



Background

- On May 20, 1978, Official Dedication of the Bayfront Plaza Auditorium
- On March 21, 1981, Official Dedication of the Bayfront Plaza Convention Center
- On 2004, renovations to the Convention Center and Selena Auditorium
- On 2021, during the FY2022 Budget process, the City Manager informed the City Council that the subsidy for the American Bank(ABC) Center is approximately three to one
- On 2021, the ongoing reviews conducted by Visit Corpus Christi(VCC) found that the City lost approximately 36,000 room nights with an economic impact of over \$14 Million due to current facility constraints and no connected hotel
- On 2021, the former Chairman of VCC, Johnny Philipello, led the task force with hoteliers, VCC, City, and stakeholders to address the
■ concerns found in the study



Background

- On 2022, a national search was conducted for professional services. The task force reviewed proposals and recommended Hunden Strategic Partners.
- On March 29, 2022 the City Council approved contract with Hunden Strategic Partners to conduct a hotel feasibility study and needs assessment of the ABC.
- On June 14, 2022 the City Council approved to amend the contract to extend the scope for Mix-Use Entertainment District feasibility study of all city owned properties surrounding the ABC.
- On December 2, 2022 the City Manager approved to amend the contract to include work on Plan of Finance.





Next Steps

- Step 1: Convention Center Hotel Feasibility Study with ABC Needs Assessment, and Mix-Use Entertainment District Economic Impact - COMPLETED
- Step 2: Plan of Finance and Financial Modeling for review in May 2023
- Step 3: After review of the Plan of Finance, the City staff will bring to Council a recommendation.

No recommendation by City staff at this time.

No action items at this time.





Corpus Christi Convention, Hotel & Entertainment District Study

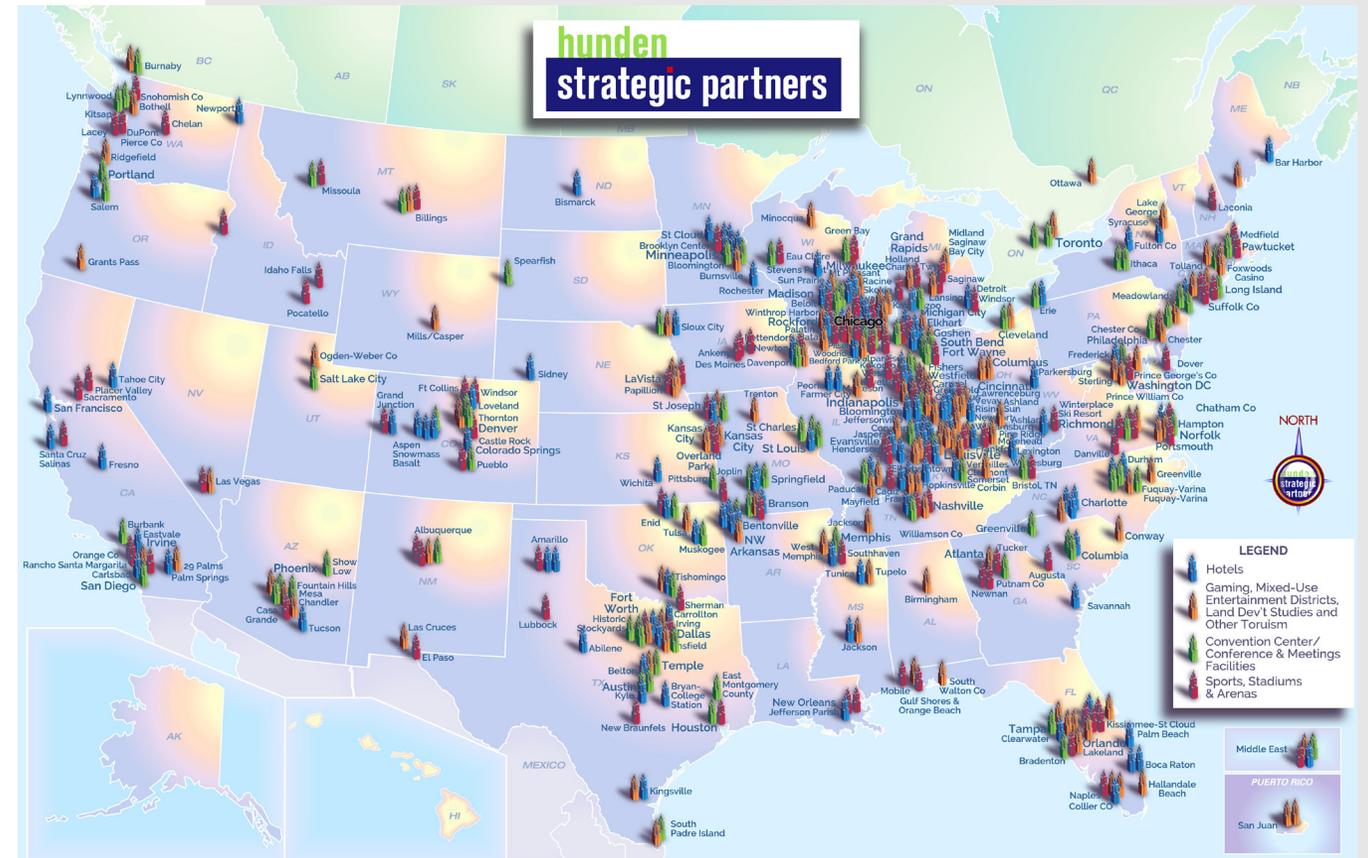
■ January 24, 2023



Host. Stay. Play.

