



MEETING AGENDA

**October 22, 2015
9:00 a.m.**

**Main Location:
UNLV Richard Tam Alumni Center
4505 S. Maryland Pkwy.
Las Vegas, NV 89154**

**For Possible
Action**

- 1. Call to Order, Roll Call and Establish Quorum**
- 2. Public Comment**
- 3. Acceptance of Minutes from September 24, 2015**
- 4. Chairman/Committee Comments**
- 5. Research Staff Report**
- 6. Presentations**
 - a. The State of the Las Vegas Convention Market
 - Rossi Ralenkotter, Las Vegas Convention and Visitors Authority
 - b. Show Promoter Panel Discussion
 - Karen Chupka, Consumer Electronics Association
 - Megan Tanel, Association of Equipment Manufacturers
 - Tony Calanca, UBM/Advanstar
 - Christopher Brown and Justine McVaney, National Association of Broadcasters
 - Christopher Kersting and William Miller, Specialty Equipment Marketing Association
 - Tim McGuinness, International Council of Shopping Centers
 - c. Operator Perspective | Las Vegas Sands
 - George Markantonis, Pete Boyd, Kirsten Dimond and Chandra Allison, Las Vegas Sands, Sands Expo Center
 - d. Operator Perspective | MGM Resorts International
 - Michael Dominguez, MGM Resorts International, Mandalay Bay Convention Center

- e. Operator Perspective | Caesars Entertainment
 - Michael Massari, Caesars Entertainment
- f. Future of Transportation
 - Bruce Belzowski, UMTRI
- g. Convention Logistics
 - Jeff Pressman, ConvExx
- h. The Competitive Convention Market
 - Charles Johnson, Johnson Consulting

7. December Meeting Preview

8. Committee Member Comments

9. Public Comment

For Possible Action

10. Adjournment

NOTE (1) THIS AGENDA HAS BEEN POSTED NO LATER THAN THREE WORKING DAYS PRIOR TO THE MEETING AT THE FOLLOWING LOCATIONS:

- a. GOED, 808 W. Nye Ln, Carson City, NV
- b. Sawyer Building, 555 E. Washington Avenue, Las Vegas, NV
- c. Nevada State Library, 100 N. Stewart St., Carson City, NV
- d. Nevada State Capitol, 101 S. Carson Street, Carson City, NV
- e. LVGEA, 6720 Via Austi Parkway., Suite 130, Las Vegas, NV
- f. City of Las Vegas, City Hall, 400 East Stewart Avenue, Las Vegas, NV
- g. City of North Las Vegas, City Hall, 2250 N. Las Vegas Boulevard, North Las Vegas, NV
- h. Clark County Government Center, 500 S. Grand Central Parkway, Las Vegas, NV
- i. City of Boulder, City Hall, 401 California Avenue, Boulder City, NV
- j. City of Henderson, City Hall, 240 Water Street, Henderson, NV
- k. City of Mesquite, City Hall, 10 E. Mesquite Boulevard, Mesquite, NV
- l. Lincoln County Regional Development Authority, P.O. Box 1006, Caliente, NV
- m. Nye County Regional Economic Development Authority, P.O. Box 822, Pahrump, NV
- n. GOED website www.diversifynevada.com
- o. Nevada Public Notice website <http://notice.nv.gov>

NOTE (2) Persons with disabilities who require special accommodations or assistance at the meeting should notify Lynne Taylor-Bullock, Governor’s Office of Economic Development, 555 E. Washington Ave., Suite 5400, Las Vegas, Nevada 89101 or by calling 702-486-2700 on or before the close of business two business days prior to the meeting date.

NOTE (3) The Committee reserves the right to take items in a different order, combine items for consideration and/or pull or remove items from the agenda at any time to accomplish business in the most efficient manner.

NOTE (4) All comments will be limited to 3 minutes per speaker. Comment based on viewpoint may not be restricted. No action may be taken upon a matter raised under the public comment period unless the matter itself has been specifically included on an agenda as an action item. Prior to the commencement and conclusion of a contested case or quasi-judicial proceeding that may affect the due process of individuals, the Committee may refuse to consider public comment. See NRS 233b.126.

NOTE (5) For supporting material please contact Lynne Taylor-Bullock, 555 E. Washington Avenue, Suite 5400, Las Vegas, Nevada 89101, (702) 486-2700, ltaylor@diversifynevada.com. Materials may be obtained at the following public locations: Governor's Office of Economic Development, 555 E. Washington Avenue, Suite 5400, Las Vegas, Nevada 89101 or Governor's Office of Economic Development, 808 W. Nye Lane, Carson City, Nevada 89703.

**SOUTHERN NEVADA TOURISM INFRASTRUCTURE
COMMITTEE MEETING
September 24, 2015**

The meeting of the Southern Nevada Tourism Infrastructure Committee was called to order by Chairman Hill at 9:00 a.m. in the Blasco Event Wing at the UNLV Foundations Building.

1. ROLL CALL/CALL TO ORDER/ESTABLISH QUOROM

BOARD MEMBERS PRESENT

Mr. Steven Hill, Committee Chairman
Dr. Len Jessup, Committee Vice Chairman
Ms. Carolyn Goodman, Mayor of City of Las Vegas
Ms. Kristin McMillan, President and CEO of the Las Vegas Metro Chamber of Commerce
Mr. Tom Jenkin, Global President of Caesars Entertainment
Mr. Bill Noonan, Senior Vice President of Boyd Gaming
Mr. William Hornbuckle, President of MGM Resorts International
Ms. Kim Sinatra, Executive Vice President of Wynn Resorts
Mr. George Markantonis, President and COO of The Venetian and The Palazzo
Mr. Mike Sloan, Senior Vice President of Station Casinos

APPOINTED COMMITTEE MEMBERS ABSENT

Mr. Steve Sisolak, Chairman of the Clark County Commission

ADVISORY COMMITTEE MEMBERS PRESENT

Ms. Elizabeth Fretwell, City Manager of the City of Las Vegas
Mr. Donald Burnette, County Manager of Clark County
Ms. Rosemary Vassiliadis, Director of Clark County Department of Aviation
Ms. Tina Quigley, General Manager of Regional Transportation Commission of Southern Nevada
Mr. Rossi Ralenkotter, President and CEO of Las Vegas Convention and Visitors Authority
Mr. Guy Hobbs, Managing Director of Hobbs Ong & Associates

2. PUBLIC COMMENT: 9:04 a.m.

Mr. Ed Uehling feels people like ESPN and Live Nation need to be on boards such as the LVCVA or SNTIC because they are the ones who are responsible for bringing the people to Las Vegas.

There are no more public comments. Chairman Hill closes Agenda Item 2.

3. ACCEPTANCE OF MINUTES FROM AUGUST 27, 2015: 9:06 a.m.

Chairman Hill opens the floor to any motion to accept or make changes to the minutes. The acceptance of the minutes passes unanimously.

Chairman Hill closes Agenda Item 3.

4. CHAIRMAN/COMMITTEE COMMENTS: 9:07 a.m.

Chairman Hill reiterates the first five meetings of the Tourism Infrastructure Committee are centered on the five major topics the committee has been asked to address. He apologizes that the meetings for the next three subjects will be long as they are very important to the region and there is a significant amount of information that needs to be reviewed in order to make recommendations to the Governor and the Legislature in the summer of 2016. Chairman Hill points out that the role of the committee is to make recommendations to the Legislature where public entities may need to engage in order to ensure Las Vegas has the infrastructure necessary to remain competitive in its core industry. It is not the committee's role to choose between competing private interests for facilities that may be built.

There are no more comments. Chairman Hill closes Agenda Item 4.

5. RESEARCH STAFF REPORT: 9:09 a.m.

Mr. Jeremy Aguero references the Staff Report and October Meeting Preview. The Staff Report highlights some of the key statistics brought up from the meeting in August, particularly focusing on how many people go through McCarran International Airport. Measured by the origin and destination passengers, McCarran is the second-busiest airport in the nation, serving as a lifeline to Las Vegas's core tourism industry. Issues discussed include the timeline for reaching the airport's maximum capacity, risks associated with having a single resource of jet fuel in southern Nevada, and the potential need for a new airport at Ivanpah. Mr. Aguero then highlights possible recommendations. He notes that while Ivanpah has been a significant part of the community dialog as it relates to building airport capacity, in the near and mid-term, the community's focus needs to be on preserving the site and evaluating alternative funding options. He also highlighted the potential of creating a pilot program to address taxi wait times at McCarran International Airport.

Mr. Aguero then references the upcoming committee meeting on convention centers. Southern Nevada is home to three of the top 10 convention centers in the United States and has ranked number one in the trade show 200 for 21 consecutive years. Mr. Aguero notes that southern Nevada has a larger visitor-based convention and meeting economy than most markets have tourism economies in total, and the Las Vegas convention industry adds significantly to economic output, wages and salaries paid, taxes collected, and employment. Mr. Aguero acknowledges that other markets are seeking to be more

competitive with Las Vegas and that technology advancements may have the potential to adversely affect convention and meeting travel in the future.

A question was raised last meeting relative to the balance between the hotel rooms that southern Nevada has in the development pipeline and the projections that Mr. Aguero presented as a baseline relative to visitor volume. Mr. Aguero provides a projection matrix that depicts potential room occupancy rates in southern Nevada and alternative compounded annual growth rates for visitor volume for various periods into the future. The matrix estimates how many additional hotel rooms would be needed to meet demand under various alternative scenarios. Mr. Aguero states that the visitor volume projections were shifted from a midpoint growth rate of about 2 percent per year to a midpoint growth rate of about 1.25 percent per year. Notably, this is a decrease from where the region grew last year and where expectations are for this year. This reduction is going to mean that occupancy rates will need to exceed current levels, as the inventory of hotel rooms in the development pipeline is insufficient to meet demand at current visitation growth levels. The slower baseline rate of growth reduces total visitor volumes in the out years of the projection period. Referencing the provided chart, there would need to be 11,272 additional rooms at the reduced rate of growth if occupancy rate were to remain roughly stable. The goal is not to project this with a particular degree of precision but rather try to provide a reasonable expectation in terms of the hotel room supply that is going to have to come online to meet the demand that is expected within the southern Nevada tourism market. Mr. Aguero states the other pages provided in the exhibit illustrate the same projections out to 2050, ultimately estimating hotel room inventory and McCarran International Airport capacity.

Mr. Hornbuckle states that room yield and average daily room rates are not a consideration provided by the projection matrix. He notes that the industry is still down about 15 percent in terms of hotel room yield, which is a critical consideration. Thus, the market has to catch up in terms of pricing if any significant investment is going to occur.

Chairman Hill closes Agenda Item 5.

6. PRESENTATIONS: 9:20 a.m.

**a. Importance of Major Events to Southern Nevada's Tourism Economy
-Las Vegas Convention and Visitors Authority (LVCVA): 9:20 a.m.**

Chairman Hill welcomes Mr. Rossi Ralenkotter from the Technical Advisory Committee. Mr. Ralenkotter introduces Ms. Cathy Tull, the Senior Vice President of Marketing at the LVCVA, and Mr. Kevin Bagger, the Director of Research at the LVCVA.

Mr. Ralenkotter states the LVCVA is the leading organization that establishes the brand image of Las Vegas. Last year, Las Vegas attracted a record-breaking 41 million visitors and is on track to increase that to 42 million visitors in 2015. The LVCVA looks to market segments and activities to not only drive visitation but to also increase average daily rates and returns. The LVCVA dedicates resources and sales efforts to various

market segments in Las Vegas with the intent of expanding the amount of visitation and exposure for Las Vegas as a destination.

Mr. Ralenkotter points out that there are three key market areas instrumental to growth in southern Nevada. These include the meeting and convention market, international travelers and special events. Mr. Ralenkotter emphasizes that the LVCVA has been very successful in this effort. Mr. Ralenkotter points out that meetings and conventions represent about 13 percent of the market share and international visitation represents about 19 percent. Mr. Ralenkotter has charged his staff with taking international visitation from 19 percent to 30 percent over the next seven years.

Mr. Ralenkotter moves on to the special events segment, which generates about 2.9 million visitor trips per year. The LVCVA has been in the special events business since the late 1970s. Mr. Ralenkotter says components of special events are important in that many of them are midweek, are capable of targeting slow periods during the year and bring first-time customers to Las Vegas. Las Vegas Events (LVE) was formed in 1983 to aid in creating a country-western experience around the National Finals Rodeo. Mr. Ralenkotter suggests if this formula is emulated every time there is a special event in town, it would translate into substantial economic growth for the tourism industry.

Mr. Ralenkotter states that in 1983, the state Legislature also enacted a 1 percent room tax broken into two components: three-eighths of that 1 percent was provided to the state for the funding of the Nevada Commission on Tourism and the other five-eighths of that 1 percent went to the convention centers in Reno and Las Vegas to fund the promotion of special events. It was the only line item in the LVCVA's budget that rolled over each year. This agreement was in place for 16 years and generated \$107 million for event promotion. But since 1999, the Legislature redirected the five-eighths share to the school district, eliminating this funding source from the LVCVA's budget. Mr. Ralenkotter stresses how important having this type of budget is for the state since other states, such as Texas, have a budget specifically for special events that allowed them to compete for and almost capture the National Finals Rodeo last year.

Mr. Ralenkotter moves on to say the LVCVA and LVE have a multilayered approach. LVE works through the LVCVA promoting sponsorships, doing some production of special events and going out to prospect new events for Las Vegas. The LVCVA looks at destination and media-driven events that provide visitation. Currently, the LVCVA provides \$7.5 million to LVE for the sponsorship and promotion of events, while investments in LVCVA funded events are at \$1.5 million and media-funded events are at \$5.4 million. The LVCVA and LVE generate about 1.3 million attendees annually for special events and provide an estimated economic impacts of \$660 million per year, with most of the events held during the weekends.

Mr. Ralenkotter states that Cashman Center is a community center that opened in 1983 and is owned and operated by the LVCVA. There were 203 events at Cashman last year, which generated a little over 440,000 attendees. The LVCVA has an agreement with the

City of Las Vegas for the redevelopment of Cashman to maximize the acreage of the center.

Chairman Hill opens the floor to questions.

Mr. Markantonis asks about where Mr. Ralenkotter is looking to increase international travel to 30 percent over the next seven years. Mr. Ralenkotter believes international travel and special events have the largest growth potential for the future. The LVCVA's goal is to surpass the 2007 peak for meeting and convention delegates. The increase in international visitors is predicated on the amount of potential air lift that has increased materially in Las Vegas in recent years. Mr. Markantonis then asks why the addition of meeting facilities is necessary if we are still a million delegates short of the peak from 2007. Mr. Ralenkotter states many of the conventions and trade shows that want to come into the destination are prohibited due to lack of space since the market has multiple shows wanting to come into town during the months of January through May, October and November, but are unable to be accommodated.

Chairman Hill asks for clarification on the math regarding the international growth increasing from 19 to 30 percent. Mr. Ralenkotter states some reasoning behind this increase includes countries such as China and Brazil that are allowing more visas, and Las Vegas is the fastest-growing destination in the nation as far as new international airplane seats. Trade shows also bring in a large international crowd. The LVCVA is always looking to improve the mix of visitors, as international visitors stay longer and spend more money as compared to traditional leisure travelers.

Chairman Hill asks about the potential of implementing a state-funded source for a special events budget again. Mr. Ralenkotter estimates the budget would probably be around \$20 million today if the LVCVA still had the special events fund. The challenge with not having this budget is that there is a competitive disadvantage, when competing for large events with states like Texas that have such fund. The significant feature to the budget that was allocated by the room tax was that it could not be used for anything besides event promotion and it rolled over so it could then be projected forward for future events. For Las Vegas to compete in the future there needs to be some funding mechanism either through the LVCVA or the state.

Mr. Markantonis asks for clarification on if any of Las Vegas's facilities are big enough to attract large sporting events. Mr. Ralenkotter says that the region has constraints on sporting events, facility size, and being able to cover the cost of bringing these types of events to southern Nevada. Bigger sport facilities and arenas would allow for more events, but there is a cost involved in that venture that needs to be discussed.

Chairman Hill closes Agenda Item 6a.

b. The State of the Events Market
- Las Vegas Events: 9:53 a.m.

Mr. Pat Christenson, President of Las Vegas Events, discusses the evolution of venues and events in Las Vegas and how LVE works with the LVCVA to secure events. The key selling factor for Las Vegas is when an event is being produced here, it is being produced for the world. This unique feature helped form a partnership between the event and the community that allowed large events like the National Finals Rodeo to make southern Nevada their long-term home.

Mr. Christenson states the LVCVA does research on each event by surveying the crowds. At the end of the month, LVE's board reviews the impact of the event from an economic return perspective. Criteria used for deciding what event LVE will work to develop and promote include those that are located at a neutral site, have a strong brand following, possess a sponsorship component, generate 30,000 incremental room nights, occur during off-peak weekends and mid-week, and have strong growth potential for visitors and hotel partners. The LVE board aims to work with the promoters to bring the event to southern Nevada and develop the event in the hopes that will be successful and self-supporting in to the future.

Mr. Christenson reiterates that the funding for LVE sponsorships comes through the LVCVA. The primary role of the LVE's marketing department is to support not only the events that LVE produces but also the events their partners are producing. LVE created a signature event process where they work to connect event producers with the hotels and work with the hotels to do spin-off events.

Mr. Christenson offers there are about 10 events that Las Vegas is unable to host due to the lack of venue. Mr. Christenson states that the one component Las Vegas is missing is a stadium.

Chairman Hill asks if there are any questions.

Mr. Noonan asks how the LVE plans to keep Sam Boyd a relevant facility should a new stadium be built in the future. Mr. Christenson feels it would still be useful even though some of the events will shift to new venues.

Mr. Sloan raises a question on the source for financing a stadium and what revenue it might generate. Chairman Hill says there will be a meeting in the spring dedicated to financing and the recommendations the committee may have for this.

Mayor Goodman asks about the size of property being considered. Mr. Christenson references 40 to 100 acres in order to include the parking that would be needed. He also feels it would take about three years from design to completion. Transportation will always be an issue that will require a master plan for moving people throughout the city.

Mr. Jessup asks if Mr. Christenson believes Las Vegas would be pulling away some of these events from other cities if it simply had a comparable venue. Mr. Christenson does believe that Las Vegas can attract events now taking place in other cities if the community had a large, modernized venue in a prime location.

Mr. Hornbuckle asks what types of events LVE wants to bring to the market. Mr. Christenson says LVE is working on targeting five to six events and talking with the LVCVA about how to fund them. LVE is not thinking about events that cost \$5 million, but less expensive events are being considered as long as Las Vegas can provide the infrastructure and funding for them.

Chairman Hill closes Agenda item 5b.

**c. Major Operator Perspective:
- MGM Resorts International: 10:53 a.m.**

Mr. Mark Prows, Senior Vice President of Arenas for MGM Resorts International, Mr. Rick Arpin, Senior Vice President and Corporate Controller for MGM Resorts International, and Mr. Chris Baldizan, Senior Vice President of Entertainment for MGM Resorts International, give an overview from their perspective as a major operator of arena and festival venues in Las Vegas. Mr. Arpin feels that entertainment events in particular are a key driver of the southern Nevada tourism industry. Mr. Arpin states that MGM has been an entertainment innovator due to its partnerships with Cirque du Soleil and the introduction of venues for large-scale festivals. The venues in Las Vegas generate significant economic impact and drive increased visitation, but growing the volume and quality of events is imperative to increasing visitation. Special event visitors are typically international visitors who stay longer and spend more money than a standard leisure visitor.

Mr. Baldizan introduces himself and discusses the logic behind the investment MGM has made for multipurpose, outdoor festival grounds. In 2012, MGM invested \$4.5 million in 15 acres of land that is directly across the street from the Luxor, referred to as Las Vegas Village. It has now hosted more than a dozen events. The essence of the festival grounds is to allow for unique experiences that have the potential to drive large, diverse crowds over a defined period of time.

In 2013, Rock in Rio brought its brand to North America for the first time, and the most important factor in that decision was the venue. MGM developed approximately 43 acres of land next to the SLS, referred to as the Las Vegas Festival Grounds. The venue is on Las Vegas Boulevard within close proximity to the resort corridor and downtown and has a capacity of 85,000 attendees. Rock in Rio is further evidence of large-scale events that have the potential to financially impact the economy long term and attract new visitors to Las Vegas. In regards to transportation, statistics show 38 percent of attendees walked from their hotel, 23 percent took the monorail and 19 percent came via taxi. For these venues to be successful they must be treated as community venues that are available for use by all parties. Also, for event producers to have a successful event, it is imperative that events are supported by the community.

Mr. Prows states that the end of this year will mark the 22nd anniversary for the Grand Garden Arena and at that juncture MGM will have hosted about seven million guests to a

variety of 900 events. Additionally, during the past 17 years, Mandalay Bay Events Center has hosted 2.7 million fans at about 600 events. These events feed the economic engine and create room lift for all the properties across the resort corridor.

Mr. Prows notes that MGM is in the process of building the Las Vegas Arena with their partner AEG. This new \$375-million arena is on time and budget for a spring 2016 grand opening. In the design process, MGM has studied many arenas around the world and feels they have established a best-in-class venue. This also ensures that Las Vegas is ready for a major league arena sports franchise. MGM's strategy for this arena is to provide a neutral site in the resort community. They want their resort customers to have the same access, experience and availability to premium products at the new arena. Mr. Prows states the estimated economic impact with the new adjusted Live Entertainment Tax regulations is expected to be \$600 million while attracting 1.2 million visitors annually. MGM plans to maximize the programming of this flexible venue with events that complement the programming of their other venues and increase visitation across the board.

Mr. Arpin states that MGM is looking to grow the number of events significantly for their three arena venues and two festival sites. However, MGM believes the entire community needs to rally around these events and participate in order to make them a success. The Las Vegas Arena is a neutral site in an effort to achieve that goal, and they have many hotel partners who have purchased premium seating. Another benefit to the arena being a neutral site is MGM will be able to sell blocks of tickets with promoters alongside all other premium providers. Mr. Arpin asserts that MGM's role is to provide an excellent guest experience and ensure everyone has access to the venues. MGM wants to involve the promoters, artists and managers to help elevate guest experiences.

MGM is working on creating a traffic and parking plan. Their traffic plan for Rock in Rio, which had no parking spaces, worked very well and was an example of a great partnership with the community.

Mr. Arpin states MGM believes there needs to be a stronger economic incentive structure to entice major event producers and events need to be funded in a dedicated way. MGM expresses there is a need for enhanced transit options. Mr. Arpin believes that although there is a need for enhanced transit opportunities, focusing on interim solutions can alleviate some issues, such as moving pedestrian and vehicle traffic around the resort corridor as well as the proper management of future ridesharing. Long-term projects include expanding the Interstate 15 corridor and the Interstate 11 project into Phoenix to open travel for new markets.

Mr. Arpin comments on Nevada's limitation to put a private name of a sponsored venue on a federal highway, which hinders trying to promote events in these venues.

MGM will use its influence and scale to try to grow this market and cultivate business partners with entities that share the same vision, while growing the economy through

increased visitor volume by bringing events to Las Vegas. MGM proposes that greater funding be dedicated by LVCVA and LVE to event procurement and sustainability. MGM supports further development of McCarran and investigation of a high-speed rail between Las Vegas and California. They also support the addition of entertainment venues where appropriate. They do feel there is a need for a larger venue if it has the right capacity and proper financing.

Chairman Hill opens to floor to questions.

Ms. McMillan poses a question of what sources of revenue places like Texas and Orlando are using for similar funding mechanisms. Mr. Aprin suggests that it is typically hotel room tax, car rental type fees and any sort of targeted sales and other tax in the area of the facility. The private portion often comes from a team owner, which Vegas would not have. One thing Texas has done is that they have made it more of a partnership through economic impact and room rate lift from the promoters.

Chairman Hill asks how frequently MGM thinks events will be at the outdoor facilities. Mr. Baldizan states it will be reasonable to have three to four large-scale public events in the spring and in the fall. The use of these venues for private events such as conventions has not yet been ventured.

Chairman Hill asks if there is a generally accepted definition of neutrality. Mr. Arpin conveys that it means everyone has access to the venue. At the Las Vegas Arena, when they went to sell premium seating, they put it out to all the gaming resort companies first before they went to other companies or other individuals. They made sure that local casino operators would be treated equally. The general signage will include 10 or so founding partners along the concourses, but a customer of any resort company will not see another resort company's signs in those locations. The resorts may sponsor events but there are specific guidelines in place to be considerate of the goal of keeping access for everyone.

Chairman Hill thanks MGM for their presentation and welcomes the representatives from the University of Nevada, Las Vegas.

- University of Nevada, Las Vegas: 11:41 a.m.

Gerry Bomotti, Senior Vice President of Finance and Business, and Don Snyder, Presidential Advisor for Strategic Initiatives, are introduced by Mr. Jessup. Mr. Jessup highlights that at UNLV they aspire to have an impact and be a top-tier university. They are currently on a landlocked campus without room for expansion. UNLV has an opportunity to obtain a 42-acre parcel that is the only large, contiguous piece of ground in close proximity to the current campus. Mr. Jessup states that UNLV is currently in the process of purchasing the parcel and hopes to conclude this process by the end of fall, but it needs approval from the Board of Regents to purchase that land. UNLV needs the land for a variety of purposes, one being to build a large stadium for the football team. UNLV

also needs research and teaching space, as well as additional housing for students and services for those students.

Mr. Bomotti states that the Thomas & Mack facility generally ranks in the top 10 to 15 nationally for commercial events and in about the top 25 internationally. The venue generates about \$33 million in gross revenue every year, and 16 percent comes from UNLV activities. The Thomas & Mack and Sam Boyd activities generate revenue for the university that goes back to support UNLV athletics. Without those venues, UNLV athletics would lose about \$5 million a year. Renovations to Thomas & Mack were estimated at \$72 million as it is a 32-year-old facility. Sam Boyd recently widened the field, so it was regulation for rugby and soccer; it also received new turf that is certified for rugby, soccer and football.

Mr. Snyder reviews the recent history of trying to establish a new UNLV stadium. It goes back a little over five years with conversations starting with Majestic Realty (Majestic) engaging in possibilities with the university. Majestic had spoken with a few members of the UNLV Foundation and approached the president about a stadium. The initial conversations were focused on a facility modeled after a flexible seating stadium, but that idea quickly morphed into a domed stadium that could seat 50,000 to 55,000 attendees. Mr. Snyder states that these discussions took place in 2013, but the university ultimately ended its relationship with Majestic due to the project needing to have broader engagement with the resort industry and community.

Mr. Snyder shows that adding 42 acres on top of the 330 acres that the current campus has as its footprint will be a substantial increase. The proximity to the Las Vegas Strip makes the location attractive for connecting to the community. Mr. Snyder states the county land is restricted as to what can be constructed on it. However, the addition would not only provide an important and effective bridge from the main campus to the new parcel, but it would also enhance the visual experience during the transition from and to the adjacent airport.

The benefits of a new stadium include stimulating employment and economic impact, and providing a neutral site for larger events. It will allow them to attract new special events and provide media exposure for Las Vegas. Mr. Snyder stresses that in order to have a great community, there needs to be a great university connected to it, and a new stadium would be part of that. Building a new stadium is fundamental to UNLV's plan to become a top-tier university, but it would have to be a public-private partnership. The business model would also require help from the state.

Mr. Snyder shows a quote from Dr. Mark Rosentraub, a leading academic in sport facilities. Mr. Rosentraub typically argues against these types of facilities being developed in a public-private partnership. However, in his quote presented by Mr. Snyder, Mr. Rosentraub notes why a new stadium would be beneficial for Las Vegas, justifying Mr. Snyder's argument.

Chairman Hill opens the floor to questions.

Mr. Markantonis poses a question in regards to the report by Dr. Mark Rosentraub about whether the stadium would add to economic activity or whether it would just reposition economic activity by taking it away from something else in the state. Mr. Bomotti states that Las Vegas is unique and creating a new venue would add incremental activity in terms of new and larger events. If Las Vegas does not have the adequate venue for an event, Las Vegas will in essence lose it to Dallas and other places that are capable of hosting these larger events.

Mr. Sloan states that it is increasingly important to understand the sources of financing, especially since taxes have already been created and raised during the last legislative session.

Mr. Hornbuckle raises a question regarding the scale and scope of the stadium UNLV is dedicated to building. From a community point of view, Mr. Snyder feels that if the university is going to build this facility, there is an obligation do it in a way that maximizes the value to the community and the resort industry. A facility that is large enough to attract these types of events while meeting the community's needs over the next 30 to 40 years needs to be a facility that can seat 55,000 to 60,000 people. Mr. Snyder cannot imagine building a facility in Las Vegas that is not covered. One advantage he finds is that Las Vegas does not need the NFL dictating economics, and UNLV would prefer to partner with the resort industry and community with hopes that in the future NFL events such as the Super Bowl would come to Las Vegas.

Ms. McMillan asks what the remaining charge is of the CIAB (Campus Improvement Authority Board) between now and when the Legislature meets in 2017. Mr. Snyder says the Legislature continued the CIAB and the membership for an additional two years with the charge to produce a report by September 30, 2016, so the 2017 Legislature could act on it as they did in 2015. That committee is informally scheduled to start meeting in early 2016, which was positioned prior to the executive order that created the SNTIC. He feels it would confuse the process to have two groups who do not collaborate, and he feels they need a way to come together.

Chairman Hill asks if there has been a significant traffic study done in regards to plans for a UNLV stadium. Mr. Snyder says there were substantial consultants involved and studies done on traffic and airport-related issues, and he would be pleased to provide that information.

Chairman Hill closes Agenda Item 6c.

d. Competitive Landscape: 1:01 p.m.

Mr. Bill Rhoda is the President of Legends Global Planning and has worked on the majority of professional sport arenas, including 31 of the 32 NFL stadiums that have been built in this country, and over 75 collegiate athletic venues. For Las Vegas, there are about two million people in the consolidated statistical area. This is important when

talking about venues in this marketplace. Dallas, Houston, Indianapolis and New York would be the competition for the type of non-recurring major stadium events that Las Vegas would compete with. From a market perspective of collegiate facilities, Las Vegas would compare with north Texas, Minnesota, and Texas A&M.

Las Vegas is a small market in terms of population and corporations but it has a unique nature when looking at the industry jobs, specifically the percentage of jobs in leisure and hospitality. The volume of out-of-town visitors is something most other competitive locations do not have; it is a competitive advantage for southern Nevada. The number of hotel rooms also separates Las Vegas in regards to infrastructure. Las Vegas has an abundance of small- to mid-sized arenas, but the one thing missing is a large-sized venue. Thomas & Mack has 17,000 seats, Cox Pavilion has 2,500 seats, Sam Boyd has 34,000 seats, Orleans Arena has 9,000 seats and the new MGM arena will open up next year with 20,000 seats. About 84 percent of the revenue for Thomas & Mack, Sam Boyd and Cox is from non-UNLV events.

In terms of comparable venues, Las Vegas is ranked 31st in the country in terms of population for top markets and is the largest market that does not currently have a professional sports franchise. In fact, the majority of other markets have multiple sports franchises, which suggests Las Vegas's has the ability to support an NHL or NBA team.

The public-private funding allocation for NBA and NHL venues differ dramatically around the country. Square footage of these buildings is important to ensure the accommodation of an NBA or NHL team. The average size is about 700,000 square feet. The cost of these buildings has increased greatly, so venues had to reduce their square footage.

Some of the comparable buildings that compete for major events that could occur in Las Vegas include AT&T Stadium in Arlington, Texas, which does four to five concerts per year, college football, WWE and soccer games. The capacity of this building is less than 80,000 but can go up to 100,000 with temporary seating and standing room. It is a three-million-square-foot building, which makes it one of the largest buildings in the U.S., and it was built for about \$1.2 billion in 2009. The City of Arlington contributed 36 percent of the actual debt. AT&T Stadium hosts anywhere from 12 to 20 major ticketed events that draw a significant amount of people into the Dallas-Fort Worth metroplex who in turn spend a great deal of money.

Mr. Rhoda points out University of Phoenix Stadium as a neighboring competitor for the types of events in this area. The stadium is a 62,000-seat venue and about 1.7 million square feet. The facility was built for about \$443 million before costs started to escalate. The majority of this stadium was publicly financed.

The competition nationally for comparable types of events for convention centers includes about 14 venues. The important thing is that most of the markets are planning an expansion or renovation to their buildings. In terms of prime exhibition space, Chicago ranks first at 2.6 million square feet and is building an arena attached to the

outside of the convention center that will be operated by the center. The Las Vegas Convention Center ranks third with 1.9 million square feet of prime exhibit space.

Ballroom space is something the Las Vegas Convention Center does not have, whereas others do. Mr. Rhoda stresses that meeting space is becoming incredibly important. Orlando has 420,000 square feet of meeting space while Las Vegas has 242,000 square feet. When looking at the comparison to the industry, Las Vegas is much higher both in exhibition space and meeting space, but it lacks the ballroom space.

One of the critically important things when any community thinks about the expansion and development of a convention center is its ability to accommodate the events through the hotels. Las Vegas has the highest hotel inventory within a half-mile of the Las Vegas Convention Center.

Mr. Rhoda states the reasons for why communities build these large facilities are for professional sports, economic impact and value these teams bring. Las Vegas is different in that it has the ability to leverage and capitalize on events unlike other markets. People stay longer, thus are more likely to come and spend more money. The economic impact we see from these types of venues is significantly higher in Las Vegas than in any other market.

Looking at the Las Vegas Arena, the construction period will produce 1,500 direct jobs and wages of almost a half-billion dollars in the local community. On an annual recurring basis, it will generate about \$600 million of total economic activity, including direct spending, and indirect and induced impacts, and that generates about \$43 million of public tax revenue for the community.

The convention center has the largest impact, at about \$1.6 billion on the local community and the expansion would provide an extra \$700 million of economic impact. The loss of one mid-sized tradeshow equates to about a \$72 million economic loss for the local community.

A domed, multipurpose stadium will generate more economic activity than an open-air stadium. From the construction perspective, a domed building would cost almost \$900 million and an open-air stadium about \$700 million. Between 4,700 and 6,000 jobs would be created during the construction period, and personal income would be about \$337 to \$430 million depending on the type of venue that was built. In regards to annual recurring economic impact, a domed stadium would bring in about \$677 million and an open-air stadium would generate approximately \$276 million in economic impact. There is a variance of about \$401 million because the domed stadium has the ability to do large non-recurring events year-round that have a significant amount of people coming directly because of those events. From a tax standpoint, about \$37 million would be generated on an annual basis for a domed stadium and \$15 million for an open-air venue.

Chairman Hill opens the floor for questions.

Mr. Hornbuckle asks what type of stadium Mr. Rhoda thinks the community needs and at what scale. Mr. Rhoda does not think the community needs another arena. He does believe the community's need would be placed in a multipurpose stadium that could accommodate UNLV's events, as well as a convention center expansion. Both of those projects would have a significant impact. The size and magnitude will come down to financing. A domed stadium could do more events given the nature of the Las Vegas market.

Mr. Sloan asks what percent of people who attend these stadium events live locally. Mr. Rhoda states the majority of NFL buildings are bringing in locals whereas about 10 to 20 percent come from out of state. If UNLV becomes part of a power conference, he thinks the university would see a significant increase in attendance since the travel for those teams would be much more significant in this market than any other market. Third-party events would have a much higher percentage of non-local people here than other buildings around the country.

Mayor Goodman asks if there will be a change in what the younger generation looks for in terms of types of sports. Mr. Rhoda highlights that millennials are one-fourth of our population and their average income is \$30,000. Sport teams are having to cater to this by downsizing buildings and changing how they attract younger consumers. Mr. Rhoda is not seeing a dramatic change in which sports are leading. The NFL still routinely sells out with the NBA being second. The league that is growing the most and probably attracts a significant amount of millennials is Major League Soccer.

Mayor Goodman asks how many football stadiums are convertible to soccer-size fields. Mr. Rhoda says they are all convertible, but it is just a question of what impact it has on the field width. The real problem with newer buildings that accommodate MLS teams is their capacity of 60,000 to 70,000 seats. The average MLS building is only about 18,000 to 20,000 seats.

Chairman Hill poses a question regarding any trends in analysis for specific locations that make sense from a cost-benefit standpoint. Mr. Rhoda says a lot of stadiums are built because of the leverage professional teams have. This would make Las Vegas unique in that there is not a specific team driving the decision to build a stadium, which will allow the facility to have a much more significant impact on the economy than those venues do in other markets.

Chairman Hill closes Agenda item 5d.

e. Event Promoter Panel: 1:38 p.m.

The panelists include Ken Hudgens with Feld Motor Sports, Rob Cornelius with USA Sevens-Rugby, Kurt Melien with Live Nation, John Nelson with AEG Live and John Saccenti with ESPN Events.

Mr. Hudgens is with Feld Motor Sports, a division of Feld Entertainment, which produced of Siegfried and Roy for several years and bought what was the motor sports division of Live Nation in 2008. Feld Motor Sports is comprised of two touring events Monster Jam and Super Cross. Feld Motor Sports does 200 events every year in nearly every major market, including 45 stadiums in the U.S. and abroad. They have been doing motor sports events in Las Vegas for over 20 years and currently produce three championship events at Sam Boyd Stadium. On average, they will bring in 100,000 paid spectators, 95 percent of those will come from out of state, generating an economic impact of \$100 million per year.

Mr. Rob Cornelius brought the USA Sevens to Las Vegas from San Diego five years ago. Their platform is global, so they start on a multi-tiered level working with world rugby on how they can promote the Las Vegas market. The rugby brand and series is now in 10 countries and is the fastest-growing sport in America. Right now Las Vegas is their biggest event. Last year USA Sevens had over 75,000 attend with over 28 percent from outside of the United States market. USA Sevens had no broadcast partner when they first came to Las Vegas but now are partners with NBC Sports that allows the games to be viewed in over 400 million homes in 147 different countries.

Mr. Cornelius states the USA Sevens work with USA Rugby, the governing body, to draw more international fans. In Las Vegas, USA Sevens host spin off events that center on the growing culture of their events. With the globally growing interest for this sport, there is potential for teams to come to the United States, but they need adequate venues to play in.

Mr. John Saccenti is the executive director of the Las Vegas Bowl and also an employee of ESPN Events. Las Vegas Bowl was created in 1992 by a group of individuals who were trying to fill a window when people were not traveling to Las Vegas. After roughly 11 years, ESPN Events formed and bought the bowl game from the Las Vegas Convention and Visitors Authority. Since the bowl game was acquired, ESPN Events has now grown to 25 events across the country that are owned and operated. Fifteen of those are football events; 13 are bowl games. They also own 10 basketball events, which are three- to four-day events, but there are a couple where they do a champion classic, rotating between two cities.

Mr. Nelson describes AEG as an international venue operator and developer with three different subsidiary companies. The division he has worked for in Las Vegas for the last 15 years is AEG Live, which produces festivals around the world, concert tours and long-term resident shows in Las Vegas. AEG has over 14 years in Las Vegas events, primarily at the Colosseum and Caesars Palace and has attracted nearly eight million visitors to Las Vegas with over \$1.5 billion in direct spending on the shows. AEG has also recently engaged with MGM in building the new Las Vegas Arena.

Mr. Melien from Live Nation describes the company as the largest concert promoter in the world broken up into three divisions: the concert promotion division, the artist management division and Ticketmaster, the dominant ticketing platform around the

world. Live Nation has about 250 major artist managers who operate under Live Nation regularly for concerts and concert promotion. They do about 40 million tickets in North America a year and about 25,000 events. Live Nation produces and promotes events at the Axis Theater and delivers about 35 to 40 shows across the city.

Mr. Christenson asks panelists to address their challenges with the current stadium and how they would see their events expanding if there was an updated stadium.

Mr. Hudgens states that Sam Boyd has no capacity for championship events with room for only about 30,000 attendees. One way for Feld to drive revenue is to increase the average ticket price. For Monster Jam the average ticket price domestically is \$18, but in Vegas it is \$100. For Super Cross the average ticket is \$30, and in Vegas it is \$85. This price fluctuation is not going to allow the events to prosper long-term. Also, they are spending a great deal of money to create an infrastructure in order to produce these events on the stadium footprint. Mr. Hudgens expresses that there is not any funding for events like theirs long-term.

Capacity wise, Mr. Hudgens's company is looking for something similar to Lucas Oil Stadium. It has a retractable roof, artificial turf that is ideal for event flexibility, great amenities and a convention facility attached to the stadium. Having enough room outside the stadium to activate and allow the event to expand is vital. Mr. Hudgen's would put capacity ahead of amenities. A 60,000 to 70,000 seat stadium is optimal. This would allow them to grow their event from 30,000 to 70,000 attendees immediately just because they can lower ticket prices.

Mr. Saccenti feels having a larger stadium is key. The Las Vegas Bowl has hit a point where it cannot grow any more. The price to secure conference teams is increasing, and the bowl is paying \$3 million for the teams to come to Las Vegas. The lack of capacity has also hindered the event from growing their business in Las Vegas. They need more seats to sell tickets at an affordable price in Las Vegas. ESPN Events would like to make Las Vegas a neutral field championship game site and they cannot do that with the existing facilities. It is very difficult hosting an event at Sam Boyd because attendees get dropped off by cab and the cabs cannot pick them back up.

Mr. Saccenti feels the stadium absolutely has to be covered due to the climate, with the ability to seat about 50,000 to 55,000. Having the amenities, suites and club levels is critical to maximize revenue. ESPN Events has 25 events throughout the country and have no problem selling the most expensive tickets.

Mr. Nelson feels that Las Vegas has not had a rich history of large-scale outdoor music events. One reason is the nature of the facility at Sam Boyd and its lack of capacity, but another reason involves the inherent pressure to downsize entertainment events to accommodate smaller facilities in Las Vegas in an attempt to create intimate and unique experiences for fans. The development of a new stadium in Las Vegas could expect three to five large-scale outdoor concerts per year.

Mr. Melien feels that the current trend for outdoor festivals does not look like it will change.

Chairman Hill opens the panel to questions.

Mayor Goodman agrees with the panel that there needs to be an easily accessible venue, which can host events that younger generations can afford. We need to be building for future generations.

Mr. Noonan asks what percentage of college students use these facilities for their events. Mr. Hudgens says when Monster Jam is playing at college stadiums a majority of attendees are students because it is close to campus and not very expensive.

Mayor Goodman speaks of trying to get a soccer franchise, which fell through. She feels that there is a lot of public support and there is a need to go to the public who live off the tourist dollar and educate them on these issues, as other cities want this business.

Chairman Hill asks if there is a certain place the panel would want a stadium as far as location. As close to the Strip as possible is the consensus among the panelists.

Chairman Hill closes Agenda item 5e.

f. Downtown Events Center/Stadium Panel: 2:44 p.m.

Mr. Bill Arent is the Economic and Urban Development Director for the City of Las Vegas. Downtown is seeing a surge in attraction from both locals and visitors. As far as promoting, Downtown Las Vegas is diversifying its entertainment experience, including Fremont East entertainment district and Symphony Park. Fremont East is a six-square-block area; it is unique in that it does not have gaming. It is an entertainment district with taverns, nightclubs and restaurants. Mr. Arent states that Fremont East now has more than 70 business in the district. The Fremont East Entertainment District is comprised of six blocks that focuses on bringing music events downtown, such as Life is Beautiful.

Almost 90 percent of the visitors to the Neon Museum are from out of state, accounting for 85,000 visitors this past year. The Mob Museum brings in over 270,000 visitors annually with over 80 percent from out of state.

There are about 1.7 million visitors in the downtown corridor this past fiscal year. Mr. Arent notes the city has been spending a lot of time coordinating where to invest in assets. One investment is Cashman, which has the potential to be over 70 acres due to the city owning a number of properties around the center. Cashman is home to the 51's baseball team, but given the condition of the facility, new investments need to be made.

Mr. David Abrams, Principal of Strategic Advisory Group, believes the most critical factor to address is maintaining both the needs of the community and visitors. Mr. Abrams stresses that revitalization and evaluating other key markets and how they

embrace younger demographics is important. He notes that Las Vegas needs to assess the market demand and identify the facilities needed as well as how to get people in and out with ease. Orlando is a great market to compare to since it has an urban core separated by its main draws, Disney World and Universal Studios. The investment that Orlando has made to put sports and performing arts facilities in the downtown corridor has helped to revitalize its downtown.

Mr. Laus Abdo, the Executive Director of AGP Capital, notes the City of Las Vegas will explore new opportunities while working closely with the LVCVA. Mr. Abdo believes the city needs to look to new events since the major competitor, Orlando, has already eclipsed the 60 million visitor mark, which was the conservative projection in Las Vegas for 2050. Mr. Abdo also notes that Las Vegas is seeing a younger demographic who have particular interest in downtowns. Additionally, professional sports like soccer are important because of its potential to attract visitors. Mr. Abdo believes a new soccer stadium will be beneficial to Las Vegas because soccer has international appeal that can bring more international flights while appealing to millennials. Soccer has the highest draw of millennials than any other sport.

Mr. Abdo states that the Ader Group, an investment firm, is proposing to build a soccer-specific stadium in downtown Las Vegas, and Cashman Field is an area of great interest for them given that the 51s have made it known that they would like to relocate to Summerlin. Additionally, the Ader Group is prepared to build a stadium to capitalize on the growing popularity and demand for soccer locally, nationally and internationally. Las Vegas is known for star power, so Mr. Abdo believes if they put the right star power on the field, they are going to have fans that travel to Las Vegas to see top talent on the field. The Ader Group is looking to privately fund a stadium, but their request is to have some sort of public transportation station at that stadium that would allow them to get people in and out efficiently while also connecting them to the airport, UNLV and the resort corridor. They would also like to have some added capacity on the local roadways leading to and from Cashman Field.

Mr. Jorge Cervantes, the Executive Director of Community Development for the City of Las Vegas, states the city has implemented a mobility master plan study and is concentrating on how to provide improved mobility downtown. Mr. Cervantes found the amount of investment is about \$3 billion but is concentrated in the downtown area such as Interstate 15, which carries about 250,000 vehicles per day. Once improvements are completed on Interstate 15, it will carry about 400,000 vehicles per day, and part of the improvements is creating a new off ramp for the expressway to get directly to downtown.

The City of Las Vegas is working on creating a new interchange off of City Parkway that would carry the third lane through and be able to better access downtown and Cashman Field. Mr. Cervantes states the investment is about \$50 million. Regional improvements will include a light rail system to service the resort corridor and connect not only to downtown but ultimately to Cashman, where there will be multi-modal transportation

hubs. The city is pursuing a circulator that would provide service between the different downtown districts free of charge.

Ms. Fretwell states that access is critically important to venues and events. The two recommendations made for consideration are: (1) focus on the light rail transit system that would include the Maryland corridor, the Las Vegas Boulevard resort corridor and (2) a multi-modal transit hub at Cashman Center. Also, the connectivity along Interstate 15 is critically important as well as the interchange at City Parkway for additional downtown access.

Vice Chairman Mr. Jessup opens the floor to questions.

Mr. Markantonis asks for specifics regarding the facility that the Ader Group plans to build at Cashman field. Mr. Abdo states the total facility at Cashman Field proposed would be a 22,000 seat, soccer-specific stadium with appropriate amenities. The Ader Group is also proposing to redevelop the corridor as a mixed use masterplan and provide attainable housing and amenities to support residents. Mr. Markantonis asks what the build time would be for this facility. Mr. Abdo states that MLS is expected to begin awarding franchises again in 2020. The build time on a stadium would be a couple years after Las Vegas was awarded a team.

Mayor Goodman asks if Project Neon is fully funded. Mr. Cervantes states that it is and they will begin construction in early 2016. It will take about three to four years to complete all the improvements from Sahara to the Spaghetti Bowl.

Chairman Hill closes Agenda Item 5f.

g. Event Venues Have Many Forms Panel: 3:17 p.m.

Mr. Dale Eeles of Las Vegas Events introduces Steve Stallworth with the South Point Arena and Equestrian Center, Chris Powell with Las Vegas Motor Speedway, and Andre Filosi and Rex Berman with The Orleans Arena.

Mr. Powell says the core of his business and motor sports racing events promoted by his company typically draw between 130,000 to 150,000 visitors. The economic impact has consistently increased and hovered around \$200 to \$230 million per year. Mr. Powell says the most interesting event at Las Vegas Motor Speedway has been the Electric Daisy Carnival (EDC), which brings 135,000 attendees and has brought a substantial amount of revenue to the valley.

Mr. Filosi indicates that the Orleans Arena initially focused on concerts, hockey and community events, but has since evolved. The Orleans Arena now hosts an abundance of diverse events such as curling. The Orleans Arena is preparing to announce that it will be hosting a world curling cup, which will bring 80 teams to Las Vegas.

Mr. Stallworth says this year the arena and related facilities at the South Point will do 40 weeks of equestrian events that will drive about 40,000 room nights at the South Point. The South Point also recently built two more competition areas as well as a bowling facility. Mr. Stallworth says the South Point hosts the largest archery event in the United States and two large BMX events that are the second-largest in the country. Their biggest success is the World Series of Team Roping event that takes place during the National Finals Rodeo and brings in 3,600 horses and paid out \$10 million last year. With the opening of the new bowling venue they are expecting around 95,000 bowlers for the men's competition.

Mr. Eeles asks the panel what challenges they face in their venues.

Mr. Powell states a current challenge at the Las Vegas Speedway is infrastructure, such as accommodating traffic from Interstate 15. They need additional lanes on Interstate 15 as well as a spur around the National Guard armory from the Aliante direction toward Speedway Boulevard that will help to get people from the west side of the valley to the Las Vegas Speedway

Mr. Filosi says one of their challenges is getting content in their facility. It is difficult for The Orleans Arena to compete with arenas that have more seating. Another challenge is the Live Entertainment Tax and how it affects charitable organizations who come to make profit at their event but taxes make this difficult.

Mr. Stallworth says the challenges faced by the South Point area include competing markets in different cities that have state funds for equestrian events.

Mr. Powell brings up the Live Entertainment Tax that the state will be charging as of October 1st. He thinks the state could have found a better way to enrich its coffers. Mr. Powell also says that a second NASCAR race in the fall would benefit the local economy, but Las Vegas Motor Speedway is also continuing to look for non-traditional revenue sources.

Chairman Hill opens the floor to questions.

Mr. Markantonis asks how Las Vegas can appeal to millennials and if there are events that the panel has recognized as being appealing to the younger generation. Mr. Powell says that millennials clearly enjoy EDC as much as the Las Vegas Motor Speedway enjoys hosting them. However, the younger generation is not enthusiastic about cars the way they used to be. Thus, the motorsports industry in general is struggling to keep the millennials' attention.

Chairman Hill closes Agenda Item 5g.

7. CLOSING COMMITTEE BUSINESS: 3:54 p.m.

Chairman Hill invites Mr. Aguero for a brief preview of the October meeting. Mr. Aguero states the preview is in the packet he walked through earlier regarding information on convention centers, and given the time he will not be going through that in any additional detail unless Chairman Hill would like him to. He reminds everyone that all materials are provided on sntic.org, which is the website for this specific committee.

Chairman Hill closes Agenda Item 7.

8. COMMITTEE COMMENTS: 3:57 p.m.

There are no comments from the committee. Chairman Hill closes Agenda Item 8.

9. PUBLIC COMMENTS: 3:59 p.m.

There are no comments from the public.

10. ADJOURNMENT: 4:00 p.m.

**MR. NOONAN MAKES THE MOTION TO ADJOURN THE BOARD MEETING.
MR. MARKANTONIS SECONDS THE MOTION. THE MOTION IS PASSED
UNANIMOUSLY.**



Pedestrian Movement in the Resort Corridor

The Las Vegas Strip is a one-of-a-kind pedestrian environment, regularly accommodating tens of thousands of walkers concentrated along four miles of Las Vegas Boulevard. Walking along the Strip remains a popular method of transportation for many visitors, despite long blocks that stretch a half mile or more and the often lengthy distances between resort entrances. Pedestrian flow is restricted at many locations because of narrow sidewalks and other infrastructure limitations. In Downtown Las Vegas, heavy pedestrian movement is concentrated around the Fremont Street Experience and the Fremont East Entertainment District. As visitor volume continues to grow, so will the challenges of moving a growing number of pedestrians in the Resort Corridor.

- ❖ In 2014, 55 percent of visitors reported walking during their trips, according to the Las Vegas Convention and Visitors Authority Visitor Profile Study. This figure represented an 11-year high (56 percent reported walking in 2003) and continued a three-year trend of near-50 percent walking rates.
- ❖ Pedestrian traffic on Las Vegas Boulevard generally coincides with overall visitor peak periods. The day of peak foot traffic is Saturday, followed by Sunday and Friday, while Wednesday has the lowest pedestrian traffic, according to a 2010 study by Caesars International. The study also found that September reported the highest levels of monthly foot traffic, and December reported the lowest. In general, daily foot traffic is lowest around 6:30 a.m. and gradually rises until about 2:00 p.m. It remains near that level throughout the afternoon and evening before declining again around midnight.
- ❖ In 2012, Clark County commissioned a study of pedestrian movement along the Strip. The study measured foot traffic at 24 locations and 14 pedestrian bridges during a summer holiday Saturday and a typical summer Saturday. Each location was graded based on its peak-volume level of service, which is a measure of the freedom of walkway mobility. In general, locations south of Tropicana Avenue and north of Spring Mountain Road received better than acceptable level of service scores. By comparison, most locations between Tropicana Avenue and Spring Mountain Road scored at or below acceptable levels of service. Overall, pedestrian bridges received better than acceptable scores, and only one bridge was below acceptable.
- ❖ The quality of pedestrian movement can be influenced by many factors. Although sidewalk width is generally considered the primary factor, the effective width of a sidewalk can be reduced by permanent obstacles such as light poles, trash cans, and bus stop shelters, or non-permanent obstacles such as street performers, handbillers, and vendors. The greater the number of obstacles along a sidewalk, the more congested it can become when demand is heavy.
- ❖ Since 2012, Clark County has empaneled a blue ribbon working group, enacted law changes, and undertaken public works projects to improve pedestrian movement on the Strip. Recent ordinance changes banned pets during peak pedestrian traffic times and prohibited unlicensed vendors from selling goods on pedestrian bridges and Strip sidewalks. Additionally, ongoing construction projects are focused on widening sidewalks and relocating sign posts, fire hydrants and other physical obstructions to improve the flow of foot traffic.
- ❖ Between 2008 and 2011, about 14 percent of all fatal auto-pedestrian crashes in Clark County involved visitors. About half of the 19 total visitor fatalities occurred in the Core Area that includes the Resort Corridor.



