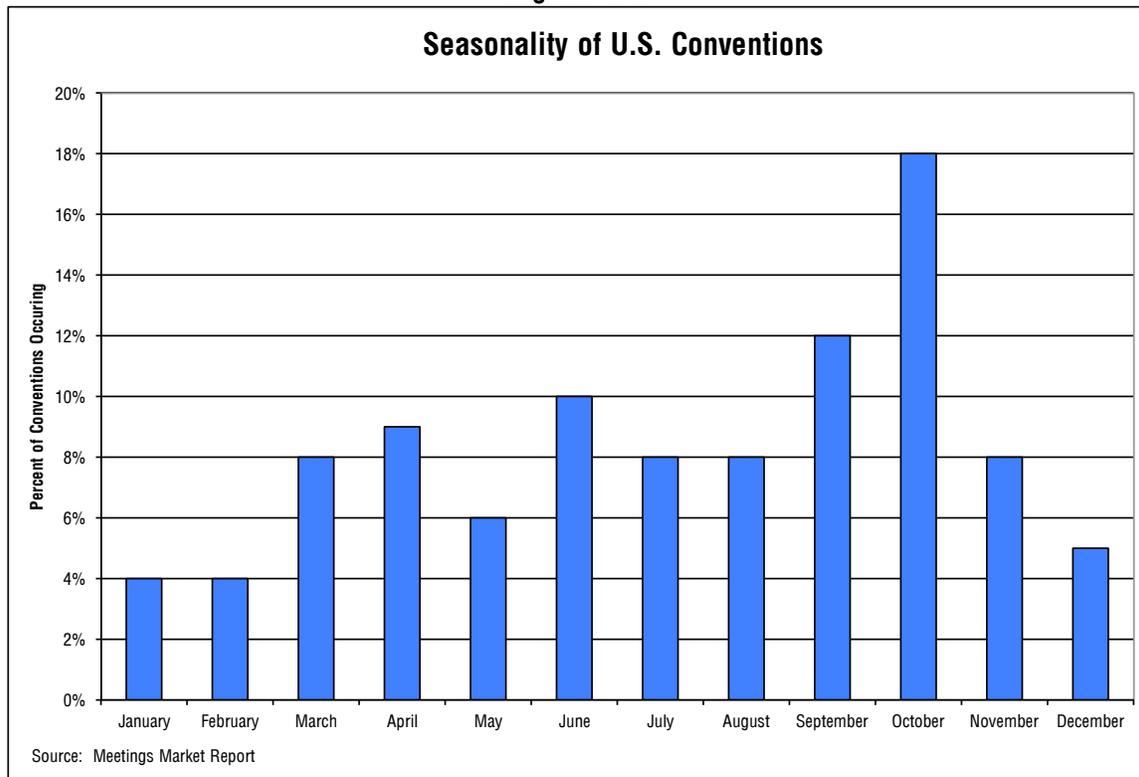
North American Convention Center - Gross F&B Revenue per Attendee (All Events)		
Exhibit Space Size	Convention / Trade Shows	Consumer Shows
Less than 100,000 square feet	\$20.64	\$1.86
100,000 to 500,000 square feet	\$22.08	\$2.71
More than 500,000 square feet	\$33.04	\$3.59

Source: PricewaterhouseCoopers

The larger convention centers draw the greatest revenue from food and beverage per attendee. Convention centers with more than 500,000 square feet of exhibit space in 2013 generated nearly \$13 more per convention/trade show attendee than centers with less than 100,000 square feet of exhibit space and nearly \$1.75 more per consumer show attendee.

The following figure shows the seasonality of the convention calendar across the United States.

**Figure 4-3**



The fall is the most popular time of year for conventions and events, followed by the spring and summer.

The following table shows the important factors considered when choosing a meeting destination/city.

**Table 4-19**

<b>Event Site-Selection Trends - Factors for Host City Selection</b>			
<b>Factor</b>	<b>1 = Very Important</b>	<b>2 = Moderately Important</b>	<b>3 = Not Important</b>
Hotel room prices and quality	80%	13%	7%
Hotel room availability and capacity	80%	12%	8%
Convention center and exhibition hall size and quality	76%	15%	9%
Facilities "under one roof" (i.e. meeting rooms , exhibit halls, hotels in one facility complex or connected)	61%	27%	12%
Labor costs and service issues	58%	36%	7%
Proximity of HQ hotel(s) to the convention center	54%	28%	19%
Destination appeal to attendees	48%	41%	11%
Concentration of our members, clients or industry professionals in the city and region	48%	41%	11%
Airport capacity and airfares	48%	37%	15%
Total population, demographics	27%	38%	35%
Road and highway access	26%	49%	24%
Climate / weather	17%	54%	29%
Cultural and entertainment amenities	13%	57%	30%

Source: R7M Research & Consulting

The top factors selected as very important are hotel room prices and quality, hotel room availability and capacity and convention center and exhibition hall size and quality. The lowest-rated elements considered when choosing a meeting destination were the total population or demographics, climate/weather and the cultural and entertainment amenities. While cultural and entertainment amenities ranked lower on the list of factors, the appeal of the evaluated city to the attendees was still important.

So while a city may have a lot to offer in terms of walkable entertainment, food and beverage options and other amenities, if the city is negatively perceived by the potential attendees, these factors are not even evaluated. The majority of organizations and groups that HSP surveyed that have already hosted an event in the city would like to return for future events. The following table lists the 2012 top 50 U.S. convention and exhibition/tradeshaw host cities, the latest listing available.

**Table 4-20**

<b>Top 50 U.S. Convention &amp; Exhibition / Tradeshow Host Cities 2012</b>					
	<b>Host City</b>	<b># Events</b>		<b>Host City</b>	<b># Events</b>
1	Las Vegas	467	26	Philadelphia	66
2	New York	297	27	Anaheim	62
3	Chicago	241	28	Baltimore	62
4	Orlando	194	29	Oklahoma City	62
5	Dallas	169	30	Miami Beach	59
6	Atlanta	167	31	Raleigh	59
7	Denver	160	32	Austin	58
8	San Diego	143	33	Fort Worth	58
9	Los Angeles	130	34	Wilmington	54
10	San Francisco	112	35	Louisville	53
11	Boston	110	36	Pasadena	53
12	Washington, DC	106	37	Sacramento	53
13	Columbus	105	38	Chantilly	51
14	San Antonio	103	39	Rosemont	51
15	Indianapolis	97	40	West Palm Beach	48
16	Houston	91	41	Santa Clara	47
17	Phoenix	91	42	Tucson	47
18	Charlotte	88	43	Novi, MI	46
19	Portland, OR	79	44	Miami	45
20	Seattle	79	45	Reno	44
21	Nashville	78	46	Richmond, VA	44
22	Long Beach	73	47	Hartford	43
23	Minneapolis	71	48	Grand Rapids, MI	41
24	Tampa	71	49	Kissimmee	40
25	New Orleans	69	50	San Jose	40

Source: R7M, TSNN

As seen from this table, Fort Worth is ranked 33 out of the top 50 U.S. convention and exhibition/tradeshow host cities.

The following table highlights the critical components for site-selection and what is considered important in proposals from CVBs, venues and/or hotels.

**Table 4-21**

<b>Event Site-Selection Trends - Necessary Proposal Components</b>	
<b>Factor</b>	<b>Percent</b>
Hotel rebates or discounts	79%
Exhibit hall discounts	73%
Other venue or hotel related service discounts or credits	61%
Having everything "under one roof" (i.e., meeting rooms, exhibit halls, hotels in one facility complex or connected)	57%
Single point of contact at the venue	46%
Attendance promotion support	39%
Transportation credits or discounts	34%
Other	18%

Source: R7M Research & Consulting

As seen from the previous two tables, not only is the price of the hotels a key element in selecting a host city but also the affordability of the destination as a whole is of primary importance. Price is followed closely by the availability and quality of a suitable hotel and meeting space. Below-market rent for facilities is a key factor driving the industry. Discounts on hotel bookings and function space rental are ranked as the top two components in any evaluated proposal. However, availability of hotels and the proper types of function space (ballrooms and breakout meeting rooms) remain vital. For Fort Worth, having a large quality hotel within walking distance to a multi-functional meeting facility opens up the market for many types of events, accommodates and drives corporate demand and draws non-local visitors. Having restaurants and entertainment attached or in the immediate proximity will also enhance its appeal. Another highly-ranked proposal component is listing a single point of contact at the venue. Essentially any means of reducing the amount of work necessary to coordinate an event and eliminate any confusion due to poor communication is weighed heavily.

The following table lists the key factors considered when assessing a potential venue for an event.

**Table 4-22**

<b>Event Site-Selection Trends - Factors for Venues</b>			
<b>Factor</b>	<b>1 = Very Important</b>	<b>2 = Moderately Important</b>	<b>3 = Not Important</b>
Cost (to you, the event management group)	91%	9%	0%
Costs (to exhibitors and attendees)	88%	10%	2%
Exhibit halls(s) size and quality	82%	16%	4%
Exhibit space layout (single floor, contiguous)	80%	17%	3%
Meeting room capacity and quality	78%	16%	6%
Quality and proximity of hotels	71%	20%	9%
Labor costs and service issues	65%	31%	4%
Food and beverage quality and costs	62%	36%	2%
Ballroom capacity	54%	32%	14%
Technology services and capabilities	45%	45%	10%
Airport access to venue and hotels	41%	42%	17%
Attached, headquarters hotel	41%	37%	22%
Regional population / demographics	34%	39%	27%
Parking availability	33%	46%	21%
Proximity to entertainment and restaurants	31%	52%	17%
Highway and mass transportation access	20%	57%	23%
Environmental sustainability	7%	65%	28%
Proximity to tourism and cultural amenities	7%	52%	41%
Proximity to recreational activities	5%	51%	45%

Source: R7M Research & Consulting

While the walkability, entertainment and amenities of a potential host city are critical to the selection process, the factors coupled with the venue are just as significant. As seen from the previous tables, cost is a key element considered in all areas associated with a meeting or event. This is true of the venue itself. The cost to the event management group, exhibitors and attendees ranks the highest of all the considered components. The next vital areas of consideration for a venue are the size and quality of function space available. This has been reinforced from conversations with organizations that have hosted events at the Fort Worth Convention Center. While there are many areas in which the Fort Worth Convention Center excels, such as customer service, it does not fully compensate for the deteriorating condition of some of the function space areas. The arena and surrounding meeting rooms are key examples of this and were heavily criticized by organizations that have utilized these components.

Once a destination is selected, planners must then choose a hotel. The following table shows the important factors for selecting hotels within the destination.

**Table 4-23**

<b>Important Factors when Selecting a U.S. Meeting Destination</b>			
	<b>Convention</b>	<b>Association Meeting</b>	<b>Corporate Meeting</b>
Number, Size and Quality of Meeting Rooms	93%	69%	81%
Negotiable Food, Beverage and Room Rates	87%	80%	79%
Cost of Hotel or Meeting Facility	82%	80%	80%
Number, Size and Quality of Sleeping Rooms	79%	54%	72%
Quality of Food Service	70%	63%	70%

Source: Meetings Market Report

As shown, this reinforces the importance of the availability of the right spaces and the fees for those spaces as primary factors.

## Implications

The convention and conference event industry is diverse and responds well to facilities that can accommodate needs such as assembly space for general sessions and displays, ballroom facilities and numerous breakout-meeting rooms. Supply has been outpacing demand in the convention and meetings industry, even before the economic downturn in 2008. Even in the economic downturn, however, more than 65 percent of convention and meetings facilities expanded, renovated or built new facilities. This hurt pricing power for facilities over the past several years, but as the economy and meetings expand, balance is being restored to the supply/demand mix. For those communities with the right mix of facilities and attractiveness, the return on investment can be quite measurable, in jobs, business activity and tax revenue.

Important factors in the decision-making process of choosing a convention or meeting site include availability of nearby hotel rooms, cost of travel, and meeting space in the facility and hotels. The most important types of meeting space now are the number of breakout meeting rooms and ballrooms. Expo and exhibition space are still important, but less so now than in the past. Higher rated business (e.g. corporate, medical, associations that are willing to pay more for better facilities and experiences) needs many breakout rooms and high quality ballrooms to conduct their trainings and other meetings.

Is investment in this industry worth it? For those that construct and manage the right set of facilities within an attractive market, yes. The market is currently absorbing expansions planned during the past economic expansion. With the economy on the rebound and civic budgets strained, supply increases should be constrained for the next several years while demand should increase. This will mean that for the next five to ten years, the expanding demand will shift the market more toward the seller's advantage. Those that put the right package together: hotels and the right kinds of function space in a walkable environment, will generate new meetings and event business. Enhancing the 'fun' side of the community, such as a nearby downtown or entertainment/restaurant district, will provide the community more to sell against its competitors.

Ultimately, those cities with a competitive package will generate a constant flow of group and event business that will support a number of hotels, restaurants and jobs.

For Fort Worth, the question of how best to penetrate the meetings and conference market is answered by looking at market conditions. As will be shown in the following chapters, there are a number of strong competitors across the U.S. with compelling downtowns, yet with better convention and hotel facility packages. Fort Worth needs to consider what changes are necessary to remain competitive and continue to grow their hospitality industry. Any changes must be sensitive to the market opportunities that exist and are expanding. Throughout the balance of the report, HSP provides its recommendation for how to proceed in the events and hospitality industry.

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## COMPETITIVE EVENT DESTINATION ANALYSIS

This section provides a total of 29 different peer city or competitive destination profiles. HSP selected six competitive locations within the state of Texas: Austin, Dallas, Grapevine, Houston, Irving and San Antonio and 23 competitive convention cities across the U.S. While these cities differ in size, function space and hotel offering, they are either similar in size, have similar convention center sizes, have been noted by the FWCVB as competitors or are geographically competitive.

The following is a map of the peer cities profiled by HSP for the study:

Figure 5-1



Perhaps the most telling analysis in this report beyond the specific demands of meeting planners is the analysis of the competitive environment. A profile is provided for each destination, however the numbers tell a story of how Fort Worth compares. Those figures are presented first.

The first table lists the competitive cities/destinations, the metro area population, name of the convention center and breakdown of exhibit, ballroom and meeting rooms in the convention center.

**Table 5-1**

**Fort Worth Competitive Destinations**

City	Metro Population (000s)	Convention Center Name	Total Function Space	Exhibit SF	Ballroom SF	Meeting Room SF	Number of Breakout Divisions	Largest Ballroom SF
Austin	1,728	Austin Convention Center	366,893	246,097	63,928	56,868	65	40,510
Baltimore	2,710	The Baltimore Convention Center	407,216	300,000	36,672	70,544	61	36,672
Charlotte	2,224	Charlotte Convention Center	406,490	280,000	75,000	51,490	46	40,000
Cleveland	2,077	Cleveland Convention Center	319,099	225,928	43,166	50,005	38	32,193
Columbus	1,902	Greater Columbus Convention Center	483,383	385,522	39,729	58,132	74	25,000
Dallas	4,231	The Kay Bailey Hutchison Convention Center	1,383,190	949,526	65,129	97,245	126	26,992
Denver	2,554	Colorado Convention Center	752,808	579,000	82,156	91,652	77	47,700
Grapevine	4,231	Gaylord Texan Resort & Convention Center	298,781	179,520	84,706	34,555	76	49,025
Houston	5,920	George R. Brown Convention Center	989,689	862,000	31,590	96,099	107	31,590
Indianapolis	1,892	Indiana Convention Center	729,551	558,000	57,072	114,479	98	33,335
Irving	4,231	Irving Convention Center	85,261	48,576	26,104	10,581	28	19,264
Kansas City	2,009	Kansas City Convention Center	420,030	287,820	70,394	61,816	43	46,484
Long Beach	9,819	Long Beach Convention & Entertainment Center	348,730	224,000	39,973	38,757	39	20,456
Louisville	1,238	Kentucky International Convention Center	440,012	337,000	30,160	72,852	60	30,160
Memphis	1,327	Memphis Cook Convention Center	232,572	158,683	27,776	46,113	36	27,776
Minneapolis	3,349	Minneapolis Convention Center	598,113	475,200	27,522	95,391	94	27,522
Nashville	1,676	Music City Center	519,943	353,143	75,400	91,400	75	57,500
Oklahoma City	1,253	Cox Convention Center	173,052	99,439	25,956	32,657	41	25,956
Orange County, CA (Anaheim) <sup>1,2</sup>	3,018	Anaheim Convention Center	969,431	813,607	38,058	89,626	57	38,058
Phoenix	4,209	Phoenix Convention Center	965,315	646,927	118,800	199,588	139	45,600
Pittsburgh	2,356	David L. Lawrence Convention Center	419,921	312,756	31,212	75,953	61	31,212
Portland	2,233	Oregon Convention Center	356,782	242,000	59,400	55,382	70	34,200
Salt Lake City	1,092	Salt Palace Convention Center	671,220	510,600	45,000	115,620	75	45,000
San Antonio	2,153	Henry B. Gonzalez Convention Center	616,367	423,769	89,102	103,496	56	39,576
San Diego	3,104	San Diego Convention Center	817,903	617,501	81,661	118,741	82	40,955
Seattle	3,449	Washington State Convention Center	327,739	205,700	63,646	58,393	62	63,646
St. Louis	2,790	America's Center Convention Complex	636,924	485,000	28,416	123,508	88	28,416
Tampa	2,789	Tampa Convention Center	278,747	200,000	36,000	42,747	42	36,000
<b>Average</b>	<b>2,913</b>		<b>520,699</b>	<b>381,169</b>	<b>52,542</b>	<b>74,559</b>	<b>67</b>	<b>36,234</b>
<b>Fort Worth</b>	<b>2,204</b>	<b>Fort Worth Convention Center</b>	<b>340,253</b>	<b>227,613</b>	<b>28,160</b>	<b>58,520</b>	<b>55</b>	<b>28,160</b>

Source: Hunden Strategic Partners, Smith Travel Research, Mpoint, Cvent, U.S. Census Bureau

The cities range in size from 1.1 million in Salt Lake City to 9.8 million in Long Beach/Los Angeles (an outlier in terms of competitors), although the average is 2.9 million, much closer to Fort Worth's size. When considering that Fort Worth is part of the larger Metroplex, including Dallas' 4.2 million residents, it is part of a nearly 7 million resident market, so can consider itself both a mid-sized and large city. The total rentable square footage of convention centers of the competitors averages approximately 520,000, or about 180,000 square feet more than the FWCC. The exhibit space offered averages 381,000 square feet, nearly 200,000 square feet more than the "prime" exhibit space at the FWCC, when not counting the Annex space. Total ballroom space is nearly double what the FWCC offers at 52,000 square feet. Total breakout meeting room space is about 50 percent great than the FWCC's space and the number of breakout divisions is also lower by about one dozen rooms. When considering the lower quality of many of the FWCC's meeting rooms, the disparity is even greater.

Fort Worth is competing directly with these destinations, regardless of their city population, so its facilities' size and quality are being compared by meeting planners, especially in Texas, but also nationally, when considering if their events can be hosted. The ratio of ballroom and meeting space to exhibit space is also trending higher in more successful facilities, as the reliance on exhibit space is lessening, compared with demand for ballroom and meeting rooms.

The next table shows metro area hotel metrics for the profiled destinations. When major conventions and events that use thousands of hotel rooms consider destinations, they determine whether the metro area has enough hotel rooms to satisfy the group. Knowing that many are not going to meet their quality needs or will be occupied by other transient business, they want to understand overall capacity.

**Table 5-2**

City	Metro-Wide Hotel Room Count*	Metro-wide	Metro-wide
		Rooms per 1,000 SF of Exhibit Space	Rooms per 1,000 People
Austin	33,300	135	19
Baltimore	33,405	111	12
Charlotte	33,650	120	15
Cleveland	21,427	95	10
Columbus	26,858	70	14
Dallas	58,820	62	14
Denver	43,464	75	17
Grapevine	7,794	43	2
Houston	78,228	91	13
Indianapolis	31,748	57	17
Irving	15,667	323	4
Kansas City	32,579	113	16
Long Beach	6,092	27	1
Louisville	20,428	61	17
Memphis	22,635	143	17
Minneapolis	39,062	82	12
Nashville	38,614	109	23
Oklahoma City	24,161	243	19
Orange County, CA (Anaheim) <sup>1,2</sup>	55,413	68	18
Phoenix	62,889	97	15
Pittsburgh	26,399	84	11
Portland	26,509	110	12
Salt Lake City	22,335	44	20
San Antonio	45,494	107	21
San Diego	59,835	97	19
Seattle	42,603	207	12
St. Louis	38,199	79	14
Tampa	45,101	226	16
<b>Average</b>	<b>35,454</b>	<b>93</b>	<b>12</b>
<b>Fort Worth</b>	<b>23,927</b>	<b>105</b>	<b>11</b>
<b>Amount Needed to Reach Average</b>	<b>11,527</b>		
* Includes hotels under construction			
<sup>1</sup> Metro area wide - not city limit hotels			
Source: Hunden Strategic Partners, Smith Travel Research, Mpoint, Cvent, U.S. Census Bureau			

The average for the competitive cities is more than 35,000 rooms, while Fort Worth's nearly 24,000 rooms is more than 11,000 rooms less. However, because it is adjacent to Grapevine, Irving and Dallas, the total market area has nearly 105,000 hotel rooms, which is among the most in the

country for any metro area. So while the nearby hotel count is not up to the average, the greater metro area count is more than sufficient for major events like the Super Bowl and Final Fours that have occurred in the area. The ratio to exhibit space and population is also normal for Fort Worth's size. However, holding a mega event downtown Fort Worth may be more of a challenge if distance and time to downtown is a consideration. HSP does not consider the metro area room count to be an issue for Fort Worth for the great majority of events that it would seek to lure.

The next table shows the downtown hotel metrics, including the CBD or central business district hotel room count as well as an even more important metric: walkable hotel rooms. The walkable metric includes those rooms within 1,500 linear feet of the convention center's doors. Meeting planners and attendees make their decisions on where to host a convention and where to stay based on proximity to the convention center. They like adjacent and connected hotels and will balk at walking more than several blocks, especially if weather is going to be a factors, which it often is (storms, heat, cold, snow, ice, rain).

**Table 5-3**

Fort Worth Competitive Destinations' Downtown and Walkable Hotel Package								
City	Walkable Hotel Room Count*	Walkable Rooms per 1,000 SF of Exhibit Space	CBD Hotel Room Count*	CBD Rooms per 1,000 SF of Exhibit Space	# of Walkable Hotels	Avg. Walkable Room Count/Hotel	# of CBD Hotels	Avg. CBD Room Count/Hotel
Austin	5,866	24	11,580	47	14	419	34	341
Baltimore	6,057	20	8,560	29	19	319	32	268
Charlotte	2,819	10	4,884	17	9	313	19	257
Cleveland	3,161	14	4,680	21	9	351	17	275
Columbus	2,509	7	3,824	10	10	251	15	255
Dallas	3,183	3	7,146	8	6	531	16	447
Denver	6,033	10	8,181	14	16	377	24	341
Grapevine	1,511	8	1,511	8	1	1,511	1	1,511
Houston	3,278	4	6,998	8	6	546	23	304
Indianapolis	6,259	11	7,033	13	20	313	26	271
Irving	839	17	1,121	23	3	280	8	140
Kansas City	2,248	8	2,621	9	6	375	10	262
Long Beach	1,791	8	3,013	13	6	299	13	232
Louisville	4,691	14	5,241	16	14	335	17	308
Memphis	1,029	6	3,042	19	4	257	16	190
Minneapolis	2,734	6	6,821	14	9	304	29	235
Nashville	3,802	11	3,482	10	12	317	10	348
Oklahoma City	1,519	15	2,007	20	8	190	12	167
Orange County, CA (Anaheim) <sup>12</sup>	8,365	10	12,957	16	28	299	42	309
Phoenix	3,274	5	3,364	5	9	364	10	336
Pittsburgh	2,600	8	5,315	17	9	289	19	280
Portland	1,914	8	6,712	28	8	239	31	217
Salt Lake City	4,360	9	7,921	16	17	256	30	264
San Antonio	8,911	21	11,574	27	30	297	44	263
San Diego	6,300	10	9,612	16	10	630	25	384
Seattle	6,233	30	7,871	38	20	312	29	271
St. Louis	3,864	8	5,976	12	11	351	16	374
Tampa	2,176	11	3,211	16	5	435	11	292
<b>Average</b>	<b>3,833</b>	<b>11</b>	<b>5,938</b>	<b>17</b>	<b>11</b>	<b>336</b>	<b>21</b>	<b>287</b>
<b>Fort Worth</b>	<b>1,867</b>	<b>8</b>	<b>2,653</b>	<b>12</b>	<b>8</b>	<b>339</b>	<b>12</b>	<b>221</b>
<b>Amount Needed to Reach Average</b>	<b>1,966</b>	<b>3</b>	<b>3,285</b>	<b>5</b>	<b>3</b>	<b>-3</b>	<b>9</b>	<b>17</b>
<b>New Hotel Rooms Needed Now</b>	<b>--</b>	<b>625</b>	<b>--</b>	<b>1,194</b>				
<b>New Hotel Rooms after Expansion for Avg.</b>		<b>Walkable 1,199</b>		<b>CBD 2,079</b>				

\* Includes hotels under construction  
<sup>1</sup> Metro area wide - not city limit hotels  
<sup>2</sup> Used the Anaheim Resort District in place of the CBD  
<sup>3</sup> Uptown Charlotte area is the closest thing to an entertainment district, yet none really exists here yet

Source: Hunden Strategic Partners, Smith Travel Research, Mpoint, Cvent, U.S. Census Bureau

The table above is perhaps the most informative and instructive table in the report in terms of the competitive market and ability of Fort Worth to offer a competitive hotel package. HSP measured the CBD hotel rooms and number of hotels and also considered the size of the exhibit space, since the convention center's size has to be balanced with the room package so events that fit into the convention center can also fit into the nearby hotels. Even more important is the walkable room count, as discussed. Exhibitors and attendees want to stay in an easily walkable hotel relative to the convention center. HSP has determined the existing and under construction hotels in all destinations and their location relative to the convention center and determined that Fort Worth

falls behind in nearly every metric. This suggests that the hotel room block available within walking distance and downtown is not balanced with the size of groups that can be hosted at the convention center. This is backed up by the FWCVB's sales professionals.

The average downtown hotel room count is nearly 6,000 rooms for the competitive set, yet only 2,653 for Fort Worth, suggesting a gap from the average of more than 3,000 rooms. However, since its convention center is also smaller, HSP used the metric of hotel rooms per 1,000 square feet of exhibit space to determine that in order to reach 17 hotel rooms per 1,000 square feet of exhibit space, the downtown would need to add nearly 1,200 rooms today, just to be meet the average. This does not count the hotels needed to support an expansion. After expansion, suggested to reach 280,000 square feet of exhibit space, nearly 2,100 rooms would be needed.

The walkable metric is the most important metric, however. Currently the competitive set offers an average of 11 hotels with 3,800 rooms walkable from their convention centers. Eight of the competitors offer about 6,000 rooms or more, including Austin and San Antonio. This puts Fort Worth nearly 2,000 rooms lower than the average. When considering the metric "walkable hotel rooms per 1,000 square feet of exhibit space," the average is 11 and Fort Worth only offers eight, which implies that currently the FWCC could use another 625-room hotel adjacent or near it to bring it up to the average. In conversations with planners and the FWCVB, this is about the size that all have said that a hotel should be to make the current building size work for their group.

So based on the demand side interviews and the competitive supply side metrics, it has been established that Fort Worth offers approximately 600 too few rooms near the convention center and about 1,200 too few rooms (including the 600 near the FWCC) downtown. Putting all 1,200 new rooms near the FWCC would make the community more competitive, on average, than the competitive set.

However, that is only for the current building size. In order to provide the proper number of hotel rooms near the expanded FWCC, a total of 1,200 rooms near the convention center and 2,000 downtown would be required to meet the needs of groups and compete in the market. This may be easier to accomplish than it appears, as several hotels are in process in the downtown area that will help with the CBD room count. If a second headquarters convention hotel is added and the existing Omni expanded, then the downtown would meet these goals and be extremely competitive for events.

The next table shows the headquarters convention hotels for the competitive set.

**Table 5-4**

<b>Fort Worth Competitive Destinations' Headquarter Hotels</b>		
<b>City</b>	<b>Largest Walkable Convention Hotel</b>	<b>Rooms</b>
Austin	JW Marriott Austin	1,012
Baltimore	Hilton Baltimore	757
Charlotte	Westin Charlotte	700
Cleveland	Hilton	600
Columbus	Hyatt Regency Columbus	631
Dallas	Omni Dallas Convention Center Hotel	1,001
Denver	Hyatt Regency Denver Convention Ctr. <sup>4</sup>	1,100
Grapevine	Gaylord Texan Resort & Convention Center	1,511
Houston	Hilton Americas	1,200
Indianapolis	JW Marriott Indianapolis	1,005
Irving	Dallas Marriott Las Colinas	361
Kansas City	Kansas City Marriott Downtown	983
Long Beach	Hyatt Regency Long Beach	528
Louisville	Galt House	1,291
Memphis	Sheraton Memphis Downtown Hotel	600
Minneapolis	Hilton Minneapolis	821
Nashville	Omni Nashville Hotel	800
Oklahoma City	Sheraton Oklahoma City Hotel	395
Orange County, CA (Anaheim) <sup>1,2</sup>	Hilton Anaheim	1,572
Phoenix	Sheraton	1,000
Pittsburgh	Westin Convention Center	616
Portland	Doubletree Portland	477
Salt Lake City	Marriott Salt Lake Downtown @ City Creek	510
San Antonio	Grand Hyatt San Antonio	1,003
San Diego	Grand Hyatt Manchester San Diego	1,628
Seattle	Sheraton Seattle Hotel	1,258
St. Louis	Renaissance Grand	1,018
Tampa	Marriott Tampa Waterside Hotel & Marina	719
<b>Average</b>	<b>Average</b>	<b>896</b>
<b>Fort Worth</b>	<b>Omni Fort Worth Hotel</b>	<b>614</b>

Source: Hunden Strategic Partners

Several of the competitors are adding new convention headquarter hotels that will supersede those listed here, such as in Irving, Portland and Salt Lake City. So within one or two years, the average will be well over 900 rooms. Fort Worth's convention hotel is the Omni with 614 rooms, which is about 300 rooms fewer than the average.

There are many groups that will not consider a city that does not have a 1,000-room hotel. While this is somewhat of an arbitrary number, it helps larger events sort out the major event cities from the rest. About half of the competitors offer a 1,000-room or larger hotel (or multiple), including Dallas, Houston, San Antonio and Austin. By offering such a facility, which the market in Fort

Worth should be able to absorb if opened during decent economic times, it would put Fort Worth in a whole new category of competition, which it should be.

The next table shows the competitive destinations' entertainment districts and their distance from the convention center. The proximity of restaurants, nightlife and entertainment is also becoming more critical to planners. This is discussed in more detail later in this report.

**Table 5-5**

<b>Fort Worth Competitive Destinations' Distance to Entertainment Districts</b>		
<b>City</b>	<b>Entertainment District?</b>	<b>Distance to Conv. Ctr. (Miles)</b>
Austin	Sixth Street	0.15
Baltimore	Power Plant Live	0.50
Charlotte	No notable district nearby	n/a
Cleveland	4th Street	0.20
Columbus	Short North	0.05
Dallas	No notable district nearby	n/a
Denver	Denver Pavilions	0.30
Grapevine	n/a	n/a
Houston	Green Street	0.30
Indianapolis	Circle Centre Mall / Wholesale District	0.10
Irving	Irving Music Factory	0.20
Kansas City	Power & Light District	0.10
Long Beach	The Pike at Rainbow Harbor	0.05
Louisville	4th Street Live!	0.10
Memphis	Beale Street	1.00
Minneapolis	Warehouse District	0.60
Nashville	Lower Broadway	0.20
Oklahoma City	Bricktown	0.20
Orange County, CA (Anaheim) <sup>1,2</sup>	GardenWalk	0.50
Phoenix	50 West Jefferson	0.20
Pittsburgh	Penn-Liberty Historic District	0.10
Portland	Old Town-Chinatown	0.60
Salt Lake City	Area South of City Creek Mall	0.10
San Antonio	River Walk	0.10
San Diego	Gaslamp Quarter	0.20
Seattle	Pike Place & Capitol Hill	0.40
St. Louis	Ballpark Village/Laclede's Landing/Garment District	0.50
Tampa	Channel District	0.30
<b>Average</b>		<b>0.28</b>
<b>Fort Worth</b>	<b>Sundance Square Area</b>	<b>0.30</b>

Source: Hunden Strategic Partners

As shown, most of the competitors have entertainment districts within easy walking distance from the convention center. Some of the most compelling are in Texas in San Antonio and Austin. Fort

Worth's district is walkable as well and fairly well located relative to the FWCC. Fort Worth's downtown and its leisure time assets are perceived as much more walkable and accessible than those in Dallas and Houston. There are other cities, like Kansas City, that have developed their districts essentially right out the front door of the convention center, which makes for a complete package for the convention-goer.

Each profile includes a brief overview of the cities' general characteristics, a breakdown of function space at the convention center, details on the walkable hotels and any upcoming hotel developments and other news pertinent development news. A map of the convention center and surrounding area is provided for each city profile.

## **Competitor Profiles – State of Texas**

The first subset of profiles includes those in Texas, where Fort Worth finds its toughest and most often cited competition.

### *Austin, Texas*

Located in central Texas, also known as Texas Hill Country, Austin is the state's capital city and the nation's 11<sup>th</sup> largest city. Austin is the fourth-largest city in Texas, with a metro population of approximately 1.7 million. Austin is home to the University of Texas and serves as the headquarters for several notable companies including Dell and Whole Foods. The city is well known for its music festivals such as Austin City Limits and South by Southwest (SXSW), which draw a nationwide audience each year.

The Austin Convention Center is located downtown and has 366,893 total square feet of function space. This square footage is made up of approximately 250,000 square feet of exhibit space, 64,000 square feet of ballroom space and 57,000 square feet of meeting space with 65 divisions. The convention center is operated by the City of Austin. In February of 2013, Austin hosted the TCEA (Texas Computer Education Association) Convention & Exposition, an event that ranked 202<sup>nd</sup> on the Tradeshaw 250 list for 2013.

As the state capital, the convention center receives more than its fair share of state association business. Typically, events will meet in Austin most often, then choose other cities like Dallas, Houston and San Antonio (as well as Fort Worth) in alternating years. The convention center and meetings hotels are also popular for technology-oriented events, event related to health/wellness, and "creative class" related events. In addition, due to major events like South by Southwest, the Formula One race, University of Texas football games, and others, there are many times on the annual calendar when hotels are sold out and the convention center cannot be booked or can only be booked for events related to these major city-wide events.

In March of 2014, the Austin Convention Center announced that it has entered into a long-term consulting contract led by the global design firm Gensler with the purpose of creating a long-range plan for the center that takes into account the market, industry trends and supply and demand. The contract also includes an analysis of the current facilities (Austin Convention Center and Palmer

Events Center), recommendations for future utilization, a financial analysis and an implementation plan for future expansion that will keep Austin competitive in the convention/trade show industry.

The following is a map of downtown Austin, its convention center and surrounding hotels.

Figure 5-2



There will soon be 14 walkable hotels that HSP deemed suitable for meeting attendees, including hotels under construction or under development. These hotels have a total of 5,866 rooms, and the largest of which is the JW Marriott Austin, which will open in March of 2015 with 1,012 rooms and 112,000 square feet of meeting space. Austin is in the midst of one of the largest hotel booms in the nation, with several additional downtown hotels currently under construction. A 326-room Westin Hotel will open in the spring of 2015, a 322-room boutique concept called Hotel Van Zandt will open in early 2015 and a 160-room Hotel ZaZa that will also come online sometime the same year. In addition, a new \$350 million convention hotel is planned to open in 2016. The 1,035-room will operate under the luxury brand Fairmont. In addition, White Lodging, the developer behind the JW Marriott is also developing a 31-story dual-branded hotel tower to include Aloft and Element brands, which will add another 450 rooms. The Austin CVB currently attributes 25 percent of lost business to not having enough hotel space, which this spate of development should address.

Existing downtown hotels have begun renovation in response the influx of new hotel rooms, including the 800-room Hilton Austin adjacent to the convention center, which completed a \$21 million renovation in early 2014. The renovation included all new furnishings, soft goods, accessories and artwork in each of the guest rooms and executive accommodations. The Four Seasons Austin has renovations planned for 2014, although the specific details have not been released. The 291-room luxury hotel was built in 1986, and its last renovation took place in 2007.

In addition to Austin's booming downtown, there is additional venue-related development outside of the city. Austin's Circuit of the Americas completed the Tower Amphitheatre in April of 2013. The 15,000-capacity venue (5,200 fixed seats, 1,700 seated or 2,300 general admission on the floor, 7,000 lawn) was added to the existing Formula One racetrack in an effort to create a major sports and entertainment destination at the site that is located eight miles outside of downtown Austin.

### *Dallas, Texas*

Dallas, Texas is the economic center of the 12-county Dallas-Fort Worth-Arlington metropolitan area, which is the fourth-largest metropolitan area in the United States with a metro population of about 6.5 million. In 2013, the Dallas metro area led the nation in its year-over-year increase in employment, and became the fourth-largest employment center in the country (behind New York City, Los Angeles and Chicago). The Dallas area is a hotbed for corporate headquarters. The 20 located in the region, including Southwest Airlines, Frito Lay, AT&T, 7-Eleven, give Dallas-Fort Worth-Arlington one highest concentrations of corporate headquarters for publicly traded companies in the nation.

Dallas is also a sports hub and one of the few US cities with professional teams in five different sports. The Dallas Cowboys (NFL) is the most valuable sports franchise in the United States and the second-most valuable in the world (behind Manchester United). Other professional teams include the Texas Rangers (MLB), the Dallas Mavericks (NBA), the Dallas Stars (NHL) and FC Dallas (MLS).

The convention center in Dallas is called the Kay Bailey Hutchison Convention Center and is located downtown Dallas and has 1,383,190 total square feet of function space, including approximately one million square feet of exhibit space, 65,000 square feet of ballroom space, almost 100,000 square feet of meeting room space with 126 divisions. There is also a 9,618-seat arena. The convention center is operated by the City of Dallas.

Last year, Dallas hosted several events that ranked in the Tradeshow 250 list for 2013: the International Air-Conditioning, Heating, Refrigerating (AHR) Expo, the Great American Trucking Show, the Nursery/Landscape Expo, the American Heart Association Scientific Sessions, the Southwest Foodservice expo 2013 and the Advertising Specialists Institute Show.

The huge amount of square footage at the convention center makes it one of the nation's largest, but in fall of 2013, the Dallas CVB announced that it was pursuing a \$300 million expansion of the facility because it was losing business due to space limitations. While there are three ballrooms, the largest contiguous ballroom is just 26,992 square feet, and its arena is outdated. As Dallas works through its growing pains in order to compete for national business, the facility does not fare as well with statewide business simply due to its magnitude. Convention centers of this size can be intimidating for many groups on the local or regional level who would prefer a destination that is less intimidating, more inviting and easily navigable. Dallas is a perfect example of how a center's size can be both its best asset and its greatest hurdle.

The following is a map of downtown Dallas, its convention center and surrounding hotels.

Figure 5-3



There are six hotels and 3,183 hotels rooms between three hotels within walking distance of the Kay Bailey Hutchinson Convention Center. The largest is the 1,001-room, city-owned Omni Dallas Convention Center Hotel that is connected to the facility. The city spent \$40 million upgrading the convention center in preparation for the opening of the Omni in 2011.

In early 2014, developer Mehrad Moayedhi announced his ambitions plans for a new mixed-use redevelopment of the vacant former Statler Hilton Hotel on Commerce Street just a few blocks from the convention center. Plans have not been finalized yet, but 17 floors of the development will be split between residences and hotel rooms. Each floor will have 17,000 square feet of residences or 30 hotel rooms per floor. Other components of the \$175-million development include restaurants, retail, office spaces, a lounge, a live-music venue and a six-screen movie theater. The developer is requesting \$46.5 million in TIF from the City of Dallas. In addition, an adaptive reuse of the West End Marketplace at Market and Munger Streets has been proposed by Irving-based developer NewcrestImage LLC. Details of the seven-story hotel have not been released, but the developer is requesting \$4 million in TIF.

In 2013, the City of Dallas announced it would spend \$27 million on development in the area immediately surrounding the convention center. Plans include a 15,000-square foot strip center with retail and restaurants, a 350-space parking garage and pedestrian streetscapes and streetcars. The city is paying for the project with cost savings from construction of the Omni Hotel, which is publically owned.

In January 2014, the Dallas City Council approved a \$4.67 million construction contract to add lighted walls and streetlights, directional signs and railings to the walkway underneath the center. This area has been identified as a burgeoning pedestrian thoroughfare because it connects people to DART's Red and Blue lines, the convention center and the Omni Hotel. These improvements combined with new development in the area will address some of the existing walkability and entertainment issues Dallas is currently facing.

### *Grapevine, Texas*

Grapevine, Texas is a suburb of Dallas and located within the Dallas-Fort Worth Metroplex, an area with a metro population of 6.8 million people. Given the city's proximity to the Dallas-Fort Worth Airport, the Grapevine economy is intricately connected to the facility both in terms of employment and in terms of lodging and restaurants for air travellers. Grapevine has also made important efforts in maintaining its historic downtown, and while the down is not located near the convention center, the city still has a small-town, accessible feel.

The \$500-million dollar Gaylord Texan Resort & Convention Center opened in 2004 just six miles north of DFW Airport. It is a "one-stop shop" for events, meaning attendees can meet, eat, sleep and be entertained all under one roof. Its many amenities make it appeal to corporate meetings and professional associations, and a reported 80 percent of its business comes from conventions. The hotel portion contains 1,511 guest rooms, each equipped with high-speed Internet access, safes with built-in laptop chargers and refrigerators. The facility also contains almost 300,000 square feet of function space that includes approximately 180,000 square feet of total function space, 85,000 square feet of ballroom space and 35,000 square feet of meeting room space with 76 total divisions. Climate-controlled glass atriums enclose indoor gardens and waterways, a day spa, a fitness center, the Glass Cactus Nightclub, six restaurants, seven lounges and a variety of shopping experiences.

*Leisure and Hospitality Magazine* reported in 2014 that the Gaylord Texan is planning an expansion once capital markets recover. Five hundred guest rooms and 200,000 square feet of meeting space will be added. In 2013, construction was completed on a parking garage that will help accommodate the future expansion.

The Gaylord Texan was purchased by Marriott, which manages and markets the brand, but the facility has faced some challenges to this integration. While it seems like it would be the perfect setting for an event or convention, planners and attendees tire of the entirely orchestrated experience for which the Gaylord brand is known, so they often rotate outside of a Gaylord concept so that they can get out and enjoy a more authentic experience. By having a compelling and walkable downtown that is unique and that does not feel manufactured, Fort Worth can gain market share from Grapevine.

### *Houston, Texas*

The Houston metropolitan area in southeast Texas is the fifth largest in the nation and has about six million people. Houston has a robust economy heavily based in industrial sectors such as energy, oil, aeronautics and transportation. In addition, the Houston area is a hub for academic and medical research institutions, and in terms of business, only New York City is home to more Fortune 500 companies than Houston. The area has professional sports in every major league except the National Hockey League. The Houston Astros play in the MLB, the Houston Rockets in the NBA, the Houston Texans in the NFL and the Houston Dynamo is the Major League Soccer team.

Houston's George R. Brown Convention Center (GRB) and is located downtown and contains about one million square feet of function space. There is 862,000 square feet of exhibit space, about 32,000 square feet of ballroom space and almost 100,000 square feet of meeting room space with 107 divisions. The GRB is operated by Houston First, a local government corporation that was formed in 2011 to operate the city-owned convention center and performing arts venues. Houston First also operated the connected Hilton-Americas Houston.

In 2012, a master plan was released for the GRB that identified (in order of priority) hotel package, attractions and activities and convention facilities as the three key drivers for GRB business through the year 2025. The plan identified an immediate need for 1,000 additional walkable hotel rooms and a longer-term need for 2,000 additional walkable hotel rooms. The plan also outlines a recommended expansion (if walkable hotel rooms were added) that would take place on the south end of the facility and include 350,000 square feet of additional exhibition space, 211,000 square feet of additional meeting/ballroom/program space and up to 114,000 square feet of light exhibit/food and beverage space. The expansion would also include a parking structure for about 2,000 vehicles and the creation of a plaza that would serve as the new entrance of the convention center.

Last year, the GRB hosted several events that made the Tradeshow 250 list for 2013. The HOUSTEX event for the Society of Manufacturing Engineers SME took place in February and ranked 218<sup>th</sup> on the list. The National Catholic Education Association Convention & Expo took place in April

and ranked 238<sup>th</sup> on the list. In May, the National Rifle Association (NRA) hosted its annual meeting and exhibits which ranked 120<sup>th</sup> on the list. In August the National Black MBA Association Annual Conference took place at the GRB and ranked 186<sup>th</sup> on the list. Finally, the National Recreation and Park Association (NRPA) hosted its congress and exposition in October, which ranked 106<sup>th</sup> on Tradeshow 250 list for 2013.

The following is a map of downtown Houston, its convention center and surrounding hotels.

Figure 5-4



Including the Marriott Marquis hotel under development, there will soon be six hotels and 3,278 hotels rooms within walking distance of the George R. Brown Convention Center. The GRB has made great strides recently in increasing the amount of downtown hotel rooms. A 1,000-room Marriott Marquis is currently under construction and will serve as the GRB's second headquarter hotel (the 1,200-room Hilton-Americas Houston is also connected). The Marriott Marquis is scheduled to open in the spring of 2016. A 323-room JW Marriott will open downtown in 2014, a 17-story vacated hotel will become the city's flagship Holiday Inn and a 166-room SpringHill Suites will open in 2015 just a few blocks from the convention center.

In response to the addition of so many new rooms, additional downtown hotels have begun renovations in order to stay competitive. In 2013, the former Inn at the Ballpark became the Westin Houston Downtown, and the rebranding also included upgrades to furnishings and finishes throughout, an expansion of the fitness center and a new lobby and lobby bar. The Lancaster Hotel completed a \$10-million renovation in 2013 that redesigned all guest rooms, suites, the lobby and meeting spaces. The historic 97-room Sam Houston Hotel is also undergoing an extensive renovation of the guest rooms, meeting rooms, restaurant and bar.

Due to its economic growth and hotel boom, Houston can compete in the national arena for convention business. The city's downfall is that its growth has occurred by way of urban sprawl, creating the perception that the city is not walkable. If Fort Worth can have big city amenities while maintaining its small town attractiveness, it could win business from Houston because it doesn't feel so imposing for conventioners.

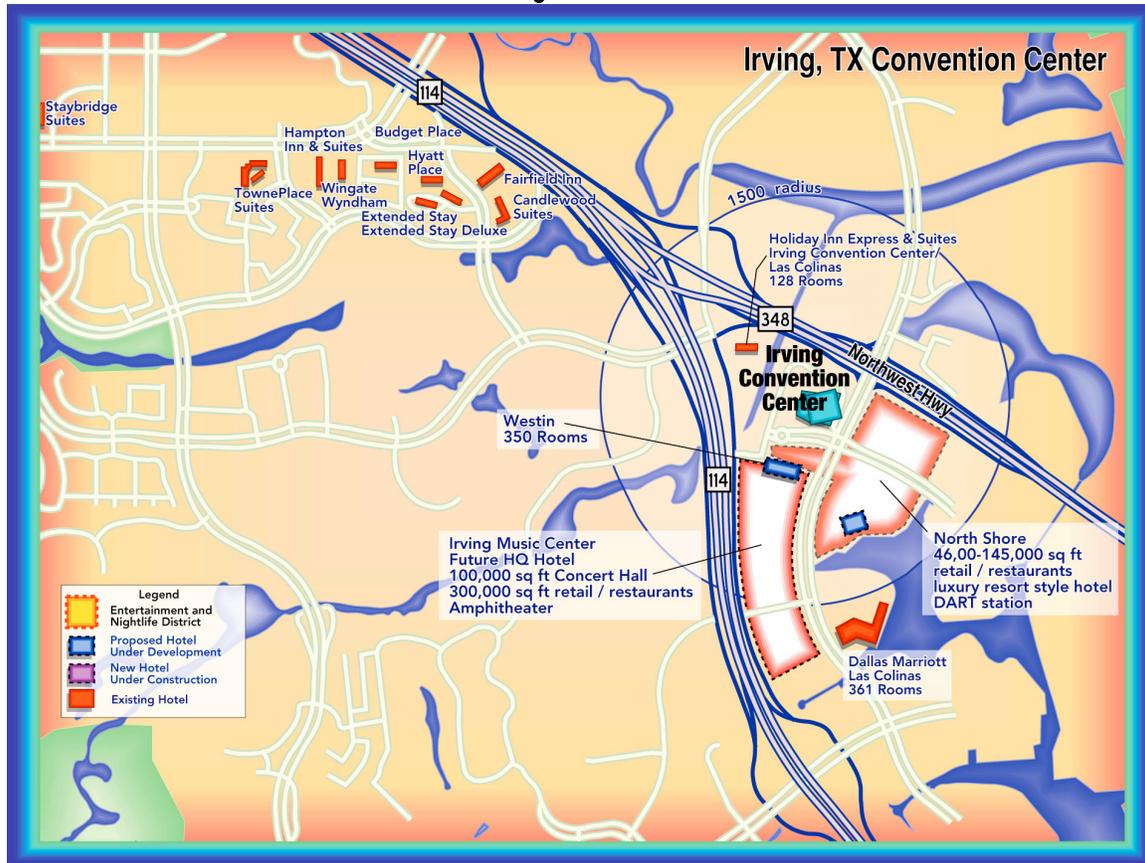
### *Irving, Texas*

Irving, Texas is located within Dallas-Fort Worth Metroplex, an area with a metro population of 6.8 million people. The city also includes the community of Las Colinas, which was one of the first and most-recognized master-planned developments in the United States. Irving is home to several major corporate headquarters including ExxonMobil, Chuck E. Cheese's, Michaels Stores and Omni Hotels.

The Irving Convention Center at Las Colinas was completed in 2011 and has a total of 85,261 square feet of function space that is made up of 48,576 square feet of exhibit space, about 26,100 square feet of ballroom space and 10,581 square feet of meeting room space with 28 divisions.

The Dallas Marriott Las Colinas is the larger of the two current hotels, with 361 rooms. The Holiday Inn Express Hotel & Suites Irving Convention Center has 128 rooms. In 2014, the city announced that it had selected Westin Hotels & Resorts as both the operator for the convention center and for the new headquarter hotel to be opened by late 2015. The 350-room hotel will also have 20,000 square feet of meeting space and will connect to the convention center via skybridge. Including all current and proposed hotels, there could soon be three hotels and 839 walkable hotel rooms from the Irving Convention Center. The following is a map of the Irving-Las Colinas area, its convention center and surrounding hotels.

Figure 5-5



Several additional commercial developments will make Irving a force to be reckoned with for corporate and regional business. As of January 2014, bonds were approved for the city-funded portion of the proposed Irving Music Factory that will include multiple outdoor stages, retail, restaurants, an open plaza space and a large amphitheater. The Charlotte-based Ark Group hopes to break ground in 2014 and open after 18 months of construction. The Irving Music Factory is part of a larger entertainment district that will include 300,000 square feet of retail and restaurants and 100,000 square feet of office space.

Other projects in the early planning stages are the North Shore development on Lake Carolyn that will include 46,000 to 145,000 square feet of retail and restaurants, between 775 and 1,400 residential units and a luxury resort style hotel and the Water Street development that will include 70,000 square feet of shops and restaurants plus 340 high end apartments. In addition, expansion of the Dallas Area Rapid Transit (DART) system in 2014 will connect the Irving Convention Center directly to the Dallas-Fort Worth Airport and additional DART expansions will connect to each of the new developments.

This combination of retail, restaurants, entertainment, housing, lodging and transportation that will come online over the next several years will make Irving a vibrant and attractive destination. While

the developments themselves are contrived rather than authentic, they will create a critical mass of goods and services that will allow Irving to compete with larger cities for corporate and regional meeting business.

### *San Antonio, Texas*

San Antonio is located in south-central Texas and is the center of the San Antonio-New Braunfels metro area, which has a population of about 2.15 million. The city is a popular tourist destination not only for its cultural River Walk and historical significance as the site of the Alamo, but also for mainstream attractions such as SeaWorld and Six Flags Fiesta Texas. San Antonio is home to one professional sports team, the San Antonio Spurs of the NBA.

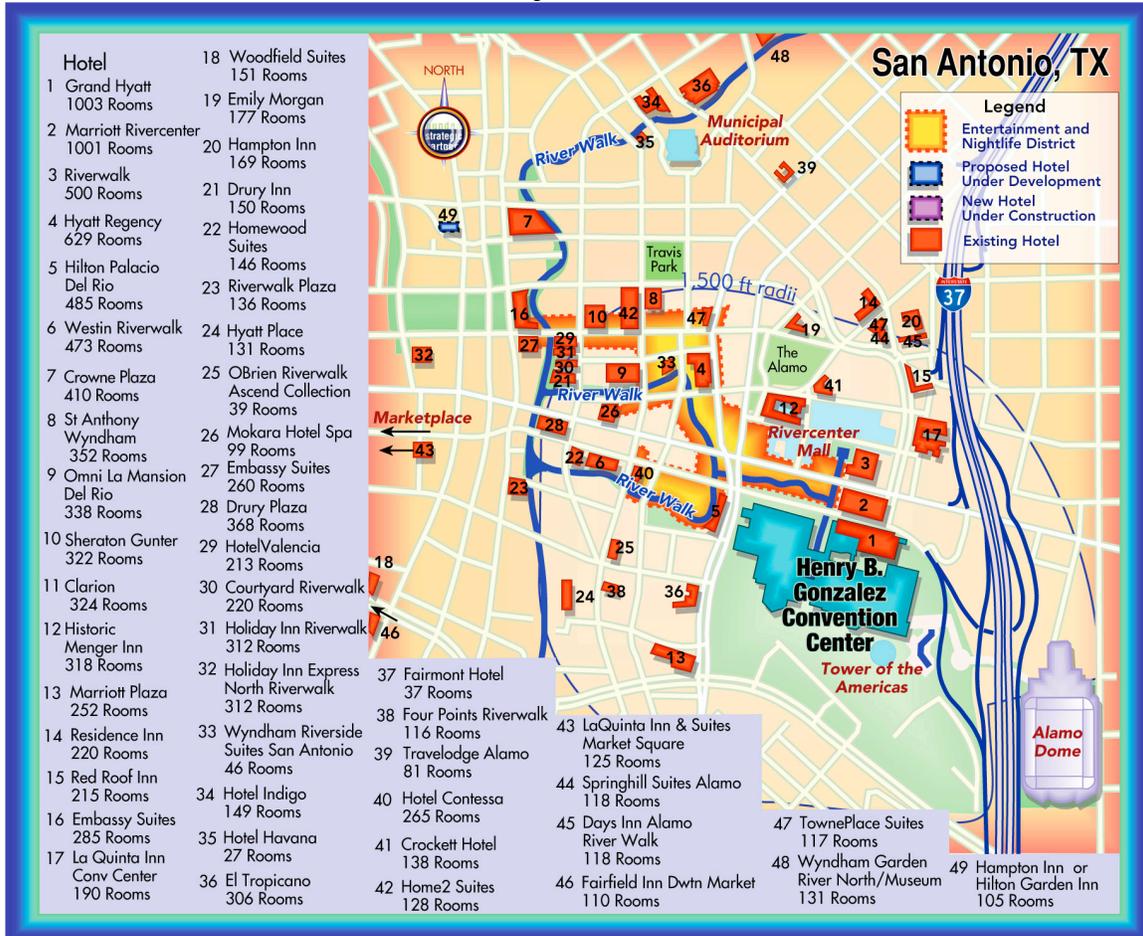
The Henry B. Gonzalez Convention Center (HBGCC) is located in San Antonio's historic downtown and has approximately 616,000 square feet of function space that includes about 425,000 square feet of exhibit space, 90,000 square feet of ballroom space and almost 105,000 square feet of meeting room space with 56 divisions. The River Walk, with its many shops, bars, restaurants and entertainment, is a major draw for San Antonio's conventions business

The center is undergoing a \$325-million rebuild that include a new 54,000-square foot ballroom (the largest in Texas). The amount of contiguous exhibit space will increase to 515,000 and 78,000 existing square feet will be renovated. In total, 835,000 gross square feet of new construction is planned. Completion is scheduled for 2016 with business continuing throughout the renovation. In January of 2014, the *San Antonio Business Journal* reported that since announcing the expansion, the San Antonio CVB has been able to book eight groups that the HBGCC could not previously accommodate, and that the eight bookings alone represent 112,000 future hotel room nights.

The HGBCC is already the host of several notable events from the Tradeshow 250 list for 2013. In February the International Roofing Expo (ranked 193) took place in San Antonio, and in March, the World of Asphalt Show & Conference (ranked 210). The HGBCC also hosted the DUG Eagle Ford event (ranked 231) in September.

The following is a map of downtown San Antonio, its convention center and surrounding hotels.

Figure 5-6



The HGBCC's headquarter hotel is the Grand Hyatt San Antonio. It has 1,003 rooms and is connected to the convention center. The Marriott Riverwalk and the Hilton Palacio del Rio are adjacent. Several additional hotels are under construction or planned for downtown San Antonio. A 105-room Hampton Inn will open in spring 2014, and a 146-room boutique hotel run by Kimpton Management at the Pearl Brewery site will also open in 2014. A 120-room Hilton Garden Inn is planned to open downtown in 2015. Once these new additional hotels are open, there will be 30 hotels and 8,911 hotels rooms within walking distance of the convention center.

There is additional venue-related development happening in San Antonio. The Tobin Center for the Performing Arts, a \$203-million renovation and expansion of the historic San Antonio Municipal Auditorium will open in 2014 and have direct access to the Riverwalk. The 183,000-square foot facility will have 1,761 seats, 27 suites and a studio theater with 230 seats.

### *Other Texas Competitors*

While the biggest Texas cities are the most competitive for events, there are several other growing cities that are seeking to enhance their convention and hotel packages. These include the following:

- **Amarillo.** Adding a 250 to 300-room convention hotel.
- **Corpus Christi.** Studying additions, renovations and hotel developments.
- **Sugar Land.** Studying a new facility and hotel developments.
- **South Padre Island.** Updating studies to determine if expansion and a hotel are feasible.
- There are numerous small cities and suburbs adding hotel and meeting space, given the booming Texas economy.

If Fort Worth does not continue to meet the market, other smaller communities will begin to poach Fort Worth's existing market.

### **Peer Cities – Nationwide**

#### *Baltimore, Maryland*

Baltimore is located in Central Maryland on an arm of the Chesapeake Bay. The city's unique location distinguishes itself from other major East Coast seaport cities by being the closest to the Midwest market. The metro population of Baltimore is approximately 2.7 million. The city is known for its science and health-related industry, which is largely attributable to Johns Hopkins University System and the University of Maryland-Baltimore. The city is home to the Baltimore Ravens NFL team and the Baltimore Orioles MLB team.

The Baltimore Convention Center is located in downtown Baltimore in the Inner Harbor district, a prime business and cultural area of the city. The convention center has a total of 407,216 square feet of function space that includes 300,000 square feet of exhibit space, approximately 37,000 square feet of ballroom space and approximately 71,000 square feet of meeting room space that is divisible into 61 breakout rooms. The convention center is operated by the City of Baltimore.

Baltimore hosted three conventions that made the Tradeshow 250 list: the Natural Products Expo East (ranked 138), the Mid-Atlantic Nursery Tradeshow (ranked 141) and the NFMT – National Facilities Management & Technology event (ranked 220).

The following is a map of downtown Baltimore, its convention center and surrounding hotels.

Figure 5-7



There are 19 walkable hotels from the Baltimore Convention Center that HSP deemed suitable for meeting attendees, the largest being the Hilton Baltimore with 757 rooms. The Hilton opened during the recession, so while it has underperformed, its direct connectivity has been a big plus for the convention center. The total hotel number of rooms within walking distance to the convention center is 6,057.

### *Charlotte, North Carolina*

Located in South Central North Carolina, Charlotte the largest city in the state and has a metro population of approximately 2.2 million. Charlotte has emerged as a financial hub, as the home of both Bank of America and the East Coast operations of Wells Fargo. Charlotte has two major professional sports teams: the Carolina Panthers (NFL) and the Charlotte Bobcats (NBA). The city is also home to the NASCAR Hall of Fame.

The Charlotte Convention Center opened in 1995 in Charlotte's City Center area. The facility has almost 485,000 square feet of function space, including 280,000 square feet of exhibit space, 75,000 square feet of ballroom space and about 51,000 square feet of meeting space with 46 divisions. The convention center is connected to the NASCAR Hall of Fame. In 2012, Charlotte hosted the Democratic National Convention

The following is a map of uptown Charlotte, its convention center and surrounding hotels.

Figure 5-8



There is a 700-room Westin attached to the Marriott center that opened in 2003. Renovations were completed in 2011, which included enhancements to the lobby, guest rooms, corridors and function space. This hotel has historically struggled with corporate and group business because the major banks headquartered there have special deals with other hotels. There are six other hotels within walking distance of the convention center, and one proposed hotel combining for a total walkable room count of 2,819.

There are several new hotel developments happening around Charlotte. The first is a mixed-use development called Tryon Place near the convention center and NASCAR Hall of Fame. The proposed development would include a 450-room hotel, 70,000 square feet of retail and 600 apartments. There is also a \$72-million proposed hotel and sports complex in the planning stages.

The city of Charlotte is working with a Florida-based developer who would build a 125-room hotel and an 85,000-square foot field house near the Bojangles Coliseum and Ovens Auditorium within the next two years. The city hopes the project will meet demand for basketball, volleyball and mat sports. The city also purchased an Econo Lodge adjacent to the site for \$3.5 million, which it will demolish and create a surface parking lot for the new proposed hotel.

### *Cleveland, Ohio*

Cleveland, Ohio is located in northeast Ohio on Lake Erie. It has a metro population of about 2.1 million people. Cleveland has a diverse economy, which originated in oil and manufacturing but has added medical and healthcare education to its repertoire with its world-renowned Cleveland Clinic and the University Hospitals. Cleveland has three major professional sports teams, the Cleveland Cavaliers (NBA), the Cleveland Indians (MLB) and the Cleveland Browns (NFL).

The Cleveland Convention Center is unique in that it was built almost entirely below grade. The original underground convention center was built in 1964, but was demolished in 2010 and a \$465-million rebuild began (cost also includes Global Center). The facility reopened in 2013 with a total of 319,099 square feet of function space that includes 226,000 square feet of exhibit space, about 43,000 square feet of ballroom space and about 50,000 square feet of meeting room space with 38 divisions. Cleveland is not a hub city for airfare, so it struggles with the cost of bringing in national business.

Another component to the Cleveland Convention Center is the neighboring Global Center for Health Innovation, a medical showplace connected to the convention center, which also opened in 2013. The Global Center demonstrates Cleveland's concerted effort to showcase its world-class medical centers and attract global medical meetings business. The medical mart is 235,000 square feet and has 100,000 square feet of permanent showroom space on four floors. Each floor has a theme: Health and Home, People, Patients and Caregivers, Clinical Spaces and Health Care IT. Tenants include GE Healthcare, HIMSS, Cleveland Clinic, Hyland Software, MetroHealth Medical Center, Siemens and STERIS Corporation. Management of the Cleveland Convention Center and Global Center was recently transferred to SMG in a deal that is projected to save \$8.5 million annually. Previously the convention center was paying almost \$9 million annually for 15 years to the buildings' developer, Chicago-based real estate company Merchandise Mart Properties, Inc.

The following is a map of downtown Cleveland, its convention center and surrounding hotels.

Figure 5-9



To accommodate the new convention center and Global Center, new hotel development is occurring on a large scale in Cleveland. Construction is underway on the new headquarter hotel, a 600-room Hilton that will be connected to the convention center. The hotel will open in 2016 and have 55,000 square feet of its own meeting space, a full-service restaurant, a lobby bar, pool and fitness center. A 481-room Westin has replaced the Crowne Plaza adjacent to the Public Auditorium near the convention center and will be open as of May 2014.

Several boutique hotels are under construction downtown. Kimpton will operate and manage a 122-room boutique hotel that will include restaurant and retail space on the first floor at the corner of 9<sup>th</sup> and Euclid. Opening is scheduled for winter of 2014. On the opposite corner, the 156-room Metropolitan, Marriot Autograph Collection is part of the redevelopment of the former Ameritrust complex. The Metropolitan will open in the fall of 2014. And down the street near Playhouse

Square, Starwood is building the 206-room Le Méridien Cleveland as part of the adaptive re-use of the historic 1901 John Hartness Brown Building and another office building from 1915.

The Hyatt Regency at the Arcade is undergoing \$6-million in renovations. The 293-room hotel located with the historic building that was once America's first enclosed shopping mall will receive new furniture and fixtures in two phases, with completion of 113 rooms in May 2104 and the remainder of the rooms by summer of 2015.

When the hotel projects are complete, Cleveland will have a total of nine walkable hotels with 3,161 walkable hotel rooms. The Cleveland CVB considers Fort Worth a fairly direct competitor.

### *Columbus, Ohio*

Columbus is the state capital and the largest city in the state of Ohio. Its metro population is about 1.9 million people. Columbus has a diverse economy with several Fortune 500 companies across various sectors including Nationwide Mutual Insurance, Wendy's, White Castle and Big Lots. The city is also home to Ohio State University, one of the nation's largest public universities. The Ohio State Buckeyes are a major focus for sporting events in the area as well as the city's professional Hockey Team, Columbus Blue Jackets. While Columbus (and Ohio in general) has an advantageous location as the gateway from the East Coast to the rest of the country, Columbus is not an airline hub, which ultimately hinders convention business.