Market Intelligence & Strategy for:

- **Convention & Event Centers**
- **Sports & Recreation Complexes**
- **Mixed-Use Projects**
- **Entertainment Districts**
- **Hotels, Convention Centers**
- **Retail, Restaurant, Residential, Office**
- **Attractions**



Rob Hunden

President & CEO

Public and Private Sector Employment Experience

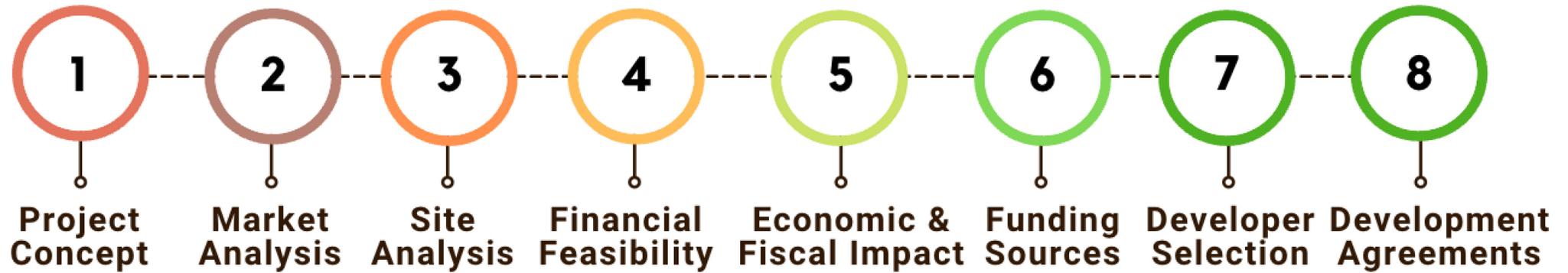
- Indianapolis Bond Bank/Mayor's Office 1996 - 1998
- Horwath Landauer/Grubb & Ellis 1998 - 2000
- C.H. Johnson Consulting 2000 - 2005
- Hunden Strategic Partners - 2006 - Present

25 Years of Industry Experience Nationwide

- 1,000 Projects and Studies
- Speaker, Teacher and Author
- Move projects from Concept to Reality



Placemaking & Real Estate Advisory



Why is the ABC Important?

The American Bank Center was the most visited attraction in the Corpus Christi area in 2019 followed by Whitecap Beach and the Corpus Christi Marina.

Corpus Christi's tourism is driven by its favorable climate and close proximity to the Gulf of Mexico. Outdoor activities, along with historical museums/sites, are the most popular local tourist attractions in the city.

McGee Beach is the closest beach to the American Bank Center and attracted nearly 150,000 visitors in 2019. The most popular beaches, however, are those located on Padre Island, about 15 miles southeast of downtown Corpus Christi.

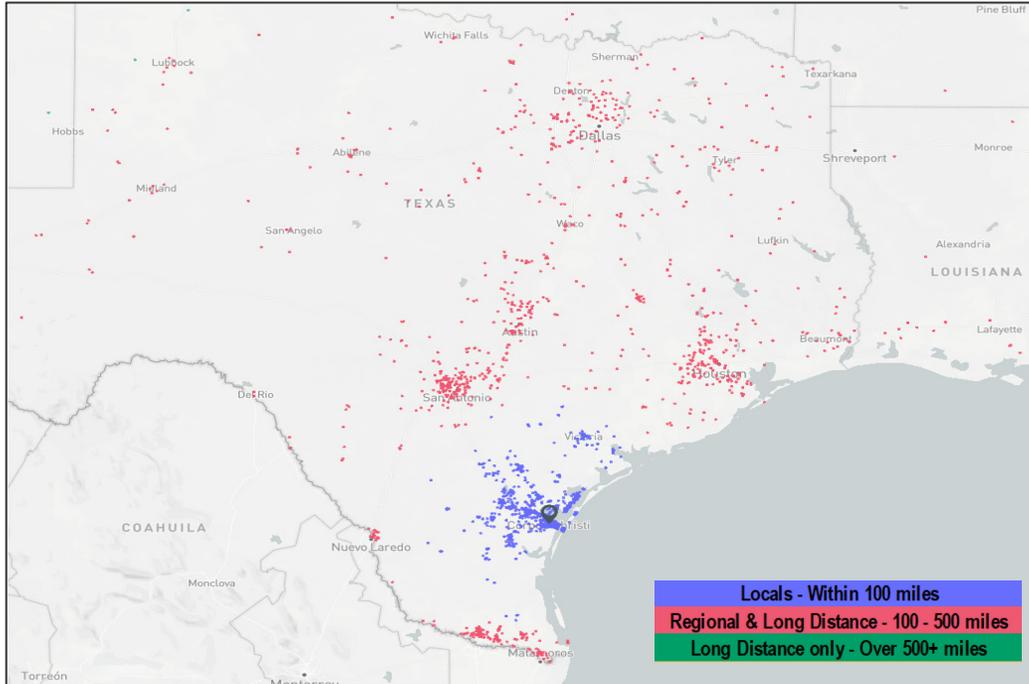
Corpus Christi Most Visited Attractions - 2019

Rank	Name	Type of Attraction	Visits	Customers	Avg. Visits Per Customer
1	American Bank Center	Multi-Use	935,000	453,700	2.06
2	Whitecap Beach	Beach	724,700	370,000	1.94
3	Corpus Christi Marina	Marina	616,600	369,300	1.67
4	Texas State Aquarium	Aquarium	616,200	521,400	1.18
5	Century 16	Movie Theater	472,100	188,400	2.51
6	USS Lexington	Museum	448,300	409,900	1.08
7	JP Luby Beach	Beach	428,100	189,400	2.26
8	Whataburger Field	Stadium	423,400	222,000	1.94
9	McGee Beach	Beach	145,000	110,100	1.31
10	Selena Museum	Museum	135,300	102,700	1.32
11	North Beach	Beach	118,700	94,800	1.24
12	Art Center of Corpus Christi	Art Museum	58,600	35,900	1.65
13	Malaquite Beach	Beach	57,900	32,900	1.76
14	Hurricane Alley Waterpark	Water Park	51,600	37,000	1.39

