

**ABC Center Study  
Findings and Recommendations  
Corpus Christi, Texas  
July 2017**



## **ABC Market and Feasibility Study Scope Timeline**

<b>December 2010 – July 2013</b>	CCCVB worked with Johnson Consulting on Feasibility Study
<b>January 2014</b>	RFQ Released for new study
<b>May 2014</b>	Contract signed with HVS
<b>January 2015</b>	First draft delivered to CCCVB from HVS
<b>March 2015</b>	Second draft delivered to CCCVB from HVS
<b>July 2015</b>	Final draft delivered to CCCVB from HVS
<b>May 2016</b>	Revised final draft to City Manager
<b>July 2017</b>	Presentation to CCCVB Board of Directors & City Council

## **Role of Convention Center**

- Typically do not generate operating profits – they are a loss leader
- Generates economic benefit for a community by attracting new visitors
- Generates tax revenues and jobs in the local economy
- Serves as the “living room of the community”
- Gathering place for entertainment and civic events
- Provide tourism infrastructure
- Enhances quality of life

### **Hotels, Restaurants, Attractions, Retail Community and City of Corpus Christi’s General Fund Benefit From Visitors**

Note: Meeting space in hotels does not cash flow – provided to fill hotel rooms

## **Importance of Headquarters Hotel**

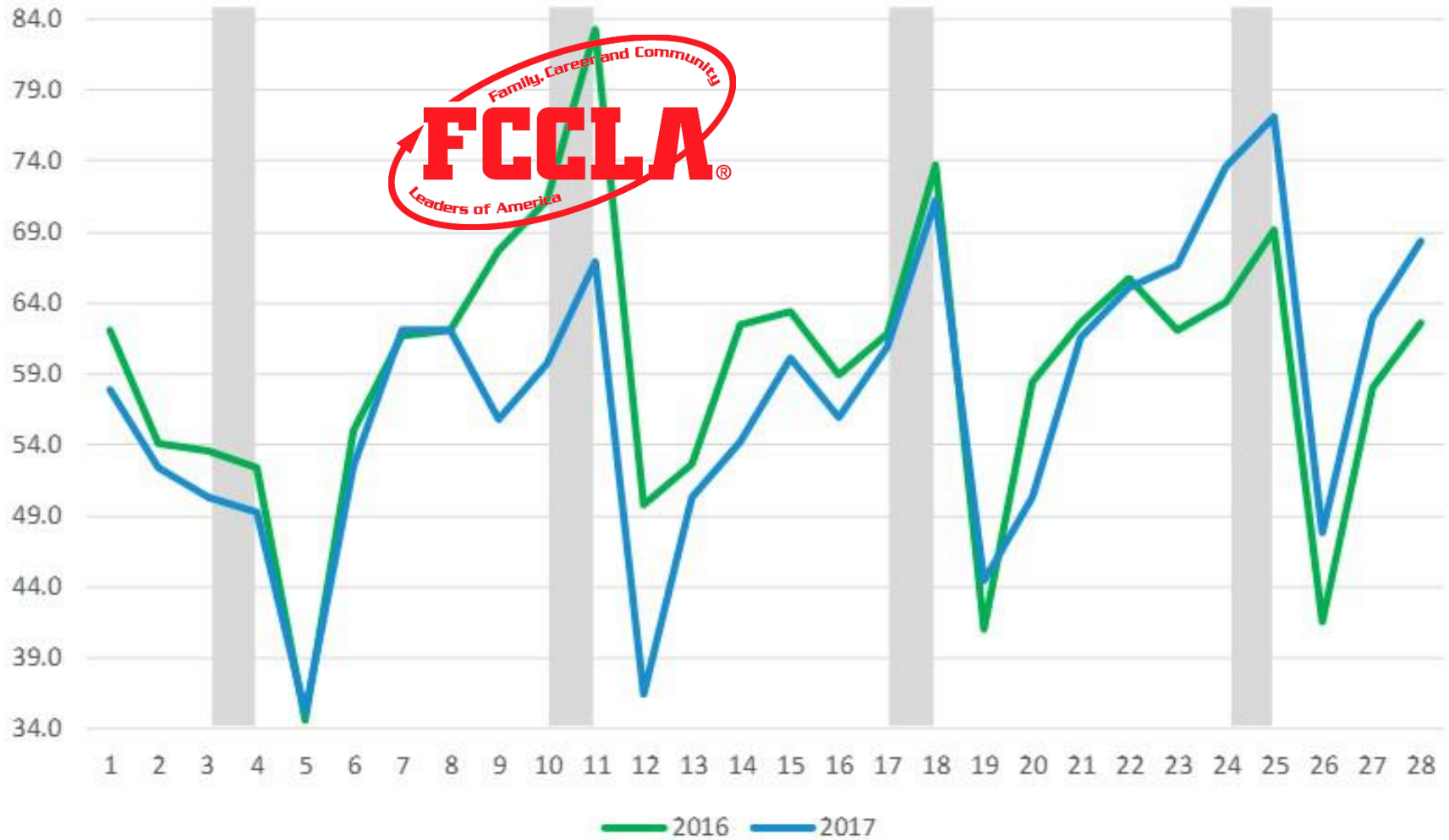
- Hotel at convention centers has become the norm
- Hotel at convention centers: San Antonio, Houston, Austin, Ft. Worth, McAllen, Dallas, Grapevine
- Many RFPs for conventions requires all under one roof
- Corpus Christi continues to be eliminated from consideration set