The Greater Columbus Convention Center is located downtown in close proximity to several of the city's notable areas: the Short North Arts District, the Italian Village, the Victorian Village, the North Market District and the Arena District. The convention center has nearly 485,000 square feet of function space including approximately 386,000 square feet of exhibit space, almost 40,000 square feet of ballroom space and about 58,000 square feet of meeting room space with 74 divisions. The convention center was expanded in 2001 and a \$40-million renovation of the Batelle Grand Ballroom (the largest in Ohio) was completed in 2010. In March of 2014, Experience Columbus announced that the convention center will undergo a \$25-million dollar renovation to update its finishes, ceiling, lighting and wall coverings with the end goal of blending more seamlessly with its two connected headquarter hotels. The Greater Columbus Convention Center is privately managed by SMG.

In July 2013, the GCCC hosted an event that made the Tradeshow 250 list of top convention events for the year. The OFA Short Course, a national horticulture event, which took place at the facility ranked 143<sup>rd</sup> on the list.

The convention center's original headquarter hotel is a 633-room Hyatt Regency Columbus. A 532-room Hilton opened in 2012 and also serves as a headquarter hotel. In preparation for the opening of the Hilton, the Hyatt Regency (which opened in 1980) completed an extensive renovation in 2011 that included all guest rooms, restrooms, hallways and elevator landings.

Industry publication CCF reported that visitation to central Ohio increased 14 percent from 2012 to 2013, and the growth is being partly attributed to the opening of the Hilton. With the additional 532

rooms, the CVB has been able to compete for business that was not possible before, such as the 2016 Democratic and Republican national conventions, the NCAA women's basketball Final Four (for 2017 to 2020) as well as host the NHL All-Star Game in 2015. CCF also reported that 115,000 additional hotel rooms were occupied in 2013 (13.8 percent growth from 2012), and while the occupancy rate for downtown Columbus hotels fell to 64.5 percent in 2013 from 66.6 percent in 2012, the average daily rate grew from \$117.50 in 2012 to \$123.71 in 2013.

The following is a map of downtown Columbus, its convention center and surrounding hotels.

Figure 5-10



There are also two hotels currently under construction. The first is the Le Méridien Columbus, The Joseph near the convention center in the Short North Arts District. The 135-room Parisian-themed hotel will open in early 2015 and will serve as the anchor for a mixed-use development called The Joseph that includes office, retail and parking components. After these projects are complete, there will be a total of 10 walkable hotels with 2,509 rooms.

### *Denver, Colorado*

Denver is both the state capital and Colorado's largest city with a metro population of about 2.55 million people. It is located in north-central Colorado about 12 miles from the foothills of the Rocky Mountains. Because of its location in relation to the western states and because it is the largest city within a 500-mile radius, Denver has become a hub for goods, services, manufacturing and distribution for companies servicing the Southwest, West or Pacific Coast. Denver is home to five major sports franchises: the Denver Broncos (NFL), the Denver Nuggets (NBA), the Colorado Rockies (MLB), the Colorado Avalanche (NHL) and the Colorado Rapids (MLS).

The Colorado Convention Center is located in downtown Denver and boasts excellent walkability to the city's largely developed commercial areas such as the 16<sup>th</sup> Street Mall and Lower Downtown "LoDo". The convention center was expanded in 2005 and currently has about 753,000 square feet of exhibit space. The space is made up of 579,000 square feet of exhibit space, about 82,000 square feet of ballroom space and about 92,000 square feet of meeting room space with 77 divisions.

The Colorado Convention Center hosted several events in 2013 that appeared on the Tradeshow 250 list for 2013.

- SnowSports Industries America Snow Show, January, ranked 56
- AONE 46<sup>th</sup> Annual Meeting & Exposition, March, ranked 245
- COLLABORATE 13, April, ranked 247
- American Water Works Association (AWWA) ACE13 Annual Conference and Exposition, June, ranked 181
- American Institute of Architects (AIA) National Convention and Design Exposition, June, ranked 142
- Custom Electronic Design & Installation Assn. (CEDIA) Expo, September, ranked 114
- SC: High Performance Computer, November, ranked 150

One year after the convention center's expansion, its headquarter hotel opened. The Hyatt Denver Convention Center has 1,100 rooms within its 37-story structure. The following is a map of downtown Denver, its convention center and surrounding hotels.

Figure 5-11



There is a significant amount of new hotel development happening in the Denver. A dual-branded Homewood Suites and Hampton Inn opened in 2013 near the Denver Convention Center. The 302-room hotel is the city's first attempt at the dual brand concept that has been catching on across the country. The Crawford Hotel, a 112-room boutique concept will open in the summer of 2014, and a 189-room Kimpton Hotel is planned for 2016 that will 8,300 SF of meeting rooms, adjacent pre-function space, street-level and rooftop outdoor patios and two local restaurants.

The Renaissance Denver Downtown City Center will open in May of 2014 in the historic National Bank Building. It will be a full-service hotel with 230 rooms and incorporate elements from the building's rich history such as marble columns and the bank's vault. The 165-room Art Hotel broke ground in November 2013 in the Golden Triangle Museum District. The hotel is part of the larger Museum Center development that will also have an office component.

Aloft will add to its Denver portfolio with a new downtown location near the convention center. The 140-room hotel is scheduled to open in July of 2014. Another dual-branded concept is underway just one block from the Colorado Convention Center. A 361-room Hyatt Place/Hyatt House hotel is scheduled to open on the summer of 2015. The Hyatt place will have 248 rooms and the Hyatt

House will have 113 residential-inspired spacious guestrooms. There is also a 500-room Westin Hotel under construction at the Denver International Airport scheduled to open in 2016.

After all of this development is complete, there will be a total of 16 walkable hotels with 6,033 walkable hotel rooms. There are 24 total downtown hotels.

In addition to its booming downtown economy, Denver is also a United Airlines hub. And while it is an undeniably attractive destination for convention business, nearby Aurora, Colorado is opening a Gaylord concept, which will put pressure on the Colorado Convention Center in coming years. The Gaylord Rockies Hotel and Conference Center will span 1.9 million square feet on 85 acres close to the Denver International Airport and will include a 1,500-room hotel, meeting space and an indoor-outdoor waterpark. The project has been held up due to a petition by eight (mostly Denver-based) hotels that are trying to overturn the \$81.5-million award the project received under the Regional Tourism Act, but if construction begins, it is poised to be one of the nation's largest commercial developments of 2015.

### *Indianapolis, Indiana*

Indianapolis is the capitol and most populous city in Indiana, with a metro population of about 1.9 million. Historically, Indy's main industries have been government and manufacturing, but tourism has been rising in the ranks as the city has been able to cater to large conventions, and pioneered a growth strategy based on sporting events. Indianapolis has a rich history with sports. It is known as the Racing Capitol of the World for its famed Indianapolis Motor Speedway, which hosts three major racing events each year: the Indianapolis 500, the Brickyard 400 and the Red Bull Indianapolis Grand Prix. The city is also the headquarters for the NCAA, the main governing body of collegiate sports. Two professional sports teams call Indianapolis home: the Indiana Pacers (NBA) and the Indianapolis Colts (NFL).

The Indiana Convention Center is located downtown and has about 730,000 square feet of function space, including 558,000 square feet of exhibit space, about 82,000 square feet of ballroom space and almost 115,00 square feet of meeting space with 98 divisions. The original structure was built in 1972 but was completely renovated and expanded to its current state in 2011.

The Indiana Convention Center hosted several events that were ranked on the Tradeshow 250 for 2013.

- Dealernews International Powersports Dealer Expo, February, ranked 134
- Pumper & Cleaner Environmental Expo International, February, ranked 74
- The Work Truck Show, March, ranked 86
- Fire Department Instructors Conference, April, ranked 37
- Performance Racing Industry Trade Show, December, ranked 53

Indianapolis is a unique example of a large city that redesigned its downtown to cater to large convention business. During its downtown redevelopment and revitalization, the city eliminated one



The 1,005-room JW Marriott that opened in 2011 serves as the headquarter hotel, but is just a part of the larger Marriott Place Indianapolis. Marriott Place offers five properties (a total of 2,248 rooms) from its brand family, the JW, Courtyard, SpringHill Suites, Fairfield Inn & Suites and the Marriott Indianapolis Downtown, all of which are connected to the Indiana Convention Center. The JW also has 54 meeting rooms and 104,000 square feet of event space and a 40,500-square foot ballroom.

The strong Marriott presence has kept other hotels proactively renovating to stay competitive. In April of 2014, the Westin Indianapolis announced that it will spend \$14 million to upgrade all 575 rooms along with its fitness and common areas. In addition, the Canterbury Indianapolis is undergoing a renovation during which it will also adopt the Le Meridien flag. The extensive project will include upgrades to the guest rooms, updating the elevators and mechanical systems and a reconfiguration of the first and second floors.

### *Kansas City, Missouri*

Kansas City is the largest metro area in the central Plains states region. The metropolitan area of 2,100,000 is split nearly evenly between Missouri and Kansas, with slightly more people on the Missouri side, and the primary downtown district being located in Missouri about 1.5 miles east of the Kansas state border. Kansas City is one of ten regional office sites for the U.S. Government, who is the largest employer in the metro area. Large national branches of the IRS, the General Services Administration and the Social Security Administration have offices in the area. Kansas City has three professional sports teams, the Kansas City Chiefs (NFL), the Kansas City Royals (MLB) and Sporting Kansas City (MLS).

The Kansas City Convention Center has a total of 420,030 square feet of total function space that includes almost 288,000 square feet of exhibit space, about 70,000 square feet of ballroom space and almost 62,000 square feet of meeting space with 43 divisions. In 2013, the Kansas City Convention Center hosted two events that made the Tradeshow 250 list for last year. In February, the Campus Market Expo (CAMEX) 2013 took place at the facility and ranked 148 on the list, and in July, Kansas City hosted the School Nutrition Association Annual National Conference, which ranked 212 on the list.

The following is a map of downtown Kansas City, its convention center and surrounding hotels.

Figure 5-13



Currently, there are five hotels within walking distance to the Kansas City Convention Center that provide a total of 1,991 rooms. While the ration of exhibit space to walkable hotel rooms is just 122 compared to Fort Worth’s 208, this issue falls more with quality than quantity. The existing headquarter hotel, a 983-room Marriott is outdated and undesirable to the meeting planning community. In fact, the market as a whole is outdated, evident in the fact that the last new construction of a hotel tower took place in 1985. And while several hotels have opened since 2001, all have been renovations of older buildings.

Kansas City’s hotel development has been disproportionate to its commercial and entertainment development and serves as an example of the importance of having a strong hotel component as part of the overall offering package. Even with elements such as the Sprint Center and the Power &

Light District and the city's general walkability, Kansas City still struggles to attract large conventions. And while the city has been trying to get a 1,000-room hotel for years, hotel projects have consistently lacked financing and have ultimately failed. Still, there are small steps being taken to add quality and additional hotel stock. By 2015, there will be a new dual-branded 257-room hotel downtown within walking distance from the convention center. The Residence Inn will account for 104 of the rooms and the Courtyard Marriott will account for 153 of the rooms. The Marriott underwent a \$20-million complete renovation from guest rooms to common areas and included dramatic changes to the outdated lobby.

### *Long Beach, California*

Downtown Long Beach, California is located about 22 miles south of downtown Los Angeles in southern California. The city's population is about 500,000, but is part of the greater Los Angeles metro area, which has a metro population of almost 10 million people. Long Beach is a coastal town that is home to one of the busiest shipping ports in the world and has a strong manufacturing base in sectors such as car and airplane parts, electronics and AV and home furnishings. Both for business and leisure travelers, Long Beach has the added appeal of a warm climate and oceanfront location.

The Long Beach Convention & Entertainment Center has almost 350,000 square feet of total function space that includes 224,000 square feet of exhibit space, almost 40,000 square feet of ballroom space and almost 40,000 square feet of meeting room space with 39 divisions and 45,000-square foot arena.

The Long Beach Arena has received nationwide attention lately for its creative renovation of its 51-year-old arena. The result of the \$10-million project was more of a repurpose than a renovation meant to increase the flexibility of the space and integrate the arena more seamlessly with the adjoining convention center. Theater technicians were brought in to create a curtain wall, colored lighting and a state-of-the-art sound system that can be manipulated to control ambiance while a truss system allows for a third-house, half-house or full-house. And with a tension grid system, the Arena has a ceiling that can drop down as low as 30 feet to create experiences for 500 to 13,000. The Arena also underwent cosmetic improvements to address its outdated décor. Moveable pod seating and floor lighting in the lobby and pre-function create the modern feel of a much newer facility. There is also a new restaurant, bar and customizable event space in the lobby that replaced the former pirate-themed Captain Morgan restaurant called Bogart & Co. that can accommodate up to 350 people.

In 2013, the Long Beach Convention & Entertainment Center hosted two events that appeared on the Tradeshow 250 list for the year. In January the Imprinted Sportswear Show Long Beach took place at the facility and ranked 194<sup>th</sup> on the list. Later that month, the International Salon and Spa Exposition occurred and ranked 166<sup>th</sup> on the list.

The following is a map of downtown Long Beach, its convention center and surrounding hotels.

Figure 5-14



The Long Beach Convention & Entertainment Center has four hotels within walking distance with a total of 1,791 rooms. The headquarter hotel is the 528-room Hyatt Regency Long Beach. The hotel underwent an extensive \$30-million remodel in 2012 that updated all guest rooms and its 20 suites, the lobby and the Regency Lounge. The guestrooms received new leather headboards, quality linens, new window coverings, wool throw blankets and new carpeting. The guestrooms were also reconfigured to provide expanded tech/work space and seating area. Bathroom fixtures were also replaced.

### *Louisville, Kentucky*

Louisville is the largest city in the Commonwealth of Kentucky with a metro population of 1.2 million. The city is best known as the host of the Kentucky Derby and its bourbon production, but Louisville also has a rich history in shipping and cargo because of its location on the Ohio River and because of its strategic location within one day's road travel to 60 percent of the major cities in the continental United States Today, the Louisville airport is the site of UPS's worldwide air hub.

The Kentucky International Convention Center is located in downtown Louisville and contains 440,000 square feet of function space. There are 337,000 square feet of exhibit space, 30,160 square feet of ballroom space and almost 73,000 square feet of meeting room space with 60 divisions. A \$175-million expansion and renovation is currently planned for the facility, and a financing package was recently assembled that included bonds and the refinancing of current debt. Most of the shows at the facility are small conventions and consumer shows.

In 2013 Louisville hosted several events that ranked high on the Tradeshow 250 list for the year, although these all take place at the major tradeshow facility in Louisville, the Kentucky Expo Center, located near the airport. In March, the Mid-America Trucking Show took place and ranked 12 on the list. In September the International Boatbuilders Exhibition & Conference (IBEX) ranked 197 and in October, Tradeshow 250's second-largest show took place, the ICUEE – The International Construction & Utility Equipment Exposition. Also in October, the GIE+Expo for large power equipment was held at the facility and ranked 15 on the list, and in December the Annual National RV Trade Show occurred and ranked 16 on the list.

The following is a map of downtown Louisville, its convention center and surrounding hotels.

Figure 5-15



There is a lot of hotel activity currently happening in Louisville. A new 600-room Omni convention center hotel is in the planning stages, and three other downtown hotels under construction: a 156-

room Hilton Garden Inn, a 270-room Embassy Suites and a 175-room Aloft. The Omni project will anchor a \$261-million development that will also include grocery, retail and 200 apartments. The project is a public-private partnership with \$105-million from Omni, \$30-million from Cordish Company (who also runs 4<sup>th</sup> Street Live!) and \$35.5 million in public funding that includes \$17 million in land, a \$17-million parking structure and \$1.5 million in contingencies. Louisville reportedly lost 20 conventions and 67,000 hotel room nights last year, which equated to a \$57-million economic impact. After these new hotel developments are complete, there will be 14 walkable hotels with 4,691 rooms.

### *Memphis, Tennessee*

Memphis is the largest city in the state of Tennessee with a metro population of about 1.3 million people. The city's location along the Mississippi River and at the intersection of five major freight railroads and two major U.S. highways make it a natural shipping hub. Memphis is the headquarters of FedEx.

The Memphis Cook Convention Center is located in downtown Memphis and has just over 232,000 square feet of total function space. There is about 160,000 square feet of exhibit space, 28,000 square feet of ballroom space and 46,000 square feet of meeting room space with 36 divisions. In December of 2013, Shelby County leaders voted against a study that would explore possible expansions at the center that would allow them to compete with Nashville and St. Louis for convention business. Reports sited financial burden as the main reason for not considering the expansion. The Convention Center's has two main challenges. The first is that it has a "new" portion and an "old" portion and the difference between the two is stark. The second challenge is that the convention center is located about one mile away from what is perceived as the "safe" part of downtown, and in general, people just do not want to walk through downtown Memphis.

The following is a map of downtown Memphis, its convention center and surrounding hotels.

Figure 5-16



The 600-room Sheraton Memphis Downtown Hotel serves as the headquarter hotel for the convention center. There are 1,029 total walkable hotel rooms between four hotels that serve the

facility. There is also a 140-room Hilton Garden Inn under construction approximately one mile from the convention center.

### *Minneapolis, Minnesota*

Minneapolis is the largest city in the state of Minnesota with a metro population of about 3.5 million people. It is also known as one of the “Twin Cities” that includes both Minneapolis and St. Paul. The city is located on the Mississippi River and is the second-largest economic center in the Midwest, behind Chicago. Minneapolis is home to a diverse mix of large corporations, including Target, Best Buy, General Mills, U.S. Bancorp and Xcel Energy. Minneapolis is home to four major professional sports franchises: the Minnesota Twins (MLB), the Minnesota Timberwolves (NBA), the Minnesota Vikings (NFL) and the Minnesota Wild (NHL). The University of Minnesota plays in the Big Ten Conference.

The Minneapolis Convention Center is located in downtown Minneapolis. There is a total of almost 600,000 square feet of function space that consists of 475,200 square feet of exhibit space, 27,522 square feet of ballroom space and 95,391 square feet of meeting room space with 94 divisions. In 2013, the Minneapolis Convention Center hosted two events that ranked on the Tradeshow 250 list for the year. In October, the Medical Design & Manufacturing (MD&M) Minneapolis MinnPack event took place and ranked 216 on the list and in November the AMLE Annual Conference for Middle Level Education took place and ranked 241 on the list.

The following is a map of downtown Minneapolis, its convention center and surrounding hotels.

Figure 5-17



While Minneapolis has a beautiful convention center and major attractions such as the Mall of America, it struggles with its hotel rates because there is so much corporate business downtown driving up rates beyond what groups are willing to pay. The 821-room Hilton Minneapolis serves as the headquarter hotel. Very few hotels are within walking distance of the convention center. There are also two hotels in the pipeline for downtown Minneapolis: a 73-room boutique hotel is planned and a 210-room Hampton Inn & Suites is currently under construction. These hotels are not within the 1,500 foot radius walking distance of the Minneapolis Convention Center. Out of 29 downtown hotels, only nine are walkable from the convention center. Those combine to amount to 2,734 rooms out of a total of 6,821 downtown rooms.

### *Nashville, Tennessee*

Nashville is the capitol city of the state of Tennessee. It is located on the Cumberland River and has a metro population of about 1.7 million people. Nashville is know as the worldwide country music capitol and has a robust music-related tourism industry. Nashville is home to two professional sports franchises, the Tennessee Titans (NFL) and the Nashville Predators (NHL). The city also hosts the NCAA college football Music City Bowl and has a NASCAR Whelen All-American Series racetrack called the Fairgrounds Speedway.

Nashville has a brand new convention center called Music City Center that has entered made a large impact on the meetings and convention industry. The facility capitalizes on its cool music vibe wall providing function space large enough to accommodate large national conventions. The facility has about 520,000 square feet of total function space, including 353,000 square feet of exhibit space, about 75,400 square feet of ballroom space and 91,400 square feet of meeting room space with 75 divisions.

The following is a map of downtown Nashville, its Music City Hall and surrounding hotels.

Figure 5-18



The 800-room Omni Nashville opened in 2013 and serves as the headquarter hotel for Music City Center, and significant hotel development continues to happen in Nashville. Billionaire Richard Branson is planning a 240-room Virgin Hotel on Music Row, Buckingham Development has announced plans for a 180-room hotel, and a 30-story Westin is also in the works. In addition, there will be a 120-room hotel at the Harpeth Square development and a 450-room Hyatt Regency is also in the pipeline. Three more hotels have already started construction: a 192-room

Homewood Suites, a 400-room Marriott is also underway across the street from the convention center and a 280-room InterContinental is planned for a 2015 opening. When these developments are completed, there will be a total of 12 walkable hotels with 3,802.

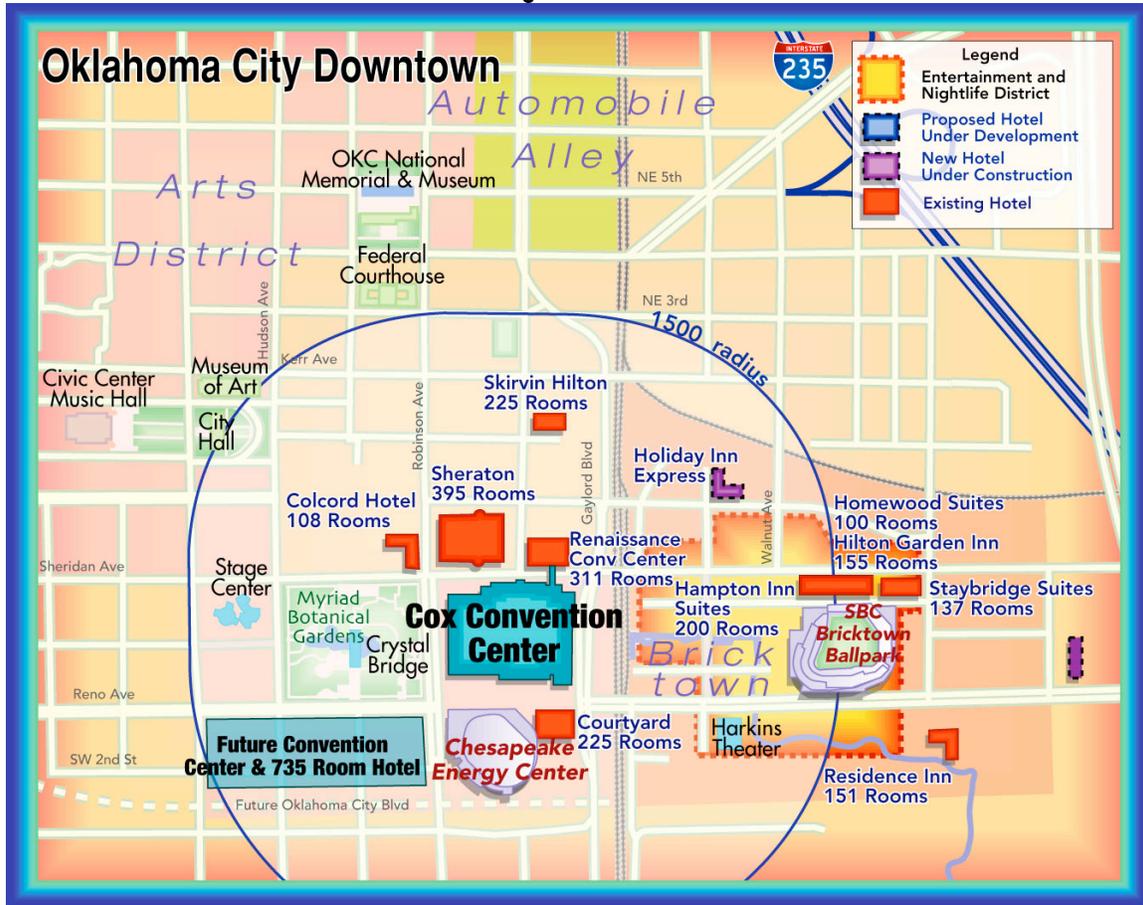
### *Oklahoma City, Oklahoma*

Oklahoma City is both the state capital and the largest city in the state of Oklahoma, with a metro population of about 1.25 million people. The city has one of the largest livestock markets in the world, and also has a strong oil, natural gas and petroleum industry. Oklahoma City is home to one major sports franchise, the Oklahoma City Thunder of the NBA. There are also three major universities in the city: University of Oklahoma, Oklahoma City University and Oklahoma State University who use the Chesapeake Energy Arena for sporting events.

The Cox Convention Center in Oklahoma City has only 173,000 square feet of total function space that consists of about 100,000 square feet of exhibit space, 26,000 square feet of ballroom space and about 33,000 square feet of meeting room space with 41 divisions. The city currently has plans to build a new \$250-million convention center downtown to replace the existing facility, but the project has faced opposition by a citizens group led by a local politician and councilman. Those who support the project hope to complete to complete the new facility by 2019.

The following is a map of downtown Oklahoma City, its convention center and surrounding hotels.

Figure 5-19



The 395-room Sheraton Oklahoma City currently serves as the headquarter hotel for the Cox Convention Center, but a new convention hotel with up to 735 rooms is planned for the new development. A study completed in 2012 reported that full-service hotels in the area comparable to what would be built at the convention center had an average occupancy of 75.6 percent and an average daily rate of \$129, indicating unmet demand for full-service hotels. There are currently five hotels with a total of 1,870 rooms within walking distance to the convention center. There are also three hotels under construction: a 195-room Embassy Suites will open at the University of Oklahoma Health Science Center, a 137-room Staybridge Suites and a Holiday Inn Express (both downtown). When these developments are completed, there will be a total of six walkable hotels with 1,264 rooms.

The city has a new entertainment district called Bricktown that is breathing new life into this up and coming city. This area combined with the new convention center and hotels will make Oklahoma City a competitor for Fort Worth in the region.

### *Orange County - Anaheim, California*

Anaheim is located in Orange County, California, with a metro population of about three million people. Anaheim is also considered part of the Los Angeles metro area, which has a population of about ten million people. The city is known for being the home of Disneyland, a world-famous group of theme parks and resorts. Anaheim benefits from its warm climate, which can draw national meetings business particularly during the winter months.

The Anaheim Convention Center has a total of 969,000 square feet made up of almost 815,000 square feet of exhibit space, about 38,000 square feet of ballroom space and about 90,000 square feet of meeting room space with 57 divisions. In April, 2014, Anaheim announced that it will expand its center for the seventh time. The expansion will create flexible space that will serve as additional exhibit space, meeting space and ballroom space and bring the total rentable square footage of the facility up to 1.8 million. The expansion will be completed by 2016 and has a \$180-million price tag.

The Anaheim Convention Center hosted many events that ranked on the Tradeshow 250 list for 2013.

- National Association of Music Merchants (NAMM) Show, January, ranked 31
- Craft and Hobby Association (CHA) Winter Conference & Trade Show, January, ranked 157
- Medical Design & Manufacturing West, February, ranked 45
- Natural Products Expo West/Engredea, March, 44
- OFC/NFOEC (Optical Fiber Communication/National Fiber Optic Engineers Conference, March, ranked 117
- AudiologyNOW, April, ranked 211
- CDA Presents The Art & Science of Dentistry (Spring Scientific Session), April, ranked 162

The following is a map of the Anaheim Resort area, its convention center and surrounding hotels.

Figure 5-20



The Anaheim Convention Center headquarter hotel is the 1,572-room Hilton Anaheim. Because the convention center is located in the resort area close to all the tourist attractions, there are almost 7,500 hotel rooms within walking distance of the convention center. There is also a seemingly continuous stream of new hotel rooms in the pipeline for Anaheim. The 178-room Hyatt Place Anaheim Resort is under construction along with a 252-room Hyatt House. There is also a SpringHill Suites by Marriott under construction that will bring 172 more rooms to the immediate area by 2015. Overall, the Anaheim CVB reports that over 2,500 new rooms are planned for the resort area over the next six years. When these developments are completed, there will be a total of 19 walkable hotels.

### Phoenix, Arizona

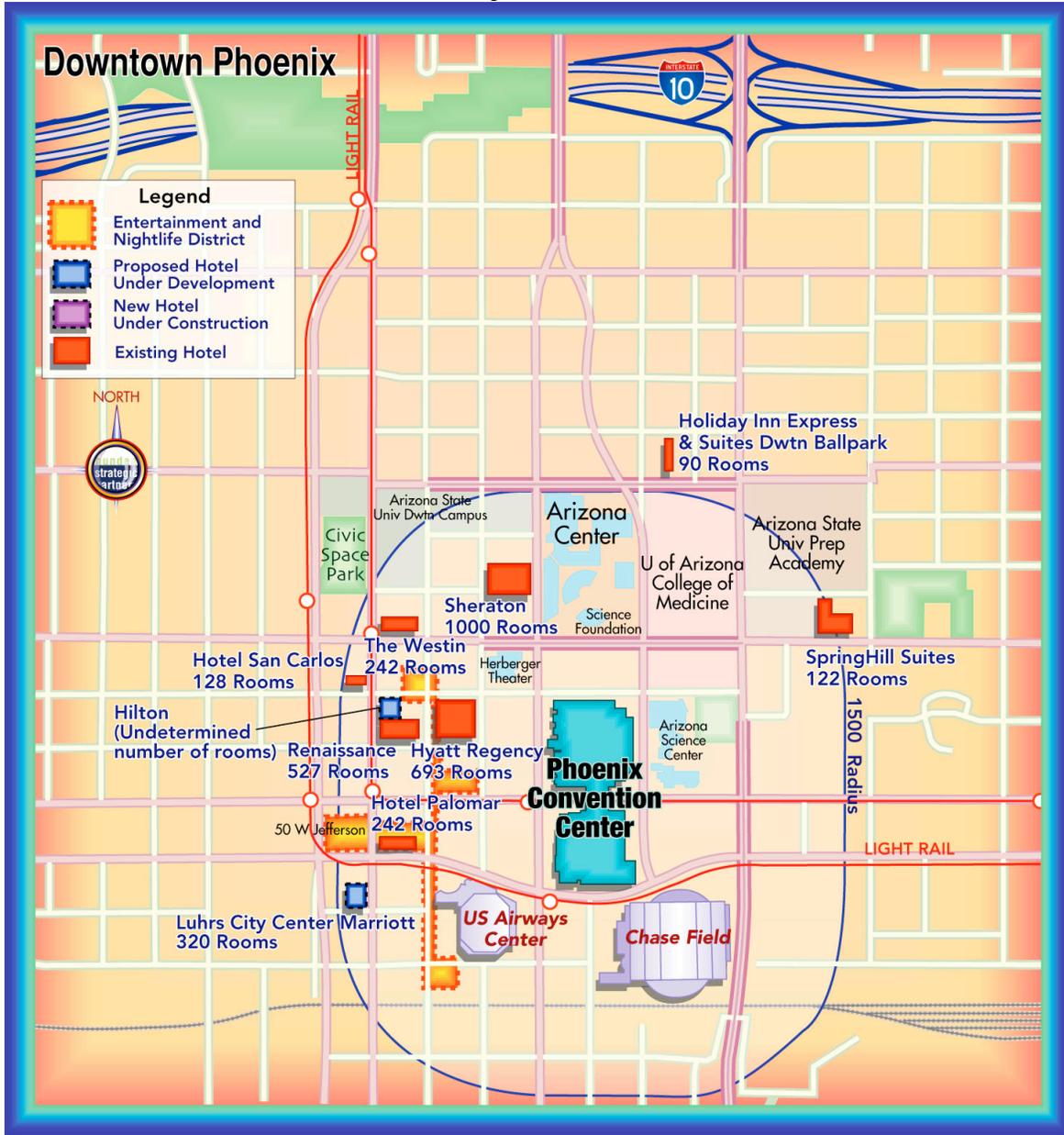
Phoenix is the capital and the largest city in the state of Arizona. It has a metro population of about 4.2 million people. Phoenix was hit especially hard by the recession and its economy has struggled as a result. Honeywell's Aerospace division and retailer PetSmart are notable companies with headquarters in Phoenix. The city is home to three professional sports franchises: the Phoenix

Suns (NBA), the Arizona Diamondbacks (MLB) and the Arizona Cardinals (NFL), and two NASCAR series races take place at the Phoenix International Raceway each year.

The Phoenix Convention Center has about 965,000 total square feet of function space, including almost 647,000 square feet of exhibit space, 119,000 square feet of ballroom space and almost 200,000 square feet of meeting room space with 134 divisions. The most recent renovation and expansion of the Center occurred in 2002.

The following is a map of downtown Phoenix, its convention center and surrounding hotels.

Figure 5-21



The headquarter hotel for the Phoenix Convention Center is the 1,000-room Sheraton Phoenix Downtown and the 693-room Hyatt Regency Phoenix. There are five additional hotels within walking distance of the convention center with a total of 1,693 hotel rooms. In the spring of 2014, a dual branded Courtyard by Marriott (120 rooms) and Residence Inn by Marriott (200 rooms) will break ground in downtown Phoenix. The city's iconic Hotel Monroe was purchased in December of 2013, and a redevelopment is planned for the site that will convert the hotel to a 165-room Hilton.

When these developments are completed, there will be a total of nine walkable hotels with 3,274 rooms.

### *Pittsburgh, Pennsylvania*

Pittsburgh is known as the “Steel City” and is Pennsylvania’s second-largest city. Its metro population is about 2.4 million. While it has a very industrial reputation, Pittsburgh has a diverse economy that includes food, appliances, shipbuilding, sports and transportation. The city is also known as being a leader in environmental architecture and is home to many “green” buildings, including its convention center. Pittsburgh has three professional sports franchises: the Pittsburgh Pirates (MLB), the Pittsburgh Steelers (NFL) and the Pittsburgh Penguins (NHL).

Pittsburgh’s David L. Lawrence Convention Center has a total of 420,000 square feet of function space that includes 313,000 square feet of exhibit space, 31,000 square feet of ballroom space and 76,000 square feet of meeting room space with 61 divisions.

The Convention Center was built in 2003 and has been criticized for not living up to expectations of the \$373-million project. In the decade since opening, attendance has only matched 2004 levels (the first full year of operation) once, which occurred in 2011 when the NRA hosted its annual conference there. Facilities manager SMG has taken over operations in recent years in an attempt to streamline operating costs and improve overall performance. But both the Pittsburgh CVB and representatives from SMG have defended the facility’s performance by citing growth in other metrics such as direct spending which has increased from \$89.9 million in 2004 to \$118.2 million in 2012, convention revenue which grew from \$1.7 million in 2004 to \$4.9 million in 2012 and room nights generated by major events which started at 108,000 in 2004 and peaked at over 147,000 in 2009.

In 2013, the David L. Lawrence Convention Center hosted the DUG East event, an energy conference that took place in November and ranked 239 on the Tradeshow 250 list for 2013.

The following is a map of downtown Pittsburgh, its convention center and surrounding hotels.

Figure 5-22



Part of Pittsburgh’s issue is its hotel package. The headquarter hotel for the facility is the 616-room Westin Convention Center hotel. In all, there are five hotels within walking distance of the David L. Lawrence with a total of 1,838 rooms. Its current ratio of exhibit space per walkable hotel room is 229 compared to Fort Worth’s 208.

There are several hotels planned or under construction in the downtown Pittsburgh area, including a Drury Hotel that we convert the former Federal Reserve Bank building into a 180-room hotel. There is also a 150-room Hilton Homewood Suites and a 247-room Hotel Monaco under construction in the city. When these developments are completed, there will be a total of nine

walkable hotels with 2,600 rooms. Plans for a 500-room hotel attached the convention center have been in the works since 2010, but financing has repeatedly come up short with no current proposals left on the table.

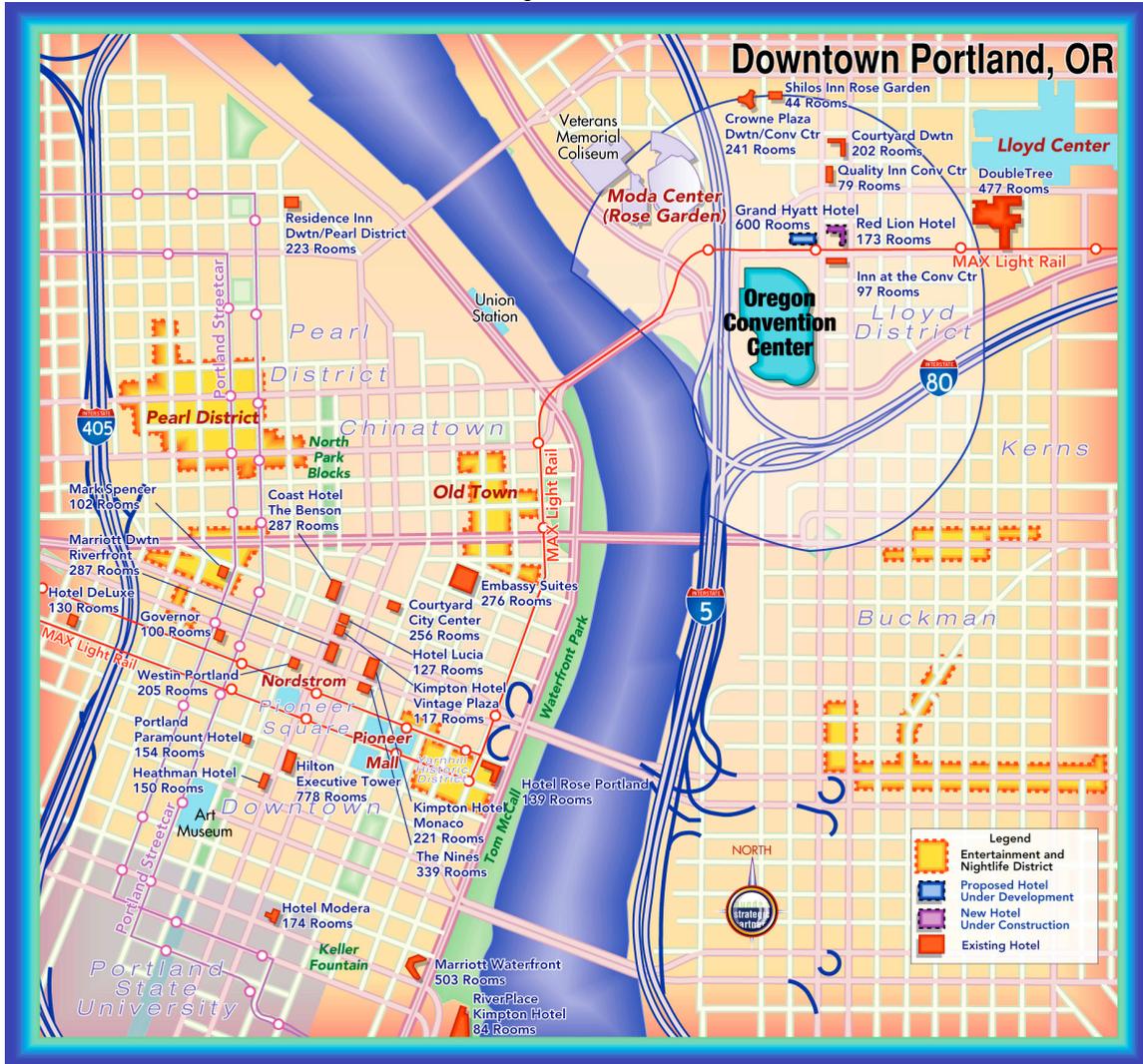
### *Portland, Oregon*

Portland, Oregon is a city in the Pacific Northwest with a metro population of about 2.2 million people. Portland is a shipping hub and benefits from its coastal location and access to both west coast intercontinental railways and both a north-south and an east-west major U.S. highway system.

Portland's Oregon Convention Center has almost 257,000 square feet of total function space, that includes 242,000 square feet of exhibit space, 59,400 square feet of ballroom space and 55,000 square feet of meeting room space with 70 divisions.

The following is a map of downtown Portland, its convention center and surrounding hotels.

Figure 5-23



Over the past several years, Portland has been studying the addition of a 600-room, \$198-million Hyatt Regency that would serve as a headquarter hotel in addition to the existing 477-room Double Tree Portland. The Hyatt project would receive \$18 million in state and local loans and \$60 million in bonds, but as of April 2014, the financing plan was under further review by the Metro regional government. When the new convention hotel is completed, there will be eight walkable hotels from the Oregon Convention Center provide a total of 1,914 rooms.

### *Salt Lake City, Utah*

Salt Lake City is the capital and the most populous city in the state of Utah and has a metro population of about 1.1 million. Recreational tourism in the nearby Wasatch Mountains is a major part of the local economy. Salt Lake City is also home to two major sports franchises: the Utah

Jazz (MLB) and Real Salt Lake (MLS). While the city and its convention center enjoy a beautiful landscape and a dramatic mountainous backdrop, the city suffers from a perception problem as a highly religious destination. Groups seeking an active nightlife will not be drawn to Salt Lake City.

Salt Lake city's Salt Palace Convention Center has a total of 671,220 square feet of total function space that includes about 511,000 square feet of exhibit space, 45,000 square feet of ballroom space and almost 116,000 square feet of meeting room space with 75 divisions. In 2013, Salt Lake City hosted several events that ranked on the Tradeshow 250 list for the year. In January 2013, the Outdoor Retailer Winter Market took place at Salt Palace, and in July the same group held its Summer Market at the facility. The events ranked 40 and 32 respectively on the Tradeshow 250.

The following is a map of downtown Salt Lake City, its convention center and surrounding hotels.



### *San Diego, California*

San Diego is a major city on the Pacific coast of southern California. Its metro population is about 3.1 million. San Diego is known for its year-round mild climate and its strong affiliation with the U.S. Navy. The city's emerging industries include healthcare and biotechnology.

The San Diego Convention Center has a total of 818,000 square feet of total function space made up of about 618,000 square feet of exhibit space, almost 82,000 square feet of ballroom space and 119,000 square feet of meeting room space with 82 divisions. San Diego has had plans in motion for five years to expand the center to better accommodate huge conventions such as Comic-Con, but continuous roadblocks including litigation regarding the expansion's financing plan. Recently, the California Coastal Commission approved a \$520-million expansion that would add 740,000 square feet to the facility. While the approval was a major step toward making the project happen, challenges remain including public opposition to the size and location of the expansion as well as continued litigation regarding the hotel tax that would be required to fund the project.

The following is a map of downtown San Diego, its convention center and surrounding hotels.

Figure 5-25



San Diego's largest headquarter hotel is the 1,628-room Grand Hyatt Manchester San Diego but has several other convention hotels including the 1,360-room Marriott San Diego Marquis & Marina and the 1,190-room Hilton San Diego Bayfront. In all, there are ten hotels within walking distance of the San Diego Convention Center and a total of 6,300 walkable hotel rooms. Should the convention center expansion move forward, plans are in place to add a 500-room tower to the existing Hilton Bayfront.

### Seattle, Washington

The Seattle and Puget Sound area is the anchor and largest metropolitan area in the Great Northwestern U.S. Seattle is the largest city in the metropolitan area that includes Tacoma and

Everett, the other historical urban centers. The region is mostly centered around the cosmopolitan city of Seattle. The U.S. census official consolidated metro area includes 4,399,332 people, making it the 13<sup>th</sup> largest in the United States, smaller than Phoenix-Mesa-Glendale, AZ, and ahead of 12<sup>th</sup>-ranked Detroit-Flint MI. Northwest Pacific companion Portland, OR, ranks 20<sup>th</sup>

The city is well known for being a modern, hip and cosmopolitan urban center with a temperate and often rainy climate, cool blue waters and the view of the Cascade Mountains including Mt. Rainier (elevation 14,410') on clear days. The city is famous for coffee and its live music scene, cannonized by the EMP (Experience Music Project) Museum. Despite being relatively isolated from the rest of North America via ground transportation, the city's airport (SEA) is well connected with over 34,700,000 passengers annually. Seattle is home to two of the four major major league sports, including the NFL's Super Bowl Champion Seahawks at MLB's Mariners at a pair of recently developed and highly regarded downtown stadiums; Century Link Field and Safeco Field. The city used to be home to the Sonics who were moved to Oklahoma City when the city couldn't organize a plan to build a new basketball arena for the Sonics. A new NBA team in Seattle is a high priority within the league and is likely to be host to one again. The Seattle Sounders are one of the best supported soccer clubs in the MLS. The University of Washington in Seattle is a large university that hosts competitive Pac-Ten football and basketball squads. All in all, over 21 million people visit the city annually. Almost 56,000 people live in downtown Seattle, while 196,648 people are employed in downtown Seattle as of 2011, making it one of the most robust urban centers in the country.

The Washington State Convention Center, opened in 1988, is located in downtown Seattle and has 600,000 total square feet of function space. This square footage is made up of approximately 205,700 square feet of exhibit space, 45,000 square feet of ballroom space divisible into four rooms holding a total of over 2,000 people, and 57,000 square feet of meeting rooms including 35 rooms. The convention center is operated by the City of Seattle and hosted many ComiCons, Penny Arcade Expos, Sakura-Cons and many more. The center hosted the 206<sup>th</sup> ranked International Microwave Symposium for 90,000 attendees on the Tradeshow 250 list for 2013.

Several entertainments districts dot the outskirts of downtown, both inland and near the harbor coast. Belltown and areas near Pike Place Market are reasonably close to the convention district, as well as the area most frequented by young locals east of the convention center called Capitol Hill or Pike/Pine.

The following is a map of downtown Seattle, its convention center and surrounding hotels.

Figure 5-26



There are at least 20 walkable hotels that HSP deemed suitable for meeting attendees. These hotels have a total of 6,233 rooms, and the largest of which is the Sheraton Seattle Hotel, with 1,258 rooms. There are another thirty hotels within some distance of the convention center in the middle of downtown Seattle with a total of about 14,000 rooms. There are no other hotels being developed downtown at this time.

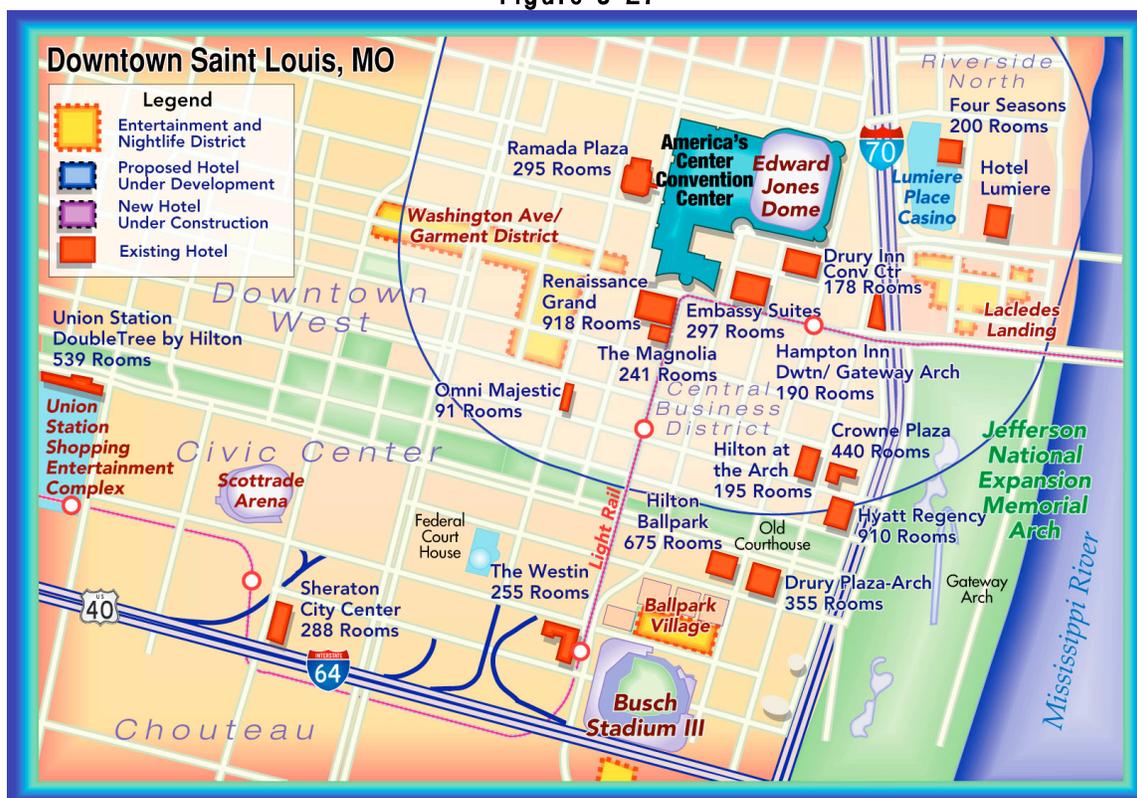
*St. Louis*

St. Louis is a major U.S. port on the Mississippi River in eastern Missouri. The area has a metro population of about 2.9 million. The city is home to 3 professional sports franchises: the St. Louis Cardinals (MLB), the St. Louis Rams (NFL) and the St. Louis Blues (NHL).

America's Center Convention Complex in St. Louis has four meeting facilities under one roof: the Cervantes Convention Center, the Executive Conference Center, the Edward Jones Dome and the Ferrara Theatre. The Complex has a total of 502,000 square feet of exhibit space and 80 meeting rooms. Extensive renovations were completed in 2012 that included everything from a new roof, new escalators and elevators and HVAC and lighting to interior finishes, restroom and kitchen renovations and 700 new signs.

The following is a map of Tampa, its convention center and surrounding hotels.

Figure 5-27



There are a total of 3,864 hotel rooms distributed between 11 hotels that area walkable from the America's Center Convention Complex.

## *Tampa, Florida*

The Tampa Bay area is a major metropolitan area in the U.S., and one of the more recent to emerge, counting fewer than one million people as late as 1970. Tampa is the largest city in the Tampa-St. Petersburg-Clearwater metro area with 347,645 people in the city limits, and is, more importantly, at the center of the second largest metropolitan area in Florida after Miami and South Florida. The region is broken into several cities and traditional urban centers, so the combined region all around the vast inland bay is known generally as “Tampa Bay”. The U.S. census official metro area includes 2,870,569 people, however those geographic limitations cut off a significant number of people in urban areas in the greater Tampa Bay region. The region is also home “twin” city Saint Petersburg (246,500 people) on the other side of the peninsula from Tampa, along with beach resort city Clearwater. All of these cities have their own downtown skyscraper districts several miles apart from each other. The entire region grew by about 100,000 people each year from 2000 through 2007, but has slowed to about 62,000 new residents each year since then.

The city is well known for its warm climate, blue waters and the Gulf of Mexico’s white sandy beaches along over 70 miles of barrier islands, and Busch Gardens theme park and zoo with 3,000,000 thrill seekers annually, nine mile drive north of downtown Tampa, making the city one of the biggest tourist destination cities in the country. The city’s airport (TPA) is well connected with over 16,000,000 passengers annually. Tampa is home to three of the four major league sports, including the NFL’s Buccaneers at Raymond James Stadium four miles northwest of downtown Tampa, the NHL’s Lightning at the Tampa Bay Times-Forum in downtown Tampa, and Major League Baseball’s Rays at Tropicana Field west of downtown St. Petersburg. It is the only non-retractable-roof domed stadium in baseball, and there is much discussion of moving the team to another new ballpark somewhere else in the Tampa Bay area. The popular Tampa Bay Rowdies soccer team plays in St. Petersburg as part of the North American Soccer League, and the Tampa Bay Storm indoor football team plays in the Tampa Bay Times Forum. The University of South Florida in Tampa with over 47,000 students is one of the nation’s largest universities.

The Tampa Convention Center, opened in 1990, is located in downtown Tampa along the waterfront and has 600,000 total square feet of function space. This square footage is made up of approximately 200,000 square feet of exhibit space, 36,000 square feet of ballroom space divisible into four rooms holding a total of over 2,000 people, and 36 meeting rooms including ten waterfront rooms. The center also has four café’s and is a popular venue, hosting over 300 events annually. The convention center is operated by the City of Tampa and hosted the 2012 Republican National Convention. The center does not have any shows listed on the Tradeshow 250 list for 2013.

The attractive waterside location, year-round warm weather, accessible beaches and laid-back beachside culture, walkable accessibility to the financial district of Tampa, which sees a daytime workforce of 58,000 people, and the virtual connectivity to the Tampa Bay Times Forum arena two blocks away make this a popular location for conventions. Two major entertainments districts called Ybor City and Channelside Bay Plaza are connected by the TECO streetcar line, a heritage trolley line using eleven vintage trolley cars to carry passengers between. Other significant sites and connections along the route include the Tampa Bay History Center, several cruise ship docks, the American Victory Museum Ship, Florida Aquarium, and the In-Town trolley that connects to

Harbor Island and the core of downtown Tampa. Downtown Tampa also contains the Tampa Museum of Art, Glazer Children's Museum, the David Straz Jr. Center for the Performing Arts, the Henry B. Plant Museum, and nearly all of these attractions are connected by a lushly landscaped riverfront pedestrian path called the Tampa Riverwalk.

The following is a map of Tampa, its convention center and surrounding hotels.

Figure 5-28



There are five walkable hotels that HSP deemed suitable for meeting attendees. These hotels have a total of 2,176 rooms, and the largest of which is the Marriott Tampa Waterside Hotel & Marina, which opened in 2000 with 719 rooms and 50,000 square feet of meeting space. There are four other hotels in downtown that can serve convention traffic, but guests would either face a long

walk or rely on transit services such as taxi or shuttles. There are no other hotels being considered for development as of 2014.

## **Implications**

Fort Worth finds itself in an interesting position competitively. As the smaller of the two Metroplex cities, for many years it was in Dallas' shadow in terms of its reputation to those in Texas as well as across the U.S. However, due to strong leadership and wise investments in a number of cultural, downtown and convention district assets – including museums, performing arts facilities, restaurants, the proposed arena, the FWCC and Omni hotel – as well as its incredible population growth over the past 15 years, it is not taking its place amongst about two to three dozen “mid-major” cities.

It is now competing head to head with cities with much bigger and better convention packages in many cases. Each of these competitors is advancing their hotel package with new product, closer-in hotels, renovations and expansions. This would not automatically mean that Fort Worth has to build in order to keep up for the sake of keeping up. However, the fact that there are many convention groups would like to be in Fort Worth, but they cannot fit or are going to better-equipped destinations (more, closer hotels, better facilities), means that Fort Worth will need to make major investments in order to compete at its current size as well as its recommended expansion size.

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## **HOTEL MARKET ANALYSIS**

This chapter includes a review of national hotel trends as well as an in-depth analysis of the competitive set of hotels in downtown Fort Worth.

### **National Hotel Market Trends**

National hotel market trends are important to the development prospects of any hotel project, whether it involves macro supply and demand issues, amenity trends, financing or other trends impacting the industry.

The following table shows selected characteristics of the U.S. lodging industry from 1992 through 2013.

Table 6-1

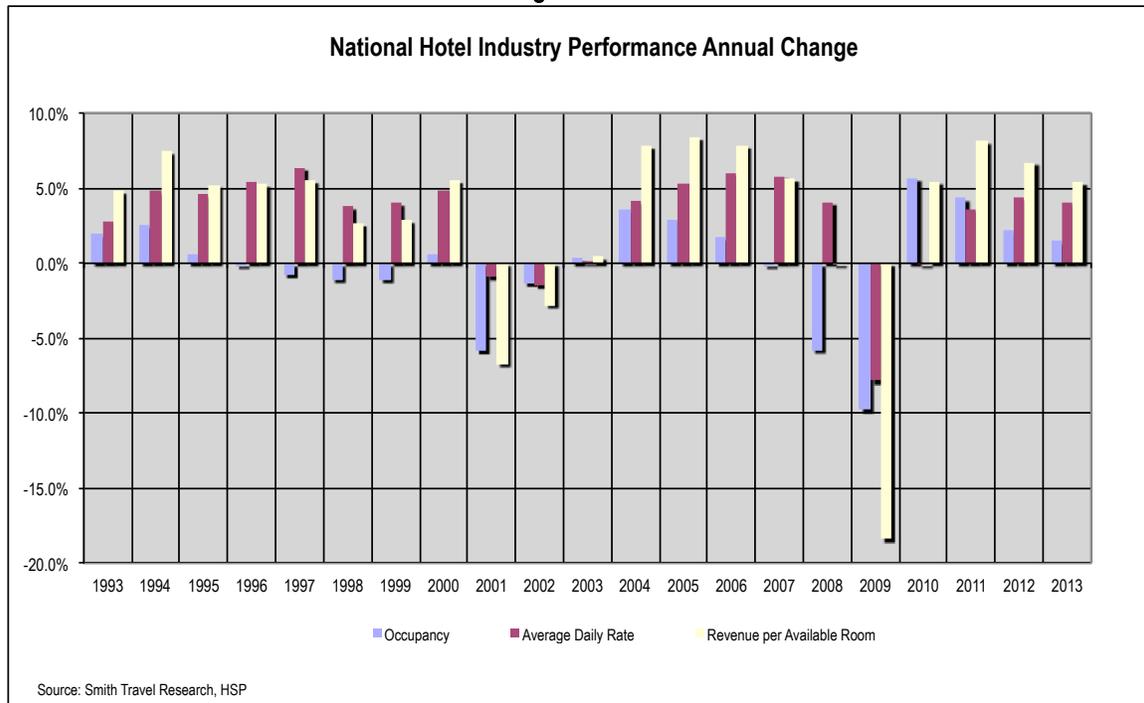
National Lodging Industry Annual Summary						
Year	Occupancy	Change	Average Daily Rate	Change	Revenue per Available Room	Change
1992	61.9%	--	\$59.62	--	\$36.90	--
1993	63.1%	1.9%	\$61.30	2.8%	\$38.68	4.8%
1994	64.7%	2.5%	\$64.24	4.8%	\$41.56	7.4%
1995	65.1%	0.6%	\$67.17	4.6%	\$43.73	5.2%
1996	65.0%	-0.2%	\$70.81	5.4%	\$46.03	5.3%
1997	64.5%	-0.8%	\$75.31	6.4%	\$48.57	5.5%
1998	63.8%	-1.1%	\$78.15	3.8%	\$49.86	2.7%
1999	63.1%	-1.1%	\$81.29	4.0%	\$51.29	2.9%
2000	63.5%	0.6%	\$85.24	4.9%	\$54.13	5.5%
2001	59.8%	-5.8%	\$84.45	-0.9%	\$50.50	-6.7%
2002	59.0%	-1.3%	\$83.20	-1.5%	\$49.09	-2.8%
2003	59.2%	0.3%	\$83.28	0.1%	\$49.30	0.4%
2004	61.3%	3.5%	\$86.70	4.1%	\$53.15	7.8%
2005	63.1%	2.9%	\$91.29	5.3%	\$57.61	8.4%
2006	64.2%	1.7%	\$96.77	6.0%	\$62.13	7.8%
2007	64.1%	-0.2%	\$102.38	5.8%	\$65.63	5.6%
2008	60.4%	-5.8%	\$106.55	4.1%	\$65.61	0.0%
2009	54.5%	-9.8%	\$98.20	-7.8%	\$53.55	-18.4%
2010	57.6%	5.7%	\$98.08	-0.1%	\$56.47	5.5%
2011	60.1%	4.3%	\$101.64	3.6%	\$61.06	8.1%
2012	61.4%	2.2%	\$106.10	4.4%	\$65.17	6.7%
2013	62.3%	1.5%	\$110.35	4.0%	\$68.69	5.4%
<b>Avg. Annual Growth Rate</b>		<b>0.09%</b>		<b>3.03%</b>		<b>3.20%</b>

Source: Smith Travel Research, HSP

Occupancy peaked at an all-time high of 65.1 percent in 1995, then steadily decreased to 59.0 percent following 9/11 and then rose again to peak at 64.2 percent in 2006. The latest recession is the most severe recorded in the hotel industry post-depression. Occupancy decreased to 54.5 percent, a 15 percent (nearly ten percentage point) decline. Average daily rate peaked at \$106.55 in 2008 and bottomed out in 2010 at slightly more than \$98. Occupancy increased in 2011 and rates began to increase as well. Performance in 2012 showed continued improvement, with occupancy at 61.4 percent, a 2.2 percent increase from 2011 and a \$106.10 average daily rate, four percent higher than 2011. Data from 2013 shows continued improvement of the average daily rate over the 2012 figure.

The figure below shows the above data in graph form, highlighting the annual change in performance.

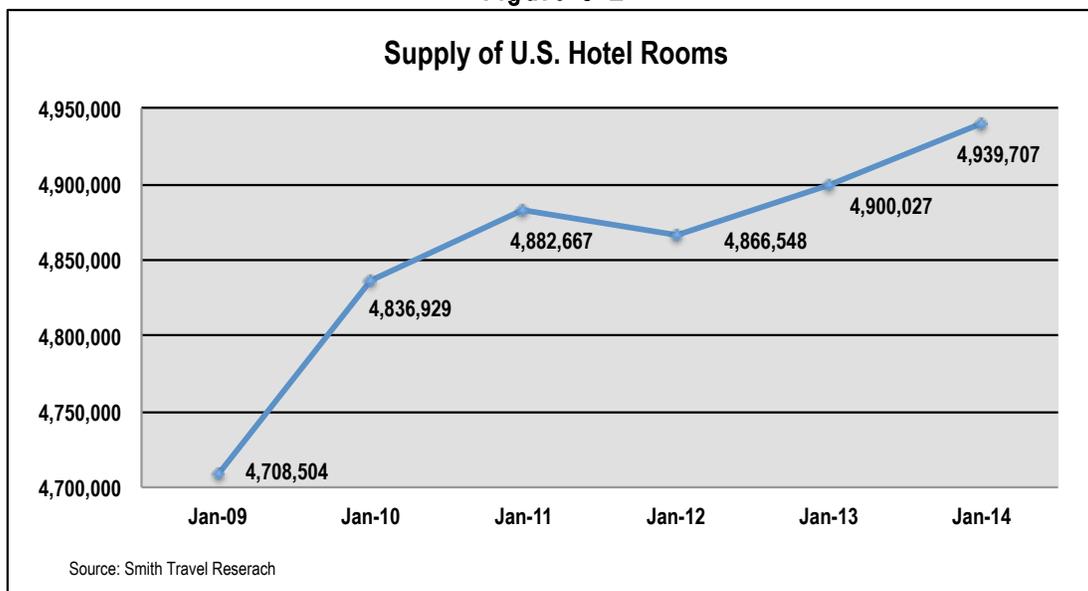
Figure 6-1



Performance in 2013 was much improved from the drastic decline in 2009. As the above graph indicates, from 1996 through 1999, and again in 2007 and 2008, even when occupancy declines, average daily rates can increase. This speaks to the concept of maximum practical occupancy. At a certain average occupancy, there are enough “sold-out” dates and demand pressure to raise prices.

The following chart shows the trend of the U.S. hotel room supply between January of 2009 through January of 2014.

Figure 6-2



As demonstrated, the U.S. supply of hotel rooms has increased from approximately 4.7 million rooms in January of 2009 to more than 4.9 million rooms in January of 2014. Of the six years shown, the only decrease in hotel rooms in the U.S. hotel market was between 2011 and 2012. This growth rate was less than one percent per year, which was outpaced by demand growth, which is why occupancy has increased and rates have followed.

The following table shows the number of existing hotel rooms, rooms under construction and rooms in the active pipeline as of January 2014 sorted by chain scale.

Table 6-2

Chain Scale	Preliminary Existing Supply	Year Over Year Percent Change	Rooms Under Construction	Year Over Year Percent Change	Total Active Pipeline	Year Over Year Percent Change
Luxury	107,666	0.1%	4,577	-3.3%	7,367	-7.2%
Upper Upscale	563,809	2.3%	8,048	13.6%	24,358	58.8%
Upscale	609,801	3.5%	35,721	38.6%	96,348	17.0%
Upper Midscale	866,673	-0.3%	28,906	46.4%	99,280	12.6%
Midscale	484,836	1.5%	5,100	51.1%	21,130	7.8%
Economy	773,093	-0.2%	1,167	20.9%	4,179	4.4%
Unaffiliated	1,533,829	0.1%	13,329	21.8%	105,107	16.9%
<b>Total</b>	<b>4,939,707</b>	<b>0.8%</b>	<b>96,848</b>	<b>33.4%</b>	<b>357,769</b>	<b>16.4%</b>

Source: Smith Travel Research

Between January 2013 and January 2014, the hotel industry increased its total supply for the third consecutive year, this time by nearly one percent (more than 39,200 rooms). Among the chain scale segments, the upscale segment expanded the most during 2013, growing by 3.5 percent over the previous year. As of the end of January 2014 there are more than 96,800 hotel rooms under construction and nearly 357,800 rooms in the active development pipeline of 2,925 projects.

The total active pipeline data includes projects in planning, final planning and under construction but not those in the pre-planning stage. The ‘in planning’ stage is defined as projects where an architect or engineer have been selected, and plans are in process where initial approvals have typically been granted. ‘Final planning’ is defined as the stage where the project has gone out for bids or construction is expected to begin with four months. ‘Pre-planning’ is defined as the period before an architect has been selected.

The following table shows the existing supply of rooms, rooms under construction and the year over year percent change of the top ten hotel markets.

**Table 6-3**

<b>Top Ten U.S. Markets by Hotel Rooms in the Construction Phase As of January 2014</b>			
<b>Market</b>	<b>Existing Supply</b>	<b>Rooms Under Construction</b>	<b>Year Over Year Percent Change</b>
New York, New York	108,712	11,189	12.2%
Washington D.C.	105,573	2,819	-9.6%
Los Angeles-Long Beach, California	97,416	2,523	225.5%
Orlando, Florida	118,706	2,358	-16.9%
Miami-Hialeah, Florida	48,592	1,975	66.7%
Houston, Texas	74,849	1,930	229.4%
Denver, Colorado	41,417	1,913	45.6%
Chicago, Illinois	109,044	1,892	-18.3%
Seattle, Washington	40,729	1,242	345.2%
Dallas, Texas	78,384	1,196	367.2%

Source: Smith Travel Research

New York City reported the largest number of rooms under construction as of January 2014, while Orlando reported the largest existing supply. The Washington, D.C., Los Angeles-Long Beach and Orlando markets all reported more than 2,000 rooms under construction. Dallas experienced the largest percentage increase in rooms under construction, with a year-over-year percent change of nearly 370 percent.

## Development and Financing

The hotel development pipeline had been robust until 2008, when the credit crisis hit and real estate across all sectors declined. This has made credit more expensive, and the combination of lack of funds and poor market performance essentially stopped new developments in 2009.