Source: Placer.ai

American Bank Center Visitation

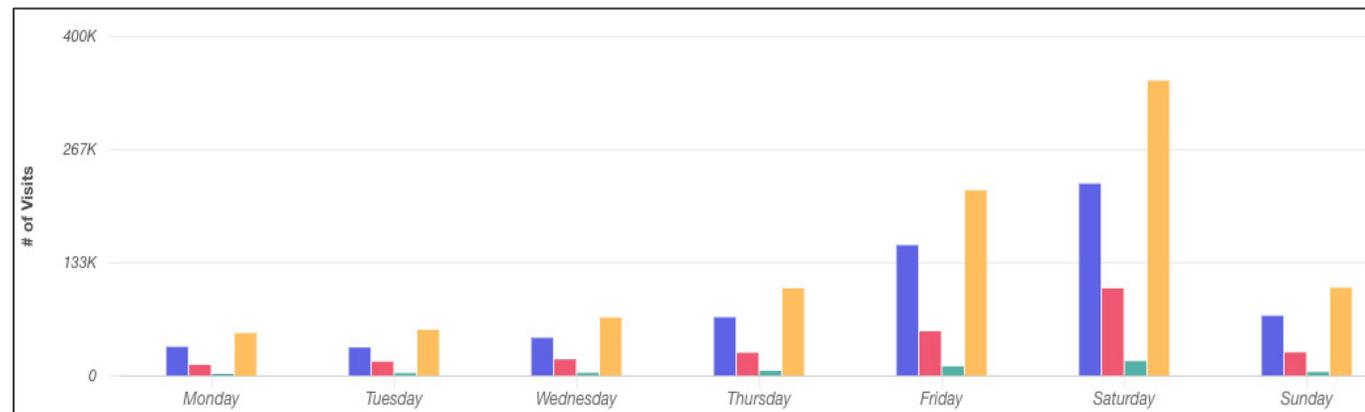
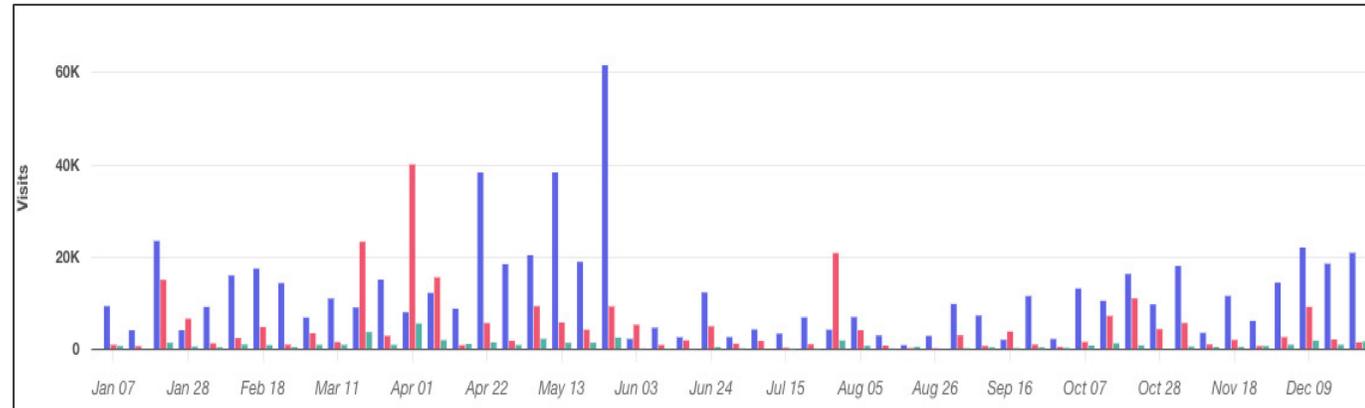
The ABC, including the convention space, arena, and Selena Auditorium, receives most of its visitation from the local Corpus area. HSP created three geographical buckets by distance from the ABC, which were within 100 miles, capturing primarily locals, between 100 and 500 miles, which captures much of the rest of the State of Texas, and finally over 500 miles, which includes primarily out-of-state or remote state borderline areas of Texas.



American Bank Center Complex
January 1st, 2019 - December 31st, 2019 (365 Days)

Visitor Origins by Distance from Site (Colors correspond to charts & maps)	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 100 miles	635,200	66.9%	292,500	63.8%	2.17
Regional Distance & Long Distance - 100-500 miles	262,500	27.6%	142,000	31.0%	1.85
Long Distance only - Over 500+ miles	51,700	5.4%	24,000	5.2%	2.15
Total Visits	949,400	100.0%	458,500	100.0%	2.07

Source: Placer.ai



Competitive Convention Centers

Competitive Environment - Convention Centers (sorted by total function space)

Facility	Location	Total					Connected			Hotel Rooms/ 1,000 SF of Exhibit Space
		Function Space	Exhibit Space	Ballroom Space	Largest Ballroom	Meeting Space	Hotel Rooms	Walkable Hotels	Walkable Hotel Rooms	
Kay Bailey Hutchinson Convention Center	Dallas, TX	889,601	724,526	65,339	26,992	99,736	1,001	3	1,431	3
George R. Brown Convention Center	Houston, TX	885,960	753,170	31,590	31,590	101,200	2,008	9	3,775	8
Henry B. Gonzalez Convention Center	San Antonio, TX	723,266	507,944	94,753	54,528	120,569	1,003	29	7,638	17
Austin Convention Center	Austin, TX	358,864	247,052	63,928	40,510	47,884	1,861	27	7,985	40
Fort Worth Convention Center	Fort Worth, TX	313,854	227,266	27,904	27,904	58,684	–	11	2,746	12
McAllen Convention Center	McAllen, TX	87,272	61,482	10,659	10,659	15,131	–	4	484	8
Irving Convention Center	Irving, TX	85,459	48,576	26,104	19,264	10,779	–	3	629	13
Waco Convention Center	Waco, TX	80,309	47,976	13,818	13,818	18,515	195	5	607	17
Galveston Island Convention Center	Galveston, TX	69,800	43,100	15,000	5,000	11,700	–	5	856	20
Abilene Convention Center	Abilene, TX	41,024	20,000	–	–	21,024	–	0	–	0
South Padre Island Convention Centre	South Padre Island, TX	33,514	22,500	–	–	11,014	–	–	–	0
Average		324,448	245,781	38,788	25,585	46,931	1,214	10	2,906	12
American Bank Center	Corpus Christi, TX	135,588	76,500	43,790	25,366	15,298	0	0	0	0
Difference from Average		(188,860)	(169,281)	5,002	(219)	(31,633)	(1,214)	(10)	(2,906)	(12)

Source: Various Facilities, Smith Travel Research

Major Competitors' District Elements

HSP assessed the number of restaurants, bars (bars include those in restaurants) and retailers within a 0.3-mile walking distance of the doors of competitive convention centers and headquarter hotels to understand the options immediately outside the centers.