Pedestrian Movement in the Resort Corridor Background Resources

Clark County Pedestrian Study

Kimley-Horn and Associates, Inc.

http://www.clarkcountynv.gov/blob/public_communications/pedestrianstudykha2012.pdf

A comprehensive study of pedestrian traffic trends along Las Vegas Boulevard South between Russell Road and Sahara Avenue. The study involved observation and analysis of foot traffic at 38 locations along the Las Vegas Strip, identified pedestrian choke points, and listed common impediments to pedestrian movement. Those impediments included infrastructure limitations, such as narrow sidewalks, fire hydrants, and sign posts, as well as non-permanent sidewalk obstructions, such as street performers, vendors, and handbillers. The study included detailed recommendations for improving pedestrian flow along the Strip corridor.

Las Vegas Downtown Pedestrian Circulation Study

Kimley-Horn and Associates, Inc.

[http://www.rtcnv.com/mpo/plansstudies/downtownpedestrian/Final%20Report\(small\).pdf](http://www.rtcnv.com/mpo/plansstudies/downtownpedestrian/Final%20Report(small).pdf)

A study on behalf of the Regional Transportation Commission of Southern Nevada that analyzed pedestrian traffic trends in Downtown Las Vegas and provided a guide for future development of a pedestrian-friendly downtown.

Pedestrian Traffic Deaths Among Residents, Visitors, and Homeless Persons – Clark County, Nevada, 2008-2011

Centers for Disease Control and Prevention

<http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6328a1.htm>

A statistical study of trends in fatal pedestrian traffic collisions throughout Clark County. The study includes an analysis of fatal crashes involving visitors, many of which occur in the Resort Corridor.



Las Vegas Convention Center District

Strategic Master Plan

Las Vegas Visitors and Convention Authority

October 2015



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Las Vegas Convention Center District Strategic Master Plan

I. EXECUTIVE SUMMARY

During 56 years of operations, the Las Vegas Convention Center (LVCC) has constantly changed to meet the needs of its customers in an ever-changing market, with a mission to maximize opportunities to attract convention visitors to Las Vegas. The LVCC under the authority of the Las Vegas Convention and Visitors Authority (LVCVA) is now facing a significant challenge to upgrade the aging building and increase the overall facility capacity in order to enhance the customers' experience, meet the current demands for additional convention space and capture new opportunities for increased business.

The trade-show industry in general is rebounding from the economic downturn of the last few years with increases occurring across the entire market. Outpacing the industry wide growth trend is a very specific sector of the industry, the top 250 trade shows, the primary focus of the LVCVA. Focusing on this sector of the industry, Las Vegas has been the No. 1 trade show destination for 21 consecutive years as determined by the Trade Show News Network (TSNN). With this position, not only is Las Vegas the best, but the competition in other major cities across the country and internationally have identified Las Vegas as the primary competition and the shows held in Las Vegas as primary targets for new business for their cities.

A recent feasibility study by Cordell Corporation has determined that given the demands of the current customers and the opportunity to attract new shows from the convention and trade show industry, the LVCC needs to expand its current exhibit space by 750,000 square feet. The size of the expansion is based upon analysis of the current facility, which indicates the facility is at maximum utilization during the highest periods of national trade show activity - the spring and fall. Additionally, the size of the expansion is based upon the need to relocate current show customers during extensive renovation of the existing facility. Relocation of the shows within the campus of the LVCC will ensure the shows do not leave Las Vegas to contract with other cities and venues due to disruptions from renovation construction in the current facility.

The Las Vegas Convention Center District Strategic Master Plan translates that recommendation into a four-phased approach for expansion and renovation.

Phase One was the acquisition of adjacent land area to accommodate expansion of the convention center. Critical to the success of Phase One was Morgan Stanley's representation of the LVCVA in the purchase of the Riviera Hotel property. The Riviera Hotel property was one of several land parcels considered for purchase through an analysis of multiple transaction characteristics. The acquisition provides the land area required to build a new facility in which to locate trade show customers when existing exhibit halls are taken off-line for renovation in the existing convention center and to accommodate additional expanded exhibit space to attract new trade shows from other national venues. Included in Phase One is the demolition of the Riviera Hotel and ancillary structures and the development of the site to support outdoor exhibit space for LVCVA trade show customers.

Phase Two is the development of a new facility to accommodate current trade shows when the existing facility is being renovated. The new facility will have new exhibition space of approximately 600,000 square feet and corresponding meeting rooms, pre-function space, service and support areas. The total size of the new building will be approximately 1.4 million square feet. The new facility will be located on the Gold Lot and the recently acquired Riviera Hotel property.

Las Vegas Convention Center District Strategic Master Plan

Phase Three is the renovation of the existing Las Vegas Convention Center to replace/repair some of the aging building components and to add features required to meet the expectations of today's convention and trade show visitor – such as additional meeting rooms supporting the current exhibition space, restroom upgrades, building ingress and egress enhancement, technology and security systems replacement, utility services capacity, food service distribution enhancement, interior and exterior cosmetic upgrades, etc.

Phase Four represents the final component of the strategic master plan required to reach the recommended capacity identified in the Cordell feasibility study. Phase Four future improvements will be based upon prevailing market conditions and direct feedback from the LVCVA customers. Elements of Phase Four may include additional exhibit space, corresponding meetings rooms and ancillary spaces, parking structures for convention delegates, a campus media center, a general session space with a full production kitchen and a landscaped public plaza adjacent to Las Vegas Boulevard.

Phase One of the master plan is currently being implemented. Unlike the subsequent phases of the master plan, Phase One is being funded through current LVCVA resources. Phases Two and Three have a combined projected budget of \$1.4B with a funding need as described in the Finance Plan section of this document. The projected budget for Phase Four will be determined when the scope of the future expansion has been established. A detailed breakdown of the master plan budget is found in another section of this document. Phases Two and Three are anticipated to be implemented during a time period of six to seven years.

Other private and public/private sources will be considered to develop additional campus elements beyond this master plan such as a regional transportation hub for convention delegates and an International Trade Center with leased office space for our trade show partners.

Funding the expansion and renovation program will require additional revenues beyond the current and projected revenues collected by the LVCVA. The LVCVA receives approximately 32% of room tax revenue collected in Clark County. This percentage has decreased from 100% when the room tax legislation was first enacted. Funding for the Las Vegas Convention Center District is expected to come from a combination of new taxes and fees.

The economic impact of this master plan is significant. The Cordell Corporation feasibility study suggests that when the entire master plan is completed, community impact from the total program could reach upwards of \$700 million of incremental economic impact.

Note: The material in this document is prepared for the purpose of providing general information related to the project and program. This material does not address risks including changes in economic and market conditions, management of growth, and other conditions that may cause actual results to differ materially.

Las Vegas Convention Center District Strategic Master Plan

II. ORGANIZATION OVERVIEW

HISTORY OF THE LVCVA

Las Vegas has long been a favorite recreation destination for millions of visitors. In the early 1950s, however, community leaders realized that the cyclical nature of tourism caused a significant decline in the number of visitors during the weekdays, throughout the summer months and over the Christmas season. A new market was identified in order to attract more visitors to the area during the slow periods - convention attendees.

Visionary elected officials, convinced that convention business was crucial to the growth of the city, went before the Nevada State Legislature to ask for funding. In 1955, the State Legislature agreed to finance the Clark County Fair and Recreation Board (the precursor to the LVCVA) with monies acquired from a room tax levied on hotel and motel properties in Clark County. This revenue, paid for by tourists and not by local residents, allowed the Las Vegas Convention Center to be constructed and operate without any tax assessment on Clark County residents, and allowed the LVCVA to begin a program of destination marketing.

On April 29, 1959, the Las Vegas Convention Center officially opened with a 20,340-square-foot rotunda, 18 meeting rooms and a 90,000-square-foot exhibit hall. In its first year of operation, the LVCVA hosted eight conventions that were attended by 22,519 delegates. Now, Las Vegas regularly hosts more than 22,000 conventions and meetings attended by nearly 5.2 million delegates annually.

SUPPORTING ALL OF SOUTHERN NEVADA

The entire Southern Nevada economy is heavily dependent on the hotel, gaming and convention industry, which employ more than one-quarter of the county's labor force. The viability of the economy in Clark County is dependent upon the volume of visitors to the region. The LVCVA provides a vital service for the public by contributing to the growth of the economy in all of Southern Nevada. The LVCVA's marketing efforts cover all of the more than 162,000 hotel and motel rooms in Southern Nevada. The room inventory includes Las Vegas and surrounding areas: Laughlin, Boulder City, Jean, Primm, Henderson, North Las Vegas and Mesquite.

ORGANIZATIONAL STRUCTURE

The LVCVA is unlike a typical convention and visitors bureau in that it is not a membership-based organization. The LVCVA is a governmental agency. It was established by a state law, is funded by a county room tax and is governed by an autonomous Board of Directors.

State law establishes the number, appointment and terms of the LVCVA's Board of Directors. The 14-member board provides guidance and establishes policies to accomplish the LVCVA mission of attracting an ever-increasing number of visitors to Southern Nevada. Although a political subdivision of the State of Nevada, the LVCVA Board is unique as the board includes elected officials from local governments as well as representation from the private sector. Elected officials hold 8 board seats, representing Clark County, the City of Las Vegas, North Las Vegas, Henderson, Mesquite and Boulder City. Private-sector members hold 6 seats, as nominated by the Las Vegas Metro Chamber of Commerce and Nevada Resort Association.

Las Vegas Convention Center District Strategic Master Plan

III. SITUATION ANALYSIS

Since opening in 1959, the Las Vegas Convention Center (LVCC) has been an attraction for conventions and trade shows worldwide. During its 56-year history, expansions and renovations have transformed the convention center's physical appearance and economic performance reflecting the changing market of the convention and trade show industry.

Today, the LVCC includes the original exhibition structure from 1959 along with the five expansions. Overall the building has been maintained at a level consistent with major public facilities across the country, but is in need of capital improvements consistent with a 56-year old facility.

Some building elements and systems have been upgraded as expansion occurred, but the facility is in need of a variety of upgrades, not only due to the age of the building, but the evolving use of the facility.

As an example, the Central Hall roof has not been replaced since it opened 56 years ago. Due to its age, during rain occurrences, the roof will leak. Exacerbating the leaking roof is the placement of existing roof drains, which were built in less than effective locations. This results in standing water on the roof, leading to additional leaking.

Due to multiple expansions of the facility, many of the systems are disjointed, including the emergency notification system and the security monitoring system. This condition makes testing, utilization, and maintenance of the entire facility systems inefficient.

Elevator and escalator usage is a constant issue, especially during high volume events. The lack of freight elevators results in crews using the escalators to transport tools and exhibits to the upper level meeting rooms. As a result, the escalators have gone through much more wear and tear than similar escalators of the same age.

There are over 50 freight and oversized doors throughout the facility and many are in need of replacement or repair. As a result, a significant portion of maintenance cost and effort is consumed keeping these outdated doors in operation.

Additionally, customer amenities including restrooms, food service, and technology fall short of satisfactory conditions in several areas.

One-third of the forty-six restrooms within the convention center have not been renovated since being built before 1970. These restrooms need plumbing and ventilation systems repair/replacement as well as cosmetic upgrades.

Food service facilities in the convention center are inadequate. Additional points of sale and quality of product are being addressed by the LVCVA.

As part of a recent agreement with the convention center technology provider, upgrades to the technology systems will occur over the next several years. Upgrades will include wireless Internet system, distributed antenna system, meeting room A/V systems, and technology support for the facility.

Overall, the LVCC is in relatively good condition for a facility of its age. However, building elements and systems will continue to degrade and the cost of repair and/or replacement will continue to rise each year.

Las Vegas Convention Center District Strategic Master Plan

In 2006, a Master Plan Expansion Program (MPEP) was created to meet the aging facility conditions and modern program needs as developed through a study of industry standards for trade show facilities and direct customer feedback.

As the 2006 expansion program began, so did the recent global economic recession. In response to the economic downturn, the LVCVA suspended the expansion project before significant construction costs were incurred developing the facility improvements. During the suspension of the project, the LVCVA replaced and expanded some of the building's aging infrastructure such as electrical utilities along Orange Drive and storm water conduits through the Silver Lot as available funds allowed. Significant renovation/building expansion as designed in the Master Plan Expansion Program was not implemented.

In 2013, as revenues from room taxes began to rebound and the LVCVA had sustained positive revenue growth for 42 months, the need to consider expansion/renovation was revisited. As a result, CSL, a nationally recognized consultant in the convention and trade show industry was commissioned to review the industry trends and consider the long-term planning needs for the LVCC. The *Updated Long Term Master Planning Analysis of the Las Vegas Convention Center* dated January 2013 submitted by CSL, documented customer feedback similar to previous customer input regarding upgrade and expansion needs of the LVCC.

In addition to the results of surveys and interviews with LVCC customers, the report provided an analysis of each exhibit hall with respect to occupancy efficiency. The findings in the report indicate an underutilized South Hall primarily due to "significant physical deficiencies". The deficiencies include; inconvenience of a two level stacked exhibit space, closely spaced oversized columns, difficulty separating pre-function events of multiple shows, meeting rooms remote to the primary convention area of the LVCC and lack of enclosure for visitors walking between South Hall other exhibit/meeting space in the LVCC.

The CSL report also provided analysis of the general configuration of the LVCC. As indicated in the CSL report, the LVCC ranks seventh nationally with other convention centers in terms of contiguous space. While the overall square footage of a convention center is important when analyzing its ability to create revenue opportunities, the configuration of the space is essential in attracting the desired trade shows to the facility. As a result, the report suggested consideration of an additional large exhibit hall of 700,000 to 800,000 square feet.

The report also provided analysis indicating meeting room space as a ratio to exhibit space is significantly below industry standards. According to the report "an adequate supply of quality meeting space has consistently ranked as one of the top three to four national event planner facility selection criteria and is a critical element to attracting large conventions and trade shows". The analysis suggests the LVCC needs approximately 40,000 to 50,000 square feet of additional meeting room space to provide a market-supportable balance with the existing exhibit space.

In addition to the facility and trend analysis performed by CSL, the LVCVA commissioned HNTB, an architectural firm nationally recognized in convention facility planning and design, to conduct customer focus groups in an effort to gain direct customer feedback regarding the current facility experience. HNTB's compilation of the comments received from the focus groups produced the following list of improvements in order of priority based upon the number of comments received for each:

Las Vegas Convention Center District Strategic Master Plan

Ranking	Issue	Customers Comments
1	Improve Food Service	Food service issues include quality, variety, distribution and experience. The food service does not compare to the Las Vegas brand.
2	Improve Technology	Technology & connectivity are critical to the tradeshows' business (Expanded role of technology in everyday commerce).
3	Add Meeting Rooms	The demand for meeting rooms has grown. Needs include: flexibility, modern space, built-in elements, and proximity to exhibit halls.
4	Create a connection between North/Central and South Halls	Shows have shorter durations; therefore, connectivity and flow are critical. Lobbies should be larger and open / flexible space. Tradeshows are competing for lobby space with other shows and vendors
5	Add New General Session Space	Show Managers are holding more receptions centered on events. General Session should be flexible and useable for registration, exhibits or keynotes.
6	Add Exhibit Space	Build a new and extend exhibit space to grow the convention center industry in Las Vegas. Some shows need more exhibit space – indoor & outdoor. Shows are concerned about disruptions with a renovation. Building a new hall will allow transition during renovation.

Source: HNTB Focus Group Brief November 16, 2012

In addition to these primary issues, the customers identified the need to enhance the general ingress and egress of the facility and specifically provide a better secondary entrance from the east side of the convention center. The findings in the HNTB report are consistent with the findings in CSL's report.

The Las Vegas Convention Center has over 3,200,000 gross square feet of facility including 1,940,000 square feet of exhibition space and 240,000 square feet of meeting room space. At ground level are the North Hall, 409,000 square feet, the Central Hall at 623,000 square feet and the first level of the South Hall at 443,8000 square feet. The South Hall features a second level exhibition space of 464,700 square feet.

Most recently, Cordell Corporation developed a feasibility study for the renovation and expansion of the Las Vegas Convention Center. The feasibility study is contained in the appendix of this document. The feasibility study provides a comprehensive evaluation of the current facilities and its needs.

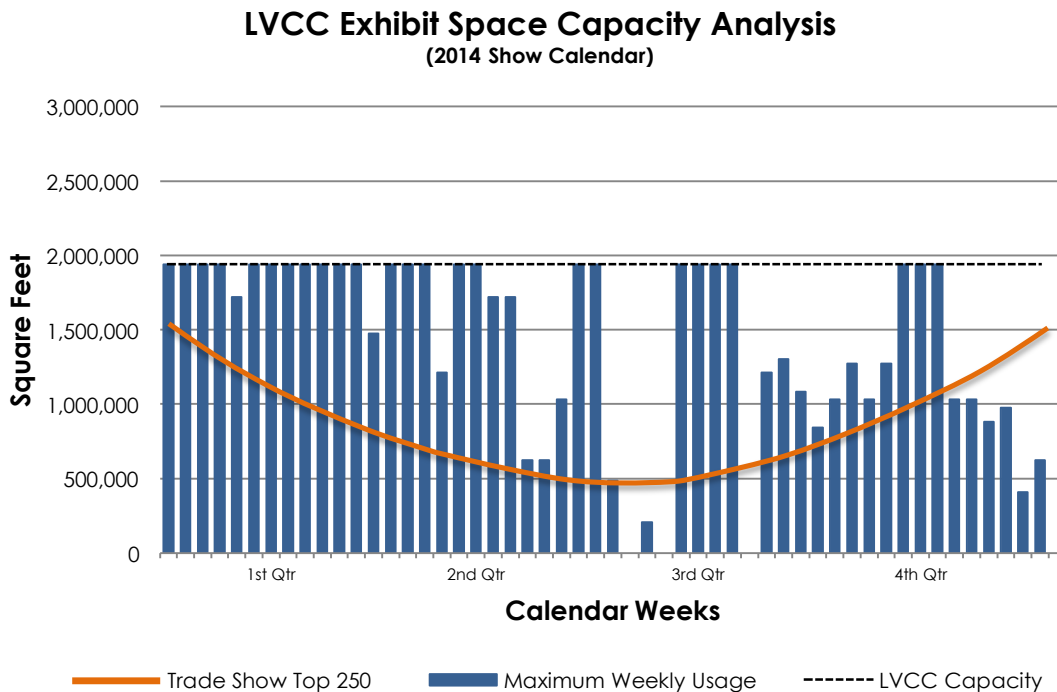
Las Vegas Convention Center District Strategic Master Plan

As an indication of success, the Las Vegas Convention Center continues to attract the largest trade shows in the country. The average size of the events and trade shows has increased over the last two and a half decades. Of special note is the consistent growth of the average event size after expansion of the LVCC. This has not necessarily been case in other major cities across the country after expansion of their respective facilities.

Additionally, as another indication of success, Las Vegas has been ranked the number one trade show destination for each of the last twenty one years as determined by the Trade Show News Network of the top 250 trade shows in North America.

The feasibility study produced by Cordell Corporation determined that the capacity of the current LVCC facility is reaching its physical limit of meeting the demands of exhibit space and meeting rooms for its existing trade show customer base and will be challenged to capture new opportunities.

The following illustration from Cordell's study indicates the Las Vegas Convention Center has reached a maximum utilization of available net square feet of exhibit space during primary trade show seasons.



Source: Cordell Corporation – LVCC Expansion and Renovation Feasibility Study, September 2014

Of note is the comparison of trade show occurrence at the LVCC and the national trend of the largest trade shows in the country. As shown in the graph, the LVCC trade show calendar reflects the national seasonality of trade shows.

Las Vegas Convention Center District Strategic Master Plan

IV. MARKET OPPORTUNITY

The recent national trend of trade shows in the US has been increasingly positive.

According to several publications, the national trade-show industry is expecting continued growth in 2015 and beyond. In their most recent forecast, the Center for Exhibit Industry Research (CEIR) has projected continued positive industry growth for 2015 (+2.8), 2016 (+2.4%) and 2017 (2.0%) based on its proprietary CEIR Index which reflects a composite of Net Square Exhibit Space, Professional Attendance, Number of Exhibiting Companies and Gross Revenue.

Additionally, the Global Business Travel Association (GBTA) puts out periodic forecasts. In their most recent projections, the GBTA predict 1.6% growth in business group travel in 2015 and another 2.5% in 2016.

Finally, Trade Show Executive predicts the 2015 year-end will result in year over year increases of 3.2% of net square feet leased, 3.0% of total number of exhibitors, 3.4% of total number of attendees and 10.2% of total revenues.

The LVCVA continues to focus on the largest trade shows in the country. As a subgroup of the total industry, the growth of the largest shows is expected to outperform the national trade show industry average.

These trends provide an opportunity to increase trade show business at the LVCC. Increased business can be captured by expanding existing shows held at the LVCC, attracting new shows from venues in other cities and securing co-location of similar trade shows.

Expansion of existing shows is directly related to the success of the shows reaching a tipping point at which the show needs additional square feet to accommodate expanding exhibits and attendance. While this is not easily quantifiable, opportunity can be demonstrated among the largest trade shows held at the LVCC; Computer Electronics Show (CES), Construction Exposition (Con Expo), and Specialty Equipment Market Association (SEMA). Each show has indicated a desire to expand their current exhibit space beyond the total available capacity of the LVCC by an amount of 300,000 to 500,000 square feet each.

The inability for the LVCC to accommodate current trade show customers' desire to expand could result in an erosion of the existing customer base – this necessitates the renovation and expansion of the convention center to protect trade show business in Las Vegas. Other cities are positioned to compete with Las Vegas with larger exhibit space and expanding facility amenities.

The ability to attract new shows to the LVCC depends on a number of issues. Primary among these is the contractual disposition of a trade show with a host convention center in a competing city. An internal analysis has been conducted to identify trade shows being held in other cities with commitments in the final year(s) of their contracts and trade shows that have previously expressed interest in holding events in Las Vegas.

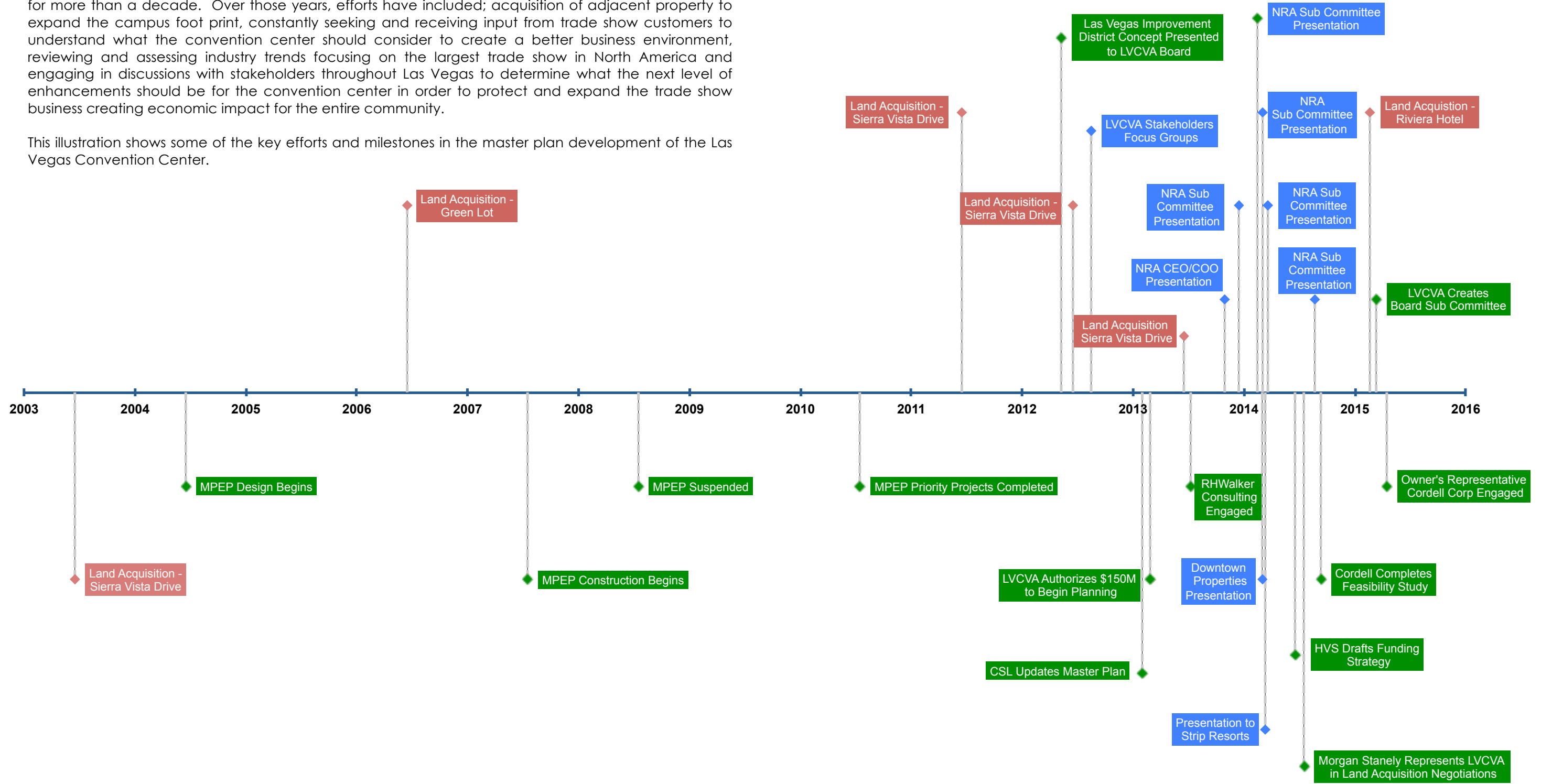
It has been determined that renovating and expanding the LVCC facility is needed to provide a proactive response to the demand of the LVCVA's largest customers. In addition, expansion and renovation will create an opportunity to increase the leased exhibit space for all current customers and create the possibility of booking new shows relocated from competing cities.

Las Vegas Convention Center District Strategic Master Plan

V. DUE DILIGENCE/PREPARATION

The LVCVA has been preparing for an expansion and renovation of the Las Vegas Convention Center for more than a decade. Over those years, efforts have included; acquisition of adjacent property to expand the campus foot print, constantly seeking and receiving input from trade show customers to understand what the convention center should consider to create a better business environment, reviewing and assessing industry trends focusing on the largest trade show in North America and engaging in discussions with stakeholders throughout Las Vegas to determine what the next level of enhancements should be for the convention center in order to protect and expand the trade show business creating economic impact for the entire community.

This illustration shows some of the key efforts and milestones in the master plan development of the Las Vegas Convention Center.



Las Vegas Convention Center District Strategic Master Plan

VI. PHASED DEVELOPMENT PLAN

The Strategic Master Plan details the elements necessary to renovate and expand the existing Las Vegas Convention Center to accommodate current needs of our customer base and capture future trade show opportunities to increase our market share in the trade show industry. The development will be implemented in four phases. Phase One was the acquisition of the Riviera Hotel property, the planned demolition of all structures associated with the land parcel and the subsequent site improvements for outdoor exhibit space to be leased to LVCVA trade show customers. Phase Two will be the design and construction of a new exhibit hall and associated spaces to be built on the Gold Lot and the Riviera Hotel property. This new building will serve as 'swing space' to accommodate trade shows when exhibit halls in the existing facility are closed for renovation during Phase Three of development. Phase Three will be the renovation of the existing Las Vegas Convention Center. Additionally, Phase Three will add spaces to the existing facility to create a more efficient operation and enhance the customer experience. Phase Four will be the future expansion and improvements needed to increase exhibit capacity and attract new trade shows.

Phase One

Phase One was the expansion of the campus land area with the acquisition of the Riviera Hotel property. The LVCVA purchased the parcel in the spring of 2015. Completion of the demolition of the Riviera Hotel property structures is anticipated to occur in 2016. Site improvements to accommodate outdoor exhibit space is anticipated to be completed in early 2017.

Phase Two

Phase Two will include the development of a new exhibit hall and its ancillary spaces on the Gold Lot and the recently purchased Riviera property. The program elements of the new building will include the following:

1. Exhibit Hall (approximately 600,000 square feet)
2. Meeting Rooms
3. Pre-Function Space
4. Support (service corridors, public corridors, restrooms, mechanical rooms, electrical vaults, elevators, escalators, stairways, etc.)
5. Service (loading docks, receiving areas, move-in/out storage, security offices, maintenance facilities, food prep kitchens, food commissaries, food and beverage outlets, food service customer accommodations - seating, queuing areas, product display, etc.)
6. Outdoor Exhibit Space
7. Surface Parking and Transportation Zones
8. Outdoor Landscape Space (Riviera property frontage on Las Vegas Boulevard)

The total gross building area for Phase Two is projected to be approximately 1.4 million square feet. Functional layout of the elements for Phase Two will be determined during the design phase of the project.

Las Vegas Convention Center District Strategic Master Plan

Phase Three

Phase Three of the master plan will be renovation and additions to the existing Las Vegas Convention Center.

The following identifies some of the primary elements to be included in Phase Three:

1. Upgraded Exhibit Halls (Technology, Lighting, Elec/Data, Floors/Walls/Doors)
2. Upgraded Meeting Rooms
3. Upgraded/New East Entrance Lobby
4. Upgraded Restrooms Facility-Wide
5. Upgraded/New Food & Beverage Outlets
6. New Meetings Rooms (200,000 SF of additional meeting rooms to increase ratio of meetings rooms to exhibit floor space)
7. New Enclosed Connector Between the North, Central and South Halls
8. New Surface Parking Area (south of convention center on recently acquired property along Sierra Vista Drive)

Specific renovation plans will be developed as the design begins, including alternatives for consideration against cost/schedule.

In addition, general site improvements will focus on streetscape design, pedestrian friendly walkways (covered and uncovered), systems to move pedestrians throughout the campus (shuttle trams and moving sidewalks) and security elements such as lighting and cameras.

The schedule for renovation will be based upon the progress of Phase Two and will be coordinated with trade show schedules to mitigate disruptions of our current customers. Existing exhibit halls will be systematically taken off-line for renovation after the completion of Phase Two.

Phase Four

Phase Four is the final component of the strategic master plan and will include future improvements to the LVCC based upon prevailing market conditions and direct customer feedback. Future improvements may include expansion of the Phase Two exhibit hall building (additional exhibit space, meeting rooms, per-function space, etc.), parking structure(s), a campus media center, a general session space, a production kitchen, and a landscaped plaza along the Las Vegas Boulevard frontage of the former Riviera Hotel property.

The schedule for the future Phase Four elements will be based upon the completion of Phases Two and Three and available funding for the program elements.

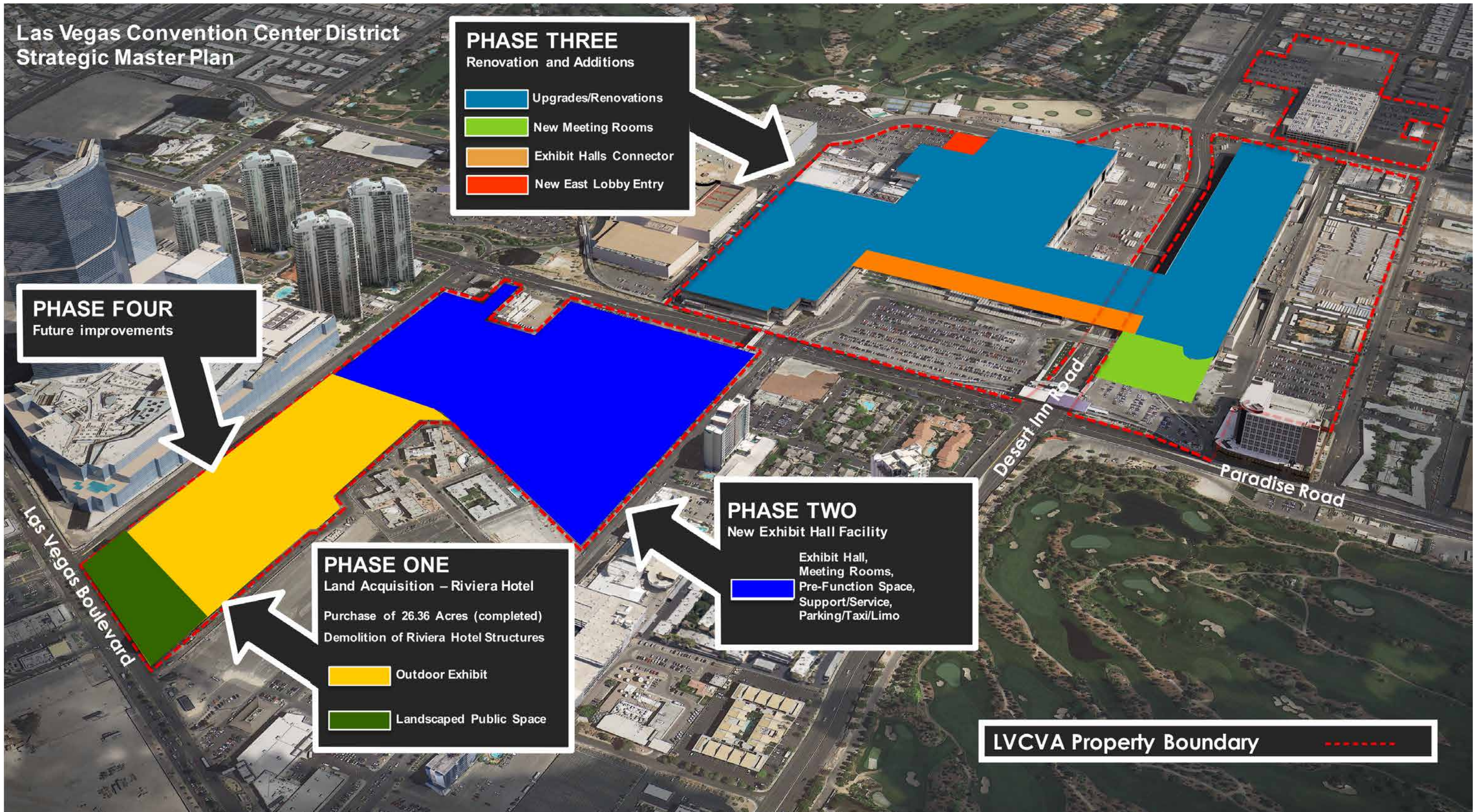
Las Vegas Convention Center District Strategic Master Plan

Budget

The costs associated with Phase One of the master plan has been included in the current operating budget of the LVCVA. The combined budget for Phases Two and Three is \$1.4B. As identified in a previous section of this document, a budget for Phase Four will be determined at such time the scope of the future improvements has been defined. Implementation of Phases Two and Three of \$1.4B is expected to require six to seven years.

	Description	Size
PHASE ONE Land Acquisition and Site Improvements	Riviera Hotel Purchase	26.36 Acres
	Demo/Site Improvements	
	Fully Funded	

	Description	Size	Budget Per Phase
PHASE TWO Expansion	Exhibit Hall	600,000 SF	
	Meeting Rooms	150,000 SF	
	Pre-Function Space	210,000 SF	
	Support/Circulation	240,000 SF	
	Service	240,000 SF	
	Sub Total	1,440,000 SF	
	Phase Two Budget		
PHASE THREE Renovation	Existing Public Spaces	3,200,000 SF	
	Add'l Meeting Rooms	200,000 SF	
	North East Entry	75,000 SF	
	Connector Between Halls	200,000 SF	
	Support Spaces/Systems	100,000 SF	
	Sub Total	3,775,000 SF	
	Phase Three Budget		
PHASE FOUR Future Improvements	Exhibit Hall Expansion		
	Media Center		
	General Session		
	Production Kitchen		
	Parking Structure(s)		
	LVCC Plaza on LV Blvd		
	Phase Four Budget		



Las Vegas Convention Center District Strategic Master Plan

VII. FINANCIAL PLAN

The LVCVA's primary source of revenue is a 5% Clark County lodging tax, as authorized under Nevada statutes in 1957. At that time, the LVCVA received 100% of the room tax collected in Clark County. The room tax rate was increased several times over the years, exclusively for the benefit of other agencies, resulting in a total room tax rate currently averaging 12%.

The LVCVA presently has discretionary use of less than one-third of each room tax dollar collected in Clark County. This is a result of rate increases authorized for other entities combined with subsequent mandates to redirect twenty percent of the revenues collected on the LVCVA's assessed rate (5%). Mandated uses of the LVCVA's revenue include the mandatory return of 10% of the LVCVA's gross tax room tax receipts back to the collecting jurisdictions, as authorized under NRS. Additionally, the room tax revenues are further reduced by a mandate to fund \$20+ million annually for principal and interest on debt service to support \$300 million of bonds issued on behalf of Nevada Department of Transportation (2007 NRS).

Room tax provides approximately 82% of total new revenues annually. The second largest source of revenue to the LVCVA is facility use fees at the LVCC. These two primary sources of revenue provide substantially all of the resources available to support the LVCVA's unique dual mission of acting as both CVB and convention center operator.

The current revenue structure of the LVCVA provides adequate funding to maintain the aging LVCC facility at a baseline operational level, focusing on health, safety, preventive maintenance and modest aesthetic improvements. The revenue sources are insufficient to fund significant renovations & modernization requirements on the existing facility, or an expansion of the facility to draw additional tradeshow to Las Vegas.

The LVCVA recently acquired 26.4 acres with the purchase of the Riviera, a component of LVCCD Phase One. Demolition and improvements to the property will also be accomplished during this phase. The LVCVA has adequate financing capacity to complete Phase One supported by current revenue streams. The budget balance of \$1.4 billion for Phases Two and Three will require new revenues streams sufficient to support a PayGo and debt financing program.

The LVCVA engaged HVS Consulting to conduct a comprehensive financial strategy study, to identify finance strategies in comparable convention center destinations, develop criteria and analyze the potential of new funding sources, estimate the financing capacity of the most relevant funding sources, and develop a financing plan using a combination of those sources.

The HVS study evaluated the funding sources and capital finance structures of McCormick Place Convention Center, Boston Convention and Exhibition Center, San Diego Convention Center, New Orleans Convention Center, Orange County Convention Center (Orlando), and several other facilities. Additionally, staff evaluated the operating programs of several facilities in competitive destinations. Exact comparisons to the LVCC are challenging due to the blended business activities and reporting structures of each agency; however, the information available demonstrates that public convention center costs are consistently supported through allocations of a variety of tax and fee sources, as a reflection of the economic impact those facilities generate.

Las Vegas Convention Center District Strategic Master Plan

Subsequent to the receipt of the HVS draft, staff developed a comprehensive pro forma through FY 2030. The pro forma incorporates all current LVCVA operational activities and existing debt obligations, including the completion of LVCCD Phase One. Projections for Phases Two and Three were then integrated to identify the potential funding gap, which is estimated to require a combination of aggregate new revenue sources totaling nearly \$90MM in the first full year of collection.

Las Vegas Convention Center District Strategic Master Plan

APPENDIX

Copies of the following documents are available for review on the flash drive included in this booklet on the inside back cover:

1. Applied Analysis Economic Impacts Analysis
2. Cordell Corporation LVCC Expansion and Renovation Feasibility Study
3. CSL - Long Term Master Planning Analysis
4. HNTB Briefing on Customer Focus Groups
5. HVS Summary
6. LVCC Client Support
7. PBTk Land Investment Analysis
8. PKF ROI Executive Summary Draft

LAS VEGAS

CONVENTION
CENTER
DISTRICT

LAS
Vegas

LasVegas.com

- **WHY NOW?**
- **BENEFITS OF THE LVCCD**
- **FINANCIAL OVERVIEW**
- **NEXT STEPS**



WHY NOW?



- **WHY NOW?**
- **BENEFITS OF THE LVCCD**
- **FINANCIAL OVERVIEW**
- **NEXT STEPS**



**OUR #1
INDUSTRY
IS BEING THREATENED**

LWCCCD

- **CRITICAL CUSTOMERS AT MAXIMUM CAPACITY**
- **INSUFFICIENT SPACE FOR GROWTH**
- **COMPETITION ALREADY INVESTING**

CURRENT BUSINESS IS NOT A GIVEN.

The loss of a 50,000 attendee show, represents more than a \$70M loss in economic impact to the community.



**\$51 MILLION ANNUAL
ECONOMIC IMPACT**

PUT OUT TO BID AND MADE 3 SITE VISITS

ICSSC

“The expansion and renovation of the LVCC are essential for us to continue our successful partnership with the city.”



– **Gary Shapiro**
President & CEO
International Consumer Electronics Show



“CES features more than 3,600 exhibitors, spans more than 2 million net square feet, and uses all three convention centers in Las Vegas. We also have additional exhibits and programming at the Aria, Renaissance, Vdara, Wynn/Encore and Westgate hotels. Demand for our show is high and frankly we are running out of space.”

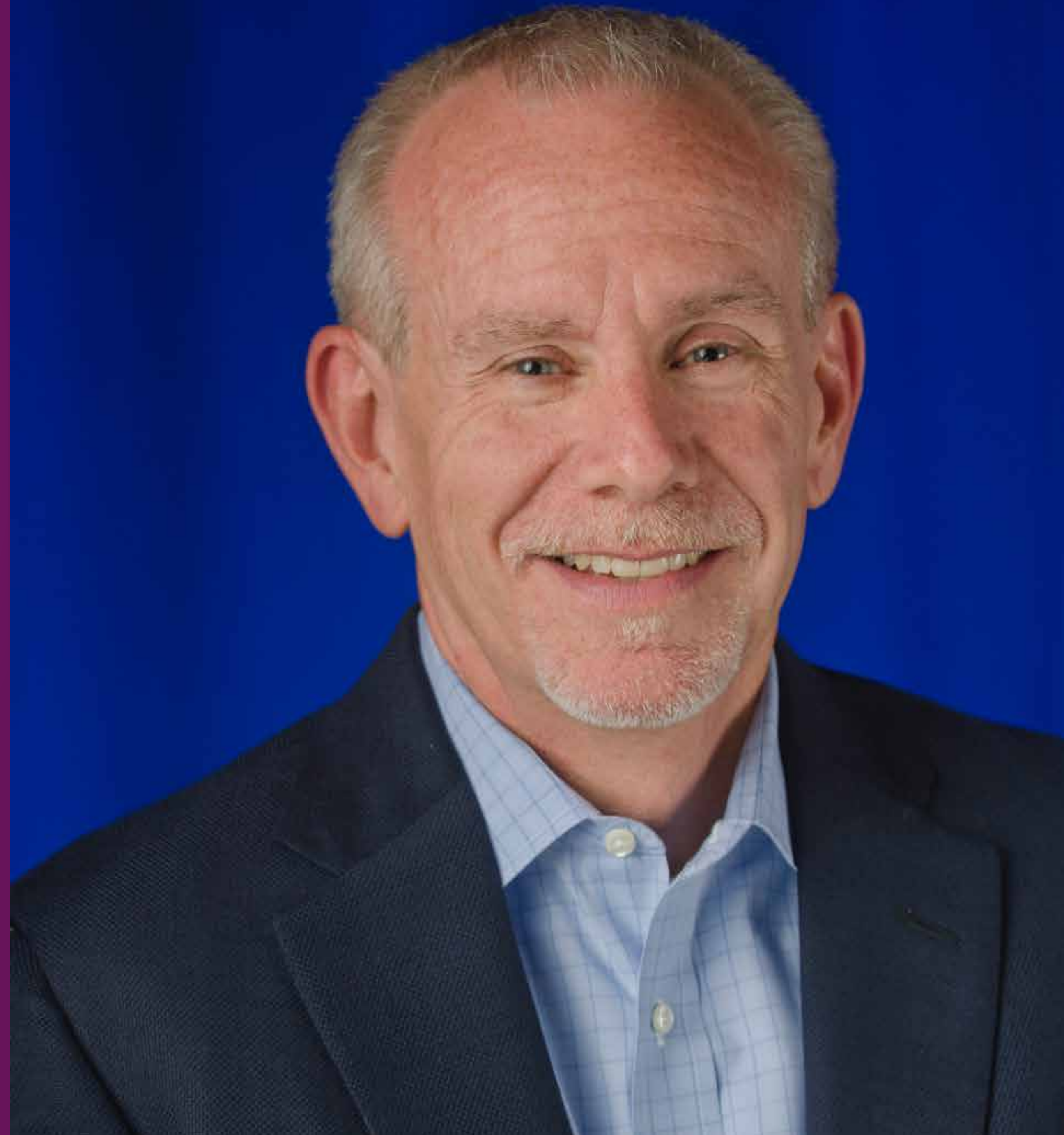


– **Karen Chupka**
SVP of International Consumer Electronics Show
& Corporate Business Strategy
International Consumer Electronics Show

“We have already maximized the use of the meeting space in the facility ... more importantly, we are approaching a sellout of the available exhibit space. The reality is that, in order for us to continue to be successful, we have to be in a facility that offers an environment, services and amenities that enable and enhance the experience.”

– **Chris Brown**

*Executive Vice President of Conventions &
Business Operations
National Association of Broadcasters*





“Las Vegas business and government stakeholders agree that Las Vegas should be the world’s #1 convention and conference destination. However, Las Vegas will not hold that position if it does not invest in updated and expanded facilities.”



– **Chris Kersting**
President and CEO
SEMA

“If your great city is going to maintain its competitive edge, then local business and civic leaders of the Las Vegas hospitality community need to support the plan to renovate and expand ...”



– **Timothy McGuinness**
*Staff Vice President,
Global Trade Expositions
ICSC*



“The priority assignment period for our 2017 show just concluded, and the demand for space grew by more than 1 million net square feet. It’s critical that the LVCC keep pace with our growth, as well as our exhibitors’ growing demand for world-class indoor and outdoor exhibit space.”



– **Megan Tanel**
VP Exhibitions & Events
Association of Equipment Manufacturers
CONEXPO-CON/AGG

“Las Vegas makes a great host city because it too is continuously eyeing the future for the newest trends and what is on the horizon. This forward-looking project expanding the Las Vegas Convention Center will ensure the city’s leadership role and its continued primacy in the exhibition industry.”



– **Tony Calanca**
Executive Vice President
Advanstar



**THE COMPETITION
IS AHEAD TODAY**



CHICAGO
\$1.1 BILLION



SAN FRANCISCO

\$ 500 MILLION

SEATTLE
\$1.4 BILLION



**HOUSTON
\$1.5 BILLION**





ORLANDO
\$1.3 BILLION

The background image shows the Las Vegas Convention Center building at dusk. The building's facade is illuminated with warm lights, and the "Las Vegas" logo is visible in a glowing red script. Below the logo, the words "CONVENTION CENTER" are displayed in white, block letters. The sky is a deep blue, and some palm trees are visible in the foreground.