## **Corpus Christi Also Competes With Large Hotels**

- Hotels with more than 1,000 rooms: Austin, Dallas, San Antonio, Grapevine, Houston
- Hotels with more than 100,000 sq. feet of meeting space: Galveston, San Antonio, Dallas, Austin, Houston, Grapevine, Frisco

# Impact of Conventions and Events

## February Occupancy

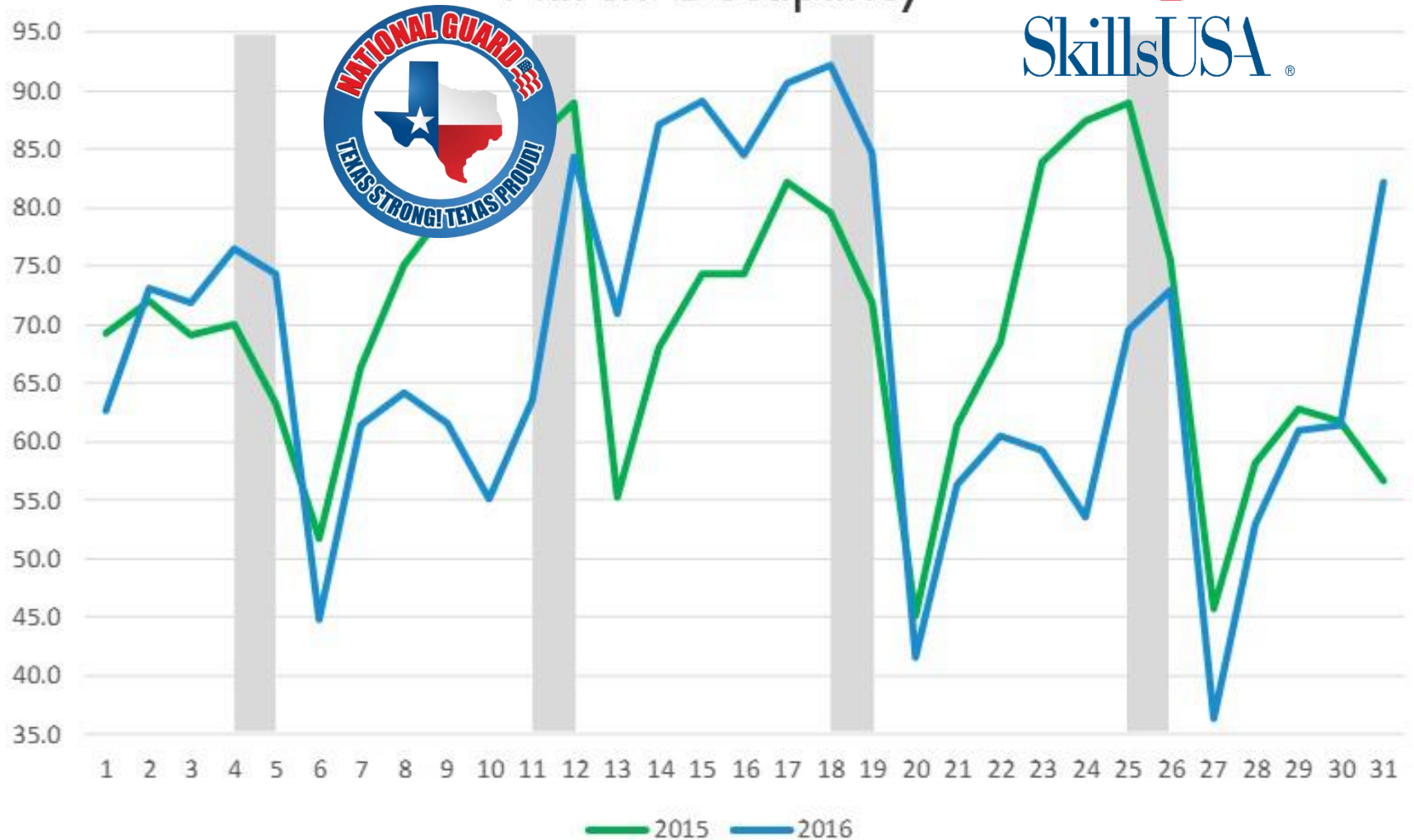