Corpus ranks last on the list due to the minimal number of walkable offerings. It is logical that many of the urban convention center would outrank the ABC, however, there are others that are directly competitive on the list that outperform the ABC in terms of walkable amenities.

The following slides show further detail on these locations and their walkable package in comparison to that in Corpus Christi.

American Bank Center Major Competitors										
Name	City	State/ Province	Rank	Restaurants	Rank	Bars*	Rank	Retailers	Rank	Total
Austin Convention Center	Austin	TX	2	50	1	53	2	14	1	117
Henry B. Gonzalez Convention Center	San Antonio	TX	1	54	2	35	1	27	2	116
Waco Convention Center	Waco	TX	3	24	3	12	3	10	3	46
Irving Convention Center at Las Colinas	Irving	TX	5	16	4	10	6	5	4	31
George R. Brown Convention Center	Houston	TX	4	21	6	6	8	3	5	30
Galveston Island Convention Center	Galveston	TX	6	11	7	5	4	8	6	24
Kalahari Resorts & Conventions	Round Rock	TX	9	6	5	7	5	6	7	19
Kay Bailey Hutchison Convention Center	Dallas	TX	6	11	9	4	8	3	8	18
Gaylord Texan Resort & Convention Center	Grapevine	TX	8	8	7	5	6	5	8	18
American Bank Center	Corpus Christi	TX	10	2	10	1	10	0	10	3
Average				20		14		8		35
Average of Top Five				33		23		13		68
Diference from Average (Corpus Christi)				(18)		(13)		(8)		(32)

* Bars within restaurants are counted in this column

Source: HSP, various sources

The Challenges

▪ Convention Center

- Deteriorated facilities. Exhibit hall, L-shaped ballroom and minimal meeting rooms not sufficient. Largest ballroom outmoded and too small. Too few meeting rooms. Competitors have more and better quality of all elements.

▪ Arena/Selena

- The ABC Arena is limited in scheduling and number of events typically hosting between five and 15 events per year outside of the NCAA basketball games and NAHL hockey games. The circulation space is quite small and restricting, additional ticketing and screening space is needed at the entrance of the facility. Selena Auditorium is a great space; however, updated A/V and tech, back-of-house space and pre-function areas are needed.

▪ Hotel Package

- The package that planners require does not exist, with zero hotels or rooms within 1,800-foot walkable radius of ABC. There is **a need for 1,125 rooms for the current ABC and 1,350 rooms for the expanded ABC.**
- The nearest convention-quality hotel is the Omni (475 rooms) approximately 0.5 miles away, not easily walkable. While it is a full-service hotel with some of the nicest restaurants in the area, it does not offer significant ballroom or meeting space like other HQ hotels in Texas and elsewhere.

▪ Walkable District

- Two extremes: (1) a sea of surface parking, undeveloped/underdeveloped land; and (2) a collection of cultural and sports venues, including Whataburger Field, museums, an aquarium, the Gulf/beach, and other assets.
- ABC is not located within walking distance to the core downtown amenities. Visitors want to be able to easily see and walk to things to do, primarily eat/drink and shop. But they also want to have entertainment options as well as recreational opportunities.

Corpus Christi Downtown Aerial



**DOWNTOWN
CORPUS
CHRISTI**

LEGEND	
Convention Center	Hotel
Large-Scale Office	Amusement
Vacant Lot/Surface Parking	Notable Multifamily

Market-Based Recommendations:

- Expanded Convention Center and connected/walkable hotel rooms
- Critical Mass of Restaurants, Bars & Retail
- More immediately available (immediately outside convention center) activities, attractions
- Recommended Commercial Development (not including residential or office) within five-minute walking distance of the new convention center