Since then, credit has loosened for hotels and more and more were being made in 2012 and 2013 for hotels. Demand outpaced supply for so many years during the recession that banks could not ignore the opportunity, nor could developers.

The loan-to-value ratio (LTV) is an important measure of the amount of risk banks are willing to take on real estate investments. Historically, hotels have exhibited a higher risk level in the eyes of lenders and have required a substantial equity investment. However, cookie-cutter branded prototype projects at interstate intersections – very predictable to bankers in terms of safety and profitability – have achieved loan-to-value rates of up to 90 percent.

As the performance of hotels improved, bankers felt more comfortable approving higher loan amounts relative to the value of the project. As its peak in 2005, the LTV was nearly 70.6 percent on average. It decreased to 60 percent in 2008 and has been slowly recovering since that time, reaching closer to 70 percent in 2013.

## Transactions

Capitalization rates (cap rates) are a measure of risk and reward. The higher the cap rate, the riskier the market expects an investment to be and the higher the possible reward expected. To determine value, appraisers, buyers and sellers use net operating income divided by the cap rate. A hotel with \$1 million in net operating income and a ten percent cap rate would have a value of \$10 million. However, using a 5 percent cap rate would give a value of \$20 million. During the height of the hotel buying frenzy in 2005 and 2006, some hotels were sold at effective cap rates lower than five percent, leading to extraordinary values.

Cap rates for hotels have historically been in the 8 to 12 percent range for most markets, except in places like New York, San Francisco, Boston and Hawaii. The rate was below ten percent in 2005 and 2007 and below nine percent in 2006, leading to record sales prices and intense transaction activity. Some transactions included cap rates as low as three percent during the height of the hotel financing and construction boom of 2005 – 2007. The rates then increased substantially during the recession, lowering valuations and the ability to get loans. The higher the cap rate, the lower the valuation of the hotel and with the market-wide increase in cap rates, hotel transaction activity ceased for about three years, with the exception of foreclosed hotels. Between 2009 and 2011, overall cap rates for full service hotels decreased from 8.95 percent to 7.5 percent. While from 2011 to 2012, rates increased from nearly seven percent to over eight percent.

According to a 2013 Hospitality Investment Survey by PKF, capitalization rates for recent transactions in high barrier-to-entry markets have sunk as low as five percent and two to three percent in major transactions, demonstrating investor expectations and trust of improved market

and decreased risk levels. Overall investment parameters have been flat for two years at 7.9 percent, down from 8.1 percent in January 2011.

The following table shows historical capitalization rates by chain scale.

**Table 6-4**

Property Type	Capitalization Rates From Sales Transactions							
	2013		2012		2011		2010	
	Average	Range	Average	Range	Average	Range	Average	Range
Full Service Including Luxury	6.2%	2.9% - 7.9%	5.8%	1.5% - 11.7%	6.1%	0.05% - 10.9%	5.3%	1.7% - 8.0%
Select Service and Extended Stay	7.4%	2.5% - 14.2%	7.4%	4.0% - 11.7%	7.7%	3.2% - 12.6%	7.8%	3.1% - 12.4%
Limited Service	9.2%	5.4% - 12.9%	9.3%	3.7% - 12.2%	9.5%	0.03% - 30.0%	8.5%	1.3% - 16.3%

Source: HVS, Hunden Strategic Partners

The above capitalization rates are based on historical net income at the time of sale divided by the sales price. In riskier markets, cap rates are higher. For Fort Worth, the cap rate would be dependent upon the quality of the hotel product being built, the brand, the existing market conditions (which are currently excellent) and the cap rates of similar projects.

## Development Costs

The following table shows the hotel development costs for the various quality segments of hotels for 2013/14. These figures are critical when considering which type of hotel to develop. Because the data is sorted and averaged by HVS prior to appearing in the table, the totals do not match the medians and averages for each type of property.

**Table 6-5**

2013/2014 Hotel Development Cost Survey Per-Room Averages						
	Land	Building and Site Improvements	Soft Costs	FF&E	Pre-Opening & Working Capital	Total
<b>Budget/Economy Hotels</b>						
Average from Budgets	\$12,300	\$58,700	\$5,800	\$8,300	\$3,200	\$77,400
Median	\$18,200	\$53,300	\$2,900	\$8,300	\$3,000	\$71,200
Allocation	14%	66%	10%	11%	4%	
<b>Midscale Hotels w/o F&amp;B</b>						
Average from Budgets	\$15,400	\$77,200	\$11,700	\$10,300	\$4,200	\$109,100
Median	\$14,100	\$68,300	\$8,500	\$10,000	\$4,000	\$93,100
Allocation	12%	68%	9%	11%	2%	
<b>Extended Stay Hotels</b>						
Average from Budgets	\$12,800	\$83,800	\$11,600	\$13,400	\$3,700	\$141,000
Median	\$11,400	\$75,000	\$10,200	\$13,800	\$3,500	\$121,900
Allocation	10%	68%	9%	13%	1%	
<b>Midscale Hotels W/ F&amp;B</b>						
Average from Budgets	\$14,600	\$83,100	\$13,600	\$13,900	\$3,900	\$129,400
Median	\$11,000	\$68,500	\$10,700	\$13,000	\$3,700	\$110,900
Allocation	16%	63%	11%	11%	1%	
<b>Full-Service Hotels</b>						
Average from Budgets	\$36,300	\$154,900	\$17,200	\$25,400	\$17,200	\$267,900
Median	\$35,000	\$140,600	\$14,400	\$24,700	\$16,000	\$214,800
Allocation	14%	65%	10%	11%	4%	
<b>Luxury and Resorts</b>						
Average from Budgets	\$93,600	\$373,900	\$81,900	\$56,800	\$20,800	\$641,000
Median	91,300	\$324,200	\$90,400	\$60,700	\$18,700	\$576,500
Allocation	18%	58%	14%	10%	4%	

Source: HVS

Costs per room vary drastically depending on the chain scale, from a median of \$52,700 for economy properties up to \$538,000 for luxury properties. For most developments, the question is whether or not the average daily rate is greater than the cost per room to build.

A good rule of the thumb in the industry is that the average daily rate multiplied by 1,000 will give a developer a sense of what cost of hotel the market will support. So for example, a hotel expected to perform at \$125 per night on average could be developed for \$125,000 per room.

## Largest Hotel Brands

One of the continuing trends of the past decade has been the growth of hotel companies to create and expand brands into every conceivable niche, including extended stay (discussed below), boutiques, fractional, etc. These companies typically do not own their hotels, but brand them and provide the support, advertising, group sales and other services for the hotel owners for a fee.

The table following shows the top 15 hotel brands in the world, by number of rooms.

**Table 6-6**

Top Fifteen Global Hotel Brands by Room Count - As of January 2013					
Rank	Brand	Company	Hotels	Rooms	Rooms/Hotel
1	Holiday Inn and Holiday Inn Express	InterContinental Hotels Group	3,392	424,612	125
2	Best Western	Best Western	4,024	311,611	77
3	Marriott Hotels & Resorts	Marriott International	558	204,917	367
4	Comfort Inns & Suites	Choice Hotels International	2,509	194,262	77
5	Hilton Hotels & Resorts	Hilton Worldwide	551	191,199	347
6	Hampton Inn	Hilton Worldwide	1,880	184,765	98
7	Ibis (Megabrand)	Accor	1,667	182,496	109
8	Home Inns	Home Inns	1,438	164,325	114
9	Sheraton Hotels & Resorts	Starwood Hotels & Resorts	427	149,784	351
10	Days Inn	Wyndham Hotels Group	1,826	147,808	81
11	Super 8 Motels	Wyndham Hotels Group	2,314	147,512	64
12	Courtyard	Marriott International	929	136,553	147
13	Quality Inn	Choice Hotels International	1,479	133,515	90
14	Ramada Worldwide	Wyndham Hotels Group	850	115,811	136
15	Crowne Plaza Hotels & Resorts	InterContinental Hotels Group	392	108,307	276
<b>Total</b>		--	<b>24,236</b>	<b>2,797,477</b>	<b>164</b>

Source: MKG Hospitality

As shown, the Holiday Inn and Holiday Inn Express are the world’s largest combined brands, with nearly 3,400 hotels and nearly 425,000 rooms. The Best Western brand is the world’s largest single brand, with more than 4,000 hotels and nearly 312,000 rooms.

### Other Trends of Note

Several other trends have been occurring in the industry over the past several years. These include:

- **Amenity Creep.** The major brands, led by Starwood, began introducing a higher quality of amenities in their hotels. This began with the “Heavenly Bed” for Westin and now all major brands have their own premium-bedding product. It continued with bathroom products, flat screen televisions, wireless internet, customizable sound and lighting systems, branded gym/spa experiences and other amenities now expected that previously were considered to be luxuries. These have even crept into the limited service brands. Overall, this has increased the initial and ongoing costs of hotels, although customers have been loyal to those that have implemented the improvements.
- **Brands Multiply.** Worldwide, the expansion of brands continues to change the face of the competitive environment. Eager to show earnings and market share for Wall Street, major brands compete fiercely. Using multiple brand products clustered in the same corporate structure, proprietary reservation systems and corporate programs work in tandem to drive business. Comparing profit potential of a brand to one

without a brand is becoming a serious exercise for hotel owners. At the same time, the proliferation of brands means fewer independents that struggle for fair share using price as the preferred strategy.

- **Global Travel and the Impact of Energy Prices and Economic Conditions.** The large fluctuations in oil and fuel costs have a continual impact on travel and will continue to be a major factor in the coming years.
- **Green Policies.** Requirements, both by law and the guests, on businesses enforcing green practices are becoming tougher to comply and are even becoming a demand driver. Eco-consciousness is a popular trend among new generations and, suddenly, energy systems, insulation, produce origin and even amenities become differentiation factors. Hotels can capitalize on the environmentally sensitive customers by adapting sustainability practices such as Element by Starwood has done.
- **Distribution.** The increase in booking travel via the Internet has been a major trend in the industry for more than a decade, with approximately 30 to 40 percent of booking research done online and one-third of revenue booked online in 2010. While in 2012, 85 percent of leisure travelers rely in the Internet to plan and book travel. An additional estimated 30 to 40 percent of bookings were researched online. This has brought transparency and increased competition to the market and all players with a solid Internet and distribution strategy are able to compete effectively. As third party websites, smartphones and available applications are rapidly becoming a key factor in every travel stage by easing access to planning and booking tools that ease the customers' experience. Travelers expect a more informed and collaborative travel experience, especially driven by the evolving smartphone functionality. Hotel companies are creating property-specific websites to differentiate each property and reach more? given markets and traveler segments than the cookie-cutter website
- **Technology.** The rapid advance of technology means hotels have to continually keep up with the expectations of their guests. With multiple wireless devices, guests expect a high-speed wireless network throughout the hotel that will allow them to use their smartphones, tablets (led by the iPad) and laptops without connectivity issues. In-room movies via Lodgenet can now be controlled via an application on a guest's smartphone. Many hotels have begun to introduce in-room iPads that allow concierge services, room service, check out, entertainment and other items to be taken care of directly from the device.
- **Social Media, Crowd-Rating and Mobile Connectivity.** The rise of social media and user-based ratings has had a direct impact on hotel decision-making. Sites like Trip Advisor allow users to rate and castigate hotels directly on the website, which allows potential customers to determine if they will choose that hotel. Hotels have to be incredibly proactive and reactive to comments posted on Twitter, Facebook and such ratings sites including OTA's. Approximately one in three business travelers' have rated an establishment. Mobile connectivity, as mentioned above, has become a crucial factor in a travelers' experience. Mobile-friendly websites and mobile applications are the most used mean for corporate travelers, 70

percent, to check in to flights and/or hotels, while one in four hotel queries come from a mobile device.

- **Demographics.** Two major demographic shifts marked the beginning of positive growth in the hotel business. The first is both baby boomers and millennials as the target market for their luxury consumption. The baby boomer generation became a target audience due to the amount of disposable income and nest egg capital allowing them to travel in large numbers for the next decade. Millennials are the second demographic group tapped as an up-and-coming luxury consumer group affecting the industry and being targeted by the industry itself with marketing strategies that are different from its preceding groups. Millennials are drawn to entertainment, technology and accessibility. Secondly, the BRIC economies, (Brazil, Russia, India and China) have exploded in their economic power over the past several years. This has led to a massive increase in the middle classes in these nations and these populations are traveling in increasing numbers.
- **Boutique Brands.** This seemingly incongruous phrase is a trend taking place in the industry. The largest brands have run out of market segments to fill, so they are seeking the last bastion of the industry: independent boutique hotels. By creating a boutique “collection” that can benefit from (and provide distribution to) the primary brand family, both the hotel and brands can prosper. For example, with all traditional niches covered, Marriott has now entered the boutique market with the Autograph Collection. These hotels are not owned or operated by Marriott and do not even carry a Marriott brand, per se, but use the Marriott reservation system to route travelers to these formerly independent hotels. Guests get their Marriott points and some expectation of high quality. Hilton, Starwood and others are attempting to do the same.

## DOWNTOWN FORT WORTH HOTEL MARKET

In order to best understand the hotel market surrounding the Fort Worth Convention Center, HSP profiled selected downtown hotels. While the greater metro area’s hotel offerings are similar to other metro area markets, with midsized to larger full-service hotels downtown of varying quality, there are critical differences in the city’s downtown area, the chief area of interest. The long-term investment in downtown Fort Worth hotels has encouraged and supported other important developments, such as Sundance Square, and aided the Fort Worth Convention Center’s performance and demand growth. Due to the existence of multiple walkable large and midsized hotels of varying quality, and despite an older, low quality property, which negatively impacts rates and brings down the whole market, the downtown Fort Worth market is currently in a position to increase its competitive stance as both a city and attractive meeting/event destination.

## Analysis of the Competitive and Relevant Downtown Fort Worth Hotel Market

HSP chose a set of primary competitive and relevant hotels that impact the market to profile and analyze within the downtown Fort Worth market area. The primary factors considered were location, function space, quality, amenities, size, brand and market demand mix.

The following table shows a summary of the hotels in the downtown Fort Worth competitive set.

**Table 6-7**

Downtown Fort Worth Competitive Set / Selected Hotels				
Hotel	Rooms	Date Opened	Chain Scale	Function Space
Ashton Hotel	39	2001	Luxury Class	4,430
Courtyard Fort Worth Downtown Blackstone	203	1999	Upscale Class	1,442
Embassy Suites Fort Worth Downtown	156	2007	Upper Upscale Class	5,061
Hilton Fort Worth	294	1975	Upper Upscale Class	18,947
Holiday Inn Express & Suites Fort Worth Downtown	132	2008	Upper Midscale Class	1,296
Omni Fort Worth Hotel	614	2009	Upper Upscale Class	39,551
Park Central Hotel	110	1964	Midscale Class	731
Renaissance The Worthington Fort Worth Hotel	504	1981	Upper Upscale Class	34,075
Sheraton Hotel Fort Worth & Spa	431	2008	Upper Upscale Class	17,252
TownePlace Suites Fort Worth Downtown	140	2010	Upper Midscale Class	336
<b>Average</b>	<b>262</b>	<b>1996</b>	<b>--</b>	<b>12,312</b>
<b>Total</b>	<b>2,623</b>			<b>123,121</b>

Source: Smith Travel Research

There are ten hotels in the downtown Fort Worth competitive / selected set, totaling 2,623 rooms. The largest and newest hotel is the Omni Fort Worth Hotel (614 rooms) followed by the Renaissance The Worthington Fort Worth Hotel (504 rooms). The average age of the competitive set hotels is 18 years. However, five of the properties have been opened in the last ten years. The 614-room Omni Fort Worth and 140-room TownePlace Suites Fort Worth Downtown are the newest operating hotels in the downtown market, opening in 2009 and 2010, respectively. The average size of the listed properties is 262 rooms. The function space available in the competitive/selected set ranges from approximately 340 square feet at TownePlace Suites to 40,000 square feet at the Omni Fort Worth.

The following figure shows a map of the downtown Fort Worth competitive/selected set in relation to the Fort Worth Convention Center.

Figure 6-3



All of the hotels in the competitive/selected set are within the central business district. These properties are easily accessible to travelers by multiple interstates, highways and downtown streets, but also by public and private transportation, such as Molly the Trolley. The majority of the hotels are within walking distance to restaurants, entertainment and destinations, such as Sundance Square Plaza.

The following table shows the estimate of 2013 rate, occupancy, RevPAR and market segmentation for the hotels.

**Table 6-8**

Competitive Set Hotels Estimated Occupancy, Rate & Market Segmentation for 2013									
Hotel	Rooms	Occupancy	Avg. Daily Rate	RevPAR	RevPAR Yield	Market Segmentation			
						Corp. Transient	Group	Leisure	
Ashton Hotel	39	66%	\$188	\$124	125%	72%	8%	20%	
Courtyard Fort Worth Downtown Blackstone	203	72%	\$154	\$111	111%	65%	20%	15%	
Embassy Suites Fort Worth Downtown	156	70%	\$144	\$101	101%	70%	14%	16%	
Hilton Fort Worth	294	72%	\$149	\$107	108%	65%	20%	15%	
Holiday Inn Express & Suites Fort Worth Downtown	132	65%	\$99	\$64	65%	75%	5%	20%	
Omni Fort Worth Hotel	614	71%	\$179	\$127	128%	40%	45%	15%	
Park Central Hotel	110	55%	\$69	\$38	38%	35%	15%	50%	
Renaissance The Worthington Fort Worth Hotel	504	68%	\$180	\$122	123%	62%	28%	10%	
Sheraton Hotel Fort Worth & Spa	431	63%	\$94	\$59	59%	60%	30%	10%	
TownePlace Suites Fort Worth Downtown	140	65%	\$95	\$62	62%	73%	5%	22%	
<b>Total/Weighted Averages</b>	<b>2,623</b>	<b>67.8%</b>	<b>\$146.83</b>	<b>\$100</b>	<b>100%</b>	<b>58%</b>	<b>27%</b>	<b>15%</b>	

Source: Hunden Strategic Partners

As shown, the Ashton, Omni and Renaissance have the highest RevPAR yield, while the Park Central has the lowest. Market segmentation amongst the set is led by corporate transient at 58 percent, followed by group at 27 percent and leisure at 15 percent.

The following are profiles of each hotel in the competitive/selected set.

### *Ashton Hotel*

The two buildings that combined now make up the boutique full-service Ashton Hotel and associated function space are located at 610 Main Street and were originally built in 1890 and 1915. Both buildings are listed on the National Register of Historic Places and were connected in a 1937 remodel. As the city’s only small luxury property, the hotel opened in April of 2001 after a \$9 million complete renovation of the two buildings, which retained much of the original architectural details and style. The latest improvements to the 39-room, ten-suite property were a \$1 million update in 2008. The renovation and upgrades included new plasma televisions, new carpet, furniture and bedding and an improved fitness room. The hotel features approximately 4,400 square feet of function space and the SIX 10 GRILLE.

The following figure shows the property’s exterior.

Figure 6-4



The following table shows the Ashton Hotel's function space.

**Table 6-9**

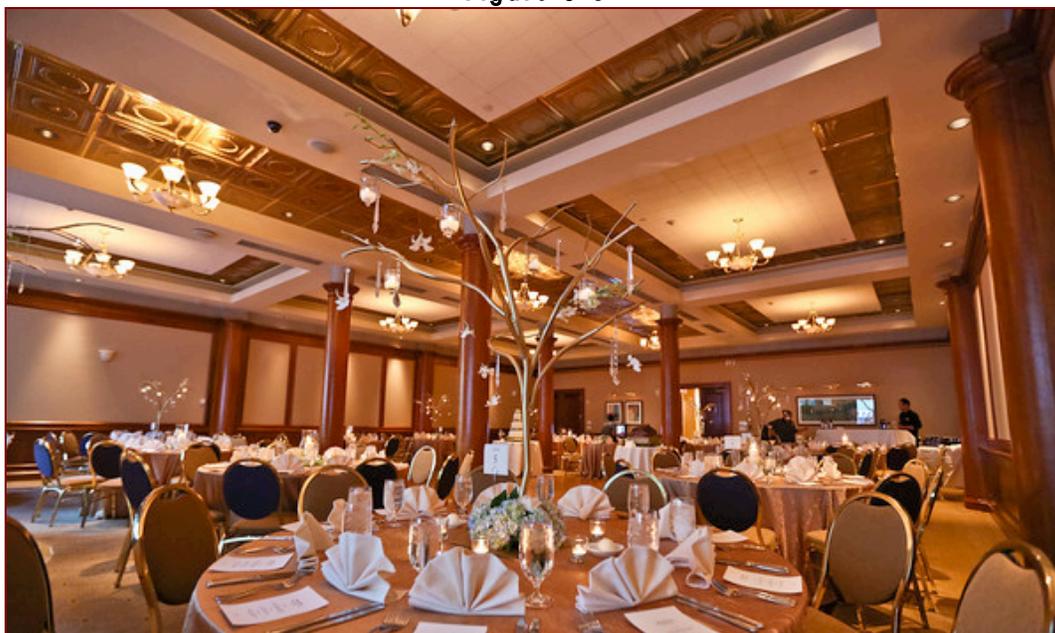
<b>Ashton Hotel Function Space</b>		
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF) Divisions</b>
Ballroom Facilities		
Winfree Ballroom	2,431	1
	<u>2,431</u>	<u>1</u>
Meeting Room Facilities		
Winfield Room	832	1
Scott Room	819	1
Board Room	348	1
	<u>1,999</u>	<u>3</u>
Hotel Rooms	39	
Total Ballroom Space	2,431	/ Guest Room 62.3
Total Meeting Space	<u>1,999</u>	<u>51.3</u>
Total Function Space	4,430	113.6
Ballroom Divisions	1	/ 100 Guest Rooms 2.6
Meeting Room Divisions	<u>3</u>	<u>7.7</u>
Total Divisions (including Ballroom)	4	10.3

Source: Ashton Hotel, Hunden Strategic Partners

The Ashton’s 4,400-square feet of function space consists of four rooms. Located in the two-story Winfree Building of the boutique hotel, the event space can accommodate up to 200 guests. The executive-style Board Room is used for smaller meetings and seats ten people. The combined, flexible Winfield/Scott Room on the second floor can accommodate up to 70 individuals in a classroom setup, 110 attendees in a banquet setup and 130 guests for a seated reception. The 2,400-square-foot, Victorian-style Winfree Ballroom can accommodate up to 100 people in a classroom configuration, 150 guests in a banquet setup and 200 people for a seated reception.

The following photo shows one possible configuration of the Ashton’s function space.

Figure 6-5



Due to the hotel's high quality, amenities, walkability and function space, the Ashton has one of the highest ADR and RevPAR in the market. The advertised rates range from \$200 to \$340 depending on the type of room and desired booking date.

### *Courtyard Fort Worth Downtown Blackstone*

The select-service Courtyard/Blackstone located at 601 Main Street is within walking distance of key facilities and locations such as the Fort Worth Convention Center and Sundance Square Plaza. Originally opened in 1929 as an independent hotel, it operated as a Hilton between 1952 and 1962. The Art Deco building remained vacant for more than 15 years, between 1982 and 1997, until restored in the late 1990's and opened in 1999. The restoration cost approximately \$26 million. The 203-room property (188 rooms and 15 suites) underwent a \$1.5 million renovation in 2005. The first portion of the renovations included re-caulking and painting of 20 floors of windows while the remainder of the updates included a complete turnover of the hotel's soft goods. In 2012 the property underwent another complete renovation.

The following figure shows the property's exterior.

**Figure 6-6**



The following table shows the Courtyard Fort Worth Downtown Blackstone's function space.

**Table 6-10**

<b>Courtyard Fort Worth Downtown / Blackstone Function Space</b>			
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF)</b>	<b>Divisions</b>
<b>Meeting Room Facilities</b>			
The Sundance Room	1,092		1
The Boardroom	350		1
	<u>1,442</u>		<u>2</u>
<b>Hotel Rooms</b>			
Hotel Rooms	203		
Total Meeting Space	<u>1,442</u>	/ Guest Room	<u>7.1</u>
Total Function Space	<u>1,442</u>		<u>7.1</u>
<b>Meeting Room Divisions</b>			
Meeting Room Divisions	<u>2</u>	/ 100 Guest Rooms	<u>1.0</u>
Total Divisions (including Ballroom)	<u>2</u>		<u>1.0</u>

Source: Courtyard Fort Worth Downtown / Blackstone, Hunden Strategic Partners

The Courtyard/Blackstone offers 1,400 square feet of function space between two rooms. The hotel has been a consistent high performer, preferred by corporate and group guests, as well as leisure travelers since it opened.

### *Embassy Suites Fort Worth Downtown*

The all suite, full-service Embassy Suites located at 600 Commerce Street is across from the Bass Performance Hall and adjacent to the Courtyard/Blackstone Hotel. This 156-room property opened in April of 2007 after a complete \$6 million renovation of the building. Prior to Embassy Suites, the property functioned as the Clarion Hotel. Since opening, the property has not had any recent renovations, and plans for any potential new renovations are not available.

The following figure shows the property's exterior.

**Figure 6-7**



The following table shows the Embassy Suites Fort Worth Downtown function space.

**Table 6-11**

<b>Embassy Suites Fort Worth Downtown Function Space</b>			
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF)</b>	<b>Divisions</b>
<b>Meeting Room Facilities</b>			
Imagine Boardroom	396		1
Insight Boardroom	340		1
Synergy 1	2,615		1
Synergy 2	975		1
Synergy 3	735		1
	<u>5,061</u>		<u>5</u>
Hotel Rooms	156		
Total Meeting Space	<u>5,061</u>	/ Guest Room	<u>32.4</u>
Total Function Space	5,061		32.4
Meeting Room Divisions	<u>5</u>	/ 100 Guest Rooms	<u>3.2</u>
Total Divisions (including Ballroom)	5		3.2

Source: Embassy Suites Fort Worth Downtown, Hunden Strategic Partners

The Embassy Suites offers more than 5,000 square feet of function space that consists of five meeting rooms. The two smaller boardrooms are approximately 340 square feet and 400 square feet. The Synergy 1 room is the largest available at the hotel with approximately 2,600 square feet of function space. According to management at a competing hotel, Embassy Suites is probably one of the best performing properties due to its location near dining and entertainment, as well as its good visibility from the Fort Worth Convention Center. The primary competition for the hotel is the Courtyard/Blackstone, which has comparable rates, but the property's occupancy is expected to be higher due to the amenities offered and the greater amount of function space available. Embassy Suites is also one of the top hotels in the market for business/corporate travel.

This hotel is an excellent example of how the downtown hotel market improved as a result of the last expansion of the FWCC and development of the Omni, as hoteliers saw better demand signals from the market and more competition, forcing improvements.

### *Hilton Fort Worth*

The full-service Hilton is located at 815 Main Street, just northwest of the Fort Worth Convention Center. This 294-room property (292 rooms and 2 suites) underwent a \$10.5 million renovation and rebranding (it was formerly a Radisson) in 2006. The renovation included the West Tower guestrooms, common areas and meeting space, as well as enhancements to the photography display that honors President John F. Kennedy, who spent his last night at the hotel in 1963 prior to his assassination. The 220-room East Tower at this time was put up for sale for conversion to potential office space, reducing available downtown hotel rooms. The hotel features approximately 19,000 square feet of function space, two onsite restaurants (Ruth's Chris Steakhouse and Café Texas), the Skylight Court Bar, the Corner Pantry and an onsite Starbucks.

The following figure shows the property's exterior.

Figure 6-8



The following table shows the function space offered by the Hilton Fort Worth.

**Table 6-12**

<b>Hilton Fort Worth Function Space</b>			
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF)</b>	<b>Divisions</b>
<b>Ballroom Facilities</b>			
Crystal Ballroom	11,960		
Crystal A		2,535	1
Crystal B		2,600	1
Crystal C		2,600	1
Crystal D		4,225	1
Texas Ballroom	3,192		
Texas A		798	1
Texas B		798	1
Texas C		798	1
Texas D		798	1
	<hr/>		
	15,152		8
<b>Meeting Room Facilities</b>			
Citizens Room	1,617		
Citizens A		378	1
Citizens B		756	1
Citizens C		483	1
Continental Room	1,156		1
General Worth Board Room	378		1
Metropolitan Room	644		1
	<hr/>		
	3,795		6
Hotel Rooms	294		
Total Ballroom Space	15,152	/ Guest Room	51.5
Total Meeting Space	3,795		12.9
Total Function Space	<hr/>		<hr/>
	18,947		64.4
Ballroom Divisions	8	/ 100 Guest Rooms	2.7
Meeting Room Divisions	6		2.0
Total Divisions (including Ballroom)	<hr/>		<hr/>
	14		4.8

Source: Hilton Fort Worth Downtown, Hunden Strategic Partners

The Hilton features nearly 19,000 square feet of flexible function space that consists of six rooms and 14 divisions. The hotel offers two ballrooms each divisible into four sections. The larger of the two ballrooms, the Crystal Ballroom, is approximately 12,000 square feet, and the smaller, Texas Ballroom is approximately 3,200 square feet. These two rooms offer more than 15,100 square feet of ballroom function space. The hotel also offers four meeting rooms, two with more than 1,100 square feet of function space. The largest meeting room, the Citizens Room, is divisible into three sections and offers more than 1,600 square feet of combined function space.

The hotels' approximate segmentation mix is 50 percent corporate transient and 50 percent group SMERF (social, military, educational, religious and fraternal). In 2013 the Hilton was expected to finish the year at approximately 72 percent occupancy. In 2012 the property operated at an average occupancy of 71 percent. In 2013 the Hilton had an ADR of \$155 and has been working to improve its performance relative to the Omni and Renaissance. The hotel's group rate averages approximately \$150 (a recent increase from \$147), a transient rate of \$170 and an average weekend rate of approximately \$99.

While quality at the Hilton has suffered based on reports from guest ratings and the CVB has received complaints about the property being dated, management stated that the hotel will undergo a complete renovation by summer of 2014. The property overhaul includes a complete update of the lobby and hallways that began in November of 2013 and a complete guest room renovation of soft and hard goods to be completed by mid-2014, except of the TVs and mattresses that were already recently replaced. This is yet another way that the improving market and competition from the Omni has forced positive private investment in critical hotel assets.

#### *Holiday Inn Express & Suites Fort Worth Downtown*

The limited-service Holiday Inn Express & Suites is located at 1111 W. Lancaster Avenue. This property is not as close to previously-discussed demand generators and entertainment such as the Fort Worth Convention Center and Sundance Square Plaza as the majority of the competitive/selected set. The hotel is just west of Texas State Highway 199 and closer to facilities such as the Healthsouth Rehabilitation Hospital and the Lone Star Injury & Rehab Park. The hotel also offers complimentary shuttle services anywhere within a three mile radius that includes the Stockyards, the Cultural District, Downtown and the Medical District. This 132-room property (108 guest rooms and 24 suites) opened in 2008 and is decorated in a contemporary style. The property is currently in the process of adding additional rooms on an uncompleted floor. After the expansion, the room count is estimated to be 163. The hotel also features approximately 1,300 square feet of function space.

The following figure shows the Holiday Inn Express & Suites Fort Worth Downtown.

Figure 6-9



The following table shows the function space available at the Holiday Inn Express & Suites Fort Worth Downtown.

Table 6-13

Holiday Inn Express & Suites Fort Worth Downtown Function Space			
Facilities	Total (SF)	By Division (SF)	Divisions
<b>Meeting Room Facilities</b>			
Expression 1	648		1
Expression 2	648		1
	<u>1,296</u>		<u>2</u>
Hotel Rooms	132		
Total Meeting Space	<u>1,296</u>	/ Guest Room	<u>9.8</u>
Total Function Space	1,296		9.8
Meeting Room Divisions	<u>2</u>	/ 100 Guest Rooms	<u>1.5</u>
Total Divisions (including Ballroom)	2		1.5

Source: Holiday Inn Express & Suites Fort Worth Downtown, Huden Strategic Partners

As shown, the Holiday Inn has two smaller meeting rooms, each approximately 650 square feet.

*Omni Fort Worth Hotel*

The full-service, \$240-million Omni Fort Worth is located at 1300 Houston Street, adjacent to the Fort Worth Convention Center. This 614-room hotel (589 rooms and 25 suites), which also includes a high-rise condo tower, opened in January of 2009 and features approximately 40,000 square feet of function space, two onsite restaurants (Bob's Steak & Chop House and the Cast Iron Restaurant), three onsite bars (the Whiskey & Rye sports bar, Wine Thief wine bar and the Water Horse Pool Bar), an onsite Starbucks and the Mokara Spa.

The following image shows the Omni Fort Worth located across from the Fort Worth Convention Center.

**Figure 6-10**



The following table shows the function space offered at the Omni Fort Worth Hotel.

**Table 6-14**

Omni Fort Worth Function Space		
Facilities	Total (SF)	By Division (SF) Divisions
<b>Ballroom Facilities</b>		
Fort Worth Ballroom	9,576	8
Texas Ballroom	18,788	10
	<hr/>	<hr/>
	28,364	18
<b>Meeting Room Facilities</b>		
Stockyards 1	1,532	1
Stockyards 2	832	1
Stockyards 3	801	1
Sundance 1	1,107	1
Sundance 2	1,119	1
Sundance 3	1,182	1
Sundance 4	1,195	1
Sundance 5	1,195	1
Sundance 6	1,165	1
Texas Longhorn Boardroom	551	1
Black Angus Boardroom	508	1
	<hr/>	<hr/>
	11,187	11
<b>Hotel Rooms</b>		
Hotel Rooms	614	
Total Ballroom Space	28,364	/ Guest Room 46.2
Total Meeting Space	11,187	18.2
Total Function Space	<hr/>	<hr/>
	39,551	64.4
<b>Ballroom Divisions</b>		
Ballroom Divisions	18	/ 100 Guest Rooms 2.9
Meeting Room Divisions	11	1.8
Total Divisions (including Ballroom)	<hr/>	<hr/>
	29	4.7

Source: Omni Fort Worth, Cvent, Hunden Strategic Partners

The Omni offers the largest amount of function space of the downtown selected hotels and supplements the Fort Worth Convention Center during larger events. The two ballrooms offer a total of more than 28,300 square feet of function space in 18 divisions, and there are 11 meeting rooms ranging from approximately 500 square feet to more than 1,500 square feet. The eleven meeting rooms offer approximately 11,200 square feet of function space. The Omni offers the newest, largest and highest quality function space in the downtown hotel market.

This 614-room property has greatly improved the city's ability to attract a greater number and larger events than previously chose to host their events in competing cities. The Omni functions as a headquarter hotel that is within walking distance of dining and entertainment options. This has added a vital component necessary for the City to create the attractive, walkable downtown

package that is an enticing destination for meeting planners, potential organizations and leisure guests.

The hotel was developed as a specific strategic effort of the city, a process that started in 2000 and led to the hotel's eventual opening in 2009. The public-private project was privately financed and owned, but included a variety of incentives to make the project possible. The included:

- 18-year abatement on hotel taxes
- 15-year abatement on hotel property taxes, capped at \$89 million
- \$8.6 million (from hotel tax and car rental tax reserves) to support garage costs
- Abatement on unsold condos for up to five years (abatement terminates upon sale of condo)
- No abatements of FWISD (schools), TCHD or TCCD taxes

The hotel has outperformed projections and induced a significant amount of new hotel demand downtown, especially group demand. The condo tower also helped to enliven the downtown residential scene.

As of August of 2013, nearly \$25 million in taxes had been generated from the abated taxes. The hotel has outperformed expectations and based on new demand for hotel development in downtown, suggests that the Omni was a wise investment by the City and private sector.

October and November were stated by management to be two of the busiest months for the Omni, which ended 2013 with an occupancy of approximately 72 percent and an ADR of \$181. This is a strong increase in ADR for the Omni over the 2012 ADR of nearly \$175. It is projected that the hotel's ADR will continue to increase to approximately \$188 by the end of 2014. Given that the best hotel in downtown Fort Worth was performing at a much lower occupancy and at an ADR of approximately \$50 less when the project was conceived, the downtown hotel market has clearly responded positively to the Omni, the FWCC expansion and other market forces.

### *Park Central Hotel*

The Park Central Hotel is located at 1010 Houston Street, directly across from the Fort Worth Convention Center and two blocks from the Omni Fort Worth. This lower-quality, exterior corridor 110-room property opened in October of 1964. The hotel features approximately 730 square feet of function space and the onsite Mambo's Tapas Cantina restaurant. Information about any recent or planned renovations is unavailable at this time.

The following figure shows the property's exterior.

Figure 6-11



The following table shows the function space at the Park Central Hotel.

Table 6-15

Park Central Hotel Function Space			
Facilities	Total (SF)	By Division (SF)	Divisions
<b>Meeting Room Facilities</b>			
Terrace Room A	340		1
Terrace Room B	391		1
	<u>731</u>		<u>2</u>
Hotel Rooms	110		
Total Meeting Space	<u>731</u>	/ Guest Room	<u>6.6</u>
Total Function Space	731		6.6
Meeting Room Divisions	<u>2</u>	/ 100 Guest Rooms	<u>1.8</u>
Total Divisions (including Ballroom)	2		1.8

Source: Park Central Hotel, Hunden Strategic Partners

The following image shows the meeting space available at the Park Central Hotel.

Figure 6-12



Despite the hotel's excellent location across from the Fort Worth Convention Center and within walking distance of popular restaurants and entertainment surrounding Sundance Square Plaza, the lower quality, outdated guest rooms often produce complaints from guests. While the location and lower rates may initially appeal to some visitors, the property is not a viable option for the majority of groups and organizations utilizing the Convention Center and drag down market metrics such as ADR.

### *Renaissance The Worthington Fort Worth Hotel*

The full-service Renaissance/Worthington Fort Worth Hotel is located at 200 Main Street, one block northwest of Sundance Square Plaza and seven blocks northwest of the Fort Worth Convention Center. This 504-room property (474 rooms and 30 suites) opened in 1981. In 2004 the property began the first phase of planned updates that included a complete renovation of the guestrooms, corridor and lobby. In 2007 the hotel continued the second phase of renovations with a \$3 million remodeling of the property's meeting space. This phase of renovations included the ballroom space restrooms as well as replacement of the carpet, artwork, wall coverings, furniture and meeting space signs and enhancements to the sound system. The most recent renovation to the property in 2012 included exterior façade work. The hotel features more than 34,000 square feet of function space, the onsite Vidalias restaurant and BarWired, the hotel's coffee house, internet café, bar and lounge.

The following figure shows the property's exterior.

Figure 6-13



The following table shows the function space available at The Worthington.

**Table 6-16**

<b>Renaissance The Worthington Fort Worth Hotel Function Space</b>			
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF)</b>	<b>Divisions</b>
<b>Exhibit Space</b>			
Rio Grande Room	12,600		1
<b>Ballroom Facilities</b>			
Grand Ballroom	10,530		4
Trinity Ballroom	5,452		5
	<u>15,982</u>		<u>9</u>
<b>Meeting Room Facilities</b>			
Bur Oak	864		1
Post Oak	864		1
Red Oak	368		1
Charter Oak Board Room	450		1
Treaty Oak Board Room	667		1
Live Oak Room I	480		1
Live Oak Room II	432		1
Live Oak Room III	432		1
Live Oak Room IV	432		1
Live Oak Room V	504		1
	<u>5,493</u>		<u>10</u>
Hotel Rooms	504		
Total Exhibit Space	12,600	/ Guest Room	25.0
Total Ballroom Space	15,982		31.7
Total Meeting Space	5,493		10.9
Total Function Space	<u>34,075</u>		<u>67.6</u>
Ballroom Divisions	9	/ 100 Guest Rooms	1.8
Meeting Room Divisions	10		2.0
Other Divisions	1		0.0
Total Divisions (including Ballroom)	<u>20</u>		<u>4.0</u>

Source: Renaissance The Worthington Fort Worth, Cvent, Hunden Strategic Partners

The Worthington offers the second-largest amount of function space in the selected set with more than 34,000 square feet of meeting and event space. The hotel has nearly 16,000 square feet of ballroom function space in two rooms and nine divisions as well as approximately 5,500 square feet of meeting function space in ten rooms and the 12,600-square foot Rio Grande exhibit hall.

Due to the ongoing renovations and financial investment of the property's guest rooms and meeting space at the time, 2005 through 2007 were some of the hotel's top performing years. Other factors, such as the closure of the Hilton's East Tower, positively impacted the Worthington's business. As with the market in general, there are strong ties to government business especially through contracts with companies such as Lockheed Martin and Bell Helicopter. The hotel offers a government rate of approximately \$140.

Approximately 73 percent of the Worthington's business is from groups while the remaining 27 percent is transient business. Transient business includes negotiated corporate contracts and leisure transients. A large portion of the corporate business is associated with the pharmaceutical industry and Lockheed Martin. One challenge for some groups and organizations utilizing the Worthington during their conventions or events, despite its location near Sundance Square Plaza, is that it is not as walkable as many of the other downtown hotels in relation to the convention center. Based on interviews with management, this takes the hotel out of the first ring of hotels considered for major hotel room blocks at the FWCC.

### *Sheraton Hotel Fort Worth & Spa*

The full-service, twin-tower Sheraton Hotel and Spa is located at 1701 Commerce Street and adjacent to the Fort Worth Water Gardens. The hotel opened in 2008 after a \$46-million renovation of the former Plaza Hotel Fort Worth. The extensive renovation included guest rooms, suites, public areas, meeting spaces, spa amenities and the onsite restaurant.

The 431-room Sheraton Hotel features more than 17,200 square feet of function space, an 8,000 square-foot fitness center and spa that has a yoga room, pilates studio and six treatment rooms and the Sheraton Fort Worth onsite restaurant.

The following figure shows the Sheraton Hotel Fort Worth & Spa.

Figure 6-14



The following table shows the function space available at Sheraton Hotel & Spa.

**Table 6-17**

<b>Sheraton Fort Worth Hotel and Spa Function Space</b>			
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF)</b>	<b>Divisions</b>
<b>Ballroom Facilities</b>			
Taste Of Texas Ballroom	8,652		6
Piney Woods Ballroom	4,624		2
	<u>13,276</u>		<u>8</u>
<b>Meeting Room Facilities</b>			
La Bodega Boardroom	520		1
West Room	1,728		1
Pheasant Ridge	624		1
Llano	480		1
Cap Rock	624		1
	<u>3,976</u>		<u>5</u>
Hotel Rooms	431		
Total Ballroom Space	13,276	/ Guest Room	30.8
Total Meeting Space	<u>3,976</u>		<u>9.2</u>
Total Function Space	<u>17,252</u>		<u>40.0</u>
Ballroom Divisions	8	/ 100 Guest Rooms	1.9
Meeting Room Divisions	<u>5</u>		<u>1.2</u>
Total Divisions (including Ballroom)	<u>13</u>		<u>3.0</u>

Source: Sheraton Fort Worth Hotel and Spa, Cvent, Hunden Strategic Partners

The Sheraton features approximately 17,200 square feet of function space, including two ballrooms and five meeting rooms. The two ballrooms offer nearly 13,300 square feet of function space in eight divisions. While not divisible, the five meeting rooms total to nearly 4,000 square feet of function space with the largest meeting room, the West Room, containing more than 1,700 square feet.

In comparison with many of the other hotels in the selected set, due to the property's location, the hotel does not attract as many transient guests due to its isolated location on the south side of the FWCC. The property is separated from the convention center, Sundance Square Plaza and the rest of the downtown by the Fort Worth Water Gardens. The Sheraton is used primarily for group business and acts as more of an overflow hotel. In feedback from individuals and groups that have utilized the hotel during conventions and meetings, some have expressed dissatisfaction with the quality of the guestrooms and dated finishes. However, it should be noted that compared to the hotel's quality when it was the Plaza, the product is a major improvement for downtown Fort Worth's hotel product. Within the past ten years, nearly all of the hotels that would not be suitable for convention guests have been renovated, upbranded or closed. This is one example and a positive result of the actions of the past ten or more years.

### *TownePlace Suites Fort Worth Downtown*

The limited-service TownePlace Suites is located at 805 East Belknap Street. This 140-room, all suite extended stay property opened in July of 2010. The property features fully-equipped kitchens in each suite and offers one 336-square-foot meeting room. While TownePlace Suites is the newest downtown hotel development, its location and property type is not as conducive for attracting convention groups or organizations. The hotel is not within a walkable distance from the Fort Worth Convention Center, nor is it as close to dining and entertainment options as most of the hotels within the selected set.

The following figure shows the property's exterior.

**Figure 6-15**



The hotel has more of a suburban character and offers lower, competitive rates for longer-term stays.

### **Proposed Hotel Projects**

There are several hotels being proposed or considered for downtown Fort Worth, which include an extended stay hotel south of the FWCC, an upscale boutique hotel across from the Courtyard, a potential select-service hotel adjacent to the FWCC and others in pre-development. While none are under construction, there is enough demand in the market to spark pre-development activity for between three and five hotels totaling 300 to 600 rooms.

At 210 E. Ninth Street, the site of the former United Way building, a 210 to 250-room Hampton Inn & Suites has been proposed by the Raymond Group. While there were preliminary expectations for the hotel to be operational by the fall of 2014, the project has faced various challenges, including finalizing the necessary financing. The financing issues were due, in part, to new unexpected costs associated with electrical requirements that could potentially increase construction costs by \$1-million.

## Accommodated Demand and Competitive Set Performance

HSP used Smith Travel Research data to analyze the competitive hotel set. The following table shows the performance data for the downtown Fort Worth competitive set of hotels from 2007 through 2013.

**Table 6-18**

Historical Supply, Demand, Occupancy, ADR, and RevPar for Selected Downtown Hotels											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2007	1,268	462,650	--	337,331	--	72.9	--	\$160.11	--	\$116.74	--
2008	1,613	588,906	27.3%	376,410	11.6%	65.3	-10.4%	\$154.67	-3.4%	\$101.00	-13.5%
2009	2,482	905,930	53.8%	509,833	35.4%	56.3	-13.8%	\$144.06	-6.9%	\$81.07	-19.7%
2010	2,553	931,690	2.8%	595,175	16.7%	63.9	13.5%	\$141.62	-1.7%	\$90.47	11.6%
2011	2,622	957,030	2.7%	658,349	10.6%	68.8	7.7%	\$144.80	2.2%	\$99.66	10.2%
2012	2,622	957,030	0.0%	648,693	-1.5%	67.8	-1.5%	\$146.82	1.4%	\$99.52	-0.1%
2013	2,622	957,061	0.0%	644,112	-0.7%	67.3	-0.7%	\$154.61	5.3%	\$104.05	4.6%
CAGR* (2007-2013)	17.8%	17.8%	--	15.2%	--	-1.3%	--	-0.6%	--	-1.8%	--

\*Compound Annual Growth Rate  
Sources: Smith Travel Research, Hunden Strategic Partners

Demand for room nights in the Fort Worth selected downtown hotel set has increased over the previous seven years by more than 306,000 room nights from its low in 2007. However, the hotel set demonstrated a slight decrease of room nights sold in both 2012 and 2013 of 1.5 percent and 0.7 percent, respectively. The last two hotels to open in the last five years in downtown Fort Worth were the Omni Fort Worth and TownePlace Suites Fort Worth Downtown in 2009 and 2010, respectively. With the addition of these hotels and the closure of part of the current Hilton Hotel, the total downtown rooms have more than doubled from 2007. Despite this massive increase in supply, occupancy has increased from 56 percent in 2009 to 67 – 69 percent during the past three years.

The average daily rate peaked at \$160.11 in 2007 and decreased through 2010 to \$141.62 due to the recession and the addition of hotel supply. Five hotels opened from 2007 through 2010, including the 614-room Omni Fort Worth in 2009. Since 2011 the average daily rate increased and reached \$154.61 by the end of 2013, which is fairly high relative to other similar downtowns, especially when considering the amount of limited service or lower quality hotels.

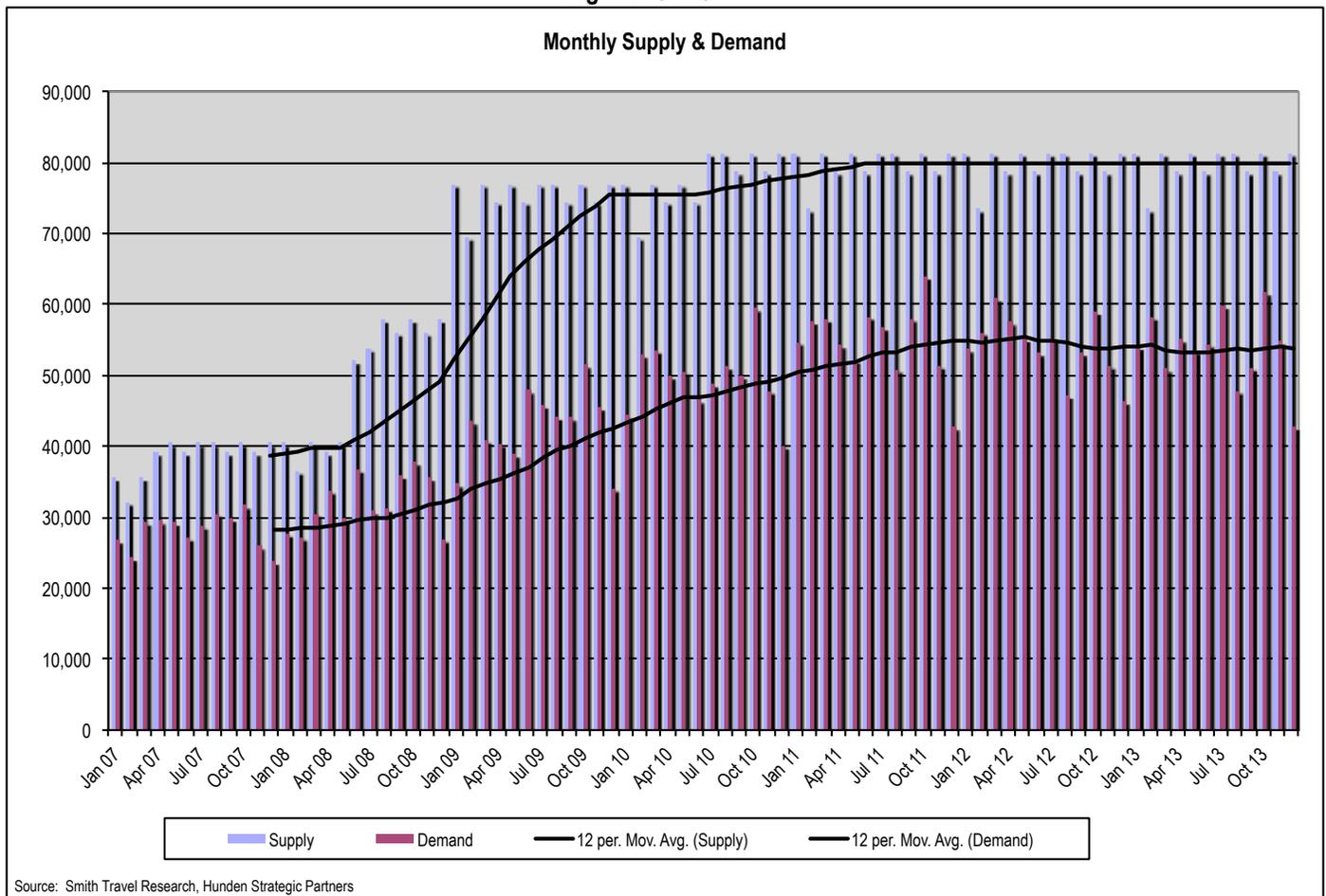
Occupancy also peaked in 2007 at approximately 73 percent and followed a pattern similar to the average daily rate. Occupancy, however, began to increase a year earlier in 2010. As of the end of 2013, the selected downtown hotel set was operating at more than 67 percent. These metrics indicate that the downtown hotel market has quickly absorbed the newly added supply and is once again reaching the point where it will be able to sustain a new hotel development, which explains why so many other hotels are in pre-development. Another large, quality hotel that is walkable from the Fort Worth Convention Center and Sundance Square would support any

possible expansion of the existing Convention Center facilities, increasing the City of Fort Worth's appeal for larger conventions and expand its market reach.

Over the past five years, the total hotel room revenue generated downtown has essentially doubled. This fact alone suggests the positive results that occurred.

The following figure shows the supply and demand trends for the selected set.

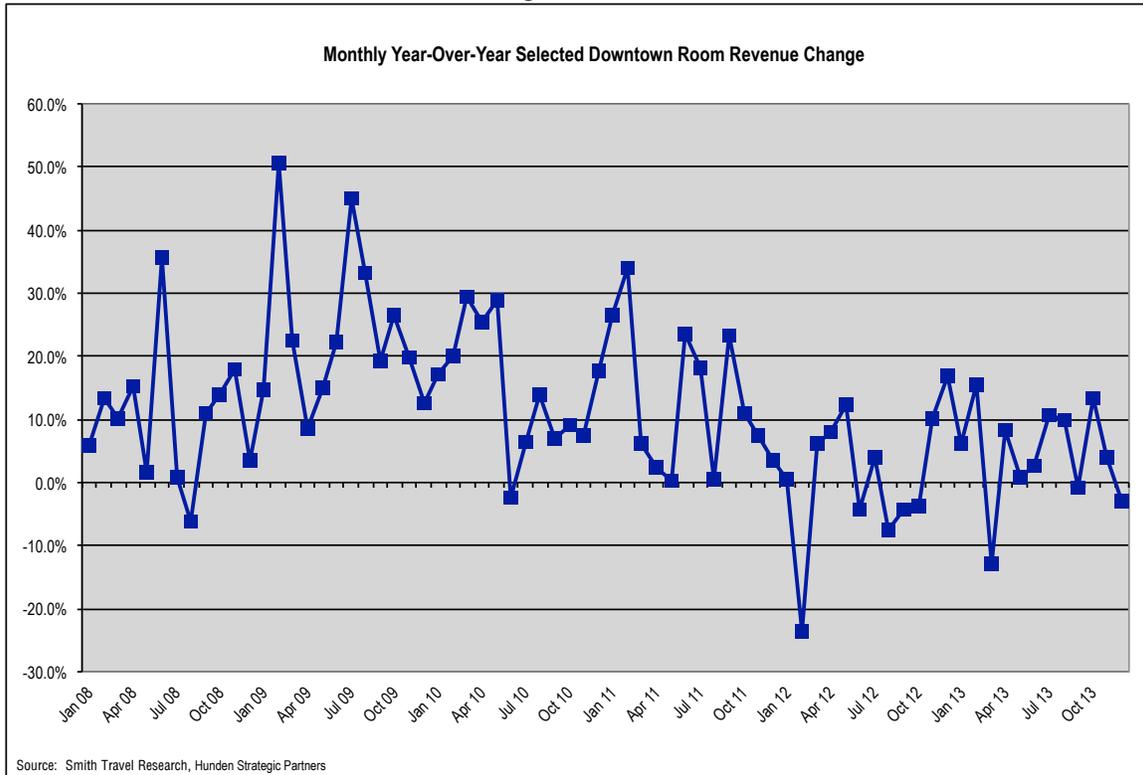
**Figure 6-16**



While the competitive set has grown in both supply and demand between 2007 and 2010, the chart reflects a similar seasonality trend that will be discussed later in this chapter. The average monthly room night demand has steadily increased between 2007 and 2012 with additional hotels and expansions being introduced to the market with a similarly increasing trend. The supply and demand both began to level off at the end of 2011 through 2013, with no new hotel developments since 2010.

The following figure shows the room revenue changes by month (year-over-year). Any data point above zero shows revenue growth.

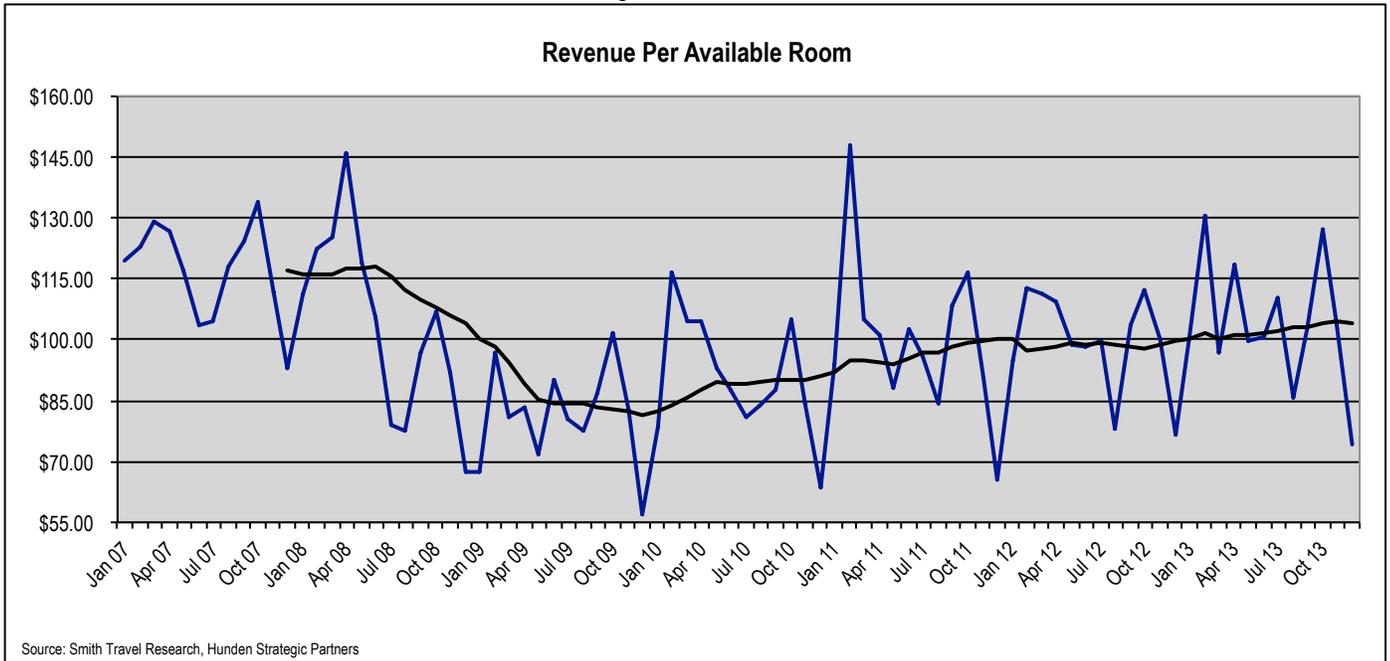
Figure 6-17



As shown, the competitive set's room revenue, beginning in 2008, was positive, and while experiencing a temporary dip in July and August of 2008, has increased nearly every month during the period.

The following figure shows the Revenue Per Available Room (RevPAR), which is the product of occupancy and rate.

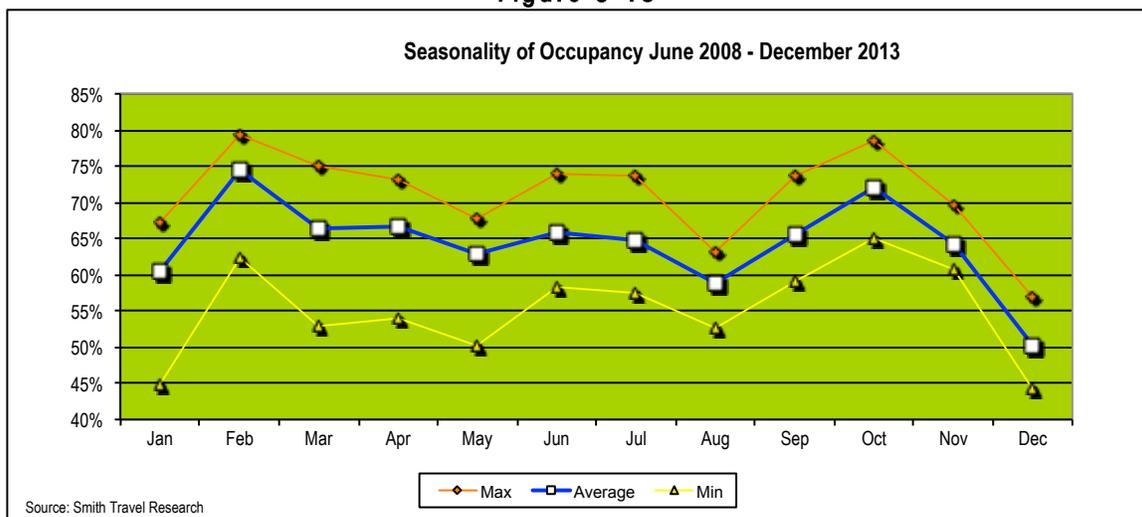
Figure 6-18



The black line above shows the 12-month moving average. The figure above shows RevPAR initially decreasing until the end of 2009. Since the beginning of 2010, it has gradually, yet steadily increased through December of 2013.

The following figure displays the seasonality of occupancy for June 2008 through the end of 2013.

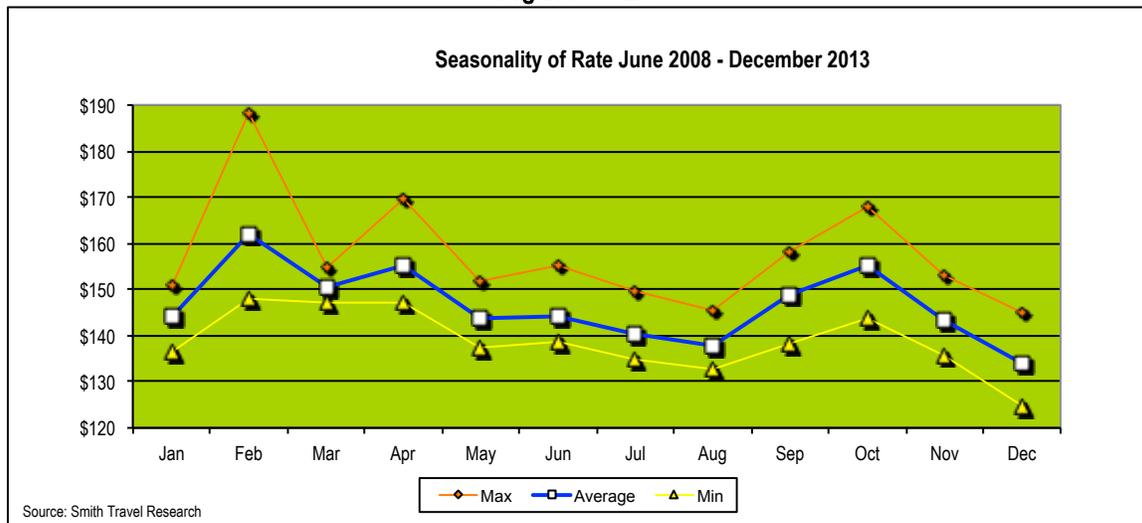
Figure 6-19



In terms of occupancy, February and October are the busiest months. These months average 75 and 72 percent occupancy, respectively. January and December are the slowest months, which is typical for cities with four seasons. August, on average, is also a slower month for the downtown market.

The following figure shows the seasonality of rate.

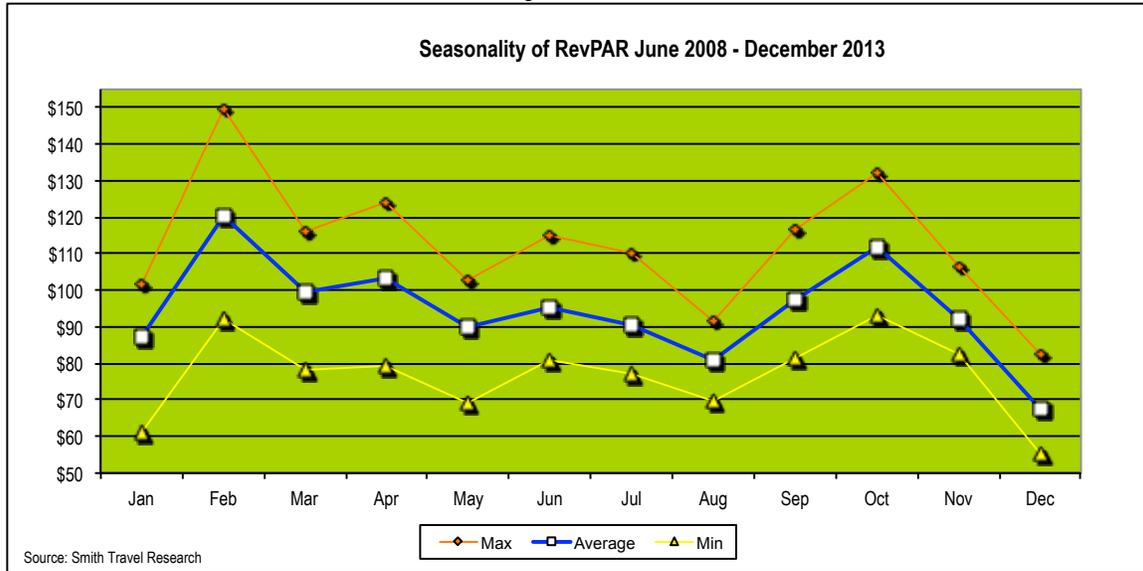
Figure 6-20



The average daily rate peaks in February at approximately \$162 then decreases through August to approximately \$138. It then increases through September and peaks again in October at \$155. By December the average daily rate declines to approximately \$134. These are average figures and the current figures are more represented by the “max” line in the graph. This shows that rates average as high as \$190 in February and \$170 in October. The lowest average monthly rate is about \$145.

The following figure shows the seasonality of RevPAR, which is the product of rate and occupancy, and suggests overall revenue.