\*2016 dates are not reflective. Numbers correspond to days of the week in comparison to 2017.



# Impact of Conventions and Events

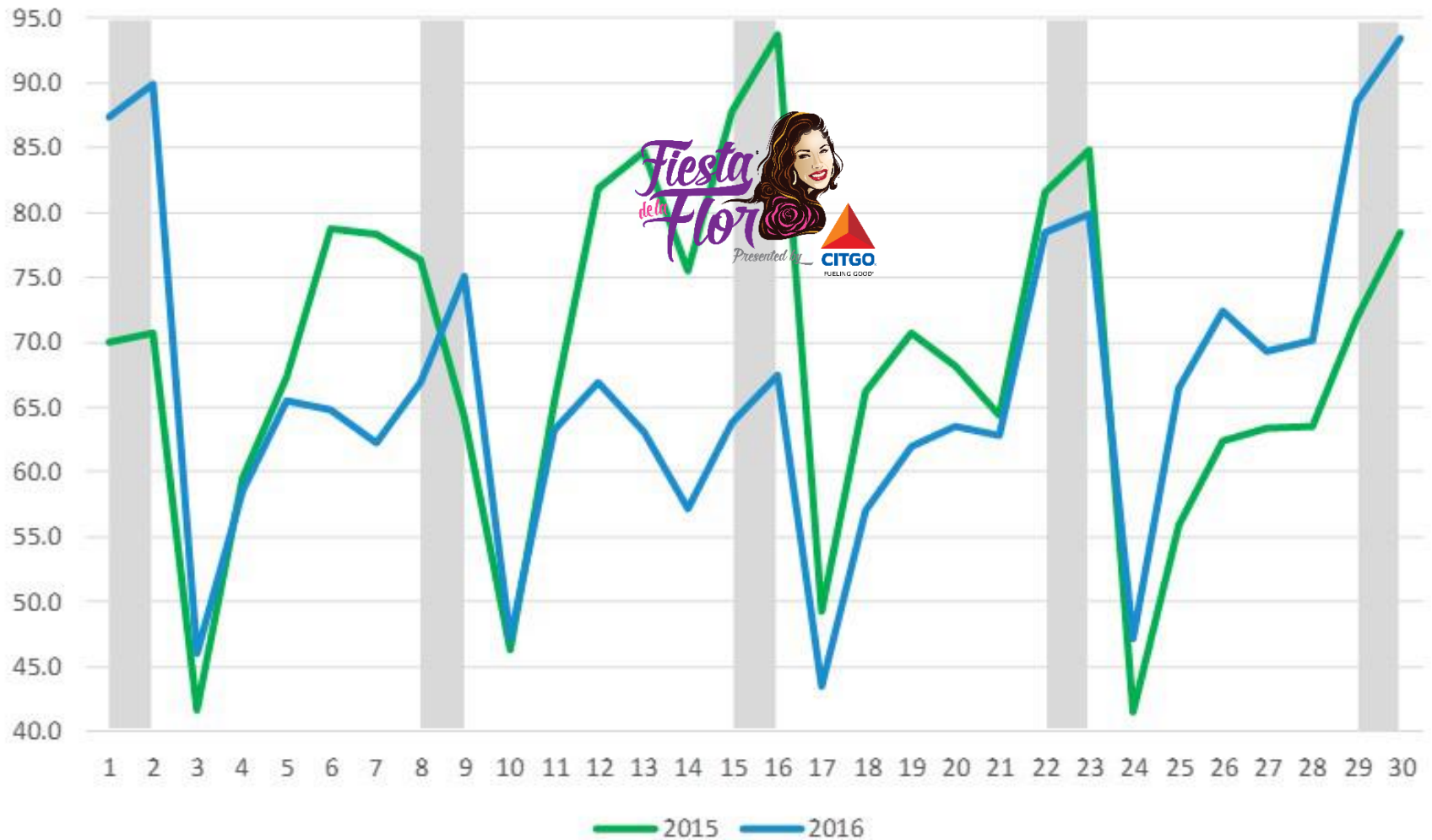
## March Occupancy



\*2015 dates are not reflective. Numbers correspond to days of the week in comparison to 2016.