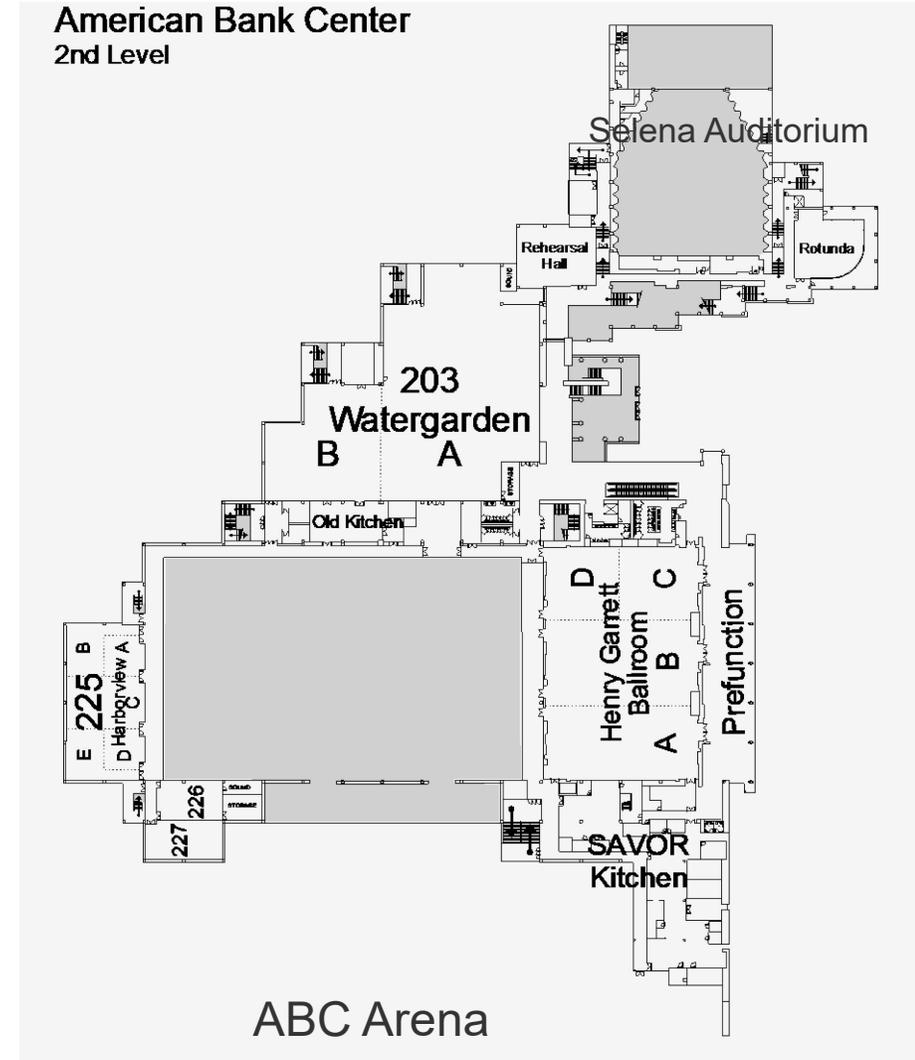
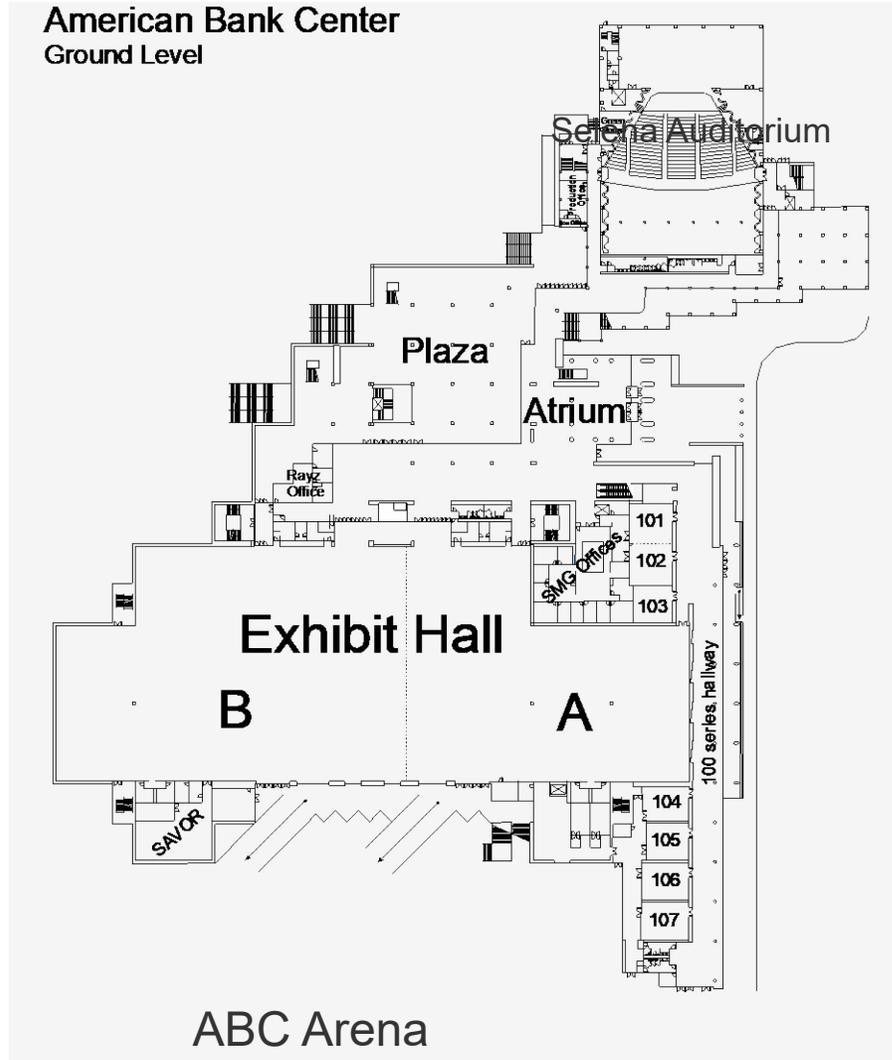
Corpus Christi ABC & District Recommendations						
	Convention Center	Hotel	Multifamily	Retail/Restaurant	Entertainment	Office
Demand	Strong	Strong	Moderate	Moderate	Strong	Limited/Weak
Supply	Limited/Weak	Limited/Weak, Nothing Walkable	Moderate	Limited/Weak	Moderate	Limited/Weak
Phase I Immediate Priority	Expand Total Function Space by 66,836 SF (includes expanded exhibit hall by 13,500 SF, adding 14,634 SF of ballroom space and adding 38,702 SF of meeting room space across 30 rooms)	300-Key Select-Service Hotel (opens first); HQ Hotel (550-600 Keys) opens second	300 Units	60,000 SF Restaurant, Bar and Eatery/Cafe Heavy	Outdoor Plaza Space w/ Stage, Coverable, Buc Days Event, Indoor Bar w/ Concert Stage (500 Cap)	20,000 SF Lofted Office Space Over Ground Floor Retail
Phase II Mid-Term Priority		Upscale Boutique Hotel of 100+/- Keys,	300 Units	30,000 SF	-	60,000 SF
Phase III Future Priority		400-Key Convention Hotel	400 Units, Potential For Sale Condos/Townhomes with Bay Views	20,000 SF	-	30,000 SF