ATTENDEES DEMAND MORE

- Increased demand for meeting and exhibit space
- South hall access via indoor connection from north hall
- Food service is inadequate and lacks diversity
- Lack of social space for interaction and connectivity

BENEFITS

OF THE **LVCCD** TO SOUTHERN NEVADA

- WHY NOW?
- **BENEFITS OF THE LVCCD**
- FINANCIAL OVERVIEW
- NEXT STEPS

JOB

BO

- **5,900** jobs during construction
- **6,000** permanent jobs

- **\$3.6 billion** in construction-related local economic impact
- **\$700 million** in economic impact following completion

**NEW POTENTIAL
VISITOR GROWTH**



**TOURISM
ECONOMICS**

AN OXFORD ECONOMICS COMPANY

- **375,000 convention attendees** overall economic impact \$813 million
- **69 events** over **10 years** with overall economic impact \$4 billion

PROSPECTIVE SHOWS

NEW VISITORS MEAN

- Increased occupancy
- Higher ADR
- Jobs
- Increased airline service

FUEL GROWTH

- \$8 billion in new capital improvements
- Support over 5,000 new rooms that have already been announced

IMPORTANCE OF CONVENTION VISITORS

- Protect existing business
- Support midweek occupancy

LAS VEGAS

CONVENTION
CENTER
DISTRICT

LAS Vegas

LasVegas.com

The LVCCD is just a facelift for the convention center

Just an expansion of the "cement floors and black ceilings"

State-of-the-art holistic environment for the world's biggest brands/companies to conduct business

How we fend off competitive threats

Appropriate meeting space to exhibit halls

MYTH

FACT

Las Vegas Convention Center District Strategic Master Plan



PHASE ONE
Land Acquisition – Riviera Hotel
Purchase of 26.36 Acres (completed)
Demolition of Riviera Hotel Structures

 Outdoor Exhibit

 Landscaped Public Space

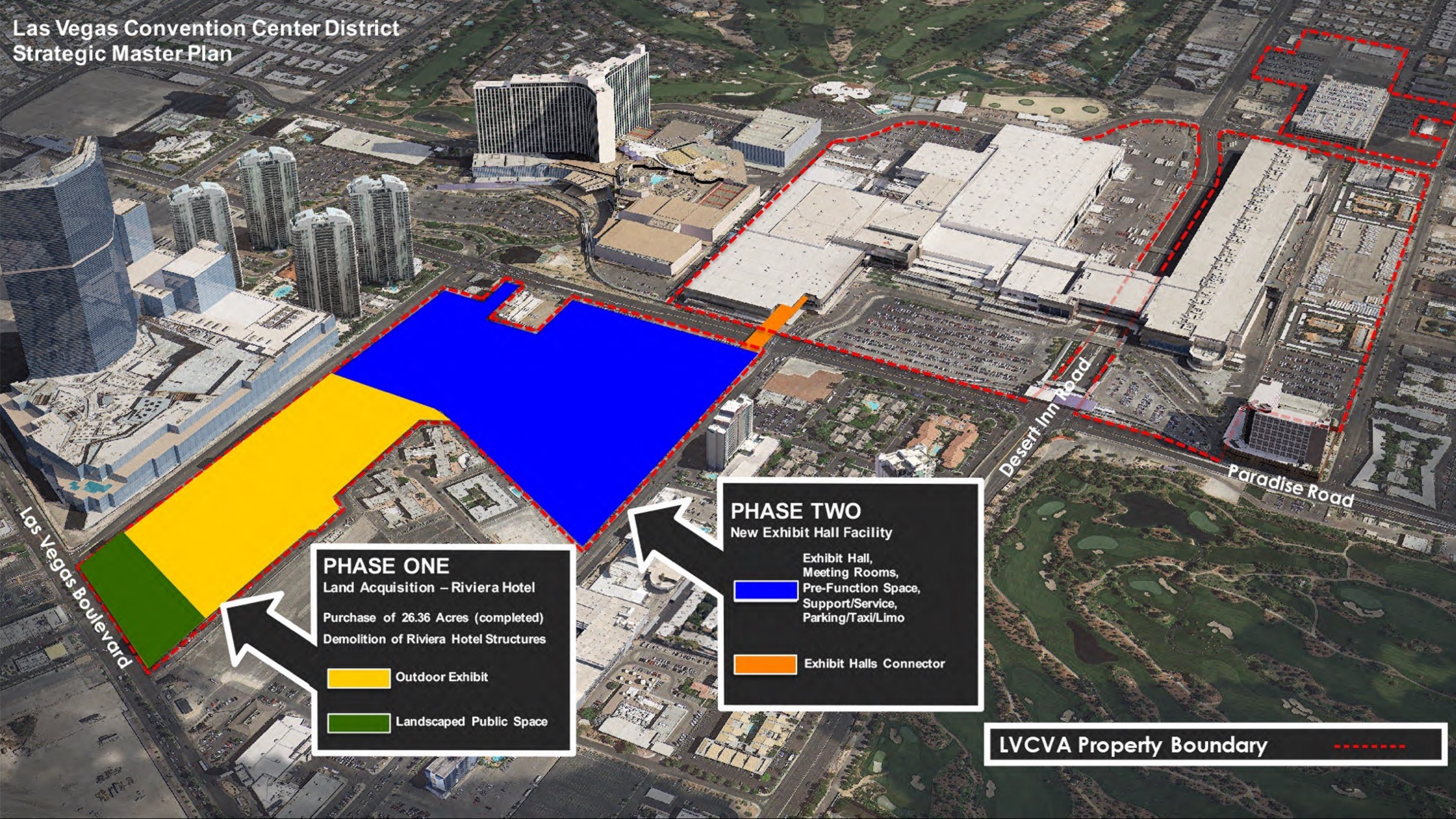
LVCVA Property Boundary 

Las Vegas Boulevard

Desert Inn Road

Paradise Road

Las Vegas Convention Center District Strategic Master Plan



PHASE ONE
Land Acquisition – Riviera Hotel
Purchase of 26.36 Acres (completed)
Demolition of Riviera Hotel Structures

- Outdoor Exhibit
- Landscaped Public Space

PHASE TWO
New Exhibit Hall Facility

- Exhibit Hall, Meeting Rooms, Pre-Function Space, Support/Service, Parking/Taxi/Limo
- Exhibit Halls Connector

LVCVA Property Boundary

Las Vegas Convention Center District Strategic Master Plan

PHASE THREE

Renovation and Additions

- Upgrades/Renovations
- New Meeting Rooms
- Exhibit Halls Connector
- New East Lobby Entry

PHASE TWO

New Exhibit Hall Facility

- Exhibit Hall, Meeting Rooms, Pre-Function Space, Support/Service, Parking/Taxi/Limo
- Exhibit Halls Connector

PHASE ONE

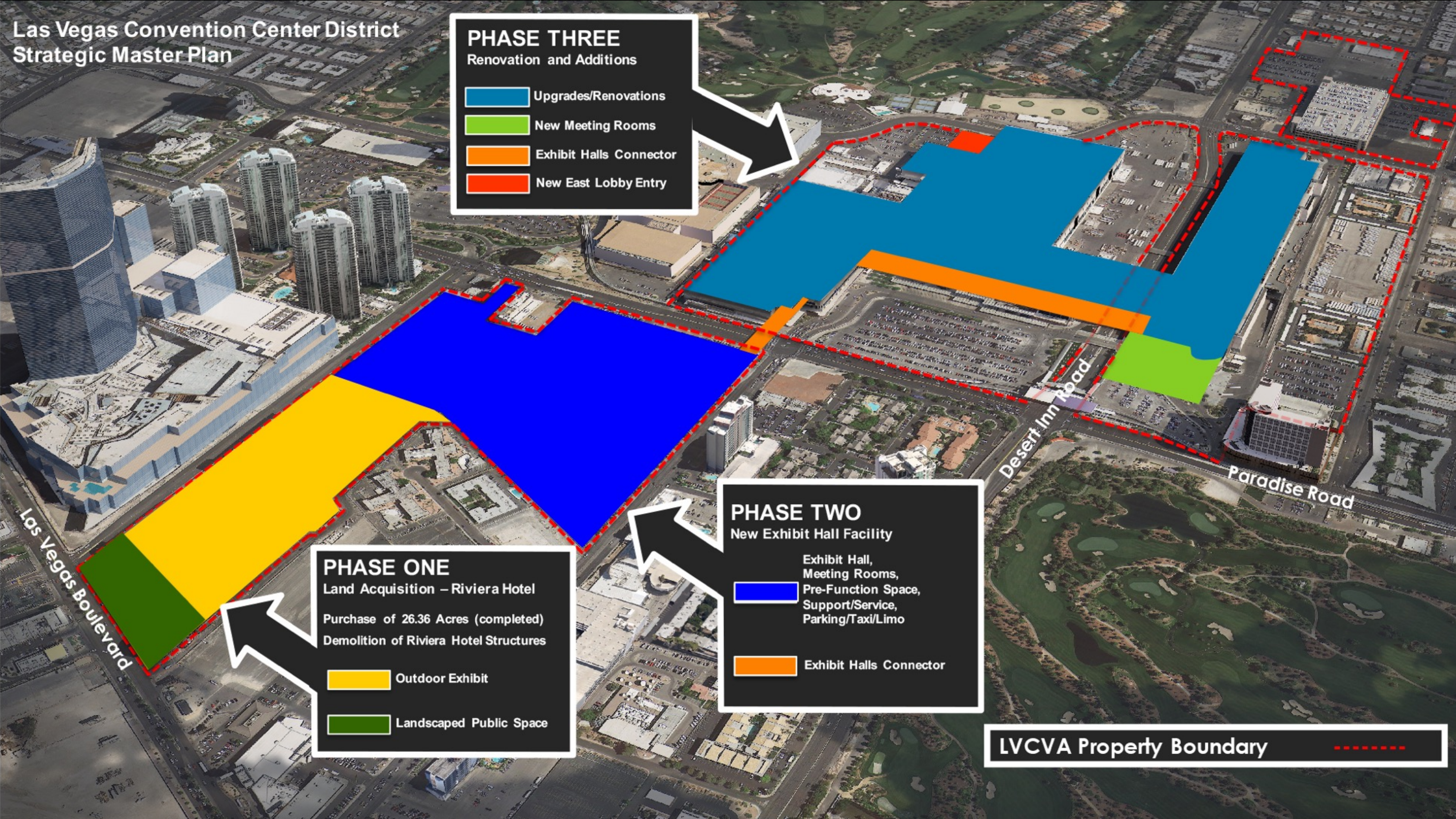
Land Acquisition – Riviera Hotel

Purchase of 26.36 Acres (completed)

Demolition of Riviera Hotel Structures

- Outdoor Exhibit
- Landscaped Public Space

LVCVA Property Boundary



Las Vegas Convention Center District Strategic Master Plan

PHASE THREE

Renovation and Additions

- Upgrades/Renovations
- New Meeting Rooms
- Exhibit Halls Connector
- New East Lobby Entry

PHASE FOUR

Future improvements

PHASE ONE

Land Acquisition – Riviera Hotel
Purchase of 26.36 Acres (completed)
Demolition of Riviera Hotel Structures

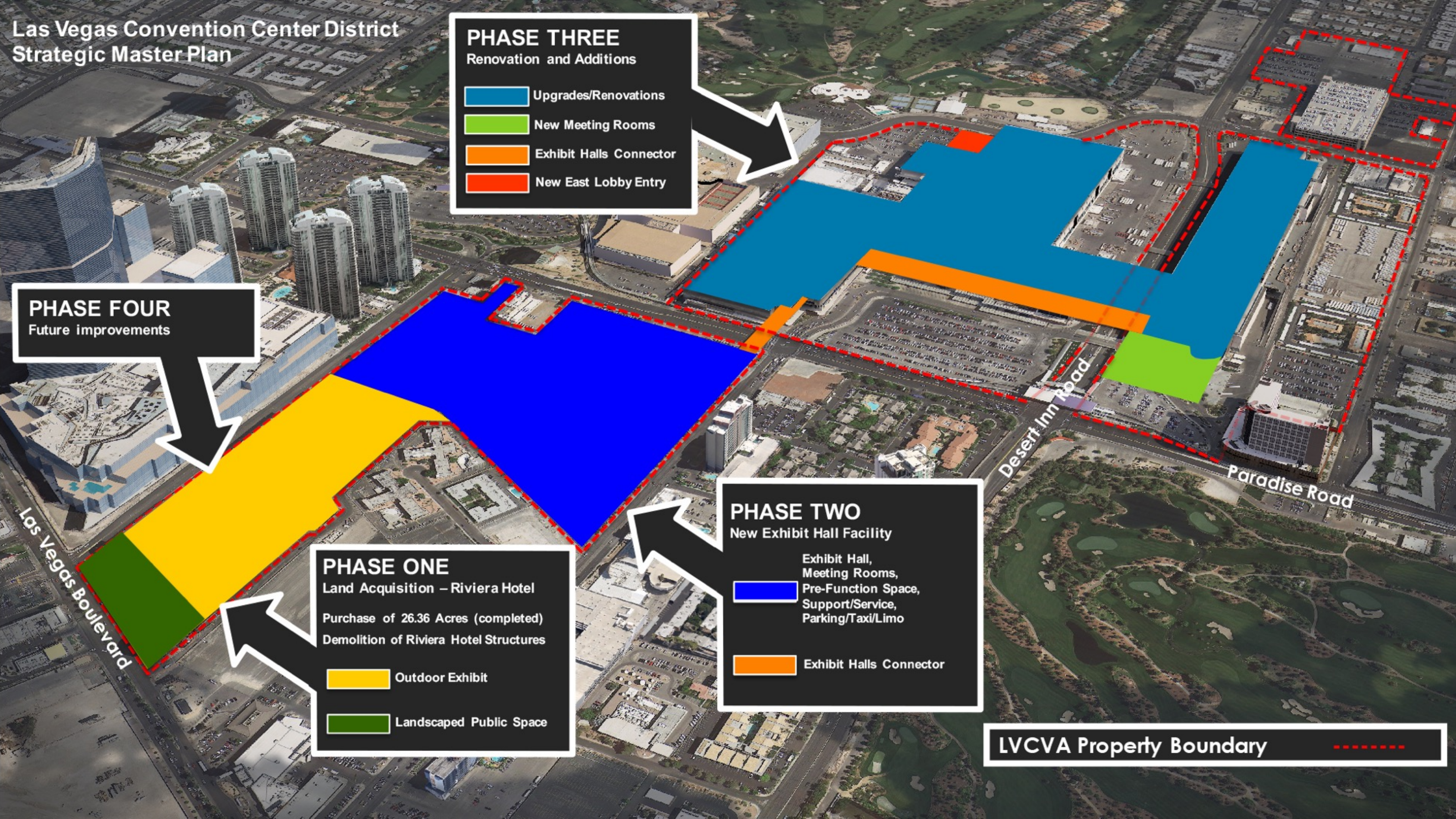
- Outdoor Exhibit
- Landscaped Public Space

PHASE TWO

New Exhibit Hall Facility

- Exhibit Hall, Meeting Rooms, Pre-Function Space, Support/Service, Parking/Taxi/Limo
- Exhibit Halls Connector

LVCVA Property Boundary



FINANCIAL OVERVIEW



- WHY NOW?
- BENEFITS OF THE LVCCD
- **FINANCIAL OVERVIEW**
- TIMELINE
- NEXT STEPS

LVCCCD Program

\$1.4 Billion Budget

PHASE 1

- Riviera Acquisition, Demolition, Site Prep, ...

PHASE 2

- \$860M EXPANSION
- Exhibit Hall, Meeting Rooms, Pre-Function, Support, Circulation, Service, ...

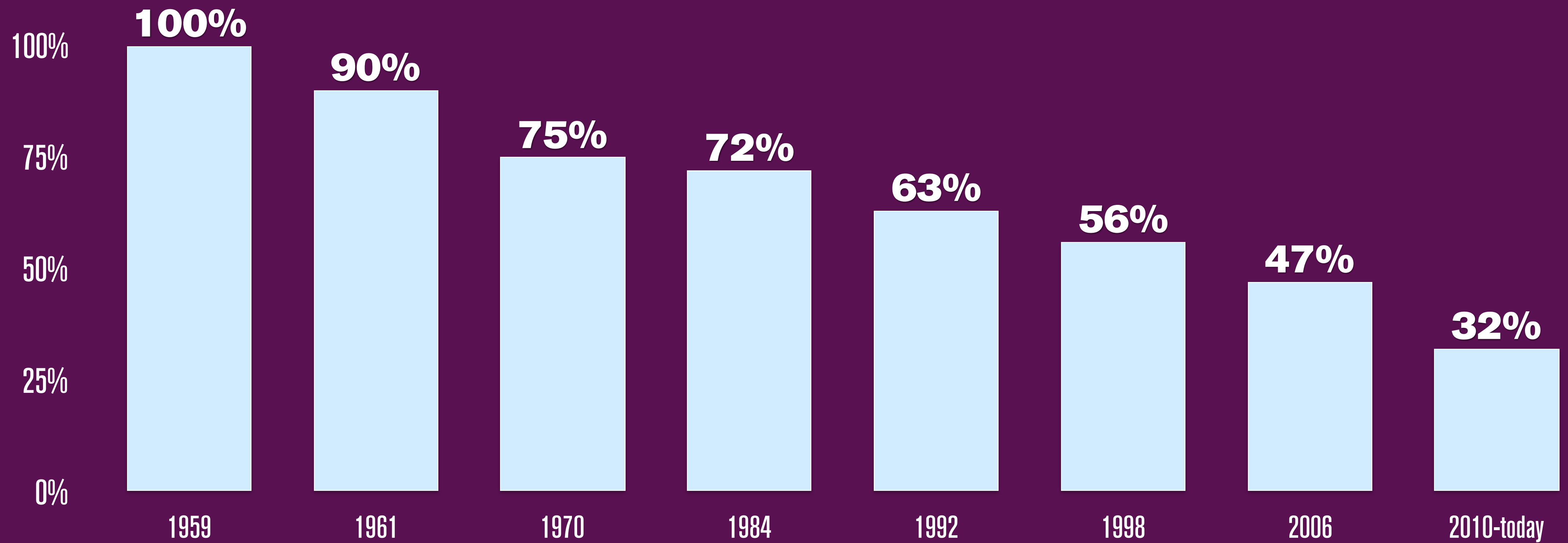
PHASE 3

- \$540M RENOVATION
- Existing spaces, Addt'l Meeting Rooms, NE Entry, Connector, Support Spaces, ...

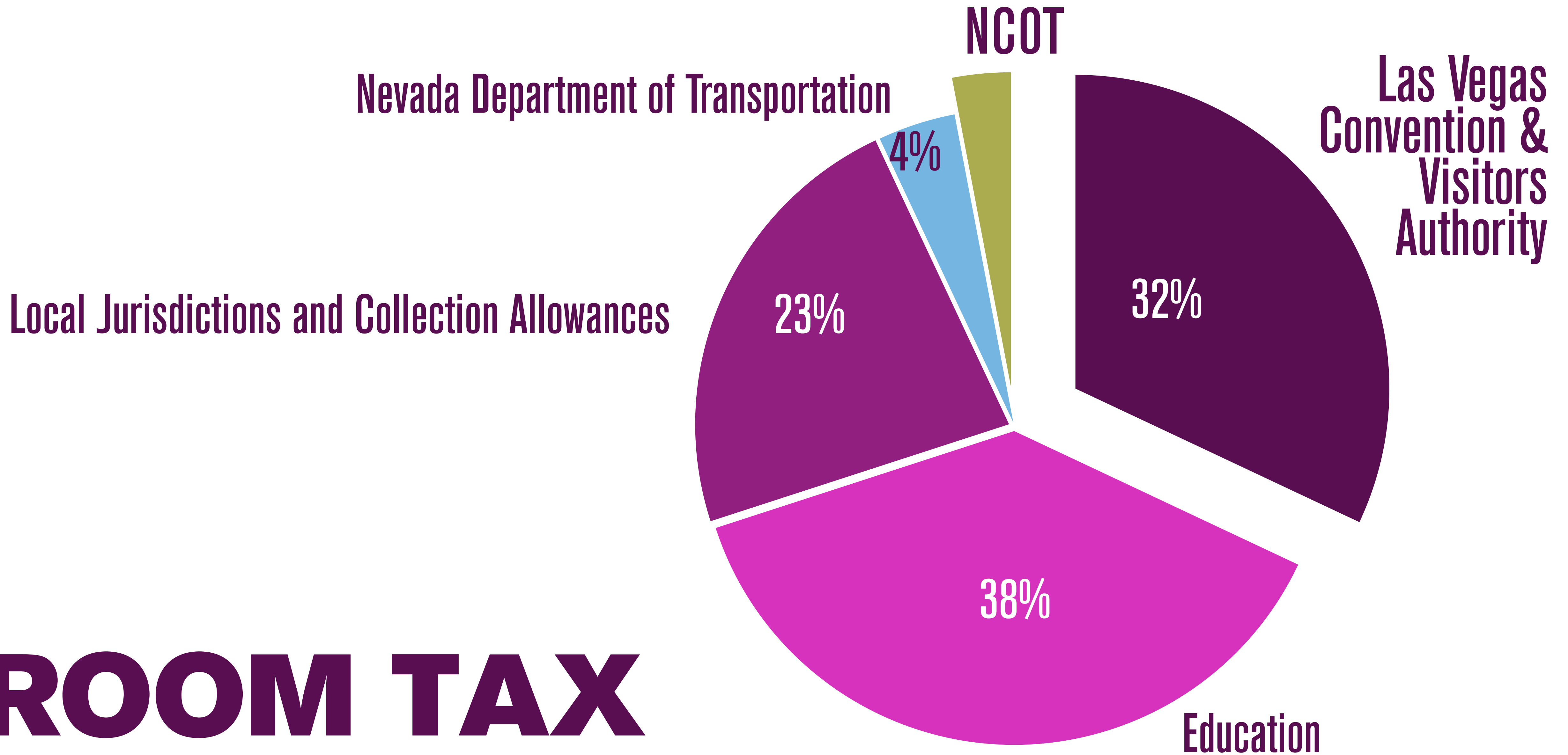
PHASE 4

- Future Enhancements

ROOM TAX ALLOCATION HISTORY



ROOM TAX DISTRIBUTION



TODAY'S PANEL



– **Karen Chupka**

*SVP of International Consumer Electronics
Show & Corporate Business Strategy
International Consumer Electronics Show*



– **Chris Brown**

*Executive Vice President of
Conventions & Business Operations
National Association of Broadcasters*



– **Chris Kersting**

*President and CEO
SEMA*



– **Timothy McGuinness**

*Staff Vice President,
Global Trade Expositions
ICSC*



– **Megan Tanel**

*VP Exhibitions & Events
Association of Equipment Manufacturers
CONEXPO-CON/AGG*



– **Tony Calanca**

*Executive Vice President
Advanstar*

NEVADA OUTDOOR



There's Millions in our Future...

SITE OF
**CLARK COUNTY
CONVENTION CENTER**

THIS DISPLAY DONATED BY NEVADA OUTDOOR ADVERTISING • DICK AND LEO ELKINS



Las Vegas
CONVENTION CENTER



WELCOME
CONVENTION
DELEGATES!!



LAS
Vegas

NEW YORK	LON	WASHINGTON	ZULU	LONDON	BRUSSELS	SYDNEY
07:47	12:47	07:47	11:47	12:47	13:47	21:47

THERE ARE
BILLIONS
IN OUR FUTURE

Las Vegas Blvd

Concept Only

THE ECONOMIC IMPACT OF **SOUTHERN NEVADA'S TOURISM INDUSTRY AND CONVENTION SECTOR**

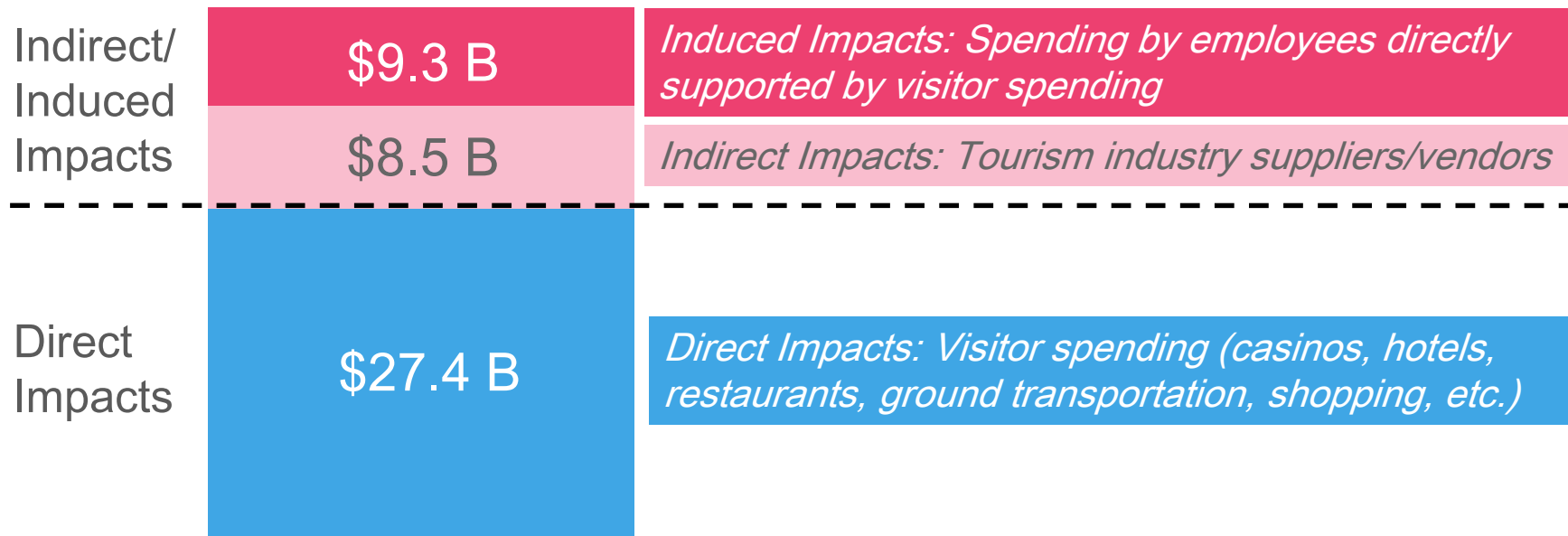
2013 UPDATE



**MARCH
2014**

ECONOMIC IMPACT
SERIES BRIEF

Economic Impacts of the Southern Nevada Tourism Industry – 2013 Results

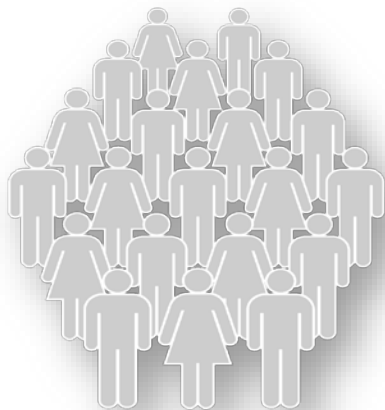


Economic Output

Economic Impacts of the Southern Nevada Tourism Industry – 2013 Results

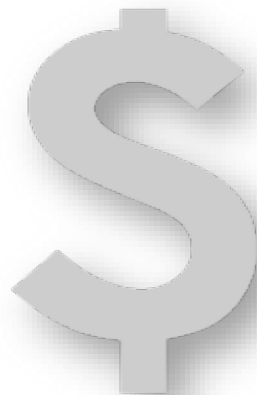
Visitor Volume

-0.1% (-58,800 visitors)



Adjusted Spending per Visitor

-0.2% (-\$1 per visitor)



\$95.6 billion

100% of
So. NV
GDP



\$27.4 billion

28.6% of
So. NV
GDP



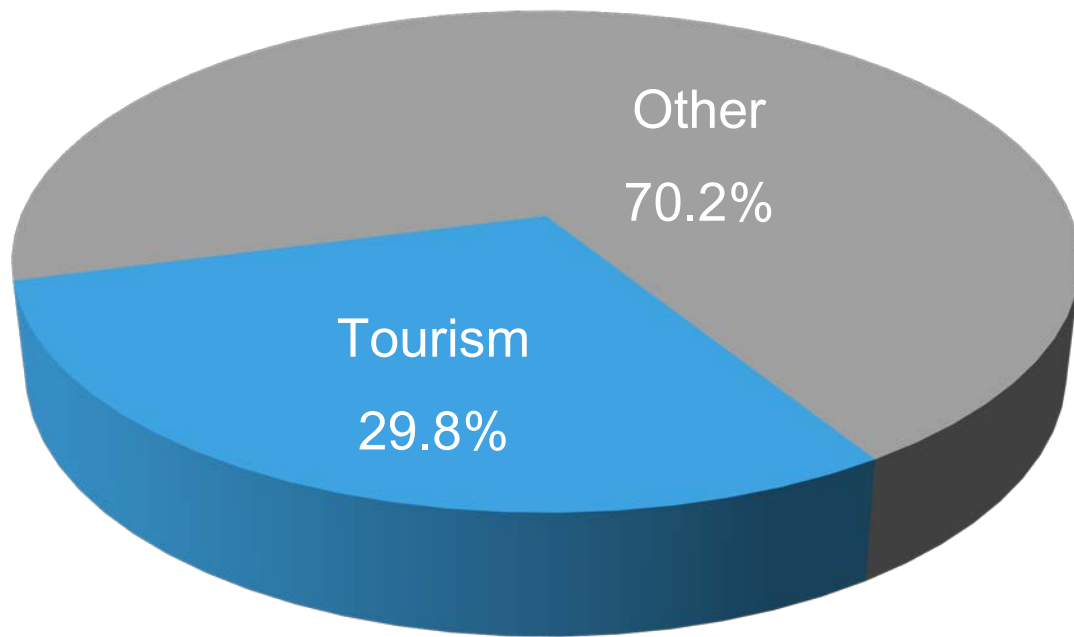
\$45.2 billion

47.3% of
So. NV
GDP



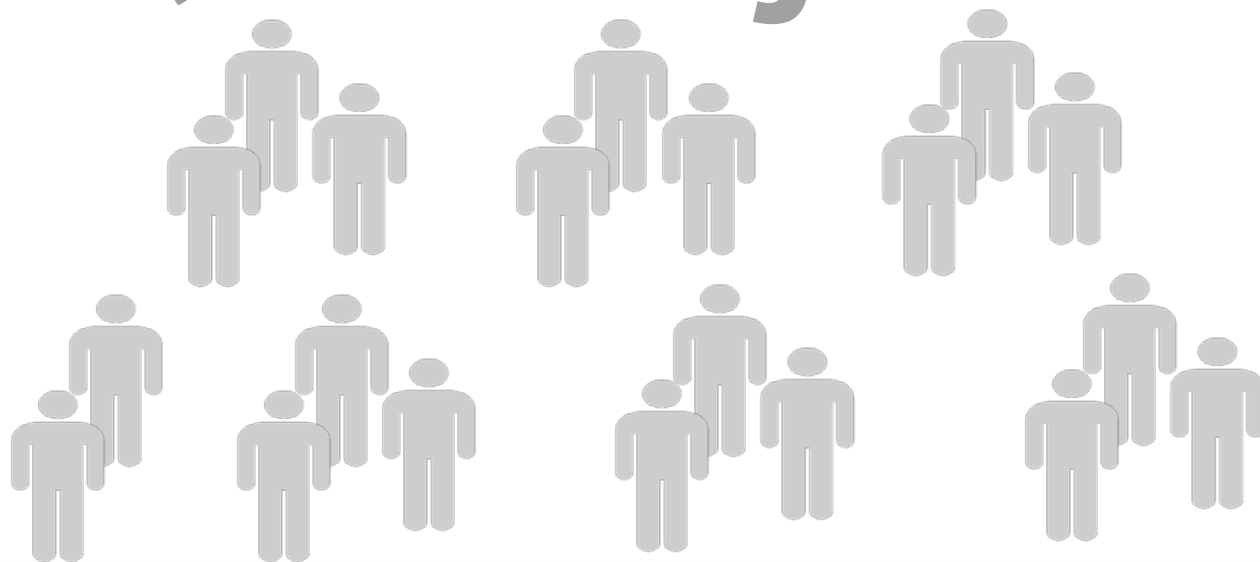
Private Sector Focus

Direct Employment



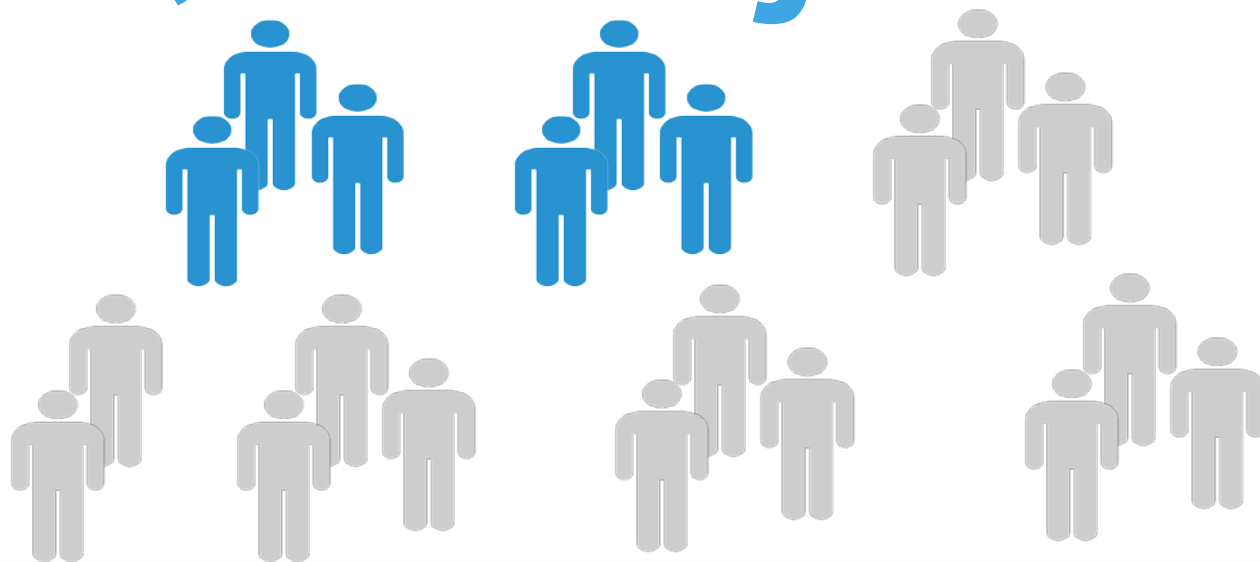
826,400 jobs

100%
of So. NV
Workforce



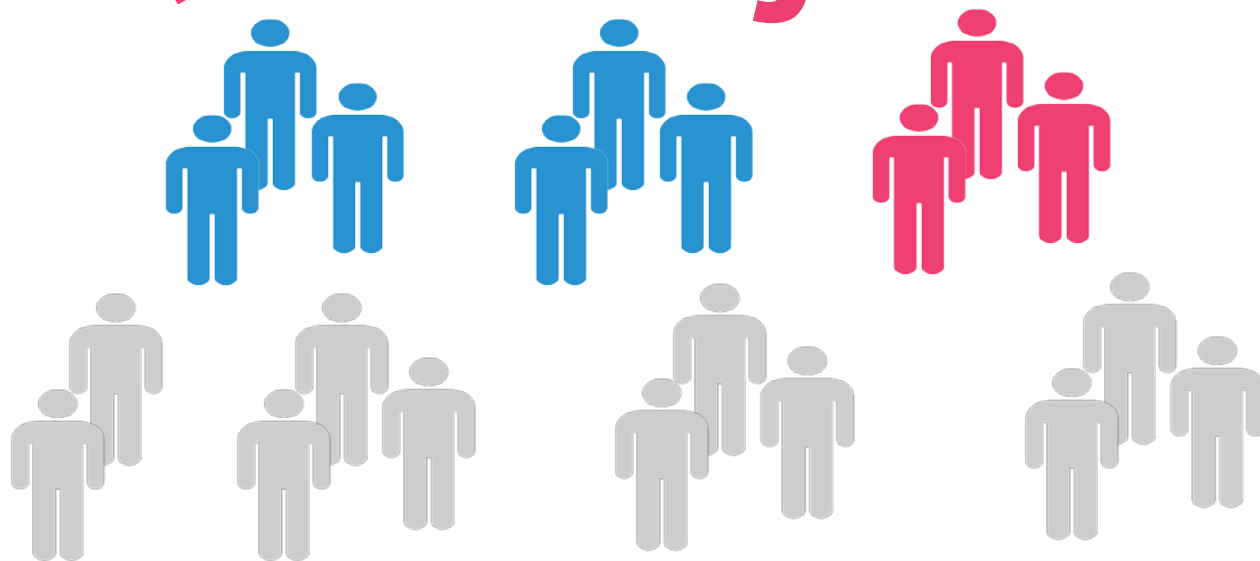
219,000 jobs

26.5%
of So. NV
Workforce



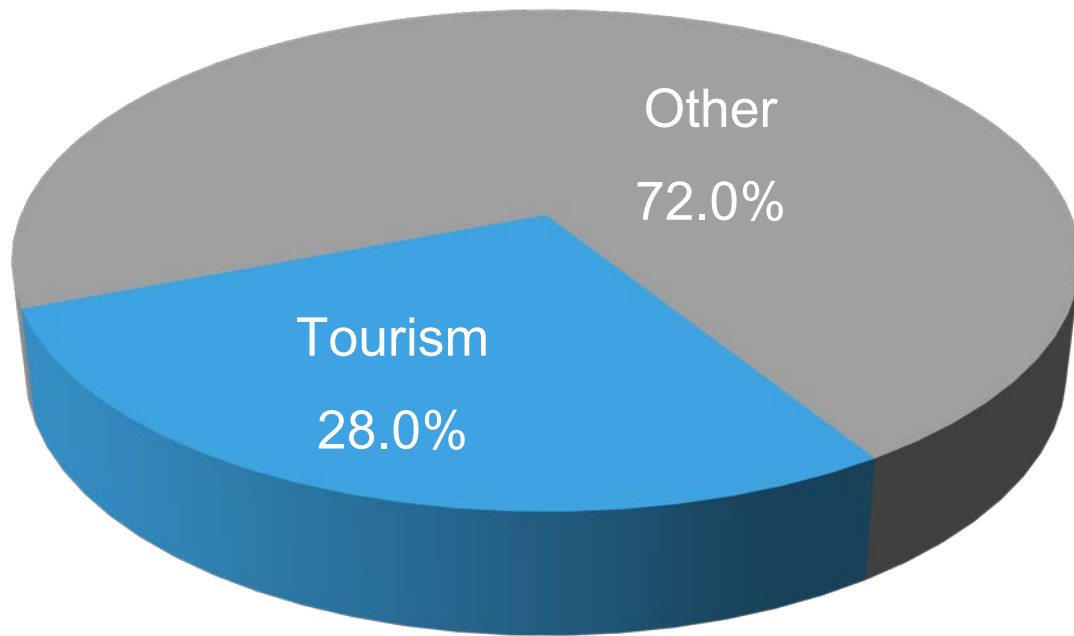
375,700 jobs

45.5%
of So. NV
Workforce



Private Sector Focus

Direct Wages and Salaries



\$35.7 billion

100% of
So. NV
Wages
Paid



\$8.6 billion

\$0.24 per \$1
of So. NV
Wages Paid



\$14.1 billion

\$0.40 per \$1
of So. NV
Wages Paid



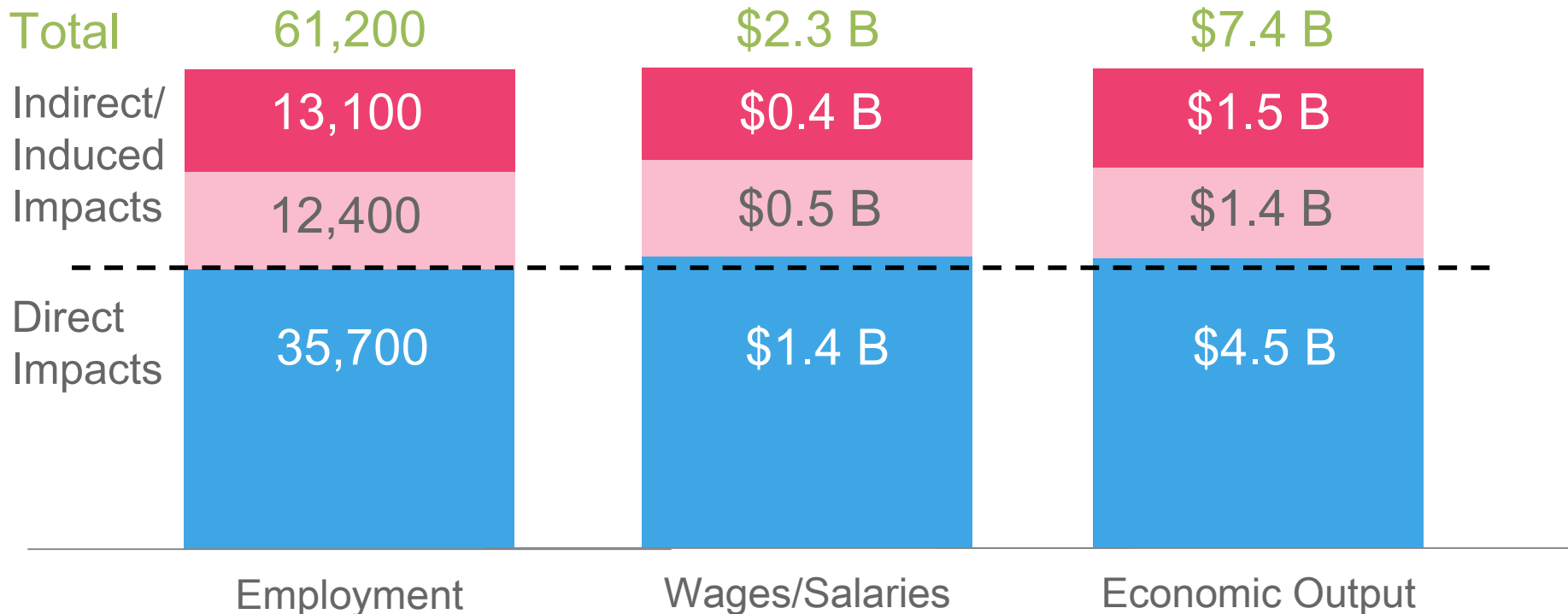
Economic Impacts of the Convention Segment – 2013 Results

Convention Attendance
+3.3% (+163,400 attendees)

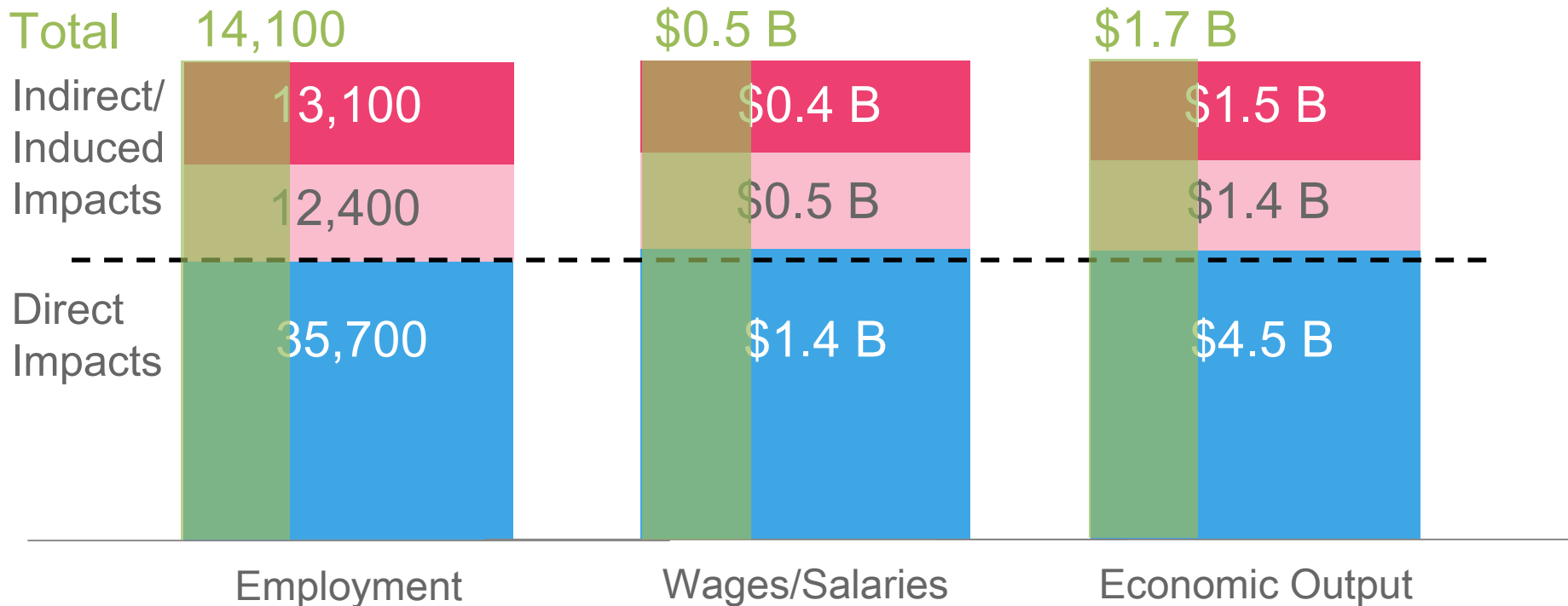
Adjusted Spending per Visitor
+5.9% (+\$49 per visitor)



Convention Sector– 2013 Results



LVCVA Attendees Accounted for 1 in 4 Convention Visits



Bottom Line

- Steady visitor volume and spending per visitor combined with an increase in indirect econometric multipliers for the industry resulted in a 0.6-percent rise in overall economic impact compared to 2012.
- The overall economic impact of the convention segment rose 10.5 percent due to increases in both attendance and spending per convention attendee.
- In 2013, the southern Nevada tourism industry:
 - Directly accounted for more than 1 in 4 jobs, wages and dollars paid, and economic output.
 - Including indirect and induced impacts, the industry supported close to half of all jobs, wages paid and economic output, which translates to 375,700 jobs, \$14.1 billion in wages and salaries, and \$45.2 billion in economic output.

THE ECONOMIC IMPACT OF **SOUTHERN NEVADA'S TOURISM INDUSTRY AND CONVENTION SECTOR**

2013 UPDATE



**MARCH
2014**

ECONOMIC IMPACT
SERIES BRIEF



**Las Vegas Convention Center
Expansion and Renovation
Feasibility Study**

Las Vegas Convention and Visitors Authority
September 2014

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EXECUTIVE SUMMARY

During fifty-five years of operations, the Las Vegas Convention Center (LVCC) has constantly changed to meet the needs of its customers in an ever-changing market, with a mission to maximize opportunities to attract convention visitors to Las Vegas. The LVCC under the authority of the Las Vegas Convention and Visitors Authority (LVCVA) is now facing a significant challenge to upgrade the aging building and increase the overall facility capacity in order to enhance the customers' experience, meet the current demands for additional convention space and capture new opportunities for increased business.

The trade show industry in general is rebounding from the economic downturn of the last few years with modest increases occurring across the entire market. Outpacing the industry wide growth trend is a very specific sector of the industry, the top 250 trade shows, the primary focus of the LVCVA. Focusing on this sector of the industry, Las Vegas has been the No. 1 trade show destination for 20 consecutive years as determined by the Trade Show News Network's (TSNN). With this position, not only is Las Vegas the best, but the competition in other major cities across the country and internationally have identified Las Vegas as the primary competition and the shows held in Las Vegas as primary targets for new business.

In order to meet these challenges, the LVCVA has created a vision that incorporates enhancements throughout the city - the Las Vegas Global Business District - with the mission of enhancing all aspects of the business of conventions and trade shows in Las Vegas. A primary component of the vision is the renovation and expansion of the LVCC.

This report has determined that given the demands of the current customers and the opportunity to attract new shows from the convention and trade show industry, the LVCC needs to expand its current exhibit space by 750,000 square feet. The size of the expansion has been determined based upon analysis of the current facility, which indicates the facility is at maximum utilization during the highest periods of national trade show activity - the spring and fall. Additionally, the size of the expansion was determined based upon the need to relocate current show customers during extensive renovation of the existing facility. Relocation of the shows within the campus of the LVCC will ensure the shows do not leave Las Vegas to contract with other cities and venues due to disruptions from renovation construction in the current facility.

The new exhibit space will be part of a total expansion of approximately 1.8MM square feet that includes new meeting rooms and support spaces (lobbies, restrooms, circulation, systems, etc.). In addition to the expansion, renovation of the existing facility must be implemented to replace/repair some of the aging building components and to add features required to meet the expectations of today's convention and trade show visitor - such as additional meeting rooms

supporting the current exhibition space, restroom upgrades, building ingress and egress enhancement, technology and security systems replacement, utility services capacity, food service distribution, interior and exterior cosmetic upgrades, etc.

Analysis in this report has determined expansion requires additional land. The current campus land area owned by the LVCVA does not allow a single level footprint for the new exhibit space and land area for future expansion. The alternative of developing a multi level exhibit space is not appropriate as it will cause inefficiencies in the building operations and will not provide the contiguous space that many of the larger trade shows are demanding. Analysis in this report illustrates possible expansion of the LVCC on adjacent land areas surrounding the current LVCC campus. Expansion to the east or the south is prohibitive due to the number of parcels to be assembled. Expansion to the north or the west is viable. This report does not include a process by which land is purchased, but a lump sum amount has been included in the overall projected budget recognizing the acquisition will impact the overall cost of the program.

This report details a projected budget of \$2.3B for the expansion and renovation of the LVCC. The budget assumes two primary phases of implementation. Phase One is the acquisition of additional property and the development of the new exhibit space with its corresponding building components. The schedule for Phase One assumes two and a half years of construction after the land acquisition process has delivered new land area free and clear of any impediments such as existing structures, utility relocation and contaminant remediation. Phase Two of the program is the renovation and modification to the existing LVCC building. The renovation of the building can begin during the construction of the expansion, but only to the extent the renovation does not impede current show operations and schedules.

Analysis of the elements of the expansion and renovation program projects a potential incremental economic impact to Las Vegas of nearly \$700MM. Furthermore, the program will potentially create nearly 6,000 construction jobs in the first phase of the program and nearly 6,000 permanent jobs in the Las Vegas workforce. In contrast, if no improvement or expansion is made to the LVCC, there exists the potential of losing convention and trade show business to the market. Losing a major trade show or a combination of mid size shows could result in more than \$220MM of annual economic loss to the Las Vegas economy.

Finally, funding the expansion and renovation program will require additional revenues beyond the current and projected revenues collected by the LVCVA. The LVCVA receives approximately 32% of room tax revenue collected in Clark County. This percentage has decreased from 100% when the room tax legislation was first enacted. Analysis of projected revenues against projected expenditures (including debt service for the \$2.3B of program) indicates an annual shortfall of \$115MM in the first year of operating the expanded facility. Options for funding this shortfall are not included in this report.

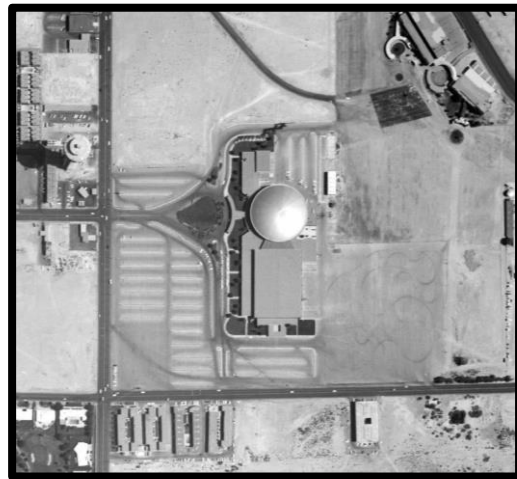
ASSESSMENT

LVCC FACILITY CONDITION

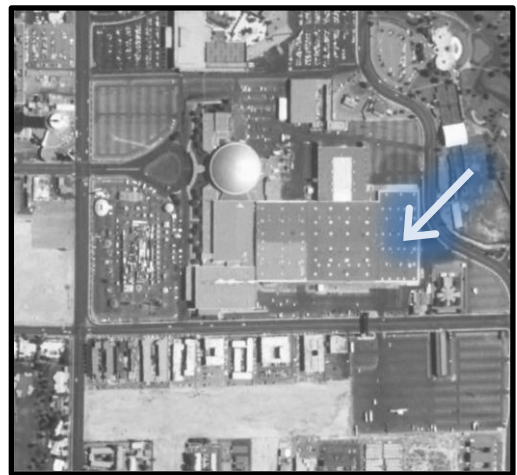
Since opening in 1959, the Las Vegas Convention Center (LVCC) has been an attraction for conventions and trade shows worldwide. During its 55-year history, expansions and renovations have transformed the convention center's physical appearance and economic performance reflecting the changing market of the convention and trade show industry. The following illustrates the most significant changes in the convention center throughout its history:



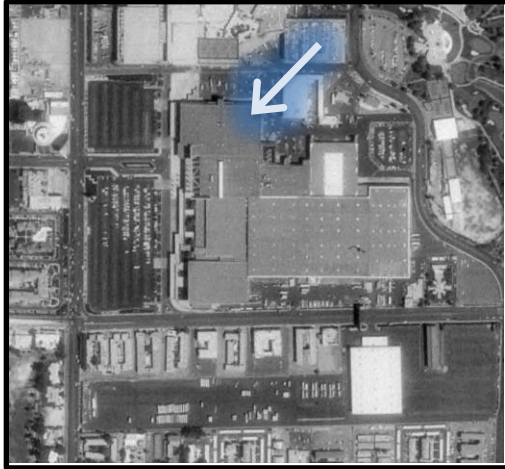
1959 – The original arena (The Rotunda) with 90K SF of adjacent exhibit space



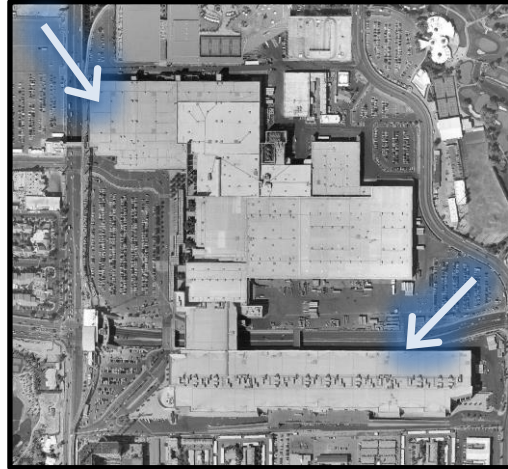
1971 – Central Hall is constructed next to the original exhibit hall.



1980's - Central Hall is expanded to the east.



1990 – The Rotunda is demolished and the North Hall is constructed creating 1.6MM SF of facility, including 1.3MM SF of exhibit space.



1998 – North Hall is expanded to the west adding 300K SF of facility space.

2002 – South Hall is constructed with 900K SF of exhibit space and 90K of meeting room space, increasing total LVCC facility to 3.2MM SF.

Today, the LVCC includes the original exhibition structure from 1959 along with the five expansions. Overall the building has been maintained at a level consistent with major public facilities across the country, but is in need of capital improvements consistent with a 55 year old facility.

Some building elements and systems have been upgraded as expansion occurred, but the facility is in need of a variety upgrades, not only due to the age of the building, but the evolving use of the facility.

As an example, the Central Hall roof has not been replaced since it opened 55 years ago. Due to its age, during rain occurrences, the roof will leak. Exacerbating the leaking roof is the placement of existing roof drains, which were built in less than effective locations. This results in standing water on the roof, leading to additional leaking.

Due to multiple expansions of the facility, many of the systems are disjointed, including the emergency notification system and the security monitoring system. This condition makes testing, utilization, and maintenance of the entire facility systems inefficient.

Elevator and escalator usage is a constant issue, especially during high volume events. The lack of freight elevators results in crews using the escalators to transport tools and exhibits to the upper level meeting rooms. As a result, the

escalators have gone through much more wear and tear than similar escalators of the same age.

There are over 50 freight and oversized doors throughout the facility and many are in need of replacement or repair. As a result, a significant portion of maintenance cost and effort is consumed keeping these outdated doors in operation.

Additionally, customer amenities including restrooms, food service, and technology fall short of satisfactory conditions in several areas.

One-third of the forty-six restrooms within the convention center have not been renovated since being built before 1970. These restrooms need cosmetic upgrades as well as plumbing and ventilation systems repair/replacement.

Food service facilities in the convention center are inadequate. Additional points of sale and quality of product are being addressed by the LVCVA.

As part of a recent agreement with the convention center technology provider, upgrades to the technology systems will occur over the next several years. Upgrades will include wireless internet system, distributed antenna system, meeting room A/V systems, and technology support for the facility.

Overall, the LVCC is in relatively good condition for a facility of its age. However, building elements and systems will continue to degrade and the cost of repair and/or replacement will continue to rise each year.

In 2006, a Master Plan Expansion Program (MPEP) was created to meet the aging facility conditions and modern program needs as developed through a study of industry standards for trade show facilities and direct customer feedback.

As the 2006 expansion program began, so did the recent global economic recession. In response to the economic downturn, the LVCVA suspended the expansion project before significant construction costs were incurred developing the facility improvements. During the suspension of the project, the LVCVA replaced and expanded some of the building's aging infrastructure such as electrical utilities along Orange Drive and storm water conduits through the Silver Lot as available funds allowed. Significant renovation/building expansion as designed in the Master Plan Expansion Program was not implemented.

In 2013, as revenues from room taxes began to rebound and the LVCVA had sustained positive revenue growth for 42 months, the need to consider expansion/renovation was revisited. As a result, CSL, a nationally recognized consultant in the convention and trade show industry was commissioned to review the industry trends and consider the long-term planning needs for the LVCC. The *Updated Long Term Master Planning Analysis of the Las Vegas Convention Center* dated January 2013 submitted by CSL, documented

customer feedback similar to previous customer input regarding upgrade and expansion needs of the LVCC.

In addition to the results of surveys and interviews with LVCC customers, the report provided an analysis of each exhibit hall with respect to occupancy efficiency. The findings in the report indicate an underutilized South Hall primarily due to "significant physical deficiencies". The deficiencies include; inconvenience of a two level stacked exhibit space, closely spaced oversized columns, difficulty separating pre-function events of multiple shows, meeting rooms remote to the primary convention area of the LVCC and lack of enclosure for visitors walking between South Hall other exhibit/meeting space in the LVCC.

The CSL report also provided analysis of the general configuration of the LVCC. As indicated in the CSL report, the LVCC ranks seventh nationally with other convention centers in terms of contiguous space. While the overall square footage of a convention center is important when analyzing its ability to create revenue opportunities, the configuration of the space is essential in attracting the desired trade shows to the facility. As a result, the report suggested consideration of an additional large exhibit hall of 700,000 to 800,000 square feet.

The report also provided analysis indicating meeting room space as a ratio to exhibit space is significantly below industry standards. According to the report "an adequate supply of quality meeting space has consistently ranked as one of the top three to four national event planner facility selection criteria and is a critical element to attracting large conventions and trade shows". The analysis suggests the LVCC needs approximately 40,000 to 50,000 square feet of additional meeting room space to provide a market-supportable balance with the existing exhibit space.

The findings in the CSL report are consistent with Cordell Corporation's review of the current conditions of the LVCC.

THE LAS VEGAS GLOBAL BUSINESS DISTRICT

As a result of the positive trend in the economy and the findings in the updated long term planning analysis, the LVCVA introduced the concept of the Las Vegas Global Business District (LVGBD) in early 2013. The vision of the LVGBD is driven by the opportunity for the LVCVA to be a catalyst in generating economic growth in the Las Vegas community.

By definition, the LVGBD encompasses more than the convention center. It establishes a brand for Las Vegas for the next several decades. It creates a plan for public/private partnership focusing on the next level of development for Las Vegas as a global destination. The plan includes the creation of an international trade center with business enterprises connected with worldwide trade associations/corporations and metro-wide enhanced transportation systems. The

plan also promotes private investment/development on the LVCC campus associated with the trade show industry and provides a framework for the expansion and enhancement of the LVCC in order to maintain its position as the number one trade show destination among the top 250 trade shows of North America.