# Impact of Conventions and Events

## April Occupancy



\*2015 dates are not reflective. Numbers correspond to days of the week in comparison to 2016.

## Impact of Conventions and Events

### July Occupancy



\*2015 dates are not reflective. Numbers correspond to days of the week in comparison to 2016.



**2016 Economic Impact at American Bank Center**  
**Source: DMAI Calculator**

**Conventions & Meetings**

**\$26 million**

**Non-meetings & Conventions**

**\$8.3 million**

**Total Economic Impact in 2017**

**\$34.9 million**

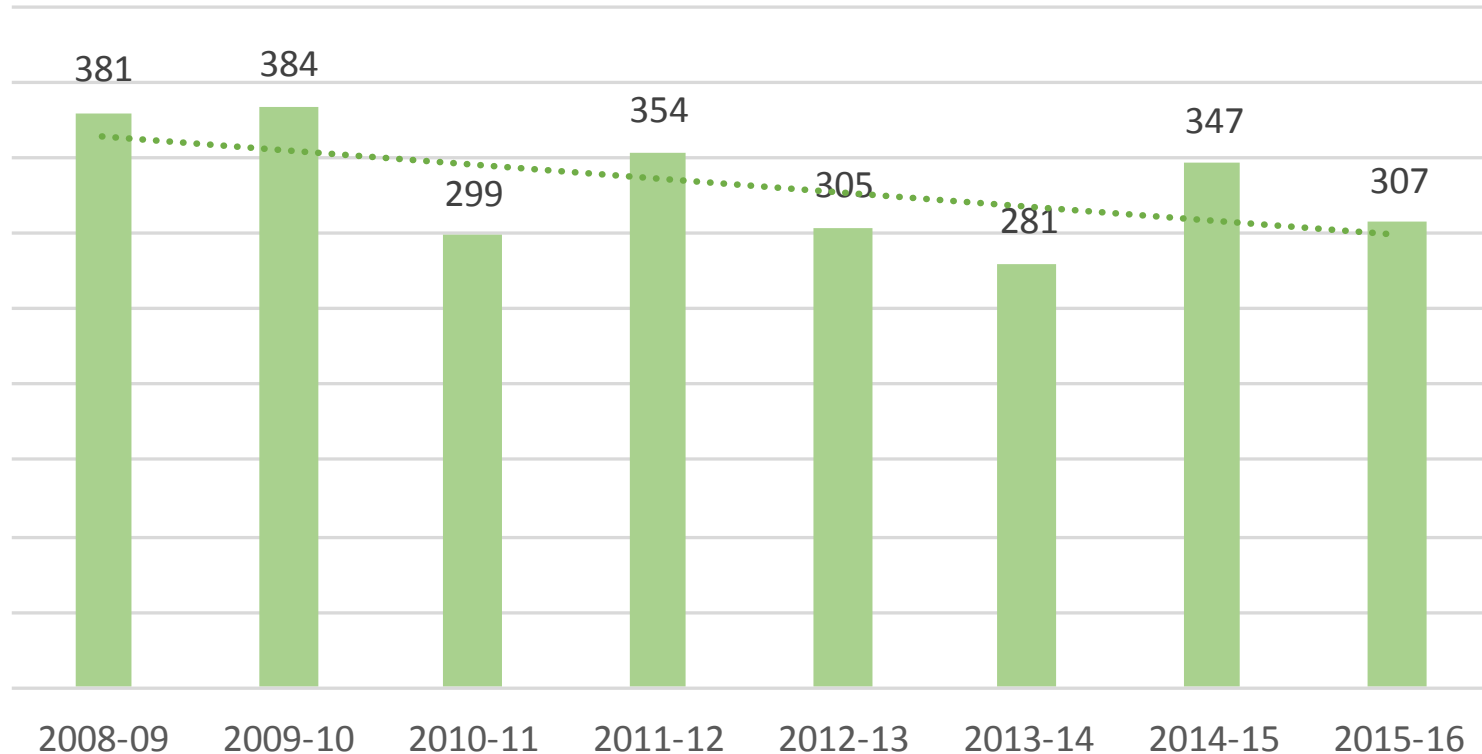
## **ABC Market and Feasibility Study Scope Background and Outline**

- Market analysis
- Comprehensive event planner survey
- Comparable venue analysis
- Hotel market analysis (estimate of funding gap)
- Assessment of existing conditions
- Preliminary recommendations for expansion and improvements
- Financial operations Analysis
- Economic impact estimates
- Concept Plan – a physical plan for venue improvements completed by Trahan Architects
- Project Costs – based on physical plan, estimate costs for each element of the project completed by Rider Levett Bucknall
- Financing Options – analysis of financing options for various components of the project completed by HVS

## Consequences of Doing Nothing

- Lost business has been increasing in recent years as events outgrow the center or prefer other Texas destinations.
- Over the next decade, Corpus Christi would cease to participate in the convention market in a meaningful way.