Source: Hunden Strategic Partners

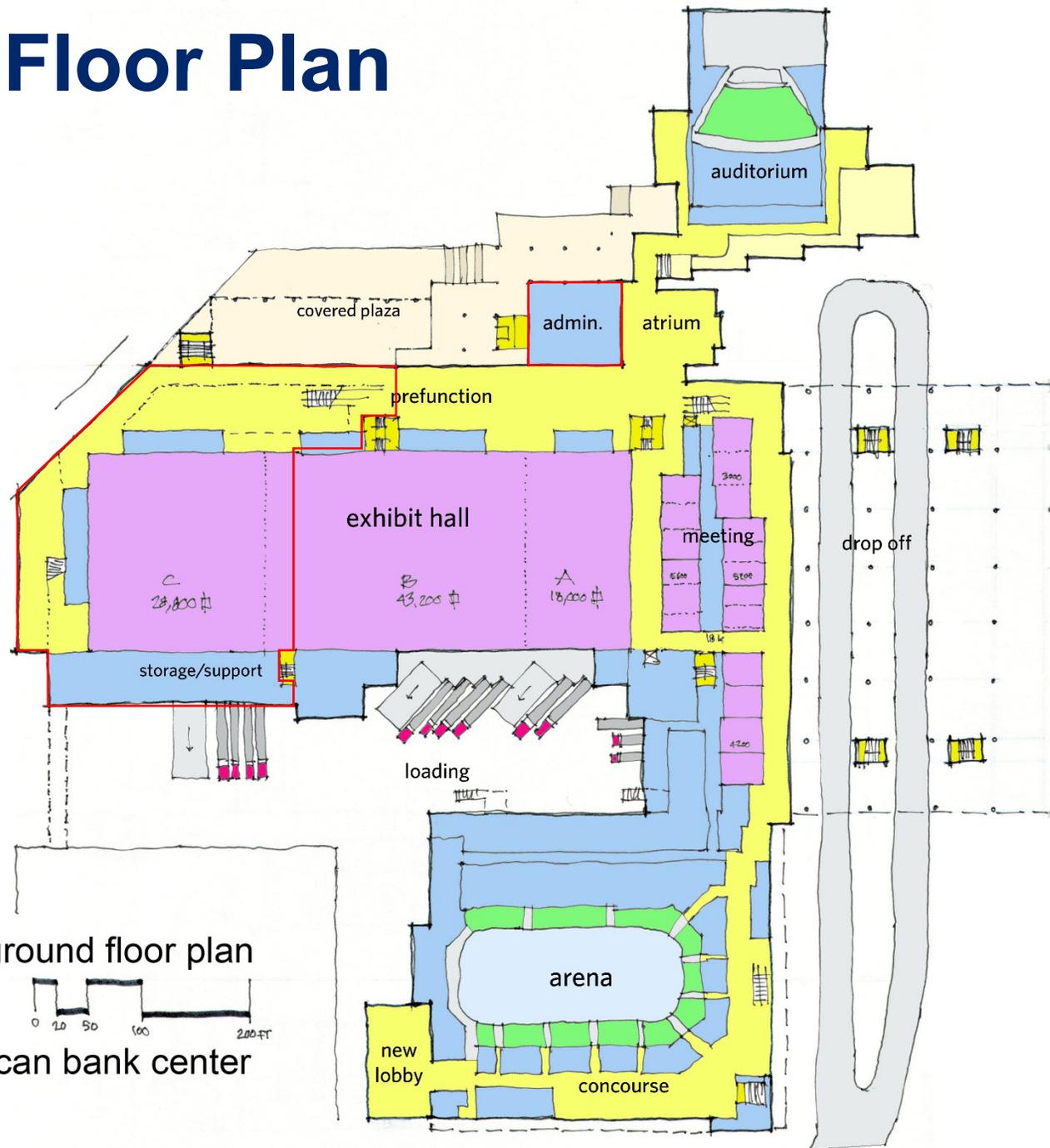
ABC Current Layout & Floor Plans

The ground level of the ABC contains four main areas: the exhibit hall, the Selena Auditorium, meeting rooms and the plaza and atrium space.

The ballrooms are located on the second floor. The Henry Garrett Ballroom is the nicest space in the venue and is widely utilized. The Watergarden Ballroom is one of the older spaces in the building and does not get utilized as heavily due to its shape and lack of flexibility.



Proposed Ground Floor Plan

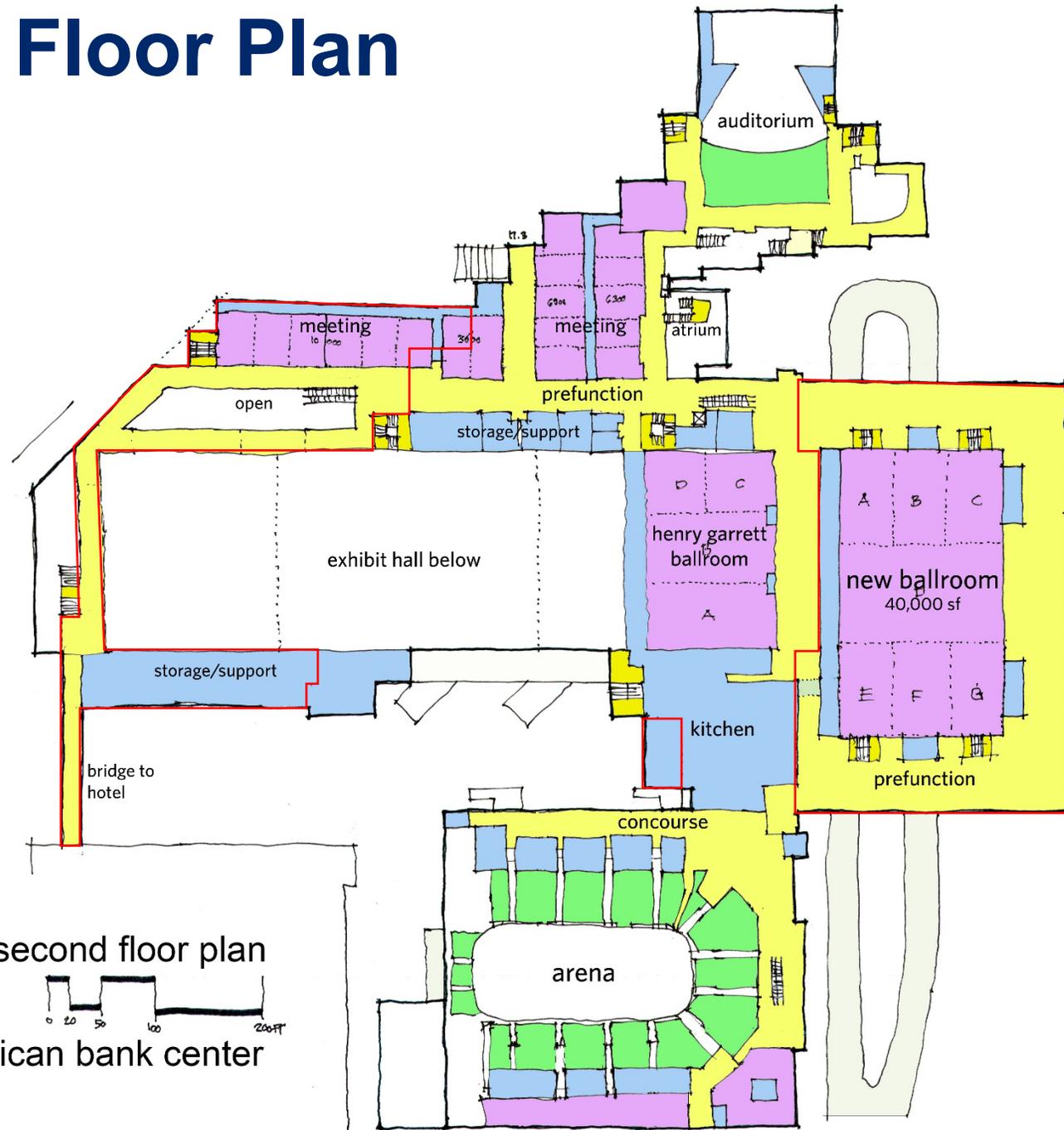


LEGEND

- Function Space
- Prefunction Space
- Back of House/Support Space
- Fixed Seating
- Area of New Construction