Currently, elements of the Las Vegas Global Business District include:

Building Expansion and Renovation

This element focuses on renovating the Las Vegas Convention Center and creating a convention district campus. This includes building additional exhibit space, meeting rooms and general session space; upgrading technology; adding new food and beverage outlets; and, creating a grand concourse connector with more lobby space. Outside the convention center, plans call for outdoor public and gathering spaces and various design elements to enhance the neighborhood and establish a cohesive business center district.

International Trade Center

This element creates an international center of business by leveraging and expanding the “World Trade Center” brand. This will provide the LVCVA the opportunity to market Las Vegas to business travelers around the globe under the “World Trade Center” designation. By creating a dedicated international center of business, the LVCVA plans to expand business opportunities and increase market share by attracting more meetings and conventions to the destination from the international market. In 2011, the Las Vegas Convention Center was designated as an official “World Trade Center” site through an agreement between the LVCVA and the Consumer Electronics Association.

Transportation

This element provides a potential site location on the LVCC campus for centralized transportation connectivity in the resort corridor to improve the overall visitor experience. The LVCVA is working with local transportation stakeholders to define a long-term strategy to accommodate the movement of people as Las Vegas projects to host approximately 44 million annual visitors within the next few years.

The vision for the Las Vegas Global Business District focuses on economic growth beyond the convention center and includes the entire Las Vegas metropolitan area.

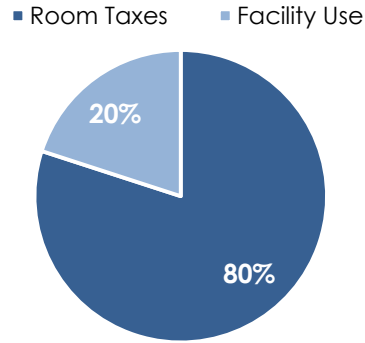
LAS VEGAS CONVENTION CENTER OPERATING PERFORMANCE

As indicated in a previous section of this report, the convention center is a publicly owned and operated facility serving trade shows and conventions since 1959. Currently the convention center includes just over 3.2 million square feet of building area.

Revenues

The LVCVA operates on revenue received through room taxes collected from hotels throughout Clark County and from revenue generated through the operation of the facility. Currently, room tax revenue is 80% of the LVCVA total revenue and revenue from facility use is 20%.

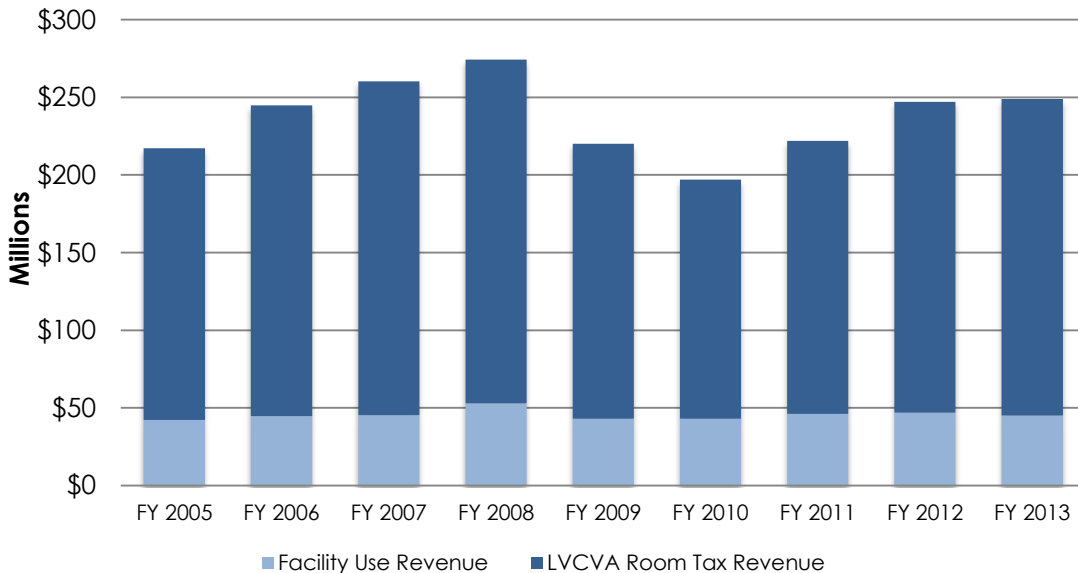
2013 LVCVA Revenues



Source: LVCVA

As indicated in the illustration below, revenue created by facility use has remained relatively constant for the last several years, but revenue created by room tax has fluctuated significantly.

LVCVA REVENUE



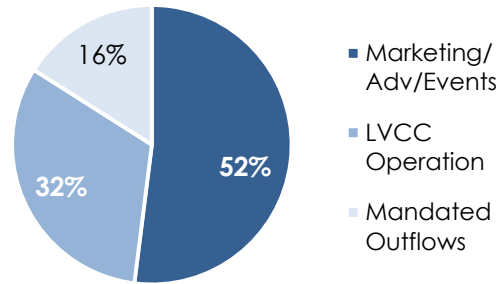
Room tax revenue for the LVCVA decreased in FY 2009 and continued to drop in FY 2010 as a result of the global economic downturn. As the post-recession economy has strengthened, room tax revenue has steadily increased.

Expenditures

There are three primary categories of expenditures for the LVCVA:

1. Marketing/Advertising/Special Events;
2. LVCC Operation and;
3. Mandatory Outflows (i.e.: legislated LVCVA payment to NDOT for funding state transportation improvements, etc.).

2013 LVCVA Expenditures



Source: LVCVA

Consistent with the LVCVA's mission statement **“to attract visitors by promoting Las Vegas as the world's most desirable destination for leisure and business travel”**, the majority of total expenditures is dedicated to marketing, advertising and special events. Marketing expenditures are expected to increase as the LVCVA targets international trade show customers over the next few years.

Expenditures associated with operating the convention center represent approximately 32% of the total expenditures of the LVCVA. As indicated in the table below, the operating cost of the facility exceeds the operating revenue produced from the facility. This is consistent with most, if not all, major convention centers across the country.

Las Vegas Convention Center Operating Results

	FY2009	FY2010	FY2011	FY2012	FY2013
LVCC Revenue from Ops	\$43	\$43	\$46	\$47	\$45
LVCC Operating Costs	<u>(76)</u>	<u>(71)</u>	<u>(70)</u>	<u>(77)</u>	<u>(84)</u>
Net Surplus/(Shortfall)	\$(33)	\$(28)	\$(24)	\$(30)	\$(39)

Source: LVCVA

Based upon the data shown, the average operating cost of the previous five years is approximately \$76MM per year which is equivalent to \$24 per square foot per year.

LVCC CUSTOMER SATISFACTION

In addition to the facility and trend analysis performed by CSL, the LVCVA commissioned HNTB, an architectural firm nationally recognized in convention facility planning and design, to conduct customer focus groups in an effort to gain direct customer feedback regarding the current facility experience. HNTB's compilation of the comments received from the focus groups produced the following list of improvements in order of priority based upon the number of comments received for each:

Ranking	Issue	Customers Comments
1	Improve Food Service	Food service issues include quality, variety, distribution and experience. The food service does not compare to the Las Vegas brand.
2	Improve Technology	Technology & connectivity are critical to the tradeshow's business (Expanded role of technology in everyday commerce).
3	Add Meeting Rooms	The demand for meeting rooms has grown. Needs include: flexibility, modern space, built-in elements, and proximity to exhibit halls.
4	Create a connection between North/Central and South Halls	Shows have shorter durations; therefore, connectivity and flow are critical. Lobbies should be larger and open / flexible space. Tradeshow's are competing for lobby space with other shows and vendors
5	Add New General Session Space	Show Managers are holding more receptions centered on events. General Session should be flexible and useable for registration, exhibits or keynotes.
6	Add Exhibit Space	Build a new and extend exhibit space to grow the convention center industry in Las Vegas. Some shows need more exhibit space – indoor & outdoor. Shows are concerned about disruptions with a renovation. Building a new hall will allow transition during renovation.

Source: HNTB Focus Group Brief November 16, 2012

In addition to these primary issues, the customers identified the need to enhance the general ingress and egress of the facility and specifically provide a better secondary entrance from the east side of the convention center. The findings in the HNTB report are consistent with the findings in CSL's report.

LAS VEGAS CAPACITY

Hotel Inventory

The Las Vegas Convention Center benefits from having one of the largest room inventories in the country. Based upon LVCVA statistics as of December 2013, there were approximately 150,000 combined hotel/motel rooms in the Las Vegas area. The data further indicates that the overall room occupancy percentage within the market was approximately 84.3% in 2013. This represents a steady annual increase since the economic downturn-induced room occupancy of approximately 80% in 2010.

Historically, the average room inventory in Las Vegas has increased year over year since the early 1970's. The room occupancy has been as high as 90% for the combined hotel and motel rooms (hotel-only occupancy was 94% in 2007).

Approximately 5,800 new rooms will be added to the total inventory by the end of 2016 (source: *LVCVA Resorts & Attractions Construction Bulletin, March 14, 2014*).

Convention Facilities

The Mandalay Bay Convention Center is located on the south end of the Las Vegas Strip and adjoins the Mandalay Bay Casino and Resort and THEhotel. It features nearly 1,700,000 gross square feet of space, including a lower level exhibit space of 577,000 square feet, an upper exhibit hall of 359,000 square feet, ballroom space of 225,000 square feet, 194,000 square feet of meeting rooms and a 12,000-seat arena. Expansion of the facility was announced in April 2014.

The Sands Expo & Convention Center and the Venetian Hotel combine for more than 1,500,000 square feet of contiguous convention facility including a lower level exhibit hall of 380,000 square feet, an upper level with four exhibit halls totaling 655,600 square feet (three halls in the Sands Expo and one hall in the Venetian Hotel), more than 178,000 of combined meeting space and nearly 340,000 square feet of ballroom space in the Venetian Hotel.

The Las Vegas World Market is a three-building complex with five million gross square feet of floor space located near downtown Las Vegas. The facility is unlike most convention and tradeshow facilities, since exhibitors and retailers set up show rooms, rather than short-term displays. These showrooms will remain in place and open for extended periods of time, sometimes permanent, similar to a

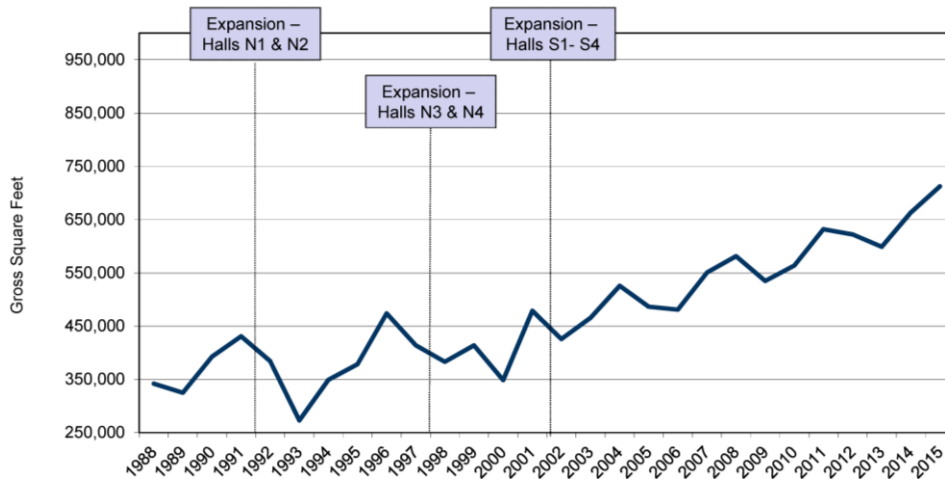
retail store. Additionally, the World Market focuses on attracting vendors solely from the home and hospitality furnishings and decorative market.

The Las Vegas Convention Center has over 3,200,000 gross square feet of facility including 1,940,000 square feet of exhibition space and 240,000 square feet of meeting room space. At ground level are the North Hall, 409,000 square feet, the Central Hall at 623,000 square feet and the first level of the South Hall at 443,8000 square feet. The South Hall features a second level exhibition space of 464,700 square feet.

It is important to recognize the overall Las Vegas convention capacity includes more than the LVCC, but this report will continue to focus on the LVCC and its characteristics in the national market place.

As an indication of success, the Las Vegas Convention Center continues to attract the largest trade shows in the country. The average size of the events and trade shows has increased over the last two and a half decades. Of special note is the consistent growth of the average event size after expansion of the LVCC. This has not necessarily been case in other major cities across the country after expansion of their respective facilities.

Historical and Future Las Vegas Convention Center Average Event Size

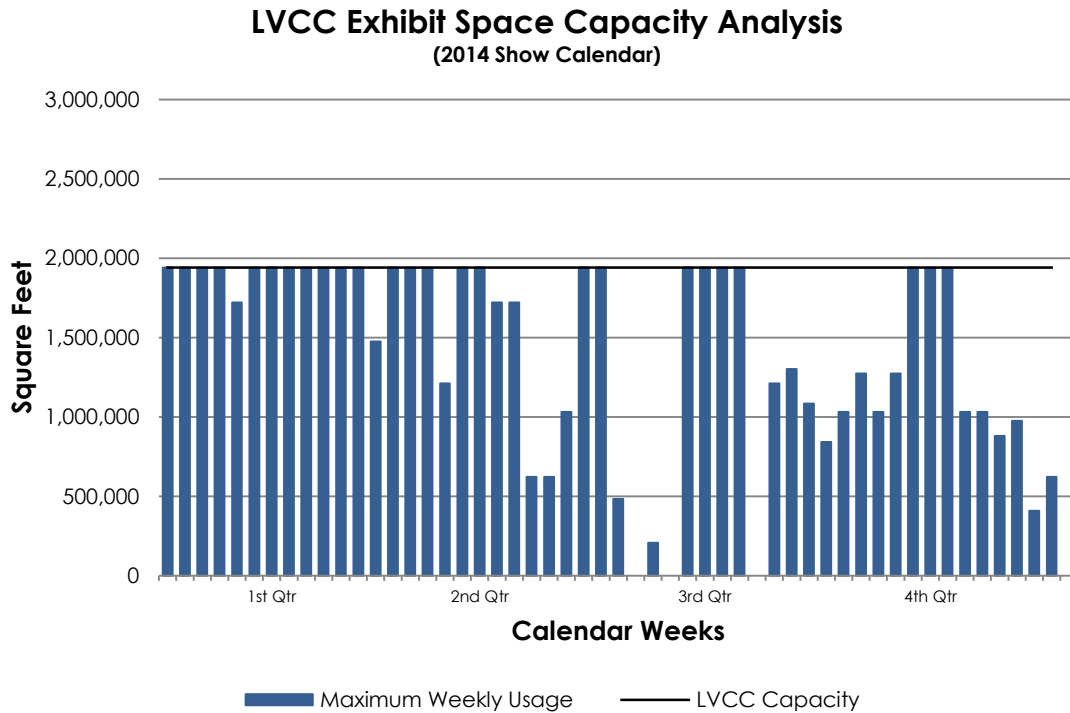


Source: CSL Updated Long Term Master Planning Analysis January 2013

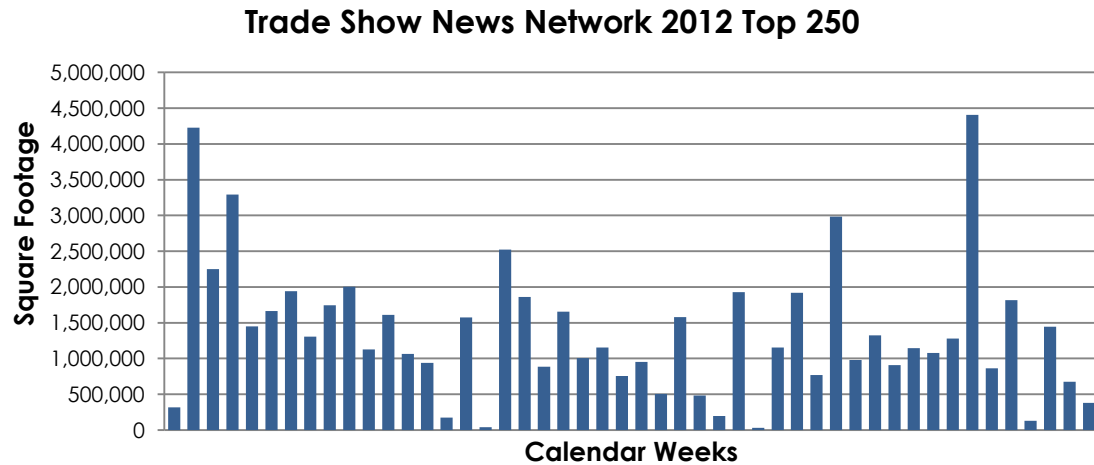
Additionally, Las Vegas has been ranked the number one trade show destination for each of the last twenty years as determined by the Trade Show News Network of the top 250 trade shows in North America.

However, the capacity of the current LVCC facility is reaching its physical limit of meeting the demands of exhibit space and meeting rooms for it's existing trade show customer base and will therefore be challenged to capture new opportunities.

As shown in the following illustration, the LVCC has reached a maximum utilization of available net square feet of exhibit space during primary trade show seasons.



The profile of the event schedule at the LVCC is consistent with the national schedule of the most significant trade shows held throughout the country, with a high concentration of events in the spring and fall seasons.



Las Vegas Transportation Systems

Extremely important to the city's ability to attract convention visitors is the convenience by which the visitor arrives to Las Vegas and is transported to their destination and the convenience by which they can move between the airport, convention center, hotels, retail and entertainment venues.

Today, seventy percent of all convention delegates to Las Vegas arrive through McCarran International Airport. Since the completion of Terminal 3 in 2012, the airport's capacity has increased to accommodate 55 million passengers annually through 110 gates. At its peak in 2007, McCarran International airport handled over 47 million passengers. This provides Las Vegas the capacity to meet projections of additional visitors during the next decade.

In contrast, the local and regional transportation system in Las Vegas is reaching its maximum capacity and requires expansion and enhancement to ensure visitors can easily move throughout Las Vegas. The LVCVA has taken a leadership role in developing awareness among key stakeholders throughout the metropolitan area regarding the potential limitations of the existing transportation systems. Improvements to transportation infrastructure in Las Vegas are the focus of the LVCVA chaired Transportation Steering Committee. Committee members include representatives from; Regional Transportation Commission, Las Vegas Global Economic Alliance, City of Las Vegas, NDOT, Metro Chamber, Clark County, Nevada Resorts Association, McCarran International Airport, Metro Police, and several private business entities impacted by the future success of the metro-wide transportation system.

OPPORTUNITY

TRADE SHOW MARKET TREND

The recent national trend of trade shows in the US has been increasingly positive.

According to the February 2014 issue of *Trade Show Executive Magazine's Trending and Spending*, the national trade-show industry is expecting continued growth in 2014. The report cited three categories of measurement: net square feet leased, number of exhibitors and number of attendees. The expected growth for 2014 across the entire industry of regional and national trade shows is as follows:

Net Square Footage Leased	+3.1%
Number of Exhibitors	+3.0%
Number of Attendees	+3.2%

The LVCVA continues to focus on the largest trade shows in the country. As a subgroup of the total industry, the growth of the largest shows is expected to outperform the national trade show industry average. Each year *Trade Show News Network Top 250* is created to recognize the largest trade shows occurring in the US. The net square footage leased by the top 50 in this group has increased from 2010 to 2012 by over 12% and the growth of the top 100 shows has been more than 7% for this same time period.

Another sub group of the trade show industry is the fastest growing shows. According to *Trade Show Executive Magazine*: "These elite shows eclipsed all other shows in 2013 by growing dramatically more in net square feet of exhibit space, exhibitors and/or attendance during 2013. While the benchmark growth for the average trade show in 2013 was 2.2% in net square feet, 2.0% in exhibitors and 0.7% in attendance, the Fastest 50 Class of 2014 (shows held in 2013) beat that by a long shot, growing 14.9% in net square feet, 15.1% in exhibitors and 22.1% in attendance."

These trends in the trade show industry provide an opportunity to increase trade show business at the LVCC. Increased business can be captured by expanding existing shows held at the LVCC, attracting new shows from venues in other cities and securing co-location of similar trade shows.

Expansion of existing shows is directly related to the success of the shows reaching a tipping point at which the show needs additional square feet to accommodate expanding exhibits and attendance. While this is not easily quantifiable, opportunity can be demonstrated among the largest trade shows held at the LVCC; Computer Electronics Show (CES), Construction Exposition (Con Expo), and Specialty Equipment Market Association (SEMA). Each show

has indicated a desire to expand their current exhibit space beyond the total available capacity of the LVCC by an amount of 300,000 to 500,000 square feet each.

Additionally, five of the *Trade Show Executive Magazine's Fastest 50* are currently held in the LVCC. These five are expected to increase the current leased exhibit space supporting an opportunity to expand the current show base of the LVCC. Depending on the calendar date of the expanded shows, the additional demand will stretch the LVCC beyond its current capacity.

It should be noted the LVCVA is currently not able to sell space to more than ten large national shows due to the lack of capacity of the LVCC on dates specific to the shows' convention schedule. Additionally, the inability for the LVCC to accommodate their current trade show customers' desire to expand could result in an erosion of the existing customer base – as noted later in this report, loss of a major trade show could result in an annual loss of over \$200MM in economic benefit to Las Vegas. Other cities are positioned to compete with Las Vegas with larger exhibit space and expanding facility amenities.

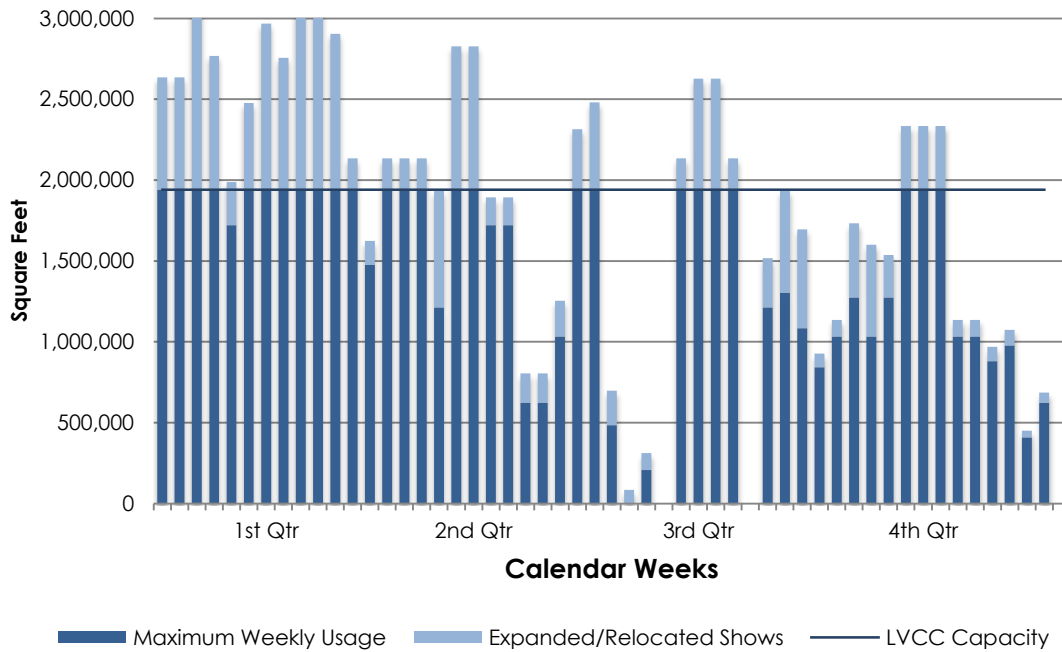
The ability to attract new shows to the LVCC depends on a number of issues. Primary among these is the contractual disposition of a trade show with a host convention center in a competing city. An internal analysis has been conducted to identify trade shows being held in other cities with commitments in the final year(s) of their contracts and trade shows that have previously expressed interest in holding events in Las Vegas. The analysis excludes trade shows currently held in other venues within the Las Vegas area.

This report has determined that renovating and expanding the LVCC facility is needed to provide a proactive response to the demand of the LVCVA's largest customers. In addition, expansion and renovation will create an opportunity to increase the leased exhibit space for all current customers and create the possibility of booking new shows relocated from competing cities.

The illustration on the following page shows the LVCC's current 2014 show calendar with the addition of: 1) increased leased space of the three largest shows, 2) increased lease space of all current LVCC customers and 3) the possibility of booking 20 new shows relocated from competing cities from across the country. As shown, based upon expansion of the current facility, the opportunity to increase leasable exhibit space exceeds the current capacity of the LVCC in the primary convention seasons of spring and fall.

LVCC Exhibit Space Capacity Analysis

(2014 LVCC Show Calendar Plus Expanded Existing Shows and Potential Relocated Shows)



Expansion of the trade show business at the LVCC as shown above represents the addition of more than 480,000 new attendees. This projection of attendance is based upon the *Trade Show News Network* reported 2012 trade show season. Since this analysis includes information of a sensitive proprietary marketing nature, information regarding specific trade shows included in the projections has not been included in this report.

During the last decade, cities competing with Las Vegas in attracting the trade show industry have undergone convention facility expansion and improvements to take advantage of the changing market opportunities. Today, there are plans for new expansions and improvements in some of these same cities. Competition will continue with a goal to capture market share at the expense of the current and future Las Vegas book of business. An historical account of improvements in competing cities and their proposed plans for improvements is contained in Appendix I of this report.

RESPONSE

FACILITY

The information contained in this report suggests there is a near term opportunity to increase business by expanding the capacity of the convention center to meet the immediate demand of the three of the largest shows held at the LVCC. As indicated previously, the demand as presented by representatives of these shows suggests an additional exhibit space need of more than 300,000 square feet with corresponding meeting room facilities. Not only will this expansion meet their immediate requirements, the expansion will also mitigate the possibility of these shows moving to other cities that have the capacity to accommodate their needs.

Secondly, the information in this report indicates an opportunity to increase business by attracting trade shows from existing venues in other major cities. The analysis indicates an opportunity for 500,000 to 1,000,000 net leasable square feet to be viably marketed beyond the current capacity of the LVCC. This opportunity is supported by a positive national trend in the trade show business.

A third impact to the LVCC from the analysis is the need to provide a general upgrade to the existing facility including enhancement of some amenities and addition of others. Upgrades include a new food service system providing two levels of food service; current concession services with additional points of sale and fine food catering for customer events.

Renovation of the existing facilities will be disruptive to the current customer base and potentially costly if not properly implemented. Disruption of shows may result in loss of business similar to occurrences in 2007-2009 with the impending renovations at that time. Renovation, however, is necessary to attract new business while at the same time maintain the current base of business.

Based upon this analysis, the LVCC should be expanded to meet the immediate demands for additional exhibit space and meeting rooms by its largest customers and the LVCC should be expanded to capture near term opportunity of attracting trade shows from other cities in competing venues while creating a future opportunity for expansion of the facility for long term opportunity. Additionally, the LVCC should be renovated to enhance the amenities and add functional spaces and features expected by today's trade show industry.

In order to successfully accomplish these goals, a phased approach to the expansion will be necessary. The initial expansion should include approximately 750,000 net square feet of new exhibit space. The proposed size of expansion is based upon the need to provide 400,000 net square feet of exhibit space for transition to accommodate the disruption of current shows during renovation of

the convention center and a need to provide approximately 350,000 square feet of new exhibit space for immediate opportunity of expanding the three largest trade shows held at the LVCC while also attracting new shows from other cities.

Based upon the findings of this report, the following provides the overall program elements for the expansion and renovation of the LVCC:

Las Vegas Convention Center Expansion/Renovation

Expansion	New Exhibit Hall
	New Meeting Rooms
	New Pre Function Space
	New Service/Loading Docks
	New Support/Circulation
	New Parking
Renovation	Enhance Meeting Rooms/Restrooms/Lobbies
	Upgrade Technology
	Upgrade/Increase Food Services Points of Sale
	Add Meeting Rooms
	Add General Session Space
	Add Lobby/Connector between North/Central/South Halls
	Upgrade/Create Public Lobby on the East Side of Building
	Back of House Systems Upgrade

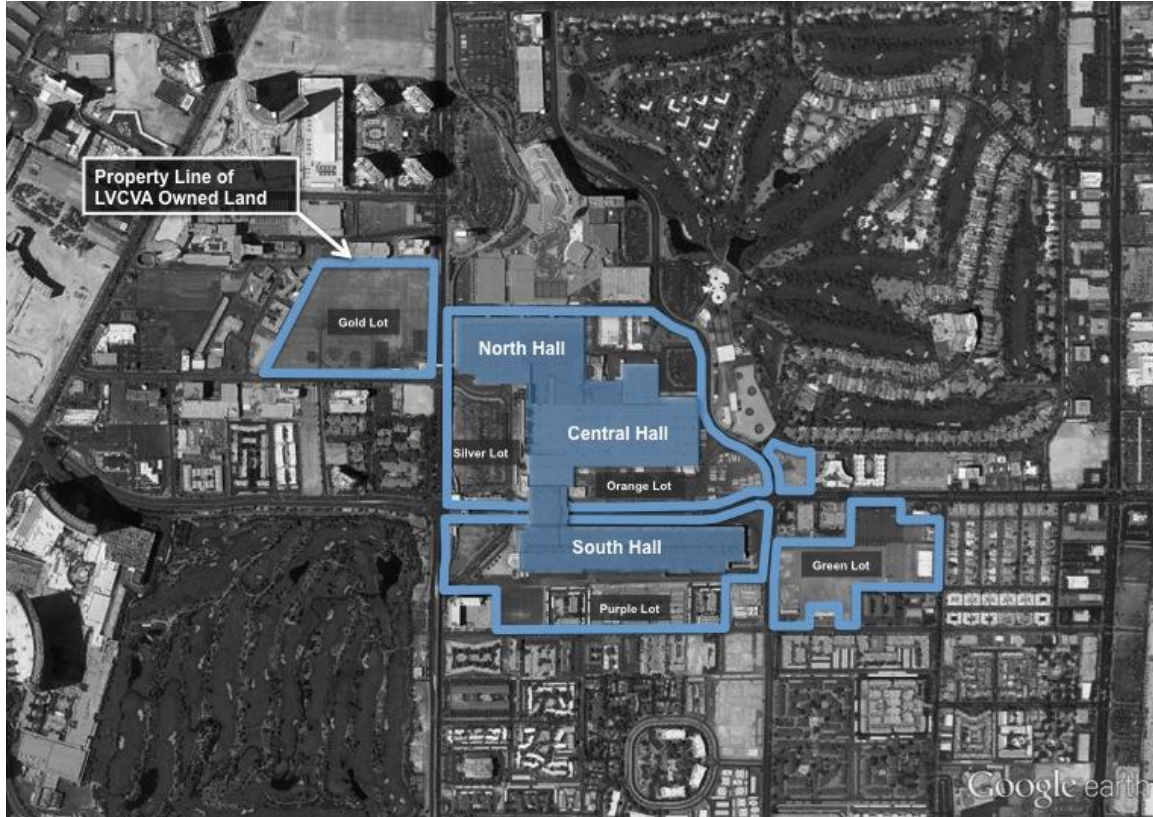
CAMPUS LAND AREA

Over the course of 55 years, the campus of the Las Vegas Convention Center has expanded to meet the needs of a growing facility. Recently, land area immediately south of South Hall was purchased by the LVCVA as part of a land strategy plan and will serve to maintain control of adjacent land area for future growth. Similarly, across Paradise Road west of the North Hall, the Gold Lot (surface parking lot and outdoor exhibit space of approximately 20 acres) was created through the purchase of the land area previously occupied by the Landmark Hotel. To the east of South Hall, the LVCVA has purchased land parcels to create the Green Lot of approximately 14.5 acres. But unlike the Gold Lot, the Green Lot has privately owned parcels of land interrupting the perimeter of the land area. The LVCVA's continued land strategy should include the purchase of the parcels that will complete the total block of land bounded by Desert Inn Road to the north, Cambridge Street to the east, Sierra Vista to the south and Swenson Street to the west.

The LVCVA land acquisition strategy should also include expansion of land area for outdoor exhibit space in addition to building expansion. The outdoor exhibit

space is significant to major trade shows such as the ConExpo/ConAg allowing them to expand their shows beyond the walls of the convention center.

The illustration below shows the current boundaries of the land owned by the LVCVA.

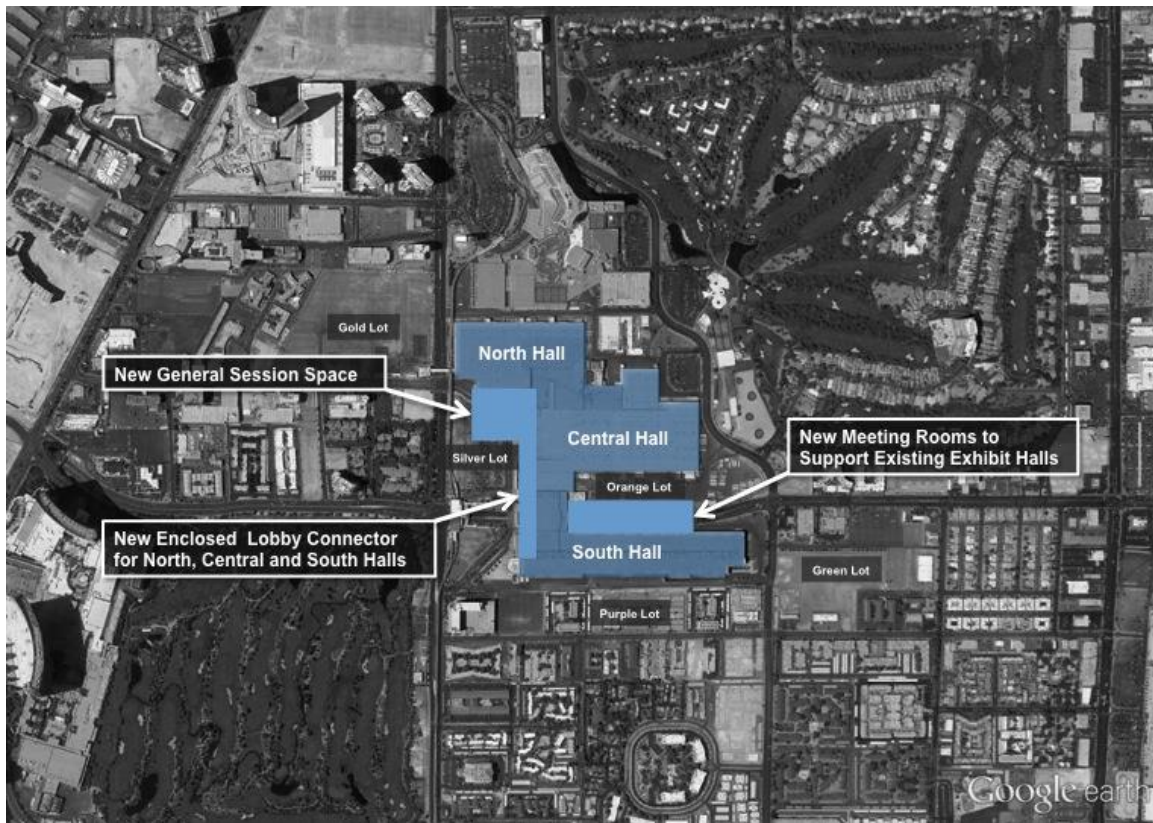


Outline of LVCVA Property

The recommended renovation of the existing facility includes the addition of a new general session space, an enclosed lobby connection between the north, central and south halls and additional meeting rooms to support the existing exhibit space.

The addition of these three elements of the program can be accommodated within the campus boundaries, however, as shown on the following illustration, the proposed locations will reduce the size of the Silver Lot (currently used for parking and outdoor exhibits) and will require air rights over Desert Inn Road (the LVCVA utilized air rights over Desert Inn Road when the South Hall was constructed).

The following illustrates proposed locations for the addition of these three elements to the existing LVCC facility.



Proposed Location of New General Session Space, North/South Connector and Meetings Rooms

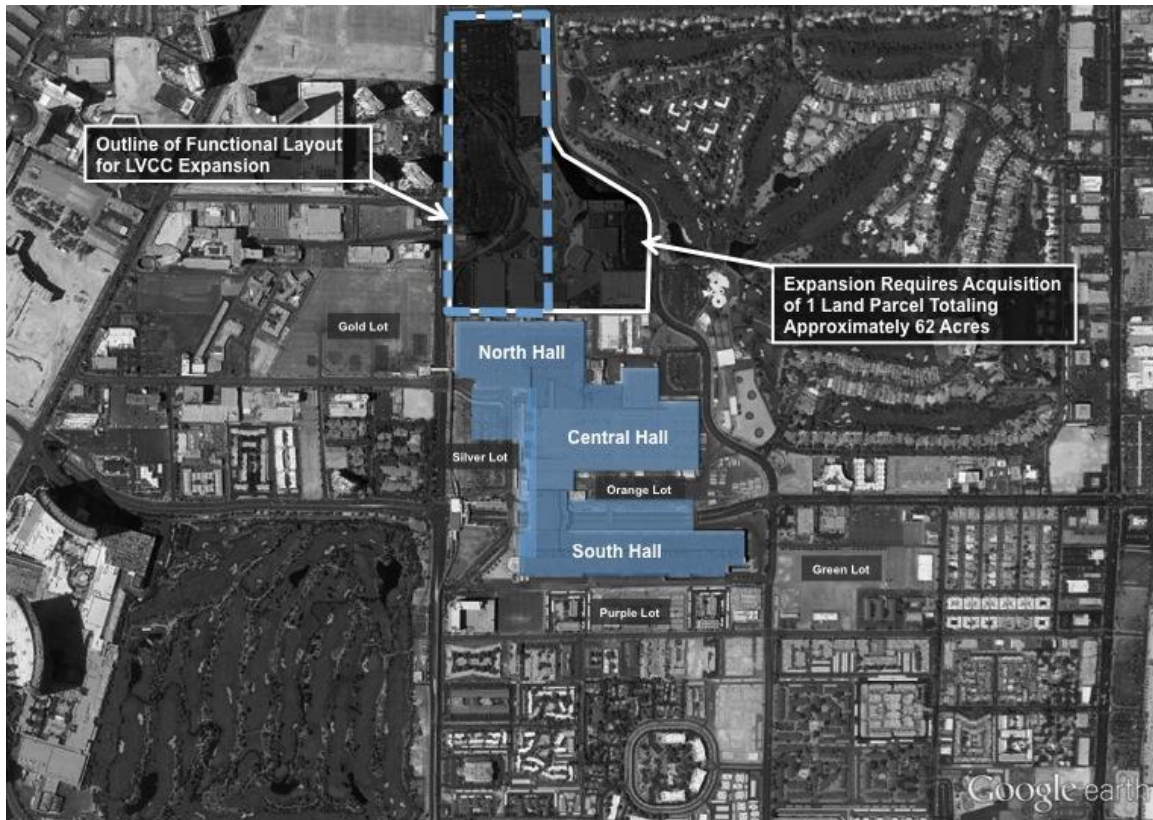
Expansion of the facility (beyond the renovation elements) necessary to meet the requirements detailed in this report will require additional land area. The Gold, Silver, Purple and Green parking/exhibit lots are not individually large enough to accommodate a single level expansion envisioned in this report. While multi-level expansion is conceivable, such a configuration will compromise the efficiency of the facility. Operating results of a multi level exhibit space could be similar to the current 45% utilization of South Hall.

In addition to parcel size, land area for expansion must be contiguous to the current campus in order to provide a physical connection with the existing facility for customer convenience.

This report considers expansion of the LVCC in four directions: north, south, east and west. The following pages illustrate the general outline of land area required to meet the program elements and depicts non-LVCVA owned land parcels that will be necessary to acquire in order to accommodate the expansion.

EXPANSION NORTH

Expansion to the north of the LVCC will require the purchase of the LVH property. This parcel will require removal of the current hotel buildings and all site features in order to create a developable site for expansion of the convention center. Assuming all current structures are removed from the land area, expansion to the north is a very viable option based upon parcel size, configuration and proximity to the current LVCC facility. The 62± acre parcel to the north is represented by a single owner and currently includes the LVH Hotel and the Hilton Grand Vacation Suites Hotel. Included in the features to be removed is the monorail station serving the LVH. With the removal of the LVH station, the monorail can be relocated to a straight section of track along Paradise Road creating an uninterrupted section of the system. A new station can be located along Paradise Road to serve the expanded convention center facility and perhaps be incorporated into the new building.



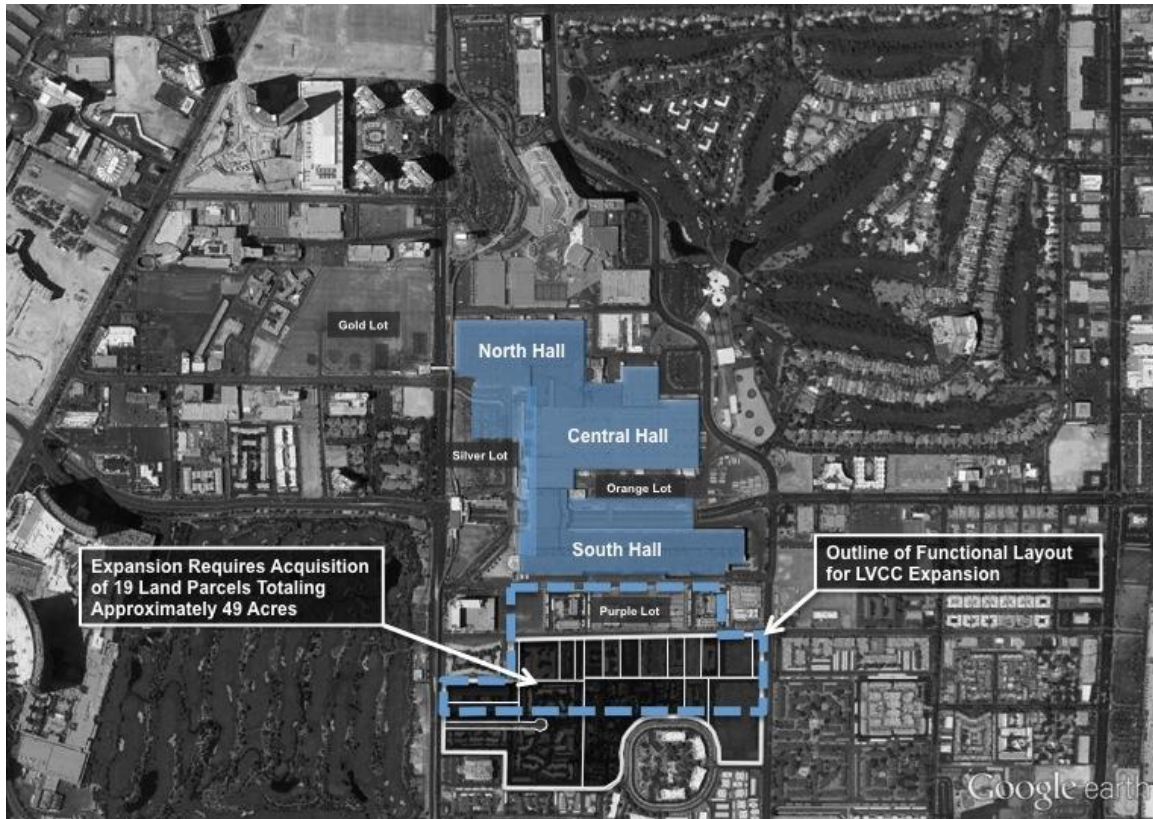
Expansion North

The cost to purchase the LVH property will be significant, however, it is likely to be more economical and effective for long term planning than the alternatives to the south, east and west. Owned by a single entity, the transaction for purchase is much more favorable when considering the project schedule. Key issues for consideration of the purchase of the LVH property include the disposition of the

operation of the hotel(s), removal of all physical structures and remediation of any contaminants on the site or within the structures.

EXPANSION SOUTH

Expanding to the south will require acquisition of approximately 19 parcels of both commercial and residential ownership.



Expansion South.

The residential parcels are primarily multi-family requiring relocation of numerous occupants to other locations. The process of assembling the parcels and the impact of relocating occupants will be far too costly and time consuming to be considered a viable option at the time of this report.

EXPANSION EAST

Expanding the campus to the east beyond the Green Lot is prohibitive considering the parcel type and the number of properties necessary to assemble the land area for expansion. Nearly 70 parcels, both commercial and residential have been identified as required acquisitions to create the land area for expansion.



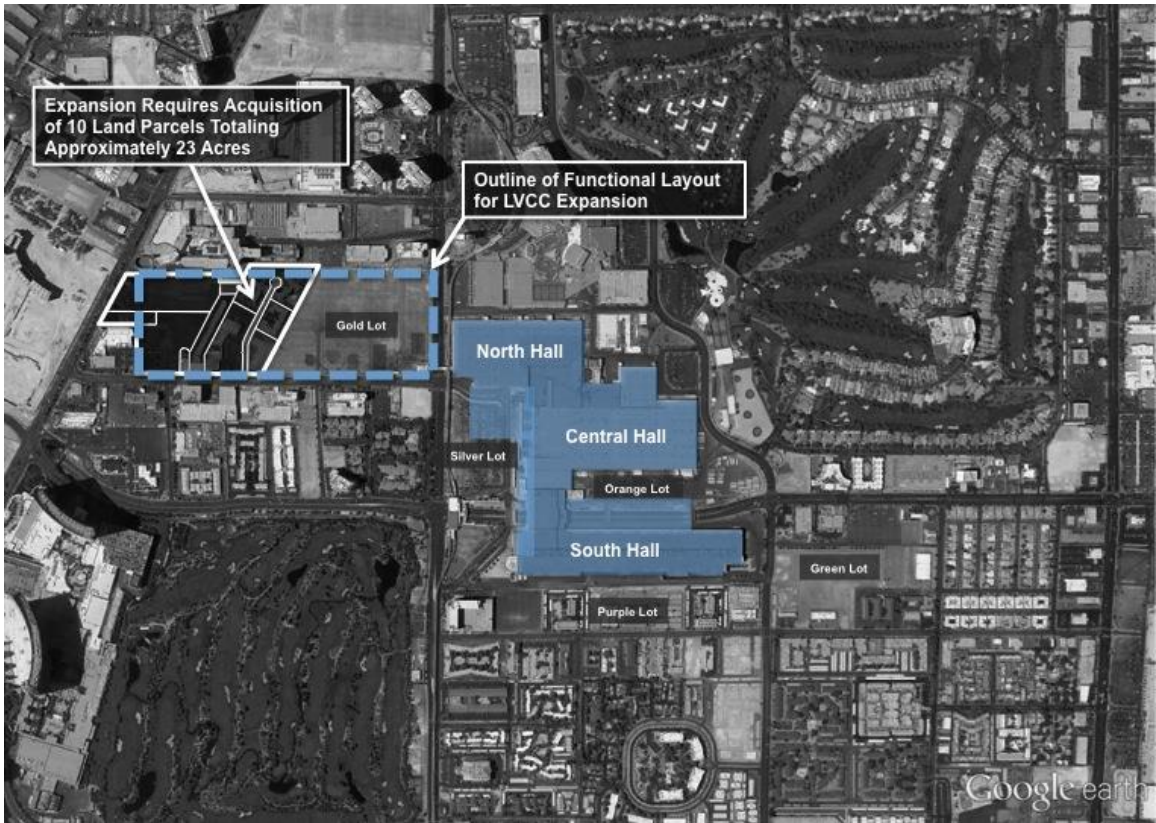
Expansion East

The assembly of this large number of parcels will create a lengthy process causing the project schedule to be extended and will create additional project cost due to acquisition complexities and the extended schedule.

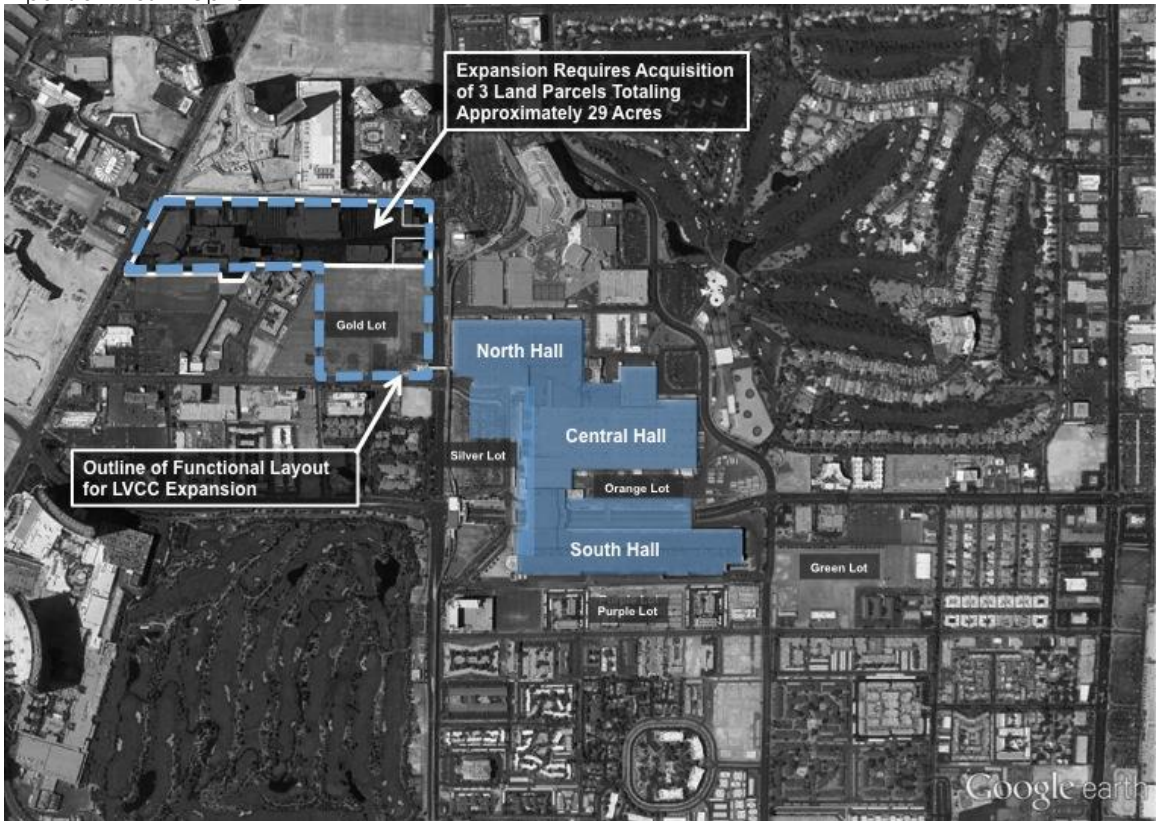
EXPANSION WEST

As indicated previously, the Gold Lot's 20 acres of unencumbered surface area, is not adequate to support a single-level expansion as described in the previous section of this report. Two options for consideration of expansion beyond the Gold Lot include a) the purchase of land area to the immediate west of the Gold Lot to the eastern edge of the Walgreens store on Las Vegas Boulevard and b) purchase of land area to the north of the Gold Lot including the Riviera Hotel, the Springhill Suites and the AM/PM store.

Option A will require the purchase of 10 commercial and residential properties with one parcel fronting Las Vegas Boulevard. Due to the proximity of these parcels to Las Vegas Boulevard, the purchase price may be more expensive than the properties previously described to the east and south of the LVCC. Additionally, the residential properties will require relocation efforts, increasing the cost of acquisition and extending the schedule in which the land can be secured.



Expansion West - Option A



Expansion West - Option B

Option B expansion to the west requires the purchase of 3 commercial properties to the north of the Gold Lot. The Riviera Hotel is the largest of the three parcels and represents 26± acres of the total 29 acres shown in the expansion illustration.

This option creates a less than desirable land configuration for the expansion and will require careful planning of the exhibit space and support spaces to ensure efficient operations and marketable floor configuration.

Both options for expansion to the west utilizing the Gold Lot will reduce the LVCVA land area available for parking and outdoor exhibit space. Accommodation to replace both must be a key consideration in this scenario for expansion.

PROGRAM EXPANSION AND RENOVATION SEQUENCE

As consideration is given to the expansion and renovation of the Las Vegas Convention Center, a master plan is necessary to ensure success. The plan must provide a sequence for construction in order to minimize disruption of the current customer schedule of events and provide an efficient method to minimize construction premium costs of time and material. The plan must also establish a budget for implementation recognizing all costs associated with the project from land acquisition to planning and design through construction.

In order to establish a project budget and schedule, the total program of the expansion and renovation must be identified. The total expanded LVCC program is shown in the following table representing the square feet associated with each primary element of the facility.

	Projected Total SF of LVCC Facility			
	Exhibition	Meeting	Support	Totals
North (Existing)	409,077 SF	177,628 SF	248,295 SF	835,000 SF
Central (Existing)	623,058 SF	7,124 SF	434,818 SF	1,065,000 SF
South (Existing)	908,496 SF	90,453 SF	310,051 SF	1,300,000 SF
New Expansion	750,000 SF	187,500 SF	862,500 SF	1,800,000 SF
New General Session		100,000 SF	150,000 SF	250,000 SF
New N/C/S Connector			200,000 SF	200,000 SF
New Added Mtg Rms		100,000 SF	100,000 SF	200,000 SF
TOTAL	2,690,631 SF	662,705 SF	2,296,664 SF	5,650,000 SF

The following details the phasing plan, budget and schedule for the program based upon developable land area for expansion available in the fall of 2015. Adjustment to the criteria as stated will result in additional cost to the project and extension of the schedule to complete the program.

Phase One

The first phase of the project after the acquisition of land area for expansion will be the design and construction of the new exhibit hall and its corresponding meeting rooms and support facilities. Developing a 750,000 net square feet exhibition hall with 187,500 net square feet of meeting rooms (meeting room space ratio of 1:4 with exhibit space) will accomplish two primary objectives.