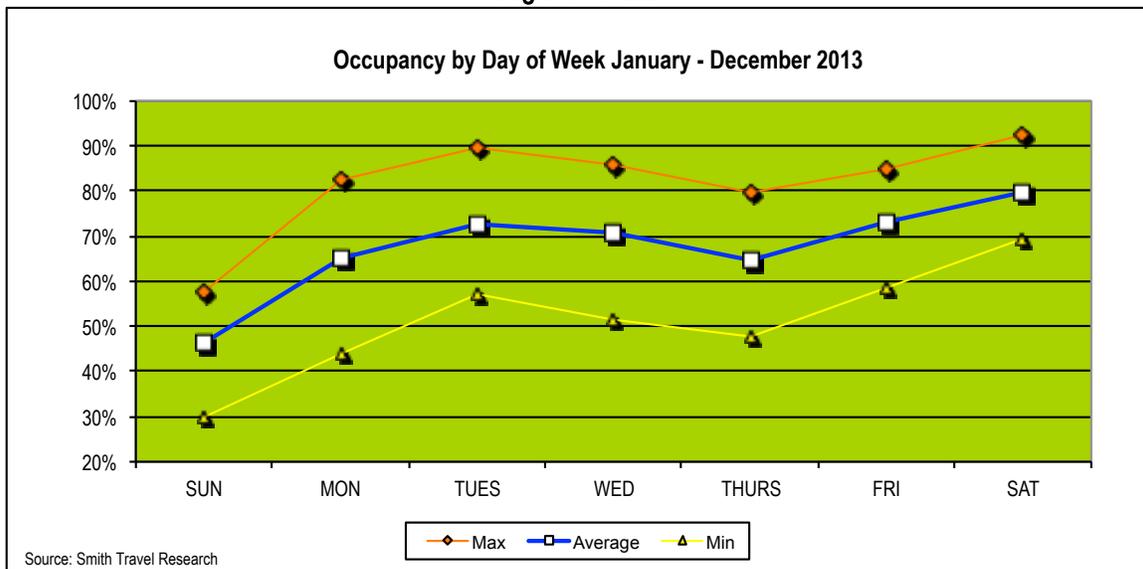
Figure 6-21



As with the other performance indicators, RevPAR data is consistent with the analysis of the prior graphs. RevPAR is highest during February and October when the rate and the occupancy are high.

The following figure shows the occupancy by day of the week during the 12 months ending December 2013.

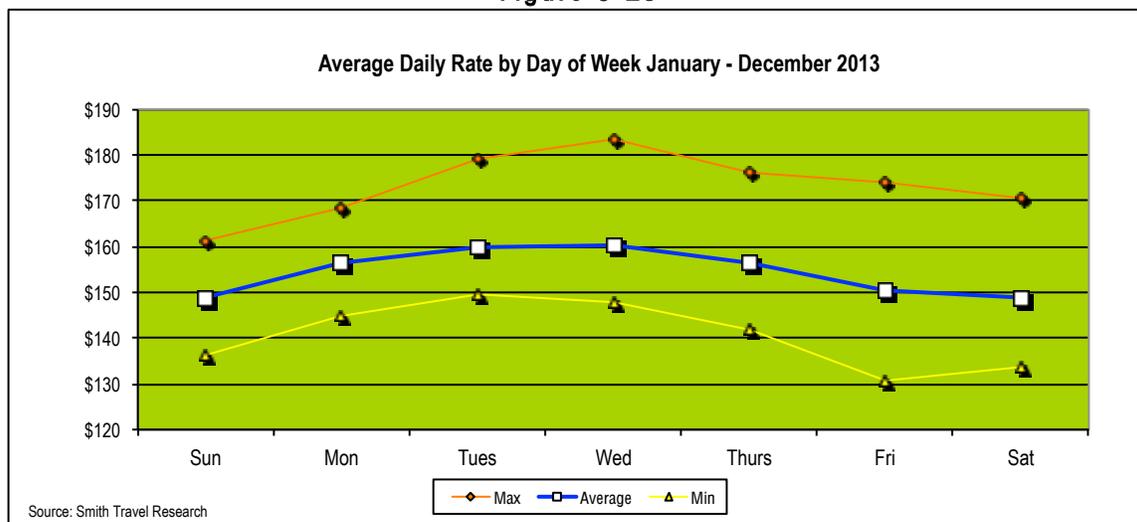
Figure 6-22



Occupancy is highest on Tuesday, Friday and Saturday, suggesting not only a strong corporate market, but significant leisure visitation as well. The Saturday average occupancy is the greatest and suggests a robust leisure travel market. Occupancy is lowest on Sunday nights, which is typical for all markets.

The following figure shows the average daily rate by day of week.

Figure 6-23



Rates are lower on the weekends with Sunday and Saturday averaging the lowest of the week at approximately \$149. Monday through Thursday are higher, peaking on Wednesday at approximately \$160 during heavy corporate travel times.

## Unaccommodated Demand

Unaccommodated demand is defined as demand that would have been captured by the market but for a lack of available or quality rooms. This demand is therefore deferred to later dates, accepts lesser-preferred accommodations, moves just outside the competitive set, moves its business to another area, or cancels plans altogether. Therefore, as new properties are added to the market, it is expected that this demand will be accommodated by the new supply, suggesting that when new hotels are added, they do not cannibalize existing market demand, but accommodate previously unaccommodated demand.

The following table shows the occupancy by day of the week per month for the twelve months following January 2013. Days of the week with occupancy between 75 and 80 percent are shown in yellow, suggesting mild displacement and unaccommodated demand, while orange shows days with 80 to 90 percent occupancy, suggesting very likely displacement. Days in red are for times when occupancy was beyond 90 percent for the set, suggesting near-certain displacement.

**Table 6-19**

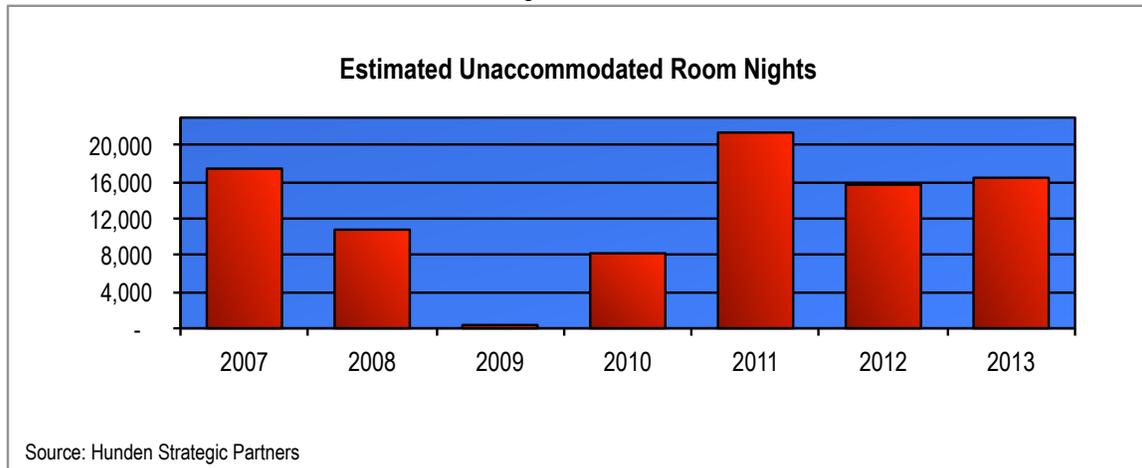
Occupancy Percent by Day of Week by Month - January 2013 - December 2013								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Jan - 13	53.4%	69.9%	67.3%	68.3%	68.6%	67.6%	69.3%	66.3%
Feb - 13	54.4%	82.4%	89.7%	84.1%	72.0%	82.1%	90.5%	79.3%
Mar - 13	29.7%	56.1%	66.3%	68.5%	66.6%	76.0%	76.6%	62.8%
Apr - 13	38.3%	59.8%	76.3%	85.7%	72.5%	79.5%	79.2%	70.2%
May - 13	35.4%	55.6%	71.8%	72.8%	63.8%	71.8%	86.4%	65.4%
Jun - 13	49.5%	69.9%	75.1%	75.5%	70.2%	70.6%	76.5%	69.6%
Jul - 13	56.9%	70.7%	72.0%	74.8%	80.0%	83.3%	78.1%	73.7%
Aug - 13	29.9%	54.7%	65.7%	64.7%	52.5%	62.9%	77.7%	58.3%
Sep - 13	50.8%	68.5%	75.5%	64.4%	54.4%	63.1%	80.8%	65.3%
Oct - 13	57.2%	75.6%	81.2%	73.5%	67.7%	85.0%	92.3%	76.1%
Nov - 13	57.6%	72.6%	72.4%	64.9%	59.8%	75.3%	80.3%	69.0%
Dec - 13	41.6%	43.9%	57.0%	51.5%	47.9%	58.4%	72.1%	53.2%
<b>Average</b>	<b>46.2%</b>	<b>65.0%</b>	<b>72.5%</b>	<b>70.7%</b>	<b>64.7%</b>	<b>72.9%</b>	<b>80.0%</b>	

Sources: Smith Travel Research

As shown, occupancy during February 2013 was consistently high five days of the week, with the majority of those days over 80 percent. This was largely due to convention events. In 2013, from February through November, Saturday occupancy was consistently between the mid 70's and low 90's. This indicates a significant leisure market and displaced business to outside of downtown. Tuesday nights are also consistently busy, nearly always higher than 75 percent across the competitive set. For the better hotels, the occupancy rates are even higher, suggesting serious displacement throughout the week.

The following figure shows the estimate of unaccommodated room nights over the past several years.

Figure 6-24



As previously mentioned, an unaccommodated room night is a night when a traveler seeking accommodations within the market must either cancel their stay or settle for accommodations of lesser quality because the desired facilities have no vacancies. The number of estimated unaccommodated room nights is determined in any month when occupancy is higher than 66 percent. Based on the prior table, there are sellouts at many hotels over the weekends. However, when rooms sell out or nearly do so, rates can be increased and the viability of new hotels is more likely.

Based on HSP estimates, unaccommodated room night demand for the competitive set has increased from approximately 300 room nights in 2009 to 21,000 in 2011 and 16,400 in 2013. Any new hotel room inventory that will enter the market over the next few years is likely to absorb some of the unaccommodated demand and if positioned correctly, will induce more demand as well. Also, the new properties are likely to capture room nights from the lower quality properties because travelers have a tendency to flock to quality.

### Downtown Fort Worth Market Conclusions

The downtown Fort Worth hotel market is primarily composed of mid-sized, full-service hotels of mostly good or excellent quality. The largest and highest quality hotel in downtown Fort Worth is the new convention center hotel, the Omni Fort Worth. This 614-room property has greatly improved the City's ability to attract a greater number of events. The Omni functions as a headquarter hotel that is within walking distance of dining and entertainment options located around Sundance Square Plaza and has been hailed as a great success for the FWCC and downtown. Besides helping attract business to the FWCC, it has induced new hotel-based group business to the market and recaptured corporate and leisure business that was leaving downtown instead of spending the night. This has added the necessary component for the City to transform the downtown into an attractive, walkable destination for potential groups, organizations, leisure guests and meeting planners. Performance has been so strong and is so far above others in the competitive set that a second convention hotel would be beneficial to the market as a whole, the

FWCC and as an alternative to the Omni for those groups that need more than one hotel of this quality. The market is strong enough that at least three other hotels are proposed in the downtown, with others in planning stages.

While there have also been four other newer hotel developments within the past ten years and multiple properties that have undergone renovations, there are still properties that are dated or require work to increase the quality required to satisfy and attract convention business. Many improved or up-branded as a result of the Omni's development and a second wave of improvements will likely occur if a second large convention hotel is developed.

Over the last ten years of increased room supply in downtown Fort Worth, the hotel market has quickly absorbed the new supply and continued to increase in demand. From 2009 through 2013, the number of estimated unaccommodated room nights has continued to increase. As a result of the increasing demand, the average daily rate has also continued to increase. As new properties are added to the market, it is expected that this demand will be accommodated in the new supply and are not expected to cannibalize existing demand, but rather accommodate the previously unaccommodated demand and pressure the lesser-quality establishments to undergo the necessary renovations to remain competitive. This would benefit the City and the Fort Worth Convention Center and continue to enhance the downtown as an appealing, destination package for events.

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## CONVENTION HOTEL TRENDS

This section provides insight on the methods and tools used for convention hotel development in various markets. As the primary hotels for a market's convention facilities and typically the largest hotel in the downtown and market area, a number of critical criteria must be met to ensure the greatest potential of success for both the property itself as well as the market as a whole. In most cases, these hotels require some form of financial incentives to be developed, typically in the form of public subsidies.

### Convention Hotel Market

The convention and meetings market has evolved over the past 20 years and has grown more sophisticated and planners have increased their requirements. At one time meeting planners expected to contract with multiple hotels in order to service a convention, pay for their own transportation and seek additional event and meeting locations. In recent years however, cities began to offer room packages within just a few very large hotels adjacent to convention centers. This improvement in packaging of the convention product led to expectations by the market and competitive pressure for all convention facilities to offer a convenient package of hotels attached, adjacent or within immediate area walking distance of the convention facility. This eliminates the need for shuttling in most cases and often the hotels provide enough meeting and event spaces for the additional needs of the planners. Those that do not offer such a package, such as Fort Worth, suffer considerably when competing for meetings, conferences, conventions and other events. Those that offer the best packages, such as Indianapolis, San Diego, Charlotte and San Antonio, have shown excellent convention center performance. Even smaller cities like Fort Worth end up competing in this tough market, especially as it is surrounded by four larger convention markets (Indianapolis, Louisville, St. Louis and Nashville).

The demands are not just for hotel rooms, but high-quality, full-service hotel room blocks in major branded hotels. Due to the requirements for large room blocks, meeting and function space, food and beverage service and parking, these facilities are often outside the realm of private financial feasibility. This feasibility gap is generally temporary, typically during the pre-development and early operational stages of the property, but renders such projects difficult to finance. However, for markets with lower average daily rates and occupancy levels, the feasibility gap can be ongoing. As a result, the public sector has found creative ways to participate in the financing of these hotel developments because they recognize that without such facilities, the performance of their publicly funded convention facilities will suffer and not provide the economic impact that rationalized their initial development.

Since 1992, one of the most notable trends in public finance has been the use of municipal bonds and other public financing tools to enable the development of convention headquarter hotels.

### *Rationale for Public Involvement*

The business of establishing a successful urban core was once viewed as the secret to success of the development or revitalization of pioneering American cities. It was also the response to the suburbanization and flight that occurred in the 1960s and 1970s that left urban cores mostly vacant and struggling for relevance. In recent years, however, the expectation to create a live/work/play environment in downtowns has spread to most cities, regardless of size or historical development patterns. Competition for tourists, conventioners and businesses has become fierce, as has creating a positive environment for visitors and residents. This has led to a building boom not only of convention centers, but sports venues, retail, housing, hotels and cultural attractions in most urban centers in the United States. Early analysis indicates that cities that are not proactive and fail to spur urban core development will be at a competitive disadvantage in the future if venues, the pedestrian experience and access are not convenient or well-planned for visitors, residents, and business users.

Cities today are increasingly aware that planning hotels adjacent, or connected, to convention centers, with additional access to other urban amenities, is necessary to help both properties succeed. Meeting planners demand easy access between venues, especially convention centers and hotels. Cities that fail to respond have been unable to attract meetings and conventions and have lost a significant amount of market share that many communities have yet to recapture. Because of event growth, meeting planners demand larger room blocks and try to house their entire membership in a small cluster of hotels. Cities that wish to remain competitive in the tourism and convention market must be visionary, proactive and creative in the sizing, placement and connectivity of major hotels with their convention center(s) and other attractions.

Cities are now helping to finance hotels due to the fact that convention hotels are key to the success of their tourism package. At the same time, such hotels are large financial obligations that often do not provide enough of a return on investment for the private development community to undertake. Developing the appropriate project with the optimal level of meeting and support space, results in a relatively expensive project.

The absolute size of these projects, including extensive meeting, restaurant and parking infrastructure, places financial pressure on the hotel during its early years when occupancy levels are ramping up. However, the issue is not necessarily the long-term operating characteristics of the hotel. Most large hotels, as they stabilize after three to five years, perform well. Once these poor early year economics are folded into the long-term financial picture, overall returns fall below alternative investment vehicles. In addition, there is reluctance among banks and other lending institutions to lend to larger hotels, unless there is an equity contribution of up to 50 percent.

The financial reality of a convention hotel being consistently filled with large groups to keep it profitable is not realistic. The large city-wide conventions that a hotel-convention center package attracts do nothing to fill the large supply of rooms during the rest of the year. So although a city may want to build a 1,000-room property to host the largest conventions, reality dictates a more realistic project. The same concepts apply for smaller markets. How many events per year will actually cause the hotel to sell out? A hotel needs to run at an average occupancy level of at least 60 percent to be healthy in the long term (that is, generate enough revenue to continually reinvest

in upgrades, replacement of systems, etc.). Occupancy levels above 65 percent are much preferred. With sell-out convention clients only coming along perhaps 12 to 36 times per year, the existing market will need to provide primary occupancy support for a hotel, with conventions and other events seen as opportunities to compress occupancy and rate up.

However, without a large number of rooms available in the convention hotel (more than the typical market would support), the events that cities seek to host will not be attracted to the community at all. Many have a “room block minimum” of 200, 250, 300 or more rooms. Without a large enough hotel, the groups will not consider the city or convention center.

Another reason for a city to support downtown convention hotels is to reinvigorate a downtown core by attracting people back downtown. Suburban growth has come at the expense of downtowns and their centralized resources. Often when hotels are subsidized, there is criticism from various groups. However, these direct subsidies pale in comparison to the indirect and unmeasured cost of spreading cities’ infrastructure to outlying areas. The efforts of economic development officials have not been to just keep other cities from luring businesses and their spending to other states, but to keep urban businesses from moving to their own suburbs.

Downtown supporters have been fighting for workers, visitors and residents since the suburban boom began. When given a choice, private hotel developers will often build limited service hotels in suburban locations, due to lower risk and lower overall costs for land and lenders prefer their predictable performance and reasonable cost per key. A lack of quality Central Business District hotels contributes to the push of local businesses out of downtowns, as full service hotels are a key amenity to corporate location. But limited service hotels clustered around suburban interstates do nothing to lure conventions, meetings or tourists and undermine the economics of center city full-service hotels.

Cities have responded to the new reality of the convention hotel business in numerous ways, depending upon various state and local laws and financing mechanisms. Assistance ranges from favorable land leases, to regulating development of limited service hotels in the middle range of intervention, to complete public ownership of hotels.

### *Public Participation Options*

Building large hotels is very difficult due to the cost and space required for development, and as a result, are typically viewed as not feasible by the private sector. However, large hotels are vital for successful convention center environments to work properly. Public entities have owned hotels for many decades, as evidenced by numerous land lease structures at airports and in downtown settings. However, more direct participation has been called for as the private sector has had difficulty obtaining hotel financing at reasonable equity and interest rate levels.

Public participation can help hedge the financial risk in the early ramp-up years of a large convention hotel property. Credit enhancements, tax incentives and abatements, and capital investment that count towards equity are all tools that are used to get over the initial ramp-up

period. The public sector has creatively dealt with participation in many ways, sometimes unique to state and local regulations.

### *Public-Private Partnerships (P-3)*

Traditional public investment, in the form of inducements to bridge the financing gap, has taken the form of land assemblage, public payments for parking and infrastructure, and funding public components of the hotel, such as meeting and ballroom space. This approach was used in Norfolk for its Marriott, Portsmouth for the Renaissance, Indianapolis for its initial Marriott, and in many other markets. Another strategy uses grants, tax abatements, or creation of districts where taxes earned in the district are used to fund the public contribution. Often a combination of these sources is used to make a project happen, as has been demonstrated in numerous instances.

State programs often play a key role as states have more power to create and appropriate tax streams for projects. States such as Kansas, Texas, Mississippi, Kentucky and others have created programs that allow for either the rebate of state taxes or other related inducements.

Land leases are also a common incentive for hotel developers. In some cases, a public entity may acquire the necessary land and lease it back to the developer. The advantage to land leases is that they lower the development costs and allow the cost of the land to be amortized and subsequently paid for out of operating revenues.

The following is a list of incentives provided by public agencies to stimulate hotel development:

- Tax abatement
- Tax rebates
- Tax Increment Financing (TIF)
- Equity participation
- Construction of meeting space, parking structure, and/or other infrastructure
- Credit enhancement of financing
- Land assemblage
- Rebate of development fees for licensing, permitting and water and sewer hookup fees
- Free or nominal ground rent
- Section 108 loans
- Community Development Finance Authority (CDFA) grants or Community Development Block Grants (CDBG)

### *Public Sponsorship via Tax-Exempt Bonds*

The most direct form of public participation is public ownership of the asset. This allows the hotel to qualify for tax-exempt financing and avoid property taxes. In this instance, the city is investing in

the hotel as an insurance policy for its convention center and urban renewal efforts. This type of ownership was used for Chicago's Hyatt McCormick Place, Houston's 1,200-room Hilton, Denver's 1,100-room Hyatt, and in Overland Park, Kansas' Sheraton hotel as well as more than a dozen others, as shown in the table further in the document. While tax-exempt bond funding originated with larger projects and markets, it is now common in all market sizes.

Since 1997 with a change in tax law, communities have a new alternative, one using a publicly owned tax-exempt bond financial structure. Using either public incentives or tax exempt financing has advantages and disadvantages including both financial and political consequences. The newer, tax-exempt method is achieved via creation of a publicly owned, tax-exempt bond financed structure. It utilizes a single purpose tax-exempt entity created by the public to issue revenue bonds to finance the construction of the project. The bonds are primarily secured by net cash flow from the hotel and hotel occupancy taxes, and may or may not be enhanced with bond insurance. These bonds typically require some financial assurances from a political jurisdiction or require fairly heavy insurance to support the project's financing based solely on the operations of the hotel.

The advantages to this approach are:

- An ability to get the deal done with the public's timeline,
- Developing a hotel when the private sector is unwilling to invest in it,
- A lower cost of capital compared to a privately financed alternative,
- The long-term nature of the financing, and
- The public ownership of the project at bond retirement.

The disadvantages are:

- The significantly increased amounts of financing required to capitalize credit enhancement and financing reserves,
- Negative public perception and reaction to a publicly-owned hotel, which can delay projects or cause costly referenda, such as in Dallas,
- Restrictions on performance-based contracts, and
- Long-term performance risk.

### *Risk*

Whether the private or public sector builds and owns the hotel, there is always an element of risk. It breaks down into financial risk and operational risk. With private development, the public's subsidy/investment is a one-time or limited time risk, which is quantifiable. The long-term risk is that the project owners may not reinvest in the property over the long-term and cause the entire complex to have a bad reputation, etc. With public financing, the public sector takes the long-term risk and responsibility for the project and therefore has control over long-term quality, design and operation. However, the annual debt load is usually very close to the operating income available, which gives the project a smaller margin of error in performance before reserves are used. This

will exist for the life of the bonds, usually 22 to 25 years. Myrtle Beach and St. Louis are unfortunate examples of projects where the hotel did not perform as expected and required the recapitalization of the project. In either case, some level of risk exists.

## Summary

The options available to cities and developers continue to increase as both the public and private sector create new funding mechanisms unique to the legal, financial and other political realities of the city, county or state.

The following table shows 28 public-private hotel developments underway or completed since 1992, with the identification of the percentage of the developments that were funded by each the private and public sector.

**Table 7-1**

Public-Private Hotel Developments										
City	State	Brand	Opening	Rooms	Total Hotel Costs (millions)	Cost/Room (000)	Public Sector*		Private Sector	
							Investment (millions)	Percentage of Total Cost	Investment (millions)	Percentage of Total Cost
Atlantic City	NJ	Sheraton	1997	502	\$85	\$169	\$38.2	44.9%	\$46.8	55.1%
Austin	TX	JW Marriott	2015	1,012	\$303	\$299	\$3.0	1.0%	\$300.0	99.0%
Baltimore	MD	Marriott	2001	750	\$133	\$177	\$10.0	7.5%	\$123.0	92.5%
Boston	MA	Westin	2007	793	\$200	\$252	\$15.0	7.5%	\$185.0	92.5%
Charlotte	NC	Westin	2003	700	\$143	\$204	\$16.0	11.2%	\$127.0	88.8%
Chattanooga	TN	Chattanooga	2001	202	\$43	\$213	\$20.0	46.5%	\$23.0	53.5%
Denver	CO	Adam's Mark	1998	1,230	\$135	\$110	\$25.0	18.5%	\$110.0	81.5%
Evansville	IN	Doubletree	2015	253	\$44	\$173	\$20.0	45.7%	\$23.8	54.3%
Fort Wayne	IN	Courtyard by Marriott	2010	250	\$47	\$188	\$12.0	25.5%	\$35.0	74.5%
Fort Worth	TX	Omni	2009	600	\$160	\$267	\$89.0	55.6%	\$71.0	44.4%
Franklin	TN	Marriott	1999	300	\$30	\$100	\$12.0	40.0%	\$18.0	60.0%
Houston	TX	Marriott	2016	1,000	\$335	\$335	TBD	TBD	TBD	TBD
Indianapolis	IN	Marriott	2001	615	\$100	\$163	\$23.0	23.0%	\$77.0	77.0%
Indianapolis	IN	JW Marriott, Courtyard, Springhill Suites	2011	1,568	\$354	\$226	\$48.5	13.7%	\$305.5	86.3%
Lancaster	PA	Marriott	2009	294	\$45	\$153	\$20.0	44.4%	\$25.0	55.6%
Louisville	KY	Marriott	2005	617	\$111	\$180	\$57.5	51.8%	\$53.5	48.2%
Louisville	KY	Omni	2016	600	\$261	\$435	\$126.0	48.3%	\$135.0	51.7%
Madison	WI	Hilton	2000	222	\$29	\$131	\$10.0	34.5%	\$19.0	65.5%
Miami Beach	FL	Loews	1998	800	\$110	\$138	\$29.0	26.4%	\$81.0	73.6%
Minneapolis	MN	Hilton	1992	816	\$145	\$177	\$89.2	61.6%	\$55.6	38.4%
Nashville	TN	Omni	2013	800	\$272	\$340	\$128.0	47.1%	\$144.0	52.9%
Norfolk	VA	Marriott	1992	405	\$60	\$148	\$23.0	38.3%	\$37.0	61.7%
Philadelphia	PA	Loews	1998	350	\$54	\$154	\$18.0	33.3%	\$36.0	66.7%
Philadelphia	PA	Marriott	1995	1,408	\$237	\$168	\$36.5	15.4%	\$200.0	84.6%
San Antonio	TX	Hyatt	2008	1,003	\$280	\$279	\$208.0	74.3%	\$72.0	25.7%
Tampa	FL	Marriott	1998	716	\$105	\$146	\$27.0	25.8%	\$77.5	74.2%
Washington	DC	Marriott	2013	1,167	\$639	\$548	\$308.0	48.2%	\$331.0	51.8%
Wichita	KS	Hyatt	1998	303	\$42	\$140	\$20.1	47.3%	\$22.3	52.7%
<b>Average</b>	—	—	<b>2004</b>	<b>688</b>	<b>\$161</b>	<b>\$215</b>	<b>\$53.0</b>	<b>33.0%</b>	<b>\$101.3</b>	<b>67.0%</b>
<b>Total</b>	—	—	—	<b>19,276</b>	<b>\$4,501</b>	—	<b>\$1,432.0</b>	—	<b>\$2,734.0</b>	—

\* Public participation may be upfront capital only, or could include value of abatements and other incentives over time  
Source: Hunden Strategic Partners

As shown, a total of \$4.5 billion in 28 hotel developments have used a public-private funding mechanism. Of the total development, the public sector has subsidized 33 percent of the costs and

this may not include land costs. The average cost per room over the projects during the past 20 years is \$215,000. This suggests the truly expensive nature of these projects compared with select service hotels, which typically cost less than \$120,000 per room.

The following table shows the 29 projects that have used a tax-exempt financing mechanism with bonds supported by project revenue.

**Table 7-2**

<b>Tax-Exempt Financing with Bonds Supported by Project Revenues</b>						
<b>City</b>	<b>State</b>	<b>Brand</b>	<b>Opening</b>	<b>Rooms</b>	<b>Public Bond Issue (millions)</b>	<b>Cost/Room (000)</b>
Austin	TX	Hilton	2004	800	\$280.1	\$350
Baltimore	MD	Hilton	2008	757	\$305.0	\$403
Baltimore	MD	Hilton	2005	756	\$200.9	\$266
Bay City	MI	Doubletree	2004	150	\$32.9	\$219
Chesapeake	NY	Hyatt	2002	400	\$193.0	\$483
Chicago	IL	Hyatt	1998	800	\$108.0	\$135
Chicago	IL	Hyatt Expansion	2013	451	\$180.0	\$399
Chicago	IL	Marriott	2016	1,200	\$400.0	\$333
Cleveland	OH	Hilton	2016	600	\$200.0	\$333
Columbia	SC	Hilton	2006	300	\$67.0	\$223
Columbus	OH	Hilton	2012	532	\$178.0	\$335
Coralville	IA	Marriott	2006	286	\$33.0	\$115
Dallas	TX	Omni	2012	1,001	\$479.2	\$479
Denver	CO	Hyatt	2005	1,100	\$394.8	\$359
Erie	PA	Sheraton	2008	200	\$45.4	\$227
Fort Lauderdale	FL	Hilton	2011	1,000	\$415.0	\$415
Houston	TX	Hilton	2004	1,200	\$326.2	\$272
Myrtle Beach	SC	Radisson	2001	404	\$76.5	\$189
Omaha	NE	Hilton	2004	450	\$112.0	\$249
Omaha	NE	Hilton (Expansion)	2011	150	\$37.0	\$247
Overland Park	KS	Sheraton	2002	412	\$105.7	\$257
Phoenix	AZ	Sheraton	2008	1,000	\$346.1	\$346
Providence*	RI	Westin	1995	364	\$70.0	\$192
Providence*	RI	Hilton	2005	392	\$78.4	\$200
Sacramento	CA	Sheraton	2000	503	\$104.9	\$209
Salt Lake City	UT	TBD	2016	1,000	TBD	TBD
St. Louis	MO	Renaissance Suites	2003	1,081	\$276.6	\$256
Trenton	NJ	Marriott	2002	197	\$58.0	\$294
Vancouver	WA	Hilton	2005	226	\$47.5	\$210
<b>Average</b>	--	--	<b>2006</b>	<b>611</b>	<b>\$184.0</b>	<b>\$286</b>
<b>Total</b>	--	--	--	<b>17,712</b>	<b>\$5,151</b>	--

\* Estimated Cost  
Source: Hunden Strategic Partners

As shown, more than \$5.1 billion in bonds were issued to develop these large hotels, an average of \$286,000 per hotel room. The cost savings due to lower interest rates has been reduced, as the market has required more and more protections to guard against bond defaults, which means more borrowing to fund reserves.

Other cities considering or in planning convention hotel developments include:

- Irving, TX
- Milwaukee, WI
- Jackson, MS
- Miami, FL
- Miami Beach, FL
- Portland, OR
- Memphis, TN
- Oklahoma City, OK
- Seattle, WA
- Sacramento, CA
- Salt Lake City, UT
- Minneapolis, MN

While economic conditions impact the timeline of such projects, due to their long planning and development horizons (it can take from three to more than ten years from concept to opening, depending upon numerous political and economic factors), projects will continue to be proposed and built.

## **Hotel Market Development Profiles**

The following examples illustrate how larger cities, like Fort Worth, have participated in convention hotel developments. Example cities include:

- Fort Worth
- Houston
- Dallas
- Nashville
- Louisville
- Indianapolis
- Salt Lake City

### *Fort Worth, TX*

After the last expansion of the Fort Worth Convention Center, the city needed to add a convention headquarters hotel adjacent to the center. There was a lack of large, nearby hotels and also a lack

of quality hotels downtown. The resulting project was a 614-room Omni hotel with private ownership and public tax abatements of city and state hotel and sales taxes. Since the hotel opened, many other hotels have improved their quality and brands, which has helped the downtown and convention market prosper.

**Project:** The Omni Fort Worth Hotel opened in 2009 with 614 hotel rooms, 48,000 square feet of meeting space, three restaurants and 89 residential condominiums.

**Financing:** Development costs for the project were \$115 million. The public sector provided tax abatements with a cap of \$89 million for up to 15 years for certain portions of city and state property taxes and 18 years on hotel occupancy and sales taxes. The city also contributed approximately \$8.6 million towards the funding of a parking structure to support both the hotel and convention center. As of August of 2013, approximately \$20.1 million in state (\$10.0 million) and city (\$10.1 million) hotel occupancy and sales taxes had been generated and abated. Approximately \$4.6 million in property and other taxes have been abated, totaling \$24.6 million in abatements as of August 2013.

### *Houston, TX*

After the success of the city's first convention headquarters hotel development, which is owned by a public non-profit corporation, Houston convention leaders determined the need for a second large hotel to support the George R. Brown Convention Center. The second hotel will not be publicly owned, but is supported primarily by public incentives.

**Project:** The 30-story, 1,000-room Marriott Marquis will be located across the street from the George R. Brown Convention Center. The hotel and convention center are connected via a skyway. The hotel is set to open in September 2016 and will include a 60,000-square foot amenity deck as well as 100,000 square feet of meeting space. The Houston firm, RIDA Development Corporation, will develop and own the property. Houston First Construction, who is developing a 2,000-space-parking garage next to the convention center, is working along side RIDA.

**Financing:** The \$335 million project will be financed with \$138 million of economic development incentives and tax rebate agreements.

### *Dallas, TX*

Dallas for many years had one of the largest convention centers in the country, yet also had one of the weakest hotel packages of any major city near its convention center. After losing business to cities with better hotel offerings, the city worked to induce development by a private entity. After those attempts failed, the city chose to finance a 1,001-room hotel using revenue bonds.

**Project:** The Omni Dallas, which opened in 2012, is a 1,001-room, 23-story hotel in Dallas. The hotel is connected to the Kay Bailey Hutchison Convention Center and has more than 110,000 square feet of meeting and event space. There are 21 meeting rooms, including the grand and

junior ballrooms that are 32,000 and 15,000 square feet, respectively. The hotel also has multiple restaurants, a sports bar and other retail space.

**Financing:** The City of Dallas created a public non-profit corporation that financed and developed the Omni using \$479 million in bonds. There was a very competitive bond election held that drew major opposition from local real estate developers, however, the city's project financing concept prevailed. Since the opening of the hotel, the convention center has been much more competitive for events. There is now a restaurant district being developed in front of the Omni to provide a walkable environment for restaurants right outside the convention center and hotel complex.

### *Nashville, TN*

Nashville is an up-and-coming city that was unsatisfied with its small and older convention center that had been in the shadow of the larger, suburban Gaylord Opryland Resort and Convention Center. The city determined to build a new convention center and headquarters hotel as part of its downtown revitalization. Both were built and opened in the past two years.

**Project:** The Omni Hotel is an 800-room, 21-story hotel located near the 1.2 million-square foot Music City Center in downtown Nashville. The hotel has more than 80,000 square feet of meeting and event space, multiple restaurants and a coffee shop. It has been open since September 2013 and was developed by Brasfield & Gorrie.

**Financing:** The Music City Center was publicly funded and the hotel was funded through a public-private partnership. The Convention Center Authority issued \$623 of tourism revenue bonds to finance the construction of the Music City Center backed by several different tax sources. The bond proceeds financed the cost of design, land acquisition, development, a \$415 million construction budget and a \$40 million debt service reserve fund, which is equal to the maximum annual debt service on the bonds.

The Omni Hotel had a \$272 million budget. Metro government provided Omni with \$25 million in tax increment financing in 2011 and another \$103 million over 20 years from revenue generated by the hotel through tourist-targeted taxes, such as hotel occupancy taxes. Omni covered the balance of the costs. Omni also receives a 62.5 percent property tax discount for 20 years.

### *Indianapolis, IN*

Following the development and success of its 615-room Marriott hotel ten years earlier, Indianapolis was intent on having a 1,000-room hotel in order to compliment its newly-expanded Indiana Convention Center, which had more than doubled in size after replacing the RCA Dome. It also needed to lure back events that had expanded beyond its capacity and left for Orlando. The result was a multi-hotel project with nearly 1,600 rooms.

**Project:** The Indianapolis Marriott complex, which opened in 2011, includes four hotels:

- 1,005-room JW Marriot,

- 168-room Fairfield Inn & Suites,
- 150-room Springhill Suites, and
- 250-room Courtyard by Marriot.

The Marriott complex also includes more than 104,000 square feet of meeting space (including a 40,500 square foot Ballroom - the largest hotel ballroom in the Midwest), a sports bar, several restaurants and two Starbucks. The developer of the property was White Lodging, an Indiana-based developer and operator of hotels.

**Financing:** The \$450 million project received \$59.4 million from the city of Indianapolis via TIF bond proceeds from the Indianapolis Bond Bank to fund certain public elements of the project, including the ballroom. Since the convention center's budget was not enough to allow for a major ballroom addition to the convention center, the public funds assisted the hotel in the development of a larger ballroom at the hotel to mitigate the issue. Since opening the complex, the city has hosted the Super Bowl and hotel and convention occupancy rates have been strong, similar to levels before the project doubled the size of the convention center and increased hotel room supply.

### *Louisville, KY*

The City of Louisville will be expanding and renovating the Kentucky International Convention Center in downtown Louisville and wanted a second, new convention hotel to compliment the 618-room Marriott that had been built approximately ten years prior.

**Project:** Louisville induced a public-private partnership that plans to build an Omni Convention Hotel in downtown Louisville with 600 rooms. The project, which is set to open in 2016, will also include 200 apartments, a grocery store and retail shops. Omni will be developing the hotel portion with Cordish Companies developing the apartment, grocery and retail portion.

**Financing:** The total project will cost \$261 million using both private and public investments. On the private side, Omni and Cordish will be investing \$105 million and \$30 million, respectively. The Commonwealth of Kentucky will contribute \$90.5 million through tax rebates from a sales, income, hotel and property tax TIF and Louisville will be contributing \$35.5 million funded via local tax abatements. The city's portion also includes \$17 million from the land value and a \$1.5 million contingency fund.

### *Salt Lake City, UT*

Salt Lake City has lacked a branded convention hotel to match its competitors' offerings and sought to develop a 1,000-room hotel. Despite strong local opposition from existing hoteliers, the project has moved forward with a unique deal struck with existing hotels.

**Project:** The public sector plans to finance a new convention center hotel in downtown Salt Lake City after receiving final approval from the state legislature.

**Financing:** The legislation would provide a \$75 million tax-rebate incentive, with \$25 million each coming from the state, Salt Lake County and Salt Lake City to help fund the convention center hotel (not all of which would go to the hotel). The city, county and state partnership provides a tax incentive that could entice a developer to build an 800- to 1,000-room hotel next to the Calvin L. Rampton Salt Palace Convention Center. The unique component is that a fund has also been set up to provide existing hotels relief who demonstrate that the new hotel has harmed their business during its ramp-up years. A study was conducted showing that while the new project will ultimately benefit the overall market, competitor hotels will be impacted as the new project is absorbed into the market.

## Implications

In today's competitive convention market, the market has demanded and received top-quality hotel and convention center packages, usually connected to each other, in most major U.S. cities and now even in second and third-tier cities. For a community to be competitive in the industry, a convention center alone will not suffice. Clearly, the destination package must include a solid-quality convention hotel package, which often means at least one major convention hotel adjacent or attached to the convention center.

The following competitive cities have undertaken or opened major convention hotels recently:

- Amarillo
- Austin
- Baltimore
- Chicago
- Columbus
- Dallas
- Houston
- Indianapolis
- Irving
- Louisville
- Nashville
- Oklahoma City
- Portland
- Salt Lake City
- San Antonio

Each community must determine the tools they can deploy legally and politically to induce these developments. In Fort Worth's case, this involved a privately-financed project with rebates and

abatements of taxes up to a total incentive limit. Given how well this project has performed, it sets the stage for other similar projects as the market implies and which HSP believes is now called for with the next expansion.

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## **ARENA ANALYSIS**

Communities and markets of all sizes across the country are upgrading, expanding and improving sports and entertainment facilities for a variety of reasons. Arenas provide an opportunity to host sports teams, concerts, family and ice shows, community events, trade shows and conventions, all of which draw attendees who have the potential to spend money in the community in the form of meals, lodging and recreational activities. There is growing demand by the sports and entertainment market as well as large multi-day events like conventions, so having a place to host these events is a way of enriching the community both socially and economically. Events are being programmed in smaller arenas up to large NBA and NHL arenas that can accommodate more than 20,000 visitors. Many of these venues are being designed as versatile entertainment and activity centers in order to maximize use. These new venues are complex projects and require significant support from the business, political and civic leadership as well as from the entire community.

The Metroplex has a population of approximately 6.7 million people that supports several professional and collegiate sports, venues and large annual events. The Metroplex contains a venue for five professional sport and several facilities for the three Division-I college athletic programs. The Fort Worth market has an existing 10,400-seat arena built in 1968 as part of the convention center complex. The development of new venues coupled with the aging FWCC arena, events such as sports, concerts and conventions are relocating or no longer considering Fort Worth. However, the WRMC is one of, if not, the premier livestock and equestrian facilities in the country. The venue has programming nearly everyday of the year and is the home to the month-long Fort Worth Stock Show and Rodeo. The demolition of the FWCC arena to expand FWCC function space, combined with the WRMC, a new arena could offer new opportunities for Fort Worth to attract new events, better accommodate existing clients and recapture events that no longer host events in Fort Worth.

### **The Arena Industry in the United States**

The nationwide trend to build new sports and entertainment facilities in recent years has affected markets large and small. The majority of large metropolitan areas with major professional sports franchises have opened new arenas in the last ten to 15 years, and even small to mid-sized markets with minor-league sports teams have followed suit.

In addition to hosting sports events, the venues have become more multipurpose facilities that can accommodate events such as concerts, family shows, dirt and equestrian shows and other community-oriented events. Depending on a facility's orientation and a market's needs, it can also be used for events such as meetings, conventions, and trade and consumer shows. The advent of amenities such as luxury suites, club seating, private restaurants and lounge areas have created new, potentially lucrative revenue streams for facility owners (although these amenities are rare without an anchor tenant). In addition, naming rights and expanded sponsorship programs have also significantly increased opportunities for facility-generated revenues.

In order for a facility to have the ability to generate these revenue streams, it is sometimes helpful, for it to have one or more full-time tenants such as a collegiate athletics program, a professional sports franchise or a large-scale annual event that extends over a long period of time. A

professional basketball or hockey team, for example, provides a facility with 40 or more guaranteed event dates. A men's or women's collegiate basketball program will generally play 15 to 20 home games per season and a volleyball program can add another 10 to 15 home matches. In addition, the revenues generated from premium seating, luxury suites, naming rights and other sponsorships are heavily dependent on the existence of one or more tenants. These events allow customers and advertising partners regular access to a venue and a schedule of annually repeating, relatively high-profile events for entertaining clients and friends, rewarding employees and maintaining a strong local presence. Facilities without an anchor tenant can generate similar revenue streams, but not to the extent of a facility with an anchor tenant.

Because of the availability of these new revenues, facilities can now be partially financed through project-based revenues such as naming rights and long-term commitments for premium seating and/or sponsorships rather than purely through general obligation bonds, municipal property tax revenue, or outside sources of university revenues or borrowing. However, these revenues are often not sufficient to entirely finance and operate a project such as an arena. As a result, facility development typically still involves other forms of private investment or contributions and public assistance, such as land contributions, dedicated tax revenue or fees, property tax abatement and individual and corporate giving.

This section describes relevant aspects of the arena industry as they relate to the Fort Worth market, including a review of recent and planned arena construction, discussion of event types and their characteristics, and others. Many university arenas are not used for non-university events, therefore both university and non-university facilities are discussed.

### **Recent and Planned Arena Development in the U.S.**

The following table summarizes a sample of larger arena projects (defined as having 10,000 or more seats) that have opened since 2004. Other projects have been built or are in various stages of planning, but this table lists a representative set of facilities that have been completed. This table will begin to demonstrate the size and type of facilities that are being built, as well as the markets that are expected to support them, their tenants, and their offerings.

**Table 8-1**

Arenas Developments Since 2004 with More Than 10,000-seat Capacity						
Facility	Location	# of Fixed Seats	Tenants	Cost (millions)	Year Opened / Renovated	
<i>New Arenas</i>						
Time Warner Cable Arena	Charlotte, NC	20,200	Charlotte Bobcats	\$260.0	2005	
Las Vegas Arena	Las Vegas, NV	20,000	TBD	TBD	TBD	
MGM Las Vegas Arena	Las Vegas, NV	20,000	MGM Resorts International	\$350.0	2016	
Consol Energy Center	Pittsburgh, PA	19,758	Pittsburgh Penguins	\$321.0	2010	
Golden State Warriors Arena	San Francisco, CA	19,000	Golden State Warriors	\$500.0	2017	
Seattle Arena	Seattle, WA	19,000	TBD	\$490.0	TBD	
Amway Center	Orlando, FL	18,846	Orlando Magic	\$480.0	2010	
Prudential Center	Newark, NJ	18,711	New Jersey Devils	\$375.0	2004	
Baltimore Arena	Baltimore, MD	18,500	TBD	\$325.0	TBD	
Virginia Beach Arena	Virginia Beach, VA	18,500	TBD	\$350.0	TBD	
FedEx Forum	Memphis, TN	18,119	Memphis Grizzlies	\$250.0	2004	
Barclays Center	Brooklyn, NY	18,103	New Jersey Nets, New York Islanders	\$1,000.0	2012	
Detroit Arena	Detroit, MI	18,000	Detroit Red Wings	\$450.0	2016	
Quebec City Arena	Quebec City, Canada	18,000	TBD	\$400.0	2015	
Downtown Sacramento Arena	Sacramento, CA	17,500	Sacramento Kings	\$448.0	2016	
Pinnacle Bank Arena	Lincoln, NE	16,130	University of Nebraska	\$20.5	2013	
Denny Sanford Premier Center	Sioux Falls, SD	12,000	Sioux Falls Stampede, Sioux Falls Storm	\$117.0	2014	
Ford Center	Evansville, IN	11,000	Evansville Icemen, University of Evansville	\$127.5	2011	
PPL Center	Allentown, PA	10,000	Lehigh Valley Phantoms	\$177.0	2014	
McCormick Place Arena	Chicago, IL	10,000	DePaul University	\$173.0	2016	
<b>Average</b>		<b>17,068</b>		<b>\$348.1</b>	<b>2012</b>	
<i>Renovated Arenas</i>						
Rupp Arena	Lexington, KY	23,000	University of Kentucky	\$310.0	TBD	
Tampa Bay Times Forum	Tampa, FL	21,500	Tampa Bay Lightning	\$40.0	2011	
The Palace of Auburn Hills	Auburn Hills, MI	21,000	Detroit Pistons	\$11.0	2013	
Target Center	Minneapolis, MN	19,356	Minnesota Timberwolves, Minnesota Lynx	\$97.0	2016	
Madison Square Garden	New York City, NY	19,205	New York Knicks, New York Rangers	\$977.0	2013	
Thomas and Mack Center	Las Vegas, NV	18,776	University of Nevada - Las Vegas	\$47.0	2016	
TD Garden Arena	Boston, MA	18,624	Boston Celtics, Boston Bruins,	\$70.0	2016	
CenturyLink Center	Omaha, NE	18,320	Creighton University	\$5.7	2006	
New Orleans Arena	New Orleans, LA	18,000	New Orleans Pelicans	\$50.0	2014	
The Forum	Inglewood, CA	17,800	--	\$100.0	2014	
State Farm Center	Champaign, IL	16,400	University of Illinois	\$160.0	2016	
Long Beach Arena	Long Beach, CA	13,500	--	\$10.0	2013	
<b>Average</b>		<b>18,790</b>		<b>\$156.5</b>	<b>2013</b>	

Source: Various Facilities

As the table shows, markets of various sizes have built and renovated sports and entertainment facilities. The arenas shown in the table range in size from 10,000 to 23,000 seats and. These facilities demonstrate what each market deemed an appropriate in terms of size and budget given its market characteristics. Nearly all of the arenas have at least one sports tenant, including collegiate and minor league teams. The average construction cost approximately \$348 million for the existing or recently constructed arenas. Facilities that have received recent or are under renovations have spent an average of \$156.5 million. However, if the approximately \$1 billion New York projects are not considered, the average construction and renovation costs decrease significantly to \$312 million and \$82 million, respectively.

A new arena in Fort Worth is not expected to have a collegiate or professional sports tenant, but it is expected to host the annual Fort Worth Stock Show & Rodeo that lasts four weeks during January and February. This will allow for many types of events and an open calendar, but will also preclude the events and attendance that come with a team as a tenant. Given that equestrian events

include a large population of wealthy owners, premium seating and suites are a necessary component to a new arena. Although these elements increase development costs, they also increase the revenue generating potential of the facility.

To illustrate the potential for a city of Fort Worth's size to support a modern arena facility, regardless if it has a professional basketball or hockey tenant (which are often the impetus for new arena facilities in many cities), HSP analyzed cities with 2010 metro area populations of 1.0 to 3.0 million. Tarrant County, with approximately two million as of 2010, is in the average of this group of cities.

For each comparable city, the table below shows the metro population and the primary and secondary arena facilities, and their respective capacities and ages. For those with major renovations and upgrades that brought them to new condition, such as the Pepsi Coliseum in Indianapolis, the year of that renovation is shown.

**Table 8-2**

Comparative Market Statistics - Primary & Secondary Arenas									
MSA	MSA Population (2010)	Primary Arena	Seats	Leagues	Opened/ Major Reno	Secondary Arena	Seats	Leagues	Major Reno
Minneapolis/St. Paul, MN	3,269,814	Target Center	19,356	NBA, NHL, WNBA	1990	Xcel Energy Center	18,568	NHL, NLL	2000
San Diego, CA	3,053,793	Viejas Arena	12,214	NCAA	1997	Valley View Casino Center	12,920	--	1966
St. Louis, MO	2,828,990	Scott Trade Center	19,150	NHL	1994	Chaifetz Arena	10,600	NCAA	2008
Tampa/St. Pete, FL	2,747,272	Tampa Bay Times Forum	21,500	NHL, AFL	1996	USF Sun Dome	10,411	NCAA	1980
Baltimore, MD	* 2,690,886	Baltimore Arena	14,000	AIFA, LFL	1962	--	--	--	--
Denver, CO	2,552,195	Pepsi Center	19,155	NBA, NHL	1999	Denver Coliseum	10,200	CHL	1952
San Juan, PR	2,450,292	Coliseo de Puerto Rico	18,500	--	2004	--	--	--	--
Pittsburgh, PA	2,354,957	Consol Energy Center	19,758	NHL, AFL	2010	Peterson Events Center	12,508	NCAA	2002
Portland, OR	2,241,841	Moda Center	19,980	NBA, WHL, AFL	1995	--	--	--	--
Cleveland	2,171,896	Quicken Loans Arena	20,662	NBA, AHL, AFL	1994	Wolstein Center	13,610	NCAA, MISL	1991
Cincinnati, OH	2,171,896	U.S. Bank Arena	17,000	ECHL	1975	Cintas Center	10,500	NCAA	2000
Sacramento, CA	* 2,127,355	Sacramento Arena	17,500	NBA	2016	Sleep Train Arena	17,317	NBA	1988
Orlando, FL	2,082,421	Amway Center	18,846	NBA, AFL	2010	UCF Arena	10,000	NCAA	2007
San Antonio, TX	2,072,128	AT&T Center	18,581	NBA, WNBA, AHL	2002	Alamodome	20,682	NCAA, AFL	1993
Kansas City, KS	2,067,585	Sprint Center	19,252	AFL	2007	Kemper Arena	19,500	--	1974
<b>Fort Worth</b>	<b>1,908,034</b>	<b>Fort Worth CC</b>	<b>10,418</b>	<b>--</b>	<b>1968</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Las Vegas, NV	* 1,902,834	Las Vegas Arena	20,000	--	TBD	Thomas & Mack Center	18,776	NCAA	1999
Columbus, OH	1,801,848	Nationwide Arena	20,000	NHL	2000	Value City Arena	21,000	NCAA	1998
Charlotte, NC	1,745,524	Time Warner Cable Arena	20,200	NBA	2005	--	--	--	--
Indianapolis, IN	1,743,658	Bankers Life Fieldhouse	18,345	NBA, WNBA	1999	Fairgrounds Arena	8,200	--	2014
Austin, TX	1,705,075	Frank Erwin Center	16,734	NCAA	1977	Cedar Park Center	6,800	AHL, NBDL	2009
Norfolk, VA Beach, VA	* 1,674,498	Norfolk Scope	11,000	AHL	1971	--	--	--	--
Providence, RI	1,600,642	Dunkin' donuts Center	12,400	NCC, AHL	2008	--	--	--	--
Nashville, TN	1,582,264	Bridgestone Arena	19,395	NHL	1996	--	--	--	--
Milwaukee, WI	1,559,667	Bradley Center	20,000	NBA, AHL, AFL	1988	US Cellular Arena	12,700	MISL, NCAA	1950
Jacksonville, FL	1,328,144	Veterans Memorial Arena	15,000	AFL, NCAA, ABA	2003	--	--	--	--
Memphis, TN	1,304,926	Fedex Forum	18,119	NBA, NCAA	2004	--	--	--	--
West Palm Beach	1,279,950	--	--	--	--	--	--	--	--
Louisville, KY	1,258,577	KFC Yum! Center	22,090	NCAA	2010	Freedom Hall	18,865	--	1956
Richmond, VA	1,238,187	Richmond Coliseum	12,000	AIFA	1971	--	--	--	--
Oklahoma City, OK	1,227,278	Chesapeake Energy Arena	18,200	NBA	2002	Cox Convention Ctr Arena	13,850	AHL	1972
Hartford, CT	1,195,998	XL Center	16,294	AHL, NCAA	1975	Gampel Pavilion	10,167	NCAA	1990
New Orleans, LA	1,189,981	New Orleans Arena	18,000	NBA, AFL	1999	--	--	--	--
Birmingham, AL	1,131,070	BJCC Arena	17,600	NCAA	1976	--	--	--	--
Salt Lake City, UT	1,130,293	EnergySolutions Arena	19,900	NBA	1991	--	--	--	--
Raleigh--Durham--Chapel Hill, NC	1,125,827	PNC Arena	20,150	NHL, NCAA	1999	--	--	--	--
Buffalo--Niagara Falls, NY	1,123,804	First Niagara Center	19,200	NHL, NLL	1996	--	--	--	--
<b>Average</b>	<b>1,855,173</b>	<b>--</b>	<b>17,792</b>	<b>--</b>	<b>1994</b>	<b>--</b>	<b>13,859</b>	<b>--</b>	<b>1987</b>
<b>Fort Worth Compared with Avg</b>	<b>52,861</b>	<b>--</b>	<b>-7,374</b>	<b>--</b>	<b>-26</b>	<b>--</b>	<b>-3,441</b>	<b>--</b>	<b>-19</b>

\* New arena proposed  
Source: Hunden Strategic Partners

Given that Fort Worth's arena does not actually operate as a concert, family show or sports venue, it likely should not appear in this table. If treated in this way, only Palm Beach, Florida's market would compare as the only one without an arena, although the BB&T Center in Sunrise (home of the NHL Panthers) is just one county away. All of the other markets have large, relatively new arenas and most have two arenas. The average capacity (basketball capacity was used as a standard) of the arenas in the markets shown is nearly 18,000, which is more than 6,500 seats larger (37 percent more capacity) than the arena at the Fort Worth Convention Center.

An addition concern is the age of the facilities. The average age of the comparable market arenas is approximately 20 years old, which is 26 years newer than the Fort Worth arena, which is nearly 46 years old. In fact, one-third of the primary arenas have been built since 2000. Also noteworthy are the four new arenas proposed or under construction/development in Baltimore, Sacramento, Las

Vegas and Virginia Beach. Only Sacramento is assured, but Las Vegas and Baltimore are in the final stages of pre-development.

What is striking is that 20 of the 36 comparably-sized cities have a second major arena. While the average size is smaller and the facilities are older, they are, on average large and newer than the only comparable Fort Worth arena. The secondary facilities average nearly 14,000 seats, which is 2,600 seats more than the Fort Worth Arena. Also, the average year built or of the last major renovation (renovations were only counted if they brought the facility to modern standards) was 1987, which is still 19 years newer than the Fort Worth Arena.

## **Other Entertainment Events – Concerts and Family Shows**

Aside from sporting events, equestrian shows and large conventions/meetings, other typical uses of arenas are entertainment events such as concerts and family shows. The section below describes these entertainment events and their characteristics as they relate to Fort Worth.

### **Concert and Event Trends**

Concerts can be a major source of revenue for an arena. Arenas today are often designed and operated as much as music venues as sports venues. The live entertainment industry has grown despite the recent recession due to the strong interest the general public has for live events.

Because of recent consolidation in the music industry, a few large event promoters generally control the concert industry and the availability of acts. As a result, it is wise for management of an independent arena to explore forming a strong alliance with at least one key promoter, depending on the local/regional competitive landscape. This type of arrangement would not have to be exclusive, and the arena would be able to contract with all interested promoters. Further, the facility itself could also promote, or co-promote with another organization, certain events (by taking on some of the risk and funding some upfront expenses in exchange for a higher share of event revenues) to keep a vibrant calendar going.

Industry operators have become more conservative with the price, size and number of events booked and provided customers with more ticket pricing options to better reflect consumer demand and per capita disposable income improvements. Industry operators will benefit from a more strategic approach to event planning and pricing as well as a growing focus on revenue from sponsorships, ancillary sales, artist management services and other non-traditional revenue streams.

The following table shows the revenue breakdown for the concert and music promotion industry.

**Table 8-3**

<b>2013 Concert &amp; Event Promotion Industry - Products &amp; Services Segmentation</b>		
<b>Event Type</b>	<b>Percentage of Industry Revenue</b>	<b>Industry Revenue (millions)</b>
Live Music Concerts	58.1%	\$13,770
Theatrical Performances	18.3%	\$4,337
Non-franchise Sporting Events	14.6%	\$3,460
Fairs, Pageants, Ethnic Festivals, Other	8.6%	\$2,038
Public Appearances and Speeches	0.4%	\$95
<b>Total</b>	<b>100%</b>	<b>\$23,700</b>

Source: IBISWorld

As shown, live music concerts are the largest touring segment in the industry. Live music concerts are responsible for \$13.3 billion, nearly 60 percent of the industry’s total revenue. Growing segments like theater and opera performances and non-franchise sporting events are responsible for \$3.6 billion and \$3.3 billion in industry revenue respectively.

- **Live music concerts** - The Concert and Event Promotion industry promotes different events, including dance performances, sporting events and concerts. Live music concerts generate the majority of industry revenue: an estimated 58.1 percent. Events in this segment include live music performances at clubs, music theaters, arenas and amphitheaters, as well as local and regional music festivals. Events can range in size from an attendance of fewer than 500 people to more than 100,000. As a proportion of industry revenue, this industry segment has experienced slight increases during the five years to 2013. The number and popularity of club and theater-level concerts has risen in line with consumers’ increasing use of the Internet as a tool for music discovery.
- **Non-franchise sporting events** – Non-franchise sports, such as boxing matches and rodeos, are estimated to bring in about 14.6 percent of industry revenue in 2013. Sporting events tend to be less-price sensitive than arts-related events. This nature is partly due to the partisanship surrounding sports teams. Moreover, sporting teams can perform using the same equipment at every show (e.g. an ice hockey rink or basketball court), which also lowers the cost of staging a performance.
- **Theatrical performances** - Theatrical performances, such as plays, musicals and operas, account for an estimated 15.6 percent of industry revenue. Demand for this segment has declined slightly over the past five years due to declines in gifts, donations and grants supporting performing arts. Other events include state fairs, agricultural fairs, pageants and all other festivals and events that are not related to sports or performing arts.

Typically, to initiate live entertainment events or tours, booking agents directly contract with performers to represent them for defined periods. Booking agents then contact promoters, who will contract with them or directly with performers to arrange events and tours. Booking agents generally receive fixed or percentage fees from performers for their services. Promoters earn revenue primarily from the sale of tickets, as well as percentages of revenue from concessions and

ancillary services. Promoters pay the performers under one of several different formulas, which may include fixed guarantees, percentages of ticket sales or the greater of guaranteed amounts or profit sharing payments based on total ticket revenue.

- **Admission Fees** - Nearly half of industry revenue (47.3 percent) is received from admission fees to the events promoted. As stated above, venues typically share revenue from ticket sales under a number of different formulas, including a fixed percentage of box-office receipts, profit collected over artist guarantees or through ticketing or facilities fees included in ticket prices. The proportion of industry revenue collected by promoters through ticket sales has fallen from 53.4 percent of industry revenue in 2008. This decline can be attributed to promoters expanding their revenue streams to include receipts from the sale of concessions, merchandise and ancillary services.
- **Food and Beverage** - Food, beverage and merchandise sales have grown as a proportion of industry revenue to account for approximately 15.8 percent of industry revenue. Revenue from these operations generally has a higher profit margin than revenue from other services. Therefore, fluctuations in these revenue streams can have notable impacts on operating income.
- **Advertising and Sponsorships** - Advertising and corporate sponsorship deals generate about 12.7 percent of total industry revenue. Common advertising and sponsorship deals include signage and promotional programs, venue naming rights, on-site representation and the sale of online ad space. Contributions, gifts and grants also make up a significant proportion of industry revenue, particularly for establishments that operate as nonprofits. While this segment comprises 8.2 percent of total industry revenue, the proportion is closer to 40 percent for tax-exempt establishments. For the vast majority of these contributions, \$9 of every \$10 comes from the private sector. Government programs, such as the National Endowment for the Arts, provide additional funding opportunities.

The most popular, well-established acts that once toured only large stadiums are now filling arenas and amphitheaters for multiple shows to smaller audiences. While stadium tours and limited stadium performances will continue to be staged, even groups like the Rolling Stones, Billy Joel, Elton John, and U2 are also booking performances at arenas and amphitheaters.

The table below shows the market segmentation for the concert and music promotion industry.

**Table 8-4**

<b>2013 Concert &amp; Event Promotion Industry - Market Segmentation</b>		
<b>Demographic Type</b>	<b>Market Percentage</b>	<b>Industry Revenue (millions)</b>
Men ages 21 to 45	26.4%	\$6,257
Women ages 21 to 45	24.3%	\$5,759
Women ages 46 and older	12.6%	\$2,986
Men ages 46 and older	12.1%	\$2,868
Corporations	10.0%	\$2,370
Men ages 20 and younger	7.5%	\$1,778
Women ages 20 and younger	7.1%	\$1,683
<b>Total</b>	<b>100%</b>	<b>\$23,700</b>

Source: IBISWorld

The concert and event promotion industry targets very diverse audiences depending on the scale and type of event. Performances range from those of child entertainers, such as Disney on Ice, to classical symphonies by philharmonic orchestras that are more popular with older generations. The bulk of events (live music concerts and sporting events) target men and women aged 21 to 45. This age demographic makes up 50 percent of the target market and is responsible for \$11.5 billion of industry revenue. Over the five years to 2012, this segment has remained consistent because this age group is most consistently employed and thus, has the disposable income to spend on industry events. Additionally, the number of attendees older than 45 has increased slightly over the past five years as more touring artists and events have appealed to this demographic, which tends to have more disposable income and available leisure time.

Men and women between the ages of 21 and 45 account for 26.4 percent and 24.3 percent of the visitors to the average performing arts venue. Combined, this age group accounts for more than half of the industry’s market. The corporate market is primarily associated with the largest establishments in the industry, those facilities with premium seating and entertainment areas such as stadiums and arenas. Therefore, the corporate market might be a smaller segment for Fort Worth facilities.

The size of events can range from large festivals hosting upwards of 100,000 attendees to local community events with fewer than 500 attendees. Corporate support for this industry is usually in the form of purchasing premium seating, luxury suites or sponsoring events. Corporate interest is most often directed toward large sporting events, sponsorship of music concerts, tours and major arts festivals within the industry. Domestic economic conditions generally influence corporate support. This segment is estimated to generate 10 percent of revenue in 2012.

### **Family Shows**

Family shows generally are not as great a revenue producer for facilities as top concerts, but they have shown notable growth in the past few years. Tickets for family shows typically cost less than concerts in order to entice families to attend. Yet what family shows may lack in revenue, they more than make up for in reliable year-round bookings, as the touring schedules are more

consistent than those of concerts. Further, family shows can agree to long-term booking arrangements with a facility and commonly hold several performances over multiple consecutive days. However, like the concert industry, most of the larger family shows are controlled by a small group of companies. The following table shows the various companies and family show productions across the country.

**Table 8-5**

<b>2011 Family Events Productions</b>			
<b>Company</b>	<b># of US Touring Units</b>	<b># of US Shows</b>	<b>Avg. Ticket Price</b>
AEG Themestar LLC	2	550	\$15.50
AMP Live Events	5	100	\$17.50
Feld Entertainment	18	5,000+	\$20 - \$25
Feld Motor Sports	11	500	\$29
Harlem Globetrotters	2-3	278	\$29
HIT Entertainment	4	NA	\$10 - \$39
Koba Entertainment	7	600	\$25
NETworks Presentations	10	650	\$40 - \$240
Live Nation Motor Sports	12	600	\$43.50
DreamWorks Theatricals/ Broadway Across America	30+	4,000+	\$89
S2BN Entertainment	1	--	\$40
Stars on Ice, an IMG Production	1	50	\$48
VEE Corporation	6	1,600	\$10-\$35
White Stallion Productions	1	110	\$19.50 - \$22.50
World Wrestling Entertainment	4	241	\$42

Source: Venues Today, Various Organizations

In addition to the companies listed above, other organizations also produce dirt-show events, such as various types of rodeos and other events. In general, family shows are more willing to play smaller markets than are other live events such as concerts. Ringling Bros. recently introduced a one-ring event for smaller markets and facilities, and the Harlem Globetrotters occasionally play in high school gyms. The events listed above typically play in a wide range of markets and facilities, from regional centers to large metropolitan areas. For example, DreamWorks Theatricals will make stops in a number of NBA and NHL arenas, in addition to small facilities.

An additional category of events is non-university and non-tenant sporting events, similar to concerts and family shows, there is also often overlap between what can be considered a sporting event and a family show. For example, professional wrestling or a motorsports event can be categorized as either. Other sporting events that would not be considered family shows, such as a high school game or tournament, could also be held in a new arena.