ground floor plan
american bank center

Proposed Second Floor Plan

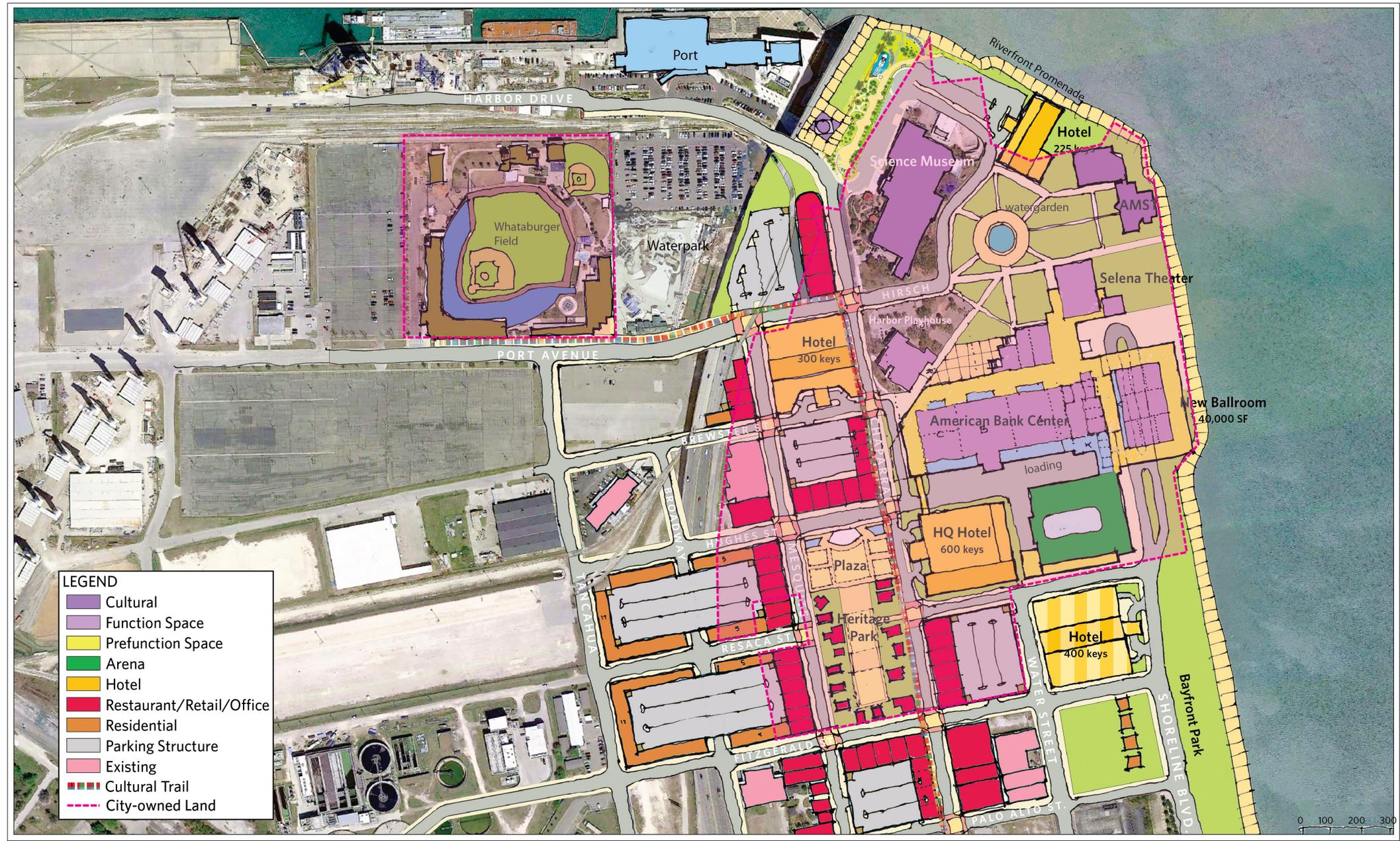


LEGEND

- Function Space
- Prefunction Space
- Back of House/Support Space
- Fixed Seating
- Area of New Construction

second floor plan
american bank center

City-Owned
Property
Highlighted



SEA District Site Concept Plan



AUG 2022

30-Year Impact Summary

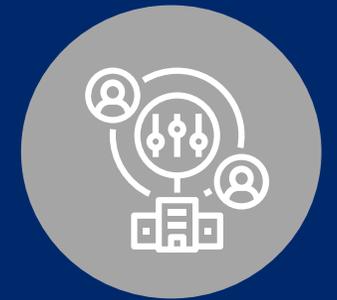
Over the 30-Year period the entire project, including both the ABC and surrounding mixed-use district, is expected to generate the following impacts for the City of Corpus Christi:

- **\$13.9 billion** in Net New Spending
- **\$6.4 billion** in Net New Earnings
- **3,250+** Net New FTE Jobs
- **5,100+** Net One-Time Construction Jobs
- **\$709 million** in State Taxes*
- **\$566 million** in Local Taxes

* A portion of state taxes potentially recapturable for project financing

30-Yr. Summary of Impacts - Combined	
Net New Spending	(millions)
Direct	\$8,843
Indirect	\$3,416
Induced	\$1,650
Total	\$13,909
Net New Earnings	(millions)
Onsite Office	\$289
From Direct	\$3,823
From Indirect	\$1,517
From Induced	\$798
Total	\$6,426
Net New FTE Jobs	Actual (Year 10)
Onsite Office	81
From Direct	1,993
From Indirect	788
From Induced	396
Total	3,258
Construction Job-Years	5,112
Capturable State Taxes	(millions)
Sales Tax (6.25%)	\$524
Hotel Tax (6.0%)	\$185
Total	\$709
Capturable Local Taxes	(millions)
Hotel Motel Tax (7.0%)	\$216
Hotel Motel - Conv Allocation (2.0%)	\$62
Sales Tax (2%)	\$168
Real Estate Tax	\$118
Total	\$563
Taxes City & State Combined	\$1,272

Source: Hunden Strategic Partners



Construction Impacts - Combined	
Development Cost (000s)	
Labor (60%)	\$ 383,400
Materials (40%)	\$ 255,600
Total	\$ 639,000
Construction Job-Years	5,112

Source: Hunden Strategic Partners

How do we know?