First, the expansion will provide adequate "swing space" during the renovation of the existing facility to accommodate relocation of current shows. It is imperative to maintain business operations with minimal disruptions or premium costs. Relocating current shows to the new facility will allow existing halls to be completely closed down during renovation providing the contractor with unencumbered access to the area of construction. It is anticipated that approximately 400,000 square feet of the new exhibit hall with corresponding meeting room space will be adequate "swing space" and represents comparatively equal size of each; the current North Hall, the current first floor of the South Hall, the current second floor of the South Hall and three quarters of the Central Hall.

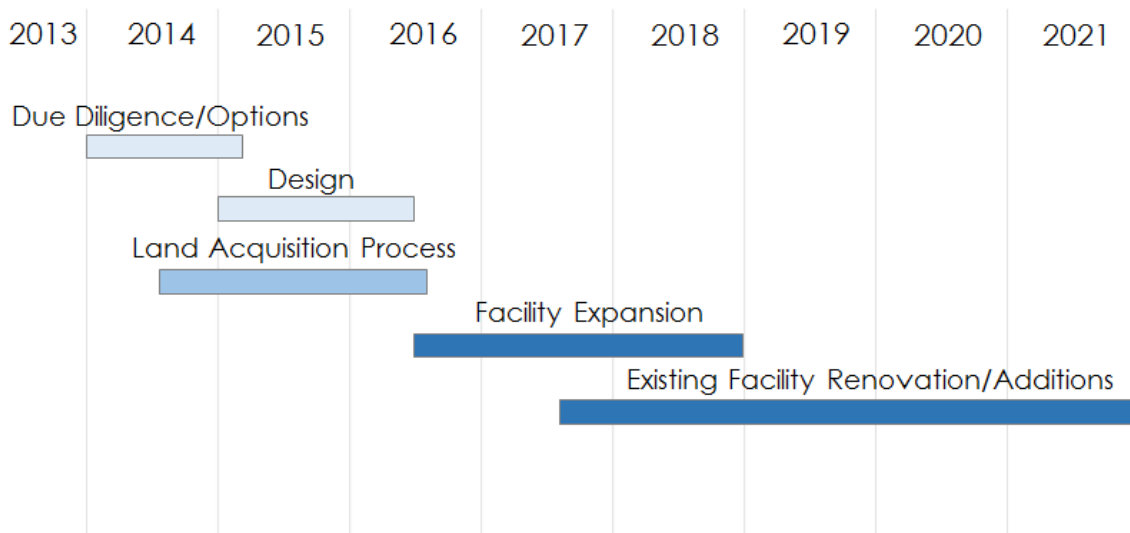
Secondly, at its proposed size, the new facility will provide 350,000 square feet of new exhibition space for new shows or expanded existing shows at the LVCC. This approach will also allow for flexibility should the need arise to increase the amount of the new facility used for new shows by decreasing the amount of square feet in the new facility dedicated to "swing space".

Additionally, the phasing plan must include the ability to expand the new facility in the future as the trade shows market presents opportunities for additional shows beyond this planned expansion.

Phase Two

The second phase of this program addresses the overall renovation and additions to the existing LVCC facility. As indicated previously, this phase will replace aging systems in the building, provide cosmetic enhancements, add program deficiencies (meeting rooms, general session space, north/south connector), and enhance the ingress and egress to the site and the building. This phase of the program will require additional sequencing as the plan is developed to determine which parts of the existing facility are “closed for construction”. As determined from focus groups of customers during previous renovations, communication with the show managers will be critical in order to achieve a successful transformation of the existing facility.

The following illustrates the preliminary schedule for the program as defined in this report:



PROGRAM BUDGET

The total budget must consider all elements of the program. The budget is used to establish expected expenditures by the LVCVA and will be the basis of the funding analysis.

The following illustrates the breakdown of the Phase One and Phase Two components of the program. It should be noted the budget does not include two elements of the Las Vegas Global Business District – the international trade center and the transportation center. These two elements are expected to be funded through other public and private sources.

PHASE ONE		Sq Ft	Total
New Expansion			
Exhibit Hall		750,000	
Meeting Rooms		187,500	
Pre-Function Space		262,500	
Support/Circulation		300,000	
Service		300,000	
Subtotal		1,800,000	\$ 960,000,000
Soft Costs/Contingencies			
Soft Costs			
Contingencies			
Subtotal			\$ 240,000,000
Land Acquisition			
Property Purchase			
Transition and Demolition			
Other			
Subtotal			\$ 200,000,000
World Trade Center (Funding through other Public/Private entities)			
Subtotal			Not Included
Phase One Total			\$ 1,400,000,000
PHASE TWO		Sq Ft	Total
Renovation of Existing CC / Additional Meeting Rooms			
Renovation of Existing Public Lobbies/Restrooms/Meeting Rooms			
Additional Meeting Rooms		200,000	
Replace NE Meeting Rooms with New Conference Center		200,000	
NE Entry		75,000	
Subtotal			\$ 485,000,000
New N/C/S Halls Connector and General Session Space			
Connector between North and South Hall		200,000	
General Session/Flex Ball Room		100,000	
Production Kitchen		50,000	
Support Spaces		100,000	
Subtotal			\$ 165,000,000
Parking Structure - Gold Lot			
New 1,500 Parking Structure			
Site Improvements			
Subtotal			\$ 21,000,000
Soft Costs/Contingencies			
Soft Costs			
Contingencies			
Subtotal			\$ 200,250,000
Transportation Hub (Funding through other Public/Private entities)			
Subtotal			Not Included
Phase Two Total			\$ 871,250,000
LVCC Expansion/Renovation Total (excluding costs for transportation hub or intl trade center)			\$ 2,271,250,000

ECONOMIC IMPACT

ESTIMATING THE ECONOMIC IMPACT

Each new expenditure injected into the Las Vegas economy from an outside source (*direct expenditure*) has a tendency to be substantially multiplied since it leads to further local spending (*indirect expenditures*) which creates more local income, which in turn creates further spending and income (*induced expenditures*) in a repeating process. The sum of this series of consequences that ripple throughout the local economy arising from the original direct expenditure represents a *multiplier effect*.

Since not all direct expenditures produce identical effects, a broad variety of expenditure types have been extensively studied with economists generally agreeing upon the applicable multiplier for major components such as tourism, lodging, gaming, entertainment and other activities typical of a convention or trade show visitor to Las Vegas (c.f. US Bureau of Economic Analysis RIMS Multipliers).

The Economic Impact as used in this report has been simplified to reflect direct expenditures + indirect expenditures + induced expenditures arising from the construction of the expanded and renovated convention center as well as from its ongoing operation. This report does not attempt to include the impact of rising property values, tax base improvements or the attraction of new businesses into the local economy resulting from the convention center's expansion. Additionally, this report does not attempt to address the opportunity costs that an investment in convention center improvements may represent.

CONSTRUCTION IMPACT

Based upon the project scope described previously in this report, direct expenditures on construction materials and services are expected to total approximately \$2.1B (projected program cost less land acquisition cost).

The cascade of indirect and induced expenditures set off by major construction projects varies by project type, with large-scale public assembly facilities such as convention centers generally expected to produce indirect and induced expenditures of approximately \$760,000 for each \$1MM in direct expenditures. Applying this ratio, the convention center's indirect and induced economic impact from construction will total approximately \$1.6B and the total economic impact will be approximately \$3.6B.

Construction-Related Economic Impact

Phase One Construction Costs	\$1,200,000,000
Phase Two Construction Costs	\$871,250,000
Total Construction Costs	\$2,071,250,000
Indirect and Induced Impact Per \$Million	\$760,000
Indirect and Induced Impact	\$1,574,150,000
Total Economic Impact	\$3,645,400,000

Source: U.S. Bureau of Economic Analysis, Applied Analysis, Cordell Corporation

Based upon comparable major public assembly facility development projects managed by Cordell Corporation, this report anticipates that direct construction wages during the convention center's renovation and expansion will represent approximately 43% of the total construction-related costs. During the project's first phase, its anticipated budget of \$1.2B will generate more than \$512MM direct construction-related wages. At an annual wage level of \$70,000 per job, Phase One construction would directly generate more than 7,300 person-years of employment.

Consistent with indices published by the U.S. Bureau of Economic Analysis and utilized by Applied Analysis and others, approximately 13% of the construction costs from projects such as the convention center's expansion will be spent indirectly on labor. At this rate, during the project's first phase, the construction would generate more than \$152MM indirect construction-related wages. This represents approximately 2,770 person-years of full-time employment at an annual wage level of \$55,000 per job.

Similarly, studies show that approximately 16% of the construction costs from projects such as the convention center's expansion will be spent as induced labor. At this rate, during the project's first phase, the construction would generate more than \$187MM induced construction-related wages. This represents approximately 4,690 person-years of full-time employment at an annual wage level of \$40,000 per job.

Therefore, as illustrated in the following table, the total person-years of employment for the two and a half years of Phase One construction will produce nearly 6,000 annual full time equivalent construction related jobs at an average annual salary of nearly \$60,000.

Phase One Construction-Related Employment Impact

Phase One Construction Costs	\$1,200,000,000
Portion of Construction Costs as Direct Salaries & Wages	43%
Direct Construction Salaries & Wages	\$512,920,539
Annual Salaries & Wages Per Full-Time Job	\$70,000
Direct Full-Time Equivalent Employment (Person Years)	7,327
Portion of Construction Costs as Indirect Salaries & Wages	13%
Indirect Construction-Related Salaries & Wages	\$152,235,814
Annual Salaries & Wages Per Full-Time Job	\$55,000
Indirect Full-Time Equivalent Employment (Person Years)	2,768
Portion of Construction Costs as Induced Salaries & Wages	16%
Induced Construction-Related Salaries & Wages	\$187,632,799
Annual Salaries & Wages Per Full-Time Job	\$40,000
Induced Full-Time Equivalent Employment (Person Years)	4,691
Total Phase One Full-Time Equivalent Employment (Person Years)	14,786
Construction Period (Years)	2.5
Total Full-Time Equivalent Jobs Created & Sustained	5,914

Source: U.S. Bureau of Economic Analysis, Applied Analysis, Cordell Corporation

CONVENTION CENTER VISITOR IMPACT

In addition to the obvious economic and employment impacts resulting from the major construction effort involved in renovating and expanding the convention center, the effects of the ongoing operations at the new facilities will be profound. However, unlike the short-term construction-related impact on the local economy and job market, the impact from the facility's operation will be an opportunity for long-term sustained employment.

A key factor in the economic impact of the expansion of the LVCC is the additional number of convention attendees. According to the data presented in this report, attendance driven by new event bookings and the expansion of existing trade shows due to the convention center's enhancements (see LVCC

Exhibit Space Capacity Analysis in previous section) presents the possibility of an increase of approximately 480,000 convention center attendees (inclusive of exhibitors and other event-support related personnel).

Applying historic visitor spending multipliers can quantify the economic impact of the additional attendees. Applied Analysis and others who have quantified the direct, indirect and induced expenditures applied below have extensively studied spending by trade show attendees in Las Vegas.

Potential Incremental Event-Related Economic Impact (Current Dollars)

Attendance From New & Expanded Events	480,000
Direct Spending Per Person	\$873
Total Direct Spending	\$419,040,000
Indirect Economic Impact per Person	\$272
Total Indirect Economic Impact	\$130,560,000
Induced Spending Per Person	\$297
Total Induced Economic Impact	\$142,560,000
Total Potential Incremental Economic Impact	\$692,160,000

Source: LVCVA, Applied Analysis, Cordell Corporation

Therefore, this report estimates that in addition to the construction related economic impact as shown previously in this section, the potential incremental impact in current dollars from attendees and exhibitor-related personnel attributable to the expanded convention center is approximately:

Direct Spending	\$419,040,000
Indirect Economic Impact.....	\$130,560,000
Induced Economic Impact	<u>\$142,560,000</u>
Potential Incremental Economic Impact.....	\$692,160,000

IMPACT ON EMPLOYMENT IN LAS VEGAS

This study has also considered the sustained local employment likely to result from the convention center renovation and expansion and have applied indices published by the U.S. Bureau of Economic Analysis and utilized by Applied Analysis and others. Based upon the anticipated spending shown in the tables on the previous pages, this report expects the enhanced business driven by the expanded convention center will potentially generate the equivalent of nearly 6,000 full-time permanent jobs with annual wages averaging \$38,000 each (current dollars).

Potential Incremental Event-Related Employment Impact (Current Dollars)

Attendance-Related Direct Spending	\$419,040,000
Portion as Salaries & Wages	32%
Direct Salaries & Wages	\$133,267,056
Attendance-Related Indirect Economic Impact	\$130,560,000
Portion as Salaries & Wages	35%
Indirect Salaries & Wages	\$45,560,505
Attendance-Related Induced Economic Impact	\$142,560,000
Portion as Salaries & Wages	30%
Induced Salaries & Wages	\$42,541,840
Total Salaries & Wages	\$221,369,401
Average Full-Time Employee Salary & Wages	\$38,000
Total Permanent Full-Time Equivalent Jobs	5,826

Source: Applied Analysis, U.S. Bureau of Economic Analysis, Cordell Corporation

THE HIGH COST OF THE STATUS QUO

Major trade shows are likely to continue to grow in size through both event consolidation and natural expansion. Therefore in the foreseeable future the demand for ever-larger venues is not likely to stop. Markets such as Chicago, Orlando and others in direct competition with Las Vegas are responding to this industry trend.

With its current space effectively fully occupied nearly half the year (which is to say, during nearly the entire annual major trade show calendar), the Las Vegas Convention Center will find it increasingly difficult to maintain its current business base, let alone, attract shows away from other markets.

Expanding the convention center in order to grow its attendance comes at a significant cost in terms of land acquisition, construction and operating expenses. Although the magnitude of such costs may create reluctance in undertaking such an effort, it should be stressed that the cost of not expanding the convention center is likely to be significant, as well.

Based upon the spending patterns documented by Applied Analysis, the loss of one of the LVCC's large-size trade shows could deprive the local economy of more than \$220MM per year. Even the effects of losing a mid-size trade show could be significant.

Economic Impact of Event Loss (Current Dollars)	Large-Size	Mid-Size
Attendance Decline From Loss of Event	150,000	50,000
Direct Spending Per Person	\$873	\$873
Direct Spending Loss Per Event	\$133,358,607	\$43,650,000
Indirect Economic Impact Per Person	\$272	\$272
Indirect Economic Loss	\$41,550,448	\$13,600,000
Induced Economic Impact Per Person	\$297	\$297
Induced Economic Loss	\$45,369,423	\$14,850,000
Total Annual Incremental Economic Loss Per Event	\$220,278,478	\$72,100,000

Source: Applied Analysis, U.S. Bureau of Economic Analysis, Cordell Corporation

FUNDING REQUIREMENT

In order to determine the additional funding needed for the program as described in this report, the current level of funding and operating cost must be extrapolated to a future date of operation when the expanded facility is fully operational. For the purpose of this study, this projection will be the full year of operation after construction is complete or five years from the date of this report. With this projected date, the annual debt service for the cost of the expansion can be compared to the projected existing funding and operating cost to determine the additional funding or “funding gap” for the program. Identifying sources for additional funding is not part of this report and is anticipated to be performed by other consultants commissioned by the LVCVA.

Key to funding the LVCVA is the annual allocation of hotel/motel room tax collected within Clark County. It is important to note that the current allocation of room tax revenue has been modified over the years due to legislative action created to fund other initiatives beyond the LVCVA. As a result the LVCVA receives a smaller percentage allocation than

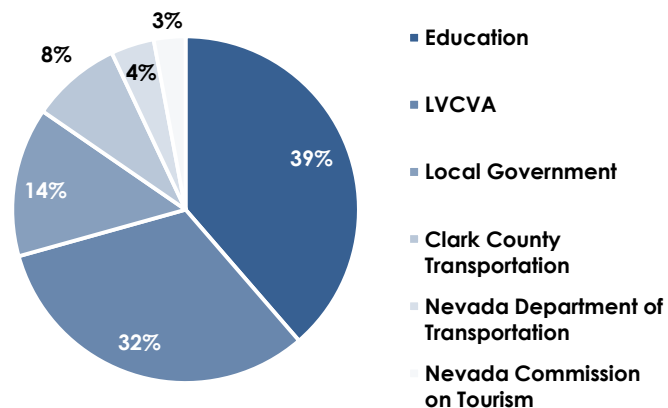
originally established at the inception of the legislation. The LVCVA allocation in 2013 was only 32% (versus the original 100%) of the total room tax revenue collected in Clark County. This report assumes no further reduction in the percentage allocation of room tax to the LVCVA will occur (neither does this report assume an increase in the percentage allocation to the LVCVA) over the life of the proposed improvements.

The following assumptions have been made in this study to determine the funding gap of the proposed program:

Room Tax Revenue:

In 2013, the room tax revenue allocation to the LVCVA was \$204MM. If this amount increases at rate of 2% per year, consistent with the previous increase from 2012 to 2013, the projected allocation of the room tax revenue in five years will be \$225MM.

2013 Clark County Room Tax Allocation



Facility Use Revenue:

As detailed in a previous section of this report, in addition to the room tax revenue the LVCVA receives revenue from facility use. In 2013 the revenue from facility use was \$45MM. This reflects a revenue of \$14 per square foot of the existing facility (the existing LVCC is 3,200,000 square feet). Utilizing the same revenue per square foot for the expansion of the facility (2,450,000 additional square feet) an additional annual revenue from the new facility usage should increase by approximately \$34MM. Total revenue generated from the use of completed program will be \$79MM in the first year of operation.

Facility Operating Cost (Existing Building):

The operating costs of the current facility as previously detailed in this report indicates a previous five year average annual operating cost of \$76MM or \$24 per square foot per year. This cost will continue to increase over the next few years, but should stabilize after the total renovation of the existing facility is completed. Therefore, assuming a 3% annual increase for operating costs for the next five years, a projection of the cost for operating of the existing facility five years from the date of this report is \$88MM.

Facility Operating Cost (New Facility Additions):

Regarding the cost of operating the expanded building area of the LVCC, the operating costs per square feet will not be as high as the costs of operating the existing facility due to new equipment, more efficient building systems and configuration. This report anticipates cost for operating the expanded building area will be 70% of the current cost or \$18 per square foot per year. This will create an additional annual operating cost of \$44MM.

Marketing Expenditure:

This report assumes the cost of marketing for the LVCVA will remain consistent with the current expenditure of 50% of the total room tax revenue received by the LVCVA. This assumption is based upon the fact that competition for trade show business continues to increase across the country and international marketing will increase the cost of attracting new business from a broader market area. The projection of the annual marketing expenditure in the first year of operating the expanded facility will be \$113MM.

Mandatory Out Flow Expenditure:

Additionally, this report assumes the mandated cost currently being paid by the LVCVA to others (Collection Allocation Fee, Nevada Department of Transportation, etc.) will remain constant, not as a percentage of revenue received, but based upon the amounts pledge from the LVCVA for the benefit

of the other programs. The mandated out-flow for the first year of operation of the expanded facility is projected to be \$33MM.

Debt Service Expenditure:

Finally, the annual debt service required for a program amount of \$2.3BB, assuming a 30 year bond with financing cost of 5% per year, will be \$143MM.

The following table illustrates the projected annual funding gap based upon revenues and expenditures related to the expansion and renovation of the LVCC as described in this report:

Projected Program Funding Gap
(\$ Millions)

	Base Year (2013)	Operation Year One	Sub Total Year One	Total Year One
Annual Revenue				
Room Tax	\$204	\$225		
Facility Use	\$45	\$79		
			\$305	
Annual Expenditure				
Existing Facility Operation	(\$76)	(\$88)		
New Additional Facility Operation		(\$44)		
Marketing	(\$106)	(\$113)		
Mandated Allocation	(\$33)	(\$33)		
Debt Service for New Construction		(\$143)		
			(\$420)	
Annual Funding Gap				(\$115)

The projected funding gap of \$115MM is based upon the assumptions made in this report. As the assumptions change, the impact to the funding gap can be demonstrated accordingly.

As indicated previously, the opportunity to fund this gap is the subject of other studies being performed by consultants commissioned by the LVCVA and is not part of this document.

APPENDIX I

The following table illustrates the expansion history of major North American convention centers since 2000.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Announced
Las Vegas Conv Center Las Vegas, NV			2002 Expansion													
McCormick Place Chicago, IL							2007 Expansion 2,700,000 sf						2013 Renovation \$11M			New Arena, District Improvements, \$1.2B
Orange County Convention Center Orlando, FL			2003 Expansion 3,000,000 sf													2013-2018 5 Year CIP \$187M
Javits Center New York, NY											2010, 2013 Expan/Reno 80,000 sf					
Ernest N. Morial Convention Center New Orleans, LA								2006-2011 Renovation \$93M					2013 Renovation \$50M			
Georgia World Congress Atlanta, GA			2002 Expansion 42,000 sf													New NFL Stadium \$1.2B
Anaheim Conv Center, Anaheim, CA		2001 Expansion \$180 M											2013 Grand Plaza 100,000 sf			Expansion, District Improvements, \$180M, 200,000 sf
Moscone Center San Francisco, CA			2003 Expansion 300,000 sf									2012 Upgrade \$56M				Expansion, \$500M, 200,000 sf
San Diego Conv Center San Diego, CA		2001 Expansion 900,000 sf														Expansion, District Improvements, \$520M, 321,500 sf
Pennsylvania Conv Center Philadelphia, PA											2011 Expansion 420,000 sf					
Boston Convention & Exhibition Center Boston, MA				2004 Original 1,700,000 sf												Expansion, \$1.1B
Indiana Conv. Center & Lucas Oil Stadium Indianapolis, IN		2001 Expansion						2008 NFL Stadium \$720M		2011 Grand Plaza 700,000 sf						
Kay Bailey Hutchinson Convention Center Dallas, TX			2002 Expansion											2013 Renovation		
George R. Brown Convention Center Houston, TX			2003 Expansion 650,000 sf													Expansion, District Improvements
Los Angeles Conv Center Los Angeles, CA																\$300M Expan/Reno & District Improvements
Donald E. Stephens Convention Center Rosemont, IL																
Walter E. Washington Convention Center Washington, DC			2003 Original													
Miami Beach Conv Center Miami, FL								2006-2012 Renovation/Upgrades \$35M								Future Expansion
Reliant Park (Center & Area) Houston, TX		2002 Original Center Completed														
International Expo Center Houston, TX								2008 Expansion 185,000 sf								
Cobo Center Detroit, MI								2009 Renovation \$3M		2010 Expan/Reno \$49M						Expansion \$227M
Phoenix Conv Center Phoenix, AZ								2006-2009 Expansion \$600M								
Direct Energy/Allstream Toronto, ON								2009 Original 1,150,000 sf					2012 Expansion 560,000 sf			

APPENDIX II

Sources for Data:

LVCVA
Trade Show News Network
Trade Show Executive Magazine

CSL
HNTB Corporation
Applied Analysis

Exclusions/Assumptions

This report is qualified in its entirety by, and should be evaluated in light of, the assumptions, limitations, and conditions described below and elsewhere herein.

This report is provided for illustrative purposes for the benefit of the Las Vegas Convention and Visitors Authority, only, and reflects information that was current as of May 2014 as well as assumptions which are hypothetical in nature and may or may not reflect the specific circumstances surrounding the eventual financing and development of the project.

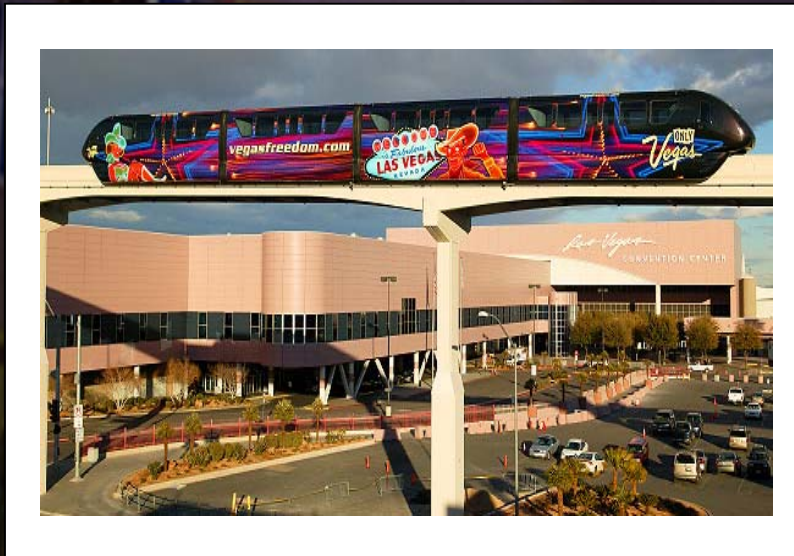
The information in this report is preliminary in nature and based upon assumptions concerning future events and circumstances, some of which inevitably will not materialize, therefore actual results may vary and the variations may be significant. Additionally, the projections in this report rely upon information presented by others, which is assumed to be accurate. If such information is incorrect the results may vary from those expressed herein and the variations may be material. Cordell Corporation makes no representation or warranty as to the accuracy or completeness of such information.

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The information contained herein has been prepared to assist the Las Vegas Convention and Visitors Authority in making its own evaluations of the proposed project and does not purport to be all-inclusive or to contain all of the information that a prospective investor, other interested third party or the LVCVA may desire or reasonably require.

Possession of this report does not convey the right to publish it, in whole or part. No abstracting, excerpting or summarizing of this report may be made without the prior written consent of Cordell Corporation.

Updated Long-Term Master Planning Analysis for the Las Vegas Convention Center



January 29, 2013



January 29, 2013

Mr. Hugh Sinnock
Director Of Customer Experience
Las Vegas Convention & Visitors Authority
3150 Paradise Road
Las Vegas, NV 89109

Dear Mr. Sinnock:

We have completed the master planning analysis for the Las Vegas Convention Center (LVCC). The attached report presents our research, analysis and findings, and is intended to assist the Las Vegas Convention & Visitors Authority (LVCVA) in the process of analyzing the long-term market demand and space needs associated with the LVCC. The report focuses on the potential facility characteristics needed to maintain and enhance a competitive position with respect to other major convention destinations throughout the country.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, market data provided by the LVCVA, surveys of current and potential Las Vegas facility users and analysis of comparable and competitive facilities and destinations.

We greatly appreciate the opportunity to work with the LVCVA and look forward to assisting in the on-going efforts to create and sustain a highly competitive contention industry product.

Very truly yours,

A handwritten signature in black ink that reads "CSL International". The signature is written in a cursive, flowing style.

CSL International

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Appendix 1.0: LVCC User Survey

Appendix 2.0: National Event Planner Survey

Research and Planning Recommendations Summary

As part of our research, we have conducted 100 interviews with convention and tradeshow planners nationally, as well as 36 planners of events that have recently been held at the LVCC. We have also reviewed convention center elements available at competitive facilities nationally, and have worked closely with LVCVA staff to assess current, past and future LVCC event activity. Our research includes analyses of trends in the industry that will impact facility space needs and amenities in to the future. Based on this research, we have summarized the following key findings, followed by a set of recommended LVCC expansion and improvement guidelines.

- The LVCC offers approximately 1.9 million square feet of exhibit space, third most such space in North America, behind only centers in Chicago and Orlando. There are no current center expansion plans nationally that would alter this ranking. The ratio of LVCC meeting to exhibit space is comparatively low, ranking 14th out of 17 large national convention centers reviewed. By comparison, McCormick Place in Chicago ranks 11th and the Orange County Convention Center in Orlando ranks 8th.
- The LVCC is one of few major convention centers in North America that does not provide dedicated ballroom/general session space. Major competitors in Chicago, Orlando, San Diego and other markets provide significant dedicated space for food functions, general sessions, product demonstrations and related event elements. Survey research indicates that 70 to 80 percent of national convention and tradeshow planners produce functions that are best suited for dedicated ballroom/multi-use space.
- LVCC event activity has declined over the past several years, consistent with domestic and international economic conditions, and consistent with national convention and tradeshow demand levels.
- Attendance, room night and exhibit space occupancy data for LVCC events have held at a fairly consistent pattern since 2009, after a decrease from 2008 to 2009.
- South Hall exhibit space occupancy continues to lag levels for North and Central Halls. Event planners have pointed out numerous challenges to the South Hall including multiple levels, extensive column grid and lack of proximate meeting space; and generally view it as the least desirable of the three halls.
- As with past research conducted in 2008, a sizable majority (81 percent) of past LVCC users do not require added exhibit space. However, 44 percent of past LVCC users surveyed do indicated a need for greater meeting space availability.

Research and Planning Recommendations Summary (cont.)

- Seventy-eight percent of past LVCC users surveyed would use dedicated general session space. By comparison, research conducted in 2008 indicated that 74 percent of planners surveyed showed a preference for dedicated general session space. A flat floor configuration for this space offers significantly more flexibility for various event functions as compared to a tiered seating arrangement.
- A total of 100 planners of national convention and tradeshow events were surveyed. Sixty-eight percent of those that plan events requiring over 200,000 gross square feet of exhibit space expressed an interest in hosting an event in Las Vegas. Reasons for not considering Las Vegas included negative perceptions of Las Vegas as a potential host market, the size of the Center being too large for their group, high costs associated with the market and a lack of attendees in the immediate area.
- The top three facility/destination selection criteria referenced by the planners surveyed were (1) sufficient breakout meeting space, (2) free wireless in public areas, and (3) a walkable center, hotel, restaurant, retail and entertainment environment. There are currently deficiencies for the LVCC in the first and third criterion that should be addressed as part of future facility and site planning efforts.
- Convention and tradeshow industry demand levels fluctuate with changes to the overall economy. Current and projected GDP and S&P earnings per share data reflect broad, modest growth, and a similar pattern is expected for the convention and tradeshow industry over the next several years.
- Twenty-two percent of the largest 250 tradeshows were held in Las Vegas in 2011. Nine percent were held at the LVCC, and these events tend to be at the very high end in terms of exhibit space square footage needs.
- Sporting and special events often take place during slower periods on the booking calendar and have the potential to generate incremental room nights and associated economic impacts. Currently, the LVCC hosts a variety of these events, many of which are recurring annual functions.
- Research indicates that potential demand exists for added volleyball, youth basketball and wrestling events. Las Vegas has the facilities, the appeal and the hotels to support this market. Numerous such events currently held throughout California would consider shifting to Vegas.
- Large music and entertainment functions such as the Academy of Country Music expo/festival component could be hosted at LVCC if it provided adequate upscale space.

Research and Planning Recommendations Summary (cont.)

Future LVCC Development Priorities

Based on the research conducted as part of this study, we have developed the following summary of recommended future LVCC development priorities. These initiatives should be used to help focus on-going LVCC space and site planning efforts.

Multi-Use Ballroom/General Session Hall

A multi-use ballroom/general session hall of approximately 100,000 square feet should be provided for as a first priority during LVCC expansion/improvement planning. This space should have the following features:

- Upgraded floor covering (carpet) and wall finish, as well as ceiling treatment that addresses acoustical and aesthetic considerations. A drop ceiling is not required, and in fact a solution that is architecturally more interesting can be very successful in accommodating events from black tie to light exhibits. Plans should allow for a high level of design, while allowing for key production capabilities such as sufficient rigging points and power access from floor boxes.
- The lighting should include an element of theatrical amenities, allowing for varying color, intensity, direction and other aspects. The traditional ballroom “crystal chandelier” approach should be avoided. Airwalls should be appropriately placed to allow for at least eight distinct rooms when all walls are deployed. The space should have significant pre-function areas, as well as access from back of house for delivery of equipment and food.

If appropriately designed, we view this space as highly multi use, accommodating specific needs that are unique to the diverse LVCC client base. These uses could include food functions, general session, product demonstrations, light exhibits, large breakout meetings, and related functions.

Meeting Space

The existing inventory of LVCC meeting space is approximately 40,000 to 50,000 square feet below the amount needed to provide a market-supportable balance with available exhibit space. In addition, the existing 38,000 square feet of meeting space located in S101 to S118 and S201 to S218 is not often considered usable by event planners. Given the configuration, demisement and location of this and various other spaces within the building, the challenge to be addressed is to provide for an approximate 80,000 to 90,000 square feet of additional square feet of quality, well-located meeting space within the LVCC campus.

Research and Planning Recommendations Summary (cont.)

Meeting Space (continued)

All or a large share of this space should have convenient access to the South Hall. If this is achieved, alternative uses for the existing South Hall meeting space noted above could be considered, including added exhibit space, prefunction area, and/or storage areas.

As part of the meeting space investment, consideration should also be given to reconfiguring the N101 to N120 meeting room block. The space could be developed into a larger junior ballroom space with divisibility into six to eight segments, or potentially into a separately branded conference center. Redevelopment of this area could also allow for creation of an east side entrance and potentially a more significant linkage to the LVH Hotel & Casino.

Long-term Exhibit Space and Mixed Use Entertainment Development

Our research indicates that LVCC exhibit space occupancy has decreased slightly during the recent recession, and industry-wide exhibit space needs have receded somewhat. It is therefore difficult at this time to recommend an aggressive and immediate approach to adding significant additional LVCC exhibit space. However, we do recommend that broader site planning efforts take into consideration the eventual development of an additional large LVCC exhibit hall, potentially in the 700,000 to 800,000 square foot range. LVCC exhibit space occupancies and industry demand trends should continue to be monitored to help determine the timing and sizing of any future exhibit space addition.

As previously noted, event planners have cited the availability of walkable hotel, entertainment, restaurant and retail development as a very important destination selection criteria. The broad LVCC site planning efforts mentioned above should also take into consideration the potential for a mixed use public/private partnership that would yield a large scale mixed use project on or adjacent to the LVCC site.

For example, the future development on the Gold Lot could eventually provide for both added exhibit and other LVCC event space, as well as opportunities to create street front development that addresses important event planner requirements in terms of surrounding and walkable retail, restaurants and entertainment.

Similarly, development of the Silver Lot 4 and the Green Lot could accommodate future space needs, and serve to provide a more substantial LVCC entrance from the east. These and other options should be thoroughly explored as part of the long-term LVCC space and site planning efforts.

Research and Planning Recommendations Summary (cont.)

Sports, Special Event and International Event Amenities

Sports and entertainment events often require arena-type fixed seating (approximately 3,000 to 5,000 seats). Consideration should be given to upgrading the LVCC seating inventory, while ensuring adequate storage capability when not in use.

To accommodate opening/closing ceremonies and award banquets, many sporting events require 100,000 square feet of flat floor space, often two to three times per day. The ballroom/multi-use space discussed previously would fully accommodate this requirement. Other amenities that sports and special event planners cite as important also coincide with convention and tradeshow needs such as restaurants within the center; a walkable center, hotel, restaurant, retail & entertainment environment; and light rail access from airport to downtown (near Center).

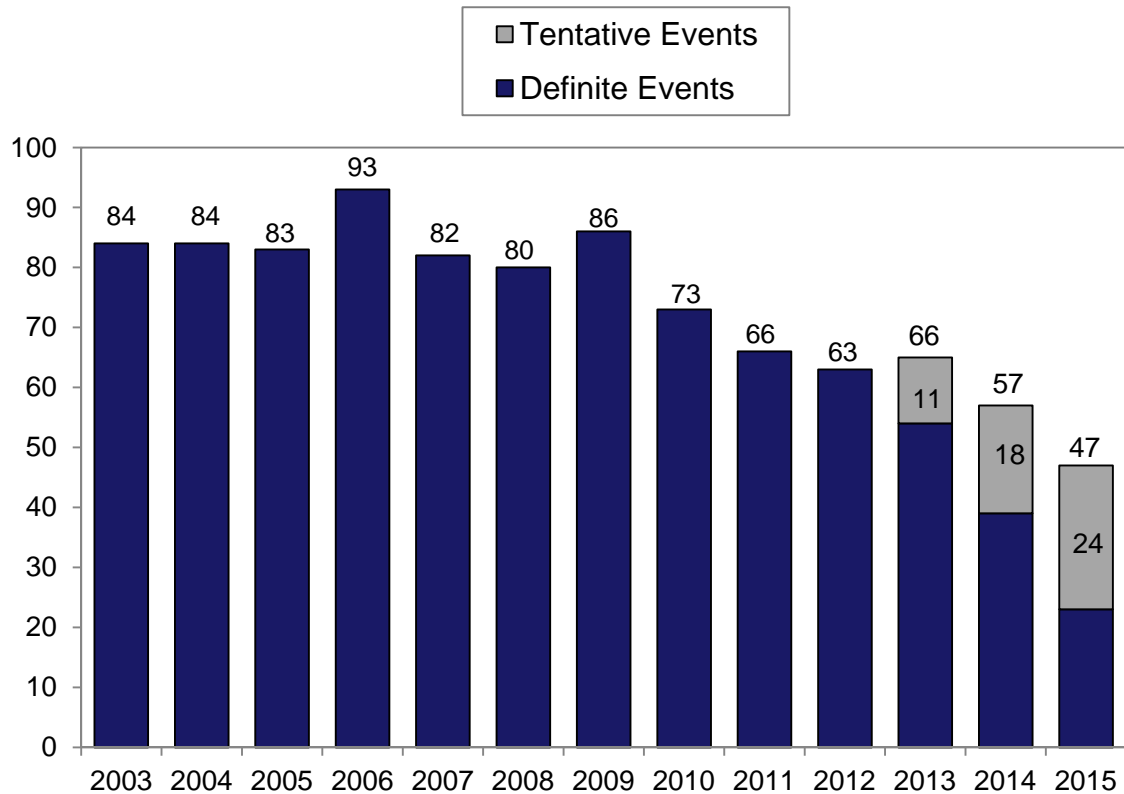
There are several LVCC amenities that should be incorporated into current facility planning efforts in order to better accommodate events with a high proportion of international attendees.

- International Visitor Concierge Service – Attendees that arrive from overseas can have a variety of unique travel, cultural and other needs. Consideration should be given to providing high-profile portable stations that offer staff with relevant language capabilities and ability to address various cultural, religious, travel and attendee comfort issues.
- Recording/Production Facilities – Meeting planners (both international and domestic) could benefit through enhanced opportunities to capture event content. Consideration should be given to installing production and post production space within the LVCC, providing commercial edit suites, outside broadcast and video production equipment hire. Approximately 1,000 square feet would allow for studio/interview room, bays for editing and post production and equipment storage.
- Electronic Exhibit, Meeting and Way finding Signage – Consideration should be given to installing electronic meeting room signage allowing for multi-lingual, programmable information controlled from a central location (connected through hard wire and/or wireless).
- Press/Speaker Rooms – Secure welcome lounge, rehearsal space, presentation production, dedicated press rooms. Allows for loading of presentations to any room in center from central location.
- Multilingual Translation Capabilities – This would consist of portable versus dedicated permanent space.

Inclusion of these amenities generally require very little space, and do not represent significant financial investment.

Analysis of Historical and Future LVCC Operations

Total Number of Events Utilizing LVCC Exhibit Space (2003 – 2015)



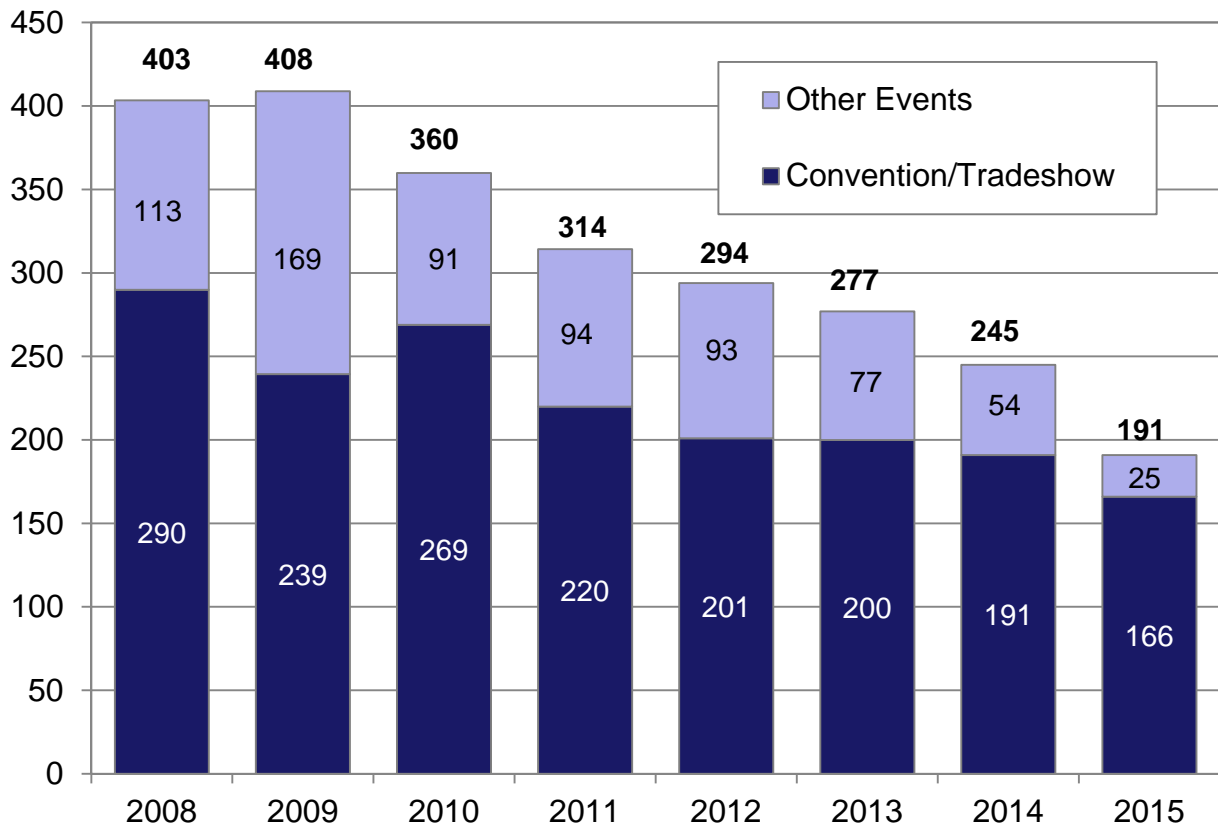
LVCC event activity has declined by approximately 27 percent between 2009 and 2012. This is reflective of the significant downturn in the national economy. The pace of bookings for 2013 to 2015 indicates a stabilization and potentially an increase in future event levels among events occupying exhibit space within the LVCC. This is also consistent with emerging industry demand trends that suggest an approximate three percent growth in space use and attendee levels over the next several years.

Note: Figures only represent those events utilizing exhibit space and include both definite and tentative bookings.

Figures for 2013 through 2015 represent definite and tentative bookings as of July 2012.

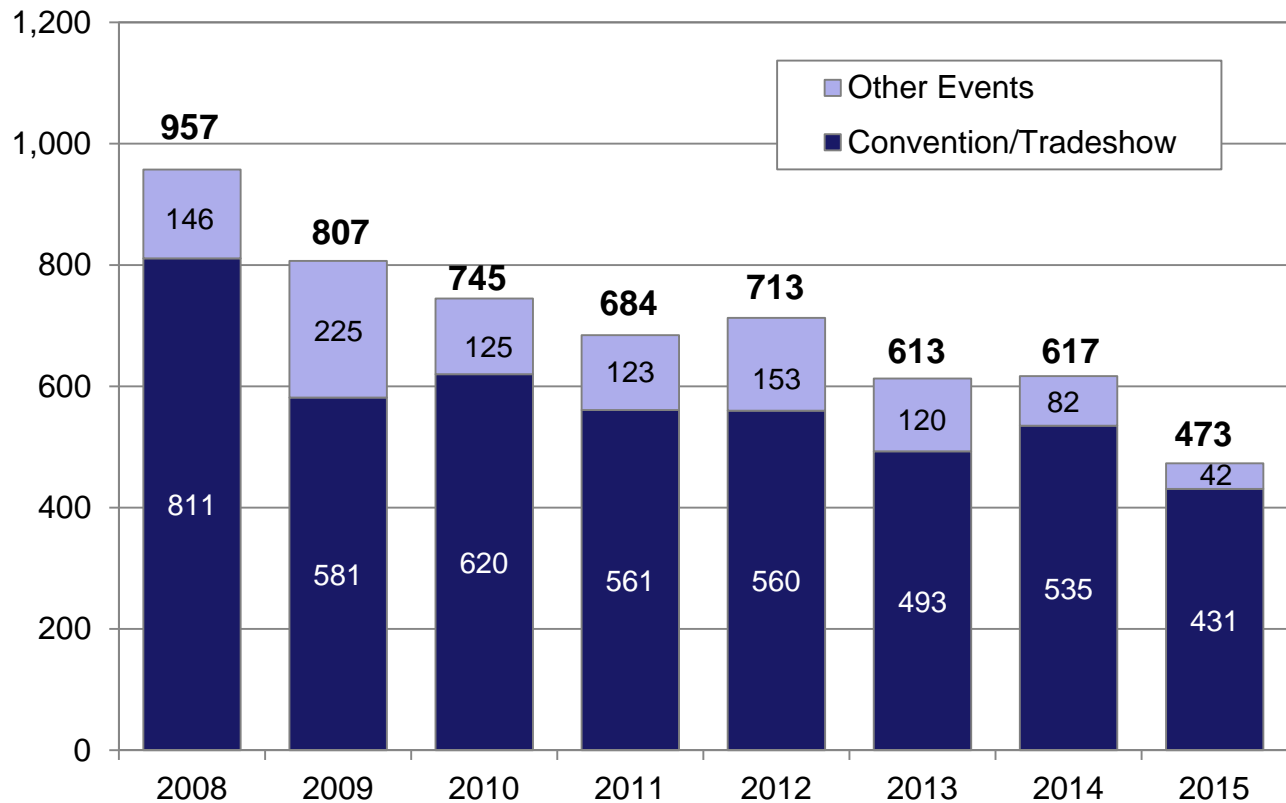
Source: Las Vegas Convention and Visitors Authority, 2004, 2007, 2008, 2012

Total Number of Events Days by Event Type (2008-2015)



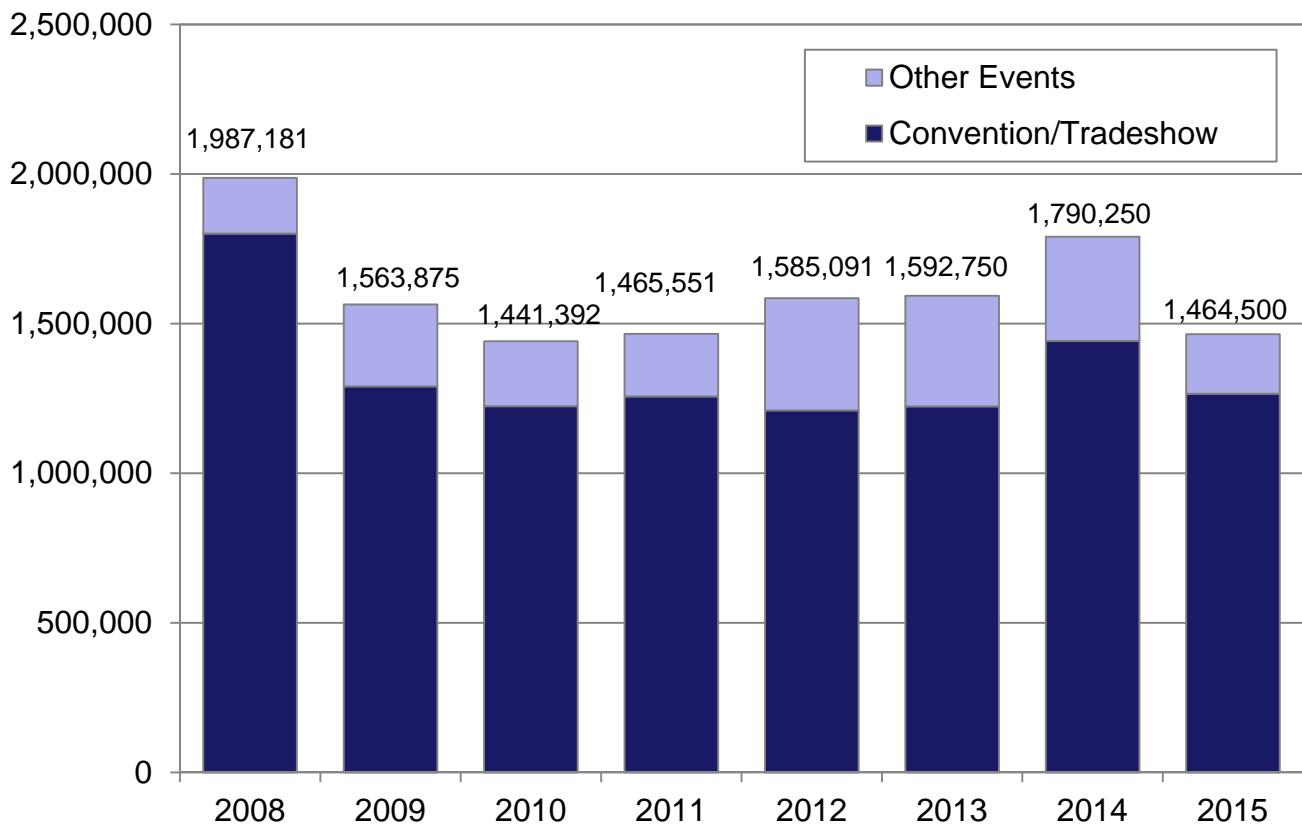
Room night and economic impact generation of a convention center takes place during event days. LVCC convention and tradeshow event day use has declined by more than 30 percent between 2008 and 2012. Event days generated from other events such as auto shows, gift shows, sporting events, etc. have remained steady over the past three years after a very strong year in 2009.

Total Number of Utilization Days by Event Type (2008-2015)



Utilization days include all move-in, event and move-out days for a convention or tradeshow, and form the basis for measuring overall facility occupancy. LVCC utilization days have remained fairly constant over the past three years, after drop from higher levels in 2008 and 2009. The booking pace for the next several years indicates the potential for increases in overall utilization days. The consistency of utilization day compared to event day levels suggests that the LVCC continues to attract larger events requiring significant set-up and tear-down time.

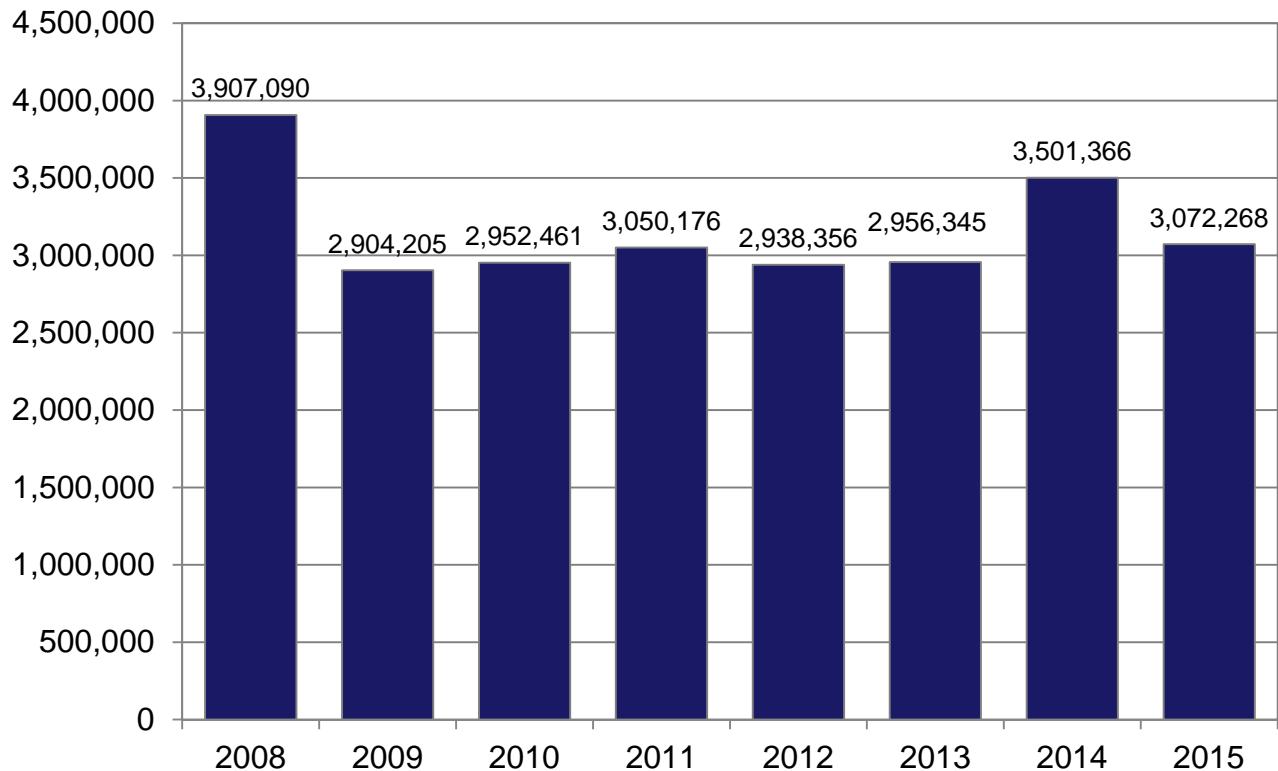
Total Attendance by Event Type (2008-2015)



Since 2009, attendance for events using LVCC exhibit space has remained steady, with slight increases each of the past three years. Future bookings show increases in attendance levels. As noted previously, event levels have dropped over this timeframe, with the increases in attendance driven by an increase in average attendance per-event. These data indicate that the LVCC has continued to perform well with larger, highly attended events.

Note: Figures for 2013 through 2015 represent definite and tentative bookings as of July 2012.
Source: Las Vegas Convention and Visitors Authority, 2012

Total Room Nights for Convention/Tradeshaw Events (2008-2015)



As with attendance, room night generation from LVCC events has increased slightly over the past several years, even during the significant economic downturn. Room nights over the next several years, based on existing booking data, are expected to increase slightly, with a spike in 2014 (at more than 3.5 million room nights).