### Thousands of Attendees



## Key Findings of Phase One Research

- A modest expansion of exhibit hall and meeting room space would meet most event planner needs and allow for more simultaneous events.

### TOTAL FUNCTION SPACE (SF)

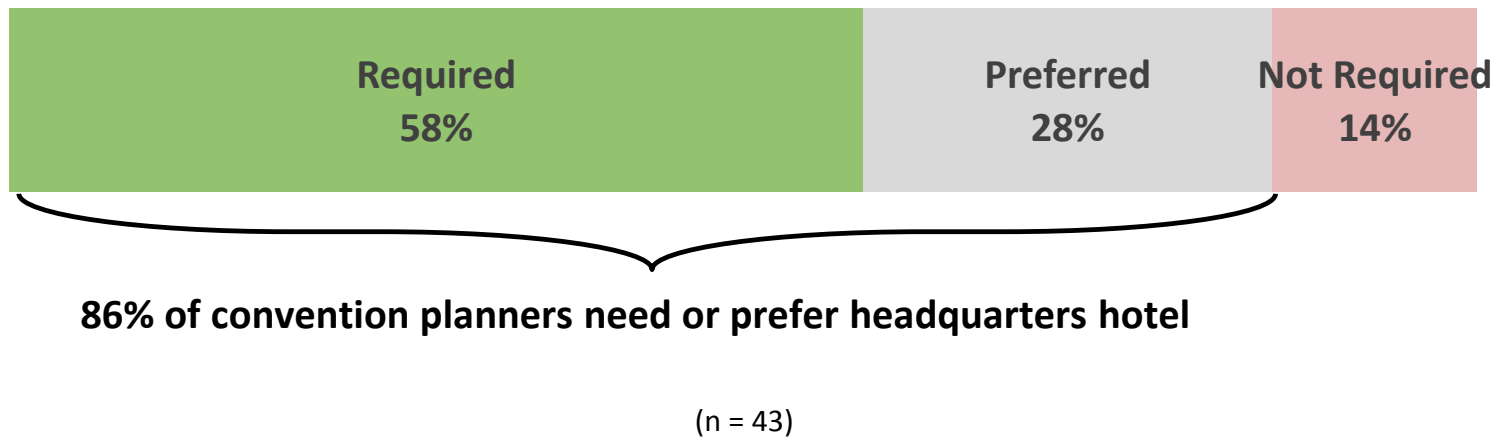
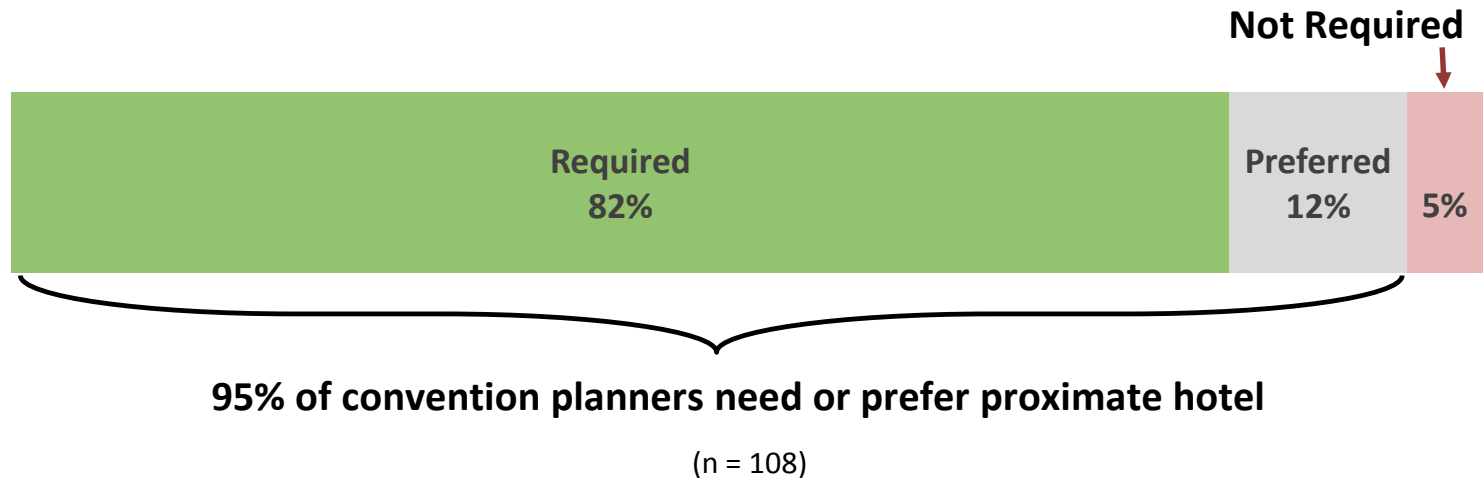