### **Actual Event Demand at Comparable Arenas and Event Centers**

The number of entertainment events held at arenas and event centers across the country varies considerably, based on many factors such as arrangements with promoters and facility managers,

the demographics of each market, facility size, the number and type of other arena users, competing local facilities and others. However, actual event demand at similar facilities will begin to demonstrate the range of use that could be expected in Fort Worth or another arena in a large metro area.

In 2011, IAVM conducted a benchmarking survey report that provides valuable insights into where a venue with more than 10,000 seats may be positioned in relation to the industry. The survey also inquired as to the nature of facility ownership and management. Results were broken out into three different groupings based on size. This was determined by the operational differences between large, medium and small-sized arenas. The groups included facilities with over 12,000 seats, those with 7,500 to 12,000 seats, and those with less than 7,500 seats.

The table below provides insights into arena operations regarding capacity, attendance and events.

**Table 8-6**

	All Facilities	Less than 7,500 Seats	7,500 to 12,000 Seats	More than 12,000 Seats
Maximum approved occupancy capacity	12,255	6,788	10,519	18,580
Annual number of attendees (000s)	501.7	172.8	313.0	1,109.3
Number of event days	111	102	114	138
Annual number of events/clients	61	76	53	59
Number of fixed seats, including suites	10,083	4,773	8,437	16,933
Number of accessible seats	486	263	199	291
Number of courtside seats	247	253	122	286
Total of number of suites	31	16	13	44
Premium seating is available	59%	43%	47%	83%
Standing room only is permitted	44%	52%	37%	42%

Source: IAVM Benchmarking Survey Report 2010

As shown, the new proposed Fort Worth arena would mostly compare to the larger sized venues. Venues with seating capacities more than 12,000 averaged an annual attendance of approximately 1.2 million and 59 total events, averaging roughly 18,800 visitors per event. It is important to note that approximately 83 percent of large venues are designed with premium seating in order to generate critical revenue for the bottom line.

The following table shows the nature of arena ownership based on venue size.

**Table 8-7**

	Nature of Facility Ownership					
	City	State	Authority	Private	County	Other
All Facilities	33%	21%	18%	11%	8%	9%
Less than 7,500 seats	48%	10%	10%	14%	9%	9%
7,500 to 12,000 seats	37%	32%	11%	5%	5%	10%
More than 12,000 seats	17%	22%	30%	13%	9%	9%

Source: IAVM Benchmarking Survey Report 2010

One third of all such venues are owned by the city. Only 11 percent of all such facilities are privately owned, likely due to the difficult nature of making a profit.

The following table shows the nature of facility management.

**Table 8-8**

	Nature of Facility Management				
	Government	Authority	Contract	Independent	Other
All Facilities	32%	15%	17%	18%	18%
Less than 7,500 seats	44%	0%	17%	17%	22%
7,500 to 12,000 seats	42%	21%	16%	11%	10%
More than 12,000 seats	13%	22%	17%	26%	22%

Source: IAVM Benchmarking Survey Report 2010

The most common facility management structures, when considering independent and private management as non-governmental, would be 35 percent for this category, followed by government at 32 percent. As the seating capacity increases, management tends to shift away from government oversight. This may be a result of governments outsourcing facility management to outside parties in the efforts to run their venues more efficiently and minimize operating deficits. This has been a trend recently, with many public assembly facilities shifting to private management, from small facilities to the largest.

## Implications

Arena developments have been continuing in the last decade for a variety of reasons, especially in smaller markets, but also in larger markets like Fort Worth. Arenas provide an opportunity to host sports teams, concerts, family and ice shows, and community events, not to mention trade shows and conventions. In larger metropolitan areas, these facilities often attract events that are too small for the large major facilities in the local urban market.

## Texas Facilities

The purpose of this section is to understand the arena market in Fort Worth and the state of Texas to evaluate the implications of a new facility development. As presented earlier, arena events may include concerts, family shows, sporting events, general session meetings and other events requiring large seating capacities. There is more than \$1 billion earmarked for venue construction and renovation in the state of Texas over the next few years. These projects include convention theaters, convention centers, stadiums and arenas.

The following table lists arenas in the state of Texas.

**Table 8-9**

Texas Arenas				
Facility	Seating	Year Opened / Renovated	Location	Tenants
American Airlines Center	20,700	2001	Dallas	NHL, NBA
Toyota Center	19,000	2003	Houston	NBA
AT&T Center	19,000	2002	San Antonio	AHL, NBA, San Antonio Stock Show & Rodeo
Frank Erwin Center	16,540	1977/2003	Austin	University of Texas
United Spirit Arena	15,098	1999	Lubbock	Texas Tech University
Reed Arena	12,989	1998	College Station	Texas A&M University
Don Haskins Center	12,222	1976	El Paso	University of Texas-El Paso
The North Texas Coliseum	10,500	1973	Denton	University of North Texas
Fort Worth Convention Center	10,400	1968	Fort Worth	--
The Ferrell Center	10,284	1988	Waco	Baylor University
Montagne Center	10,080	1984	Beaumont	Lamar University
American Bank Center	10,000	2004	Corpus Christi	NAHL, UIFL, Texas A&M-Corpus Christi
Dallas Convention Center	9,816	1957	Dallas	--
Freeman Coliseum	9,800	1949/1993	San Antonio	--
Ford Arena	9,737	2003	Beaumont	PASL-Pro
Laredo Energy Arena	9,622	2002	Laredo	--
Heart O' Texas Coliseum	9,000	1953	Waco	Heart O' Texas Fair & Rodeo
Cedar Park Events Center	8,500	2009	Cedar Park	AHL, NBA D-League
Hofheinz Pavilion	8,479	1969/1999	Houston	University of Houston
Curtis Culwell Center	8,199	2005	Garland	--
Ector County Coliseum	8,000	1954	Odessa	IFL, NAHL
Kay Yeager Coliseum	7,380	2003	Wichita Falls	NAHL
Daniel-Meyer Coliseum	7,200	1961/2003/TBD	Fort Worth	Texas Christian University
College Park Center	7,000	2012	Arlington	University of Texas-Arlington
El Paso County Coliseum	7,000	1942/2004	El Paso	WSHL
Moody Coliseum	7,000	1956/2013	Houston	Southern Methodist University
City Bank Coliseum	6,904	1956	Lubbock	--
Amarillo Civic Center	6,870	1968	Amarillo	IFL, NAHL
State Farm Arena	6,800	2003	Hidalgo	NBA D-League, PASL Pro
Luedecke Arena	6,500	1983	Austin	IFL, Star of Texas Fair & Rodeo, Texas Biker Rally
Tudor Fieldhouse	5,750	1950/2008	Houston	Rice University
Foster Communications Coliseum	5,280	1958/2006	San Angelo	LSFL, San Angelo Stock Show
Taylor County Expo Center	5,000	1973	Abilene	LSFL
<b>Average</b>	<b>9,898</b>	<b>1987</b>	<b>---</b>	<b>---</b>

Source: Various Facilities

There are three professional arenas, 12 Division-I athletic arenas and 18 civic arenas in the state of Texas. The average opening year of the facilities is 1987 (27 years old) with seven being renovated. The seating capacities vary from 5,000 seats at the Taylor County Expo Center up to 20,700 at the American Airlines Center where the Dallas Mavericks (NBA) and Dallas Stars (NHL) play. The average seating capacity is 9,898. The arenas have a variety of tenants from professional and collegiate sports teams to fairs and a biker rally.

The following figure shows 2012 top stops in Texas based on concert and event grosses compiled by Venues Today.

**Table 8-10**

Texas Top Stops 2012					
Facility	Seating	Location	Total Gross	Attendance	Shows
<b>15,001 and More Capacity</b>					
Reliant Stadium	72,744	Houston	\$41,540,346	1,321,661	20
American Airlines Center	20,700	Dallas	\$28,687,599	446,584	68
Cynthia Woods Mitchell Pavilion	16,550	Houston	\$14,043,891	346,209	50
AT&T Center	19,000	San Antonio	\$12,348,477	200,307	20
Frank Erwin Center	16,540	Austin	\$8,145,023	142,485	24
<b>10,001 to 15,000 and Capacity</b>					
Don Haskins Center	12,222	El Paso	\$1,860,504	34,200	8
United Spirit Arena	15,098	Lubbock	\$1,477,303	33,624	9
Freeman Coliseum	9,800	San Antonio	\$981,216	15,062	7
Reed Arena	12,989	College Station	\$502,251	9,207	7
Illusions Theater at Alamodome	11,000	San Antonio	\$160,027	4,424	1
<b>5,001 to 10,000 and Capacity</b>					
State Farm Arena	6,800	Hidalgo	\$6,504,740	148,813	58
Cedar Park Events Center	8,500	Cedar Park	\$2,306,948	42,579	16
Curtis Culwell Center	8,199	Garland	\$1,902,367	105,873	55
Dr. Pepper Ballpark	10,000	Frisco	\$1,604,493	27,809	10
American Bank Center	10,000	Corpus Christi	\$1,215,454	28,205	12
<b>5,001 and Less Capacity</b>					
Plaza Theatre	2,075	El Paso	\$4,617,803	88,363	115
McAllen Convention Center	5,000	McAllen	\$913,652	24,516	25
Abraham Chavez Theatre	2,516	El Paso	\$879,496	27,469	25
Wagner Noel Performing Arts Center	1,819	Midland	\$856,990	17,963	12
Selena Auditorium	2,526	Corpus Christi	\$240,276	6,130	4

Source: Venues Today

The Texas economy is strong and businesses are relocating to the region, which are just two factors attributed to the increase in ticket sales for concerts, family shows and sports teams. Venues are also adapting to meet customer expectations and to improve the overall experience. Improvements to facilities and the customer experience include installing new and more comfortable chairs, extensive curtaining systems, guest email system, providing event day reminders and updates, and installing digital video systems in concourses. Venues of all sizes are competing to create a unique experience to drive attendance to the events and compete with other venues in the region and state.

## Fort Worth Facilities

The city of Fort Worth has a few event facilities that once served sports and entertainment markets, but now primarily accommodates large meetings and conventions. Over the years, Fort Worth has engaged various consultant groups to conduct market analysis and feasibility studies. Prior findings from the previous studies recommended construction of a new 8,000-seat arena near the Will Rogers Memorial Coliseum (WRMC) while holding the FWCC arena as a placeholder, or land bank, for future convention center expansion. As part of the analysis and research into the reuse of the FWCC Arena, HSP reviewed the previous studies that recommended a new arena.

These studies contended that the current arena, which is an original component of the Fort Worth Convention Center, is obsolete and not an optimal facility to accommodate events at the convention center. The arena offers function space for events, however, does not satisfy the demands for modern arena use. The northern portion of the convention center containing the arena was identified as the primary site for future expansion, as long as a facility was developed to replace the existing arena.

Since the 1996 study was completed, the existing arena has become more obsolete as its major systems have aged and occasionally faltered, compromising event success. In addition, other newer facilities have been developed across the region and country, creating a growing contrast in quality and amenities. Unlike arenas in most cities with modern services, amenities and features that support major events like concerts, family shows, sports events, ice events and dirt events, the arena at the FWCC cannot compete to host such events.

### *Fort Worth Convention Center Arena*

The 10,418-seat FWCC Arena was once the primary sports and entertainment venue in Fort Worth. The arena is located adjacent to Exhibit Hall F on the north end of the convention center. The arena has fixed seating in a horseshoe configuration surrounding the event floor with the east, while the east end opens up to Exhibit Hall F. Although the arena has reached obsolescence, the configuration allows the arena floor to be used as exhibit hall space and general sessions for conventions, public shows and tradeshows.

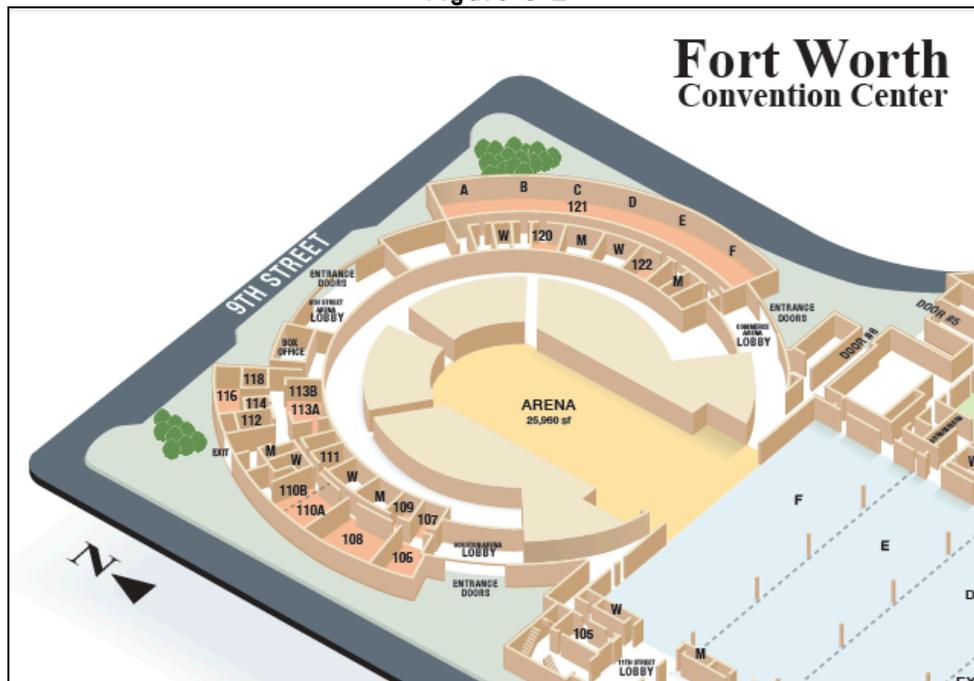
The following figure shows the exterior and interior of the FWCC Arena.

Figure 8-1



The following figure shows the layout of the FWCC Arena.

Figure 8-2



The function space available in the arena includes:

- 10,418 fixed seats – expandable up to approximately 13,000 total seats
- 25,960 square feet of arena floor exhibit space
- 24,700 square feet of meeting space between 19 rooms

There are groups that rely on the arena seating and floor space for their events, while other groups use the facility because it is conveniently connected to the convention center. There are existing arena users that could be accommodated by a larger space with flexible seating configurations. It is

important to understand the existing demand, potential ramifications if the arena were to be replaced with other function space and how a new arena could fit into the Fort Worth meetings package.

The following table shows the historical use of the FWCC Arena since 2008.

**Table 8-11**

FWCC Arena Usage Since 2008							
Item	2008	2009	2010	2011	2012	2013	Average
Events	43	29	29	31	33	27	32
Event Days	100	66	73	70	81	44	72
Arena Use Days	155	113	127	129	105	64	115
Arena Revenue	\$207,950	\$125,550	\$122,682	\$110,200	\$140,850	\$61,500	\$128,122
Total Event Attendance	407,638	255,383	402,102	460,864	501,365	401,120	404,745

Source: Fort Worth Convention Center, Hunden Strategic Partners

Over the past six years, an average of 32 events use the arena. The arena also averaged 115 use days, which includes days for setup, event days and move out. The total event attendance for these events have ranged from 255,000 up to 500,000 and generated an average of \$128,122 in arena revenue. In 2013, the arena generated approximately \$61,500, it lowest over the six-year period. The FWCC has approximately 12 groups or events that use the facility on an annual or semi-annual basis. The following groups and events were identified as the primary events using the FWCC.

- ACA Cheer National Championships
- AdvoCare International
- Christian Congregation of Jehovah’s Witnesses
- Graduations
- Kenneth Copeland Ministries
- MA Dance Nationals
- Metroplex Challenge
- Nation’s Best Sports (NBS)
- Premier Designs
- Texas High School Coaches Association
- USA Gymnastics

The following table shows the historical use of the repeat groups and events using the FWCC Arena.

**Table 8-12**

FWCC Arena Usage by Repeat Groups							
Item	2008	2009	2010	2011	2012	2013	Average
Events	32	25	22	27	29	22	26
Event Days	70	57	53	61	68	40	58
Arena Use Days	122	98	97	115	88	59	96
Arena Revenue	\$144,800	\$86,200	\$88,432	\$95,200	\$102,100	\$30,000	\$91,122
Event Attendance	338,314	237,709	339,488	393,268	422,465	311,280	340,421

Source: Fort Worth Convention Center, Hunden Strategic Partners

The repeat user groups account for approximately 80 percent of the total arena use. These user groups accounted for approximately 85 percent of the attendance of groups using the arena. Of these groups, there are three that have attendance that average more than 10,000 attendees per day: AdvoCare, Kenneth Copeland Ministries and the Texas High School Coaches Association. These three growing groups have stated arena function space is an important element to their events.

### *Will Rogers Memorial Center*

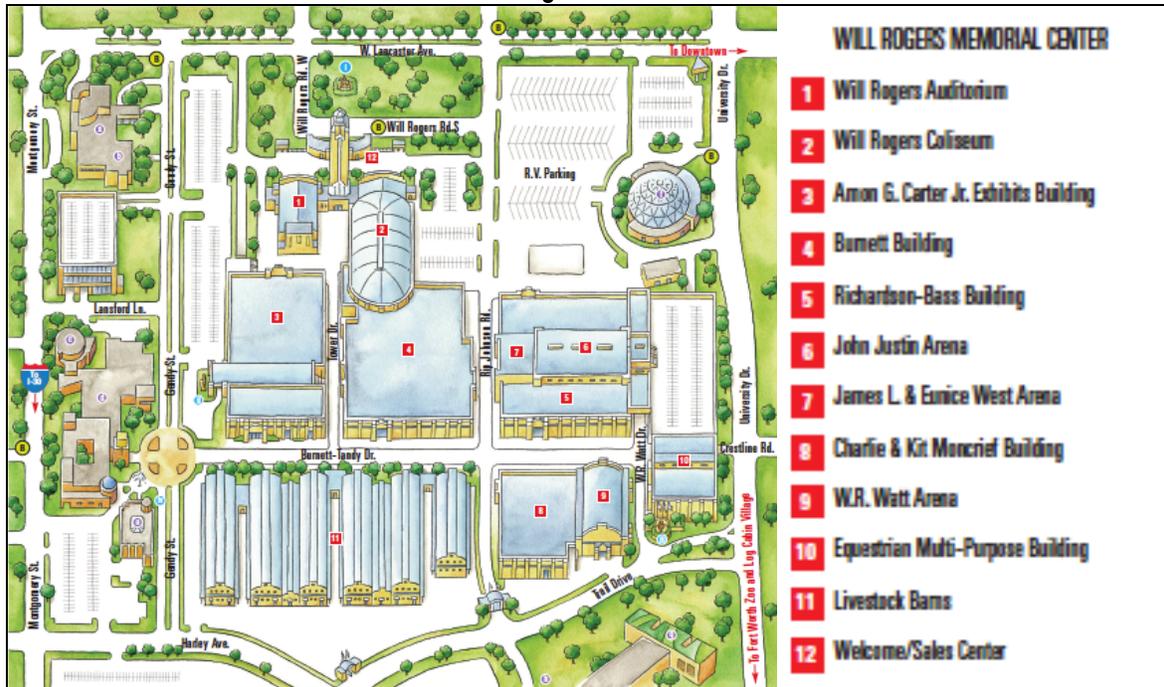
The Will Rogers Memorial Center (WRMC) is a 105-acre entertainment, sports and livestock complex located 3.5 miles west of the FWCC. The WRMC was built in 1936. The facilities in the WRMC were part of the Work Projects Administration (WPA) program that existed between 1935 and 1943. The WPA projects provided jobs to unemployed people to carry out public works projects. Since 1935, the WRMC has expanded over the years to meet the growing demand for unique meeting and event facilities that now include seven facilities.

- Will Rogers Coliseum – 5,652-fixed seat domed coliseum
- Will Rogers Auditorium – 2,856-seat auditorium with a proscenium stage, dressing rooms and Art Deco features.
- Will Rogers Equestrian Center – venue for numerous equestrian and livestock shows that includes:
  - Richardson-Bass Building - 2,500+ horse stalls a, cattle stalls and multiple warm-up areas.
  - 1,934-seat John Justin Arena
  - James L. & Eunice West Arena
  - The historic Will Rogers Coliseum.
- Amon G. Carter Jr. Exhibits Hall – added in 1984, the facility includes the Texas Room with over 94,000 square feet of contiguous exhibit space, the 18,000-square-foot Round Up Inn ballroom and four additional meeting rooms.
- Charlie and Kit Moncrief Building

- W. R. Watt Arena – 1,000-seat arena
- Cattle ties and horse stalls, exercise area, meeting rooms and events space.

The following figure shows the layout of the WRMC.

Figure 8-3



The following figure shows an aerial view of the WRMC.

Figure 8-4



The WRMC hosts the month-long Fort Worth Stock Show and Rodeo annually between the months of January and February. It is a popular location for specialized livestock shows as well as the annual World Exposition of the Texas Longhorn Breeders Association of America, the annual World Championship Paint Horse Show, and three major National Cutting Horse Association (NCHA) events each year.

The following table shows the historical use of the WRMC.

**Table 8-13**

Will Rogers Memorial Center Number of Events										
Event Type	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Conferences	4	3	1	0	4	4	4	6	4	2
Concert	12	14	8	21	11	9	10	6	6	2
Public Events	47	52	50	52	53	51	57	45	43	42
Convention	26	14	16	21	21	23	27	12	9	11
Equestrian/Livestock	35	34	32	36	39	37	41	28	29	34
Family Show	2	1	2	2	4	3	3	3	3	2
Graduation	15	18	15	15	11	9	12	9	7	6
Stock Show	5	9	6	9	6	5	6	9	6	10
Meal Function	50	47	41	43	58	48	34	23	27	26
Meeting	87	52	61	80	115	75	67	64	90	69
Miscellaneous	11	19	14	17	21	19	15	14	10	11
Religious	5	6	9	4	3	2	2	4	0	0
Special Events	28	14	24	24	16	11	12	11	3	5
Sports	10	8	12	7	8	8	10	7	6	6
Theatrical	34	32	35	32	42	38	29	33	29	30
Trade Show	4	6	5	7	11	10	5	7	6	6
<b>Total</b>	<b>375</b>	<b>329</b>	<b>331</b>	<b>370</b>	<b>423</b>	<b>352</b>	<b>334</b>	<b>281</b>	<b>278</b>	<b>262</b>

Source: Will Rogers Memorial Center

There are a number of public/consumer shows every year (42 in 2013) and 34 equestrian/livestock events. Theater shows are the other primary use type, not to mention the month-long Stock Show. The number of conventions held onsite was only 11 in 2013, but has been in the mid-20s in several of the past years.

The next table shows the event days at the WRMC.

**Table 8-14**

Will Rogers Memorial Center Event Days										
Event Type	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Conferences	7	5	2	0	7	7	8	15	15	3
Concert	14	17	8	23	14	12	10	6	5	2
Public Events	166	166	169	171	180	170	188	110	160	108
Convention	52	37	35	41	40	47	58	23	21	28
Equestrian/Livestock	176	176	170	185	185	185	161	167	159	198
Family Show	19	15	15	14	18	16	18	12	15	1
Graduation	17	20	17	17	13	11	14	11	7	6
Stock Show	31	33	29	44	29	43	79	49	44	42
Meal Function	51	47	43	43	59	48	34	36	27	26
Meeting	112	74	68	136	149	109	91	80	110	63
Miscellaneous	22	35	35	37	41	47	42	37	24	29
Religious	7	8	26	6	5	3	3	5	0	0
Special Events	31	27	24	29	20	11	15	12	4	10
Sports	26	23	34	21	22	21	21	20	19	19
Theatrical	49	53	53	50	70	65	52	60	61	58
Trade Show	4	10	8	9	15	15	7	8	7	7
<b>Total</b>	<b>784</b>	<b>746</b>	<b>736</b>	<b>826</b>	<b>867</b>	<b>810</b>	<b>801</b>	<b>651</b>	<b>678</b>	<b>600</b>

Source: Will Rogers Memorial Center

The following figure shows the historical attendance figures at the WRMC.

**Table 8-15**

Will Rogers Memorial Center Total Attendance										
Event Type	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Conferences	2,265	880	500	0	4,079	2,006	5,731	7,249	3,500	1,242
Concert	18,925	20,046	11,051	42,685	12,302	18,209	13,914	14,167	8,825	2,908
Public Events	114,689	100,608	123,910	122,318	158,870	188,432	184,590	156,672	163,416	185,013
Convention	108,660	74,548	72,875	83,288	94,089	86,312	79,193	55,271	49,834	71,686
Equestrian/Livestock	638,822	679,039	659,451	682,229	641,899	631,280	659,244	568,648	579,285	672,135
Family Show	44,795	40,515	101,580	96,717	111,500	82,247	105,697	75,539	67,208	25,276
Graduation	33,754	40,109	36,669	36,756	30,462	25,200	32,474	22,481	17,400	14,290
Stock Show	148,304	154,921	153,790	157,963	159,109	158,950	157,131	930,865	1,166,416	1,149,557
Meal Function	34,303	29,963	26,767	27,029	35,046	32,034	25,982	26,870	19,302	23,637
Meeting	10,185	5,931	9,523	15,410	11,602	18,784	6,136	2,211	5,933	7,046
Miscellaneous	4,950	15,228	12,492	16,778	13,004	12,725	12,733	9,485	6,979	5,988
Religious	11,737	10,661	20,280	2,600	3,325	4,220	4,200	3,779	0	0
Special Events	18,304	19,448	11,749	16,882	13,360	5,440	7,822	4,030	724	12,958
Sports	56,238	48,428	62,707	40,015	31,084	25,626	35,055	65,508	58,663	62,398
Theatrical	66,563	54,878	56,399	60,485	73,754	80,917	53,313	68,378	49,845	53,333
Trade Show	5,683	15,268	12,700	21,320	25,280	17,651	8,026	7,269	8,896	8,942
<b>Total</b>	<b>1,318,177</b>	<b>1,310,471</b>	<b>1,372,443</b>	<b>1,422,475</b>	<b>1,418,765</b>	<b>1,390,033</b>	<b>1,391,241</b>	<b>2,018,422</b>	<b>2,206,226</b>	<b>2,296,409</b>

Source: Will Rogers Memorial Center

Total attendance at the WRMC has increased from 1.3 million to nearly 2.3 million visitors over the period. Since 2009, visitation has increased by more than one million. This is primarily due to the

Stock Show. The Stock Show and equestrian/livestock categories attracted 1.15 million and 672,000 visitors, respectively. Public events such as gun shows, arts and craft shows, and flea market are the next largest category with more than 185,000 visitors.

The following figure shows the average attendance for each event type.

**Table 8-16**

Will Rogers Memorial Center Attendance Per Event										
Event Type	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Conferences	566	293	500	0	1,020	502	1,433	1,208	875	621
Concert	1,577	1,432	1,381	2,033	1,118	2,023	1,391	2,361	1,471	1,454
Public Events	2,440	1,935	2,478	2,352	2,998	3,695	3,238	3,482	3,800	4,405
Convention	4,179	5,325	4,555	3,966	4,480	3,753	2,933	4,606	5,537	6,517
Equestrian/Livestock	18,252	19,972	20,608	18,951	16,459	17,062	16,079	20,309	19,975	19,769
Family Show	22,398	40,515	50,790	48,359	27,875	27,416	35,232	25,180	22,403	12,638
Graduation	2,250	2,228	2,445	2,450	2,769	2,800	2,706	2,498	2,486	2,382
Stock Show	29,661	17,213	25,632	17,551	26,518	31,790	26,189	103,429	194,403	114,956
Meal Function	686	638	653	629	604	667	764	1,168	715	909
Meeting	117	114	156	193	101	250	92	35	66	102
Miscellaneous	450	801	892	987	619	670	849	678	698	544
Religious	2,347	1,777	2,253	650	1,108	2,110	2,100	945	0	0
Special Events	654	1,389	490	703	835	495	652	366	241	2,592
Sports	5,624	6,054	5,226	5,716	3,886	3,203	3,506	9,358	9,777	10,400
Theatrical	1,958	1,715	1,611	1,890	318	2,129	1,838	2,072	1,719	1,778
Trade Show	1,421	2,545	2,540	3,046	2,298	1,765	1,605	1,038	1,483	1,490
<b>Average</b>	<b>3,515</b>	<b>3,983</b>	<b>4,146</b>	<b>3,845</b>	<b>3,354</b>	<b>3,949</b>	<b>4,165</b>	<b>7,183</b>	<b>7,936</b>	<b>8,765</b>

Source: Will Rogers Memorial Center

Consistent with total attendance, the Stock Show and equestrian/livestock events average the most the visitors per event. Family shows and sporting events average the next highest visitation per event with 12,600 and 10,400 visitors, respectively.

### *Implications of new arena*

A new arena in Fort Worth will diversify the public facility inventory and create additional opportunities for the city to attract or recapture events that have been lost to other facilities and markets, such as family shows, ice shows, dirt shows, concerts and sports events. Currently, local spending is leaking to Dallas and other Metroplex facilities and jurisdictions as local residents spend money to see events elsewhere.

In addition, there is a ready and successful anchor tenant, the Fort Worth Stock Show and Rodeo, which would likely block major portions of the event calendar for its use. The Stock Show would not only block a full month in the facility, but having such a quality facility would enhance and expand the event's attractiveness, capacity and capabilities, increasing the economic impact of this storied event on the city. It would further solidify Fort Worth's place as a premier equestrian event destination and provide a modern home for other events the other eleven months of the year.

Even when one considers that Fort Worth is part of the larger Dallas-Fort Worth Metroplex, a new, larger, modern arena is supportable. In fact, it may be more obvious of a need given the number of arenas in major metro areas like the Metroplex. In metro areas with between 4.5 and 6.5 million residents, there are generally two to three major arenas. One is typically a large 18,000-seat pro sports venue, while the second and often third facilities are mid-sized venues of 8,000 to 15,000 seats. These secondary and tertiary facilities are needed and utilized by these large markets because the schedules of the tenants in the largest facilities (e.g. American Airlines Center) leave little calendar availability for the numerous acts that could play these venues in such a large market. As a result, mid-sized arenas offer an alternative space for these acts and users, and often at a lower price point for tickets than the major pro-sport arenas.

Given the obsolete nature of the FWCC Arena, its size, age, lack of amenities, and the fact that it is not used as an arena for concerts, sports, ice, dirt or family shows, HSP believes there is a need for a new mid-sized arena with modern amenities that can host the types of shows and events not currently available in this community of two million people. The recaptured spending and impacts of the events in Tarrant County and Fort Worth, not to mention the enhanced success and image of the Fort Worth Stock Show, provide a strong rationale for investment.

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## DOWNTOWNS AS VISITOR DESTINATIONS

This chapter profiles Fort Worth and other competitive Texas cities as it relates to the overall appeal of the city as a destination, how those visitors experience that city's offerings once there, and other purpose-built entertainment districts across North America. The general theme of these areas is that they focus on restaurant, bar and nightclub tenants in an indoor-outdoor atmosphere. The best districts evolve over time and develop a personality that evokes the characteristics of the city. While several larger "instant districts" have been developed by the Cordish Companies of Baltimore, there are other districts that have evolved over time and have a more authentic feel that exudes the character of the community.

HSP analyzed Fort Worth as a visitor destination, especially Sundance Square, and provides the following discussion related to enhancing Fort Worth's tourism package.

### Transportation

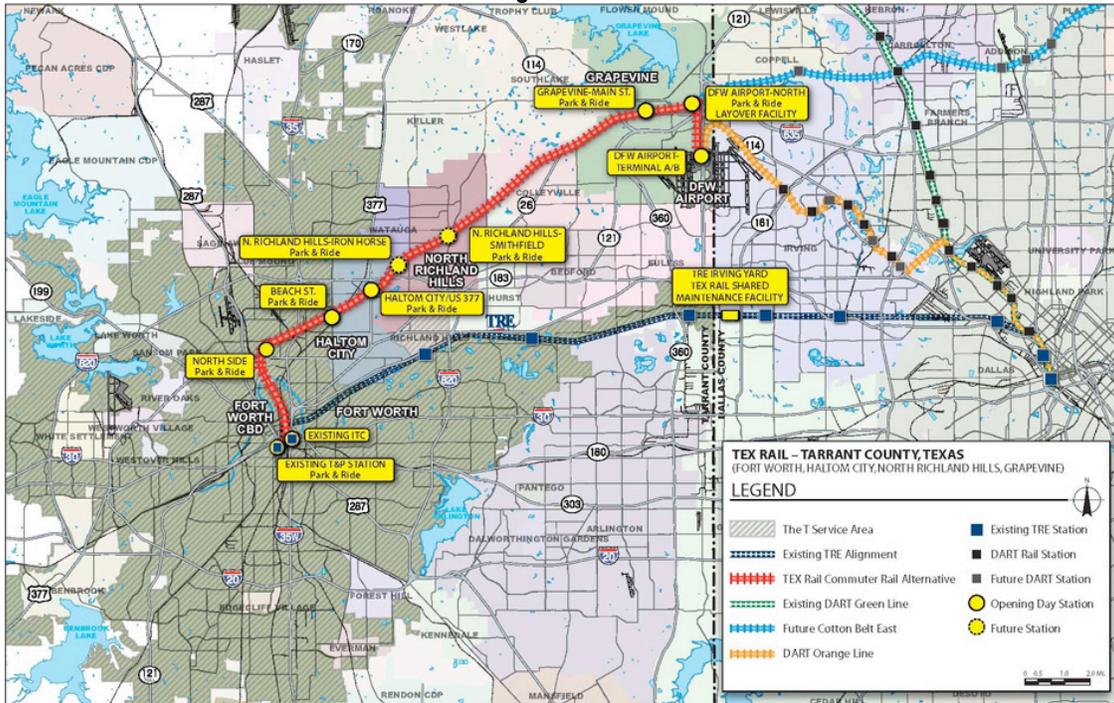
Possibly Fort Worth's most glaring challenge is the transportation necessary to connect downtown hotel guests and visitors with the most popular attractions in the city. The Museum district and Stockyards historic district are two of Fort Worth's defining attractions. Even the tagline of the city, "Culture and Cowboys", the city's emblems, are personified by these two institutions and popular destinations, and unfortunately, neither of them are accessible from the downtown hotels, being three and two miles away, respectively.

More needs to be done to connect the hotels, convention center with these places, especially when large crowds are expecting to attend events at the city's soon-to-be arena at the Museum District, theaters, local attractions or banquets at the various cultural museums. Transportation options need to be obvious and simple to the new visitor, and the lack of light rail, in-street rail streetcars, bus rapid transit (such as the 16<sup>th</sup> Street mall in Denver) with landscaped and same-level entry platforms at well-marked stations, hinders the perceived range of things to do and places to go see, and places that one can easily reach on foot. Molly the Trolley may need improvement in terms of educating the public to be more aware of its existence, and frequency of service and routing. To improve services, more frequency of service and visibility need to be made more obvious with informational signs at covered and shaded bus stops, and reassurance that it will operate late hours when guests having cocktail in Sundance Square will need to get back to their hotel near the convention center.

Easy-to-understand transportation from trains or visible shuttles are another challenge within the larger Metroplex. DFW Airport shuttle buses and Trinity Railway Express commuter rail run Monday through Saturday. Because many large expositions end on a Sunday, this is an unreliable mode of transportation for many events. TEX Rail, or "The T" is a planned 27-mile commuter line operating between downtown Fort Worth and the DFW airport is expected to come online in 2016, will be an answer to this obstacle when it opens. At this point in the planning process it appears that the line will pass and possibly have a park-and-ride station near the Historic Stockyards.

A map of the region's rail initiatives and routes are as follows.

Figure 9-1



Light rail or streetcars that are relevant will be discussed further in this chapter when discussing the restaurant and nightlife scene in each city.

## Attractions

Attractions come in many forms and increase the overall appeal of a city. Aquariums, zoos and museums provide daytime recreation and can also host evening events both for the convention crowd, and leisure traveler. Observation towers, museums of any specialty theme including history, art and science, widely known local cuisine (seeking out specialized local food fare has been popularized by television cable networks), distinct shopping malls, fountain displays, antique districts, antique trolley car rides, river or waterfront cruises, horse-drawn carriages, wineries and breweries of craft products, historic building tours, adventure tours, theme parks, a zoo or botanical garden, and boutique shopping districts can all be associated with a city's popularity with meeting planners and tourists. The more a city can offer, especially within walking distance, the more competitive the location will be in attracting convention business.

The following describes several unique attractions that are found in some of Fort Worth's competitive cities:

### *Anaheim, California*

In Anaheim, California, the big attraction will always be the Disney theme parks, however two competing village-like complexes nearby add some adult intrigue: Downtown Disney and the Shoppes at Anaheim GardenWalk. Downtown Disney is a faux-European-style curvy street lined by shops and restaurants art-deco architecture common in Hollywood in the 1930s and '40s (and also resembles some downtown Fort Worth architecture).. The street crosses over a major traffic artery and shields the pedestrians from lower-level traffic with landscaping on the bridge while connecting the Disneyland Hotel complex with the Disneyland theme parks.

The Shoppes at Anaheim GardenWalk is an ultra-modern-looking outdoor mall on two levels. It is large and capable of holding many more stores, nightlife and restaurants than its current density. Just one mile east on Katella Avenue, Anaheim Stadium and the Honda Center are homes to baseball's L.A. Angels of Anaheim and the NHL's Ducks, respectively. The area is completely suburban and not designed ultimately to be enjoyed as a pedestrian. As such, a car is almost certainly a necessity.

### *Denver, Colorado*

Denver's 16<sup>th</sup> Street Mall is a prime example of a pedestrian-only street that serves truly as the city's main shopping street. Retail, hotels, theaters, hip refurbished warehouses and brand new steel and glass building meld to form a mile-long heartbeat of downtown Denver. Sidewalks are lined with café tables, pedestrians, music, and a general urban carnival atmosphere. The only vehicles allowed on the street are electric buses. Their roadways are so lushly landscaped that they seem insignificant to the pedestrian presence, except to serve as a constant reminder that inexpensive transportation arrives every few minutes. The outskirts of downtown Denver also features several other attractions such as the Downtown Aquarium and Elitch Gardens theme park, and three major league stadiums: Pepsi Arena, Coors Field, and Sports Authority Field at Mile High. Elitch Gardens is not as large or comprehensive as Six Flags over Texas, however combining a number of regional attraction within walking distance of each other is a large part of what makes downtown Denver a highly successful destination for conventions and other visitors.

The following photo shows scenes of Denver's 16<sup>th</sup> Street Mall.

Figure 9-2



### *Nashville, Tennessee*

Nashville, Tennessee, is the center of the world of country music, and the city has parlayed that image into a positive, robust tourist destination. A new convention center, Bridgestone Arena (1996), NFL team and LP Stadium (1999), historic Ryman Auditorium (the former Grand Ol' Opry House), the Country Music Hall of Fame, and The Grand Ol' Opry with the Opryland Hotel are Nashville's most visited attractions. Lower Broadway's live music venues are part of an area called The District, featuring 13 blocks of music and entertainment. Live music along Broadway is becoming as big a part of the national music scene as Bourbon Street was for early jazz, Dixieland and ragtime. Country music tourism is very lucrative, very popular, and although not exclusive to Nashville, the city and the music category are more linked than any other. Music is not Nashville's alone, however, as Austin has also leveraged its music scene into a tourism hook.

Country music is the nation's most popular musical genre, and although Nashville has had a stronghold on linking its name recognition with traditional and modern country music for many decades, only in the most recent two to three decades has the idea of music tourism been fully employed in Nashville's downtown districts as a way to lure tourist visits into the city's core (while,

on the other hand, The Grand Ol' Opry which has long attracted music tourists, has been located in a suburban location for fifty years).

People are drawn to cities and locations with distinct cultures, and experiential tourism is more popular now than at any time before. Cable television channels such as Food Network and Travel Channel have promoted unique local cuisine and previously little-known attractions and tours across North America, sparking a desire within people to visit and experience these places for themselves. Memphis, for example has its own form of barbeque cooking to go along with Beale Street and the live Delta Blues performed in bars and pubs. New Orleans has been famous for its Cajun culture, creole and seafood cooking, po' boy sandwiches, voodoo, and of course, the birthplace of jazz music.

Nashville, Tennessee, is home to a vibrant and stimulating stretch of Broadway that, although at only two-blocks in length at the most, is packed with long-time traditional live music bars and restaurants. Some are specific to a subculture within country music such as honky-tonk and bluegrass. By day, a few operate as lunch restaurants next to western-wear shops. It looks, smells and feels like no other place in any other city. When the sun goes down, the neon sign lights blink to compete for people's attention. The block between 4<sup>th</sup> and 5<sup>th</sup> Streets is lined with fan favorites such as World Famous Tootsies and Second Fiddle, right next to Legends Café, Bluegrass Inn Hillbilly Music, Robert's Western World and The Stage on Broadway.

The south side of the street houses a decades-old Ernest Tubb Record Shop featuring a Midnight Jamboree each Saturday at midnight, Paradise Park Trailer Resort, Lawrence Records and Souvenirs, Nashville Crossroads Bar, The Wheel Bar, Full Moon Saloon, and Rippy's Ribs & Bar-B-Q. Up-and-comers in the music business play these clubs and bars nightly, and the lure for the thousands of tourist is that they may run into a current or future famous country musician, or possibly meet someone who could guide them to a career in music.

There are many country bars in Nashville's suburbs where one might find a well-known musician, and in other cities as well. However the nationally recognized history and local culture, combined with the compact nature of a neon-lighted strip of urban intrigue creates a critical mass of tourism and nightlife humming with activity. This district, although teeming throughout the year, is particularly busy during the annual Country Music Association (CMA) Awards.

Printer's Alley is a historic alleyway north of Broadway by only two blocks. Its tourist-appealing portion between Church Street and Union Street is home to the off-the-beaten-path hidden entrances to six independent and somewhat historic (and perhaps gleefully tacky) bars and clubs. The taste and flair of these two specific downtown entertainment streetscapes are purely Nashville, and ultimately is authentic to the history of country music.

Fort Worth has an opportunity to extend its familiar brand that is made up of the historic stockyards, western style of clothing, cowboy boots, belts and buckles, cattle and steaks, chili and Texas-style brisket, and all the western ranches that occupy the expansive plains to the west. Following what has worked in Nashville, the city could devise a plan to create a single block destination within the downtown core occupied by "Western" and Texas country and cowboy based saloons, nightlife stages, bars and eateries. Creating an urban block of several music venues and

bars that are linked to well-known Texas country and western music performers, or to other themes of the central and western Texas ranchlands is a theme that is authentic to Fort Worth. The historic steam locomotive train and cattle culture of the second half of the 1800s up through the middle 20th century is of a monumental presence in the city's built-environment near the rail yards.

Because the Historic Stockyards and Will Rogers Center are both centers of this cowboy and ranch culture, yet are both outside the CBD, there is a potential gain for downtown if they bridge that gap by creating an easily-walkable downtown area that resonates with the city's storied ties to its western country-cowboy heritage. A compact area of regionally themed nightclubs, stages and bars could place a more strongly identifying stamp in the minds of Fort Worth visitors. And if it is possible to have actual Texas celebrity musicians of this genre own or license their names to one or more of these saloon establishments, then word of this district gracing downtown Fort Worth will spread more rapidly and carry a cache amongst country music fans.

The following two photos show the Lower Broadway entertainment district and Printer's Row districts, respectively, in Nashville.

Figure 9-3

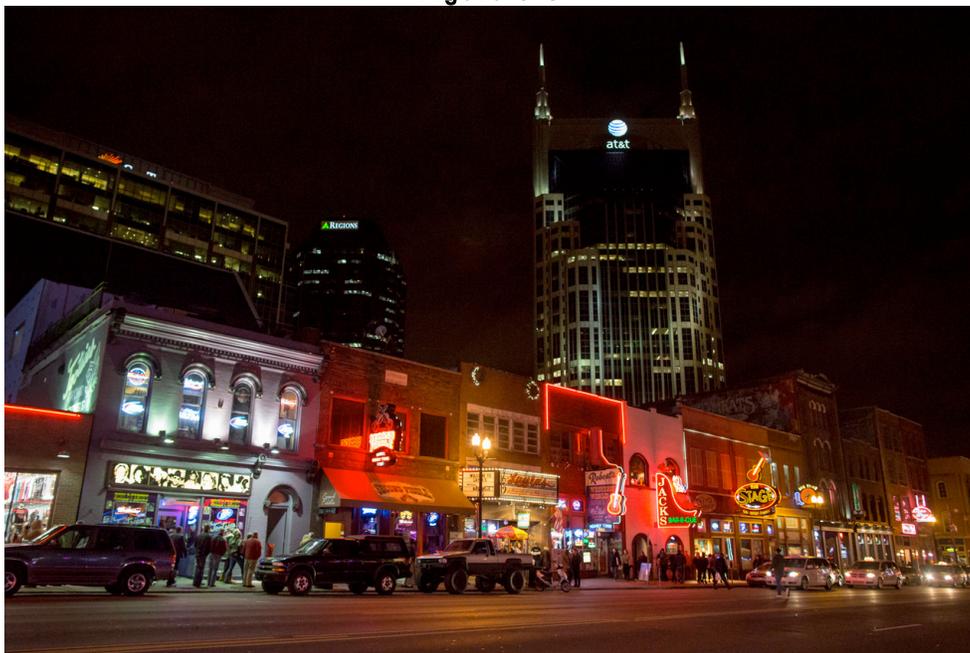
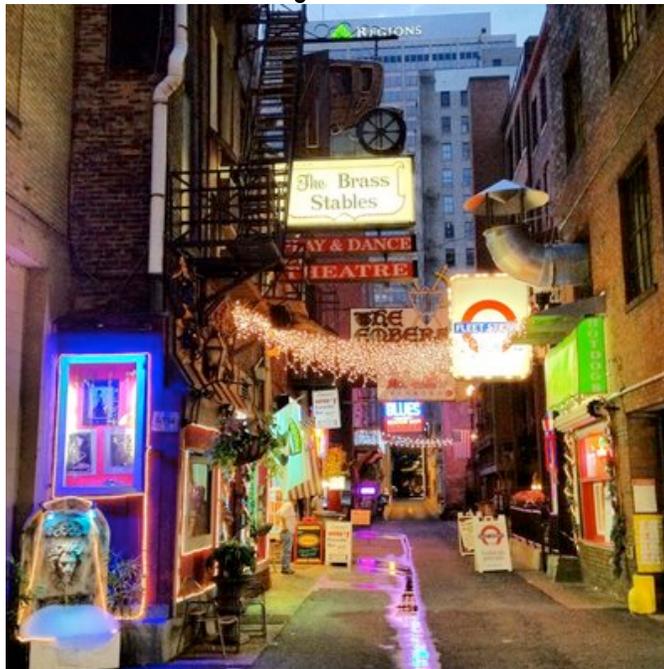


Figure 9-4



## Texas Competitive Cities

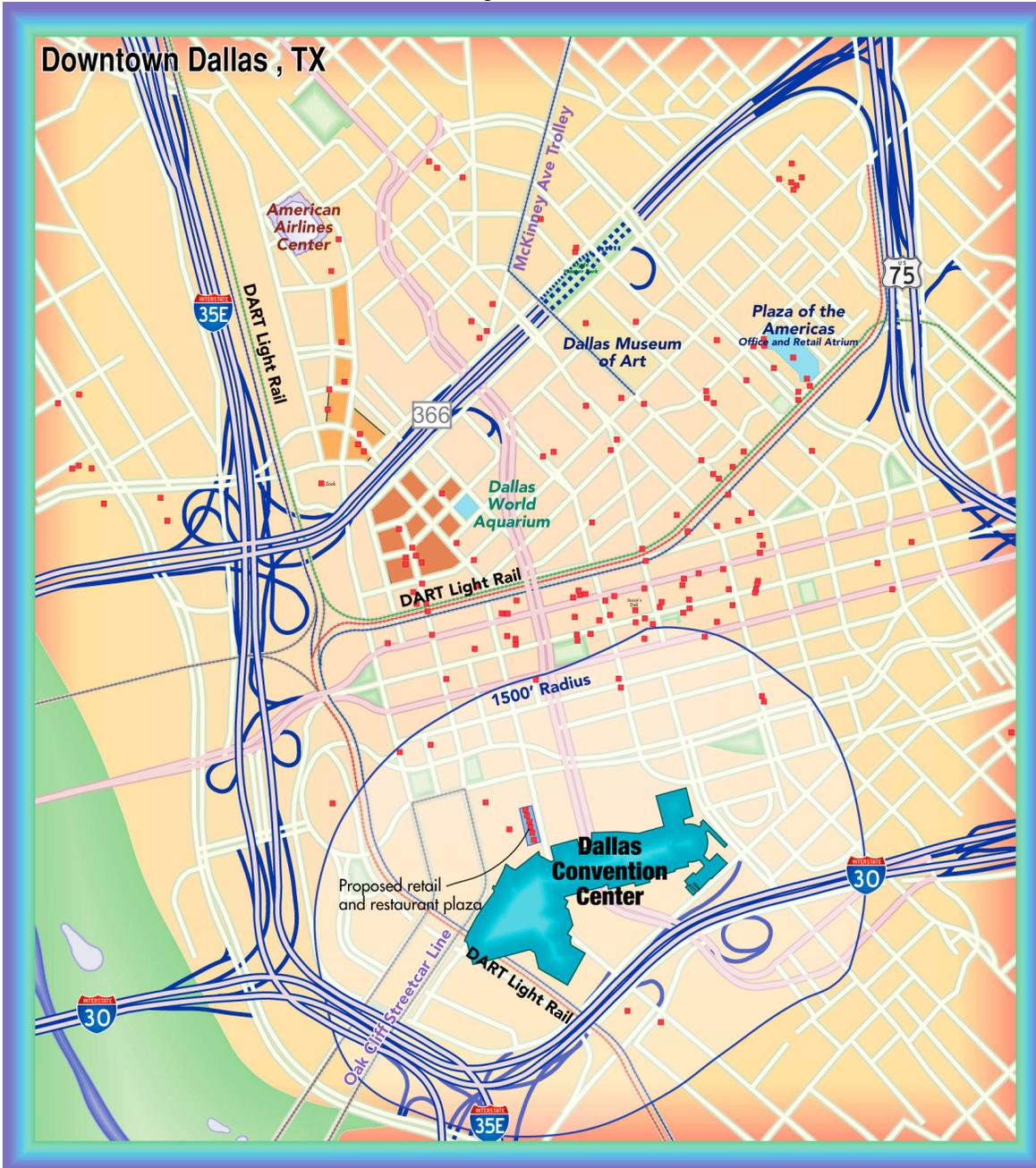
### *Dallas*

Of all the Texas cities, Dallas has the most Light Rail and Streetcar routes through downtown, with the Oak Cliff streetcar line being completed soon. This can be considered a necessary step in getting convention goers to other parts of town because the city's main entertainment is not located within walking distance of the convention center. The Oak Cliff streetcar line will soon take attendees to a quaint artsy residential neighborhood with a number of small independent restaurants. As for the rest of the DART Light Rail lines, many may find it too long and arduous to have to wait for light rail service just to get a lunch between sessions. There is no connection from any train to the McKinney Avenue Trolley Line, which itself runs along many artsy and hip restaurant options. People attending a show at the Dallas Convention Center have little hope of utilizing this service in a timely manner.

The city's more popular attractions are also just out of reach of a person on foot at the convention center. American Airlines Arena, home of the NBA and NHL teams, the highly-regarded Art Museum and the Aquarium area all on the northern edge of downtown, too far for most people to walk. A taxi or shuttle bus is necessary. Beyond those attractions, shopping and large malls in Dallas are also an inconvenient distance away from convention attendees. A rental car is most likely in order.

The red squares represent restaurant options of any kind on the following map.

Figure 9-5



In the map above, there are few food options available for anyone attending a convention at the Dallas Convention Center. The restaurants are clustered in the middle of the CBD and various nodes north of downtown. After the day's events are finished, a long walk or taxi ride is necessary for attendees to go find good restaurants and nightlife. The walking distance of 1,500 feet from a hotel room to the conventions center entrance, or from the convention center to any desired

location is about the maximum distance that people are willing to walk according to several studies. To address this issue in Dallas,, city leaders have worked with developers to propose a new 15,000 square foot strip facility just outside of the main entrance and the new 1,000-room Omni Hotel. A larger part of that proposal is to include a 350-car parking facility, along with streetscaping and street cars. There is a potential for up to six new fast and casual restaurants to take up that strip facility.

One unusual aspect of Dallas and Fort Worth being so close to each other is that they can boast about many of the same attractions as being “theirs.” Examples include Six Flags over Texas, The former Ballpark at Arlington, now Globe Life Park, AT&T Stadium, and many lesser-known attractions, in addition to having the same highly accessible airport and highway system.

### *Houston*

Houston Center is a multi-block downtown office tower and retail complex that features a Four Seasons Hotel and a four-story indoor shopping mall built in 1982. All in all, there are over 3,400,000 square feet of office in four towers. The mall has about 30 restaurants and food court eateries, 14 retail shops, and about 16 other services such as pharmacies, clinics, workout gym, banks, graphics and catering. The mall was renovated in 2003, and is far from a major shopping destination, however has served the complex well as a center for lunch activity.

GreenStreet, a 2006 development that recently changed its name from Houston Pavilion, is a more recent attempt to create a lively street nightlife in this section of downtown, and it is about four to five blocks from the convention center. The mixed-use complex takes up three square blocks and has an outdoor mall space running through it. An office tower, an Alessandra Hotel, a parking garage are the anchor components, and a mix of retail and restaurants/clubs occupy the two-level mall space. In 2012, Comcast Sports Network built their TV studios in the complex. The latest owners, Midway and Canyon-Johnson, in 2013 announced that they would be adding landscaping and outdoor patio dining for their restaurants. A linear park concept is how they describe the new look of the mall levels. The most popular tenants include House of Blues, Pete’s Dueling Piano Bar, Lucky Strike Bowling Lanes, Skyhouse Houston, Ill Forks, McCormick & Schmick’s, and Andalucia Tapas Bar.

The red squares on the following map show the location of restaurants of any kind in relation to the Convention Center.

Figure 9-6



Within the 1,500 foot radius shown on the map around the exits of the George R. Brown Convention Center, there are a few scattered restaurants and food outlets of varied quality and distance from one another. The most convenient options for convention attendees are the food options based inside the Houston Center, right at the outer limits of the 1,500-foot distance mark on the map.

As is the case with the convention center, both the Toyota Center (home of the NBA's Rockets), and the Minute Maid ballpark (home of the MLB's Astros) also have few walkable food options. The small cluster of a few food establishments to the east and southeast of the Convention Center consist of quick lunch sandwich, coffee, and pizza shops that don't relate very well in either location or concept to the convention audience, as they require the visitor to cross under a wide freeway. Furthermore, the food and beverage choices shown in the BBVA Soccer Stadium are only open on game days for ticketed patrons. Also, the light rail is of little help to the convention attendee in any regard. Reviews from Houston meeting planners state that the lack of food, beverage and nightlife choices nearby detracts from the overall satisfaction of the guest experience.

The following aerial photo illustrates the relative isolation of the George R. Brown Convention Center, Minute Maid Park (near the bottom of the photo) and the Toyota Center. Surface parking lots take up many blocks while producing a wind-swept desert that pedestrians would prefer not to traverse. Walking across open blocks is an uncomfortable sensation for most people. The bulk of the city's restaurants, hotels, and cultural centers are within the skyscraper district or on the far side of the skyscrapers in this photograph.

Figure 9-7



### *Fort Worth*

Long having been tied to its culture of ranchers, cowboys, and its enormous Will Rogers Equestrian Center at the Cultural District two miles west of downtown Fort Worth, the city has maintained its roots as a western railroad city with cowboys, horses and cattle. Fort Worth kept its central business district largely intact, which is benefitting the city today as its urban renewal focuses on the variety of architecture in its downtown.

Sundance Square is the heart of the city and is a privately owned area of about 35 square blocks. Although it is privately owned and managed like a shopping center, it is entirely mixed-use like the

downtown of any healthy city. Within this framework, there are 23 shops, five hotels, the Bass Performing Arts Hall, and 40 restaurants. There are horse drawn carriages and a brand new open plaza with bright lights, umbrella-type sun shields, and interactive fountain jets. The plaza was technologically set up to be the north Texas home of ESPN TV analysts' desk and stage when they are away from Connecticut.

The following photo shows the new Sundance Plaza during the ESPN event.

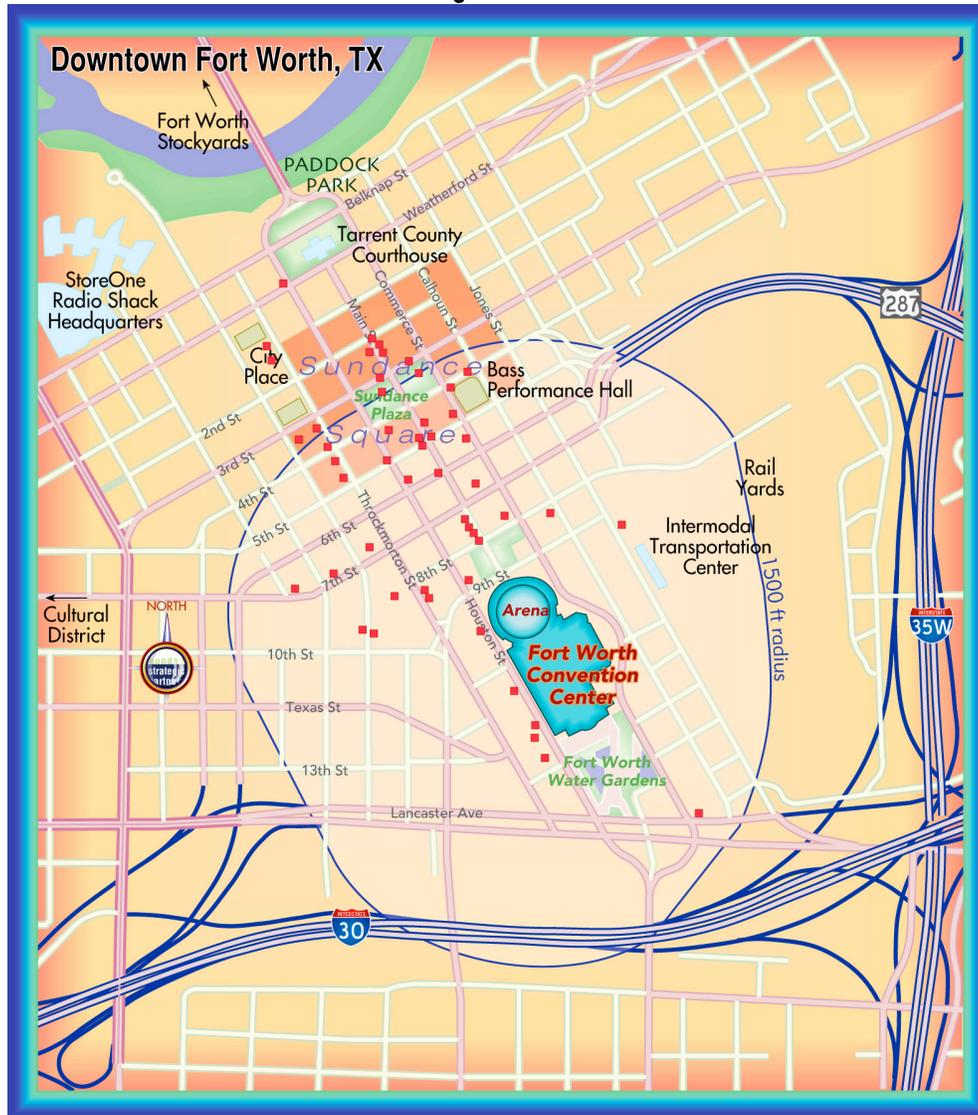
**Figure 9-8**



The convention center opened in 1968 with a 10,000 seat domed arena. Subsequent expansions occurred in 1983, 2002 and 2003, culminating in a fine facility that has become too small to hold many of its larger users, and is in need of another expansion. Fortunately, the center was placed close to the central business district, which today is an attractive location in relation to the other downtown shops, restaurants and hotels.

The following map shows the proximity of the Fort Worth Convention Center to the other attractions within the downtown area.

Figure 9-9



Although the City contains fewer food, restaurant, and drinking outlets as a whole by comparison to Dallas and Houston, there are about 50 to 60 locations in the downtown area, and about only ten of which that are outside the easy-to-walk distance of 1,500 feet from the Convention Center. The center of gravity for downtown restaurants is about three blocks from the FWCC.

### *San Antonio*

The San Antonio downtown and accompanying River Walk is a relatively old (by comparison to other amenity-based urban design achievements) time-tested attraction that started out as a small

flooded curve of the river that traveled through and around the downtown area. Development along the River Walk has a long history dating back to the 1930s but has since evolved into a major tourist attraction, and the bulk of the city's downtown and activities are on or directly linked to the River Walk. Dozens of hotels and over 100 restaurants and drinking establishments have been built. In 1993, the city built a new indoor football stadium to add to the city's ability to handle large events. The dome never attracted an NFL team, however, annual college football games are held in the stadium, bringing tens of thousands of tourists into the city in large waves, filling up hotels, restaurants, and other tourist attractions.

As a catalyst for economic growth, large-scale leisure attractions induce not only outside visitation and spending, but also the overall population growth of permanent residents. As the city developed a positive reputation as a place to visit and play, both Sea World and Six Flags theme parks have opened in the area in the late 1980s and early 1990s.

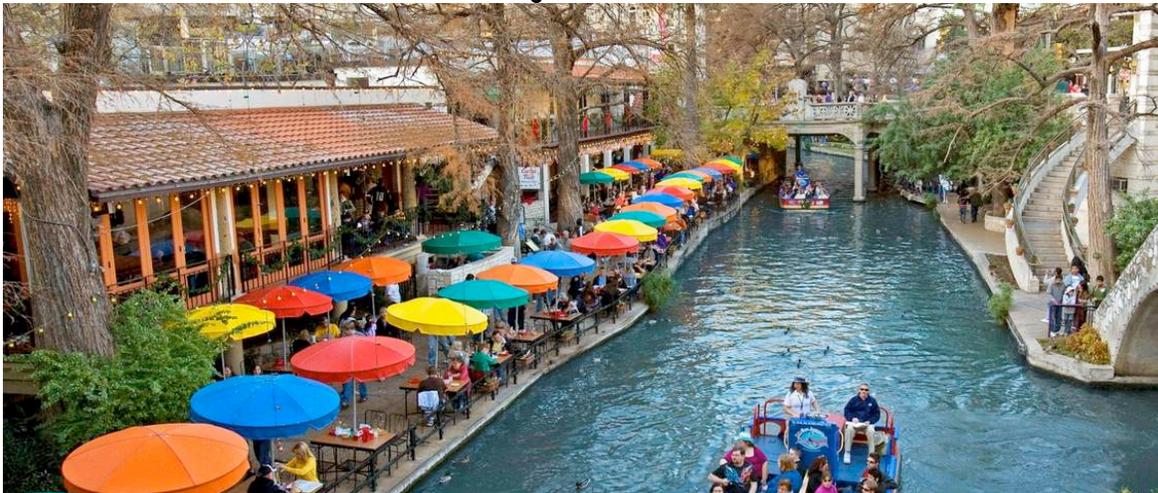
Despite that upward trajectory, the size and scale of the San Antonio downtown still resembles that of a mid-sized city without a lot of corporate hubs, but is rather contained by the tourist-oriented River Walk District. Most new and tall structures are hotels for tourists. The following map shows the placement of restaurants in downtown San Antonio.

Figure 9-10



This map paints a clear picture of where the dining activity is located. Although not encompassing a large area like Houston or Dallas, the developed areas are densely populated with restaurants. River Walk continues to be the dominating magnet for retail and restaurants, so as to be seen easily by the tourists walking the Paseo del Rio. The fortunate location of the Henry Gonzalez Convention Center brings meeting attendees very close to around 100 restaurants within a 1,500 foot walking radius. Most of the city's hotels are also within this bubble. There is little need for the tourist to have to call for a taxi once settled in downtown, and arranging for transportation is a layer of travel difficulty whose absence is generally welcome. The following is a photo of a small portion of the Paseo del Rio.

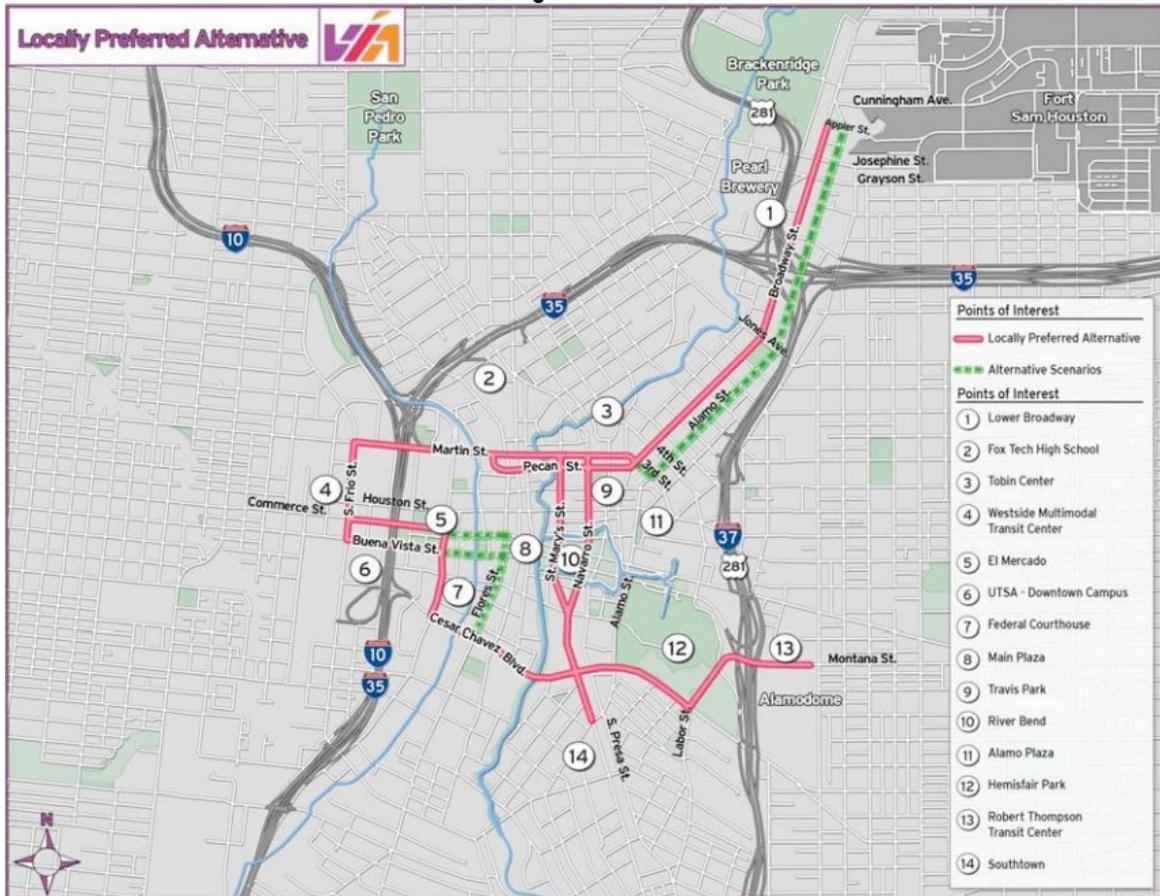
Figure 9-11



The local VIA Metropolitan Transit organization has identified the location of a five-mile streetcar route crossing in and through the downtown and River Walk districts. As of 2013, the planned streetcar system will stay close to downtown, and is not planned to connect to the airport. The project is still many years away from reality, but the city is hoping to open the first leg by 2017. Tourist attractions and hotels that are outside of the 1,500-foot bubble will be linked by streetcar to the rest of the River Walk attractions.