Historical and Future LVCC Exhibit Space Square Footage Occupancy (2008 – 2015)

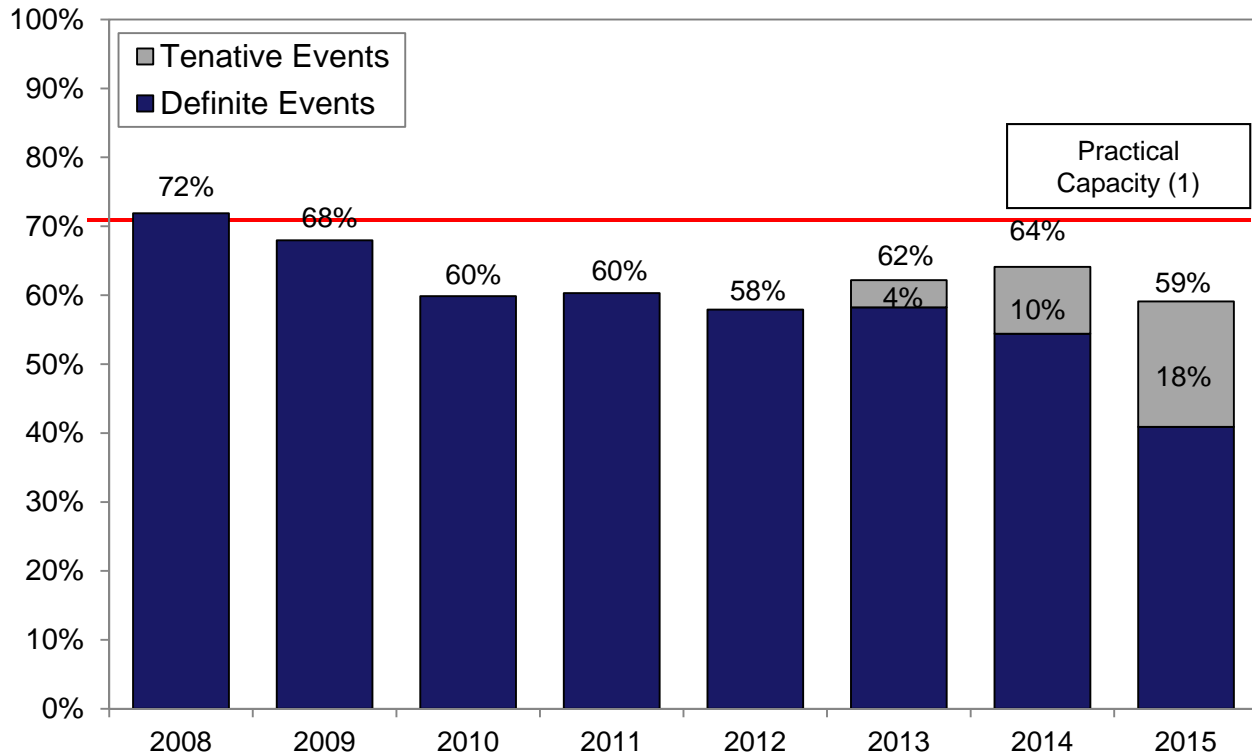


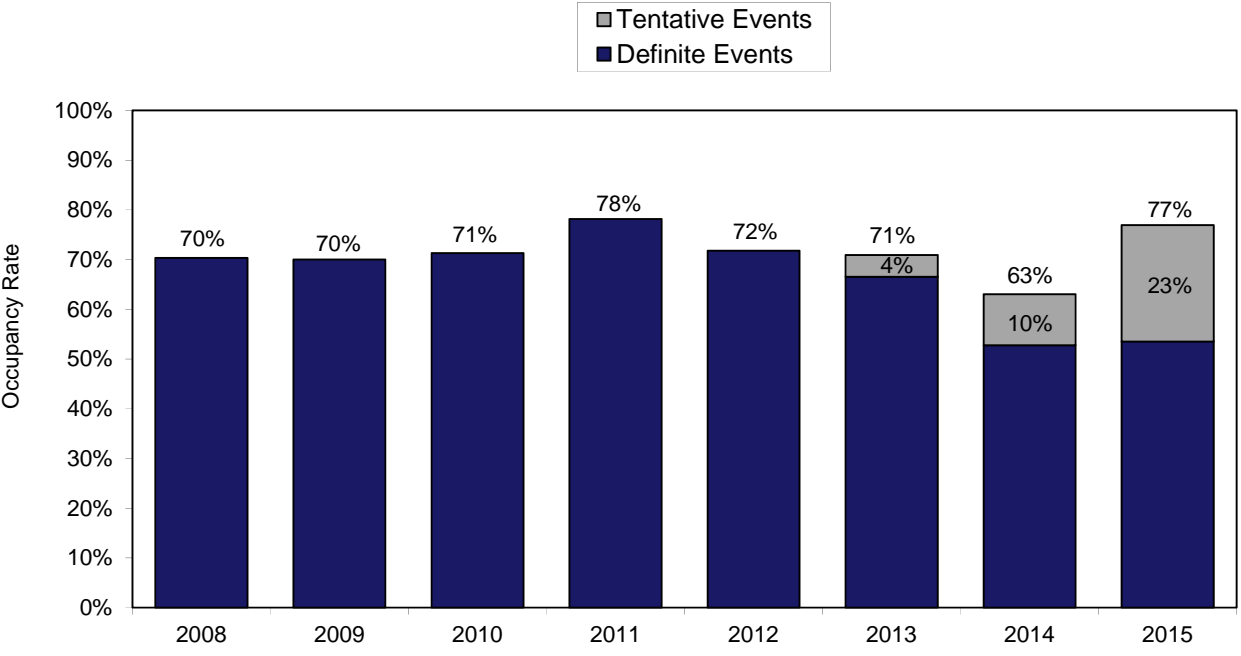
Exhibit space occupancy provides a clear indication as to whether or not additional space is needed. A center reaches full capacity at 70 percent, accounting for dates that are difficult to sell including holidays and the brief periods between large events that are not sufficient enough to accommodate an event. The LVCC operated over the practical maximum capacity in 2008, before declining due to economic conditions. Occupancy for 2013 and future years appears to be increasing, again raising the prospect of future market support for added exhibit space.

(1) Practical capacity, indicating a full facility, is measured at 70 percent.

Note: Figures based on total square footage utilized, including move-in and move-out days.

Source: Las Vegas Convention and Visitors Authority, 2012

Historical and Future Exhibit Space Square Footage Occupancy – Hall C (2008 – 2015)

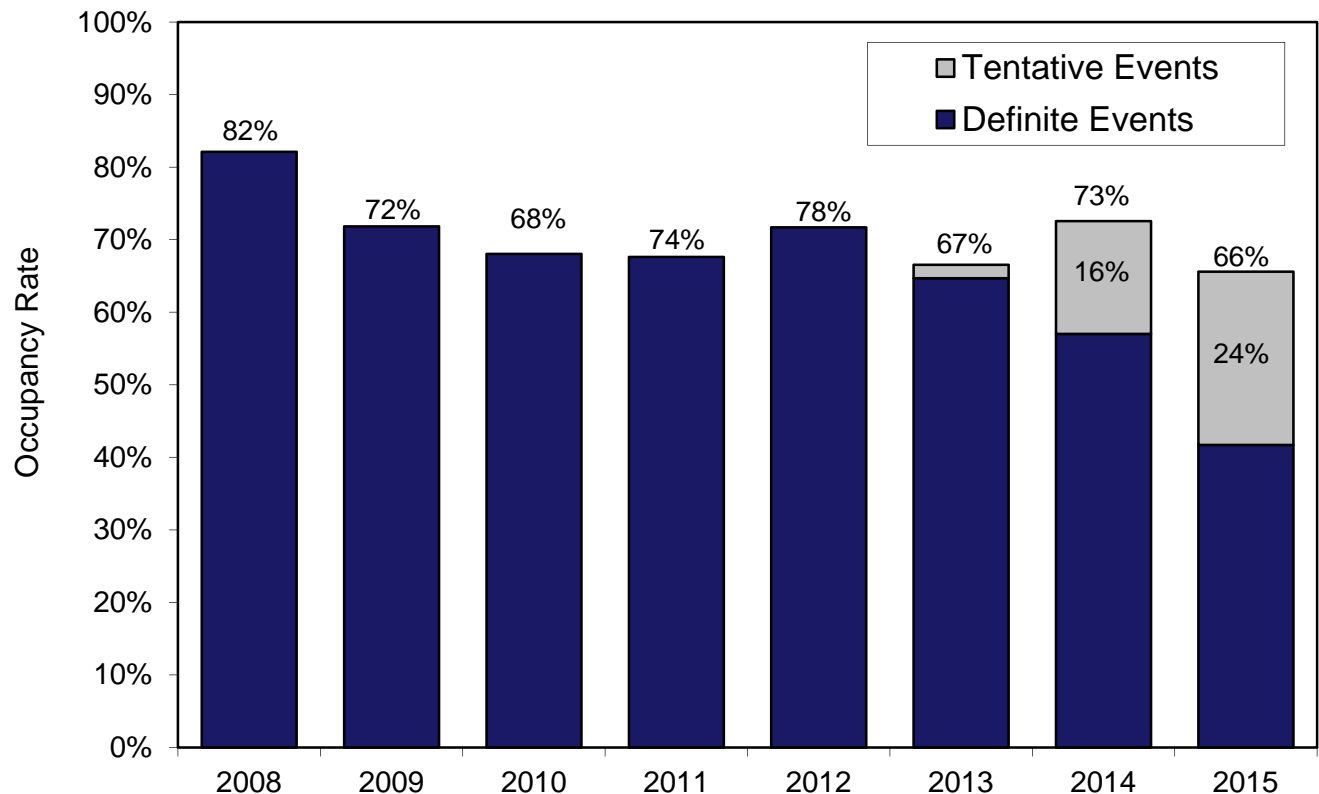


We have also analyzed occupancy percentages for each of the three LVCC exhibit spaces. Hall C has consistently operated above 70 percent occupancy. These data indicate that Hall C operates measurably higher in terms of occupancy as compared to the overall complex.

(1) Practical capacity, indicating a full facility, is measured at 70 percent.
 Note: Figures based on total square footage utilized, including move-in and move-out days.
 Source: Las Vegas Convention and Visitors Authority, 2012



Historical and Future Exhibit Space Square Footage Occupancy – Hall N (2008 – 2015)



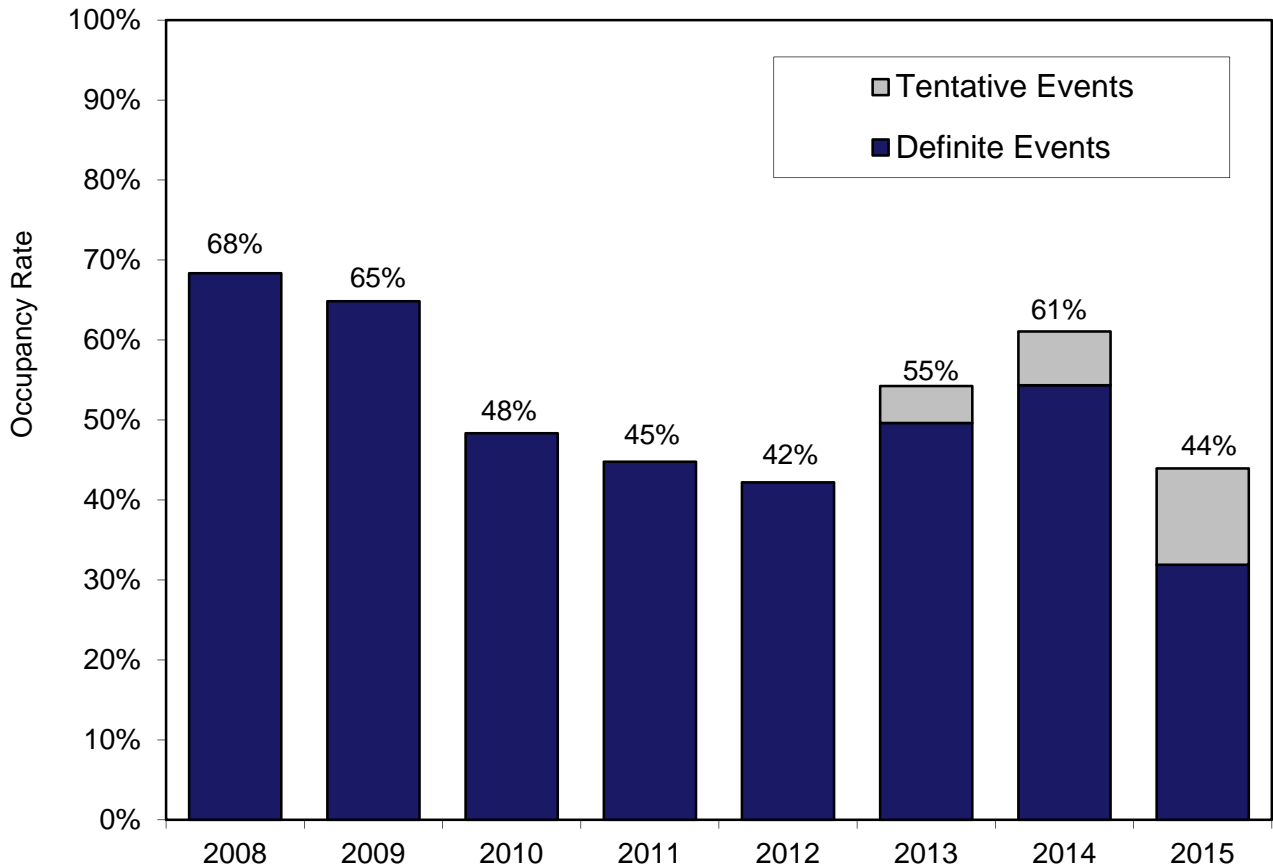
The North Hall has also achieved occupancy percentages that exceed practical maximum capacity, well above the overall LVCC average. In 2012, Hall N experienced overall occupancy of 78 percent—the highest such percentage over the past four years. Occupancy percentages in 2013, 2014 and 2015 look to be at or significantly above 70 percent.

(1) Practical capacity, indicating a full facility, is measured at 70 percent.

Note: Figures based on total square footage utilized, including move-in and move-out days. Figures for 2013 through 2015 represent definite and tentative bookings as of July 2012.

Source: Las Vegas Convention and Visitors Authority, 2012

Historical and Future Exhibit Space Square Footage Occupancy – Hall S (2008 – 2015)



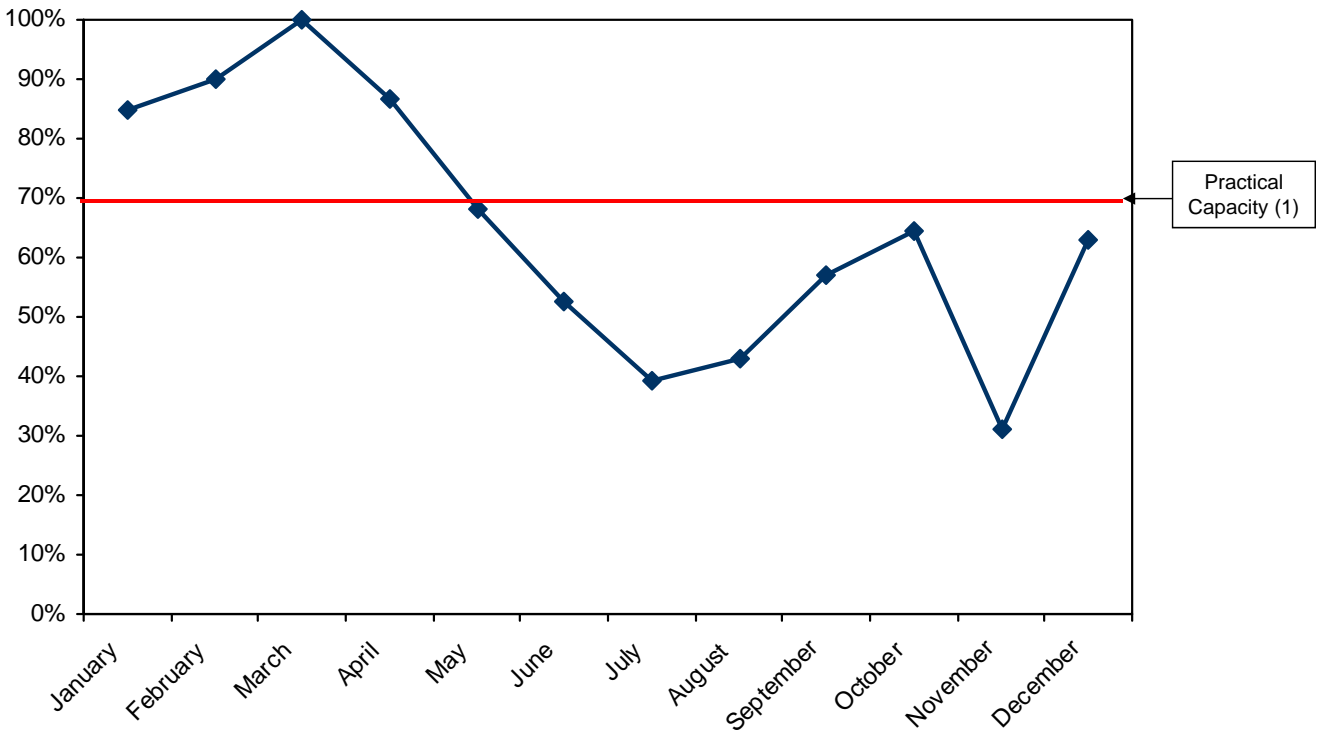
South Hall occupancy has consistently underperformed North and Central Halls. Occupancy levels are increasing for 2013 and 2014; however, they will still likely be lower than Halls C and N, and lower than practical maximum capacity. Event planner comments summarized later in this analysis define several significant physical deficiencies of the South Hall that contribute to low occupancy levels.

(1) Practical capacity, indicating a full facility, is measured at 70 percent.

Note: Figures based on total square footage utilized, including move-in and move-out days. Figures for 2013 through 2015 represent definite and tentative bookings as of July 2012.

Source: Las Vegas Convention and Visitors Authority, 2012

Total Exhibit Space Occupancy by Month (2011)



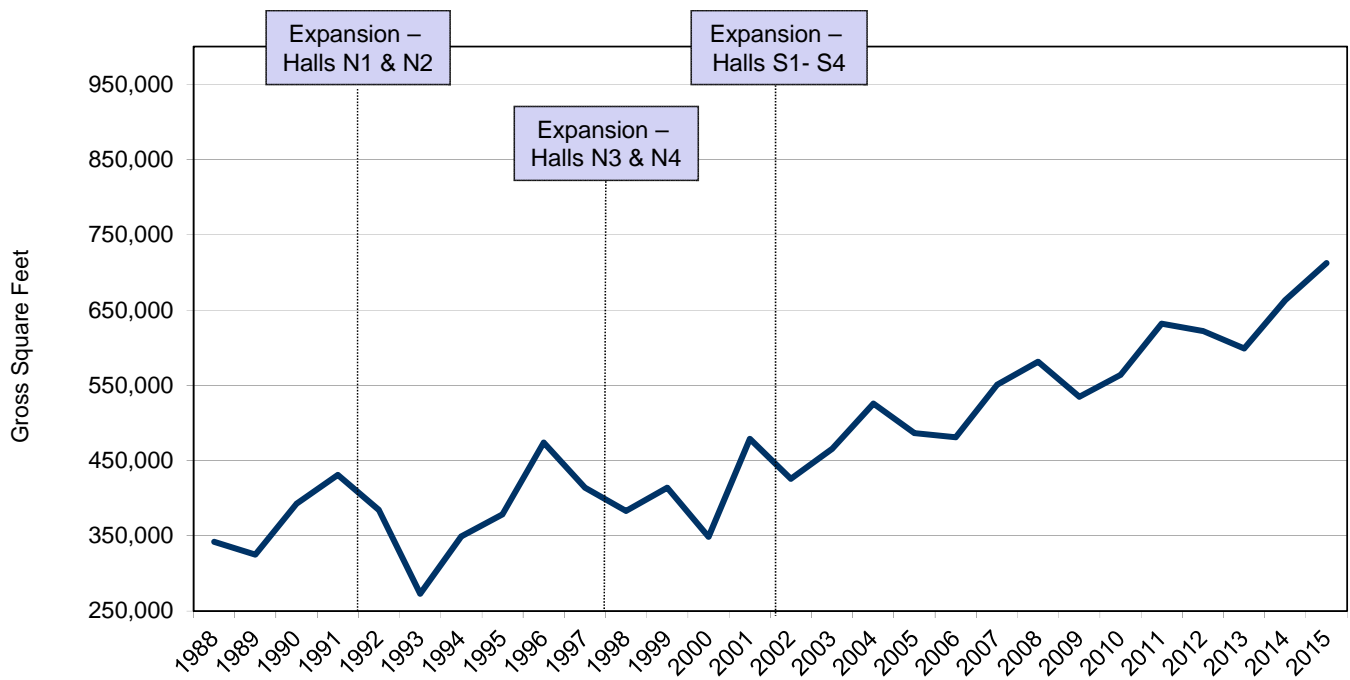
The seasonality of demand can assist in understanding demand potential for multiple overlapping events. The exhibit above displays LVCC exhibit hall occupancy on a monthly basis for 2011. LVCC exhibit space operates in or above the target occupancy level for four months of the year, generally in the late winter and early spring months. Overall, there is a downward trend in the occupancy rate during the summer months, consistent with national convention and tradeshow event demand patterns. Occupancy between May and December ranges from 40 to 65 percent. Opportunities to attract non-convention and tradeshow events during these periods are being explored by the LVCVA, and are discussed later in this analysis.

(1) Practical capacity, indicating a full facility, is measured at 70 percent.

Note: Figures based on total square footage utilized, including move-in and move-out days.

Source: Las Vegas Convention and Visitors Authority, 2012

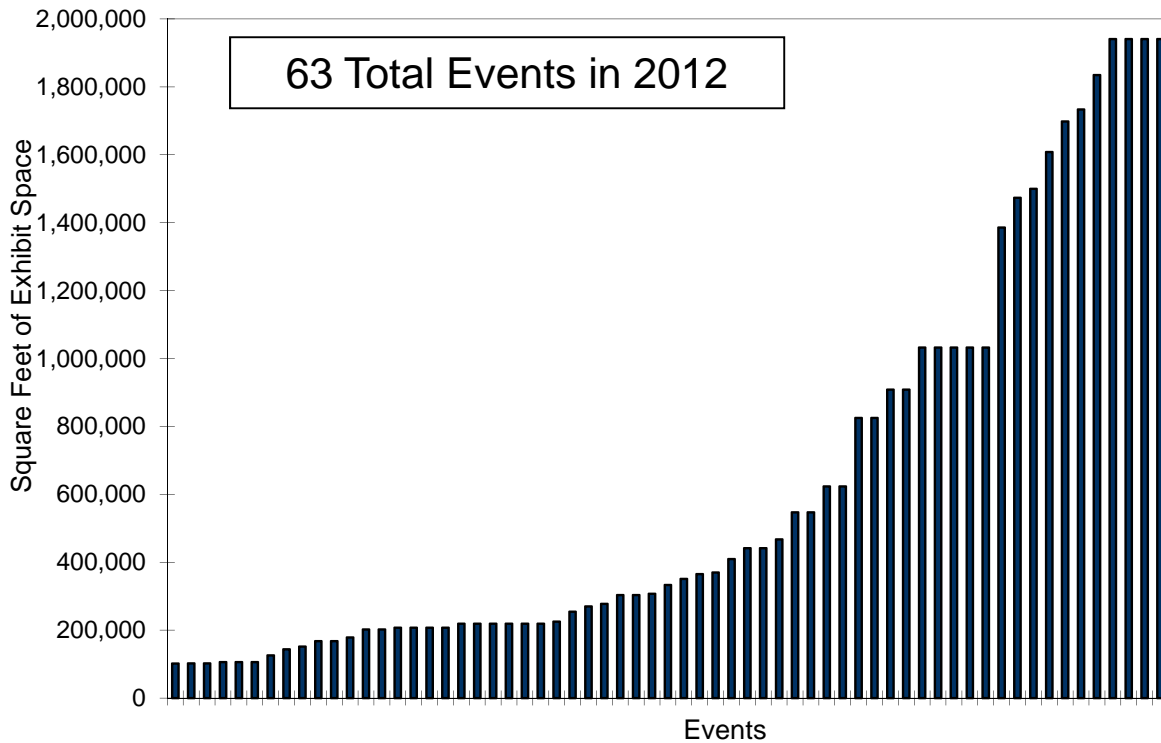
Historical and Future Las Vegas Convention Center Average Event Size (Gross Exhibit Space Square Footage)



Over the past 17 years, the average amount of exhibit space used by LVCC events has increased steadily. This reflects general industry growth, LVCC space additions and the leading position of the Las Vegas market in the domestic convention and tradeshow industry. In 2012, the average event occupied approximately 622,000 gross square feet of exhibit space. This compares to an estimated 425,000 prior to the 2002 expansion that added the South Halls.

Note: Figures represent average amount of gross square feet of exhibit space occupied per day. Figures for 2013 through 2015 represent definite and tentative bookings as of July 2012. Source: Las Vegas Convention and Visitors Authority, 2001, 2004, 2008, 2012

Event Distribution by Size - 2012



We have evaluated the square footage of exhibit space used by LVCC events in 2012. Approximately 57 percent of events held in 2012 require under 410,000 square feet of exhibit space (equivalent to the North Hall). Approximately 68 percent of events require no more than 623,000 square feet of exhibit space (equivalent to the Central Hall). These data clearly indicate that LVCC event and occupancy performance is dependent both on multiple overlapping mid-sized events, and the large multi-hall users. Future physical planning will have to reflect this important characteristic.

Competitive & Comparable Markets & Facilities

Competitive and Comparable Markets and Facilities

City, State	Facility
Anaheim, CA (1)	Anaheim Convention Center
Atlanta, GA	Georgia World Congress Center
Chicago, IL (2)	McCormick Place
Dallas, TX (2)	Dallas Convention Center
Denver, CO	Colorado Convention Center
Houston, TX (2)	George R. Brown Convention Center
Los Angeles, CA (1)	Los Angeles Convention Center
New Orleans, LA (1,2)	New Orleans Morial Convention Center
New York, NY	Jacob K. Javits Convention Center
Orlando, FL	Orange County Convention Center
Phoenix, AZ	Phoenix Convention Center
San Diego, CA (1)	San Diego Convention Center
San Francisco, CA (1)	Moscone Center
Boston, MA (1,2)	Boston Convention & Exhibition Center
Philadelphia, PA	Pennsylvania Convention Center
Washington, DC (2)	Washington Convention Center

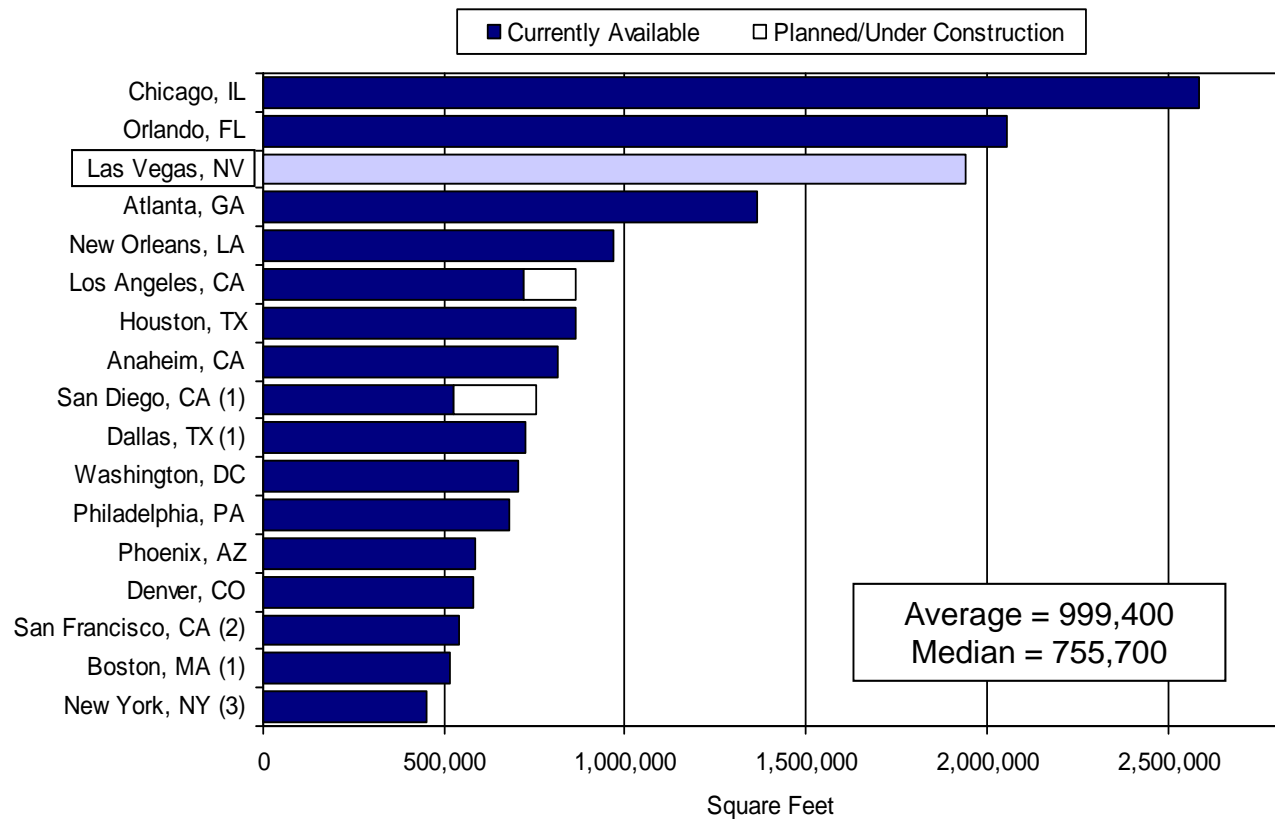
- (1) Facility is considering, planning or currently undergoing expansion/improvements.
 (2) Developing or planning added headquarter hotel inventory.

A total of 16 national convention and tradeshow venues were reviewed in terms of event space, hotel room inventory and related metrics. These data were analyzed in comparison to the LVCC to gauge its competitive position in the broader national facilities market. Importantly, six facilities are considering, planning, or undergoing expansion projects. Six markets are planning or developing additional headquarter hotel properties to support their convention center.



- (1) Facility is considering, planning or currently undergoing expansion/improvements.
 (2) Developing or planning additional headquarter hotel inventory.

Comparison of Prime Exhibit Space – Competitive and Comparable Facilities



There are two types of exhibit space offered at the facilities reviewed: prime space and gross space. Prime space refers to the dedicated exhibition area, typically used by conventions and tradeshow for exhibits that is column-free or with minimal columns, has high ceilings (typically 30 feet in height or more), utility floor grids (supplying electricity, telecommunications, water, etc.) and other such amenities. Gross space refers to the total area that can be used for exhibits and includes surrounding areas such as lobbies and substandard space in terms of columns, ceiling heights and other characteristics.

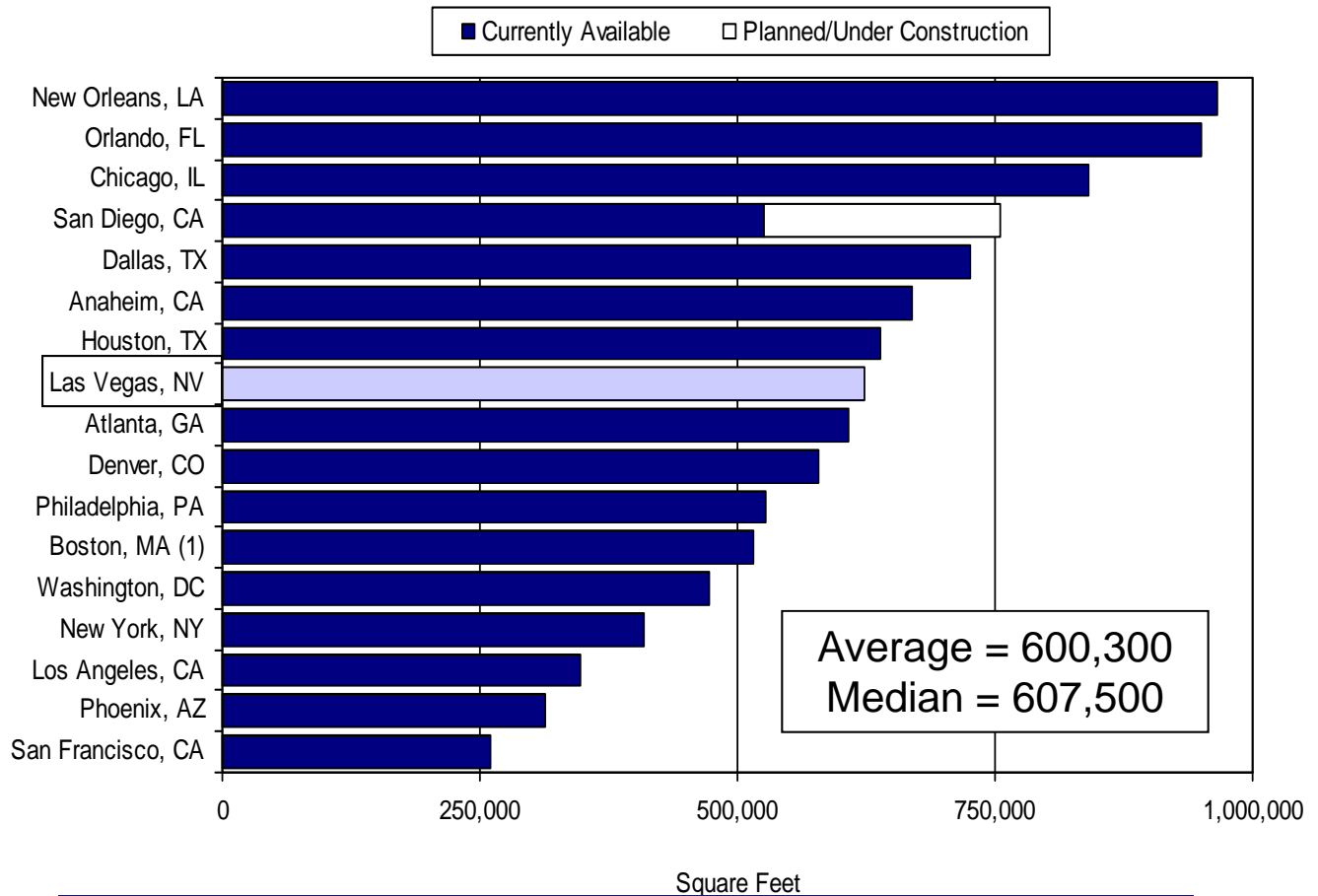
The LVCC currently offers approximately 1.9 million square feet of prime exhibit space, ranking as the third largest venue in North America. There are no major planned competitive venue expansions; however, there are plans for modest expansions to the Centers in Los Angeles and San Diego. Preliminary studies are under way for an undetermined space addition for the Moscone Center in San Francisco. None of these projects would impact the current LVCC exhibit space ranking.

Within Las Vegas, it is estimated that more than 11 million square feet of event space is available along the Strip. The Mandalay Bay and Sands combine to provide more than 2.7 million square feet of sellable space. This represents the largest inventory of space in any North American market. Although the Sands and Mandalay Bay offer very large space totals, they are not generally considered direct competition with the LVCC and have not been included in this chart.

- (1) Does not include approximately 309,300 square feet of non-prime space.
- (2) Includes only Level 1 of Moscone West. Other levels are counted as meeting and ballroom space. Planning underway for expansion/enhancements. Space levels are undetermined.
- (3) Does not include Level 1 space with low ceiling heights and extensive column grid.

Source: facility floorplans, management, and industry publications, 2012

Comparison of Contiguous Exhibit Space – Competitive and Comparable Facilities

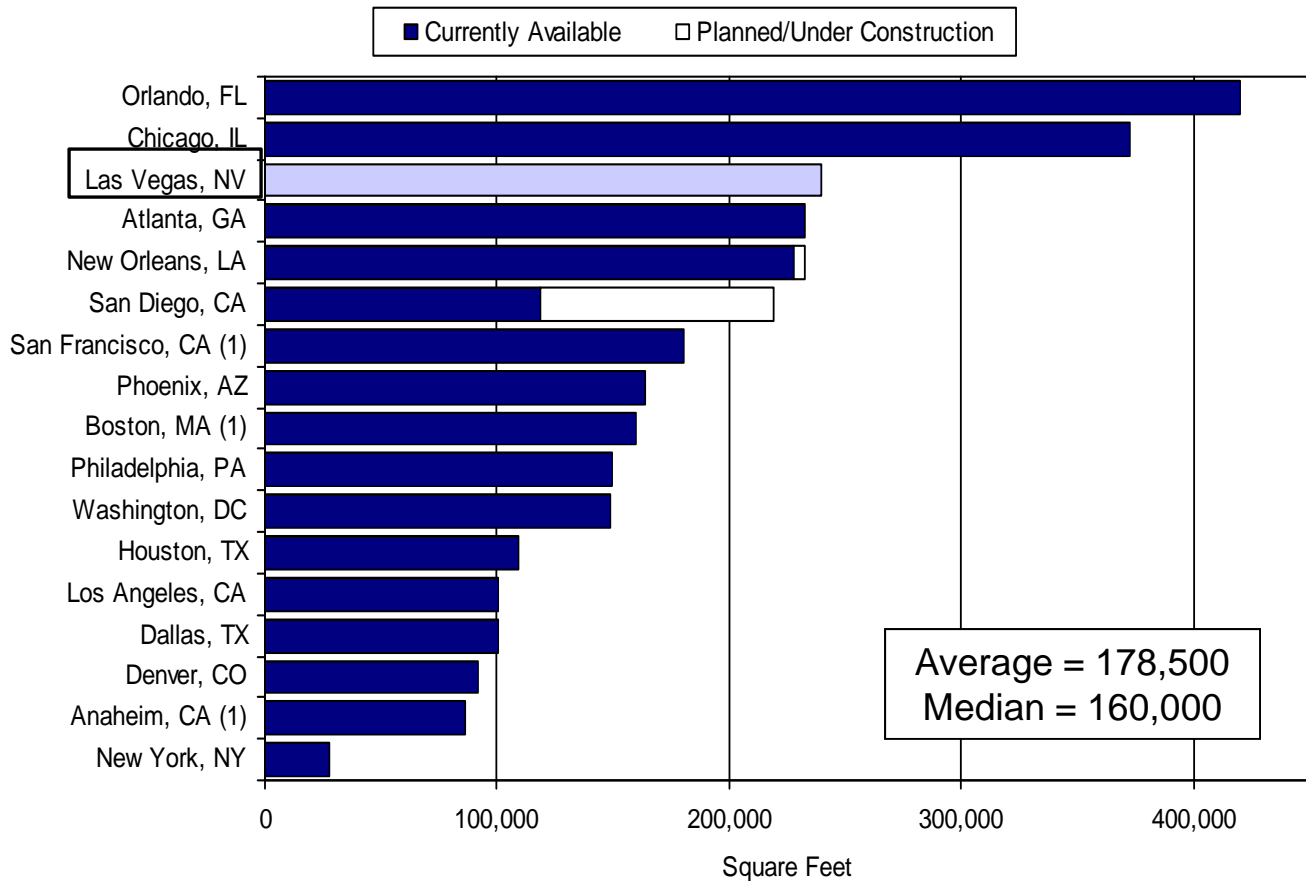


The 623,000 square feet of exhibit space in the LVCC’s Central Hall ranks seventh nationally in terms of contiguous space. Planned expansion in San Diego would drop the LVCC to 8th. Contiguous space is important in accommodating events requiring up to 500,000 or 600,000 square feet; however, for the significantly larger events, multiple halls are common, and the 3-hall configuration at the LVCC is not a significant disadvantage. The ability to provide pre-function and other support spaces are important, and the LVCC has deficiencies in this area, as discussed later in this analysis.



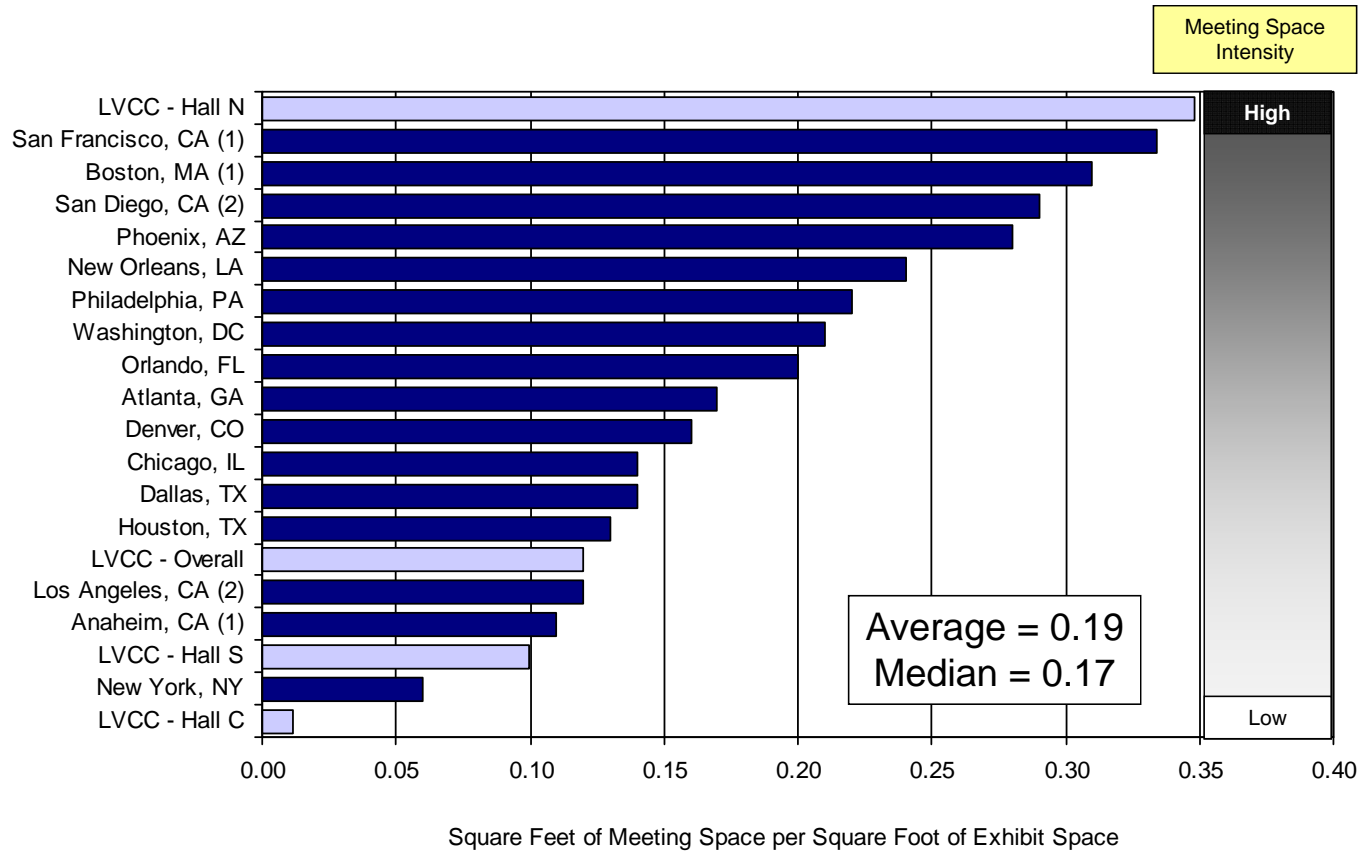
(1) Planning underway for expansion/enhancements. Space levels are undetermined.
Source: facility floorplans, management, and industry publications, 2012

Comparison of Meeting Space – Competitive and Comparable Facilities



The LVCC currently provides approximately 240,000 square feet of meeting space, ranking third among large U.S. centers. This includes approximately 38,000 square feet located in the eastern portion of the first level of South Hall which is not ideally located and does not provide sufficient pre-function space. An adequate supply of quality meeting space has consistently ranked as one of the top three to four national event planner facility selection criteria, and is a critical element to attracting large conventions and tradeshows.

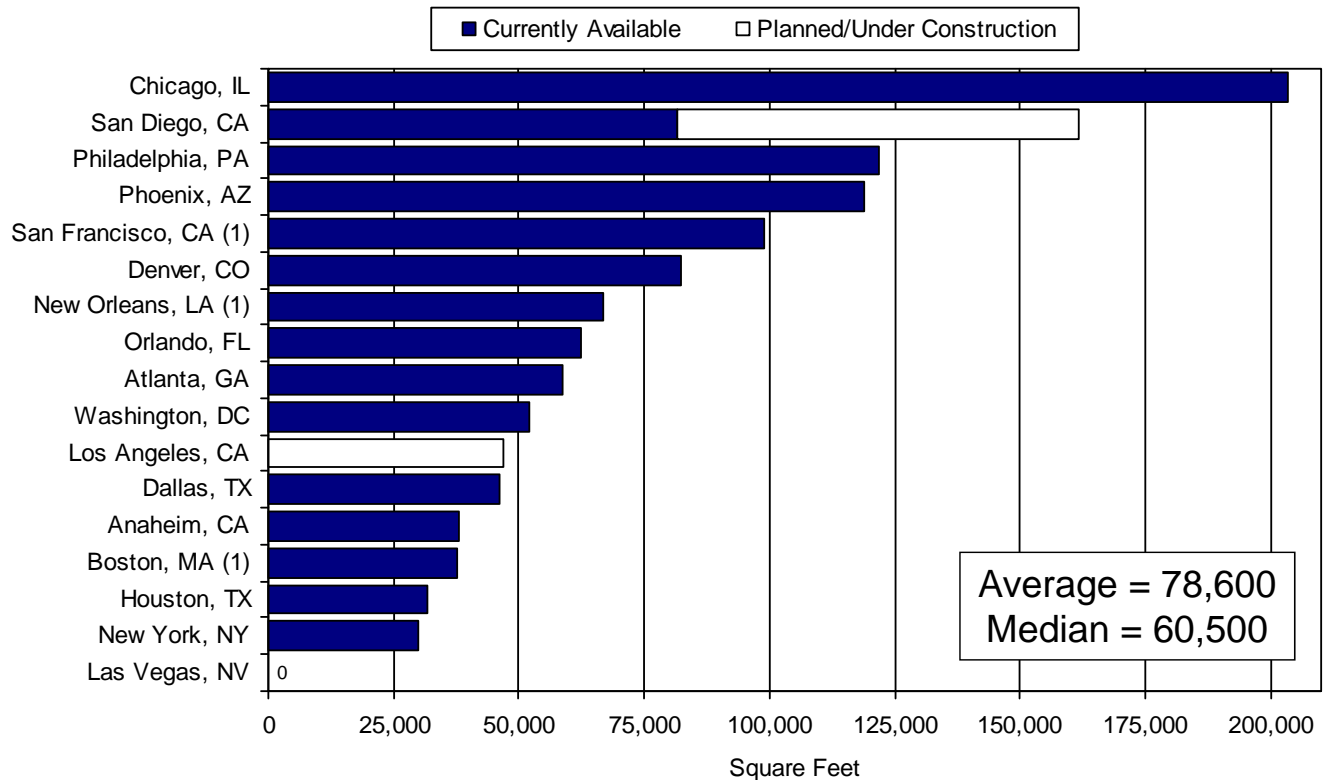
Ratio of Meeting to Exhibit Space – Competitive and Comparable Facilities



The ratio of meeting to exhibit space is also important to focus on. The LVCC overall operates with a relatively low ratio (.12 square feet of meeting space for every square foot of exhibit space). The combined meeting space ratios for Hall N and C is approximately .14, while the ratio for the South Hall is very low, at .10. Approximately 40,000 to 50,000 square feet of added LVCC meeting space would be required to provide a market-supportable balance with existing exhibit space.

(1) Planning underway for expansion/enhancements. Space levels are undetermined.
 (2) Includes planned space or space currently under construction.
 Source: facility floorplans, management, and industry publications, 2012

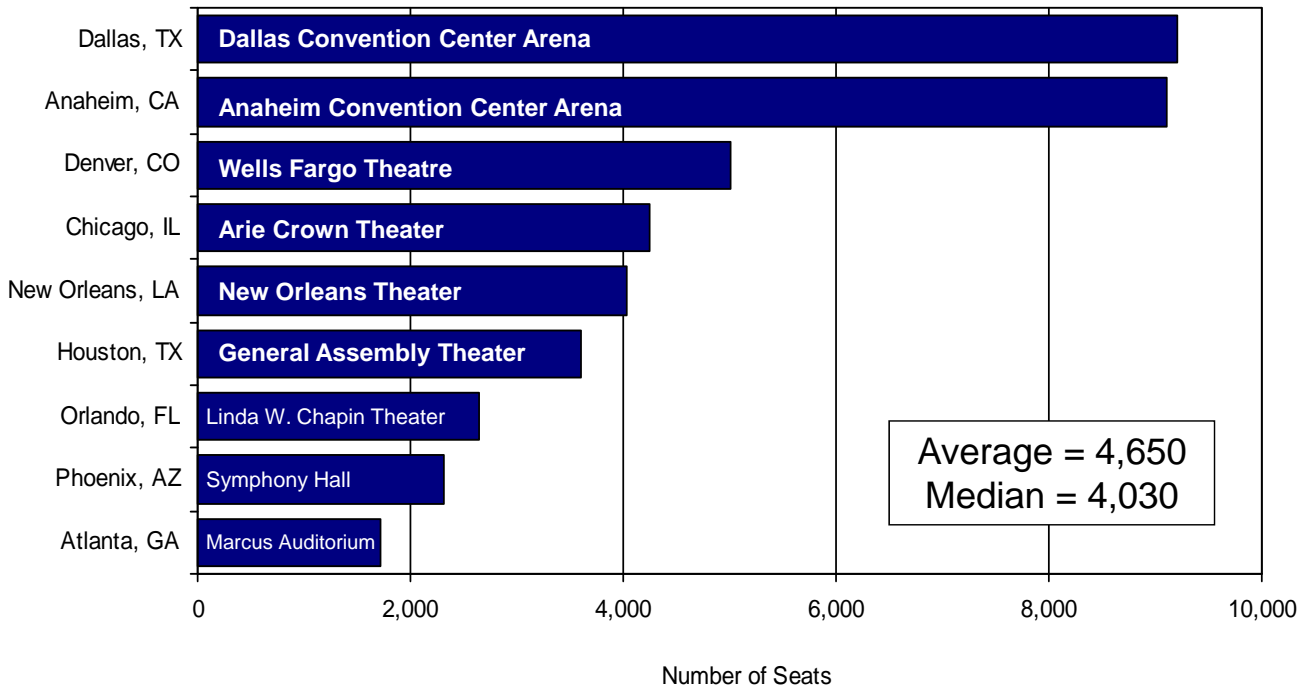
Comparison of Multi-Use Space – Competitive and Comparable Facilities



Multi-use space can be used for food/beverage functions, general assemblies, product demonstrations, light exhibits and a variety of other uses. Recognizing this, event planners have increasingly placed a premium on this type of space in selecting a host city. Chicago's McCormick Place offers the most multi-use space (with more than 200,000 square feet), as well the largest contiguous multi-use space (at more than 103,000 square feet). The LVCC is the only one of the markets reviewed that does not incorporate such space.

(1) Planning underway for expansion/enhancements. Space levels are undetermined.
Note: The Las Vegas Convention Center does not offer multi-use space.
Source: facility floorplans, management, and industry publications, 2012

Comparison of Auditorium Space – Competitive and Comparable Centers



Several buildings have included fixed-seat auditorium space in order to accommodate association, corporate, and other event activity. Centers in Dallas and Anaheim provide arena-style seating for more than 9,000 people. Smaller theaters in Orlando, Phoenix and Atlanta offer more intimate venues that accommodate groups of less than 3,000. The LVCC does not currently offer such space. Events requiring space for general assemblies, multi-media presentations, key note speaking engagements and other such events are required to utilize exhibit hall or meeting space.

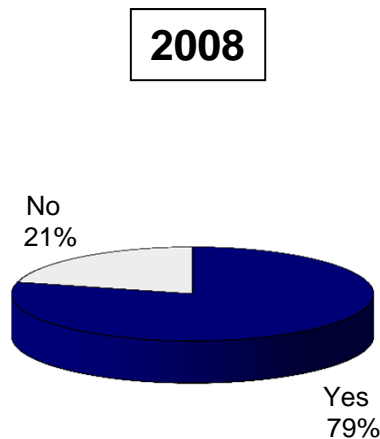
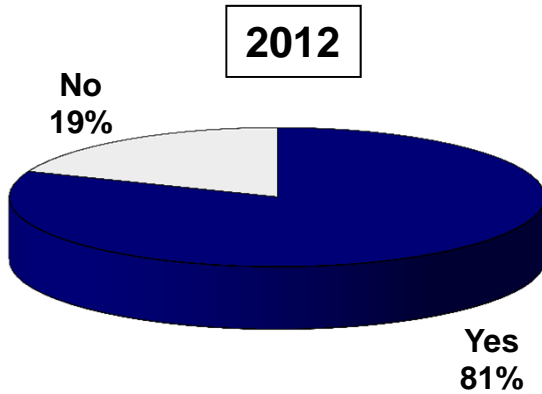
Interviews with Current & Past LVCC Users

Summary of Interviewed Organizations – Current and Past Users

- 5LINX Enterprises Inc.
- A. T. Expo Corp. – American Towman Showplace
- Advanstar – Magic Marketplace Spring/Fall
- All Baby & Child, Corp – The ABC Kids Expo
- Association For Manufacturing Technology - Interactive Manufacturing Experience
- Awards and Recognition Association – Annual International Awards Market
- Bowling Proprietors' Association of America - International Bowl Expo
- CEA – International Consumer Electronics Show
- CONEXPO-CON/AGG
- ConvExx – Specialty Equipment Market Showcase (SEMA)
- Golf Course Superintendents Association of America - Golf Course Show
- Hanley Wood Exhibitions – World of Concrete
- InfoComm International – International Communication Industries Association
- Institute of Food Technologists – Food Expo
- International Council of Shopping Centers - RECon
- International Exposition Company – International Air-Conditioning Heating Refrigerating Expo
- Las Vegas Events – NFR Cowboy Christmas
- LifeVantage – Elite Academy
- MGMA-ACMPE – MGMA Annual Conference
- National Association of Broadcasters
- National Automobile Dealers Association – Annual Winter National Convention
- National Business Aviation Association – Annual Meeting and Convention
- National Mining Association – MINExpo International
- PennWell – Power-Gen International Conference
- Reed Exhibitions – National Hardware Show & G2E: Global Gaming Expo
- Society of Manufacturing Engineers – FABTECH
- Specialty Graphic Imaging Association – Specialty Graphic Annual National Convention
- Sports Licensing and Tailgate Show (Showproco)
- Tobacco Plus Expo
- Travel Goods Association and Show – Travel Goods Show
- True Value Company – True Value Fall Market
- Vacuum Dealers Trade Association
- WebmasterWorld – Webmasterworld's Search and Internet Marketing Conference

The 36 current and past users of the LVCC identified above were surveyed to gain insight into facility needs, intent to use the Center in the future, perceptions of the market and related factors.