- **Lost Business Analysis** – the lost business due to not having a connected hotel equals nearly 42,000 peak room nights, 118,000 total room nights and 135,000 total attendance which translates to nearly \$42 million in economic impact that Corpus Christi has lost. This is only a small picture of the true lost business the ABC experiences due to aging facilities and poor management that are not tracked.
- **Meeting Planner Interviews & Survey Results** – HSP conducted several interviews with meeting planners in addition to conducting a survey across meeting planners, as identified relevant by Visit Corpus Christi. The survey was sent to nearly 700 contacts and of the respondents, 55 percent were from professional associations, 21 percent from trade organizations and 13 percent from educational organizations. Overall cost and hotel room block availability were the top two most important factors in destination selections and over 50 percent ranked ballroom size, number of meeting rooms and hotel quality as extremely important.
- **Competitive Texas Convention Centers & Hotels** – higher-rated business is induced by large and flexible ballroom and meeting spaces. Number of meeting rooms is significantly lower for Corpus at 14 versus the competitive supply average at 26. Amount of meeting rooms space is less than half of the comp set at approximately 15k SF versus 33k SF. Corpus needs at least one very large ballroom of 30k – 40k SF+ and at least double the amount of meeting rooms space to be competitive within the state.
- **Competitive Texas Districts** – Corpus Christi falls behind all comparable and competitive venues in terms of its walkable package surrounding the ABC. The lack of walkable amenities beginning with a HQ hotel contribute to significant lost business. Texas has a significant amount of rotating business where groups go to other markets and experience the ease of having all they need in one location.
- **Comparable Success Stories** – many of the top districts create a density of retail, restaurant, entertainment, multifamily, office and hotel offerings adjacent to major demand inducing assets such as a convention center in order to create a critical mass of people 24/7. The top entertainment districts across the country infuse a variety of elements that synergize together to draw in both locals and visitors. Kansas City is an example of a barbell design with two large demand drivers such as the T-Mobile Center and the Kansas City Convention Center with the Power & Light District directly in-between. Another example is Irving, Texas with the Irving Convention Center and the Toyota Music Factory on either end with supportive amenities right in-between.

Texas Financing Tools

- **MMD** – Municipal management districts are political subdivisions of the state created to promote, develop, encourage, and maintain employment, commerce, transportation, housing tourism, recreation, arts, entertainment, economic development, safety, and the public welfare within a defined area.
- **380 Agreements** authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services at little or no cost to promote state and local economic development and to stimulate business and commercial activity. Examples include rebating certain incremental local or other taxes back to the project to incentivize it.
- **TIRZ/TIF Districts** are special zones created by City Council to attract new investment in an area. These zones help finance costs of redevelopment and promote growth in areas that would otherwise not attract sufficient market development in a timely manner. Taxes attributable to new improvements (tax increments) are set-aside in a fund to finance public improvements within the boundaries of the zone. Recapture of property taxes can be used to fund any feasibility gaps for private sector projects via parking and other public items.
- **PFZ** – Project Finance Zones, currently only enabled in Fort Worth and Dallas, allow for the capture of incremental state hotel and sales taxes generated by hotels within a 3-mile radius of a major convention or sports/entertainment event center. The incremental state taxes can then be used to fund the projects. This tool could be used to help finance the ABC expansion and renovation, along with parking.
- **HB 4347**, Corpus Christi falls within approved city category: allows recapture of state taxes within 1,000-foot radius of a qualifying convention center and/or hotel project. 100% of State Sales Taxes (6.25%) for 10 years, 100% of State Hotel Taxes (6%) for 10 years 100% of State Mixed-Beverage Taxes (6.7%) for 10 Years. Can also be used for ancillary/support developments that cater to visitors, such as bars, spaces, retail and restaurants.

How do we get there? Next Steps

- **Strong Leadership.** The X-Factor in getting game-changing projects done is leadership by local leadership, all in sync on the vision and plan for the destination district.
- **Plan of Finance.** In order to execute the project(s), a plan of finance that maximizes state and local development financing tools must be determined. These items will likely include most of the tools on the prior slide. The legislative representatives for the area may need to press the case to the legislature in order to be approved for certain tools, such as the PFZ (project financing zone). Hunden recommends working with a qualified municipal advisory firm, Hunden Partners and City finance to move through this process.
- **Buy In.** Once the plan of finance is proposed, buy-in from local leadership is key prior to soliciting developers.
- **Proven Developer Solicitation & Selection Processes.** Two key developer RFQ/P processes must be followed in order to have a strong result for the private sector development.
 - **HQ Hotel.** The HQ hotel is the lynchpin in the entire project. Without this hotel, the expanded ABC will not perform as expected and the destination district will have many less events/visitors to support it. Moving through an RFQ/P process for a developer and brand that will bring a quality HQ hotel to the ABC complex is recommended, once a plan of finance is mapped out. The developers and brands that specialize in this type of development are not local, other than Omni, so a nationwide effort is recommended.
 - **District Master Developer/Team.** The mixed-use entertainment district is the other key to the long-term success of the area, and what will help connect the ABC area to downtown over time. Similar to the HQ hotel, a developer RFQ/P process is recommended to bring a qualified development team that can execute on the restaurants, entertainment, retail, housing, office and public spaces needed to create a true district. Most developers do not specialize in every use type, so a qualified team is the likely outcome. The team could include some local players, but will also likely be led by a national or regional player.