The following map shows the 2013 preferred routing of streetcars in San Antonio.

Figure 9-12



San Antonio has branded itself so successfully with the Alamo and Paseo del Rio River Walk that when people hear the name of the city, the images of River Walk and The Alamo come to mind immediately. As a result, the City is one of the nation's most desired convention and tourist locations because of the universal appeal of leisure shopping, recreating, eating and drinking combined with an agreeable winter climate. In addition, the core area is not expansive enough to be overwhelming, so its density is convenient and inviting to visitors.

### *Austin*

Austin's combination of youth, arts, attractive scenery, and powerful government representatives has created an urban area unlike any other in Texas. Well known as the most progressive city in terms of lifestyles and city planning, the smaller college-town atmosphere of the mid 20<sup>th</sup> century has suddenly given way to a booming population, and a new light rail service called MetroRail. In fact the MetroRail 550 Red Line begins its northward trek at the Austin Convention center's north entrance.

Sixth Street is the legendary historic district filled with century-old brick buildings housing dozens of live music clubs, bars, nightclubs, lunch cafes, restaurants and other attractions. Sixth street is shut down to traffic on most weekend nights and the combination of students, visitors and local musicians and partiers turn out in the thousands. The following photo shows Austin’s Sixth Street District at night.

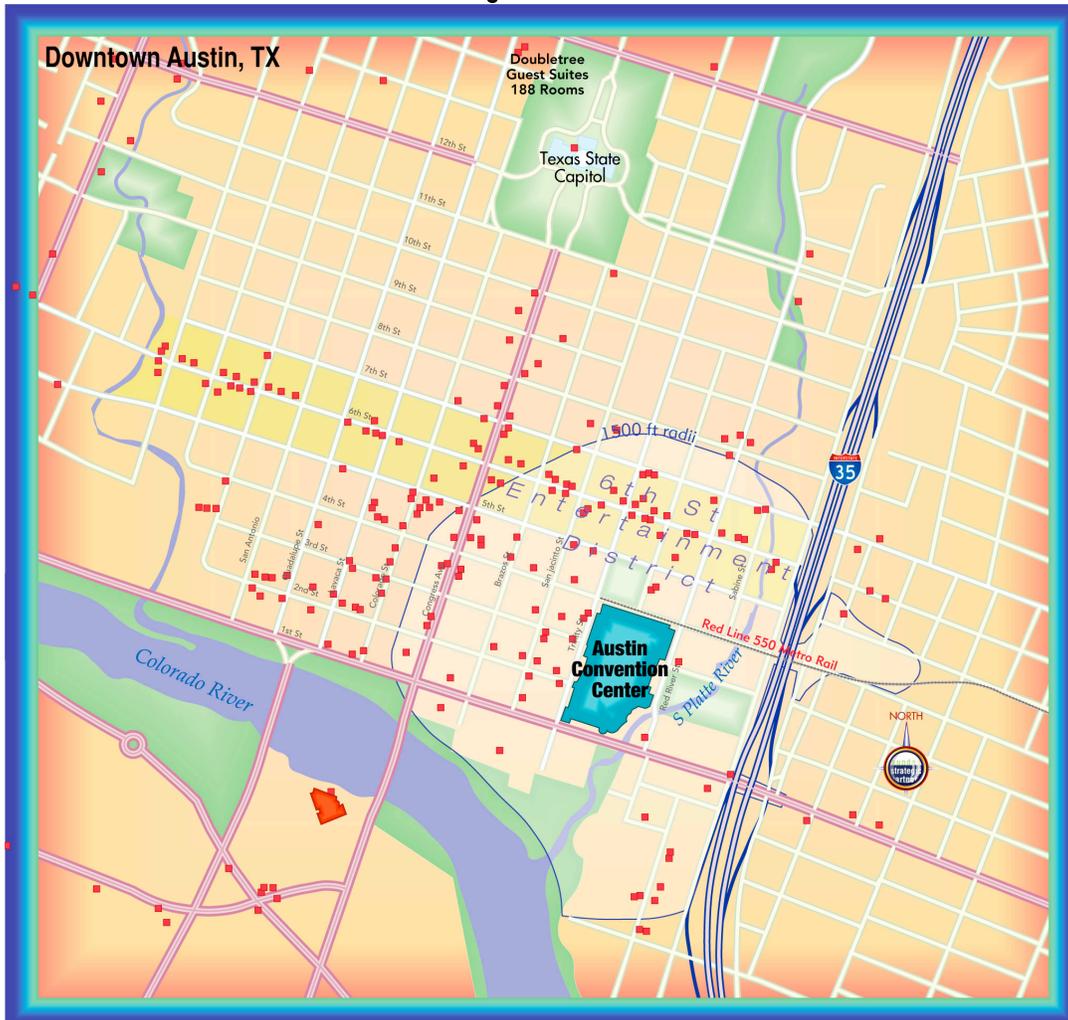
Figure 9-13



The 67,000 downtown office workers mingle with convention and student pedestrian traffic in a rather compact and vibrant downtown area. The heart of the city’s office buildings revolve around Congress Avenue near Lady Bird Lake.

The Second Street District is a newly created mixed-use shopping and dining district just outside of the 1500-foot distance from the Convention Center, yet is still very walkable from many hotels.

Figure 9-14



The map shows the proliferation of eating spots along the Sixth Street entertainment district as well as the area to its south and around the Austin Convention Center. The beginning of the 550 Red Line light rail tracks can be seen on the north side of the Convention Center. The arrangement of restaurants and entertainment spots around the Convention Center make Austin a favorite site for meetings and conventions.

### Packaged Entertainment Districts

Entertainment districts can exist in the form of a single large building with a covered central street-like corridor, usually allowing plenty of natural light to stream indoors to give the feeling of an open-air plaza, or the complex can create outdoor streets and multiple buildings to provide a sense of a full district of restaurant and nightlife options. Entertainment districts often work best when designed within walking distance of a large sporting venue, convention hall, and other demand

generators. The most successful of these complexes brand themselves alongside the arena or stadium, and program entertainment or events at various bars to correspond with events at the nearby stadium.

The driving concept for most of these all-in-one complexes or districts is providing a variety of food and beverage options all in one place in order to drive repeat visitation. By creating a critical mass of options for visitors and residents, the concept/question is not “what restaurant to go to?” but “let’s go downtown and figure out a place to eat and drink once we get there.” By providing numerous options for all demographics and price points, the district becomes a destination where young singles can go as well as retired couples and every demographic in between.

Beyond food and beverage options, programming a lineup of bands or other entertainment into a public area or into a large bar in the district provides added value by keeping the activity in the area fresh.

Unlike convention centers, performance halls and sports facilities, which are only active when a show, game or event is in town, entertainment districts are a continuous draw of visitation because some restaurants will be open most hours of the day. Furthermore, the existence of an entertainment district helps attract events to convention centers because attendees and planners know there will be something to do outside of the scheduled meetings. The synergy amongst these various demand generators is extremely positive and creates an atmosphere of constant activity, and in turn, gives the community an attractive vibe. A halo effect is also created when convention guests and visitors come to stay in town, they do not simply finish their meetings, have dinner and go to bed. Instead, the district is the activity after all the meetings are finished and allow the participants to enjoy the community and see that it is truly a place to live, work and play.

The following is sampling of competitor cities that feature entertainment complexes.

#### *Power and Light District, Kansas City, Missouri*

Kansas City’s Power and Light District and Kansas City Live! is a multi-block complex bookended by the 18,500-seat Sprint Center arena and the Kansas City Convention Center. Kansas City Live! is the central entertainment component of the larger Kansas City Power & Light District. The Power & Light district is a mixed-use development created as an urban revitalization project through a partnership between the City of Kansas City, Missouri, and the Cordish Company. The development consists of seven square blocks (and parts of two additional blocks) that include restaurants such as Gordon Biersch Brewery and Restaurant, Bristol Seafood Grill, and Ted’s Montana Grill, bars and clubs such as Angel’s Rock Bar and McFadden’s Sports Saloon, entertainment venues including Lucky Strike Lanes and AMC Mainstreet Theater, and retail stores such as GNC, Sprint and Jos. A. Banks. The renovated downtown area is between the Sprint Center Arena and the Kansas City Convention Center.

The figure below is a picture of the Kansas City Live! area.

Figure 9-15



The retail and entertainment district of the development includes approximately 462,000 square feet of leased space.

The Kansas City Live! element of the development has made the project unique from a traditional mall or shopping district. The entertainment venues include the Midland Theatre and the outdoor Kansas City Live! stage. As with all Live! districts, visitors may attend the entertainment events at the Kansas City Live! stage with open alcohol containers that have been purchased at the bars in the Power & Light District.

The Kansas City Convention Center and the new Sprint Center have been two of the driving forces behind the success of the Kansas City Power & Light District. The Kansas City Convention Center complex, located just west of the Power & Light District, consists of 388,800 square feet of exhibit space, a 10,700-seat arena, and a 46,484 square foot ballroom. Accommodations near the convention center include the 983-room Marriott Kansas City Downtown, which is across the street from the convention center and the newly renovated Hilton President Kansas City Hotel, which is within the nine-block Power & Light District.

The \$276 million Sprint Center, which opened in 2007, is an 18,500-seat arena that hosts a variety of events that range from sports, concert and family shows. Although the arena is not home to any major sports franchises, it is busy with numerous events including the Big XII basketball tournament and many big-name concerts. The Sprint Center has incorporated the new College Basketball Experience museum and National Collegiate Basketball Hall of Fame next to the facility.

The Sprint Center is across Grand Avenue from the Power & Light District. The following photo shows the Power and Light District at night with the Sprint Center behind it.

Figure 9-16



*Ballpark Village, St. Louis, Missouri*

Ballpark Villiage in St. Louis has been in the planning stages since 1999, and opened its main entertainment center under the name Fox Sports Midwest Live! in early April, 2014 to correspond with the St. Louis Cardinals baseball season. It features 120,000 square feet of restaurants and bars, and provides an example of a new entertainment complex that integrates entertainment, retail and residential into an existing environment that includes a stadium and a high-density downtown central business district. The space upon which the new Ballpark Village was built is the site of the former Busch Stadium that was in use from 1966-2005.

The six restaurants and bars include the central atrium which is also called Fox Sports Midwest Live!, Budweiser Brew House, Drunken Fish, PBR (Professional Bull Riders), Ted Drewes, Cardinal

Nation, Howl at the Moon, and Tengo Hambre. The development is also the home of the Cardinals Hall of Fame Museum. The entire seven-block complex is designed as an extension of Busch Stadium with the intention of becoming the iconic center of the entire region. Over 400 residential units, 450,000 square feet of office space, 2,000 parking spaces, and 250,000 square feet of retail are planned. The primary developer is Cordish Company but is owned by the St. Louis Cardinals. The seamless integration of various concepts is evident in that people watching the game from the rooftop bars and seating are counted in the game's final attendance. Some shops and restaurants were concerned that the opening of Ballpark Village would hurt their business, however, the opposite has been true so far. Instead, Ballpark Village is bringing more people downtown and keeping them there longer. Fans are wandering around to other bars and restaurants resulting in a "spillover effect" for the nearby businesses.

The following figures show how several of the new concepts that have been integrated into the stadium. The rooftop seating and party decks create a vital visual link between action in the stadium and the entertainment complex.

Figure 9-17

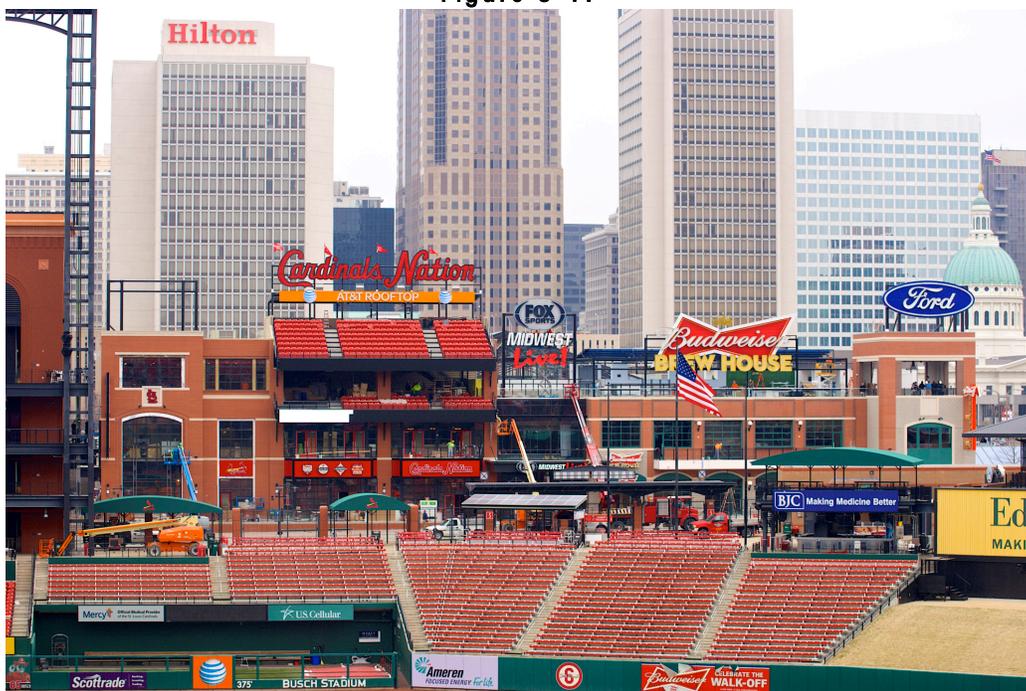
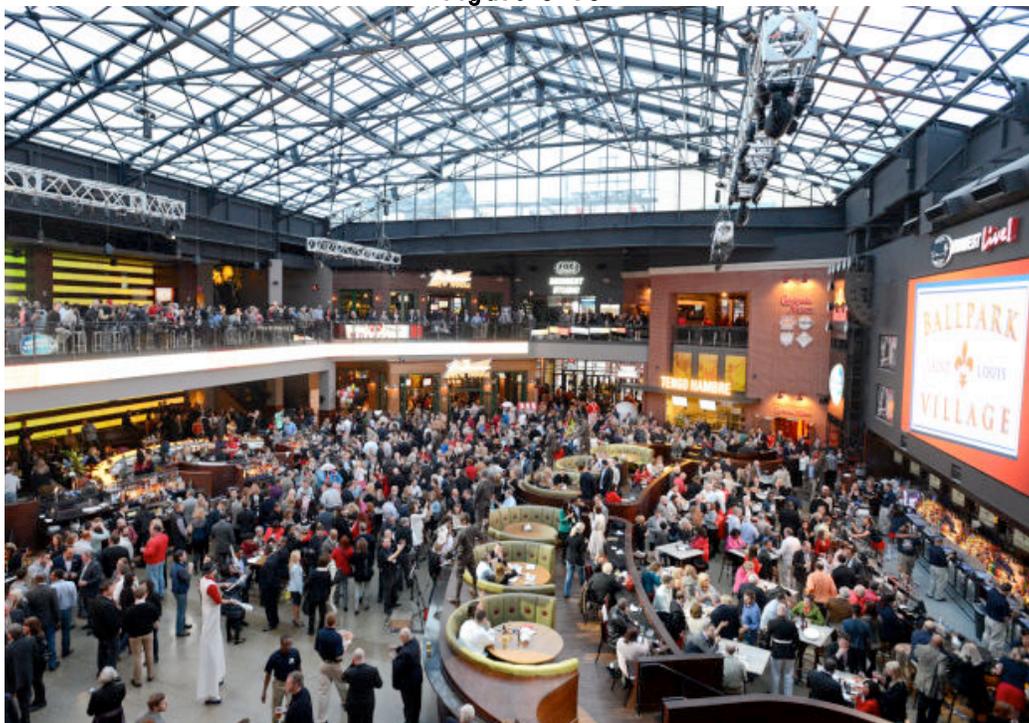


Figure 9-18



*Xfinity Live!, Philadelphia, Pennsylvania*

Xfinity Live! was developed by Cordish in a single large building, set adjacent to all of Philadelphia's three major professional sports stadiums, and opened in April 2012 at a cost of \$31 million. Unusual in that it is not in a downtown location, the complex is, nevertheless, bustling due to the full calendar of Philadelphia's sports teams. The complex compliments the stadium activity by considering itself a "fourth stadium experience." The project is located on the site of the former Spectrum arena, located within the South Philadelphia Sports Complex. In addition to Xfinity Live!, the complex also includes Lincoln Financial Field (home of the Philadelphia Eagles), the Wells Fargo Arena (Philadelphia 76ers and Flyers) and Citizen's Bank Ballpark (Philadelphia Phillies).

The Philly Marketplace and NBC Sports Arena serves as a central gathering place and provides guests with access to each of the venues. The Philly MarketPlace at XFINITY Live! Philadelphia includes many local institutions, including Chickie's & Pete's, Comcast SportsNet Interactive Zone, Goodnoe's Ice Cream, Old Original Nick's Roast Beef and Original Philadelphia Cheesesteak Company. The largest open area inside the Philly MarketPlace features a VIP lounge, custom draft tables, a raw bar, and sports viewing. Additional tenants include, the Spectrum Grill, Victory Beer Hall, the Broad Street Bullies Pub and the PBR Bar & Grill. An outdoor patio with a covered bar, fireplace, heaters, and a stage welcome pre-game crowds.

The following image shows the Xfinity Live! development.

Figure 9-19



The following figure shows Xfinity Live! in relation to the area sports stadiums.

Figure 9-20



*4<sup>th</sup> Street Live!, Louisville, Kentucky*

Fourth Street Live! is a project in the heart of downtown Louisville, Kentucky, that took an enclosed mall and redeveloped the property into a mixed-use open-air retail and entertainment district. Located next to the Kentucky International Convention Center, Fourth Street Live! is a \$90 million redevelopment of the former Louisville Galleria on Fourth Street between Liberty Street and Muhammad Ali Boulevard. The development includes primarily bars, nightclubs and restaurants, but also features a recently vacated Borders Books & Music (being converted into a Gordon Biersch restaurant). Tenants include Hard Rock Café, Lucky Strike Lanes, Felt and Maker's Mark Bourbon House & Lounge.

The Fourth Street Live! project opened in 2004, with 257,000 square feet of leasable retail/restaurant space. In its first full year, 2005, the project attracted 4.2 million visitors, a number which has been equaled each successive year. It is estimated that 60 percent of the visitors are from out of state. The project has sparked additional retail and restaurant development south of Muhammad Ali Boulevard. The glass-and-steel-covered complex allows vehicular traffic except when programming includes a concert or large event. Historically, the complex sits in the middle of the city's traditional shopping street.

The figure below is a picture of part of Fourth Street Live!

**Figure 9-21**



Fourth Street Live! has an outdoor space for concerts and other events, including the popular “Hot Country Nights” concert series during the summer. Many of the events and concerts are free to the public.

The Fourth Street Live! development benefits from its location and relationship with the Kentucky International Convention Center (KICC), located one block north of Fourth Street Live! The KICC has more than 200,000 square feet of exhibit space, a 30,000 square foot ballroom and 52 meeting rooms. In 2007 the KICC had an attendance of 438,675. Many of these attendees use the restaurant, retail and entertainment venues of Fourth Street Live!

Another venue that drives traffic to Fourth Street Live! is the KFC Yum! Center, the 22,000-seat home arena for the University of Louisville’s men’s basketball program as well as concert events and family shows. The Yum! Center is located at the corner of Second Street and Main Street along the Ohio River waterfront, only three blocks north of the Fourth Street Live! development.

### *Power Plant Live!, Baltimore, Maryland*

The Power Plant and Power Plant Live! developments are within the Inner Harbor area of downtown Baltimore, which has been undergoing successful redevelopment efforts for approximately 30 years. Power Plant Live! was the first phase of the project and consists of a renovated waterfront power plant in the downtown Inner Harbor area of Baltimore that dates from the late 1800’s.

The buildings had a history of failed urban entertainment uses until the Cordish Company redeveloped the facilities into a mixed-use development funded through Cordish and public sector funds. Primary tenants of Power Plant include the first ESPN Zone, Hard Rock Café, Barnes & Noble, Gold’s Gym and office space. After all phases of the development were complete, the total cost of the project was \$100 million.

Power Plant Live! is a second phase and is comprised of numerous bars, restaurants and clubs, as well as some retail development. There is a large common area with outdoor bars and a live music venue called Rams Head Live! Many of the tenants convert from restaurants to clubs later in the evening.

The City of Baltimore granted the property and buildings to Cordish, a value of \$20 million. Cordish invested \$15 million in equity and financed \$29 million for this project. The development has become a success. While rental rates were initially low (this was the first project of its kind and the tenants were taking a risk along with the developer), these should increase substantially as leases are renewed.

The figure below shows a picture of Power Plant Live!

Figure 9-22



As in all Cordish Live! districts, there are built-in controls for public safety and security, such as dress codes and monitored entrances and exits. However, to allow for a free-flowing crowd, there is a single liquor license for alcohol that allows patrons to move from place to place with open drinks. Additionally, there are age limits, typically 21 and up after certain hours, although all ages are allowed at the restaurants within the attraction and at the summer concert series. Power Plant Live! has been very successful, according to both the developer and downtown stakeholders and has helped downtown Baltimore become an improved live/work/play district.

Power Plant Live! caters more to a younger demographic. The Baltimore Area Convention and Visitors Association estimates that more than 15 million people, both residents and tourists, visit the Inner Harbor area of Baltimore annually. Cordish estimates that Power Plant Live! has sales averaging \$400 per square foot.

The Inner Harbor region has been a hot spot for attraction and entertainment development in Baltimore since the implementation in the 1970's of the Inner Harbor Master Plan. Since the development of the Master Plan, numerous developments have been spurred within the area proximate to the Inner Harbor, including, but not limited to, the Baltimore Convention Center in 1979, the National Aquarium in 1981, and Harborplace, a festival marketplace, in 1980. A second Inner Harbor renaissance occurred in the early to mid 1990's, with a number of new developments, the most prominent of which is Oriole Park at Camden Yards that opened in 1992. The Inner Harbor is now home to approximately 14 diverse attractions, ten hotels, more than 15 restaurants and two retail areas. Power Plant Live! opened in 2001 and has benefited from the surrounding development, as the basis for the Inner Harbor as a local/regional attraction was already well established.

*Newport on the Levee, Newport, Kentucky & The Banks, Cincinnati, Ohio*

Newport on the Levee is an entertainment center located between Third Street and the Ohio River in Newport, Kentucky, immediately across the river from downtown Cincinnati, Ohio. It is located adjacent to the Purple People Bridge that spans the Ohio River, linking pedestrians with Great American Ballpark, home of the Cincinnati Reds Major League Baseball club, and is positioned to offer a view of the Cincinnati Skyline. The complex is across the street from historic districts and a popular authentic German brewing house called Hofbrauhaus.

Across the river in Cincinnati, The Banks is a development that features several square blocks of residential and restaurant/nightlife. The 96,000 square feet of street-level retail space are filled with twelve popular restaurants and bars including Ruth's Chris steakhouse, Yardhouse, and Toby Keith's I love this Bar and Grill. The National Underground Railroad Freedom Museum accompanies the site. Freedom Way is the street that connects the city's two large outdoor stadiums, and is the central street on which the village-like atmosphere is centered. The area is most commonly swollen with crowds before, during, and after Reds baseball games, however is becoming a daily center of dining and nightlife activity throughout the year.

Beginning in the 1980s and 1990s, Newport made plans to develop its riverfront and core to focus primarily on "family friendly" tourism. In May 1999 the \$40-million Newport Aquarium opened, one year ahead of the adjacent entertainment complex, Newport on the Levee, opening in 2000. The total of \$160 million cost had 35 percent public incentives, including municipal bonds and a real estate tax waiver. Besides the Aquarium, the indoor/outdoor complex includes a dozen restaurants, some of which feature live music and performances, retail space for clothing, wine, gift stores and fine arts shops, a 20-screen AMC theater, and a Barnes & Noble Bookstore, surrounding a two-level outdoor plaza and a three-level indoor mall-like space. As a result of the increased attention, value, and visibility, the immediate area has added several adjacent residential condominium and apartment projects, either with new construction or in rehabilitated historic structures.

Due to the access of the Purple People Bridge, fans from Cincinnati Reds games and other concerts and events at the U.S. Bank Arena patronize Newport on the Levee's restaurants and gift stores before and after games. The project has served well as a catalyst for Newport's new image and growth into a trendy and desirable mixed-use downtown district in terms of prosperity and in the minds of the Cincinnati Area's two-million-plus residents.

Current restaurants and nightspots include Bar Louie, Brothers Bar & Grill, Cold Stone Creamery, Brio Tuscan Grill, Claddagh Irish Pub, Dewey's Pizza, Five Guys burgers, Mitchell's Fish Market, naked Tchopstix, Saxbys Coffee, Tom+Chee Grilled Cheese. Entertainment includes Gameworks, and Star Lanes on the Levee with a full restaurant, bars, patio and billiards, Funny Bone Comedy Club, Jefferson Hall live music, a TV show studio called Cincinnati, Toro Bar, Ride the Ducks amphibious sightseeing tours, and Shillito's Elves, a historic animatronic display surrounding Santa's Workshop, preserved from the old Shillito's Department Store.

The following are aerial views of the Newport Aquarium and Newport On The Landing.

Figure 9-23



The following image shows a view of the Newport on the Levee complex.

Figure 9-24



As shown, the movie theater play a prominent role in this development, although most of the activity is actually driven by restaurants and bars.

### *Station Square, Pittsburgh, Pennsylvania*

Station Square in Pittsburgh is an older variety of entertainment complexes. It is unique in that it does not sit near the city's sports stadiums, however it has the advantage of historic authenticity, as it was built within several train station buildings. The development is also complimented by a 399-room Sheraton. Highmark Stadium, a new 4,000-seat soccer stadium, has recently been built at Station Square. The site features 60 stores, restaurants and clubs and is very popular with visitors and locals alike, boasting over three million visitors annually. The site is serviced by a stop on the local transit rail system.

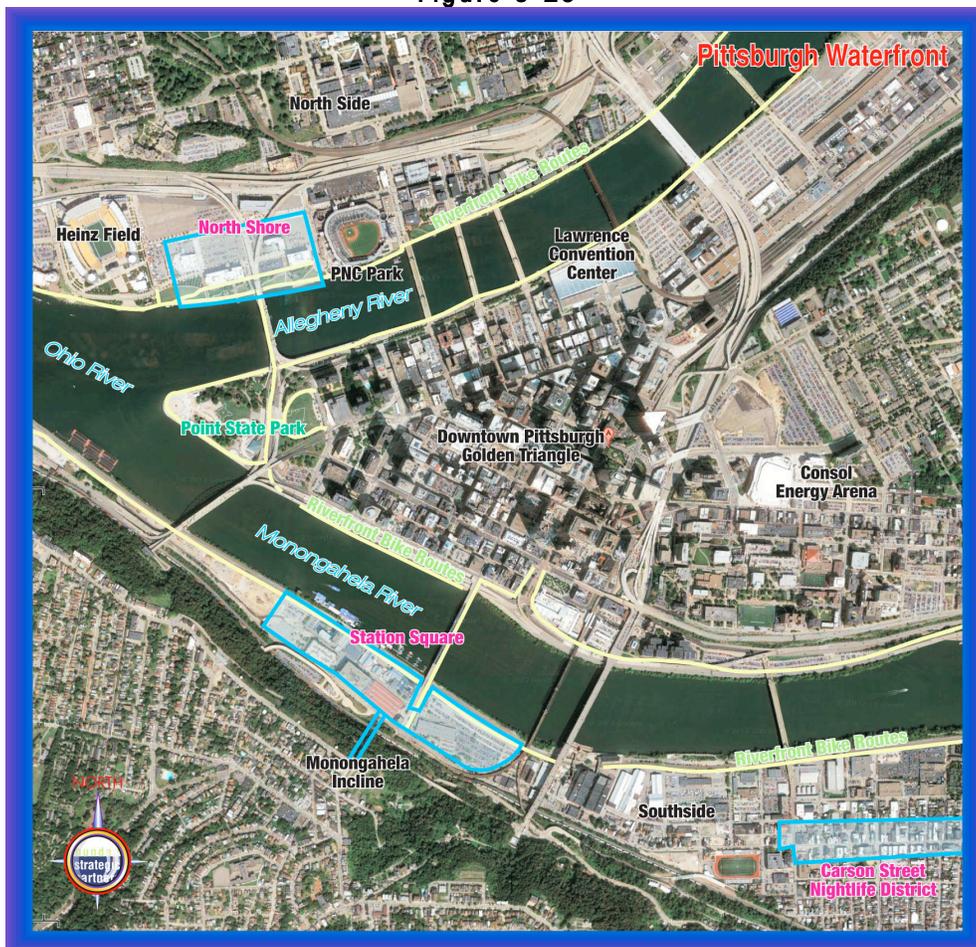
Situated on the south shore of the Monongahela River directly across from downtown Pittsburgh, the Pittsburgh and Lake Erie Railroad Complex of buildings were saved and restored in the late 1970s as a center for entertainment, restaurants, and hotel accommodations, with a dock for boats and cruise yachts. Today, shops, offices, restaurants and entertainment anchor the historic riverfront site on the south shore of the Monongahela River and are within walking distance of downtown Pittsburgh. In 1994, the Pittsburgh History and Landmarks Foundation sold Station Square to Cleveland owned Forest City Enterprises, which created an endowment to help support its restoration efforts and educational programs. The Fountain at Bessemer Court in Station Square

features a retired Bessemer Converter, the crucial component in the first inexpensive industrial process for the mass production of steel from molten pig iron.

The complex sits at the base of the river's bluffs, situated along the railroad lines and at the base of the Monongahela Incline and Duquesne Incline, two 1870's cable-powered elevator railroads that are open to the public for rides between the upper elevation neighborhoods and lower Station Square complex. The Smithfield Bridge directly links the complex to downtown Pittsburgh for both pedestrians and motorists. Several buildings house 275,000 square feet of retail and restaurant space, including 65 establishments. The original Freight House and main Concourse Building join other preserved buildings as a sort of "festival marketplace" visited by over three million people annually.

Pittsburgh's downtown, also called the "Golden Triangle" is a densely developed wedge of land near the confluence of the Allegheny River and the Monongahela River. The following figure shows an aerial view of Station Square and the Golden Triangle area, labeling various entertainment areas.

Figure 9-25



The following is an aerial view of Station Square.

Figure 9-26



*Westgate Entertainment District, Glendale, Arizona*

Westgate Entertainment District in Glendale, Arizona is an entertainment village immediately outside the front gates of the Jobing.com arena, home of the Phoenix Coyotes NHL team. A few blocks away, is the home of the NFL Arizona Cardinals, the 65,000-seat University of Phoenix Stadium. Crowds from these facilities drive business at Westgate Entertainment district's 17 restaurants, 20-screen AMC cinema, and a half-dozen shops. This critical mass gives people something to do before and after the games. Although retail vacancies in this part of the village have been problematic, a 100-store Tanger outlet center located at the northwest corner of the parking lot maintains a robust business. The Renaissance Phoenix Glendale Hotel and Spa round out the development in the vast complex.

The following photos show the main gathering space surrounding the fountains just outside of the Jobing.com arena entrance, and also an aerial photo showing the layout of the complex.

Figure 9-27



Figure 9-28



## Implications

Entertainment districts have an advantage of attaining immediate critical mass because the entirety of the complex opens at once and is centrally organized and managed for a balanced set of

themes, foods, and options. Disadvantages include the possibility that if the tourist visitation trails off and vacancies exist within the complex, a poor image can damage its reputation and even hurt the viability of adjacent areas of a city's downtown. Also, these all-in-one developments can display lack (in most cases) of an organic city street life by bringing much of the activity to the interior plaza. It is in this way that Fort Worth excels.

Fort Worth does not feature a singular entertainment complex, but instead has something seen as more legitimately urban and aesthetically pleasing; a walkable, clean, well-lighted downtown with bars, nightlife, and restaurants in a vast array of buildings and architecture. And it is all under a real moon and stars and a sweeping Texas sky, instead of metal plaza shed or a ceiling built to cover acres of themed restaurants.

The privately owned and operated Sundance Square provides a sense of cohesiveness from the added priority in cleanliness and safety. What looks like an urban neighborhood of many competing buildings and interests is actually run as a single entity by a single management team. So not only does the city provide police security, but the management of the company, is adamant in providing its own security as well.

In short, downtown Fort Worth feels to most people like an authentically urban city while having the advantage of a local hands-on ownership team managing its direction. The challenge to Fort Worth is to increase the number and density of dining and nightlife options to create that critical mass, particularly in evenings, and to make its visitors aware of transportation options such as Molly the Trolley. The city does not have any sports stadiums to attract throngs of visitors by the thousands. It will rely on locals and the increasing event calendar at the Fort Worth Convention Center for shots in the arm to boost attendance in retail shops and restaurants around the new Sundance Plaza.

The City of Fort Worth has done an excellent job of nurturing its downtown over the past two decades as it took steps to create a walkable, attractive looking, pleasant, vibrant city that draws people to it by its collection of architecture, urban density, safe streets, retail boutiques and especially the choices of nightlife, restaurants and entertainment. The new Sundance Square is another piece in creating a downtown that has a discernable centerpiece and a go-to meeting place within the larger downtown.

As the Fort Worth Convention Center plans to grow, it should aim to visually connect the Convention Center and the hotels to Main Street and the core of Sundance Square and create entrances all around the center, not just on three sides. The east side is cut off from any development due in-part to the back door and truck loading docks dominating the entire Commerce street side of the building. There are currently many restaurants within an easy walking distance of the convention center and interviews with convention guests have indicated that it is appreciated and an attractive aspect of the growth of the city's streetscape. However those same interviews revealed that the choices are somewhat lacking by comparison to other destinations. The City should strive to encourage more and a larger variety of street-level storefront space for restaurants and sidewalk cafes. Lush greenery and lots of trees in streetscaping attracts people because they perceive soft edges rather than the hard edges of streets and buildings, besides adding often needed shade. Bricks and pavers add foot-sized texture to the urban walking experience while

asphalt is dark, retains heat, and leaves the impression that cars and trucks are more appropriate. Sidewalk fountains (both for drinking and for aesthetics), water bowls for dog owners and their pets, benches, sidewalk art, and pedestrian wayfinders all help make the pedestrian experience a memorable and pleasant one.

In addition, Fort Worth should improve the image and the reality of transportation in and around the city. With popular cultural attractions two miles to the west, and the Stockyards historic district three miles north, special bus circulator routes or streetcar tracks are ways to lessen the gulf between these disconnected locales.

Lastly, the progression of the downtown into a clean, safe, and inviting urban oasis in the otherwise sprawling suburban pedestrian desolation of the Metroplex and North Texas is maturing into a true urban center with a strong balance of amenities. A better range and variety of restaurants and nightlife gathered together in clusters could act like the aforementioned entertainment districts, where within a few steps, a visitor has the choice of dozens of dining options and pulsating beats that signal the presence of exciting nightlife to last deep into the night. The city has the reputation as a joyous, affordable, traditional Texan – yet cultured city with a growing recognizable sense of place.

Entertainment districts have the advantage of achieving immediate critical mass because often the entirety of the complex opens at once and is centrally organized and managed for a balanced set of themes, foods, and options. Disadvantages include the possibility that if the tourist visitation trails off and vacancies exist within the complex, a poor image can damage its reputation and even hurt the viability of adjacent commercial areas. Also, these all-in-one developments can lack the authenticity of an organic city street life when much of the activity is found in an interior plaza.

The challenge to Fort Worth is to increase the number and density of dining and nightlife options to create that critical mass, particularly in evenings, and to make its visitors aware of transportation options such as Molly the Trolley. The city does not have any sports stadiums to attract visitors by the thousands as other cities have, so it will rely on locals and the increasing event calendar at the Fort Worth Convention Center to boost attendance in retail shops and restaurants around the new Sundance Plaza.

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## MARKETING RESOURCE ANALYSIS

The purpose of this chapter is to profile the funding resources for the FWCVB to understand how it compares with other funding structures and amounts for peer cities, especially in Texas. The chapter begins with a profile of the FWCVB's funding structure, then profiles major Texas cities. The final section of this chapter profiles other peer cities' tourism marketing budgets in the U.S.

### Fort Worth Convention and Visitors Bureau

The Fort Worth Convention and Visitors Bureau (FWCVB) is a nonprofit organization. It was founded in 1965 to market and sell the City of Fort Worth as a business and leisure destination. The FWCVB works in conjunction with the Fort Worth Convention Center and its marketing department to market and book the Fort Worth Convention Center. These two organizations, however, are operated separately. The FWCVB employs approximately 110 people and has approximately 75 Visitor Center volunteers. The FWCVB is an independent organization operated under contract with the City of Fort Worth. Its funding is processed through the City of Fort Worth's Culture and Tourism Department/Fund.

The FWCVB has a 310-person Board of Directors. The Board has a nine-person Executive Committee: ten voting board members and 20 ex-officio member appointments that represent the City of Fort Worth and various facilities and organizations, such as the Fort Worth Convention Center and Fort Worth Chamber of Commerce. As part of the contract terms with the City, the City Manager is permitted to serve as an ex-officio non-voting Bureau Executive Committee member and the City Manager, Assistant City Manager and the Director of Public Events are permitted to serve as ex-officio non-voting Bureau Board of Director members. The contract also stipulates that two Council Members or appointees are to serve as voting members on the FWCVB's Board of Directors. At least one of these individuals is to also serve on the FWCVB's Executive Committee. The Voting Members of the Board of Directors are elected for a three-year term. After this three-year term they can be renewed for another three years. A board member can only be elected for two terms. The Executive Committee members are elected by the voting members with the Mayor of Fort Worth's approval. The ex-officio Board of Director members do not technically serve a term of office.

The following table shows the budget for the FWCVB for the fiscal year ending in September of 2014.

**Table 10-1**

<b>Fort Worth Convention and Visitors Bureau Budget</b>	
	<b>Budgeted FY2014</b>
<b>Revenue</b>	
Revenues from City of Fort Worth	\$ 7,806,966
Special Public Facilities Fund	\$ 690,000
Support for Herd Operations	\$ 683,125
Support from Sponsorships	\$ 125,000
<b>Total Revenue</b>	<b>\$ 9,305,091</b>
<b>Expenses</b>	
Payroll	\$ 3,522,837
Sales Promotions	\$ 1,131,340
Advertising	\$ 732,500
Facilities Fund	\$ 690,000
Insurance	\$ 446,983
Web-site / E- marketing	\$ 418,600
Office Accommodations	\$ 337,850
Lodging & Travel	\$ 317,250
Pension Plan	\$ 315,192
Publicity	\$ 202,500
Printed Promotional Materials	\$ 163,875
Community Commitments	\$ 158,000
Equipment/Furniture & Fixtures	\$ 141,800
Postage/Telephone/Shipping	\$ 136,530
Research/Special Projects	\$ 106,000
Office Supplies	\$ 87,962
Dues & Subscriptions	\$ 85,990
Community Involvement/Business Meetings	\$ 77,553
Sales Representations	\$ 70,000
Professional Development	\$ 50,845
Audit/Legal & Professional Fees	\$ 47,600
Office Equipment/Lease/Maintenance	\$ 37,500
Auto Maintenance & Depreciation	\$ 26,384
<b>Total Expenses</b>	<b>\$ 9,305,091</b>
<b>Net Profit (Loss)</b>	<b>\$ -</b>
Source: Fort Worth Convention and Visitors Bureau	

The FWCVB receives nearly 99 percent of its funding from dedicated public sources and approximately one percent from support from sponsorships. The FWCVB public funding, through the City of Fort Worth Culture and Tourism Fund, is broken into a three-part contract. The five-year contract, approved in September of 2013, is for the FWCVB's professional services to market and

promote the City. The first part of the public funding discussed in the contract, and listed as Revenues from the City of Fort Worth in the previous table, is generated through the Hotel/Motel Occupancy Tax.

The following table breaks down the Hotel/Motel Occupancy Tax.

**Table 10-2**

<b>Hotel / Motel Occupancy Tax</b>	
<b>Collecting Body / Use</b>	<b>Allocation</b>
State	6.00%
City	7.00%
FWCC Debt Service	2.00%
<b>Total</b>	<b>15.00%</b>

Source: City of Fort Worth

The Hotel / Motel Occupancy Tax in Fort Worth, as well as other Cities that collect Hotel Occupancy Taxes in Texas capture revenues collected from hotels, motels, bed and breakfasts, condominiums, apartments and houses that are rented for less than 30 consecutive days. There are 154 properties with a total of approximately 14,000 rooms that remit room tax revenue to the City of Fort Worth. The current rate of 15 percent is imposed on every room night from these properties. Of the 15 percent, six percent is collected by the State of Texas and the remaining nine percent is collected by the City of Fort Worth. Of the City-portioned nine percent, two percent is allocated for the Fort Worth Convention Center debt service and the remaining seven percent funds the Fort Worth Culture and Tourism Department. In The FWCVB’s contract with the City of Fort Worth, the FWCVB is slated to receive 47 percent of the seven percent City-collected Hotel/Motel Occupancy Tax. The remaining 53 percent is used to fund the Fort Worth convention and event facilities, including WRMC.

The second portion of the public funding listed in the contract between the City and the FWCVB is the Special Public Facilities Fund. The FWCVB is to maintain two funds used to attract, maintain and retain tourism and convention business in the City: the Fort Worth Convention Center Public Facilities Fund and the Will Rogers Memorial Center Public Facilities Fund. Combined these funds are referred to as the Special Public Facilities Funds (SPFFs). According to the contract, the City is to allocate up to \$480,000 each fiscal year for the Fort Worth Convention Center SPFF and up to \$210,000 each fiscal year for the Will Rogers Memorial Center SPFF.

The third part of the public funding is the Support for the Fort Worth Herd Operations in the FWCVB budget. In 2009, the FWCVB assumed responsibility for management of the promotional and marketing program recognized as the Fort Worth Herd. The Fort Worth Herd program’s mission is to provide a western heritage experience of the Stockyards National Historic District to visitors through the daily cattle drive and educational programs. Funding for Herd operations is allocated to be \$638,125 for the 2014 fiscal year. The FWCVB may request additional funds for this responsibility based on demonstrated need and the availability of the funds. This portion of the

public funding is determined annually based on the FWCVB submitted budget and the availability of the funds.

## State of Texas Comparable and/or Peer Bureaus

The following table lists funding statistics related to Texas convention and visitors bureaus.

**Table 10-3**

State of Texas Comparable/Competitive Convention and Visitors Bureaus								
CVB Name	CVB Budget	Number of Properties in Tax Jurisdiction	Number of Rooms in Tax Jurisdiction	Major CVB Funding Source	Major Funding Source Amount	Total Lodging Tax Rate	Lodging Tax Rate - Funding CVB	Lodging Tax % to CVB
Austin Convention & Visitors Bureau	\$13,339,141	180	30,883	Hotel Occupancy Tax & Convention Center Operating Fund	\$ 11,032,841	15.00%	9.00%	16.11%
Visit Dallas	\$27,514,238	192	31,000	Hotel Occupancy Tax	\$ 14,007,482	13.00%	7.00%	32.60%
Grapevine Convention and Visitors Bureau	\$19,754,407	20	5,411	Occupancy Taxes	\$ 12,899,724	12.00%	6.00%	100.00%
Greater Houston Convention and Visitors Bureau	\$21,020,246	527	—	Hotel Occupancy Tax	\$ 19,330,000	17.00%	7.00%	23.57%
Irving Convention and Visitors Bureau	\$ 7,010,770	82	11,500	Hotel Occupancy Tax	\$ 6,293,862	15.00%	9.00%	31.70%
Visit San Antonio	\$19,740,398	371	37,500	Hotel Occupancy Tax	\$ 19,492,348	16.75%	7.00%	34.00%
<b>Average</b>	<b>\$18,063,200</b>	<b>229</b>	<b>23,259</b>		<b>\$ 13,842,710</b>	<b>14.79%</b>	<b>7.50%</b>	
Fort Worth Convention and Visitors Bureau	\$ 9,305,091	154	14,000	Hotel / Motel Occupancy Tax	\$ 7,806,966	15.00%	7.00%	47.00%

Source: Various Convention and Visitor Bureaus, Various Cities, Hunden Strategic Partners

The average of the profiled cities' CVB budgets is \$18 million, or nearly double that of Fort Worth. However, the number of hotels and hotel rooms is much higher as well. The difference is often the average daily rate and occupancy of the taxed hotels, yet also the amount of the lodging tax that is pledged to the local CVB.

The following section includes profiles of the major and relevant convention and visitors bureaus throughout the state of Texas. While listed in the previous table to give a general overview of the organization's operating metrics due to operating in close vicinity of Fort Worth, the Grapevine Convention and Visitors Bureau will not be profiled in more depth.

### Austin Convention and Visitors Bureau

The Austin Convention and Visitors Bureau (ACVB), a private, non-profit corporation reestablished in 1996, is the official destination marketing organization for the City of Austin. The ACVB is contracted by Austin to market the City both nationally and internationally as a business and leisure travel locale and oversee the Film Commission, Music Office and Sports Commission. The ACVB partners with hotels, the Austin Convention Center, private businesses, airlines, tourist attractions, car rental companies and media companies. The Austin Convention and Visitors Bureau employs approximately 60 individuals and has approximately ten to 15 volunteers. The ACVB operates under a 29-voting-member governing body composed of nine executive committee members and 20 board of directors.

The following table shows the budget for the ACVB for the 2014 fiscal year and estimated revenue and expenses for the 2012 and 2013 fiscal years.

**Table 10-4**

<b>Austin Convention &amp; Visitors Bureau</b>			
<b>Budget</b>			
	<b>Proposed FY 2014</b>	<b>Estimated FY 2013</b>	<b>Estimated FY 2012</b>
<b>Revenue</b>			
Hotel Occupancy Tax & Convention Center Operating Fund	\$ 11,032,841	\$ 9,586,280	\$ 8,036,337
Retail Revenue	\$ 865,000	\$ 841,400	\$ 838,600
*Reserve Fund Allocation	\$ 350,000	\$ -	\$ -
Donated Services	\$ 340,000	\$ 249,050	\$ 239,000
Partnership Revenue / Assessment Fees	\$ 286,550	\$ 207,800	\$ 335,500
Services Billed	\$ 225,000	\$ 185,500	\$ 203,600
Austin Sports Commission Revenue	\$ 112,500	\$ 102,500	\$ -
Sponsorship Revenue	\$ 86,050	\$ 54,800	\$ 194,250
Publication Sales	\$ 20,000	\$ 20,000	\$ 20,000
Rack Rental	\$ 20,000	\$ 20,000	\$ 22,400
Interest Income	\$ 1,200	\$ 1,200	\$ 2,100
Other Income	\$ -	\$ -	\$ 6,000
<b>Total Revenue</b>	<b>\$ 13,339,141</b>	<b>\$ 11,268,530</b>	<b>\$ 9,897,787</b>
<b>Expenses</b>			
Convention Sales & Services	\$ 5,472,081	\$ 5,093,775	\$ 4,852,862
Marketing	\$ 4,227,441	\$ 3,043,066	\$ 2,167,463
Finance / Administration / IT	\$ 1,575,174	\$ 1,423,333	\$ 1,294,503
Visitor Center	\$ 1,545,520	\$ 1,233,960	\$ 1,152,710
Music & Film	\$ 518,925	\$ 474,396	\$ 430,249
<b>Total Expenses</b>	<b>\$ 13,339,141</b>	<b>\$ 11,268,530</b>	<b>\$ 9,897,787</b>
<b>Net Profit (Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
*For Build Out of Visitors Center			
Source: City of Austin			

The ACVB receives nearly 83 percent of its total revenue through the publicly funded Hotel Occupancy Tax (HOT). The remaining revenue is obtained through means such as retail revenue and other donated services.

The following breaks down the Hotel Occupancy Tax.

**Table 10-5**

<b>Hotel Occupancy Tax</b>	
<b>Collecting Body / Use</b>	<b>Allocation</b>
State	6.00%
City	7.00%
City Project Venue Project	2.00%
<b>Total</b>	<b>15.00%</b>
Source: City of Austin	

The total 15 percent HOT captures revenues collected from same sort of properties as those in the State of Texas and the City of Fort Worth. There are 180 properties, with a total of 30,883 rooms, which submit room tax revenue to the City of Austin. The City’s nine percent, is separated into two more categories. Of these two categories, for each dollar collected that is part of the City’s nine percent, the ACVB obtains 1.45 cents. The Austin Convention Center is given 6.5 cents and the remaining 1.05 cents are allocated to art organizations. For the ACVB’s 2014 fiscal year, which runs from October first through September 30<sup>th</sup>, the Austin Convention and Visitors Bureau is apportioned more than \$11 million of the City’s HOT.

As an extension of the ACVB sales team, the Austin Sports Commission (ASC) promotes the City to event organizers. The ASC locates national governing bodies that are looking for a host city for their discipline. The ASC has a diverse set of sporting events ranging from amateur to professional clients of various age groups.

The Austin Film Commission (AFC) markets the City to the film, gaming and television industry through hosted and attended events, tradeshow, festivals and other functions. The AFC partners with the Texas Film Commission, Texas Association of Film Commissions and the Association of Film Commissioners International and other organization. They use multiple methods and sources such as online promoting to increase their return on funds.

The Austin Music Office (AMO) partners with convention groups, the local music industry and various media to promote the City as the Live Music Capital of the World. Its responsibilities include booking local acts for conventions and meetings and collaborating with the Austin Film Commission, Convention Sales, Tourism and Convention Services Department and Marketing Communication to present the City’s music contributions. The ACVB also oversees the Visitor Center services for visitors. They respond to inquiries, provide materials and sell tickets and retail gift shop merchandise. The Visitor Center increases sales by offering merchandise from the City’s iconic venues, such as Antone’s, the Continental Club and Mohawk.

*Visit Dallas – Dallas Convention and Visitors Bureau*

Visit Dallas is a nonprofit organization that works to market Dallas as a convention and visitor destination to the regional, national and international marketplace in order to positively impact the City’s economy through meetings and tourism. Visit Dallas employs 70 to 80 people and has approximately 30 volunteers in a calendar year. Visit Dallas is an independent organization that

operates under contract with the City of Dallas. Its funding is processed through the City of Dallas' Enterprise Fund, from Hotel Occupancy Tax, and the Dallas Tourism Public Improvement District. Visit Dallas has a 310-person Board of Directors. The Voting Members of the Board of Directors are elected for a one to three-year term.

The following table shows the proposed budget for Visit Dallas for the 2014 fiscal year, the budgeted 2013 fiscal year and the actual revenues and expenses for the 2012 fiscal year.

**Table 10-6**

<b>Visit Dallas</b>			
<b>Budget</b>			
	<b>Proposed FY 2014</b>	<b>Budgeted FY 2013</b>	<b>Actual FY 2012</b>
<b>Revenue</b>			
Hotel Occupancy Tax	\$ 14,007,482	\$ 13,030,216	\$ 12,486,676
Tourism Public Improvement District	\$ 11,834,256	\$ 11,008,610	\$ 703,075
Dues	\$ 1,100,000	\$ 1,100,000	\$ 972,245
Sponsorships / Partnerships	\$ 500,000	\$ 500,000	\$ 584,528
Other Miscellaneous	\$ 72,500	\$ 72,500	\$ 2,699,737
<b>Total Revenue</b>	<b>\$ 27,514,238</b>	<b>\$ 25,711,326</b>	<b>\$ 17,446,261</b>
<b>Expenses</b>			
Public Improvement District	\$ 11,834,256	\$ 11,008,610	\$ 63,092
Payroll Related Costs	\$ 9,038,285	\$ 8,456,385	\$ 7,325,164
Media & Promotional Activities	\$ 1,357,429	\$ 1,357,429	\$ 1,421,778
Fixed Operating Costs	\$ 1,246,615	\$ 1,104,123	\$ 1,197,545
Travel & Entertainment	\$ 1,234,700	\$ 1,234,700	\$ 1,128,484
Special Funds	\$ 940,799	\$ 874,482	\$ 801,997
Advertising and PR Services	\$ 839,000	\$ 839,000	\$ 562,276
Processional Services	\$ 605,750	\$ 605,750	\$ 1,140,420
Other Operating Expenses	\$ 417,404	\$ 417,404	\$ 562,606
Event Trust Fund	\$ -	\$ -	\$ 2,011,355
Future Obligations	\$ -	\$ 150,000	\$ 1,802,911
<b>Total Expenses</b>	<b>\$ 27,514,238</b>	<b>\$ 26,047,883</b>	<b>\$ 18,017,628</b>
<b>Net Profit (Loss)</b>	<b>\$ -</b>	<b>\$ (336,557)</b>	<b>\$ (571,367)</b>

Source: Visit Dallas

Visit Dallas is nearly 94 percent publicly funded, receiving the bulk of its funding from two contracts with the City. The largest source of public funds is through the HOT. In 1996 the Dallas City Council authorized a ten-year contract with the Dallas Convention and Visitors Bureau (Visit Dallas) with two optional five-year extensions. In 2011 the second five-year renewal term was replaced with a two-year contract that included three additional automatic one-year renewal periods.

The following breaks down the Hotel Occupancy Tax.

**Table 10-7**

<b>Hotel Occupancy Tax</b>	
<b>Collecting Body</b>	<b>Allocation</b>
State	6%
City	7%
<b>Total</b>	<b>13%</b>

Source: City of Dallas

The HOT collects revenues from 192 properties with approximately 31,000 rooms. A rate of 13 percent is imposed on every room night from these properties. Of the 13 percent, six percent is collected by the State of Texas and the remaining seven percent is collected by the City of Dallas. Of the City’s seven percent, approximately one-third, or 32.6 percent, is allocated to Visit Dallas and approximately two-thirds, or 67.4 percent, funds the Dallas Convention Center to support operations and capital improvements.

The second contract between the City of Dallas and Visit Dallas pertains to the Tourism Public Improvement District (TPID). In 2012 Visit Dallas submitted a petition to the City to establish the District. After approval and as part of its creation, the District, which is located within the City of Dallas, is to include hotel properties with 100 or more rooms ordinarily used for sleeping. The two percent assessment of the price of hotel room nights sold at these properties will only apply to those properties that are also subject to the City’s Hotel Occupancy Tax. The purpose of generating these funds is to help market and promote Dallas as a convention and tourism destination. A board of directors that consists of participating hoteliers directs the use of all revenue generated, and the City must annually approve the budget. The board has contracted with the City to collect this revenue and has partnered with Visit Dallas to administer the programs and use of funds. 50 percent of the TPID budget is used to provide incentives to bring conventions, meetings and visitors to Dallas, 45 percent is allocated for marketing efforts and the remaining five percent is used for administrative expenses. The TPID has been approved for an initial five-year period. After these five years the TPID can be reconsidered by the City Council to be renewed, refined or dissolved.

*Greater Houston Convention and Visitors Bureau*

The Greater Houston Convention and Visitors Bureau (GHCVB) was incorporated in 1963 as a non-profit organization. The GHCVB’s purpose is to promote the City of Houston and the surrounding area as an attraction to visitors, as well as to attract groups to the City. This goal is accomplished mainly through advertising, distribution of materials, conventions, trade shows and expositions. The GHCVB is centrally located in the City of Houston and has satellite offices in Austin, Chicago and Washington D.C. Annually the GHCVB employs approximately 100 individuals and utilizes only a few volunteers.

The GHCVB has a Board of Directors of the Bureau that can range from 27 to 110 members. The directors are to include representation from the George R. Brown Convention Center, Reliant Park, the Hotel and Lodging Association of Greater Houston, Houston Restaurant Association, Bay Area

Houston Convention and Visitors Bureau, Houston Convention Center Hotel Corporation and the Houston Arts Alliance. In recent years the board has been composed of approximately 100 voting members.

The following table shows the 2014 fiscal year budget for the Greater Houston Convention and Visitors Bureau and the projected actual revenue and expenses for the 2013 fiscal year.

**Table 10-8**

<b>Greater Houston Convention and Visitors Bureau Budget</b>		
	<b>Budgeted FY 2014</b>	<b>Projected Actuals FY 2013</b>
<b>Revenue</b>		
Hotel Tax Revenue - Houston First	\$ 19,330,000	\$ 16,478,000
Hotel Tax Revenue - County	\$ 636,000	\$ 636,000
Private Sector Revenue	\$ 520,708	\$ 520,708
City of Houston - Protocol	\$ 460,000	\$ 460,000
Welcome Center	\$ 66,738	\$ 124,019
Misc. Revenue	\$ 6,000	\$ 46,798
Interest	\$ 800	\$ 783
City of Houston - HAS	\$ -	\$ 270,480
<b>Total Revenue</b>	<b>\$ 21,020,246</b>	<b>\$ 18,536,788</b>
<b>Expenses</b>		
Convention Sales	\$ 4,627,775	\$ 4,256,086
Advertising and Promotion	\$ 3,565,225	\$ 2,885,596
Sales Commitments	\$ 2,647,232	\$ 1,218,312
General and Operations	\$ 2,114,442	\$ 1,977,836
International Sales	\$ 1,901,327	\$ 2,325,331
Finance and Administration	\$ 1,846,054	\$ 1,740,966
Convention Services	\$ 1,357,959	\$ 1,395,994
Private Sector Services	\$ 1,148,615	\$ 909,552
Marketing	\$ 912,521	\$ 759,561
Protocol	\$ 460,000	\$ 460,000
Film Commission	\$ 439,096	\$ 400,217
<b>Total Expenses</b>	<b>\$ 21,020,246</b>	<b>\$ 18,329,451</b>
<b>Net Profit (Loss)</b>	<b>\$ -</b>	<b>\$ 207,337</b>
Source: Houston First		

The GHCVB is primarily funded through annual contracts with the City of Houston and Harris County. These funds are based on a portion of the City and County's HOT receipts. The GHCVB's budget and board of directors must be approved by the City and the County. The GHCVB receives nearly 95 percent of its funding from City and County HOT, dedicated public sources.

The following breaks down the Hotel Occupancy Tax.

**Table 10-9**

<b>Hotel Occupancy Tax</b>	
<b>Collecting Body</b>	<b>Allocation</b>
State	6%
County	2%
Houston-Harris County Sports Authority	2%
City	7%
<b>Total</b>	<b>17%</b>

Source: City of Houston

The HOT captures revenues collected from 527 properties. The current rate of 17 percent is imposed on every room night from these properties. Of the 17 percent, six percent is collected by the State of Texas, two percent by Harris County, two percent by the Houston-Harris County Sports Authority and the remaining seven percent is collected by the City of Houston. Of the City-portioned seven percent, 23 percent of the collections fund the GHCVB, 19.3 percent funds the Houston Arts Alliance and other art groups, 31.5 percent is pledged to the Convention and Entertainment Facilities Department (CEFD) bond debt service and the remaining 26.2 percent to the GEFO Operations and capital projects. In the 2013 fiscal year, the GHCVB received more than \$17 million of its funding from a combination of City and County Hotel Occupancy Taxes and is budgeted for the 2014 fiscal year to receive nearly \$20 million of the total \$21 million funding from combined City and County Hotel Occupancy Taxes.

### *Irving Convention and Visitors Bureau*

The Irving Convention and Visitors Bureau (ICVB) is a nonprofit government organization. It was founded in November of 1973 as the City’s official destination marketing organization. The ICVB employs 46 people, 26 full-time and 20 part-time employees. As an independent organization, the ICVB is fully funded through the City of Irving’s hotel tax collections. There are five chief departments within the ICVB. Administration, Communications, Marketing and Sales are the four internal departments. The fifth, external department is the Irving Convention Center, which the ICVB has direct oversight of the facilities operations, marketing and sales.

The ICVB has a 25-person Board of Directors. The ICVB reports to the policy-making Board that establishes funding and programing priorities. The Board has 13 voting members and 12 non-voting members, three of which are ex-officio members. The members of the Board of Directors are appointed by the Irving City Council. Nine of the voting members cannot be employed or own an interest in the hospitality or tourism industry. The remaining four voting members are the current chair of the Greater Irving-Las Colinas Hotel Association and three individuals representing the Irving hotel/motel industry, the hospitality industry at-large and the restaurant industry. Of the 12 non-voting members, two are from the hospitality industry, one is from the Dallas Cowboys Football Club, one represents the Las Colinas Association, one is part of the University of Dallas, one is a member of the TIF No.1 Board, one is a member of the Dallas County Utility Reclamation Board of Directors, one represents the Salesmanship Club of Dallas Bryon Nelson tournament and

one is a former ICVB board member. Board terms are two-year commitments and appointees can serve a maximum of three consecutive terms.

The following table shows the 2014 fiscal year budget for the ICVB as well as the estimated revenue and expenses for the fiscal year 2013 and the actual revenue and expenses for the 2012 fiscal year.

**Table 10-10**

<b>Irving Convention and Visitors Bureau</b>			
<b>Budget</b>			
	<b>Budgeted FY 2014</b>	<b>Estimated FY 2013</b>	<b>Actual FY 2012</b>
<b>Revenue</b>			
Hotel Occupancy Tax	\$ 6,293,862	\$ 6,093,011	\$ 5,996,616
Miscellaneous	\$ 60,000	\$ 79,000	\$ 37,165
Transfers from Other Funds	\$ -	\$ 60,500	\$ -
<b>Total Revenue</b>	<b>\$ 6,353,862</b>	<b>\$ 6,232,511</b>	<b>\$ 6,033,781</b>
<b>Expenses</b>			
Salaries and Wages	\$ 1,763,142	\$ 1,709,300	\$ 1,520,265
Benefits	\$ 388,946	\$ 364,922	\$ 335,324
Supplies	\$ 59,850	\$ 68,000	\$ 56,154
Equipment Maintenance	\$ 27,300	\$ 48,000	\$ 68,512
Utilities	\$ 14,375	\$ 14,375	\$ 7,893
Outside Services	\$ 1,520,315	\$ 1,336,743	\$ 794,646
Miscellaneous	\$ 3,176,842	\$ 2,846,225	\$ 2,868,225
Transfers	\$ 50,000	\$ 25,000	\$ 286,472
Equipment	\$ 10,000	\$ 10,000	\$ 108,421
<b>Total Expenses</b>	<b>\$ 7,010,770</b>	<b>\$ 6,422,565</b>	<b>\$ 6,045,912</b>
<b>Net Profit (Loss)</b>	<b>\$ (656,908)</b>	<b>\$ (190,054)</b>	<b>\$ (12,131)</b>
Source: City of Irving			

As stated, the ICVB receives nearly 100 percent of its funding from a dedicated public source, the HOT. The remaining less than one percent comes from sources such as member/organizational fees for participating in ICVB hosted events and earned annual interest. The ICVB budget includes the operating subsidy necessary to support the Irving Convention Center, which represents more than 20 percent of the ICVB's expenditures. There is also a four-percent fee charged by the City of Irving to the ICVB for administrative services.

The following breaks down the Hotel Occupancy Tax.

**Table 10-11**

<b>Hotel Occupancy Tax</b>	
<b>Collecting Body</b>	<b>Allocation</b>
State	6.0%
City	9.0%
<b>Total</b>	<b>15.0%</b>

Source: City of Irving

The HOT captures revenues on room rentals within the City of Irving from 82 properties, representing approximately 11,500 rooms. The current rate of 15 percent is imposed on every room night from these properties. Of the 15 percent, six percent is collected by the State of Texas and the remaining nine percent is collected by the City of Irving.

The Irving city-portioned nine percent is separated in the following table.

**Table 10-12**

<b>Hotel Occupancy Tax - City Portion Breakdown</b>		
<b>Allocation</b>	<b>Portion of HOT</b>	<b>Total Percent</b>
Irving Convention and Visitors Bureau	2.9%	31.7%
Irving Convention Center	2.0%	22.2%
Brimer - Entertainment Venue	2.0%	22.2%
Irving Arts Center	1.7%	18.8%
Convention Center Debt Service	0.3%	3.2%
Heritage and Museum Fund	0.1%	1.4%
Historic Preservation	0.1%	0.6%
<b>Total</b>	<b>9.0%</b>	<b>100%</b>

Source: City of Irving

Out of the total City of Irving-portioned nine percent of the Hotel Occupancy tax, the ICVB receives nearly 32 percent. For the 2014 fiscal year budget the ICVB is expected to receive nearly \$6.3 million in funding from this HOT.

### *Visit San Antonio*

Visit San Antonio was formed to market the City of San Antonio as a leading leisure visitor and convention and meeting destination in order to positively impact the City's Economy. Visit San Antonio has three primary departments: sales and service, marketing and communications and finance and administration. The organization has two chief priorities: to maximize the effectiveness of convention and group sales efforts and to promote the Convention Center renovation. To

accomplish this it are broadening its marketing initiatives to maximize destination awareness, enhancing its range of convention and leisure services and strengthening the connection to the community and its development opportunities.