Is the existing level of exhibit space at the LVCC sufficient? – Current and Past Users

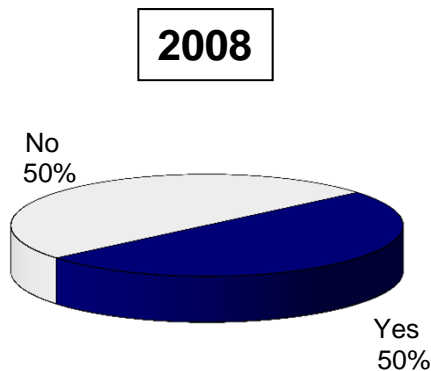
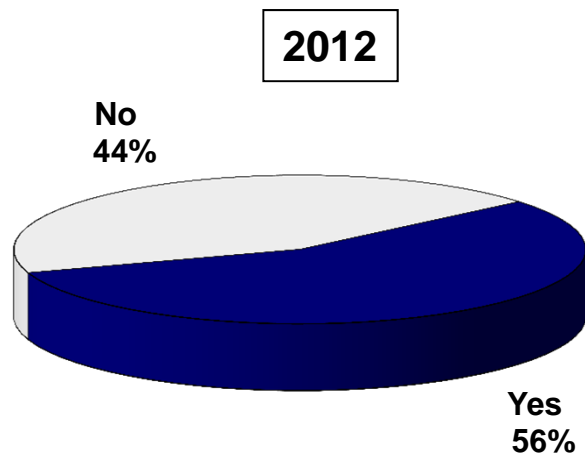


Respondents Indicating a Need for Additional Exhibit Space

- CONEXPO-CON/AGG
- MGMA Annual Conference
- International Consumer Electronics Show
- Specialty Equipment Market Showcase (SEMA)
- Travel Goods Show
- National Hardware Show
- G2E: Global Gaming Expo
- Magic Marketplace Spring/Fall

Nineteen percent of past LVCC users surveyed require added exhibit space. These data are consistent with research results from our 2008 analysis, and with space use patterns previously discussed showing that a majority of LVCC events use only a portion of the overall complex. The 19 percent that would use added exhibit space reflect some of the largest events in the industry in terms of space use and hotel room night generation.

Is existing meeting space at the LVCC sufficient? – Current and Past Users



Respondents Indicating a Need for Additional Meeting Space

- Interactive Manufacturing Experience
- International Consumer Electronics Show
- CONEXPO-CON/AGG
- Specialty Equipment Market Showcase
- Golf Course Show
- World of Concrete
- International Communication Industries Association
- International Air-Conditioning Heating Refrigerating Expo
- MGMA Annual Conference
- National Association of Broadcasters
- National Automobile Dealers Association Convention
- MINExpo International
- Power-Gen International Conference
- National Hardware Show
- G2E: Global Gaming Expo
- Sports Licensing and Tailgate Show (Showproco)
- Vacuum Dealers Trade Association

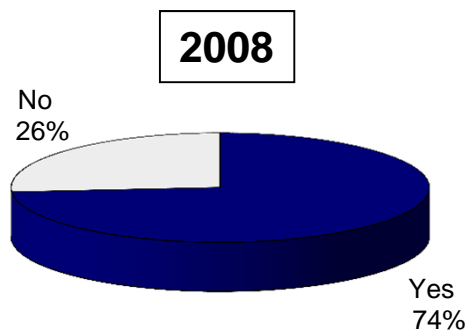
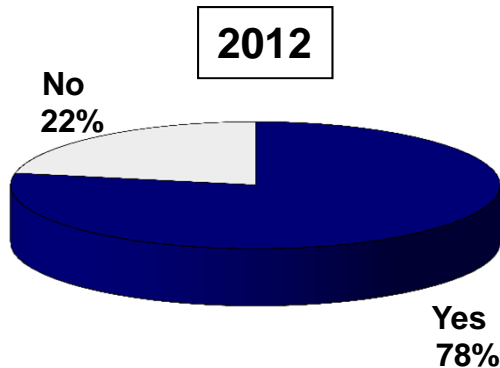
Fifty-six percent of past LVCC users surveyed cited a need for added meeting space. This is consistent with 2008 research, and with trends indicating increased meeting space needs industry wide. It is often the case that multiple overlapping events are hosted, creating a limiting condition in terms of available LVCC meeting space.



Note: Data represented include all organizations interviewed.
Source: CSL Interviews, 2008 & 2012

Would dedicated general session space be useful? – Current and Past Users

Respondents Indicating a Desire for General Session Space



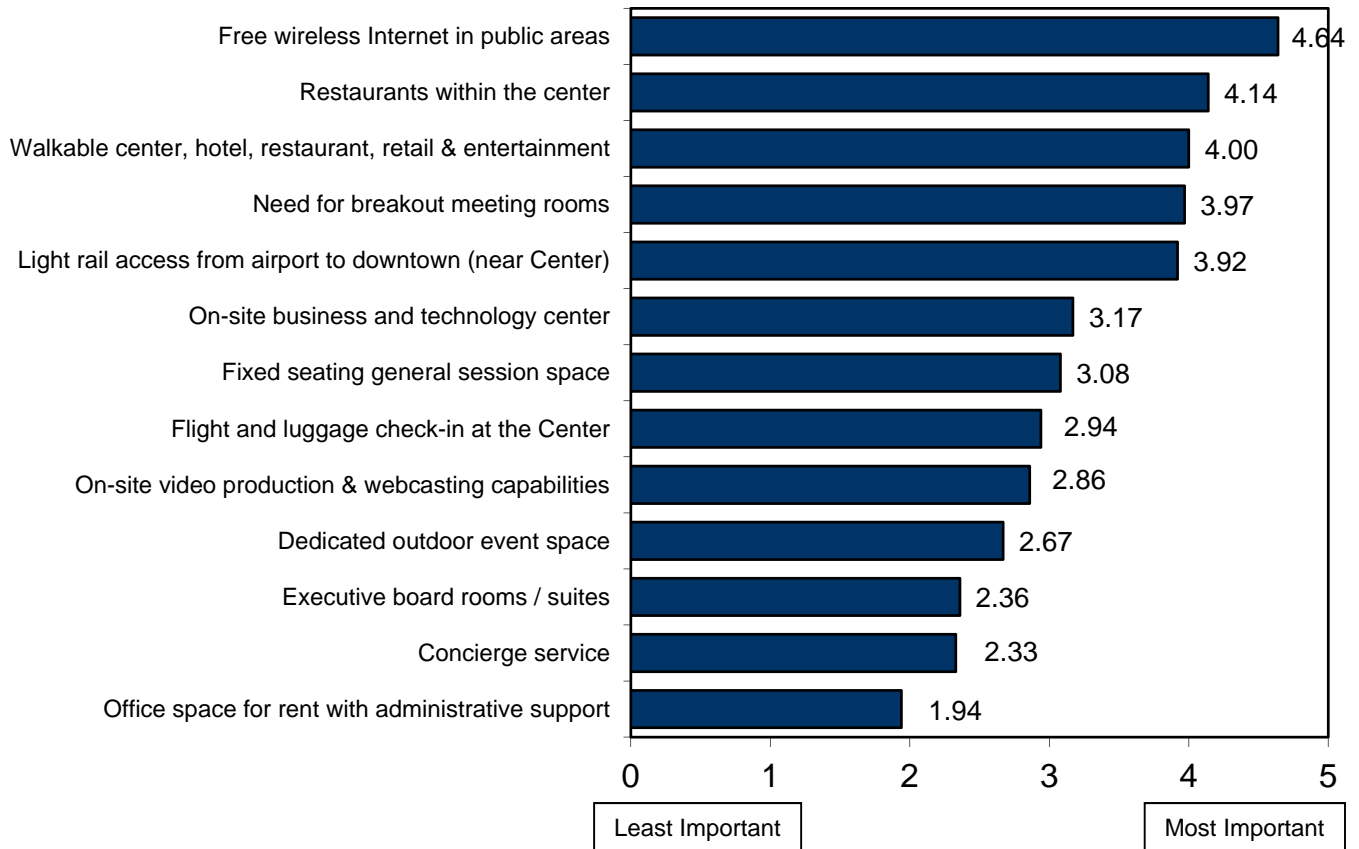
- 5LINX Enterprises
- Magic Marketplace Spring/Fall
- ABC Kids Expo
- Interactive Manufacturing Experience
- Annual International Awards Market
- International Bowl Expo
- International Consumer Electronics Show
- Specialty Equipment Market Showcase
- Golf Course Show
- International Communication Industries Association
- Food Expo
- RECon
- NFR Cowboy Christmas
- Elite Academy
- MGMA Annual Conference
- National Association of Broadcasters
- National Automobile Dealers Association
- National Business Aviation Association
- Power-Gen International Conference
- National Hardware Show
- G2E: Global Gaming Expo
- FABTECH
- Sports Licensing and Tailgate Show (Showproco)
- Tobacco Plus Expo
- True Value Fall Market
- Vacuum Dealers Trade Association
- Webmasterworld's Search and Internet Marketing Conference

Seventy eight percent of past LVCC users surveyed would use dedicated general session space, up from a 74 percent interest level in 2008. This space can be developed as multi-use flat floor space, or as tiered fixed seating lecture space. It is more common in the industry to use flat floor space for general sessions, and as a result this space can also be used for banquets, product demonstrations, poster sessions, light exhibits and other functions. The LVCC is one of very few large convention centers nationally that does not currently offer this type of space.



Note: Data represented include all organizations interviewed.
Source: CSL Interviews, 2008 & 2012

Convention Center & Destination Features Expected to Increase in Importance in the Future – Current & Past LVCC Users



Planners were asked to identify center features expected to increase in importance into the future. Free wireless in public areas is rated first, consistent with event planner comments we receive nation-wide. This is currently provided at the LVCC. The availability of restaurants within the center, a walkable environment surrounding the center, need for breakout meeting rooms and light rail access all rate high. The LVCC is challenged in terms of total meeting space and walkability surrounding the Center.

National Convention and Tradeshow Surveys

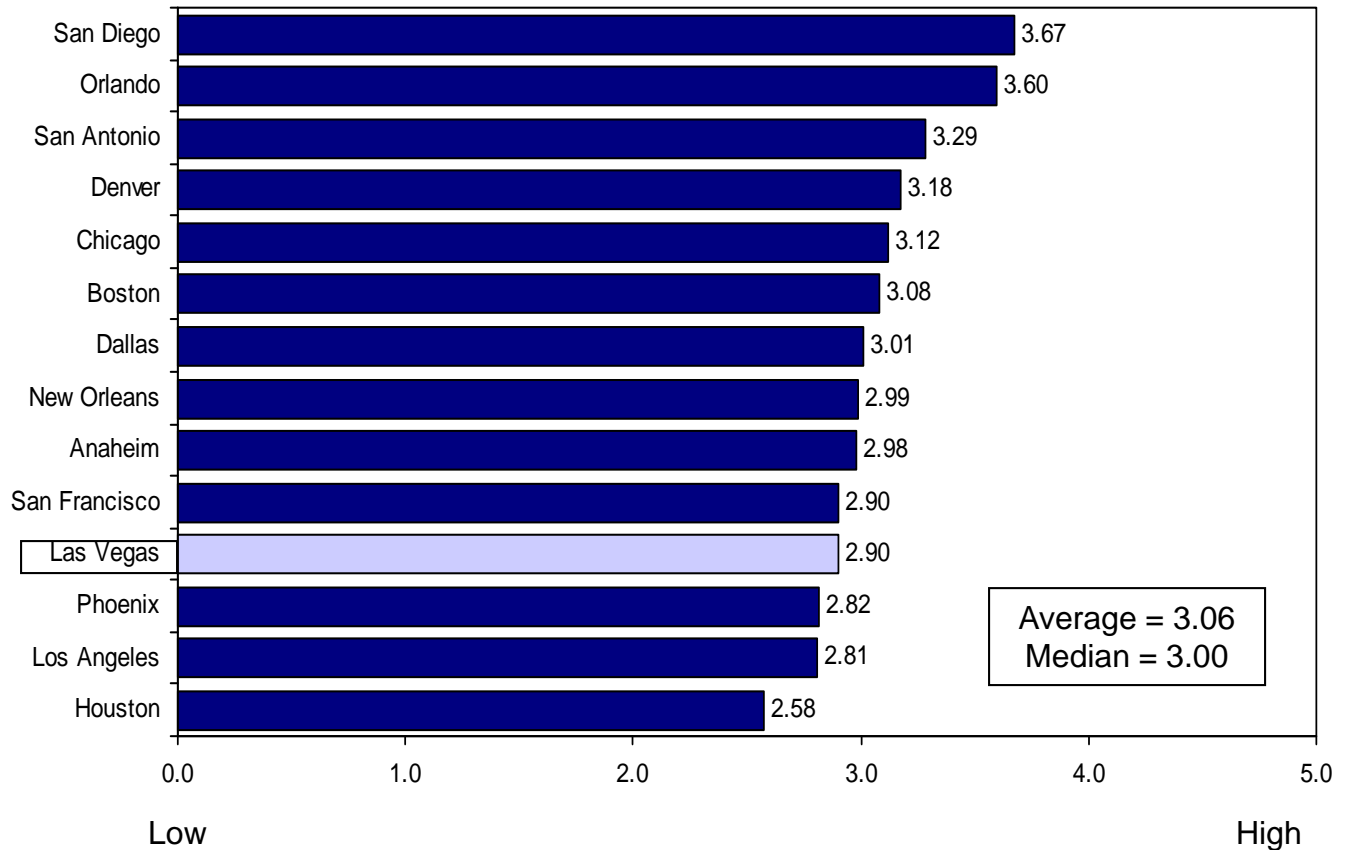
Participating National Conventions and Tradeshows

- 5Linx
- Academy of Osseointegration
- AEC Science And Technology
- Affinity Group
- American Academy of Ophthalmology
- American Association for Laboratory Animal Science
- American Association for the Study of Liver Disease
- American Association of Museums
- American Association of Neurological Surgeons
- American Bakers Association
- American Baseball Coaches Association
- American Correctional Food Service Association
- American Foundry Society
- American Fuel & Petrochemical Manufacturers
- American Health Care Association
- American Industrial Hygiene Association
- American Meat Institute
- American Quilter's Society
- American Rabbit Breeders Association
- American Society for Aesthetic Plastic Surgery
- American Society for Healthcare Human Resources
- American Society for Laser Medicine & Surgery
- American Society for Mass Spectrometry
- American Society for Quality
- American Society of Cataract & Refractive Surgery
- American Society of Consultant Pharmacists
- Association for Research in Vision And Ophthalmology
- Association of Military Surgeons
- Barbershop Harmony Society
- Benny Hinn Ministries
- Christian Booksellers Association International
- Church of the Nazarene International
- Council for Exceptional Children
- Dish Network
- Door And Hardware Institute
- Electric Utilities Environmental Association
- Electrical Apparatus Service Association
- Federation of Animal Science Societies
- Future Business Leaders of America - Phi Beta Lamb
- Gideons International
- Gold Wing Road Riders Association, Inc.
- Imprinted Sportswear Show
- International Association for Dental Research
- International Association of Chiefs of Police
- International Council of Shopping Centers
- International Facility Management Association
- International Foundation of Employee Benefit Plans
- International Society for Stem Cell Research
- International Society for Technology In Education
- Jayco Incorporated
- Leading Age
- LPL Financial
- Medical Library Association
- Million Dollar Round Table
- National Association for Bilingual Education
- National Association for College Admission Counsel
- National Association for Music Education
- National Association of Broadcasters
- National Association of Realtors
- National Automatic Merchandising Association
- National Baptist Sunday Church School
- National Cattlemen's Beef Association
- National Community Pharmacists Association
- National Corn Growers Association, National Association Wheat Growers
- National Council for the Social Studies
- National Facility Management And Technology Exposition
- National Federation for Catholic Youth Ministry
- National Indian Gaming Association
- National Medical Association
- National Safety Council
- National School Supply & Equipment Association
- National Sheriffs Association
- National Black MBA Association
- Network of Vertafore Users
- North American Reptile Breeders
- Office of Religious Education
- Professionals In Human Resources Association
- Re/Max LLC
- Rejuvenate Marketplace
- SAE International
- Sap America
- Servpro Industries Inc
- Shriners International
- Snowsports Industries America
- Society for Advancement of Chicanos And Native Americans
- Society of Women Engineers
- Tea Party Patriots, Inc.
- the Gospel Coalition
- the Movement Disorder Society
- Transportation Intermediaries Association
- Trinity Motivation
- UBM Canon (formerly Canon Communications LLC)
- United States Institute for theatre Technology
- University of Missouri Columbia School of Medicine
- Us Army Public Health Command
- Us Department of Veterans Affairs
- Us Travel Association
- Veterans of foreign Wars of the United States
- World Educational Congress for Laundering & Drycleaning
- XR/Stitches

A total of 100 national convention and tradeshow planners were surveyed, drawing from the DMAI industry planner database (empowerMINT). Planners requiring 100,000 or more square feet of exhibit space or events with more than 5,000 or more attendees and at least 2,500 peak room nights were targeted in this effort. This research is used to evaluate perceptions toward Las Vegas as an event destination, and facility/community requirements for those planners with an interest in hosting future events in the city.

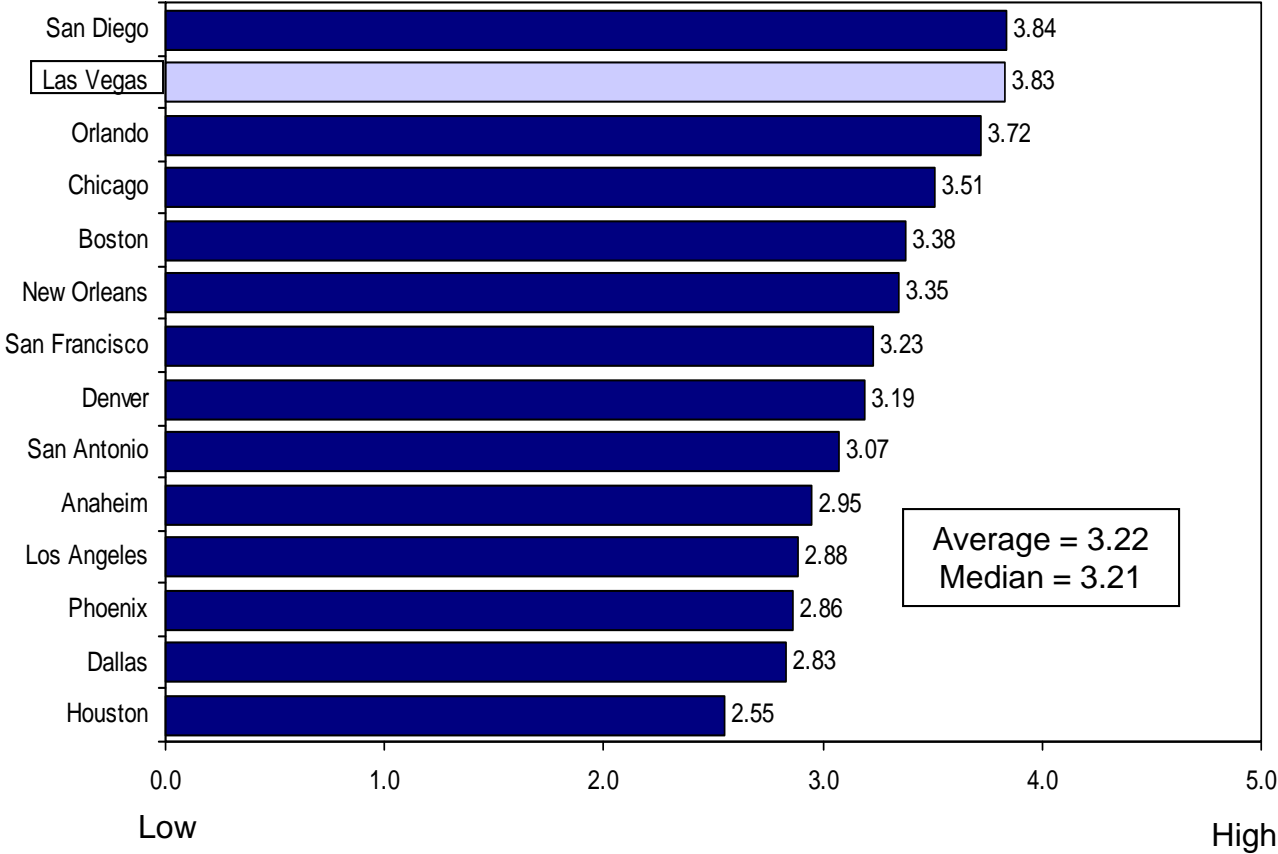


Ranking of Competitive and Comparable Markets (All Respondents) – National Conventions and Tradeshow



Planners surveyed were asked to rate several destinations in terms of desirability for hosting an event. Las Vegas ranked somewhat low among all planners surveyed. However, data for planners with an interest in hosting an event in Las Vegas demonstrate significantly different results. It is important to note that if only larger events are considered (those requiring over 200,000 square feet of exhibit space), the Las Vegas rating increases to 3.03.

Ranking of Competitive and Comparable Markets (Positive Respondents) – National Conventions and Tradeshow

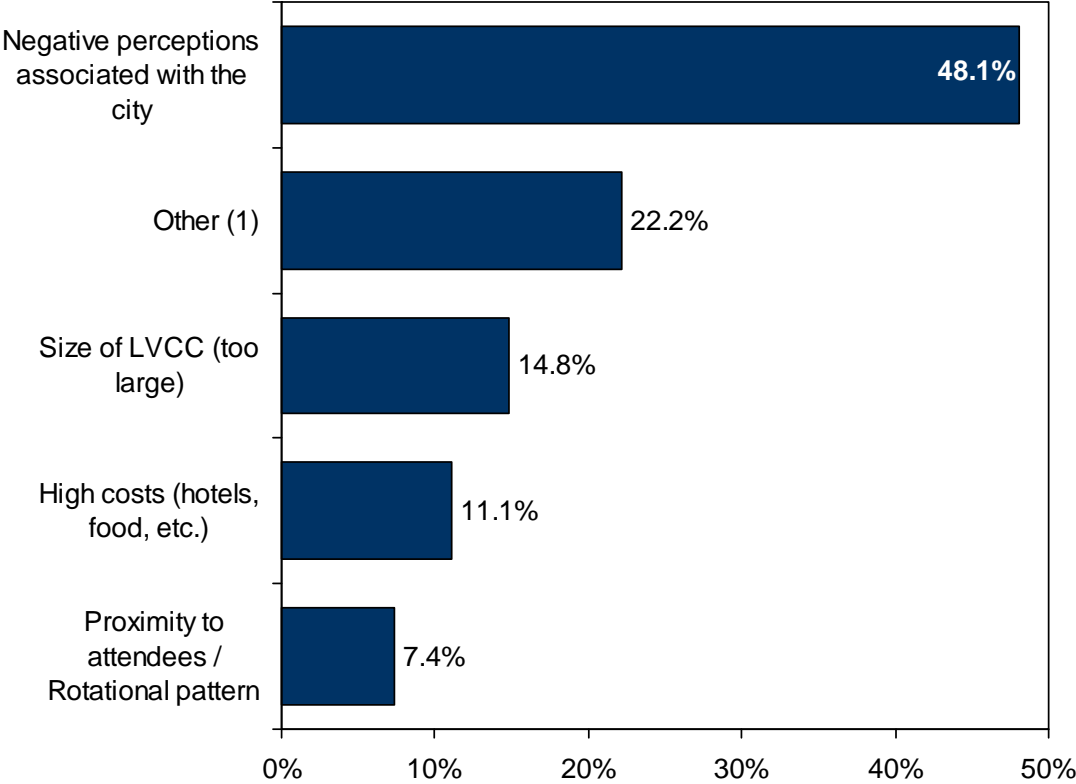


Among planners with an interest in Las Vegas, the city ranks second amongst the markets reviewed. These data indicate that Las Vegas has a large dedicated segment of the market for which it competes. At the same time, there is a segment of the market that does not view Las Vegas as a suitable destination for their event for various reasons discussed on the following page.



Note: Data include all organizations with a potential interest in the Las Vegas Convention Center.
Source: CSL Interviews, 2012

Reasons for Not Considering the LVCC – National Conventions and Tradeshow

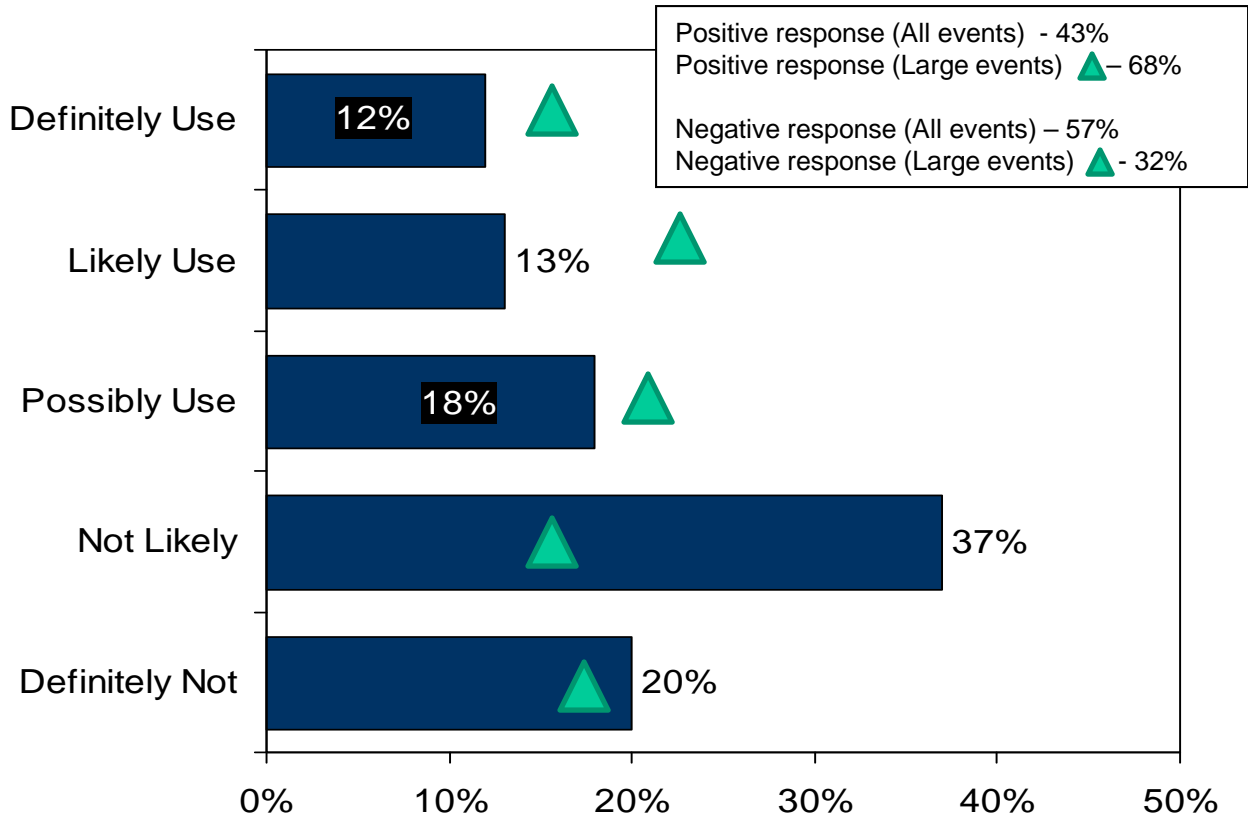


A number of groups expressed concerns with bringing their event(s) to Las Vegas. Negative perceptions of Las Vegas as a potential host market were cited by nearly half of those expressing a lack of interest. These perceptions generally related to gaming (as a distraction or as inconsistent with group views), and were often expressed by religious, government and youth groups. Other commonly mentioned factors included the size of the Center being too large for their group, high costs associated with the market and a lack of attendees in the immediate area.

(1) "Other" reasons for a lack of interest in the LVCC included weather, date availability, labor concerns, etc.
Note: Data include only organizations expressing a lack of interest in hosting a future event at the LVCC.
Source: CSL Interviews, 2012

Likelihood of Using the LVCC – National Conventions and Tradeshows

Approximately 61 percent of those surveyed have not hosted an event in Las Vegas in the past.

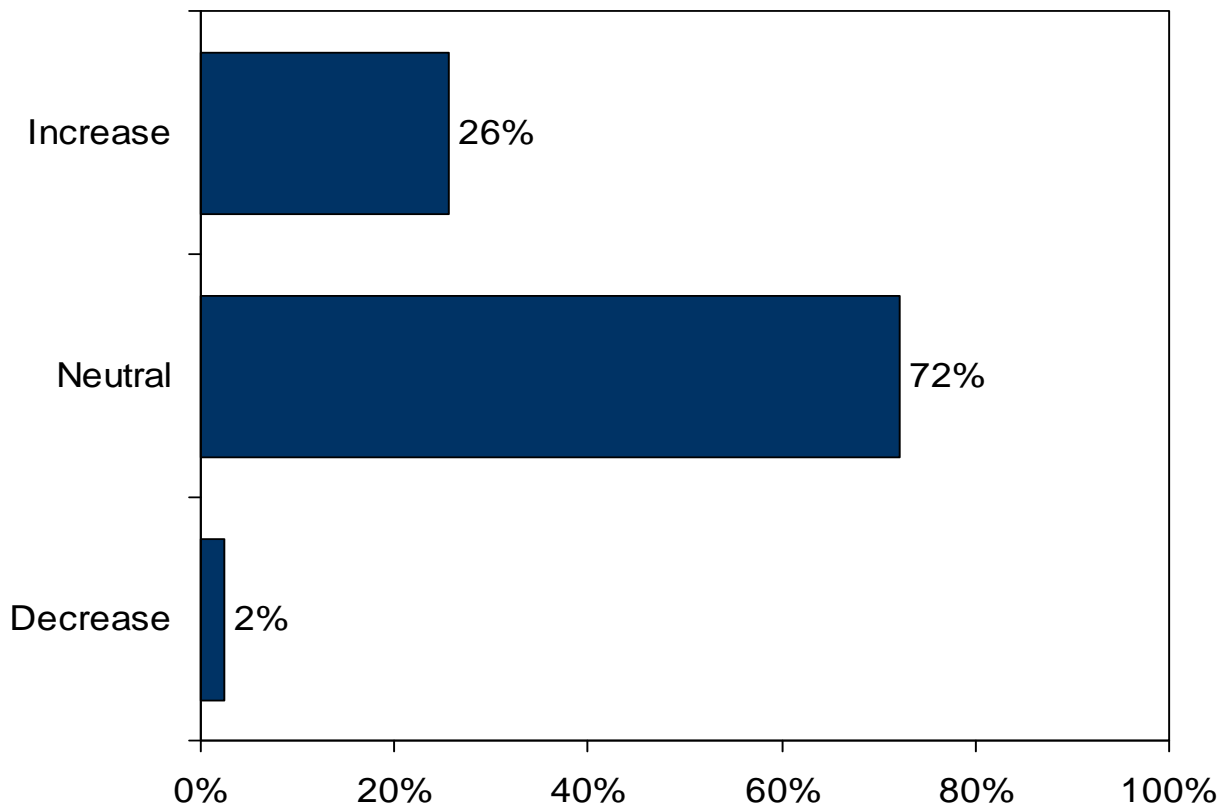


Of all planners surveyed, 43 percent registered an interest in hosting an event in Las Vegas. Of planners of events requiring over 200,000 s.f. of exhibit space, this response rate increases to 68 percent. These data indicate that the large event focus for the LVCC is appropriate, and that smaller conventions, with a very wide array of facility choices nationally, are somewhat less focused on Las Vegas. We note that 61 percent of all events, and 56 percent of large events surveyed have not hosted an event in Las Vegas in the past – indicating continued potential for added event activity.



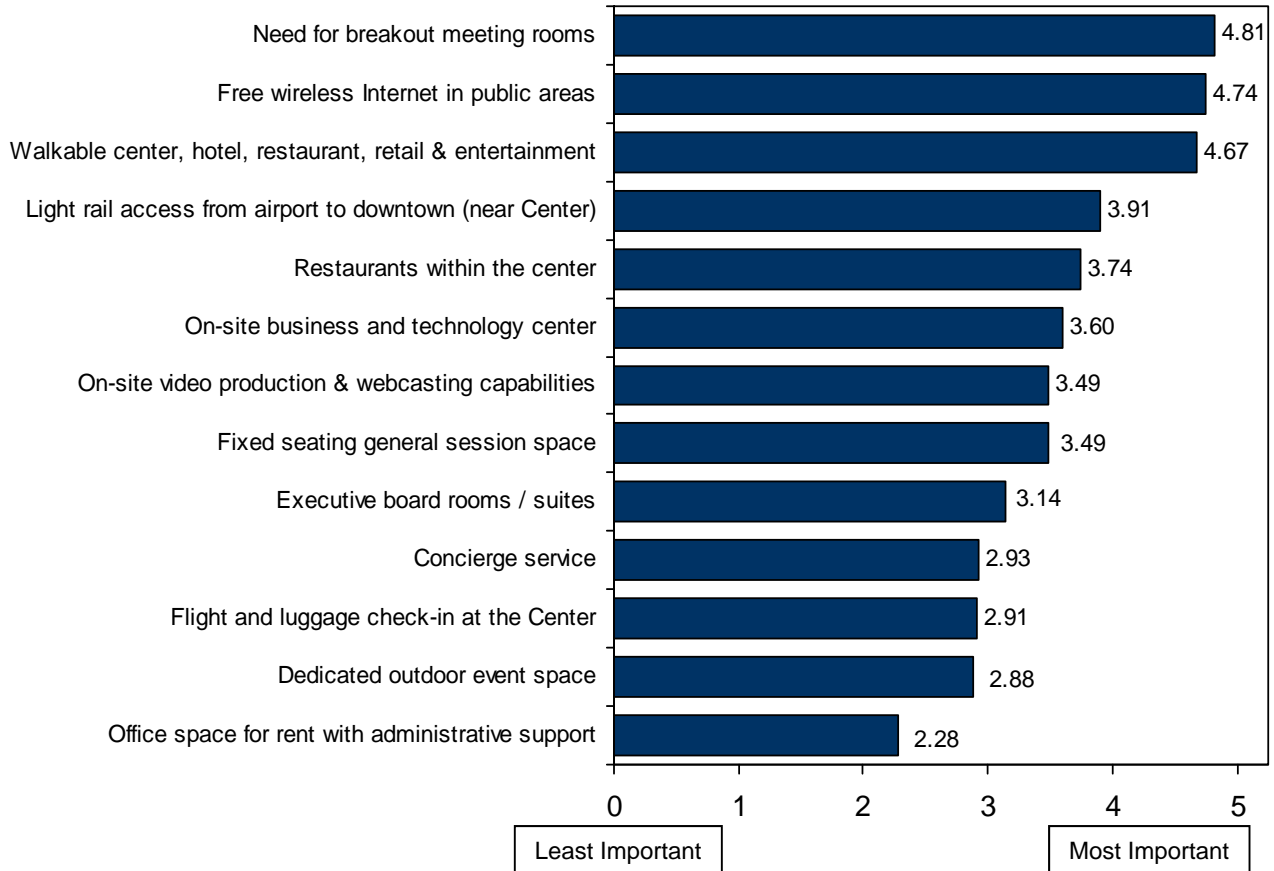
Note: Data include all organizations interviewed.
 Source: CSL Interviews, 2012

Expected Future Changes to the Appeal of Las Vegas as a Convention Destination – National Conventions and Tradeshow



Event planners were asked as to the perceptions of Las Vegas as a convention destination, and how this may change in the future. Seventy-two percent of planners surveyed see the appeal of Las Vegas remaining constant into the future. Importantly, 26 percent see the desirability of Las Vegas as increasing into the future, while only two percent see the destination appeal as decreasing.

Convention Center & Destination Features Expected to Increase in Importance – Positive National Conventions and Tradeshow

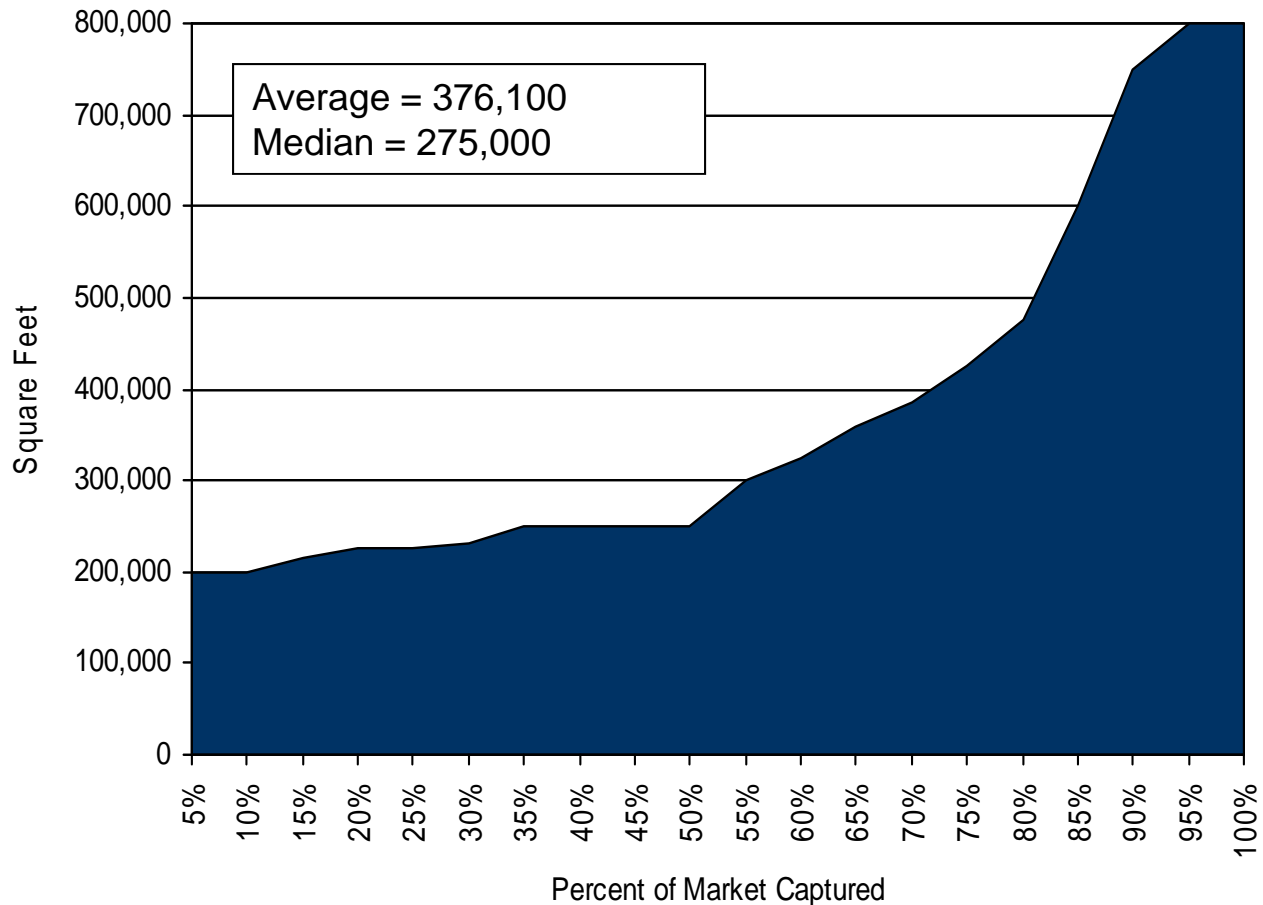


As with past and current LVCC users, a broader set of national event planners were asked as to the facility and destination features expected to increase in importance into the future. Need for meeting space, free wireless, and a walkable convention center district were cited as three features likely to increase in importance. Addressing the meeting space and walkable environment issues will help support and expand the convention industry in Las Vegas.



Note: Data include all organizations with a potential interest in the Las Vegas Convention Center
 Source: CSL Interviews, 2012

Summary of Exhibit Space Demand – National Conventions and Tradeshow



The percent of the convention and tradeshow market that can be accommodated at various exhibit space levels has been measured. To accommodate 50 percent of the market, 275,000 square feet would be required. The space available in the North Hall can accommodate 70 percent of the market, while Hall C can accommodate 85 percent of the market. These data confirm a continued need for the LVCC to accommodate multiple overlapping events, and a need for sufficient meeting, ballroom and exhibit space to support this multi-event approach.

Note: Data include all organizations with a potential interest in the Las Vegas Convention Center that require 200,000 or more GSF of exhibit space.

Source: CSL Interviews, 2012

Sporting, Special Event and International Demand

Sporting, Special Event and International Event Opportunities

We have analyzed various opportunities to generate non-traditional LVCC event activity, particularly from sporting, special event and international events. Sporting and special events often take place during slower periods on the booking calendar and have the potential to generate incremental room nights and associated economic impacts. Currently, the LVCC hosts a variety of these events, many of which are recurring annual functions. Several of these are listed below.

Organization	Event Days	Attendance
Mr. Olympia LLC	3	15,000
Jam on it Basketball Academy - AAU West Coast Championships	15	12,000
Southern California Volleyball Association	4	12,000
American Taekwondo Association, Inc. West Coast Tournament	3	5,500
USA Wrestling	5	5,000
USA Table Tennis	5	3,000
Cliff Keen Las Vegas Collegiate Wrestling Invitational	4	2,150
North American Gay Volleyball Association	4	1,200
National Professional Paintball League	4	1,000

Based on conversations with planners representing the existing and potential future market for large national sporting and special events at the LVCC, we have developed the following findings.

Las Vegas Market Considerations

- Research indicates that potential demand exists for added volleyball, youth basketball and wrestling events. Las Vegas has the facilities, the appeal and the hotels to support this market. Numerous such events currently held throughout California would consider shifting to Vegas.
- Large music and entertainment functions such as the Academy of Country Music expo/festival component could be hosted at LVCC if it provided adequate upscale space.

Sporting, Special Event and International Event Opportunities

Las Vegas Market Considerations (continued)

- We note that there is significant competition nationally for sporting and special events. Cities such as Indianapolis, San Diego, Dallas, New Orleans and Atlanta actively compete for these events. These and other destinations offer convention space with attached sleeping rooms, restaurants, shops, etc.
- Several existing Las Vegas hotels (including the Orleans, Sunset, etc.) currently host numerous sporting events.
- As Las Vegas is a non-central location with a small drive-in population, participants/families must fly in which adds to costs and limits people's ability/willingness to pay registration fees. This can result in reduced participation/attendance levels.

LVCC Facility Considerations

- The LVCC is not a viable venue for many sporting events—particularly those that require fixed/seating, arena environment (i.e., Thomas & Mack Center).
- Arena-type fixed seating (approximately 3,000 to 5,000 seats) would be ideal to support the needs of many tournaments. Portable seating can be used to create this seating inventory.
- South Hall is not conducive to many events. The pillars are too large and take up a significant amount of floor space.
- To accommodate opening/closing ceremonies and award banquets, many sporting events require 100,000 square feet of flat floor space, often two to three times per day.

Sporting, Special Event and International Event Opportunities

LVCC Facility Considerations (continued)

- To accommodate high-participant events, restrooms are needed in every hall. There are some LVCC limitations with respect to restroom inventory, particularly in areas of the North Hall.
- Other amenities that should be considered as part of future LVCC facility and site planning efforts include the following:
 - On-site video production & webcasting capabilities
 - Restaurants within the center
 - Walkable center, hotel, restaurant, retail & entertainment environment
 - Light rail access from airport to downtown (near Center)

Other Considerations

- Most competitive destinations offer a well-funded sports commission that is able to solicit and provide bid fees, arrange hotel room rebates and provide other support amenities to event producers. To increase the attraction of large sporting and special events to Las Vegas, a more dedicated form of funding and support may be beneficial.
- It is not uncommon for sports commission budgets to reach and exceed \$1.0 million, with proceeds allocated to bid fees, marketing, staffing and other overhead.

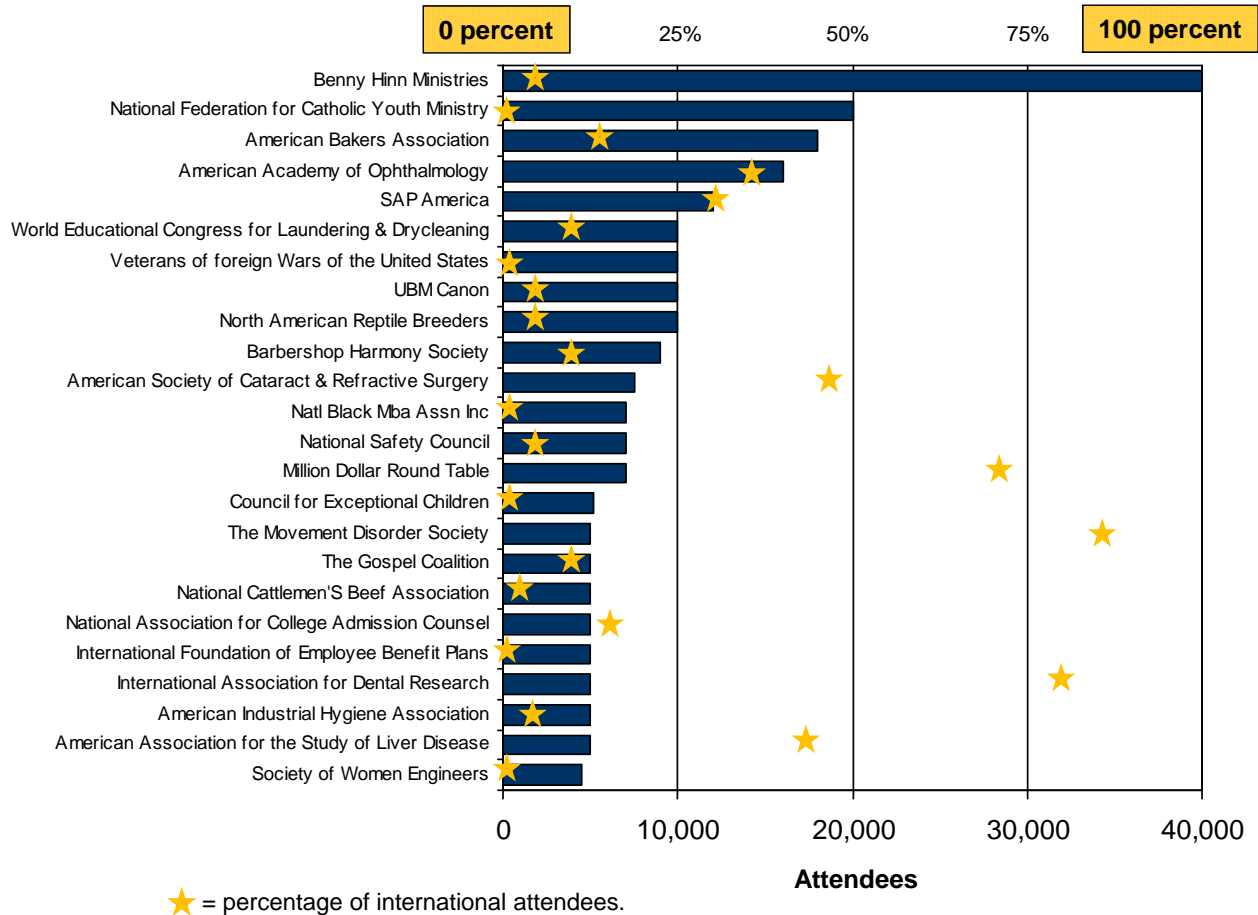
Sporting, Special Event and International Event Opportunities

From an international event perspective, many LVCC events currently attract a high proportion of attendees from outside the country. Ultimately, the participation of the LVCC in the international event market will materialize through attracting events that rotate throughout North America and generate high international attendee levels, rather than attracting events that actually rotate internationally.

As part of our research, we evaluated the international attendee participation at surveyed nation conventions and tradeshow. When asked to estimate the origin of their delegate base, the percentage of international attendees ranged from zero to 85 percent. Several events attract more than 90 percent of their attendance from within the United States; however, certain large groups (including American Academy of Ophthalmology, SAP America, American Society of Cataract & Refractive Surgery) generate 30 to 50 percent of their attendance from outside of the United States. These data are summarized in chart form on the following page.

This level of international attendees suggests that there may be LVCC facility responses that could improve competitive position for these types of events. Several of these facility features are discussed on the following pages.

Sporting, Special Event and International Event Opportunities



To help enhance the LVCC competitive position within the segment of events that draw significant international attendee levels, several amenities could be developed or installed including those described below.

International Visitor Concierge Service – Attendees that arrive from overseas can have a variety of unique travel, cultural and other needs. Consideration should be given to providing high-profile portable stations that offer staff with relevant language capabilities and ability to address various cultural, religious, travel and attendee comfort issues.

International Conference / Convention Facilities – Unique Amenities

Recording/Production Facilities – Meeting planners (both international and domestic) could benefit through enhanced opportunities to capture event content. Consideration should be given to installing production and post production space within the LVCC, providing commercial edit suites, outside broadcast and video production equipment hire. Approximately 1,000 square feet would allow for studio/interview room, bays for editing and post production and equipment storage. Filming, production and related services provided could include:

- Panel discussions
- Documentaries
- Webcasts
- Lectures / speeches / interviews
- Voice over talent
- Script development
- Creative designs

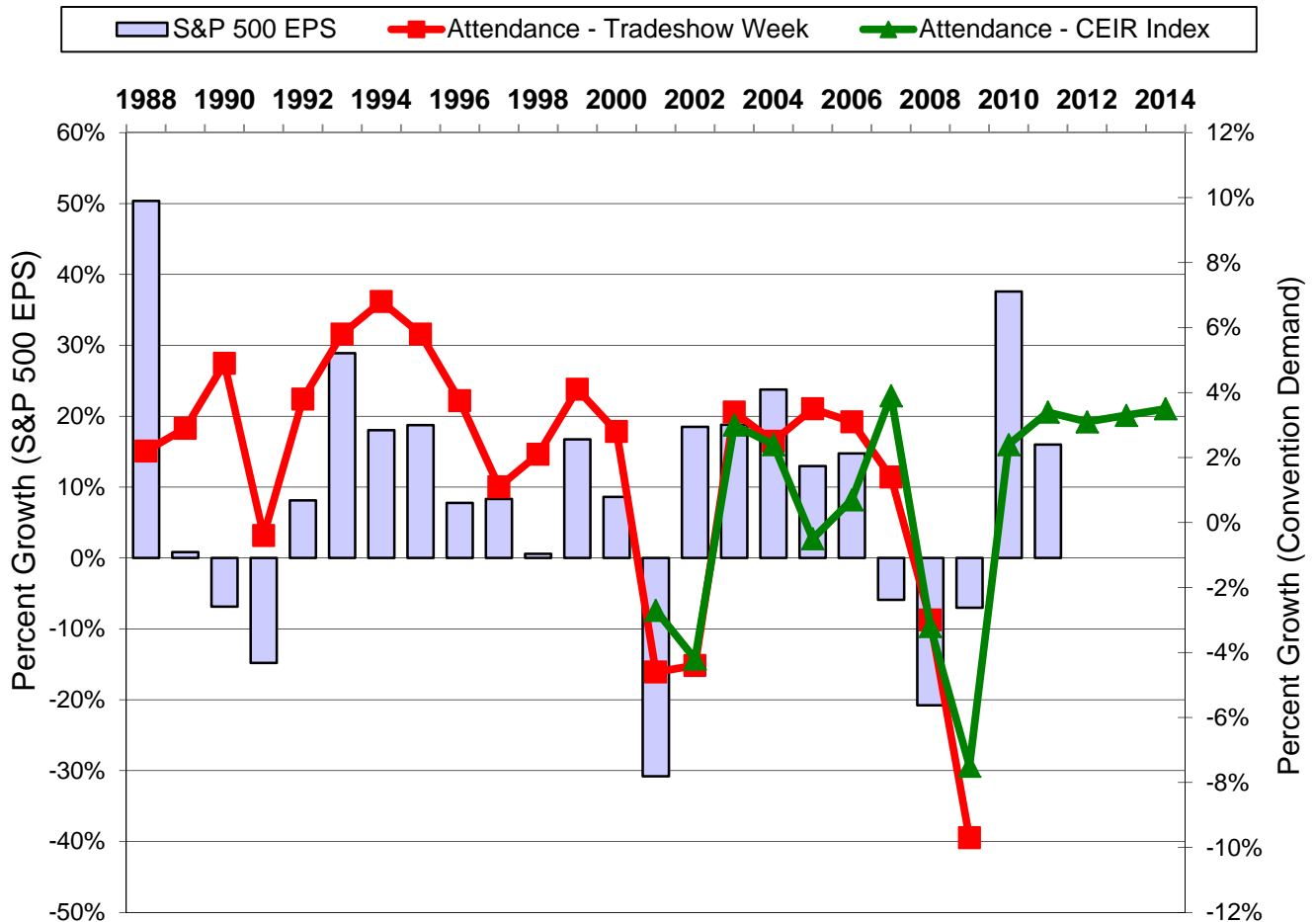
Electronic Exhibit, Meeting and Way finding Signage – Consideration should be given to installing electronic meeting room signage allowing for multi-lingual, programmable information controlled from a central location (connected through hard wire and/or wireless).