### MEETING ROOM DIVISIONS



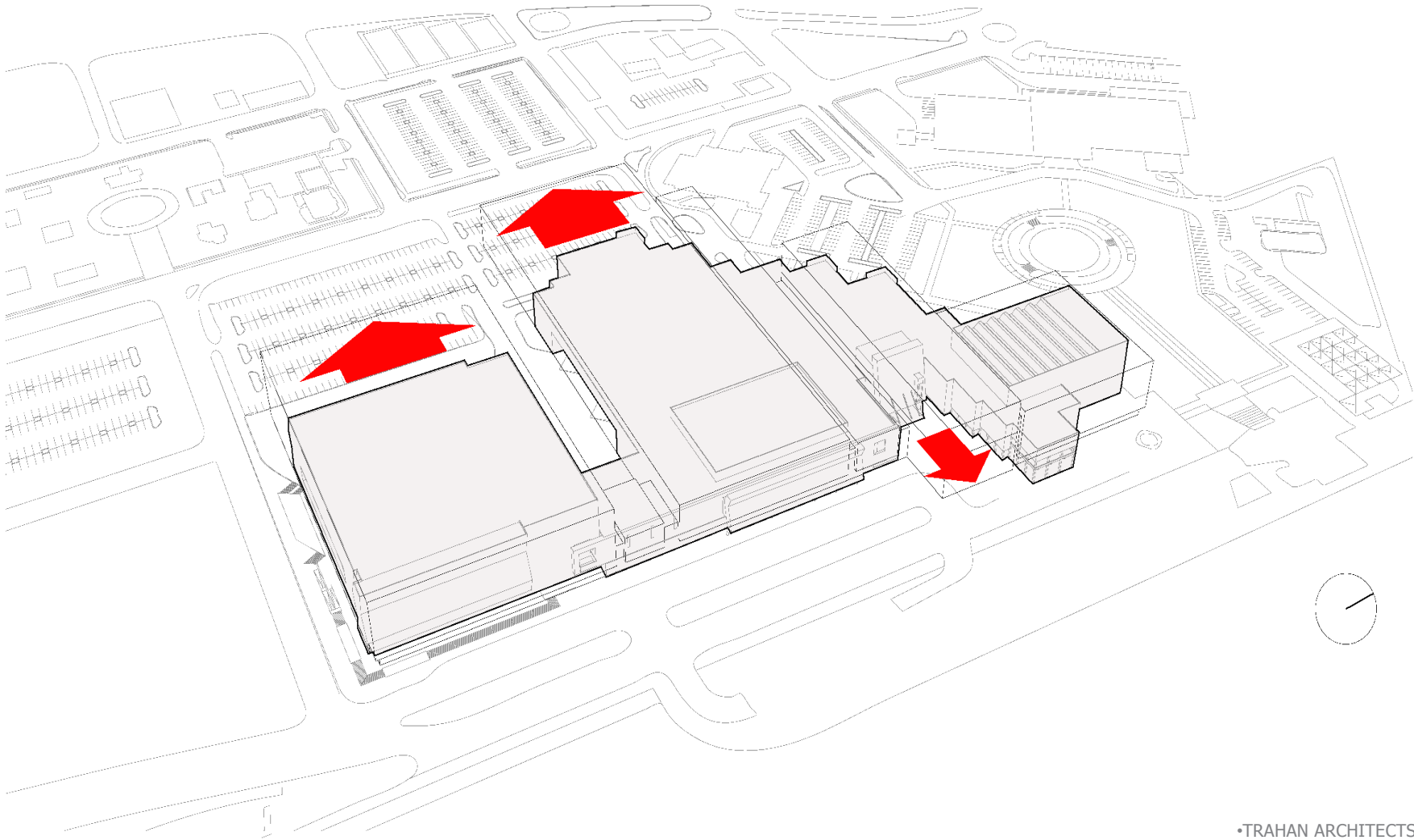
- Existing exhibit, ballroom and meeting spaces are substandard.
- Meeting and banquet spaces as well as lobby spaces need to be reconfigured.
- Event planner survey data shows that improvements and the addition of 40,000 sf of exhibit space would meet the needs of 96% of interested event planners