The following table shows the budget for Visit San Antonio for the 2014 fiscal year as well as the actual 2012 and 2013 fiscal year revenue and expenses.

**Table 10-13**

<b>Visit San Antonio</b>			
<b>Budget</b>			
	<b>Budgeted FY 2014</b>	<b>Actual FY 2013</b>	<b>Actual FY 2012</b>
<b>Revenue</b>			
Transfer from Hotel Occupancy Tax	\$ 19,492,348	\$ 19,188,317	\$ 19,450,279
Misc. - Registration Service Fees	\$ 142,000	\$ 126,579	\$ 151,010
Misc. - Housing Cancellation Fees	\$ 70,000	\$ 44,950	\$ 29,937
Marketing & Sales Partnership	\$ 25,050	\$ 41,925	\$ 36,645
Rec. of CY Exp.	\$ 10,000	\$ 10,911	\$ 8,141
Internet Adv. Fee	\$ 1,000	\$ 1,715	\$ 7,885
Misc. - Cash Over / Short	\$ -	\$ 49	\$ (20)
<b>Total Revenue</b>	<b>\$ 19,740,398</b>	<b>\$ 19,414,446</b>	<b>\$ 19,683,879</b>
<b>Expenses</b>			
Contractual Services	\$ 10,698,889	\$ 10,397,798	\$ 10,661,041
Personal Cost	\$ 7,365,948	\$ 7,031,808	\$ 7,329,864
Transfers	\$ 912,759	\$ 996,930	\$ 851,418
Self-Insurance / Other	\$ 504,589	\$ 483,080	\$ 522,828
Commodities	\$ 250,529	\$ 222,510	\$ 222,801
Capital outlay	\$ 7,683	\$ 282,320	\$ 95,927
<b>Total Expenses</b>	<b>\$ 19,740,398</b>	<b>\$ 19,414,446</b>	<b>\$ 19,683,879</b>
<b>Net Profit (Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Source: City of San Antonio			

Visit San Antonio receives nearly 99 percent of its funding from dedicated public sources such as the HOT. The remaining revenue is obtained through means such as fees and marketing and sales partnerships.

The following breaks down the Hotel Occupancy Tax.

**Table 10-14**

<b>Hotel Occupancy Tax:</b>	
<b>Collecting Body / Use</b>	<b>Allocation</b>
State	6.00%
County:	1.75%
City	7.00%
Convention Center	2.00%
<b>Total:</b>	<b>16.75%</b>

Source: City of San Antonio

The City's nine percent portion of the total 16.75 percent HOT collects revenues from 371 properties with an estimated 37,500 rooms. The City has created a HOT Fund for the City's seven percent portion that accounts for all of the revenue generated and the chosen expenditures. The Fund supports the City's tourism, convention and arts and cultural programs by means of transfers to the General Fund, Convention and Visitors Bureau Fund, the Community and Visitor Facilities Fund and the Culture and Creative Development Fund. Allocation of the HOT revenue is determined by the State Tax Code, which states that HOT must be used for convention and tourism activities, up to 15 percent of the revenue can be spent on the arts and up to 15 percent of the revenue can be spent on history and preservation. Of the City's allocated seven percent, 34 percent goes to Visit San Antonio, 36 percent funds the convention facilities, 15 percent is used for the arts and the remaining 15 percent is utilized for history and preservation.

### **National Comparable and/or Competitive Convention and Visitors Bureaus**

The following profiles of different convention and visitors bureaus and their tourism operation funding provides Fort Worth with an overview of various managements and how they perform financially. This will allow the City of Fort Worth and the Fort Worth Convention and Visitors Bureau to obtain a better perspective of where they fit into the national convention and tourism market.

The following table lists funding statistics from other national convention and visitors bureaus.

**Table 10-15**

National Comparable/Competitive Convention and Visitors Bureaus								
CVB Name	CVB Budget	Number of Properties in Tax Jurisdiction	Number of Rooms in Tax Jurisdiction	Major CVB Funding Source	Major Funding Source Amount	Total Lodging Tax Rate	Lodging Tax Rate - Funding CVB	Lodging Tax % to CVB
Visit Baltimore	\$ 14,535,360	65	9,819	Promotional Participation	\$ 60,231	15.50%	9.50%	40.00%
Nashville Convention & Visitors Corp.	\$20,321,754	186	25,701	Metropolitan Government Hotel Occupancy Tax	\$ 10,500,000	*15.25%	6.00%	Varies
Greater Phoenix Convention & Visitors Bureau	\$13,294,292	197	27,162	Hotel Occupancy Tax	\$ 6,879,710	12.27%	5.00%	24.00%
Visit Seattle	\$ 18,033,629	227	---	Washington State Convention Center (From State Lodging Tax	\$ 8,402,604	*15.60%	*15.60%	0.86%
Visit Tampa Bay	\$ 10,528,430	---	26,677	TDC Revenue	\$ 8,400,000	12.00%	---	---
<b>Average</b>	<b>\$ 15,342,693</b>	<b>169</b>	<b>22,340</b>		<b>\$ 6,848,509</b>	14.12%	<b>9.03%</b>	
Fort Worth Convention and Visitors Bureau	\$ 9,305,091	154	14,000	Hotel / Motel Occupancy Tax	\$ 7,806,966	15.00%	7.00%	47.00%

\*Have an additional flat-fee tax per room night  
Source: Various Convention and Visitor Bureaus, Various Cities, Hunden Strategic Partners

As shown, the five profiled destinations have CVB budgets that average \$15.3 million based on taxes from an average of 169 hotels and 22,340 hotel rooms. This is about 50 percent higher than Fort Worth’s budget, although is more per hotel room, but less per hotel than the other cities.

The following profiles the listed national convention and visitors organizations.

*Visit Baltimore*

Established in 1982 as a not-for-profit corporation, Visit Baltimore is the official destination marketing organization for the City of Baltimore. Visit Baltimore generates revenue by attracting convention, group and leisure visitors. Visit Baltimore also functions as a liaison between customers, which includes meeting planners, tour operators, individual tourists, the media, and the stakeholders. Member organizations that are represented by the convention and visitors bureau include lodging, dining, arts, attractions, shopping, transportation, associations and government agencies. Visit Baltimore is overseen by a 34-voting member board of directors, the organization employs approximately 100 individuals annually and it utilizes nearly 40 volunteers annually.

The following table shows the budget for Visit Baltimore for the 2014 fiscal year, the forecasted 2013 fiscal year revenue and expenses and the budgeted 2013 fiscal year revenue and expenses.

**Table 10-16**

<b>Visit Baltimore Budget</b>			
	<b>Budgeted FY 2014</b>	<b>Forecasted FY 2013</b>	<b>Budgeted FY 2013</b>
<b>Revenue</b>			
Hotel Occupancy Tax	\$ 13,160,430	\$ 11,552,446	\$ 11,555,011
Convention Services / Housing	\$ 647,481	\$ 585,608	\$ 529,439
State Funding	\$ 421,616	\$ 425,897	\$ 370,607
Membership	\$ 406,558	\$ 399,278	\$ 489,731
Other	\$ 150,577	\$ 106,474	\$ 79,416
Sponsorships / Partnerships	\$ 150,577	\$ 106,474	\$ 52,944
Advertising	\$ 60,231	\$ 66,546	\$ 66,180
Promotional Participation	\$ 60,231	\$ 66,546	\$ 92,652
<b>Total Revenue</b>	<b>\$ 15,057,700</b>	<b>\$ 13,309,270</b>	<b>\$ 13,235,980</b>
<b>Expenses</b>			
Convention Sales & Marketing	\$ 4,942,022	\$ 4,485,915	\$ 4,207,457
Leisure Marketing	\$ 4,942,022	\$ 4,114,225	\$ 4,285,133
Convention Services / Housing	\$ 1,206,435	\$ 1,140,704	\$ 1,191,034
Administration / Other	\$ 1,191,900	\$ 1,153,521	\$ 1,126,304
Visitor Services	\$ 901,192	\$ 666,479	\$ 763,815
Communications / PR	\$ 843,051	\$ 794,648	\$ 828,545
Membership	\$ 406,990	\$ 358,873	\$ 375,435
Travel Trade Sales & Marketing	\$ 101,748	\$ 102,535	\$ 168,298
<b>Total Expenses</b>	<b>\$ 14,535,360</b>	<b>\$ 12,816,900</b>	<b>\$ 12,946,020</b>
<b>Net Profit (Loss)</b>	<b>\$ 522,340</b>	<b>\$ 492,370</b>	<b>\$ 289,960</b>

Source: Visit Baltimore

As shown Visit Baltimore receives more than 90 percent of its funding from dedicated public sources. The largest source of funding is generated from the City’s Civic Promotion Fund by means of the HOT.

The following breaks down the Hotel Occupancy Tax.

**Table 10-17**

<b>Hotel Occupancy Tax</b>	
<b>Collecting Body</b>	<b>Allocation</b>
City Lodging Tax	9.50%
Sales Tax on Lodging	6.00%
<b>Total</b>	<b>15.50%</b>

Source: City of Baltimore

The Civic Promotion Fund provides finances to non-profit organizations that conduct cultural, historical, educational and promotional activities in the City of Baltimore. As shown in the previous table, 9.5 percent of the total 15.5 percent of the Hotel Occupancy Tax is the actual lodging tax while the remaining six percent is an additional sales tax. The lodging tax was 7.5 percent but increased to 9.5 percent in 2011. Sixty-five hotels with a total of 9,819 rooms are included within this tax. By state law, Visit Baltimore receives 40 percent of the City's 9.5 percent hotel tax revenue. With the publicly budgeted funds, Visit Baltimore also monitors the Sail Baltimore and Pride of Baltimore grants. Sail Baltimore provides a free program of visiting ships and maritime events to Baltimore visitors and residents. Through the program, visiting vessels can stay for one day to a week and open their decks to the public for free tours which gives visitors an opportunity to learn about different cultures from around the world. The Pride of Baltimore II is a 1988 reproduction of an 1812-era topsail schooner that is owned and operated by a non-profit organization. Each season the vessel visits dozens of ports and attracts more than 100,000 guests. The purpose of the vessel is to promote historical education about Baltimore-constructed topsail schooners and the important role they played in naval innovation in the War of 1812.

#### *Nashville Convention & Visitors Corporation*

Created in 2006 as a not-for-profit foundation, the Nashville Convention & Visitors Corporation's (NCVC) mission is to sell and market the Nashville metropolitan area and "Music City" as a unique entertainment, leisure and convention destination to travelers and groups. The foundation works to develop its programs, as well as provide additional education, training and research to benefit the residents of Nashville, the City's hospitality industry and visitors to Music City. The NCVC is governed by a 20-member board that consists of community leaders. The NCVC employs approximately 150 individuals annually and solicits help from approximately 50 volunteers annually.

The following table shows the 2012 fiscal year revenue and expenses for the Nashville Convention & Visitors Corporation.

**Table 10-18**

<b>Nashville Convention &amp; Visitors Corp.</b>	
<b>Budget</b>	
	<b>Actual FY 2012</b>
<b>Revenue</b>	
Metropolitan Government Hotel Occupancy Tax	\$ 10,500,000
Other Government Marketing Services	\$ 7,988,480
Visitor Services	\$ 1,111,480
Government Grants	\$ 622,248
Membership Dues	\$ 597,787
Marketing Program Participation	\$ 297,840
Publication / Online Advertising	\$ 47,824
Royalties	\$ 2,619
Miscellaneous Receipts	\$ 1,927
Interest Income	\$ 1,243
Net Income (Loss) from Sales of Inventory	\$ (43,740)
<b>Total Revenue</b>	<b>\$ 21,127,708</b>
<b>Expenses</b>	
Conferences, Conventions and Meetings	\$ 7,617,300
Other Salaries and Wages	\$ 3,825,896
Grants and Other Assistance	\$ 1,885,000
Advertising and Promotion	\$ 1,746,001
Compensation of Current Key Employees	\$ 1,097,781
Visitor Fulfillment Costs	\$ 807,695
Office Expenses	\$ 695,319
Travel	\$ 434,277
Information Technology	\$ 430,185
Other Employee Benefits	\$ 402,844
Occupancy	\$ 358,308
Payroll Taxes	\$ 332,914
Fees for Services (Non-employees)	\$ 203,827
Depreciation, Depletion and Amortization	\$ 153,280
Industry Research Activities	\$ 144,374
Pension Plan Contributions	\$ 127,401
Industry Organization Dues	\$ 34,418
Insurance	\$ 13,864
Miscellaneous Expenses	\$ 9,579
Payments of Travel or Entertainment Expense for Public Officials	\$ 1,136
Interest	\$ 355
<b>Total Expenses</b>	<b>\$ 20,321,754</b>
<b>Net Profit (Loss)</b>	<b>\$ 805,954</b>

Source: IRS 990 Form, Nashville Convention & Visitors Corp.

As shown, the NCVC is more than 90 percent publicly funded. The largest annual source of subsidy is from the Metropolitan Government HOT Fund.

The following breaks down the Hotel Occupancy Tax.

**Table 10-19**

<b>Hotel Occupancy Tax</b>	
<b>Collecting Body</b>	<b>Allocation</b>
Metropolitan Government and County	6.00%
Sales Tax	9.25%
<b>Total</b>	<b>15.25%</b>

Source: Nashville Convention & Visitors Corp.

The Metropolitan Government of Nashville and Davidson County (MGND) HOT funded approximately \$10.5 million of the 2012 fiscal year NCVC budget. The MGND HOT is six percent, and includes 186 countywide hotels and 25,701 hotel rooms. Of the six percent, one-third is used for direct promotion of tourism, one-half for the construction, financing and operation of the new Music City Center, and one-sixth is distributed into the General Fund. The one-third, or two percent, for direct promotion of tourism is placed in a City fund, of which the NCVC receives its portion of the HOT revenue. The amount distributed to the NCVC changes annually and is based on the NCVC's estimated budget. The actual amount received also varies based on the actual MGND HOT annual collections. The NCVC 2014 fiscal year budget includes approximately \$12-million in HOT revenue. In addition to the total 15.25 percent of HOT, there is an additional flat fee of \$2.50 per room night on these properties. This revenue is used to create an event marketing fund that is used to pay for events like the Music City Bowl and CMA Music Festival. This fund has also been used to attract new events, such as the NCAA Women's basketball Final Four tournament to Nashville.

The second largest source of funding listed for the NCVC, approximately \$8-million, is from other government marketing services grants. It is used for other City activities tied to hospitality but is not used directly for the NCVC or its operations. The NCVC acts more as a pass through for these funds, which consists of smaller grants for City projects, and the majority of this funding is for one-time projects.

### *Greater Phoenix Convention & Visitors Bureau*

The Greater Phoenix Convention & Visitors Bureau (GPCVB), a private non-profit organization, has annually contracted with the Phoenix Convention Center since 1968. Historically, the City of Phoenix has been the GPCVB's largest source of funds, providing more than 50 percent of its total budget. The GPCVB has a 31-voting-member governing body and annually employs approximately 120 individuals.

The following table shows the 2014 fiscal year budgeted revenue and expenses for the Greater Phoenix Convention & Visitors Bureau as well as the adopted 2012 and 2013 fiscal year revenue and expenses.

**Table 10-20**

<b>Greater Phoenix Convention &amp; Visitors Bureau</b>			
<b>Budget</b>			
	<b>Budgeted FY 2014</b>	<b>Adopted FY 2013</b>	<b>Adopted FY 2012</b>
<b>Revenue</b>			
Private Sector	\$ 2,091,552	\$ 2,160,879	\$ 2,065,657
Dues	\$ 923,500	\$ 923,500	\$ 897,250
Collateral Material	\$ 623,700	\$ 656,200	\$ 650,000
Promotional Participation	\$ 273,950	\$ 239,505	\$ 187,200
Convention Services	\$ 140,000	\$ 110,000	\$ 160,000
Housing Fees	\$ 77,102	\$ 158,174	\$ 122,507
Hotel Booking Assessment	\$ 30,000	\$ 20,000	\$ 25,000
Special Hosted Events	\$ 22,500	\$ 52,500	\$ 22,500
Website Revenue	\$ 800	\$ 1,000	\$ 1,200
Other Revenue	\$ 7,500	\$ 7,500	\$ 15,590
Public Sector	\$ 11,195,240	\$ 10,819,923	\$ 9,429,592
Phoenix General	\$ 6,879,710	\$ 6,519,850	\$ 6,153,216
Proposition 302	\$ 3,308,733	\$ 2,899,163	\$ 1,939,832
Arena Funds Allocations	\$ 394,751	\$ 748,911	\$ 762,690
Phoenix Convention Center	\$ 389,615	\$ 401,999	\$ 323,854
Maricopa County	\$ 222,431	\$ 250,000	\$ 250,000
<b>Total Revenue</b>	<b>\$ 13,294,292</b>	<b>\$ 12,988,302</b>	<b>\$ 11,510,839</b>
<b>Expenses</b>			
Personal Cost	\$ 5,467,787	\$ 5,401,401	\$ 5,380,932
Media Expense	\$ 2,627,458	\$ 2,216,403	\$ 1,764,070
Special Events	\$ 1,033,100	\$ 839,796	\$ 384,967
Collateral Material	\$ 811,750	\$ 858,500	\$ 836,150
Travel & Entertainment	\$ 648,812	\$ 580,605	\$ 509,240
Special Events Hosting Obligations	\$ 545,193	\$ 823,334	\$ 722,283
Other Expenses	\$ 496,608	\$ 490,070	\$ 500,807
PCC Promo	\$ 362,090	\$ 325,960	\$ 323,854
Rent	\$ 358,708	\$ 370,422	\$ 451,170
Trade Show, Other Promo, FAM	\$ 354,982	\$ 327,690	\$ 302,313
Professional Services	\$ 260,500	\$ 251,600	\$ 205,000
Postage & Supplies	\$ 255,201	\$ 275,201	\$ 276,301
Meetings & Seminars	\$ 108,694	\$ 105,315	\$ 171,182
Research	\$ 91,410	\$ 103,810	\$ 41,123
Depreciation	\$ 90,000	\$ 130,000	\$ 130,000
<b>Total Expenses</b>	<b>\$ 13,512,293</b>	<b>\$ 13,100,107</b>	<b>\$ 11,999,392</b>
<b>Net Profit (Loss)</b>	<b>\$ (218,001)</b>	<b>\$ (111,805)</b>	<b>\$ (488,553)</b>

Source: Greater Phoenix Convention & Visitors Bureau

As shown, the GPCVB is approximately 84 percent publicly funded. The City of Phoenix has two contracts with the GPCVB. The largest contract and annual source of subsidy is from the City's Marketing Fund and distributed through the Phoenix Convention Center's portion of the HOT.

The following breaks down the Hotel Occupancy Tax.

**Table 10-21**

<b>Hotel Occupancy Tax</b>	
<b>Collecting Body</b>	<b>Allocation</b>
State	5.50%
County	1.77%
City	5.00%
<b>Total</b>	<b>12.27%</b>

Source: GPCVB

The City of Phoenix collects five percent of the total 12.27 percent Hotel Occupancy Tax from 197 properties with a total of 27,162 rooms. Of the City's portion of the HOT, two percent is allocated for the Phoenix Convention Center, one percent to the Sports Facility Fund and two percent to the City's General Fund. As stated, the GPCVC contracts with the City through the Phoenix Convention Center for approximately 1.2 percent of the City's five percent HOT. As part of the contract, the GPCVB utilized this funding to provide a marketing outreach and sales program to attract conventions and trade shows as well as promote tourism to the City. In the 2013 fiscal year, the GPCVB received approximately \$6.5-million from the HOT and is budgeted for the 2014 fiscal year for nearly \$6.9-million.

The second contract through the City of Phoenix is for the GPCVB to manage programs approved by the Tourism and Hospitality Advisory Board (THAB). THAB was created in 1991 and promotes tourism. The 14-member board has 12 voting members: eight hoteliers, two members from hospitality-related industries and two City representatives selected by City Council. There are also two additional non-voting members represented by City staff and the GPCVB. This Board selects projects to be funded from the hospitality industry's portion of the surplus Arena Tax Funds. For the 2014 fiscal year, the GPCVB has budgeted nearly \$395,000 from this fund.

### *Visit Seattle*

Visit Seattle is a private, non-profit marketing organization that has served as the Seattle/King County area official destination marketing organization for more than 50 years. Visit Seattle markets the region as a destination for conventions, tour groups and the individual traveler. It provides services to convention groups, tour groups and tourists to develop and apply marketing programs that are intended to increase travel to the region from both domestic and international markets. They also publish material that promotes the region. Visit Seattle is governed by a body of 27 voting members and annually employs between 60 and 75 individuals and uses nearly 50 volunteers annually.

The following table shows the 2014 budgeted revenue and expenses for the Visit Seattle as well as the 2013 actual revenue and expenses.

**Table 10-22**

<b>Visit Seattle Budget</b>		
	<b>Budgeted 2014</b>	<b>Actual 2013</b>
<b>Revenue</b>		
Washington State Convention Center (From State Lodging Taxes)	\$ 8,402,604	\$ 6,930,730
Seattle Tourism Improvement Area	\$ 6,377,114	\$ 5,919,659
Marketing Programs	\$ 1,546,515	\$ 1,842,759
Partnership, Publications & Visitors Center	\$ 1,234,786	\$ 1,223,070
Sports Commission Sponsorships	\$ 297,000	\$ 244,614
Government Funding	\$ 95,000	\$ 65,230
Convention Housing	\$ 80,610	\$ 81,538
<b>Total Revenue</b>	<b>\$ 18,033,629</b>	<b>\$ 16,307,600</b>
<b>Expenses</b>		
Marketing Programs	\$ 9,913,722	\$ 8,900,861
Salaries & Benefits	\$ 6,694,494	\$ 6,091,886
Operating Expenses	\$ 1,578,468	\$ 1,562,787
<b>Total Expenses</b>	<b>\$ 18,186,684</b>	<b>\$ 16,555,534</b>
<b>Net Profit (Loss)</b>	<b>\$ (153,055)</b>	<b>\$ (247,934)</b>
Source: Visit Seattle		

Visit Seattle receives more than 80 percent of its funding through public sources. The largest annual amount of public revenue comes from HOT. They also derive significant funding from the Seattle Tourism Improvement Area fee that was created in 2012 as well as from membership dues.

The tax rate in Seattle for hotel and motel facilities with at least 60 units is 15.6 percent and there are 227 properties in King County that are subject to the HOT. The State of Washington collects the HOT then distributes a portion of this revenue to the Washington State Convention Center. Through the Convention Center, Visit Seattle receives approximately 0.9 percent of the total 15.6 percent HOT.

The second largest source of funding is derived from the Seattle Tourism Improvement Area (STIA). Created in 2012, the STIA is an initiative sponsored by the City Council that is designed to increase leisure tourism to Seattle through advertising and promoting the City as a vacation destination in external markets. Similar to the HOT, hotels with 60 or more rooms in the greater downtown area are subject to a \$2 per room night surcharge. The City collects the fees and deposits the revenue into a special fund that is reserved for marketing leisure travel. The City has contracted program management of these funds with Visit Seattle. The 2014 budgeted funds of



approximately \$6.4-million from STIA revenue will be used for promotion, advertising, as well as sales and marketing services.

### *Visit Tampa Bay*

Since 1985, Visit Tampa Bay has been the official not-for-profit destination marketing organization for Hillsborough County, Florida. The organization is funded partially by the Hillsborough County Board of County Commissioners/Tourist Development Council (TDC) as a service agency. The public and private funding sources provide the required resources to support the base marketing, advertising and promotion programs, as well as the necessary departmental office operations, partnership marketing, customer services and administrative support functions. The Convention and Visitor Services division promotes and coordinates with more than 700 businesses throughout Tampa Bay to develop economic development through tourism.

The following table shows the budgeted 2013 fiscal year revenue and expenses for Visit Tampa Bay.

**Table 10-23**

<b>Visit Tampa Bay Budget</b>	
	<b>Budgeted FY 2013</b>
TDC Revenue	\$ 8,400,000
Private Revenue	\$ 2,128,430
Other	\$ 618,800
Membership Dues	\$ 525,000
In-Kinds	\$ 300,000
Trade Shows & Promotions	\$ 188,230
Event Revenue	\$ 172,400
Convention Services	\$ 137,000
Merchandise Sales	\$ 119,000
Advertising Income	\$ 68,000
<b>Total Revenue</b>	<b>\$ 10,528,430</b>
Expenses	
Personnel cost	\$ 4,759,765
Advertising	\$ 1,810,500
Tenancy	\$ 695,894
Promotions	\$ 600,567
Trade shows	\$ 542,962
Other G&A	\$ 413,210
Contract services	\$ 406,800
In-Kinds	\$ 300,000
Fam/Sites	\$ 250,150
Events	\$ 152,500
Local & community	\$ 123,270
Travel	\$ 114,214
Technology	\$ 112,720
Depreciation	\$ 112,617
Fulfillment	\$ 77,200
Cost of sales	\$ 56,060
<b>Total Expenses</b>	<b>\$ 10,528,430</b>
<b>Net Profit (Loss)</b>	<b>\$ 0</b>

Source: Hillsborough County BOCC

Visit Tampa Bay receives approximately 80 percent of its total revenue through public funding. The \$8.4-million tax revenue received from the Hillsborough County Tourist Development Council (TDC) is derived from a Tourist Development Tax, also known as a HOT.

The following breaks down the Hotel Occupancy Tax.

**Table 10-24**

<b>Hotel Occupancy Tax</b>	
<b>Collecting Body</b>	<b>Allocation</b>
County	5.00%
Sales Tax on Lodging	7.00%
<b>Total</b>	<b>12.00%</b>

Source: STR Analytics 2012 U.S. Lodging Tax Study

The TDC is comprised of 11 members that represent local governments and industries that provide lodging, services to tourists, attractions and events. The TDC is an advisory council for the Board of County Commissioners for the use of the Tourist Development Tax (TDT), a HOT. The County-portioned five percent hotel occupancy tax applies to the rental of accommodations in a hotel, apartment hotel, motel, resort motel, apartment, apartment motel, rooming house, mobile home park, RV park or condominium that is rented or leased for six months or less. There are 26,677 rooms or units that are included in this tax, and 2013 generated more than \$20.7-million in revenue. In the 2013 fiscal year, Visit Tampa was allocated \$8.4-million of these funds to market the Tampa Bay region. For the 2014 fiscal year this amount has been increased to \$8.45-million.

### **Implications**

As demonstrated through the national and statewide convention and visitor organizations, the Fort Worth Convention and Visitors Bureau operates with a budget that is 40 to 50 percent less than the selected and profiled state and national convention and visitors bureaus average. The number of properties and rooms within the discussed Fort Worth HOT jurisdiction is also 30 to 40 percent less than the profiled average, so having a lower budget than larger destinations makes sense.

The budget for Fort Worth should be improving as the hotel market expands with new properties and as the existing properties increase their room revenue. Additions to revenue sources would typically come in the form of additional hotel taxes, however the total hotel tax rate is already at the upper echelon of hotel tax levels nationally (15 percent). The FWCC does an excellent job supporting a number of sales professionals locally and in key markets like Washington, DC and Chicago. Efforts to promote tourism and the convention business are priorities and given the limited resources, decisions must be continually made to focus spending on the people and processes that lead to a return on investment in the form of visitation, spending and hotel room nights.

The same is true of the convention center. The FWCC has to focus its limited resources on the personnel and services that maximize customer experience, limit expenses, and keep the building in top condition. This often means limiting the number of full-time positions, finding creative ways to save or earn money and tough choices in a number of areas.

HSP recommends that the overall funding and governance structure of both the FWCC and FWCVB be the subject of additional study for potential adjustments. There are clearly opportunities to align

funding, responsibilities, sales, booking and expenses so that all parties are focused and results are measured against priorities.

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## GOVERNANCE

One of the most important decisions for a public entity that is considering operating a multi-purpose events center is the structure of ownership and management of the facilities. The manner in which a municipality structures the ownership of the development and the type of management of the facilities are central to the success of the project. Community leaders need to implement the best ownership and management structure under which public facilities would operate to best suit the needs of the city and to foster the success of the project.

Ownership of convention centers, arenas and multi-use facilities throughout the United States varies depending on the type of facility, the nature of development of the property, and the needs of each community. However, large publicly-oriented facilities in general, whether they are arenas, multi-purpose buildings, exhibit halls, conference centers or major convention centers, usually have one of three ownership structures. Many facilities, including most convention centers and larger arenas, are publicly owned, either by a municipality or a county. Some convention centers and sports arenas are owned by quasi-public entities, such as not-for-profit corporations or authorities. The last ownership structure is totally private.

HSP analyzed the facilities in the peer cities list profiled earlier in this report. The ownership and management structure as well as the total function space for 27 facilities is listed in the following table.

**Table 11-1**

Fort Worth Comparable and/or Competitive Convention Centers				
City	Convention Center Name	Total Function Space	Ownership	Management
Dallas	The Kay Bailey Hutchison Convention Center	1,383,190	City of Dallas	City
Houston	George R. Brown Convention Center	989,689	City of Houston	Houston First Corporation
Orange County, CA (Anaheim)	Anaheim Convention Center	969,431	City of Anaheim	City
Phoenix	Phoenix Convention Center	965,315	City of Phoenix	City
San Diego	San Diego Convention Center	817,903	City of San Diego	San Diego Convention Center Corporation
Denver	Colorado Convention Center	752,808	City and County of Denver	Private (SMG)
Indianapolis	Indiana Convention Center	729,551	Indiana Stadium and Convention Building Authority - The State of Indiana	Capital Improvement Board
Salt Lake City	Salt Palace Convention Center	671,220	Salt Lake County	Private (SMG)
St. Louis	America's Center Convention Complex	654,924	City of St. Louis	CVC
San Antonio	Henry B. Gonzalez Convention Center	616,367	City of San Antonio	City
Minneapolis	Minneapolis Convention Center	598,113	City of Minneapolis	CVB/Convention Center
Nashville	Music City Center	519,943	The Convention Center Authority of Metro Nashville and Davison County	Convention Center Authority
Columbus	Greater Columbus Convention Center	483,383	City of Columbus	Private (SMG)
Louisville	Kentucky International Convention Center	440,012	Commonwealth of Kentucky	Kentucky State Fair Board
Kansas City	Kansas City Convention Center	420,030	City of Kansas City	City
Pittsburgh	David L. Lawrence Convention Center	419,921	Sports & Exhibition Authority of Pittsburgh and Allegheny County	Private (SMG)
Baltimore	The Baltimore Convention Center	407,216	City of Baltimore	City
Charlotte	Charlotte Convention Center	406,490	City of Charlotte	Charlotte Regional Visitors Authority
Austin	Austin Convention Center	366,893	City of Austin	City
Portland	Oregon Convention Center	356,782	Metro (Oregon regional government)	Metro Expo. and Rec. Commission
Long Beach	Long Beach Convention & Entertainment Center	348,730	City of Long Beach	Private (SMG)
Seattle	Washington State Convention Center	327,739	WSSC Public Facilities District	Public Facilities District
Cleveland	Cleveland Convention Center	319,099	Cuyahoga County	Private (SMG)
Grapevine	Gaylord Texan Resort & Convention Center	298,781	Marriott International, Inc.	Private (Marriott)
Tampa	Tampa Convention Center	278,747	City of Tampa	City
Memphis	Memphis Cook Convention Center	232,572	City of Memphis	CVB-Memphis Management Group
Oklahoma City	Cox Convention Center	173,052	Oklahoma City	Private (SMG)
Irving	Irving Convention Center	85,261	City of Irving	Private (SMG)
Arlington	Arlington Convention Center	85,112	City of Arlington	City
<b>Average</b>		<b>521,320</b>		
<b>Fort Worth</b>	<b>Fort Worth Convention Center</b>	<b>340,253</b>	<b>City of Fort Worth</b>	<b>City</b>
<b>Amount Needed to Reach Average</b>		<b>181,067</b>		

Source: Hunden Strategic Partners, Mpoint, Cvent, Various Facilities

All but one of the facilities listed, the Gaylord Texan Resort & Convention Center in Grapevine, Texas, has a form of public ownership structure. While the ownership structures are comparable in that many contain a public partner, there are key differences between these governance structures. There are nine convention center operated by cities directly, either via departments or organizations within city government. There are eight facilities operated via a quasi-public agency, such as an authority. There are eight facilities operated by a private party working on behalf of a public owner. Finally, there are three facilities whose management is tied in directly with the local CVB (St. Louis, Memphis and Charlotte).

### Ownership Options

As shown in the list of competitive and comparable facilities above, three types of ownership options exist for the convention centers and mixed-use facilities, or for any other large destination property. The municipality, either city or county can own the property outright. A second, often-used ownership structure is through a private, not-for-profit foundation or corporation, with a board appointed by the municipality or, less often, through a volunteer organization. The third

option, most rarely used, is for the facility to have private, for-profit corporation ownership. Both positive and negative aspects exist in each of the governing options.

The most apparent advantage of public ownership is control; the governmental entity owning the facility is able to determine the management structure, the usage and the finances. However, with that control comes the responsibilities of ownership such as scheduling, day-to-day management and building maintenance, unless the owner hires an outside management company.

The not-for-profit corporation structure is another popular ownership type. This structure is beneficial for several reasons:

- The corporate structure mitigates the political pressures that can exist. For example, one challenge that any public facility faces is the number of groups that want to use the facility for free or at a reduced cost. If the municipality or county owns the facility, those pressures become real, with the elected officials dealing with groups who need or want cost reductions. While those pressures would still exist with a corporate structure, the organization can set policies that treat all groups consistently. Because the organization has to live up to its financial goals, it would truly weigh the costs of giving away space or setting below-market rental structures.
- The organization has a separate budget that requires revenue and net income to survive. The municipality or county may have to subsidize each year, but it still controls the allotment so the governing board would have to set the budget accordingly. The board would have to implement a business model that has a balanced budget each year.
- The government would not have to supervise and manage all aspects of the facility. The board's responsibility would be to oversee the strategic plan of the facility, operations and a balanced budget. The county or city would only become involved if the board fails.

However, there are potential negatives to this governance structure. Among them is the perceived lack of control or recourse over what remains a public amenity. The county or city would have little recourse if the not-for-profit corporation fails to achieve the operating metrics set in place for the facility.

The board for such an organization takes one of three forms:

- A board solely consisting of members that the City or County appoints.
- A board solely consisting of members of a volunteer association.
- A board with a mix of politically appointed members and members from a volunteer association.

Each of the types of board structure has challenges. The board with only political appointees might not have the knowledge or expertise that is needed to run the organization and manage the facility.

While having business acumen, the board may not understand the inner workings of an arena or events center.

The board consisting solely of volunteers might have an excellent understanding of the workings of an events center but may not make the best financial or business decisions because of the members' personal interests in the facility. Each of the members might have one specific interest in one of the aspects of the events center, and therefore, each may act for the best interest of that specific part of the events center instead of working for the facility as a whole.

Finally, a board mixed with volunteers and political appointees may cause a division between the two groups, each seeing the other as not having the necessary skills for appropriate event center management. However, if the board can work together, this structure can be the most successful with both business and event center expertise combining to run a successful facility.

The third type of ownership structure is private ownership. In this structure, a for-profit corporation owns and manages the facility, with the goal of making a profit for the corporation. The Gaylord Texan Resort & Convention Center is an example of a private, for-profit corporation ownership structure. The most important distinction in this structure is that private facilities answer to private owners and not to any governmental body, so decisions are often profit driven rather than community driven. In addition, the substantial investments required to develop and operate these large multi-use facilities make these projects less feasible for the private sector to develop, ultimately making private ownership very rare.

## **Pros and Cons of Management Structures**

Facilities can be effectively run within any structure if the right, qualified management personnel are in place and the incentives and expectations are appropriate for such management. Also, it is critical that the owner (whether a city, authority, etc.) understands the events, convention and hospitality industry. An uneducated owner coupled with any management team provides an opportunity for economic and mission failure. Within any structure, safeguards and expectations must be in place to ensure everyone is operating with the same goals.

The two dominant types of convention center management are public operation through the owner's employees, or private management that contracts with the municipal owner. As with ownership structure, pros and cons exist for both types of management of convention centers.

### *Private Management*

The following are implications of choosing a private management company:

- Competition drives improvements. There are several major management companies for arenas, events centers and similar facilities. By making them compete initially for a contract, the owner has a choice of vendors who will commit to excellence. Then, by reviewing and re-bidding the contract every four to five years, the threat of continued

review and competition will keep the existing manager on point and allow the other bidders to offer something better.

- Such companies specialize in public assembly facility management, including convention centers and arenas, are generally members of the trade association IAVM and should be able to operate the facilities in a competent and creative manner.
- Management companies know how to maximize revenue and minimize expenses without hurting service. They also know how to staff the building with the minimum amount of manpower (which is the largest portion of expenses for a convention center). Because staff is generally non-union, under-performing employees can be terminated without a lengthy process. And if labor is union, companies are in a better position to negotiate than city staff that may have political concerns. Either way, payroll costs can be minimized.
- Because private management companies manage multiple facilities, they typically train managers over time through junior roles and advance them to manage facilities only when adept at the job. They also have a network of resources (contacts, training) to assist if the local building should need additional resources.
- Private managers should be well versed in negotiating food and beverage contracts, advertising and sponsorship deals, and related deals for the building.
- If an owner (city or authority) is unhappy with the job of management, they have several options to remedy the situation, including requesting the removal of the manager through the management company. The management company can then provide options to the owner for replacing the manager in question.
- Private management companies have relationships with national and regional event promoters, planners and other facility users and this provides several benefits:
  - Private management should be able to fill space within their booking window due to their relationships with such event promoters.
  - Such companies can develop custom shows and events with these promoters specifically for the market if a gap exists in the market.
  - Multi-venue deals can decrease costs for the facility.
- Because of performance-based compensation, operating results should be stronger.
- Generally speaking, private management companies have a more efficient and quicker procurement process for goods and services than the public contracting process.
- Private management companies charge fees above and beyond the cost of their general manager. The management fee is typically a flat amount with a bonus that can be achieved by meeting certain goals annually. These deal points are critical to the building's success and should be reviewed carefully. Ultimately, the efficiency, customer service, and financial results produced via the management company should more than make up for their fee, but deal negotiation is still critical.

- There can be a concern of lack of control by the municipal owner over a private management company, but those checks and balances are recommended by HSP and can be properly calibrated with the right agreement.
- General managers could potentially turn over at a higher rate as new opportunities present themselves within the company's other facilities. However, this can also occur amongst public managers.

### *Public Management*

The following are discussion items related to public management:

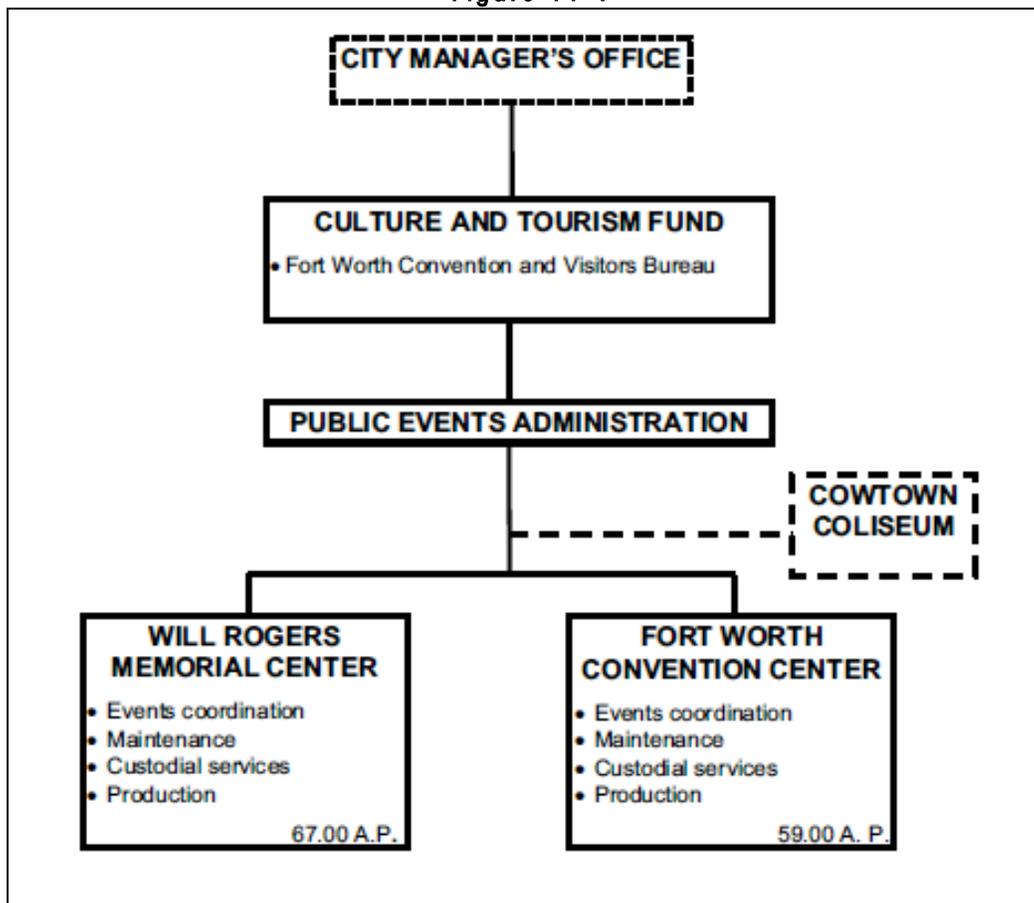
- Managers working directly for the public sector owner can be successful and effective in terms of operations if they have been trained in the industry and have excelled in other markets. However, it is key that their contract has the same stipulations that a private management company's would in terms of management, marketing, revenue generation, expense control, customer service, etc. Also, it is imperative that the owner (if it is a not-for-profit corporation or the municipality directly) either be competent in arena/events center and hospitality management and marketing and/or retain an owner's rep/asset manager who can review and interpret the performance of management for the owner. Managers, whether public or private, control the data and message related to that data for the convention center and it is therefore very important that someone who knows the industry can ask the right questions and review compliance with performance objectives. This can also be mitigated somewhat through the management contract.
- If the manager and staff are extensions of the public sector, they can be influenced by political and other public sector personalities and decisions. One administration may not want to retain a past administration's manager and could demand the change, despite good performance by the manager. Or the opposite could occur, where the facility's performance suffers because municipal leaders keep the non-performing manager in place in order to maintain personal relationships.
- When arenas and convention centers are extensions of city departments and are not stand-alone enterprises, the revenues and expenses (and subsidies) can get mixed in with other department funds and can be hard to determine. This occurs in certain municipalities and can cause great financial confusion. Setting up the building as an enterprise keeps the responsibility for its performance within the building.

### **Fort Worth Convention Center Governance**

The Fort Worth Convention Center is owned and operated by the City. The Public Events Department is responsible for operating and maintaining both the FWCC and WRMC. The Public Events Department is under the City Manager's direction. So while the FWCC is not lumped in with a much larger department per se, it is not set up as a pure enterprise fund whose revenues and expenses are independent of all other city revenues and expenses.

The following figure shows the governance structure aligned with the Cultural and Tourism Fund.

Figure 11-1



The operating revenues generated onsite provide funding for the FWCC, with a deficit made up by hotel occupancy tax allocations to the Culture and Tourism Enterprise Fund. The Culture and Tourism Fund is a special fund of the City of Fort Worth, established in 1989, to provide funding to enhance tourism and promote, develop, and maintain cultural activities in Fort Worth. The Culture and Tourism Fund is supported by three primary revenue sources: the hotel/motel occupancy tax, the Dallas/Fort Worth car rental revenue share, as well as revenues generated by the Fort Worth Convention Center and the Will Rogers Memorial Center.

There are several significant line items that are attributed to the FWCC but not counted within this structure and they exist as both revenues and expenses. On the revenue side, the FWCC generates parking income, yet is not able to count that. This is approximately \$800,000 in revenue annually. On the expense side, the city does not charge the FWCC for all of its utilities, which could amount to \$1.5 million annually. The city also funds various contractual items annually that flow through the FWCC's finances. These amounts are usually for capital items and can vary widely from year to year. These are not operating revenues or expenses and so are confusing to be accounted for in

this way. Finally, the FWCC is forced to use certain city procured items, which the FWCC may be able to procure cheaper and more flexibly on their own. So, as an example of the government operating structure (which has nothing to do with how the managers manage the building), there are confusing accounting procedures that mask the true performance of the FWCC.

In 1998, the City acquired the Fort Worth Convention Center, expanding the Public Events Department facilities beyond the Will Rogers Memorial Center. Funding has been allocated in the Culture and Tourism Fund for the Public Events Department's operations as well as the debt service for the Fort Worth Convention Center.

In 2009, a portion of the Public Events Department staff was funded from Culture and Tourism as part of a pilot program to see whether the Department should be treated more like an enterprise fund. In 2010, the entire department shifted from the General Fund to the Culture and Tourism Enterprise Fund. This occurred to more closely align the Department's revenue and expenditures, particularly with regard to the impact of its activities on the Hotel Occupancy Tax.

The city of Fort Worth has a nine percent hotel occupancy tax. Two percentage points of the hotel occupancy tax is dedicated to existing convention center debt service, while the FWCC and WRMC receive 53 percent of the remaining seven percent that is allotted for the FWCC and the Fort Worth Convention & Visitors Bureau. The FWCC works in partnership with the independent FWCVB that markets the City as a tourism destination as well as the meetings and hospitality package used to attract events.

## **Convention Center Governance and Management**

Because convention centers are complex and expensive projects to develop and operate, they are generally considered loss leaders and do not break even financially. However, cities recognize the implications of the economic, fiscal and employment impact generated by hotel, restaurant and retail spending, in addition to the direct revenues to the facility. Convention center operating deficits are generally covered by a hotel occupancy tax as well as other visitor-driven taxes and are considered in the overall cost of attracting visitors. Also, there is a general propensity to levee a hotel occupancy tax and make allocations of said funds to the convention center because the people using the convention center are likely staying in surrounding hotels. This section presents the governance and the net profit/deficit from operations by management structure.

The following table presents the governance structures of the eight Texas convention centers identified.

**Table 11-2**

Texas Convention Centers - Ownership & Management Overview					
City	Convention Center	Total Function Space	Net Profit (Loss)	Ownership	Management
Dallas	The Kay Bailey Hutchison Convention Center	1,383,190	(\$33,477,000)	City of Dallas	City
Houston	George R. Brown Convention Center	989,689	(\$167,734)	City of Houston	Houston First Corporation
San Antonio	Henry B. Gonzalez Convention Center	616,367	(\$11,373,053)	City of San Antonio	City
Austin	Austin Convention Center	366,893	(\$17,895,318)	City of Austin	City
<b>Fort Worth</b>	<b>Fort Worth Convention Center</b>	<b>340,253</b>	<b>(\$79,318)</b>	<b>City of Fort Worth</b>	<b>City</b>
Grapevine	Gaylord Texan Resort & Convention Center	298,781	NA	Marriott International, Inc.	Private (Marriott)
Irving	Irving Convention Center	85,261	(\$1,362,716)	City of Irving	Private (SMG)
Arlington	Arlington Convention Center	85,112	--	City of Arlington	City
<b>Average</b>		<b>582,919</b>	<b>(\$10,725,857)</b>		

Source: Mpoint, Cvent, Various Facilities, Hunden Strategic Partners

Half of the convention centers identified as the Texas competitive set are managed by its respective city. The George R. Brown Convention Center in Houston is managed by the local government corporation, Houston First Corporation, while Irving has contracted SMG to privately manage its center. The Gaylord Texan Resort & Convention Center is privately self-managed by Marriott. As is shown, the net deficits of the facilities ranges significantly from approximately \$80,000 in Fort Worth to \$33 million in Dallas. However, since most of these are accounted for by cities or city departments, there may be many items (as already identified for Fort Worth) that distort the profit or loss substantially. As such, many layers need to be removed and questions asked in order to determine true operating figures for these facilities, especially those operated by cities.

### Public Facility Management

A publicly-managed convention center is one scenario that many cities have implemented to operate their facilities. The convention center is typically its own city department with staff overseeing maintenance and operations reporting to a department head.

The following table lists a sample of convention centers that are publicly owned and managed.

**Table 11-3**

Convention Centers - Publicly Owned & Operated					
City	Convention Center	Total Function Space	Net Profit (Loss)	Ownership	Management
Dallas	The Kay Bailey Hutchison Convention Center	1,383,190	(\$33,477,000)	City of Dallas	City
Orange County, CA (Anaheim)	Anaheim Convention Center	969,431	\$1,235,000	City of Anaheim	City
Phoenix	Phoenix Convention Center	965,315	(\$46,611,000)	City of Phoenix	City
San Antonio	Henry B. Gonzalez Convention Center	616,367	(\$11,373,053)	City of San Antonio	City
Kansas City	Kansas City Convention Center	420,030	---	City of Kansas City	City
Baltimore	The Baltimore Convention Center	407,216	---	City of Baltimore	City
Austin	Austin Convention Center	366,893	(\$17,895,318)	City of Austin	City
Tampa	Tampa Convention Center	278,747	(\$310,360)	City of Tampa	City
<b>Average</b>		<b>675,899</b>	<b>(18,071,955)</b>		

Source: Mpoint, Cvent, Various Facilities, Hunden Strategic Partners

The Anaheim Convention Center is the only facility to break even, generating more than \$1.2 million in net operating income. Facilities such as Dallas and Phoenix have significant net losses

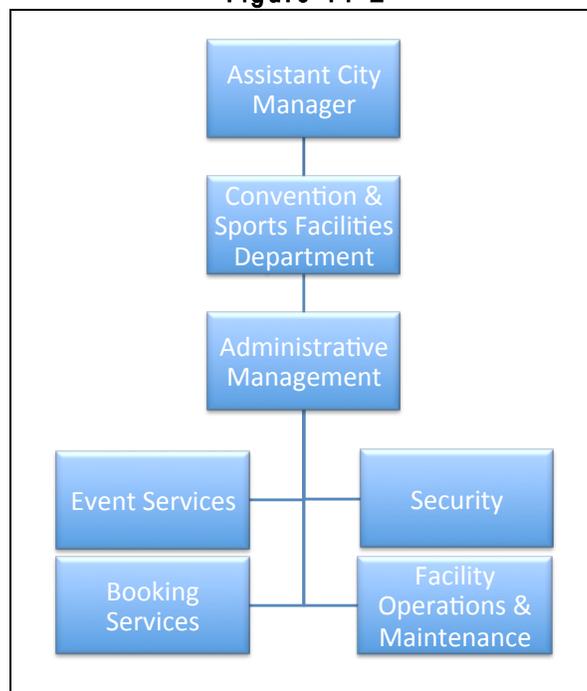
from operations of \$33.5 million and \$46.6 million, respectively. The following profiles provide examples of the governance structures for city-owned and operated facilities.

*San Antonio*

The Henry B. Gonzalez Convention Center is owned and operated by the city of San Antonio. The Convention and Sports Facilities Department (CSF) oversees the operation and management of the Henry B. Gonzalez Convention Center, the Lila Cockrell Theatre, the Alamodome and the Carver Community Cultural Center. These multi-purpose facilities are used for conventions, sporting events, corporate meetings, trade shows, consumer shows, performing arts events, and a variety of civic, religious, and private functions. The Office of the Director includes one Director and one Assistant Director, with department administration consisting of a General Manager for each of the facilities. Each facility has functional divisions that include booking, event services, security, maintenance, and operations. City shared services provided for all CSF facilities include Finance & Administration, Information Technology, Capital Project Management, and Human Resources. The San Antonio Convention and Visitors Bureau (SACVB) is a separate department within the City. The SACVB is charged with marketing the City’s destination facilities and overall tourism and hospitality industry.

The following figure shows the governance structure for the CSF.

**Figure 11-2**



The Henry B. Gonzalez Convention Center is supported by its facility-generated revenue sources as well as funding from the hotel occupancy tax. In 2014, facility rentals and food and beverage are

projected as the two largest revenue sources for the convention center, accounting for 44 and 35 percent of total operating revenue, respectively. It is estimated that the convention center will generate \$11.6 million in revenue and \$23 million in expenses, resulting in a net loss from operations of \$11.3 million. The hotel occupancy tax revenue is projected to reach \$57.8 million in 2014, a four percent increase from 2013 and the highest level to date. In 2014, convention facilities will receive 36 percent of the hotel tax revenue or approximately \$20.8 million. The \$325 million convention center expansion project is financed with hotel occupancy tax revenues.

### Austin

The Austin Convention Center Department (ACCD) is responsible for operations and maintenance of the Austin Convention Center, the Palmer Events Center, and three parking garages. The ACCD is partnering with the Neighborhood Housing and Community Development Department by assuming the operational responsibility for the African American Cultural and Heritage Facility as well. The primary funding source for the convention center is hotel occupancy tax, which accounts for approximately 60 percent of the ACC’s total budgeted revenue in the 2013-14 fiscal year. The car rental tax is estimated to account for 11 percent, while the convention center operating revenues will account for 23 percent of the facility’s funding. The ACC’s budget includes increased funding for building and equipment maintenance as well as for information technology equipment and services. Also, the ACC is expected to add 12 new positions.

### Quasi-Public Facility Management

The following table lists a sample of convention centers that are publicly owned and governed by a quasi-public entity such as an authority or governmental corporation. A publicly appointed board that provides leadership and a strategic vision for the management staff of the convention center generally serves these facilities.

**Table 11-4**

Convention Centers - Publicly Owned & Operated by a Quasi-Public Entity					
City	Convention Center	Total Function Space	Net Profit (Loss)	Ownership	Management
Houston	George R. Brown Convention Center	989,689	(\$167,734)	City of Houston	Houston First Corporation
San Diego	San Diego Convention Center	817,903	(\$712,494)	City of San Diego	San Diego Convention Center Corporation
Indianapolis	Indiana Convention Center	729,551	NA	Indiana Stadium and Convention Building Authority - The State of Indiana	Capital Improvement Board
Nashville	Music City Center	519,943	---	The Convention Center Authority of Metro Nashville and Davison County	Convention Center Authority
Louisville	Kentucky International Convention Center	440,012	(\$1,608,449)	Commonwealth of Kentucky	Kentucky State Fair Board
Portland	Oregon Convention Center	356,782	(\$9,907,000)	Metro (Oregon regional government)	Metro Expo. and Rec. Commission
Seattle	Washington State Convention Center	327,739	(\$7,104,686)	WSSC Public Facilities District	Public Facilities District
<b>Average</b>		<b>411,119</b>	<b>(\$3,900,073)</b>		

Source: Mpoint, Cvent, Various Facilities, Hunden Strategic Partners

### Houston

The George R. Brown Convention Center (GRB) was opened in 1987 and expanded in 2003. The GRB has more than one million square feet of function space, and ranks as one of the nation's top

ten largest convention centers. The George R. Brown Convention Center is owned by the city of Houston and is located under the Convention and Entertainment Facilities Department (CEFD). The GRB is managed by Houston First Corporation, a local government corporation formed in 2011. In July 2011, the Convention & Entertainment Facilities Department was consolidated into the Houston Convention Center Hotel Corporation with the resulting organization reconstituted and renamed Houston First Corporation. Through the interlocal agreement and lease agreement, Houston First assumed all of the principal roles and responsibilities of the CEFD, including the responsibility to manage CEFD's facilities and CEFD-managed facilities. Houston First also acts as the City's agent for the collection of hotel occupancy taxes, including the portion that is pledged to the City's bonds.

Houston First is served by an 11-person board of directors that are appointed by the Mayor of the City with the approval of the City Council and serves four-year terms. Houston First manages more than ten city-owned buildings, properties and parking facilities for nearly 7,000 vehicles. Houston First is responsible for the day-to-day maintenance, licensing and operation of these properties as the sites of conventions, trade shows and theatrical performances. The agreement between Houston First and the City expires at the end of 2026, but will be extended 15 years unless canceled by either side.

According to the 2013 CEF Operating Fund budget, the GRB received customer survey rating of 95.05/100, had 2,946 facility occupancy days and 335,688 GRB-generated room nights in 2011. Also, the convention center employed 32 full-time equivalent staff members and had a budget of \$35.5 million. The Convention Center is supported by its facility-generated revenue sources. Facility rentals account for approximately 90 percent of revenue while the remainder is derived from parking and other sources. In 2012, the GRB had a \$1.9 million operating deficit and is expected to operate with a nearly \$168,000 deficit in 2013.

Houston First works in conjunction with the Greater Houston Convention and Visitors Bureau whose primary purpose is to attract conventions, tourists and other events to the area through sales and marketing efforts.

### *Indianapolis*

Indianapolis has four major types of facilities for conventions and group meetings: the Indianapolis Convention Center (ICC) and Lucas Oil Stadium (LOS), Victory Ballpark, Bankers Life Fieldhouse and the Indiana State Fairgrounds. While Visit Indy works to promote business throughout the area, it works closest with the ICC and LOS.

The convention center complex is leased and operated by the Capital Improvement Board of Managers of Marion County (CIB). The nine board members are each appointed, six by the Mayor, one by the Marion County Board of Commissioners, one by Unigov, and one is appointed jointly by majority vote of a body consisting of one member of the board of the county commissioners of each county in which food and beverage tax is in effect. . The CIB oversees the operations of the ICC and LOS staff members. The ICC has 558,000 square feet of exhibit space and 76 meeting rooms, while LOS has 183,000 square feet of contiguous exhibit space on the field and in two

adjacent halls and 63,000 permanent seats. The ICC & LOS complex has more than 5,500 walkable hotel rooms between 17 hotels and more than 17,500 hotel rooms citywide.

## Combined CVB / Convention Center Management

Another convention center management strategy incorporates facilities responsibilities under CVB supervision. Cities have entered into management arrangements with CVBs and similar sales and marketing entities to oversee the functions of the convention center.

**Table 11-5**

Convention Centers - Publicly Owned & Operated by CVB Entities					
City	Convention Center	Total Function Space	Net Profit (Loss)	Ownership	Management
St. Louis	America's Center Convention Complex	654,924	---	City of St. Louis	CVC
Minneapolis	Minneapolis Convention Center	598,113	(\$21,382,000)	City of Minneapolis	CVB/Convention Center
Charlotte	Charlotte Convention Center	406,490	---	City of Charlotte	Charlotte Regional Visitors Authority
Memphis	Memphis Cook Convention Center	232,572	(\$2,816,009)	City of Memphis	CVB-Memphis Management Group
<b>Average</b>		<b>412,392</b>	<b>(\$12,099,005)</b>		

Source: Mpoint, Cvent, Various Facilities, Hunden Strategic Partners

The following profiles provide example governance structures that are an amalgamation of CVB sales and marketing staff with convention center operation personnel.

### *St. Louis*

The St. Louis Convention and Visitors Commission (CVC) is the primary destination marketing and sales entity for St. Louis. The CVC is a 501(c)(6) organization that is a regional commission of the State of Missouri. The CVC serves as both the marketer and facility manager for the America's Center Convention Complex, which includes the Cervantes Convention Center, Edward Jones Dome, St. Louis Executive Conference Center and the Ferrara Theatre. America's Center and the attached Edward Jones Dome offers more than 500,000 square feet of exhibition space plus an appropriate complement of meeting and ballroom space. The St. Louis Regional Convention and Sports Complex Authority leases the operations of the Edward Jones Dome to the CVC.

The CVC is funded by a 3.75 percent tax on hotel rooms in St. Louis city and county, 11/15th of which is used by the CVC for its sales and marketing programs and operations. The remaining 4/15 of the tax supports the programs of the St. Louis Regional Arts Commission. The CVC also receives dues income from nearly 700 member businesses from the St. Louis metropolitan area.

An 11-member Board of Commissioners serves the CVC. The Chair is appointed by the Governor of Missouri, five of the members are appointed by the Mayor of St. Louis, and five are appointed by the St. Louis County Executive. Three of the Mayoral positions are designated for the hotel industry, and one for the restaurant industry. The same holds true for the County Executive's appointees. Board terms are staggered and the commission operates two standing committees, finance and marketing. The role of commission is to set general policy for the CVC.

The CVC has several primary sales tasks, and the sales team is divided to market the primary convention center (America's Center and Edward Jones Dome), the general convention market (for hotels, etc.) and tourism. The America's Center sales staff has dedicated employees who work in concert with the CVC, which is the marketer and manager of the facility. There are staff members dedicated to leisure group tourism, and the remaining staff are charged with bringing conventions and meetings to the city, regardless of the venue. The sports and entertainment sales staff work in concert with the St. Louis Sports Commission to bring sports and related entertainment events to St. Louis.

The CVC has used its main travel website, [www.explorestlouis.com](http://www.explorestlouis.com), to further brand itself to potential visitors. They have contracted with Passkey to handle citywide Internet bookings, making the site a convenient way for meeting attendees to book hotel rooms in one-stop fashion. In addition, the CVC also operates another tourist website, four facility websites and one additional site geared towards its membership base.

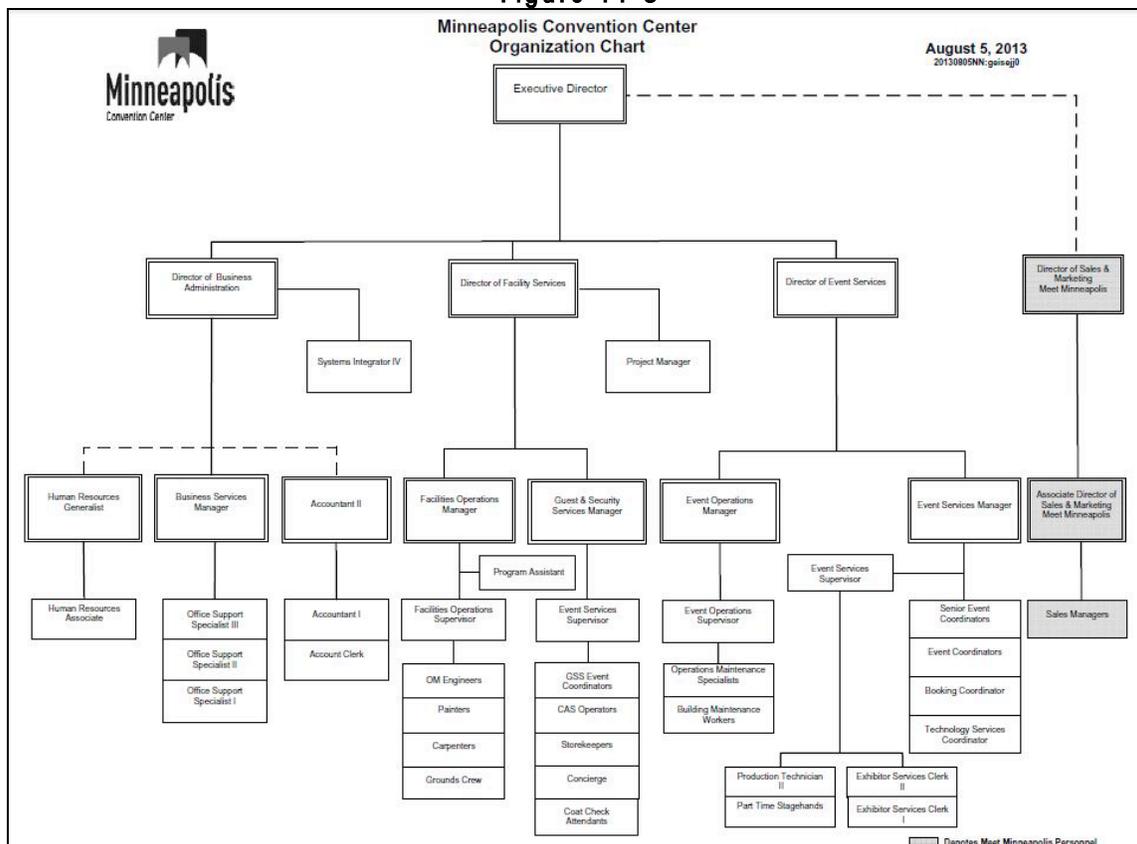
St. Louis has kept pace with the most important amenity convention and meeting planners are looking for: a quality convention center. The CVC serves as the manager and sales agent for this facility, which was opened in 1995. The joining of the sales forces of the America's Center and Edward Jones Dome and the CVC has aided both organizations in drawing visitors to St. Louis. This streamlined approach has increased efficiency, while decreasing overlapping efforts. However, the facility still contends with union labor issues that hamper their ability to attract conventions.

### *Minneapolis*

Meet Minneapolis Convention & Visitors Association (Meet Minneapolis) works in association with the Minneapolis Convention Center (MCC) and is responsible for its booking, with a Destination Sales team located at both the Meet Minneapolis offices and the MCC. The MCC Executive Director has limited oversight of the Meet Minneapolis sales staff housed in the MCC. The MCC completed an expansion that increased its exhibition space to 475,000 square feet. There is a Destination Services department that facilitates booked conventions by assisting meeting planners with logistical needs, building attendance and delivering a quality experience to attendees.

The following figure shows the organizational structure of the MCC.

Figure 11-3



The Convention Center Special Revenue Fund and the related Facilities Reserve Fund are used to account for the maintenance, operation and marketing of the city-owned Convention Center and related facilities, as well as various local sales tax activities. The MCC's proposed operating budget for 2014 is \$35 million, while its predicted revenue is \$16 million. In addition, there is a \$17.1 million debt service payment. The convention center continues to discount rents to be competitive. Operational changes made in 2012 are showing positive results, particularly in charges for services and equipment while also reducing labor costs. Meet Minneapolis sales and marketing initiatives include a rebranding of the Convention Center and Convention Center website along with continued efforts to bring people downtown.