## Need for Adjacent Hotel Rooms (convention event planners)





ABC Expansion Concept



•TRAHAN ARCHITECTS

## The Impact of Expansion

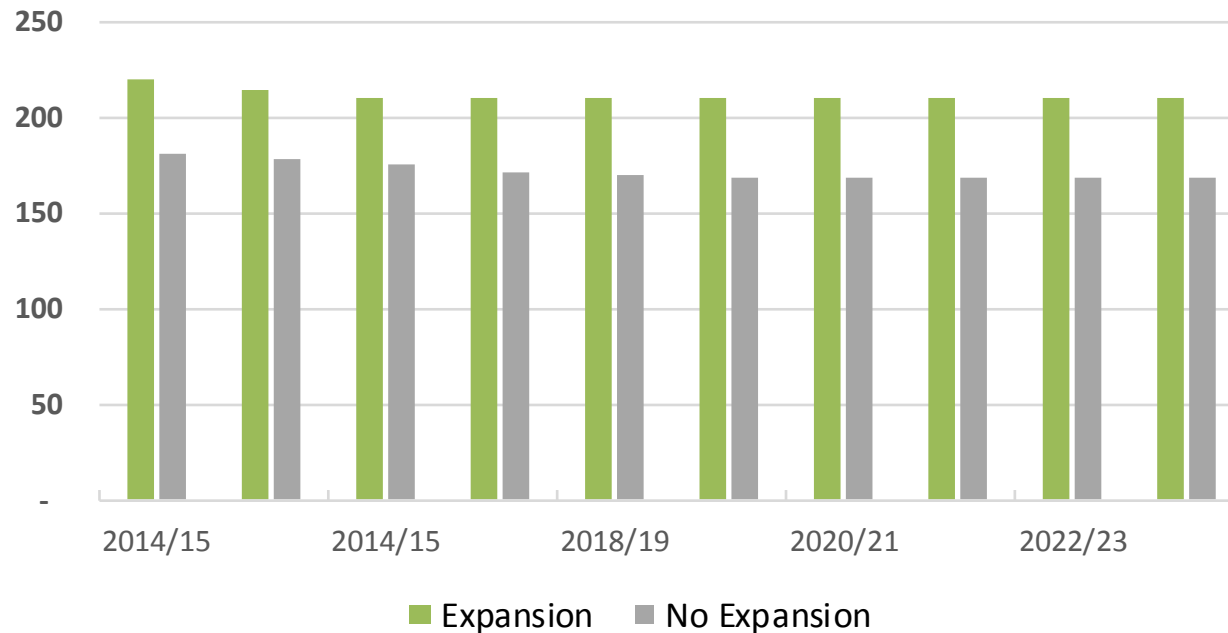
An expanded ABC could annually attract approximately:

27 more events \*

74,000 more attendees

42,000 more room nights

### ESTIMATED NUMBER OF EVENTS



\*New events include high-impact conventions, trade shows, and conferences.

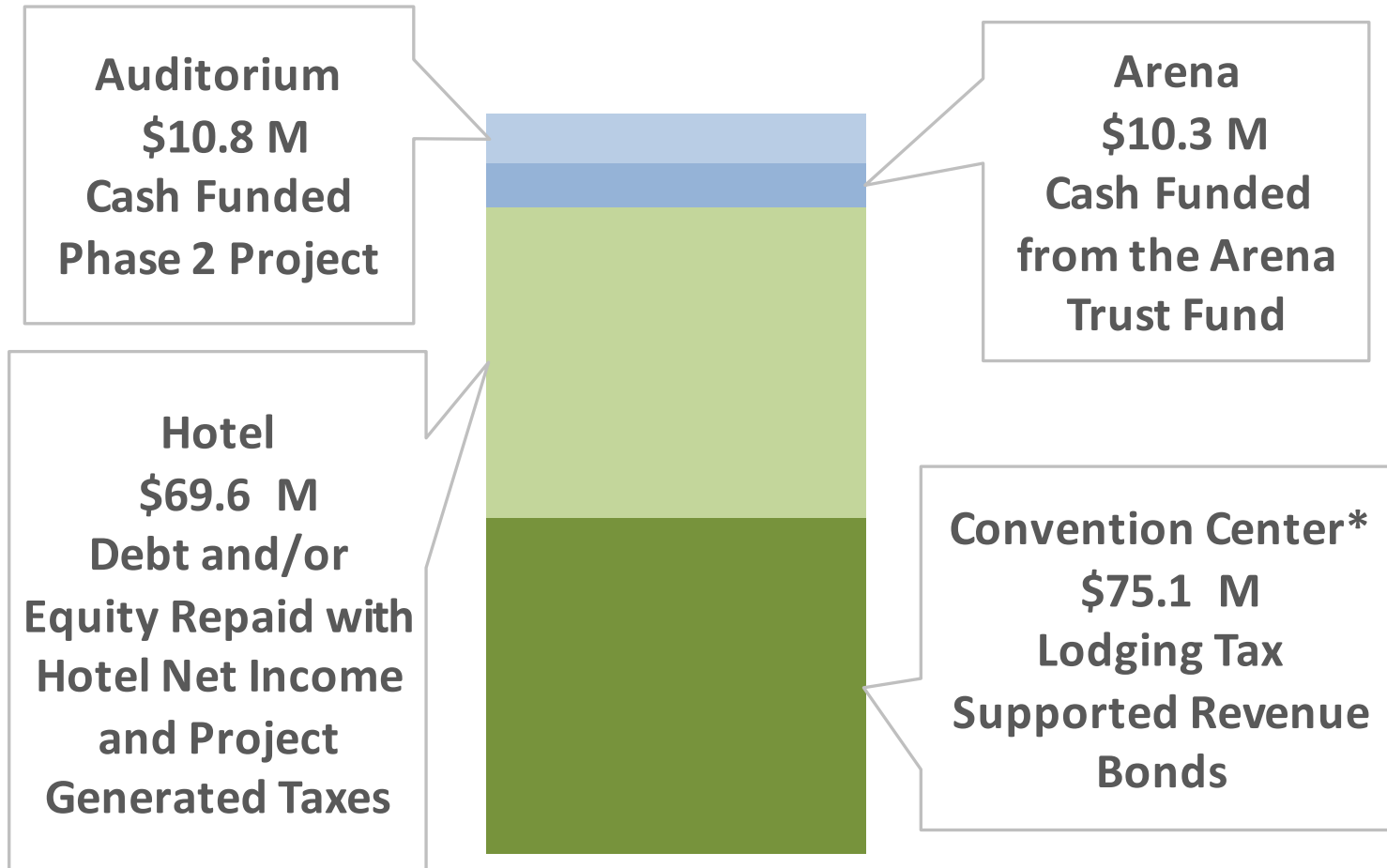
## Economic Impact

In a future stabilized year of operation (in 2014 dollars)

- \$33 million in annual direct, indirect and induced economic impact
- 325 full-time equivalent jobs
- \$1.34 million in annual sales and hotel tax collections by the City

Net present value of 20 years of spending = \$445 million

# Estimated Project Costs and Sources of Funds



\*Convention center project includes new expanded function space, retrofit of existing space, lobby improvements, a garage, and a connecting pedestrian bridge.

# HOT Revenue Capacity without a Tax Increase

30 years of HOT Revenue = \$737 Million

30 years of HOT Revenue allocated to expenses = 441 Million

Residual HOT Revenue Available to repay debt = \$280 Million

Amount needed to repay interest and principal on debt\* = \$176 Million

\*Assumes \$75 million in capital costs, 5% issuance costs, 5% interest rate, and 30 year amortization.



# Summary of HVS Findings & Recommendations

- If unchanged, the ABC will lose its ability to participate in the convention center business.
- A modest level of investment in the ABC and headquarters hotel could significantly increase the economic impact of the center.
  - The hotel would contribute income to the project.
  - Existing HOT could finance most of the improvements.
- Further explore hotel financing options through an RFP process that invites a public private partnership or public hotel financing.
- HOT revenues provide sufficient capacity to finance ABC improvements.
- Cash finance arena improvements and other qualifying project components with available Arena Trust Funds.

## Next Steps

- Build consensus to proceed with the project.
- Confirm building program elements to be included in the project.
- Work with financial advisors to develop a financing plan.
- Prepare RFP for convention center design and construction team.
- Prepare RFP for design and construction team for Hotel Development.



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