### Charlotte

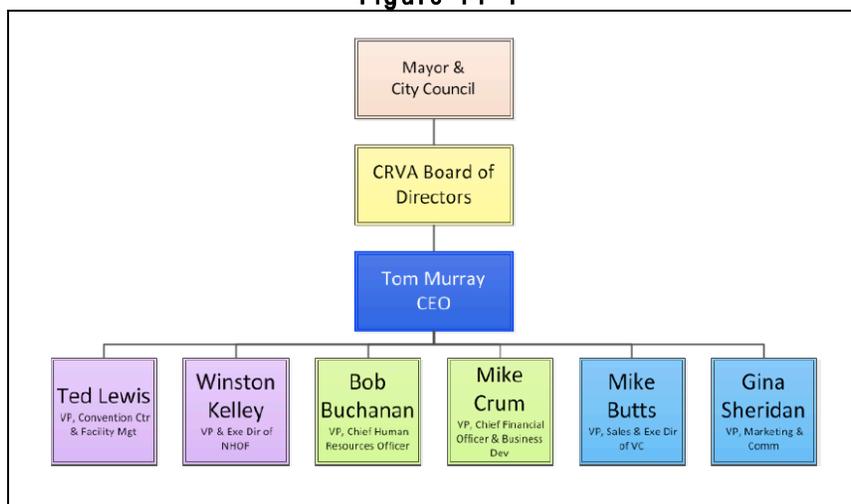
The CRVA became official on July 1, 2004 as a result of a merger between the Auditorium-Coliseum-Convention Center Authority and Visit Charlotte, formerly known as the Charlotte Convention and Visitors Bureau. Created to combine the facilities management of Charlotte's publicly-owned meeting facilities with the sales and marketing component, the CRVA is responsible for all of these activities as well as full accountability for their success. Visit Charlotte operates as the sales and destination-marketing component of the CRVA. The public facilities managed by the

CRVA include the Charlotte Convention Center, Bojangles’ Coliseum, NASCAR Hall of Fame, Ovens Auditorium and Time Warner Cable Arena.

A 13-member board of directors provides leadership and guidance to the CRVA management staff. The CRVA staff reports directly to the board, which in turn is accountable to the City of Charlotte and the Mayor’s office. The CRVA benefits from a Visitors Advisory Committee, a 30+-member volunteer committee comprised of leaders from the hospitality industry in the region. This committee gives input to the board of directors on a variety of issues pertinent to this growing industry.

The following figure shows the governance structure for the CRVA.

**Figure 11-4**



The CRVA has approximately 200 full-time employees. Employees in departments such as Human Resources, Marketing and Communications, and Accounting work across the entire organization rather than just one CRVA brand. In addition, departments like Operations, Engineering and Maintenance are now shared among facilities, maximizing their time and leveraging their expertise and skill sets across multiple venues.

During the 2013 fiscal year, the Charlotte Convention Center hosted 366 events. This compares to a budgeted event volume of 352 events. For the fiscal year in question, the Convention Center hosted 29 conventions and trade shows, 11 assemblies, 16 consumer shows and 310 local events. These events generated a record-setting \$14.6 million in operating revenue. Events of note hosted by the Convention Center in the 2013 fiscal year include the Democratic National Convention, American Bus Association, and the American Association of Physicists in Medicine.

## *Memphis*

In 2011, the Memphis Convention Commission awarded the convention center operating contract to the Memphis Management Group (MMG). MMG is a wholly owned, limited liability corporation, not-for-profit, subsidiary of the Memphis Convention and Visitors Bureau (MVCVB). This form of management allows the top leadership of the Visitors Bureau to operate the Convention Center through a separate entity from the Bureau. The governance strategy for the Memphis Cook Convention Center is that the Bureau had an ongoing stake in the success of the convention center and that they (more than any other operating entities) would make operating decisions that would be in the best interest of the bureau, the facility and the destination. During the management transition between SMG and MMG, most former SMG employees were hired by MMG. There was no change in the General Manager and all Directors were retained except for the Director of Operations.

In 2012, the City of Memphis acquired sole ownership of the Convention Center for the sum of \$71.5 million and removed Shelby County from responsibility to participate in the funding of its operations and improvements. The county made its final operating contribution of \$1 million in fiscal year 2012. The county has no further obligations financial or otherwise. If hotel lodging taxes are insufficient to fund the Center's operational deficit for any given year then the city will fund the entire operational deficit through its general fund. The Center received \$1 million from the City of Memphis general fund along with the final \$1 million from the Shelby County general fund to fund the operational deficit, and \$112,166 from a tourist development zone capital fund for non-designated capital expenditures. Funding totaled \$2,112,116 for the 2012 fiscal year.

Once the City of Memphis acquired the convention center, the new Memphis Cook Convention Center Commission was established. The Commission is directed by seven regular members and two ex-officio members appointed by the Mayor of the City of Memphis. The ex-officio member consists of the Mayor of Memphis and the chairman of the Memphis City Council. The Commission members serve on the board for a two-year term.

## **Private Facility Management**

Cities also contract with private management companies to manage public facilities because the objective is to turn the convention center, which often is losing money, into a less costly venture. Running such venues efficiently is a core competency of private management firms. Also, private firms are not bound by the political influences or regulations that could potentially affect procurement, personnel, salary structure and other processes at the government level. In addition, management companies generally are prepared to invest more money to lead to longer-term profitability.

The following table lists convention centers across the nation that are publicly owned and privately managed.

**Table 11-6**

Convention Centers - Private Management					
City	Convention Center	Total Function Space	Net Profit (Loss)	Ownership	Management
Denver	Colorado Convention Center	752,808	---	City and County of Denver	Private (SMG)
Salt Lake City	Salt Palace Convention Center	671,220	---	Salt Lake County	Private (SMG)
Columbus	Greater Columbus Convention Center	483,383	\$1,159,290	City of Columbus	Private (SMG)
Pittsburgh	David L. Lawrence Convention Center	419,921	(\$1,944,035)	Sports & Exhibition Authority of Pittsburgh and Allegheny County	Private (SMG)
Long Beach	Long Beach Convention & Entertainment Center	348,730	---	City of Long Beach	Private (SMG)
Cleveland	Cleveland Convention Center	319,099	NA	Cuyahoga County	Private (SMG)
Grapevine	Gaylord Texan Resort & Convention Center	298,781	NA	Marriott International, Inc.	Private (Marriott)
Oklahoma City	Cox Convention Center	173,052	(\$4,065,450)	Oklahoma City	Private (SMG)
Irving	Irving Convention Center	85,261	(\$1,362,716)	City of Irving	Private (SMG)
<b>Average</b>		<b>394,695</b>	<b>(\$1,553,228)</b>		

Source: Mpoint, Cvent, Various Facilities, Hunden Strategic Partners

The following profiles provide insights into cities that have contracted with private management companies to operate its public facilities. Special attention should be paid to Cleveland, as it took the opposite approach as Memphis. It places SMG in charge of management and marketing of the building, taking control of long-term booking from the local CVB (Positively Cleveland). This put all resources and responsibilities in the hands of the private manager, not an outside group.

### *Denver*

The Colorado Convention Center has more than 750,000 square feet of total function space after it doubled its exhibit space to 759,000 square feet in 2005. The City and County of Denver own the Colorado Convention Center. The City has contracted with SMG to manage the facility. In June of 2003, SMG's contract to manage the Convention Center was extended for an additional fourteen years. The Theaters and Arena Division of Denver's government oversees SMG's management of the Colorado Convention Center and administers the contract between Denver and SMG. The Treasury Department collects all revenue derived from city taxes and other investments and expects \$15 million from the Convention Center in 2005.

In order to pay for the expansion of the Colorado Convention Center, a series of bonds were issued in 2001. These total more than \$261.5 million. In addition, a \$60-million bond was issued in 1999 to refinance the original construction on the Colorado Convention Center. Pledged revenues for the repayment of bonds issued to finance the construction and improvements to the Colorado Convention Center are the Lodger's Tax, the Prepared Food and Beverage Tax and the Short Term Auto Rental Tax.

The total City Lodger's Tax, imposed on the purchase price of hotel, motel and similar temporary accommodations in the City, is 10.75 percent. Of that amount, 3.0 percent is pledged for the payment of principal and interest due on the bonds issues to finance the construction and expansion of the Convention Center. Of the Lodgers Tax, 2.75 percent is contractually pledged to the privately-operated Denver Metro Convention and Visitors Bureau and not pledged for bond debt service. The Prepared Food and Beverage tax is 4.0 percent. Of that amount, 0.5 percent is pledged for the payment of the bonds for construction and renovations. The Auto Rental Tax of 7.25 percent

is imposed on rentals paid on the purchase price of short-term automobile rentals with 2.00 percent pledged to Convention Center debt service.

The City of Denver contracted the management of the Colorado Convention Center to SMG, thus releasing itself from the responsibilities of day-to-day funding of the facility. This has resulted in more responsible fiscal decision-making. The City of Denver has been a risk-taker in terms of convention center development, and it sees the success of its Convention Center and related activities as key to its continued urban renaissance. By placing the Convention Center and the new hotel at the center of political thinking (both with private management), Denver is making large political and financial investments in tourism and has transferred responsibility for operational success to experts in the hotel and convention industries.

### *Cleveland*

The County has recently completed construction of the Global Center for Health Innovation (GCHI) and Cleveland Convention Center (CCC), an integrated facility of exhibition space and showrooms for medical devices, equipment and health-related technology, along with a brand new convention center with tradeshow and conference facilities, meeting rooms and related function space. The Global Center consists of medical showrooms and meeting rooms, and serves an entrance for the Cleveland Convention Center.

The Cleveland Convention Center Facility Development Corporation (CCFDC) was formed as the governing body between Cuyahoga County and the facility operator, SMG. In November 2013, Cuyahoga County entered into a five-year agreement with SMG for the management of sales and operations for the two facilities. The county maintains ownership of the facility, but has transferred all operating responsibilities over to SMG. SMG has full authority over the sales, marketing and booking of all events in the HGCI and CCC. The Convention Center has an internal sales team that solicits and secures events, while Positively Cleveland, the Cleveland CVB, is an independent entity that markets the City of Cleveland. Cleveland is an example of a facility that is completely controlled by the operator from the initial contact with event planners through the execution of an event.

The staff of Positively Cleveland is responsible for marketing the City of Cleveland and the Greater Cleveland region to vacation travelers, business travelers, meeting planners and group travel planners. Additionally, the convention sales and services staff assists meeting planners with selecting meeting facilities, hotels for meeting attendees, unique venues and support services.

### *Grapevine*

In 2012, Marriott International, Inc. completed a \$210-million acquisition of the Gaylord brand and hotel management company. Gaylord Entertainment's shareholders approved the company's transition to a real estate investment trust and Gaylord Entertainment merged with Ryman Hospitality Properties and assumed that name. Ryman will continue to own the existing four Gaylord hotels and Marriott will manage the properties under long-term agreements. The acquisition joins Gaylord's success in the meetings and family leisure markets, and their all-

inclusive properties with Marriott's economies of scale, including reservations and procurement, sales, revenue management, and distribution systems, as well as a 40 million-member guest loyalty program.

## Implications

The common mission and goal of a top-tier convention center is to bring convention business to the city for the purposes of attracting out-of-town visitors that will generate spending and hotel occupancy, which in turn benefits the community. Each of the models profiled is considered to have benefits as well as challenges. Each city has different funding mechanisms, regulations and political environments that impact the relationships between convention center owners, operators and the sales agents. It is important to foster relationships and provide for the ability of all relevant stakeholders to work collaboratively and universally in concert with each other to achieve citywide benefits. The ideal governance model should align roles and responsibilities to ensure accountability and expectations are focused to achieve citywide success. Despite there being similar governance structures, there is no perfect structure for all cities. It is certain that the most effective relationships are those that consider efficient internal communication, clearly defined roles and responsibilities, quality customer service, proper allocation of resources and a framework that supports collaborative decision making to drive the destination's goals.

Those that align responsibility for performance with the resources to make the sales and service happen, tend to succeed more than those structures where there is a disconnect between these items. In a typical set up where the CVB is making long-term sales without any responsibility or consequence for missed goals, this disconnect exists. At the same time, a facility manager without the tools to sell his/her facility yet the responsibility for financial performance is also a victim of disconnected responsibilities and resources. Aligning these key elements is critical to success, so more analysis of the opportunities for positive change should be completed.

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## KEY FINDINGS & RECOMMENDATIONS

### Existing Conditions and Critical Factors

These assumptions and trends provide significant context to the study and its outcomes. They include:

- Fort Worth is the fastest growing city in Texas and one of the fastest growing cities in the country. This is generally true of the population within the city limits, the Tarrant County population, as well as the greater Dallas-Fort Worth Metroplex.
- The State of Texas is one of the fastest growing states in the nation and was one of the few states that were only minimally impacted by the latest recession. Relative to the balance of the country, Texas has grown in population and performed exceedingly well in terms of its economy.
- The convention and event market nationally has been in a recovery period following two consecutive declines in the past decade (after 9/11 and from 2008 – 2011). Overall convention activity, based on one key measure of exhibit hall usage, is essentially at the same level as in 2000. However, the convention industry has changed significantly, with less emphasis on exhibit space and more emphasis on ballroom and meeting space. Therefore, simplistic measures of the industry do not tell the whole story of a dynamic and continuously active market for events.
- The event and convention market in Texas has continued to expand based on the growth of its economy, population and major cities. Cities like Fort Worth and Austin that had only been state or regional players in the past are now competing for nationally-rotating events. This is based on each of their improved reputations nationally for active downtowns, vibrant cultural scenes, and improved convention and hotel packages. In addition, Houston, Dallas and San Antonio have responded to the market's demands for more and better quality space and hotels – especially hotels – and have each made major strides in improving their competitive positions nationally.
- Smaller cities in Texas have grown as well, and have advanced their desires to host rotating state events and corporate conferences. Cities like Irving and Grapevine have joined a host of other Texas cities (Arlington, Corpus Christi, Amarillo, etc.) in offering compelling packages for meetings and events. These have not simply been convention center investments, but hotel and entertainment district investments as well.
- Fort Worth itself has benefited extensively from its past investments in its convention and hotel package, its downtown and entertainment/dining options. The last expansion of the FWCC paired with the addition of the 614-room Omni in 2009 has lifted the profile and performance of the FWCC and City in the industry. The downtown hotel package has improved not just in size, but in quality, as the higher quality Omni essentially forced the balance of the market to catch up in quality. Had the market not responded positively to these investments, this report may not be necessary. However,

there has been a measureable flight to quality with a spike in the hotel rates that the Omni and other improved hotels have been able to achieve. The difference between the downtown hotel market's health between 2002 and 2014 is nearly night and day. Occupancies and hotel rates are strong enough that several new and compelling hotel projects are under consideration in the walkable area around the FWCC. These include high-end boutique and extended stay properties.

- A public-private partnership to build a new, state-of-the-art arena is underway, with a project that would be located at the Will Rogers Memorial Complex. It would serve as both a host and headquarters for the massive and legendary Fort Worth Stock Show in January of each year, but just as important, will provide this two million person market with its first major market arena to host concerts, family shows, sporting events and other entertainment. The opportunity this will provide to Fort Worth is significant in terms of recapturing lost business that currently goes to Dallas for events or is simply not accommodated in the Metroplex market now due to a lack of suitable venues and calendar availability.
- The addition of the arena will likely impact the FWCC and some of the events it holds. Some may want to move to a new arena, although most will likely want to stay at the FWCC as long as it meets their needs. There are several existing annual events that use the arena for their religious or direct selling assemblies.
- There are two distinct portions of the FWCC: a new and relatively optimized portion containing exhibit, ballroom and meeting space, as well as pre-function space; and a 40+ year old component containing the original arena, meeting rooms and some underutilized space. There are a number of logistical and other challenges at the FWCC that require attention if the facility hopes to be competitive.
- The FWCC is somewhat landlocked, both physically and politically. In order to expand in all but one direction, streets would either need to be bridged, moved or removed. The direction when street adjustment is not needed is toward the south, where the Water Gardens sit. While many civic and political leaders expressed opinions suggesting the Water Gardens could or should be removed or modified, there was also a significant feeling that the Water Gardens have a somewhat sacred status in downtown. Any adjustments would potentially be more difficult than moving a street.

## Key Findings

Based on HSP's extensive analysis of the existing and past clients in Fort Worth, the facility, the competitive market, demand and other issues, HSP determined the following:

- The market has responded extremely positively to the expansions and improvements in Fort Worth's convention package over the past 10 – 12 years. The two primary changes were the last expansion, completed in 2003, and the addition of the Omni, opened in 2009. Demand levels in both facilities have been strong, exceeding most all expectations. The Omni leads the market in hotel performance. A third primary improvement has been the quality change in the downtown hotel package. While the number of rooms has not expanded dramatically beyond the Omni addition, its quality

set the bar for the market at a level that encouraged the remainder of the market to adjust upward. As a result, the downtown market has a good quality reputation for most properties and excellent performance levels. These levels are so strong that several new hotels are under consideration in the downtown area, near the FWCC.

- Fort Worth's downtown has enhanced its reputation as a fun, walkable city with a variety of restaurants and leisure time activities. While not quite at the level of San Antonio and Austin, most visitors who know the major Texas cities would rank Fort Worth's downtown higher than Dallas or Houston for the visitor experience. It has a walkable, easy to get around feeling to it along with plenty to do. The addition of Sundance Plaza has underscored this change.
- The FWCC has some significant challenges in quality and logistics that have locked it into a business plateau.
  - The new part of the building is excellent and users enjoy it, however servicing the new and old portions of the building is an extreme challenge due to back of house circulation issues.
  - The original part of the building, the arena, is nearly 50 years old and is outmoded and underutilized. Very few groups use the arena as an arena, and those who do have made do with a variety of challenges. The meeting rooms surrounding it are also much lower quality than the newer meeting rooms. The Annex, which is supposed to be an exhibit hall, is essentially a catch-all room for indoor unloading, food prep, storage, staging, etc. Unfortunately, it is not a good quality exhibit hall and has logistical challenges, and so therefore is almost never used by groups for exhibit space.
  - The kitchen facilities are exceedingly small and make food preparation and service execution difficult. The back-of-house hallways to the ballroom are virtually non-existent and the need to elevator food also presents a challenge.
  - Onsite food options are minimal, as are public seating areas. While downtown Fort Worth has a number of restaurants, users of the facility would like to have several quick and casual food service options onsite, as well as the opportunity to bring in food trucks that would provide trendy fare.
  - Wireless internet service has been noted by most large FWCC users as a major challenge. Nothing short of a capital investment in a higher capacity system will change this commonly stated service issue.
  - Existing users are outgrowing the facility and some have had to relocate to larger buildings. Many potential users will not consider coming to Fort Worth without larger and better quality spaces, especially a large ballroom and more high-quality meetings rooms.
  - The existing meeting rooms do not have built in audio-visual equipment, which ends up costing users much more money as well as requires more labor for the building. All of these issues make Fort Worth and the FWCC less competitive for events.

- The downtown hotel market suffers from the episodic nature of the convention business, which has plagued many convention markets. When a convention is in town, hotels are generally full and rates are ‘compressed’ upward. However, during the lag time between conventions, hotels are left to fill the gaps with other in-house meetings business and the normal transient business. Rates and occupancies decline. This roller coaster scheduling can be difficult and harmful to business. Many facilities have realized that there are many more small and mid-sized conventions to host than large conventions. Being able to consistently host two to three small or mid-sized events with calendar overlap enables hotels to be more consistently occupied. With the proper space configuration and program in the FWCC and at least two proximate headquarters hotels, Fort Worth will be able to advance its business significantly, almost a “1 + 1 = 3” situation.
- The walkable hotel package, despite its vast improvement over the past decade, is still too small to be competitive for either mid-sized conventions or simultaneous smaller conventions. When comparing Fort Worth to its peers and competitors, it has many fewer rooms within walking distance. In order to package a large room block, the CVB struggles, as it has to cobble together small blocks of rooms from a large number of hotels, many of which are not close. Meeting planners want to contract with as few hotels as possible in order to set up their hotel room block. And while the Omni is a bright spot, it also presents a challenge in that its level of size, location and quality is so much better than any other hotel that planners balk at using other hotels if they are not able to secure their hotel rooms at the Omni.
- Fort Worth’s hotel package will grow, but if not managed strategically in tandem with convention industry professionals, the market could end up with many small new hotels instead of one or two large, compelling, event-inducing properties. The smaller hotels will not help the FWCC expand its market penetration or attract the market Fort Worth can serve.
- In terms of governance structures, there are a number of structures that can result in successful outcomes for convention center sales and management. A number of structures have been tried, from a convention facility owned and operated by a city department, to one operated and marketed by a CVB (Memphis), to one operated and marketed by a private management firm (Cleveland), to hybrid structures involving public ownership and either private or independent management (most cities). The key to success appears to be aligning outcomes, responsibilities and resources within one organization or a combination of organizations. Those who are tasked with producing results in the building should also be provided the resources and authority to attract business and negotiate fair deals that meet the goals for the building. The goals of the building are usually an optimized combination of limited operating losses and economic impact through hotel room night and attendance generation. Structures that separate the authority from the resources to make effective decisions suffer, while those who align resources, management and marketing to work cohesively tend to prosper.

## Recommendations

As a result of these findings, the HSP Team makes the following recommendations, as shown in the table below:

**Table 12-1**

Fort Worth Convention Package Recommendations								
	Exhibit Space	Ballroom 1	Ballroom 2	Meeting Room Space	Meeting Room Divisions	Board Rooms	Convention Hotel 1 (Rooms)	Convention Hotel 2 (Rooms)
Current	227,613	28,160	0	58,520	55	1	614	0
Recommended	280,000	28,160	50,000	80,000	80	3	1,000	1,000
Net New Needed	52,387	0	50,000	21,480	25	2	386	1,000
Existing to be Replaced	45,000	0	0	25,000	25	0	0	0
<b>Net New to be Constructed</b>	<b>97,387</b>	<b>0</b>	<b>50,000</b>	<b>46,480</b>	<b>50</b>	<b>2</b>	<b>386</b>	<b>1,000</b>

Source: Hunden Strategic Partners

The description below provides discussion of each major recommendation.

- The FWCC should replace and/or upgrade the original portion of the building, including the arena. While arena-style seating is still favored by several function types, such as religious events and direct sales rallies, these can be accommodated by retractable seating that creates an arena-like setting in a new, modern and more flexible space. An example is the Mary Kay convention that moved from Dallas' old convention arena to an exhibit hall for their arena style events.
- The expansion and renovation of the FWCC should include the following components in order to optimize the FWCC's position in the market and respond to the market that wants to come to Fort Worth:
  - **Exhibit Space:** Expand prime exhibit space from 182,000 square feet currently to as close to 300,000 square feet as possible, likely 280,000 square feet, given site constraints. (Currently the 45,000-square foot Annex space is not prime space and is rarely used, so Fort Worth has total exhibit space of 227,000 square feet, but due to the 45,000 square feet of subprime space, there is only 182,000 square feet of prime exhibit space.) By creating this space, the FWCC can host either one mid-sized to large-sized convention or two simultaneous small-sized to mid-sized conventions. There is enough space on site to raze the arena or remodel it to expand prime exhibit space close to this level. Depending upon what is done with the Annex, this space can either be improved or eliminated, as it is not helpful currently to landing business. The benefits of removal are discussed further below.
  - **Ballrooms:** The addition of a 50,000 square foot ballroom will do the most within the building to make Fort Worth more competitive and able to meet the

market's needs. This trend, more than any, has defined the convention business over the past ten years, while the emphasis on exhibit halls has plateaued. The reasons are many, but ballrooms can act as plenary session spaces, banquet and reception venues, exhibit halls and even large meeting rooms, given how they can be divided into multiple smaller spaces. They also have more lighting and built-in audio-visual capabilities as well as better finishes. This makes them flexible for all manner of events, even arena-style events, if proper seating is furnished. By having one large and one mid-sized existing ballroom, the FWCC can host one major convention effectively or two simultaneous conventions.

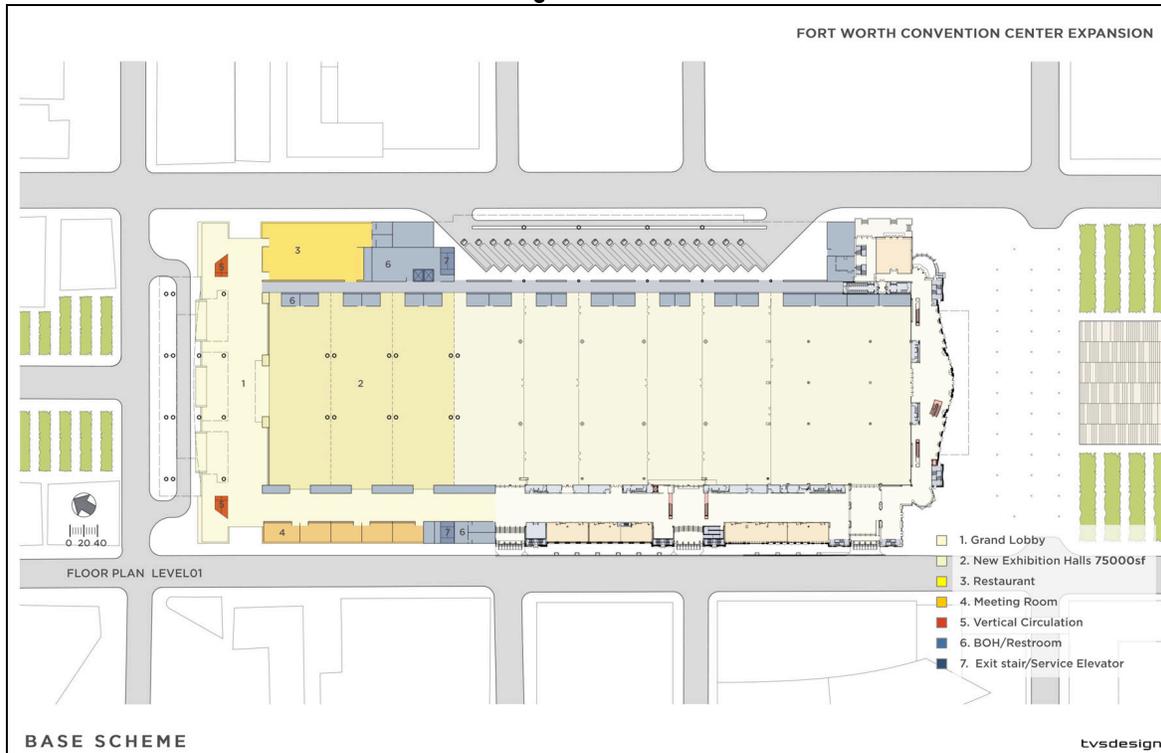
- **Meeting Rooms:** The replacement and addition of meeting rooms for a new total of 80 meeting rooms and 80,000 square feet will help the FWCC attract higher rated business (professional associations, corporate events, technical meetings) that require numerous breakout meeting rooms for training, teaching and related small group settings. Even small and mid-sized events require a number of breakout meeting rooms. So in order to host two simultaneous events or one large event, these rooms are necessary, especially as Fort Worth begins to compete more with Dallas, Houston, Austin and San Antonio, not to mention about 25 other large U.S. cities and the Gaylord properties.
- **Food and Beverage:** A full catering kitchen that allows for consistent, high-quality service and simultaneous plating for hundreds of people should be added to the FWCC. The onsite food and beverage operations should be enhanced with a mini-food court as well as other quick-serve options that provide consistent, basic food options (at a higher quality level than concession food). Allowing food trucks to come onsite for a fee to the FWCC to enhance the authenticity of the FWCC experience and minimize congestion and labor costs at in-house food outlets (or forcing groups to do a formal in-house food function) is also recommended.
- **Parking:** While parking downtown is not generally a problem, for large events, parking can easily overflow from the primary garage and lots. There is no existing or easy onsite parking option. Therefore, as part of the replacement of the north end of the building, an underground parking garage is recommended. This will allow daytrip or other non-walkable users to come and go from the facility in a completely weather-independent mode, while still allowing those in nearby hotels to easily walk to the building.
- **Hotels.** Due to the small hotel package that Fort Worth offers in a walkable and proximate radius from the FWCC, even with its current convention space sizing, it should add a second branded headquarters hotel of 1,000 rooms near the north or northeast end of the building. In addition, another 400 rooms adjacent to the FWCC would be ideal, either as an addition to an existing hotel or as a new hotel. Then Fort Worth will be well-positioned to host larger events and two simultaneous events. Any other hotels proposed for the proximate area around the FWCC should be prioritized behind these two developments in terms of city assistance, unless in unique circumstances. Only products that enhance Fort Worth's hotel package in terms of quality, such as a high-end boutique hotel or fill

a service gap (extended stay) should be encouraged. Any hotels without full-service amenities and smaller than a size that would induce large events to Fort Worth should be placed on hold until the development of these headquarters properties is underway.

- **Straightening Commerce Street.** It has been established that the Annex is subprime space and its development caused Commerce Street to bow out around it. The space is not especially helpful to the FWCC and prime exhibit space can be added in a multi-story addition/replacement of the north end of the building. The benefit of removing the Annex and straightening Commerce is the creation of larger development parcels east of Commerce, which would make the development of one or more convention hotels easier. The costs of realigning Commerce to the original grid have been estimated to be reasonable within the overall cost structure of this project. It also completes a long-held planning goal of the downtown plan.
- **Creating a new Front Door.** The FWCC currently has no welcoming front door or obvious public space/living room, as the arena is somewhat foreboding and sends pedestrians around to the west side of the building to enter in many cases. A replaced north end should include a welcoming public access point and grand lobby and second level terraced restaurant or reception area that simultaneously functions as a counterpoint to the courthouse at the other end of Main Street. The views to and from this new front door should ultimately provide Fort Worth with some additional iconic imagery and create that connectivity to the rest of the entertainment district and Sundance Square area that is needed. Additional restaurant spaces along the east and west sides of the building (inside or across the street, but facing the street in all cases) should be a priority.
- **Governance.** Based on HSP's analysis of the governance, management and marketing structures for convention centers, it is recommended that the City, FWCVB and other key stakeholders initiate a more in-depth discussion of how the structure in Fort Worth may be improved. Key elements to consider will be the alignment of responsibilities and resources, calendar/sales management/deal negotiation and merit pay structures. While Fort Worth's model is working remarkably well due to a can-do attitude and expertise from both the FWCC team and the FWCVB, there may be opportunities to set up structures that induce success even if the professionals running it are not as gifted as those in place today.

The figures below show how these recommendations could be accomplished, via several concepts drawn by TVS. The first drawing shows the ground floor of the renovated FWCC that replaces the existing arena with a new exhibit hall and a grand lobby. Note that the prior Annex space has been removed and Commerce Street straightened in order to reset the street grid and provide for better development parcels across the street from the FWCC.

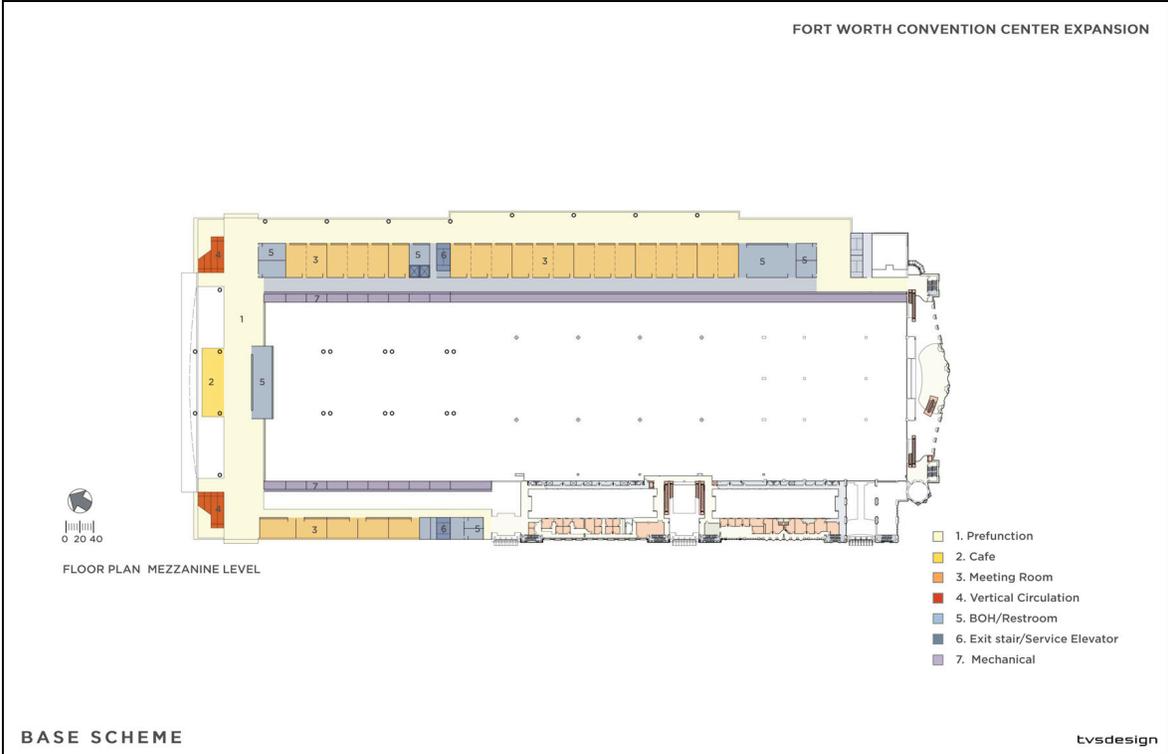
Figure 12-1



This design also includes a large new kitchen and new back-of-house circulation to enable food to get to all rooms and ballrooms without the current challenges. New loading docks are also designed. Finally, a new restaurant facing street level will help to activate what is now a dormant street experience.

The next figure shows the mezzanine level.

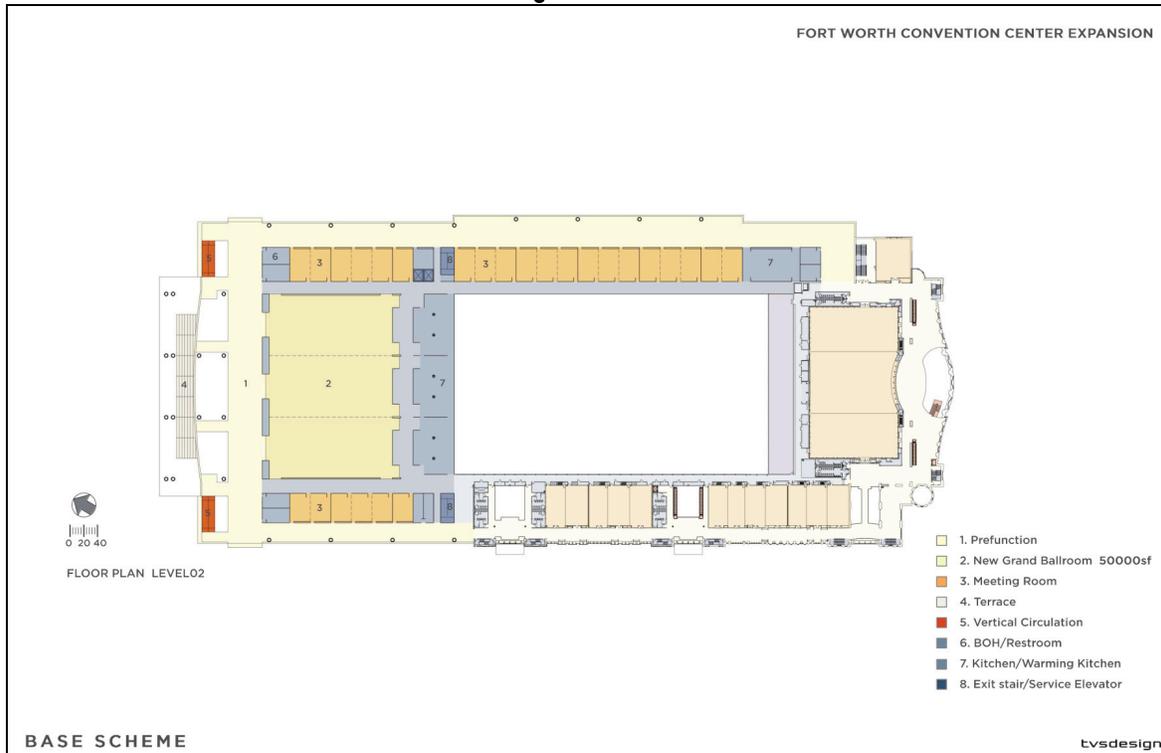
Figure 12-2



The mezzanine level has an expanded array of high quality meeting rooms and circulation all around this level.

The next figure shows the second level of the proposed plan.

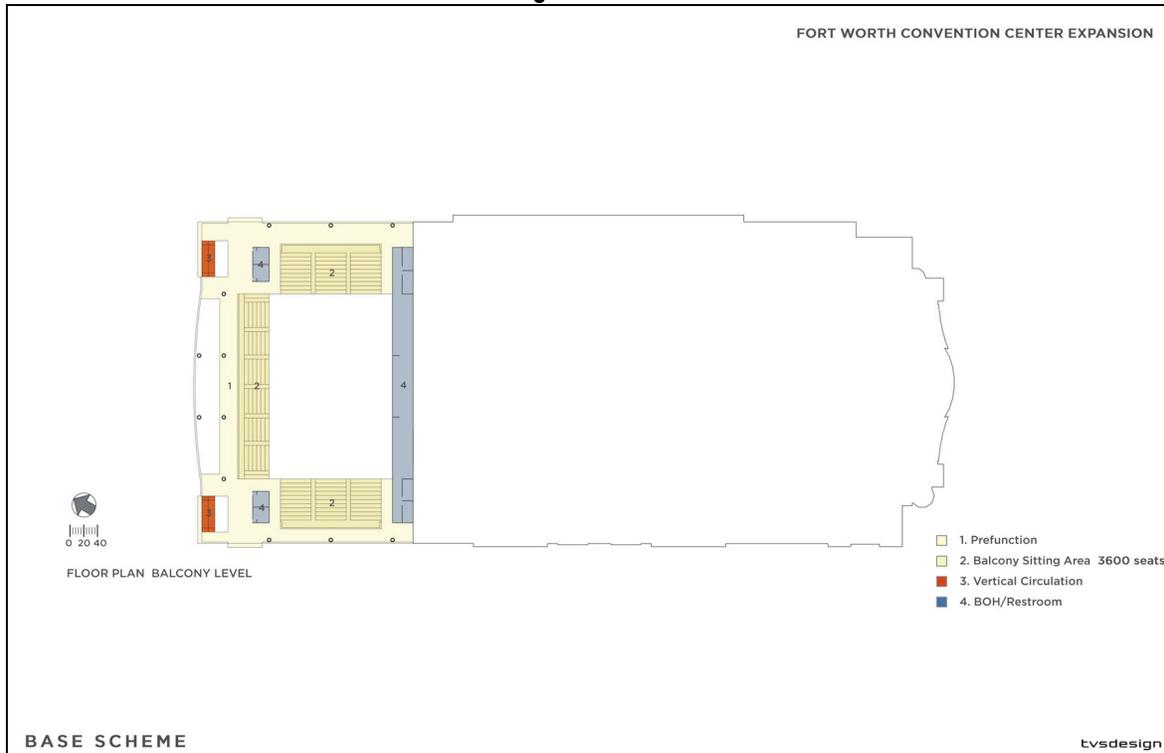
Figure 12-3



On the second level, a new grand ballroom of 50,000 square feet is designed above the expanded exhibit hall space. Additional meeting rooms are located around the ballroom and along the hallways. There is also a second level overlook and terrace looking out over Main Street and the grand lobby.

The next figure shows the top level for the FWCC, which includes retractable seating. The key part of this design is that between retractable seating in the ballroom and above it, an arena setting can be created with the same number of seats as the current arena.

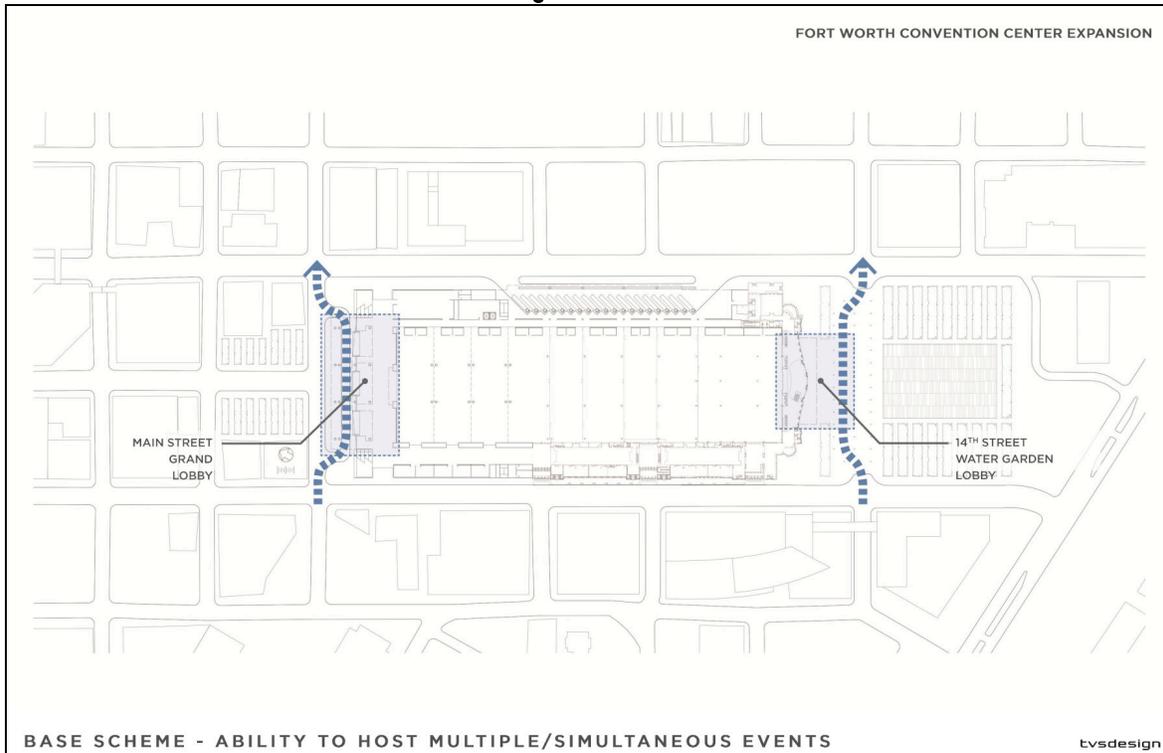
Figure 12-4



As shown, 3,600 additional retractable seats can be installed in addition to the retractable seats that would be at the ballroom level.

The final drawing shows the subterranean level, which includes substantial new parking for the building.

Figure 12-5



This drawing shows how the building could host two major events at one time, with entrances at the north and south ends of the building. The exhibit halls, meeting rooms and ballrooms can also be divided north and south for separate events.

Other schemes that keep the arena intact and Commerce Street in its current form were drawn by TVS. However, in HSP's professional opinion, the current arena should be removed. The decision to straighten Commerce street is not an absolute given, but is recommended. The loss of the Annex is not harmful to the building and that space, along with new space can be added where the arena sits currently. The next chapter provides projections of performance for the expanded facility and the convention hotels.

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## DEMAND & FINANCIAL PROJECTIONS

In this chapter, HSP provides estimates of performance for the expanded Fort Worth Convention Center, assuming a 1,000-room hotel also opens approximately the same time as the expansion (2020) and a 400-room hotel addition opens four years later (2023).

### Renovated & Expanded Fort Worth Convention Center

The first set of tables shows the conservative expectations for the expanded FWCC. With the ability to host two simultaneous conventions of the same size as it can currently hold, or one large convention that is double the size, HSP expects more conventions and trade shows, as well as a larger average event size.

The first table shows the projection of events by type.

**Table 13-1**

Fort Worth Convention Center - Projection of Events												
	Prior 5-Yr. Avg.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	% Change
Public Shows	8	8	7	6	6	6	6	6	6	6	6	-23%
Conventions	49	55	62	68	74	76	76	76	76	76	76	56%
Banquets	21	30	39	48	48	48	48	48	48	48	48	129%
Meetings	45	60	72	84	84	84	84	84	84	84	84	88%
Other	55	58	61	64	64	64	64	64	64	64	64	16%
Religious	5	4	3	3	3	3	3	3	3	3	3	-40%
Special Events	3	3	3	3	4	4	4	4	4	4	4	46%
Sporting Events	10	11	12	12	12	12	12	12	12	12	12	21%
Trade Show	3	5	7	9	9	9	9	9	9	9	9	221%
<b>Total</b>	<b>237</b>	<b>233</b>	<b>265</b>	<b>297</b>	<b>303</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>29%</b>

\* Recategorized and eliminated in 2012  
Source: Fort Worth Convention Center

Several types of events are assumed to stop occurring on a regular basis, including concerts, family events, graduations and theatrical events. Receptions were defined differently after 2012 so are no longer a category. The biggest changes are expected in the number of conventions, trade shows, banquets and meetings. Overall, the number of events is expected to increase from 237 to 305, a 29 percent increase.

The FWCC keeps attendance statistics for the current events (many of which have multiple event days, so the same person could be counted several times over several days) and these were used to project events going forward.

These are shown in the next table.

**Table 13-2**

Fort Worth Convention Center - Projection of Average Event Attendance*												
	Prior 5-Yr.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	% Change
	Avg.											
Public Shows	23,549	23,800	24,000	24,200	24,400	24,600	24,800	25,000	25,300	25,600	25,900	10%
Conventions	10,322	10,500	10,700	10,900	11,100	11,300	11,500	11,700	11,900	12,100	12,300	19%
Banquets	702	700	700	700	700	700	700	700	700	700	700	0%
Meetings	450	460	470	480	490	500	510	520	530	540	550	22%
Other	76	80	80	80	80	80	80	80	80	80	80	5%
Religious	3,148	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	2%
Special Events	324	330	340	350	360	370	380	390	400	410	420	30%
Sporting Events	1,875	1,890	1,910	1,930	1,950	1,970	1,990	2,010	2,030	2,050	2,070	10%
Trade Show	743	770	790	810	830	850	880	910	940	970	1,000	35%

\* Attendance is for total event duration, regardless of number of days, so attendees may be counted more than once  
Source: Fort Worth Convention Center

The average event attendance is expected to increase only modestly over the period, as the goal is not to host a significant number of new, larger events, but to host more small and mid-sized events more regularly. In addition, some much larger events can be hosted with the expanded hotel package. The average convention size is expected to increase by 19 percent, for example.

Based on these conservative estimates, total future attendance was projected, as shown below.

**Table 13-3**

Fort Worth Convention Center - Projection of Attendance												
	Prior 5-Yr.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	% Change
	Avg.											
Public Shows	176,759	190,400	168,000	145,200	146,400	147,600	148,800	150,000	151,800	153,600	155,400	-12%
Conventions	502,175	577,500	663,400	741,200	821,400	858,800	874,000	889,200	904,400	919,600	934,800	86%
Banquets	14,367	21,000	27,300	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	134%
Meetings	18,157	27,600	33,840	40,320	41,160	42,000	42,840	43,680	44,520	45,360	46,200	154%
Other	3,962	4,620	4,851	5,094	5,094	5,094	5,094	5,094	5,094	5,094	5,094	29%
Religious	14,915	12,800	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	-36%
Special Events	866	944	1,070	1,211	1,370	1,408	1,447	1,485	1,523	1,561	1,599	85%
Sporting Events	17,406	19,958	22,187	22,419	22,651	22,884	23,116	23,348	23,580	23,813	24,045	38%
Trade Show	2,318	3,850	5,530	7,290	7,470	7,650	7,920	8,190	8,460	8,730	9,000	288%
<b>Total</b>	<b>931,724</b>	<b>858,672</b>	<b>935,777</b>	<b>1,005,934</b>	<b>1,088,745</b>	<b>1,128,636</b>	<b>1,146,416</b>	<b>1,164,196</b>	<b>1,182,577</b>	<b>1,200,957</b>	<b>1,219,337</b>	<b>31%</b>

Source: Fort Worth Convention Center

The five-year historical average attendance is 932,000. With the number of additional events and larger sized events, total attendance is expected to increase to 1.22 million, or by 31 percent.

## Hotel Projections

The below projections focus primarily on the 1,000-room convention hotel recommended to be opened in 2020 along with the FWCC expansion, but also assumes there are three other hotels developed between 2016 and 2018 totaling 450 rooms. A 400-room hotel expansion is also assumed in 2023.

The following table shows the estimated growth of each market segment from 2013 through 2029 for the competitive set.

**Table 13-4**

Estimated Competitive Set Demand Growth by Segment												
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2013	372,391	--	173,797	--	97,924	--	644,112	--	957,061	--	2,622	67.3%
2014	377,977	1.5%	175,535	1.0%	99,393	1.5%	652,905	1.4%	957,061	0.0%	2,622	68.2%
2015	383,647	1.5%	175,535	0.0%	100,884	1.5%	660,065	1.1%	957,061	0.0%	2,622	69.0%
<b>2016</b>	393,238	2.5%	179,045	2.0%	103,911	3.0%	676,194	2.4%	993,561	3.8%	2,722	68.1%
<b>2017</b>	405,035	3.0%	183,521	2.5%	107,547	3.5%	696,104	2.9%	1,048,311	5.5%	2,872	66.4%
<b>2018</b>	415,161	2.5%	178,933	-2.5%	110,774	3.0%	704,868	1.3%	1,121,311	7.0%	3,072	62.9%
2019	419,312	1.0%	177,144	-1.0%	111,882	1.0%	708,338	0.5%	1,121,311	0.0%	3,072	63.2%
<b>2020</b>	452,857	8.0%	210,801	19.0%	124,189	11.0%	787,847	11.2%	1,486,311	32.6%	4,072	53.0%
2021	484,558	7.0%	240,314	14.0%	134,124	8.0%	858,995	9.0%	1,486,311	0.0%	4,072	57.8%
2022	508,785	5.0%	259,539	8.0%	142,171	6.0%	910,495	6.0%	1,486,311	0.0%	4,072	61.3%
<b>2023</b>	539,313	6.0%	285,493	10.0%	152,834	7.5%	977,639	7.4%	1,632,311	9.8%	4,472	59.9%
2024	555,492	3.0%	305,477	7.0%	160,476	5.0%	1,021,444	4.5%	1,632,311	0.0%	4,472	62.6%
2025	566,602	2.0%	317,696	4.0%	165,290	3.0%	1,049,588	2.8%	1,632,311	0.0%	4,472	64.3%
2026	575,101	1.5%	325,638	2.5%	168,596	2.0%	1,069,335	1.9%	1,632,311	0.0%	4,472	65.5%
2027	580,852	1.0%	328,895	1.0%	170,282	1.0%	1,080,028	1.0%	1,632,311	0.0%	4,472	66.2%
2028	580,852	0.0%	328,895	0.0%	170,282	0.0%	1,080,028	0.0%	1,632,311	0.0%	4,472	66.2%
2029	580,852	0.0%	328,895	0.0%	170,282	0.0%	1,080,028	0.0%	1,632,311	0.0%	4,472	66.2%

Source: Hunden Strategic Partners

With the addition of the proposed 1,000-room hotel assumed in 2020, the group market is expected to expand from its current base from new groups at the FWCC and internally at the new hotel. The other market segments are projected to increase at more modest levels.

The table below shows the estimated market penetration of the proposed hotel, based on how the hotel will penetrate various markets.

**Table 13-5**

Estimated Market Penetration for Proposed 1,000-Room Hotel						
Year	Corporate Transient	Group	Leisure	Total Penetration	Projected Set Occupancy	Subject Occupancy
2020	85%	160%	50%	100%	53%	53%
2021	90%	170%	55%	107%	58%	62%
2022	95%	175%	60%	112%	61%	69%
2023	90%	170%	55%	108%	60%	65%
2024	90%	170%	57%	109%	63%	68%
2025	90%	170%	59%	109%	64%	70%
2026	90%	170%	59%	109%	66%	72%
2027	90%	170%	59%	109%	66%	72%
2028	90%	170%	59%	109%	66%	72%
2029	90%	170%	59%	109%	66%	72%

Source: Hunden Strategic Partners

The hotel is expected to primarily cater to the conference, meetings and corporate transient market and should penetrate those markets at high rates, with an eventual 170 percent penetration of the group market. Overall, the hotel is expected to penetrate the competitive set at 109 percent (occupancy) by stabilization, leading to a stabilized long-term occupancy of 72 percent, similar to that of the Omni.

The following table shows the estimated demand for the proposed hotel based on the penetration rates established above.

**Table 13-6**

Projected Demand for Proposed 1,000-room HQ Hotel									
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Occupancy
2020	94,529	--	82,828	--	15,249	--	192,605	--	53%
2021	107,095	13.3%	100,325	21.1%	18,116	18.8%	225,536	17.1%	62%
2022	118,697	10.8%	111,538	11.2%	20,948	15.6%	251,184	11.4%	69%
2023	108,536	-8.6%	108,526	-2.7%	18,796	-10.3%	235,858	-6.1%	65%
2024	111,792	3.0%	116,123	7.0%	20,454	8.8%	248,368	5.3%	68%
2025	114,028	2.0%	120,768	4.0%	21,807	6.6%	256,602	3.3%	70%
2026	115,738	1.5%	123,787	2.5%	22,243	2.0%	261,768	2.0%	72%
2027	116,895	1.0%	125,025	1.0%	22,465	1.0%	264,385	1.0%	72%
2028	116,895	0.0%	125,025	0.0%	22,465	0.0%	264,385	0.0%	72%
2029	116,895	0.0%	125,025	0.0%	22,465	0.0%	264,385	0.0%	72%

Source: Hunden Strategic Partners

The table below shows the estimated market segmentation for the proposed hotel versus the competitive set.

**Table 13-7**

Projected HQ Hotel Stabilized Demand Mix vs. Comp Set		
Segment	Hotel at Stabilization	Comp Set
Corporate	44%	56%
Group	47%	29%
Leisure	8%	16%
Total	100%	100%

Source: Hunden Strategic Partners

The proposed hotel is projected to generate 47 percent of its room nights from the group market, 44 percent from the corporate transient market and only eight percent from the leisure market.

The following table shows the projection of the proposed hotel’s average daily rate compared to the average daily rate of the competitive set.

**Table 13-8**

Average Daily Room Rate Projections					
Year	Comp. Set ADR	Annual Increase	Hotel Rate Penetration	Projected Hotel Rate	Annual Increase
2009	\$144	--	--	--	--
2010	\$142	-1.6%	--	--	--
2011	\$145	2.2%	--	--	--
2012	\$147	1.4%	--	--	--
2013	\$155	5.3%	--	--	--
2014	\$161	4.0%	--	--	--
2015	\$164	2.0%	--	--	--
2016	\$166	1.0%	--	--	--
2017	\$168	1.5%	--	--	--
2018	\$170	1.0%	--	--	--
2019	\$172	1.0%	--	--	--
2020	\$172	0.0%	111%	\$191	--
2021	\$173	1.0%	111%	\$191	0.3%
2022	\$177	2.0%	110%	\$195	1.9%
2023	\$178	0.5%	110%	\$195	0.0%
2024	\$180	1.5%	109%	\$197	1.1%
2025	\$183	1.5%	109%	\$200	1.3%
2026	\$187	2.0%	109%	\$203	1.9%
2027	\$191	2.5%	109%	\$209	2.5%
2028	\$197	3.0%	109%	\$215	3.0%
2029	\$203	3.0%	109%	\$221	3.0%

Source: Hunden Strategic Partners

The proposed hotel is projected to have a higher than average rate (111 percent rate penetration, similar to the Omni) due to its age, quality and amenities. Based on this, the average daily rate at the hotel is projected to be \$191 in the first year.

The next table shows the summary of occupancy and rate for the proposed hotel.

**Table 13-9**

<b>Performance Summary - HQ Hotel</b>				
<b>Year</b>	<b>Average Daily Rate</b>	<b>Occupancy</b>	<b>Revenue per Available Room</b>	<b>Annual Increase</b>
2020	\$191	53%	\$101	--
2021	\$191	62%	\$118	17.5%
2022	\$195	69%	\$134	13.5%
2023	\$195	65%	\$126	-6.1%
2024	\$197	68%	\$134	6.4%
2025	\$200	70%	\$140	4.6%
2026	\$203	72%	\$146	4.0%
2027	\$209	72%	\$151	3.5%
2028	\$215	72%	\$156	3.0%
2029	\$221	72%	\$160	3.0%

Source: Hunden Strategic Partners

Understanding how the hotel will perform internally is as important to the feasibility as the external occupancy and rate projections. The next table shows the performance of the proposed hotel.

**Table 13-10**

**Projection of Income & Expense: 1,000-Room HQ Hotel - (in \$000, inflated)**

	Year 1				Year 2	Year 3	Year 4	Year 5		Year 10
	\$	%	PAR	POR	\$	\$	\$	\$	%	
Room Count	1,000				1,000	1,000	1,000	1,000		1,000
Available Room Nights	365,000				365,000	365,000	365,000	365,000		365,000
Occupancy Rates	53%				62%	69%	65%	68%		72%
Occupied Room Nights	192,605				225,536	251,184	235,858	248,368		264,385
Average Daily Rate	\$191				\$191	\$195	\$195	\$197		\$221
RevPAR	\$101				\$118	\$134	\$126	\$134		\$160
Percent of Change from Prior Year	--				17.5%	13.5%	-6.1%	6.4%		3.0%
<b>REVENUE</b>										
Rooms	\$36,758	65.6%	\$36,758	\$191	\$43,190	\$49,012	\$46,022	\$48,982	65.0%	\$58,502
Hotel Food and Beverage	5,603	10.0%	\$5,603	\$29	6,604	7,517	7,080	7,536	10.0%	9,000
Hotel Food and Beverage - Catering/Other	10,142	18.1%	\$10,142	\$53	12,085	13,907	13,240	14,092	18.7%	16,831
Telephone	168	0.3%	\$168	\$1	198	226	212	226	0.3%	270
Other Operated Departments	2,241	4.0%	\$2,241	\$12	2,642	3,007	2,832	3,014	4.0%	3,600
Parking & Transportation	281	0.5%	\$281	\$1	330	376	354	377	0.5%	450
Rentals and Other Income	841	1.5%	\$841	\$4	991	1,128	1,062	1,130	1.5%	1,418
<b>Total Revenue</b>	<b>\$56,035</b>	<b>100.0%</b>	<b>\$56,035</b>	<b>\$291</b>	<b>\$66,039</b>	<b>\$75,172</b>	<b>\$70,804</b>	<b>\$75,357</b>	<b>100.0%</b>	<b>\$90,071</b>
<b>DEPARTMENTAL EXPENSES</b>										
Rooms	\$10,991	29.9%	\$10,991	\$57	\$12,050	\$13,233	\$12,426	\$13,225	27.0%	\$15,796
Hotel Food and Beverage	4,539	81.0%	\$4,539	\$24	5,283	6,014	5,593	5,953	79.0%	7,110
Telephone	672	400.0%	\$672	\$3	792	902	850	904	400.0%	1,080
Other Operated Departments	471	21.0%	\$471	\$2	528	601	566	603	20.0%	720
Parking & Transportation	104	32.0%	\$104	\$1	106	113	106	113	30.0%	135
Rentals and Other Income	76	9.0%	\$76	\$0	79	90	85	57	5.0%	71
<b>Total Departmental Expenses</b>	<b>\$16,852</b>	<b>30.1%</b>	<b>\$16,852</b>	<b>\$87</b>	<b>\$18,839</b>	<b>\$20,953</b>	<b>\$19,627</b>	<b>\$20,855</b>	<b>27.7%</b>	<b>\$24,912</b>
<b>Gross Operating Income</b>	<b>\$39,183</b>	<b>69.9%</b>	<b>\$39,183</b>	<b>\$203</b>	<b>\$47,200</b>	<b>\$54,219</b>	<b>\$51,177</b>	<b>\$54,502</b>	<b>72.3%</b>	<b>\$65,159</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>										
Administrative and General	\$6,444	11.5%	\$6,444	\$33	\$7,264	\$7,893	\$7,364	\$7,837	10.4%	\$9,367
Marketing	\$4,595	8.2%	\$4,595	\$24	\$5,085	\$5,563	\$5,169	\$5,501	7.3%	\$6,575
Utility Costs	\$3,138	5.6%	\$3,138	\$16	\$3,368	\$3,608	\$3,399	\$3,617	4.8%	\$4,323
Property Operations and Maintenance	\$3,530	6.3%	\$3,530	\$18	\$3,830	\$4,134	\$3,894	\$4,145	5.5%	\$4,954
<b>Total Undistributed Expenses</b>	<b>\$17,707</b>	<b>31.6%</b>	<b>\$17,707</b>	<b>\$92</b>	<b>\$19,548</b>	<b>\$21,198</b>	<b>\$19,825</b>	<b>\$21,100</b>	<b>28.0%</b>	<b>\$25,220</b>
<b>Gross Operating Profit</b>	<b>\$21,476</b>	<b>38.3%</b>	<b>\$21,476</b>	<b>\$112</b>	<b>\$27,653</b>	<b>\$33,020</b>	<b>\$31,352</b>	<b>\$33,402</b>	<b>44.3%</b>	<b>\$39,939</b>
<b>Franchise Fees</b>	<b>\$2,241</b>	<b>4.0%</b>	<b>\$2,241</b>	<b>\$12</b>	<b>\$2,642</b>	<b>\$3,007</b>	<b>\$2,832</b>	<b>\$3,014</b>	<b>4.0%</b>	<b>\$3,603</b>
<b>FIXED EXPENSES</b>										
Property Taxes	\$1,638	2.9%	\$1,638	\$9	2,184	2,166	2,637	2,453	3.3%	3,064
Insurance	897	1.6%	\$897	\$5	991	1,052	991	1,055	1.4%	1,261
Management Fee	1,681	3.0%	\$1,681	\$9	1,981	2,255	2,124	2,261	3.0%	2,702
Reserve for Replacement	\$560	1.0%	\$560	\$3	\$991	\$1,503	\$2,124	\$2,261	3.0%	\$2,702
<b>Total Fixed Expenses</b>	<b>\$4,776</b>	<b>8.5%</b>	<b>\$4,776</b>	<b>\$25</b>	<b>\$6,147</b>	<b>\$6,977</b>	<b>\$7,877</b>	<b>\$8,030</b>	<b>10.7%</b>	<b>\$9,730</b>
<b>Cash Flow from Operations</b>	<b>\$14,458</b>	<b>25.8%</b>	<b>\$14,458</b>	<b>\$75</b>	<b>\$18,865</b>	<b>\$23,036</b>	<b>\$20,643</b>	<b>\$22,358</b>	<b>29.7%</b>	<b>\$26,607</b>

Source: Hunden Strategic Partners

The property is projected to generate a total of \$56 million in gross revenue in the first year, increasing to \$90 million in the tenth year. Approximately \$14.5 million will be available to satisfy debt and equity requirements in the first year. By the tenth year the hotel is projected to generate \$26.6 million in net operating income. Many items could be changed depending upon the program of the ultimately-built hotel, including property taxes.

The table below shows the supportable equity and debt, assuming loan rates, amortization periods, equity return requirements, debt coverage ratios and a development cost of \$160,000 per room.

**Table 13-11**

Financing Assumptions - 1,000-Room Hotel													
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Net Operating Income	\$0	\$0	\$14,458	\$18,865	\$23,036	\$20,643	\$22,358	\$23,347	\$24,255	\$25,098	\$25,879	\$26,607	
Interest and Debt Reserve W/D	\$2,625	\$7,875	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service Payment	(\$2,625)	(\$7,875)	(\$14,159)	(\$14,159)	(\$14,159)	(\$12,546)	(\$12,546)	(\$12,546)	(\$12,546)	(\$12,546)	(\$12,546)	(\$12,546)	
Net Income to Repay Equity	\$0	\$0	\$299	\$4,706	\$8,877	\$8,097	\$9,812	\$10,800	\$11,709	\$12,552	\$13,333	\$14,061	\$94,245
Princ. Amount***	\$37,500	\$112,500	\$150,000	\$146,341	\$142,426	\$138,240	\$134,679	\$130,887	\$126,849	\$122,548	\$117,967	#####	
Interest	\$2,625	\$7,875	\$10,500	\$10,244	\$9,970	\$8,986	\$8,754	\$8,508	\$8,245	\$7,966	\$7,668	\$7,351	
Less Payment	(\$2,625)	(\$7,875)	(\$14,159)	(\$14,159)	(\$14,159)	(\$12,546)	(\$12,546)	(\$12,546)	(\$12,546)	(\$12,546)	(\$12,546)	(\$12,546)	
Loan Balance	\$37,500	\$112,500	\$146,341	\$142,426	\$138,237	\$134,679	\$130,887	\$126,849	\$122,548	\$117,967	\$113,089	#####	
<b>Assumptions</b>													<b>Refi</b>
Loan Amount (\$000's)	\$150,000												\$138,240
Amortization Period (Years)	20												20
Loan Interest Rate	7.0%												6.5%
Annual Debt Service Payment (\$000's)	(\$14,159)												(\$12,546)
Equity:													
Developer's Equity (\$000's)	\$35,000	12%											
Private Debt	\$150,000	50%											
Total Private Financing	\$185,000	62%	\$185,000	per room									
Public Gap Subsidy	\$115,000	38%	\$115,000	per room									
Project Amount (\$000's)	\$300,000	100%	\$300,000	per room									
Debt (Private) Coverage Ratio			1.02	1.33	1.63	1.65	1.78	1.86	1.93	2.00	2.06	2.12	
Return on Private Equity*			0.9%	13.4%	25.4%	23.1%	28.0%	30.9%	33.5%	35.9%	38.1%	40.2%	
Return on Assets**			4.8%	6.3%	7.7%	6.9%	7.5%	7.8%	8.1%	8.4%	8.6%	8.9%	
*On developer's equity only.													
**On project cost.													
***Assumes 50% draw in Construction Year 1; 75% average during Construction Year 2													
Source: Hunden Strategic Partners													

Assuming a cost of \$300,000 per room in 2018 dollars, the project would cost \$300 million and the project's cash flows could support equity and debt equal to \$185 million, or 62 percent of the hotel's cost (not including land). This leaves a gap of approximately \$115 million. This is typical for hotels of this type and size and in future phases of analysis, a funding plan for this project, the convention center expansion and the Omni expansion will be considered.

## Next Steps

The next steps in the process involve refining projections, determining development budgets for all components, and determining a plan of finance for all components.