Press/Speaker Rooms – Secure welcome lounge, rehearsal space, presentation production, dedicated press rooms. Allows for loading of presentations to any room in center from central location.

Multilingual Translation Capabilities – This would consist of portable versus dedicated permanent space.

Industry Trends

Annual Changes to Convention & Tradeshow Attendance and S&P 500 EPS

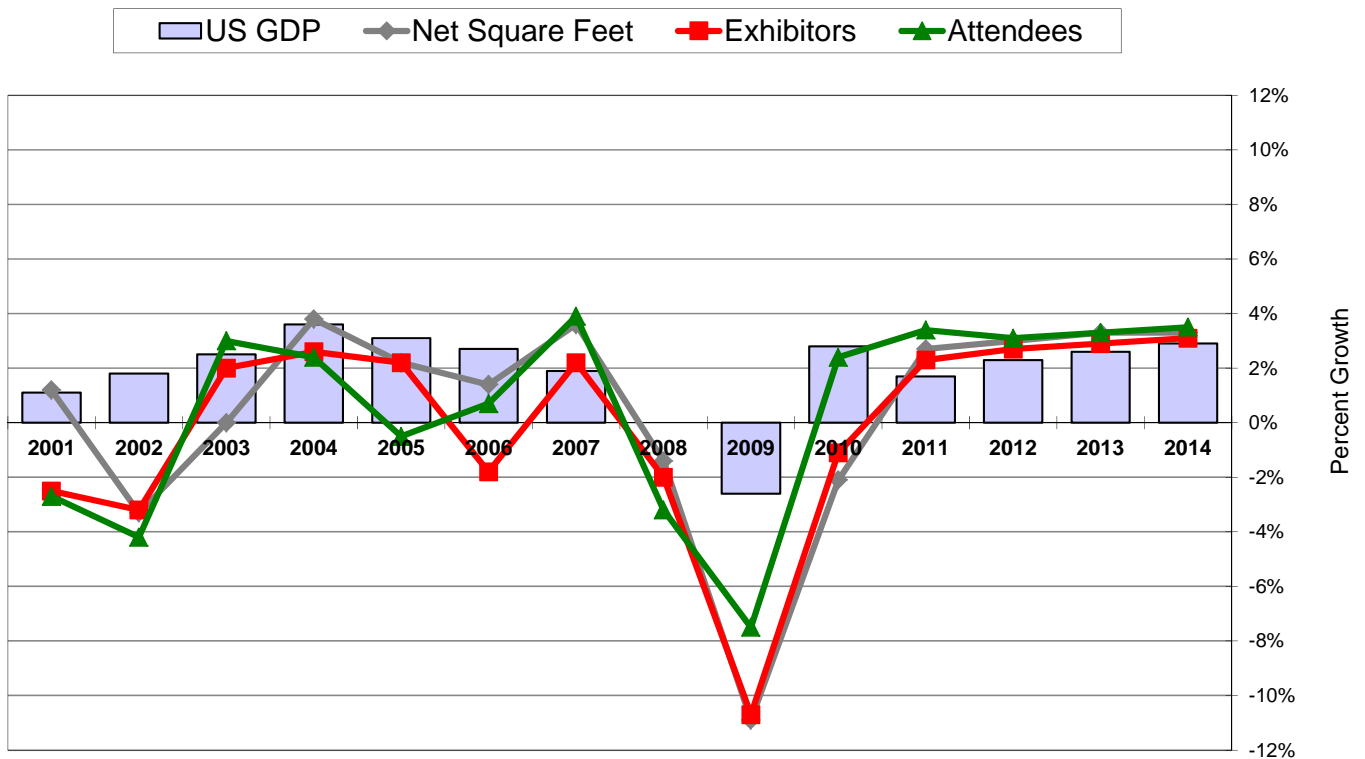


To explore the relationship between the convention industry and overall economic conditions, we present annual changes to S&P 500 earnings-per-share data measured against convention attendance. The linkage between the two measures is clearly demonstrated, both during recessionary and growth periods. We do not expect this link to deteriorate, and as economic conditions improve, convention and tradeshow attendance is forecast to increase at approximately three percent annually.



Sources: Tradeshow Week, 2010; Standard & Poor's, 2012; Center for Exhibition Industry Research (CEIR), 2012.

Annual Changes to Convention & Tradeshow Demand and United States GDP

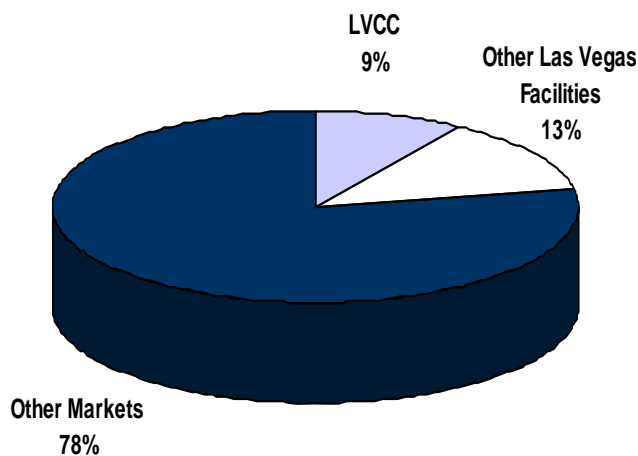


To further explore the linkages between economic conditions and the convention industry, we consider annual changes in domestic GDP relative to changes in convention and tradeshow industry-wide net square foot usage. As shown above, the linkage holds true over the past 10 years, with an exaggerated industry response to GDP contraction during the recent “great recession”. Future economic growth is expected to facilitate increases in exhibit space use in the three percent range.

Tradeshow 250 Analysis

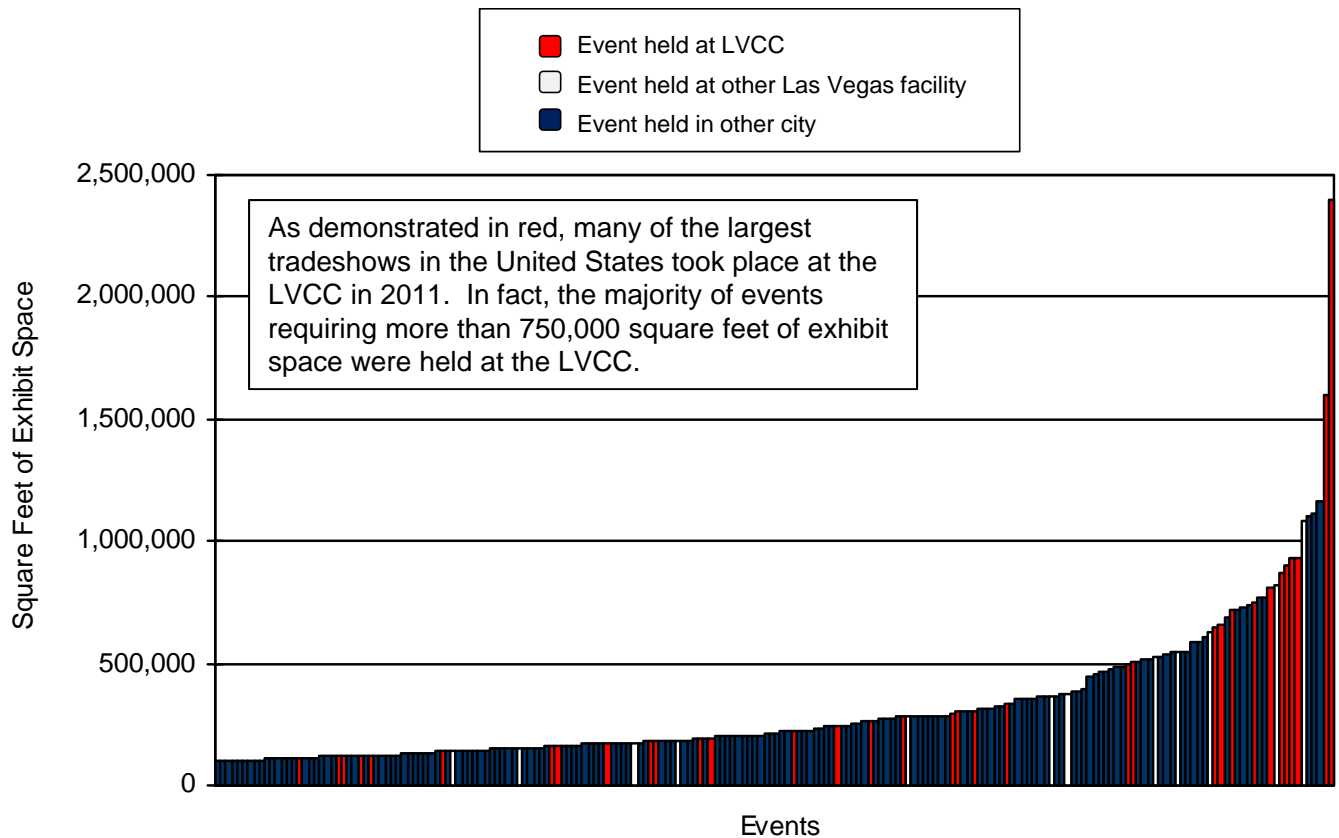
Listing of Tradeshow 250 Events Hosted in Las Vegas - 2011

Organization/Event	Venue	Organization/Event	Venue
CONEXPO-CON/AGG	Las Vegas Convention Center	Cosmoprof North America	Mandalay Bay Resort & Casino
International CES	Las Vegas Convention Center	SuperZoo	Mandalay Bay Resort & Casino
SEMA 2011 Show (Specialty Equipment Market Association)	Las Vegas Convention Center	International Pool Spa Patio Expo	Mandalay Bay Resort & Casino
NBAA Annual Meeting & Convention	Las Vegas Convention Center	IPC APEX Expo	Mandalay Bay Resort & Casino
RECon 2011	Las Vegas Convention Center	Interop Las Vegas	Mandalay Bay Resort & Casino
MAGIC Marketplace - Summer	Las Vegas Convention Center	International Roofing Expo	Mandalay Bay Resort & Casino
MAGIC Marketplace - Winter	Las Vegas Convention Center	American Association of Diabetes Educators	Mandalay Bay Resort & Casino
2011 NAB Show	Las Vegas Convention Center	EXHIBITOR2011	Mandalay Bay Resort & Casino
ASD Las Vegas - Aug.	Las Vegas Convention Center	Wedding and Portrait Photographers International	MGM Grand Convention Center
Pack Expo Las Vegas/CPP Expo	Las Vegas Convention Center	EDS (Electronic Distribution Show)	Paris Las Vegas
National Hardware Show	Las Vegas Convention Center	WWN - Women's Wear In Nevada (Aug.)	Rio Suites Hotel and Casino
World of Concrete	Las Vegas Convention Center	WWN - WomensWear In Nevada (Feb.)	Rio Suites Hotel and Casino
International Air-Conditioning, Heating, Refrigerating Expo	Las Vegas Convention Center	Shooting, Hunting & Outdoor Trade Show (SHOT Show)	Sands Expo & Convention Center
POWER-GEN International	Las Vegas Convention Center	AAPEX	Sands Expo & Convention Center
ISSA/INTERCLEAN North America 2011	Las Vegas Convention Center	Coverings 2011	Sands Expo & Convention Center
The Clean Show	Las Vegas Convention Center	Interbike	Sands Expo & Convention Center
AWFS®Fair Vegas	Las Vegas Convention Center	Hospitality Design Exposition and Conference	Sands Expo & Convention Center
Nightclub & Bar Convention and Trade Show	Las Vegas Convention Center	Global Gaming Expo (G2E)	Sands Expo & Convention Center
International Convention of Allied Sportfishing Trades	Las Vegas Convention Center	GlobalShop	Sands Expo & Convention Center
IFPE	Las Vegas Convention Center	International Vision Expo West	Sands Expo & Convention Center
EMS World Expo 2011	Las Vegas Convention Center	OFFPRICE Show - Aug.	Sands Expo & Convention Center
International Pizza Expo	Las Vegas Convention Center	The Car Wash Show	Sands Expo & Convention Center
Catersource and Event Solutions Conference & Trade Show	Las Vegas Convention Center	OFFPRICE Show - Feb.	Sands Expo & Convention Center
JCK Las Vegas	Mandalay Bay Resort & Casino	ASD Las Vegas - Mar.	Sands Expo & Convention Center/LVCC
The PPAI Expo 2011	Mandalay Bay Resort & Casino	International Security Conference - West	Sands Expo & Convention Center/Venetian
Surfaces 2011	Mandalay Bay Resort & Casino	Winter Las Vegas Market	World Market Center
The Rental Show	Mandalay Bay Resort & Casino	Summer Las Vegas Market	World Market Center
ISA International Sign Expo 2011	Mandalay Bay Resort & Casino		



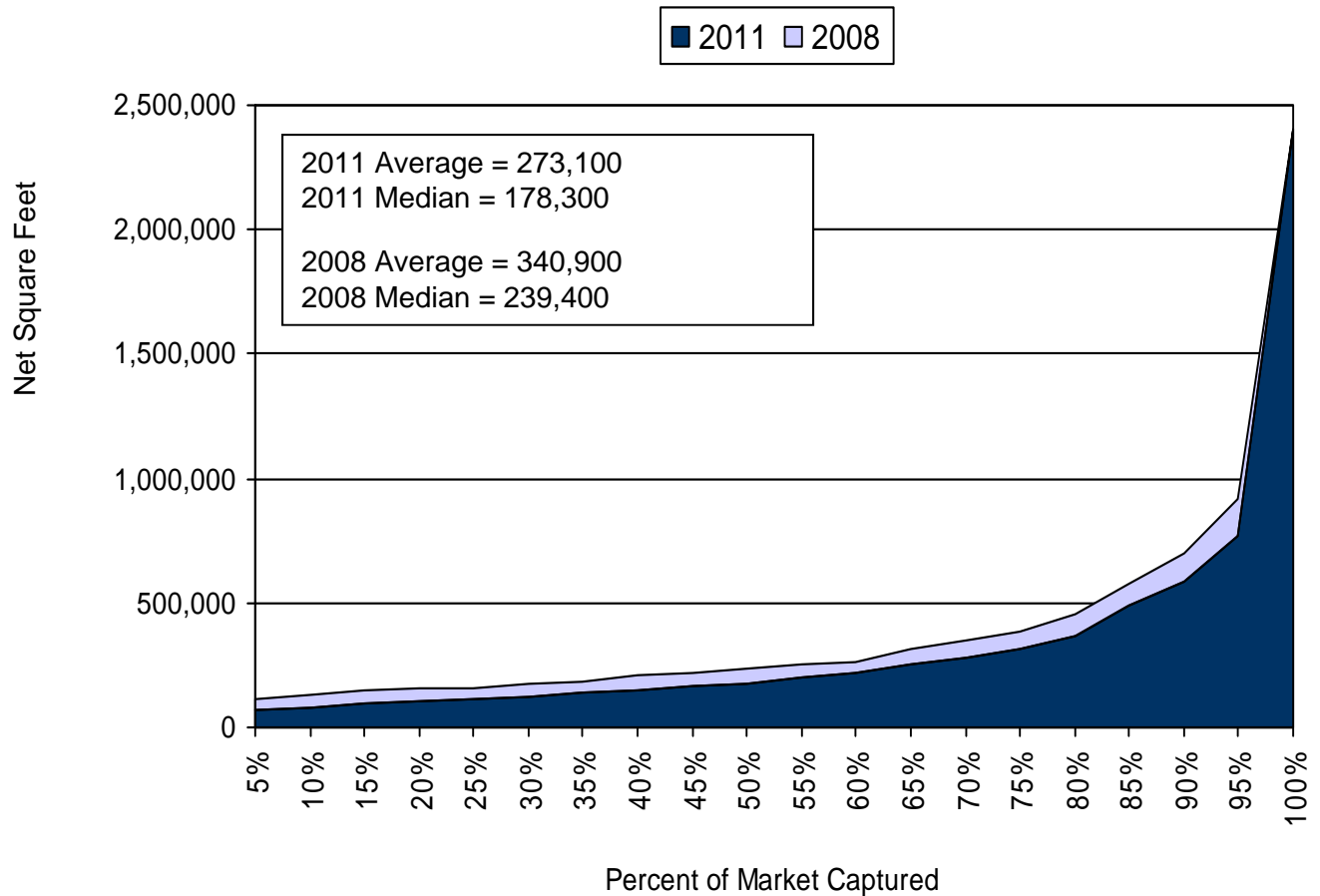
Twenty-two percent of the largest 250 tradeshows were held in Las Vegas in 2011 (events listed above). A total of 23 such events were held at the LVCC.

Locations of Large National Tradeshows by Size - 2011



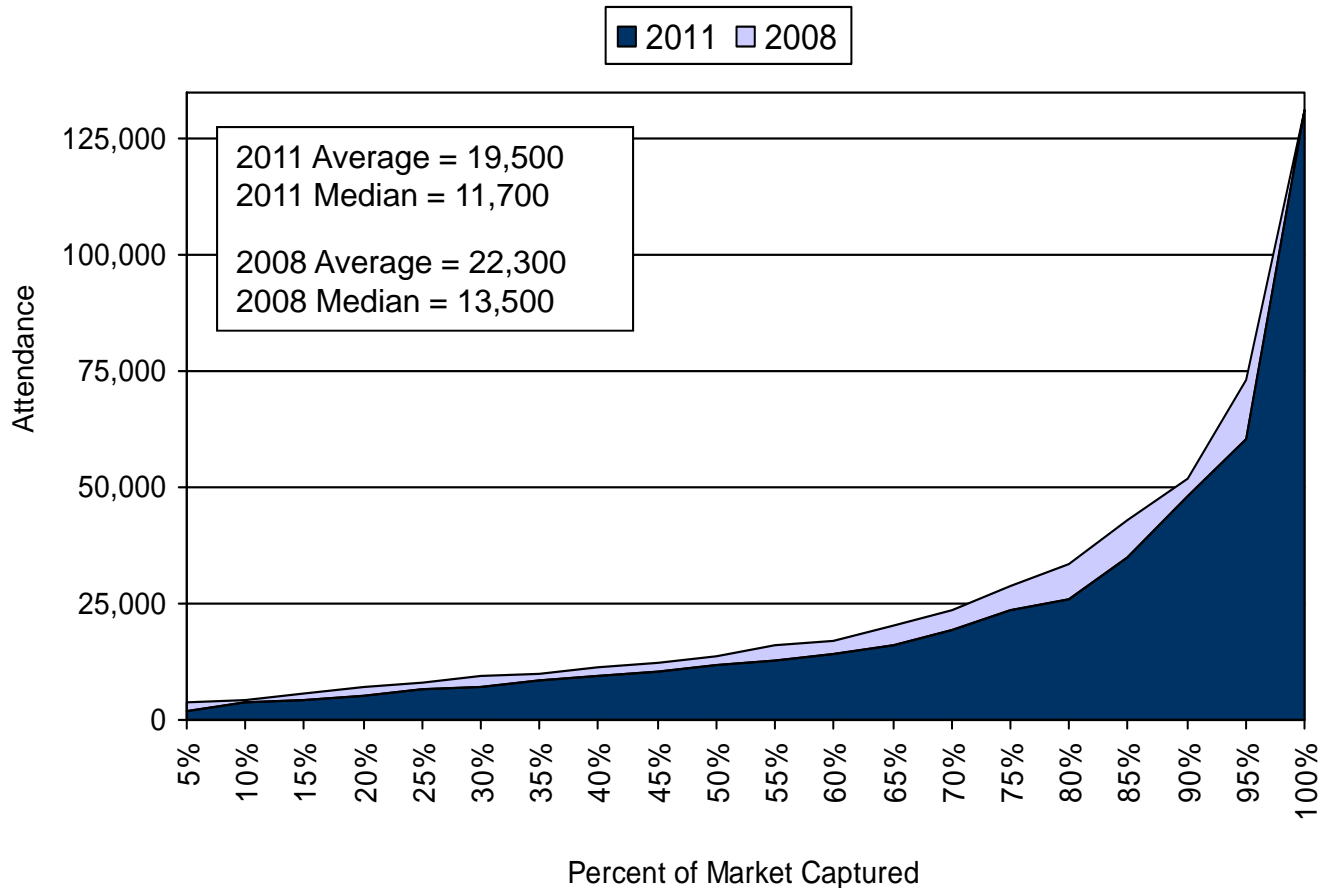
The locations in which the 250 largest tradeshows were held in 2011 have been reviewed, with events held in Las Vegas highlighted (LVCC in red and other Las Vegas facilities in white). Las Vegas hosted a total of 55 of the largest tradeshows in the United States (23 of which took place at the LVCC). As demonstrated, Las Vegas, in particular the LVCC, held a much greater share of the largest North American events, and a lesser share of the smaller events.

Summary of Net Exhibit Space Demand – Tradeshow 250 (2011 vs. 2008)



We have compared the distribution of net exhibit space by the largest 250 tradeshows for 2008 versus 2011. As noted above, there has been a slight decrease in exhibit space use industry-wide, with average space use dropping from 340,900 to 273,100 over the three year period. Domestic and global economic contraction is viewed as the primary source of this decrease. Previously summarized trend analyses demonstrates the link between the industry and overall economic conditions.

Summary of Attendance – Tradeshow 250 (2011 vs. 2008)



We have also measured change in large tradeshow attendance data over the past three years, with results similar to those for exhibit space use. Average attendance has dropped from 22,300 in 2008 to 19,500 in 2011. As economic conditions improve, we expect these conditions to change. We note that event attendance data for the LVCC over the past several years appears to have remained fairly steady, countering any economy-related downturn.

Appendix 1.0
Las Vegas Convention Center Survey
- Current & Past Facility Users -

1. Please enter the name of the organization that you represent:
2. In an effort to exclude you from a possible future re-sending of this email, please enter your email address
3. Is the existing square footage of exhibit space at the Las Vegas Convention Center sufficient for your needs? If not, what additions or modifications to the Center would be needed to better support your event(s)?
4. Is the existing square footage of meeting space at the Las Vegas Convention Center sufficient for your needs? If not, what additions or modifications to the Center would be needed to better support your event(s)?
5. Would dedicated general session space be useful for such functions as food & beverage events, general sessions, presentations, lectures, etc.? If so, how many times during your event(s) would such space be occupied? How many square feet, or for how many people would such space would be utilized?
6. What are your thoughts on the South Hall? How well has it suited the needs of your event(s)? What, if any, modifications or additions would you suggest to enable the Hall to better accommodate your needs?
7. Please list specific features in specific buildings that you feel best address the needs of your event(s)?

8. What facility or destination features do you believe will increase in importance for your event(s) in the future? Please rate each of the following on a scale of one through five, with five being most important and one being least important.

	<u>Least Important</u>			<u>Most Important</u>	
	1	2	3	4	5
Concierge service	1	2	3	4	5
Dedicated outdoor event space for assemblies, receptions & exhibits	1	2	3	4	5
Executive board rooms / suites	1	2	3	4	5
Fixed seating general session space	1	2	3	4	5
Flight and luggage check-in at the Center	1	2	3	4	5
Free wireless Internet in public areas	1	2	3	4	5
Light rail access from airport to downtown (near Center)	1	2	3	4	5
Need for breakout meeting rooms	1	2	3	4	5
Office space for rent with administrative support	1	2	3	4	5
On-site business and technology center	1	2	3	4	5
On-site video production & webcasting capabilities	1	2	3	4	5
Restaurants within the center	1	2	3	4	5
Walkable center, hotel, restaurant, retail & entertainment environment	1	2	3	4	5
Other (please specify) _____					

9. Please describe any threats that you believe may affect the convention destination appeal of Las Vegas in the future.

10. Do you have any specific recommendations regarding the Las Vegas Convention Center District Improvement Plan?

Appendix 2.0 Las Vegas Convention Center Survey - National Organizations -

1. What is the average gross square feet of exhibit space required for this event?

_____ Gross square feet of exhibit space

OR

_____ Number of ten-by-ten booths

2. How do you believe your event's meeting space needs will change over the next: ?

	<u>2 years</u>	<u>5 years</u>
1 increase significantly		
2 increase slightly		
3 remain constant		
4 decrease slightly		
5 decrease significantly		

3. How do you believe your event's exhibit space needs will change over the next: ?

	<u>2 years</u>	<u>5 years</u>
1 increase significantly		
2 increase slightly		
3 remain constant		
4 decrease slightly		
5 decrease significantly		

4. How would you characterize the following cities in terms of their desirability and ability to successfully accommodate your event? Please rate each of the following cities from 1 to 5, with "5" representing the highest or most desirable ranking and "1" being the lowest or least desirable ranking. **READ ONE CITY AT A TIME, ALLOWING FOR A RESPONSE PER CITY BEFORE PROCEEDING TO THE NEXT CITY. RANDOMIZE CITIES.**

Anaheim	5	4	3	2	1	Don't know
Boston	5	4	3	2	1	Don't know
Chicago	5	4	3	2	1	Don't know
Dallas	5	4	3	2	1	Don't know
Denver	5	4	3	2	1	Don't know
Houston	5	4	3	2	1	Don't know

Las Vegas	5	4	3	2	1	Don't know
Los Angeles	5	4	3	2	1	Don't know
New Orleans	5	4	3	2	1	Don't know
Orlando	5	4	3	2	1	Don't know
Phoenix	5	4	3	2	1	Don't know
San Antonio	5	4	3	2	1	Don't know
San Diego	5	4	3	2	1	Don't know
San Francisco	5	4	3	2	1	Don't know

5. What facility or destination features do you believe will be most desirable for your event in the future? Please rate each of the following on a scale of one through five, with five being most desirable and one being least desirable.

	<u>Least Important</u>			<u>Most Important</u>	
Concierge service	1	2	3	4	5
Dedicated outdoor event space for assemblies, receptions & exhibits	1	2	3	4	5
Executive board rooms / suites	1	2	3	4	5
Fixed seating general session space	1	2	3	4	5
Flight and luggage check-in at the Center	1	2	3	4	5
Free wireless Internet in public areas	1	2	3	4	5
Light rail access from airport to downtown (near Center)	1	2	3	4	5
Need for breakout meeting rooms	1	2	3	4	5
Office space for rent with administrative support	1	2	3	4	5
On-site business and technology center	1	2	3	4	5
On-site video production & webcasting capabilities	1	2	3	4	5
Restaurants within the center	1	2	3	4	5
Walkable center, hotel, restaurant, retail & entertainment environment	1	2	3	4	5
Other (please specify) _____					

6. Has your organization held an event in Las Vegas in the past?

- 1. YES
- 2. NO

If YES, at which facility or facilities?

7. How likely would your organization be to use the Las Vegas Convention Center for your event(s) in the future, *assuming that sufficient facility space and hotel inventory exists?*

1	2	3	4	5
Definitely	Likely	Possibly	Not Likely	Definitely Not

(IF ANSWER TO Q4 = 4 OR 5, THEN GOTO Q8 OTHERWISE SKIP TO Q9)

8. Why would you not likely use the Las Vegas Convention Center? (PROBE AND CLARIFY UNTIL UNPRODUCTIVE, SPECIFICALLY TRY TO IDENTIFY WHETHER REASON IS FACILITY OR MARKET RELATED)

(IF ANSWER TO Q7 = 4 OR 5, END SURVEY AND COUNT AS A "MINI COMPLETE")

9. In future years, how would you expect the convention destination appeal of Las Vegas to change?

1. Increase in desirability
2. Neutral
3. Decrease in desirability

10. Please describe any threats that you believe may affect the convention destination appeal of Las Vegas in the future.

11. What is the average attendance for this event (not including spouses or guests)?

_____ approximate number of non-exhibitor attendees

_____ approximate number of exhibitor personnel

12. What percentage of your event attendees would you estimate arrive from outside of the United States?

_____ approximate percentage of international attendees

(IF ANSWER TO Q12 IS > THAN 20 PERCENT, GO TO Q13 OTHERWISE SKIP TO Q14)

13. Please list specific features in specific buildings that you feel best address the needs of your event(s)?

14. How many meeting rooms does this event demand concurrently, that is, at the same time, at the following seating capacities? (READ LIST, PAUSING **FOR ANSWER AFTER EACH**)

Seating Capacity# of Meeting Rooms

10 to 50 people _____

51 to 100 _____

101 to 500 _____

501 to 1,000 _____

over 1,000 _____

15. How many people attend the event's largest general session?

_____ number of attendees

16. (If applicable) What is the typical attendance at the largest ballroom meal function?

_____ number of attendees

17. How many total hotel rooms does your event block on the peak night?

_____ number of rooms

18. Do you have any other comments on these or any other facility features or amenities that would benefit your event(s)?

19. What are your overall impressions of Las Vegas as a potential host market for your event(s)?

20. Do you have any specific recommendations regarding the Las Vegas Convention Center District Improvement Plan?

Thank you for your participation.



LAS VEGAS

CONVENTION CENTER DISTRICT IMPROVEMENT

Focus Group Debrief
November 16, 2012

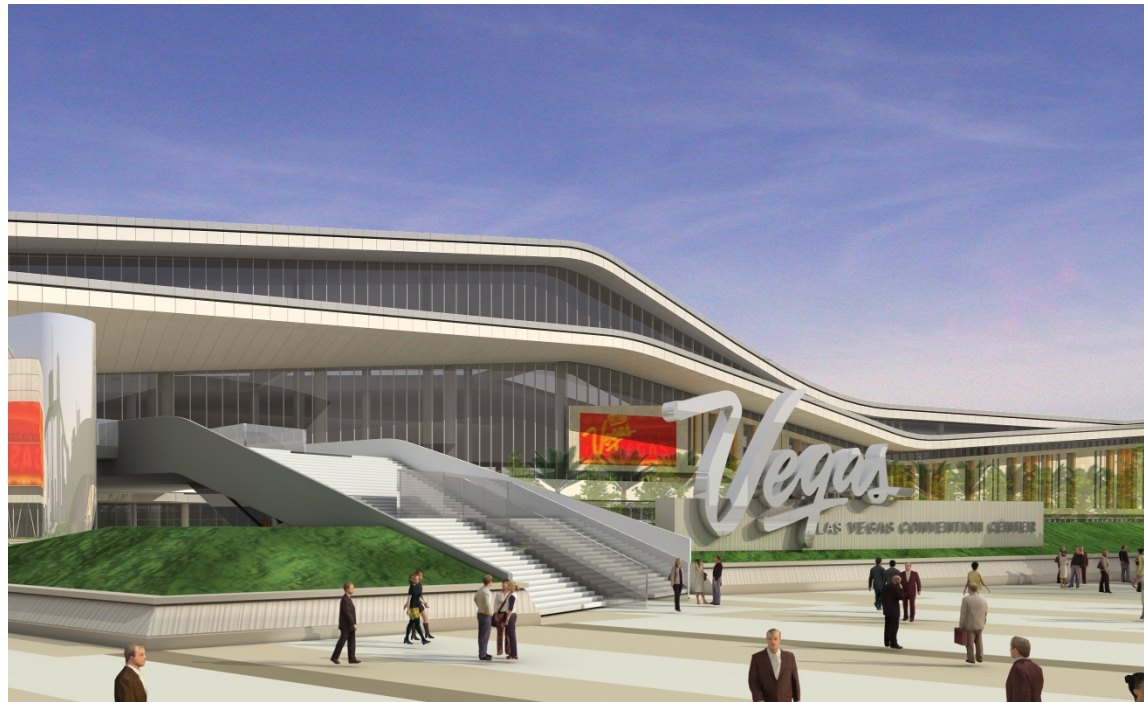
LAS Vegas
CONVENTION CENTER
DISTRICT IMPROVEMENT

Goals & Objectives



GOALS & OBJECTIVES

1. Relative to Facility issues, determine what is different from previous outreach
2. Determine either in part or in whole what elements of the MPEP still have value
3. Understand the facility improvement priorities of the customers and senior staff
4. Seek input on LVCC District (off-property) Improvements



Methodology



CUSTOMER FOCUS GROUPS

- Input Process

- Directed Discussion

- Agenda

- Market Changes
- South Hall
- Central / North Halls
- Campus Wide – Connectivity, Food, Technology, Transportation
- LVCC District
- Prioritization Exercise
- Goal Setting



Market Changes



MARKET CHANGES

Return on Investment

- Accountability – Exhibitors are focused on value and the return on investment
- Shows are doing more with less
- Do not “nickel & dime” for services

Facility & Infrastructure affects the bottom line

- Functional improvements directly affect cost savings
- Prioritize facility improvements that will increase business (revenue)

Business Partners

- Some large shows are open to being more active partners with the LVCVA

Convention Business

- Shorter duration shows
- Show attendees are younger
- There are more international attendees which require different amenities

“Facilities need to be strategic partners with the shows.”

“The new paint and carpet are nice, but the tradeshow and exhibitors need substantial and functional changes.”

“Bandages on an old building are a waste of time.”

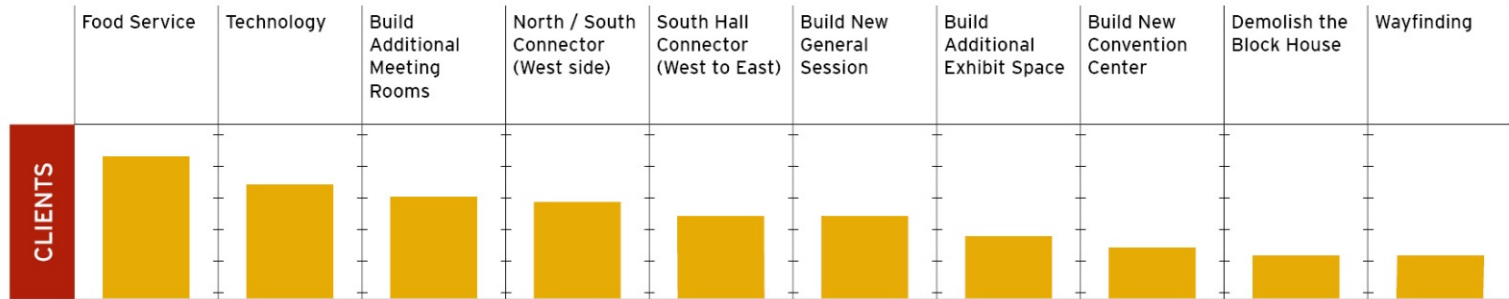


Prioritization Summary



Top 10 Issues

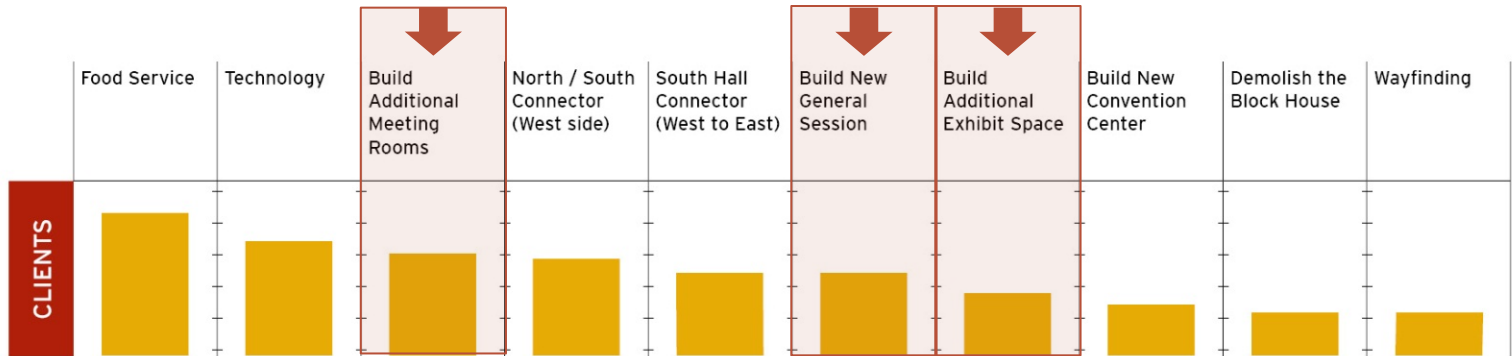
37 Shows



CSL Recommendations

Top 10 Issues

37 Shows



Top 5 Issues

10 Largest Shows

RANKING	1	2	3	4	5
	Food Service	Technology	North/South Connector (West Side)	Build Additional Exhibit Space	Build Additional Meeting Rooms

Opinions about new space

- Build Additional Exhibit Space
- Build a New Facility
- Replace South Hall



*“Las Vegas Convention Center
Sets New Mark for Events of
the Future”*

*“Las Vegas Convention Center
Redefines the Tradeshow
Experience”*

*“Las Vegas Proves It Is the #1
Destination for Convention
Center Business”*

*“Truly Global Place for
Business”*

*“Las Vegas Convention Center
Like No Other”*

*“Las Vegas Convention Center
Focuses on its Customers”*

*“Exhibit Attendees Glow Over
Improvements”*

*“Las Vegas Convention Center
Listens to its Customers”*

*“New Center Transforms Las
Vegas Economy”*

*“What Happened in Las Vegas
Kept them in Las Vegas”*

*“Las Vegas Convention Center
Makes No Small Plans”*

*“Las Vegas Convention Center
Sets New Standard and Raises
the Bar”*

“It’s About Time”

*“Big Bet Pays Off –Convention
Center Hits the Jackpot”*



Customer Focus Group Analysis



Food Service

- Food service is the #1 complaint by attendees and exhibitors
 - Quality
 - Variety
 - Distribution
 - Experience
- LVCC needs a signature dining space for business lunches and networking options
- Food quality does not compare to the Las Vegas brand
- The food service business model needs to change (Customers do not blame the service provider)

“LVCC could hit a grand slam with quality food that would distinguish them from the competition.”

“Food service needs to be updated – food and venues are out-of-date.”



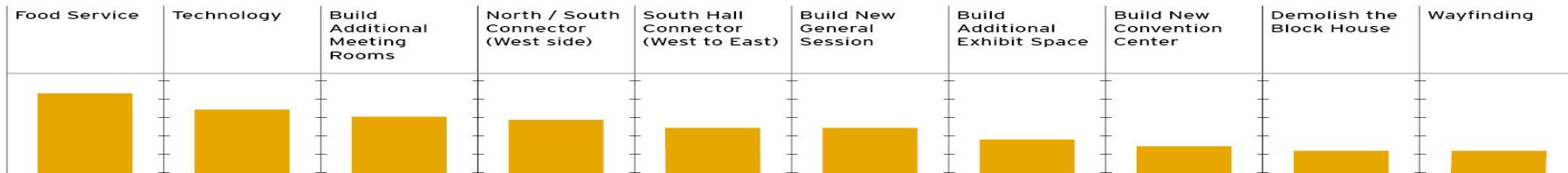
Technology

- Universally, the Show Managers want free and reliable wireless internet access
- Technology & connectivity are critical to the tradeshow's business (Expanded role of technology in everyday commerce)
- Technology business model does not work
- Shows would rather have a reasonable technology cost built-in to rental rates rather than being "nickel & dimed" for services
- Shows want a more active role in defining technology infrastructure improvements

"Future-proof technology."

"Technology in the building needs to be a utility. Needs to be there just like power - not an add-on."

"Social media and the internet have changed shows."



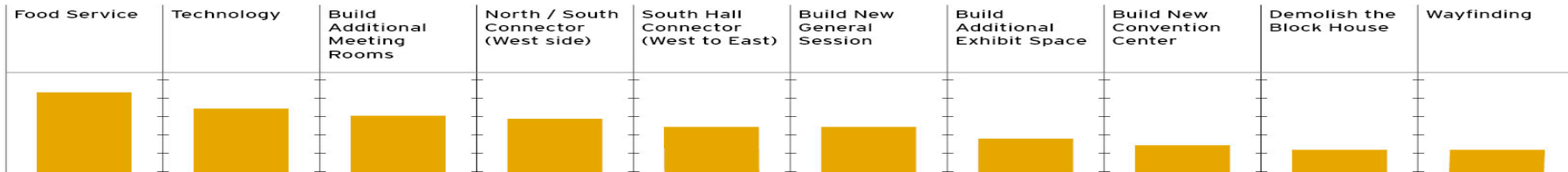
Build Additional Meeting Rooms

- The demand for meeting rooms has grown
- Add more meeting rooms rather than just fixing up the existing ones
- Add meeting rooms with direct access to South, North & Central Halls
- Critical to Meeting Rooms for exhibitors
 - Flexibility
 - Modern Space
 - Built-in elements / Turn-key
 - Proximity to Exhibit Halls

“Lack of meeting rooms are driving shows off-site to hotels for meetings.”

“Meeting rooms adjacent to exhibits would promote growth in the show.”

“Look at the meeting room experience here at Aria, then compare that to the LVCC meeting rooms.”



North/South Connector (West side)

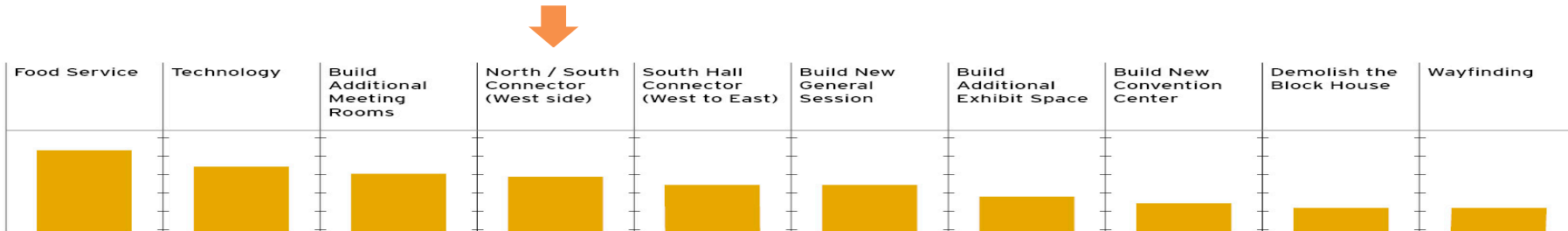
- Shows have shorter durations; therefore, connectivity and flow are critical
- Lobbies should be larger and open / flexible space that the Tradeshows can use
- Need for additional registration space (flexible)
- Daylighting & views are needed in public concourses and lobbies
- Tradeshows are competing for lobby space with other shows and vendors

“Sense of arrival does not compare to the rest of the destination.”

“No interior connection between halls – leads to terrible customer experience.”

“Too many obstacles – FedEx, American Express Lounge, Harley Davidson, Board room, etc.”

“Existing Grand Concourse is “dim & grim.”



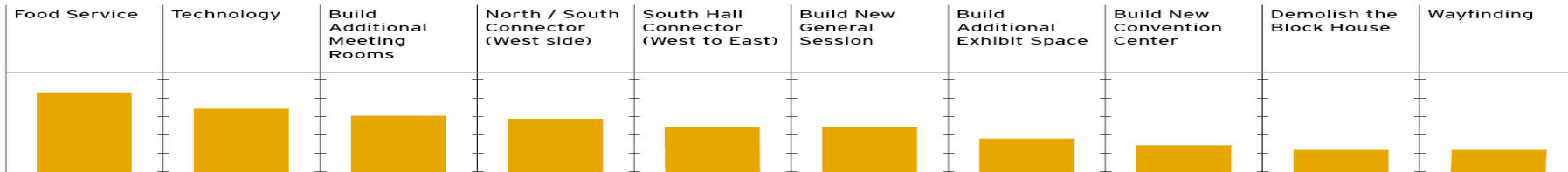
South Hall Connector (West to East)

- Connectivity between the west and east is a problem – need a connection from the front to the back
- Exhibit Halls are too long – too far from halls to the front door
- Lack of prefunction / registration areas outside of exhibit halls; need additional space
- Shows are putting in pedestrian passages between Central Hall and South Hall

“South Hall is second-class space.”

“We have to work hard to use it (South Hall).”

“Re-booking of South Hall is poor.”



Build New General Session

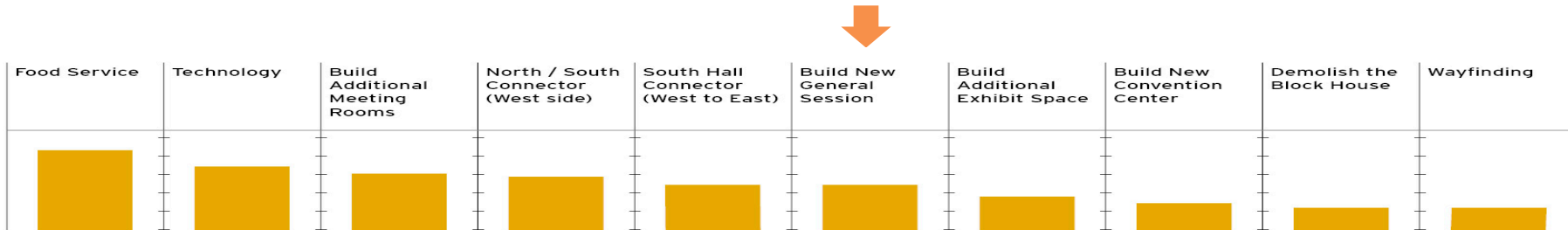
- Show Managers are holding more receptions centered around an event / activity
- Show Managers prefer to keep everyone at the facility. Off-site General Session leads to distractions
- General Session should be flexible and useable for registration, exhibits or keynotes
- Shows have “created” a general session space in the exhibit halls, but it took a lot of time and money to outfit the exhibit hall

“Your competition has General Session space.”

“Event Planners want a signature space with natural light and views.”

“Receptions need to be centered around an activity or event.”

“Ballrooms are old news – a bigger better lobby would be great.”

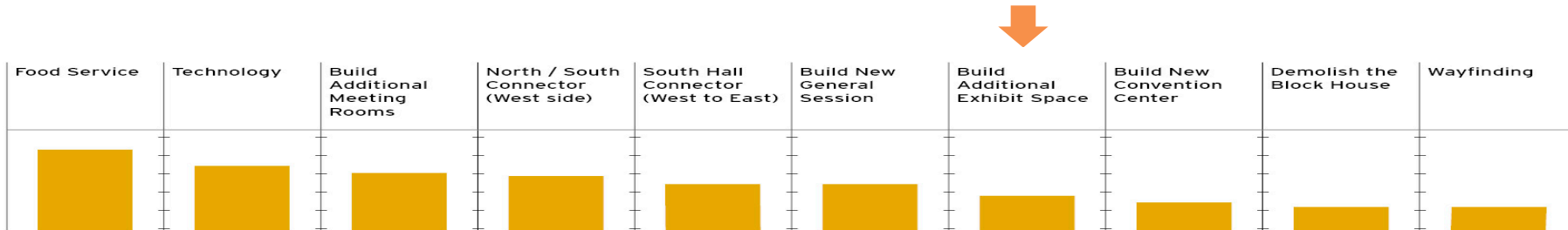


Build Additional Exhibit Space

- Build a new and extend exhibit space to grow the convention center industry in Las Vegas.
- Some shows need more exhibit space – indoor & outdoor.
- Build new building on Gold Lot and convert South Hall to another function.
- Show Managers would like to see the Return on Investment to build a new state-of-the-art exhibit hall versus renovating South Hall.
- Building a new hall would not disrupt the show business in the existing facility during the construction.

“I’d like to get back into one building.”

“Renovating South Hall is like ‘Putting lipstick on a pig.’ Even if you fix it up it will be obsolete in a few years. To fix South Hall you need to rebuild it.”



Build New Convention Center

- Look at ROI for money spent on existing building versus new building
- Money spent on old building won't bring new attendees
- Building new allows for phased replacement of aging facilities
- How long can oldest parts of the convention center actually continue to serve customer's needs
- Show managers are looking at other venues, because there are other choices

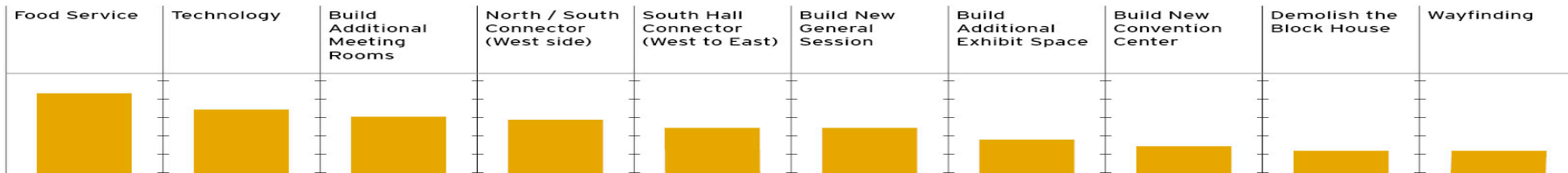
"Phased renovations are a significant concern."

"Too much focus on Renovations"

"New building option makes it more difficult for us to not consider Las Vegas."

"None of us want to have disruptions during our show."

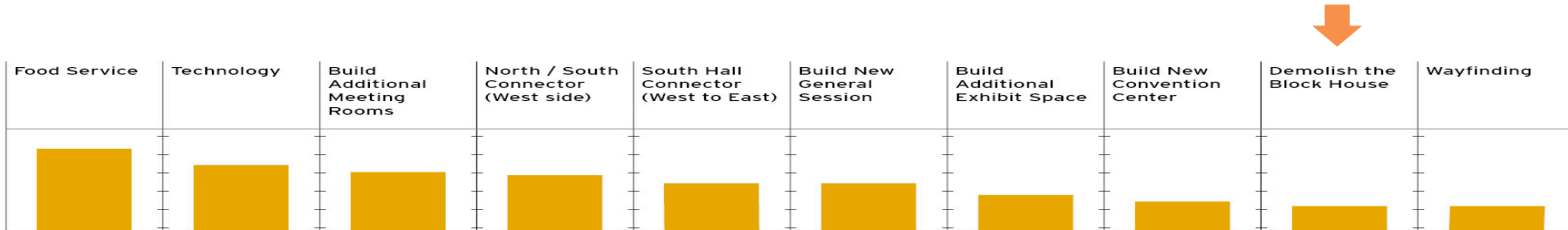
"Phoenix did a good job of building new and then renovating the existing building."



Demolish the Block House

- Block House renovations are an improvement, but they do not fix the problem
- Block House improvements are a compromise
- Space behind the Block House is difficult to sell

“Block House is a big obstacle... remove it.”



Wayfinding

- Wayfinding & signage needs to be flexible.
- Show managers want to control the wayfinding and make it specific for their show.
- Shows are using apps on handheld devices for wayfinding.
- A big digital outdoor sign announcing the events in each hall is needed. Direct people to where the need to go before they get in the door.
- Customer experience starts at the drop-off / door.
- LVCC should have a mix of static and electronic signage.

“Circulation is unclear and confusing.”

“Nomenclature of buildings and exhibit halls does not mean anything to customers, exhibitors and attendees.”

“Poor signage is frustrating and a time waster.”



The District



The District

- LVCC does not feel connected to the Strip
- Adjacent Hotels & Restaurants are needed
- Walkability is key
- Visitor experience starts at the airport
- Redevelop LVH and connect to the convention center
- City should have an economic development plan for this area
- The district also needs more than just hotels, it needs services & retail i.e. Dry Cleaner, Drug Store, Hardware Store, Post Office, Retail Shops, Park spaces, etc.

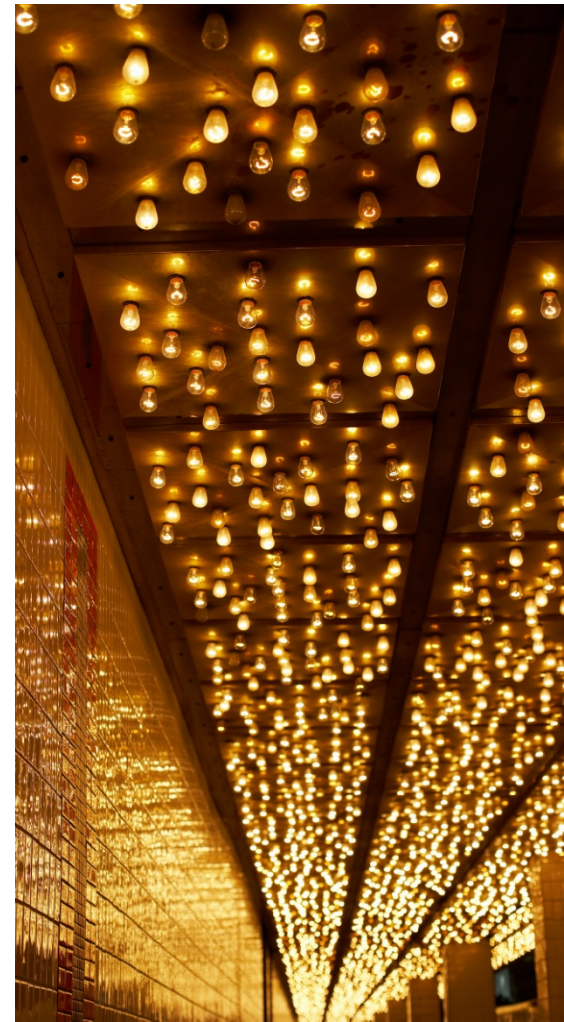
“Good transportation is more important than a boulevard with palm trees.”

“LVCC could be an agent of change, but it will be a long-term endeavor.”

“LVCC is isolated, especially after 6 p.m.”

“There needs to be a perception of change from a blighted area.”

LVCVA Staff Comments

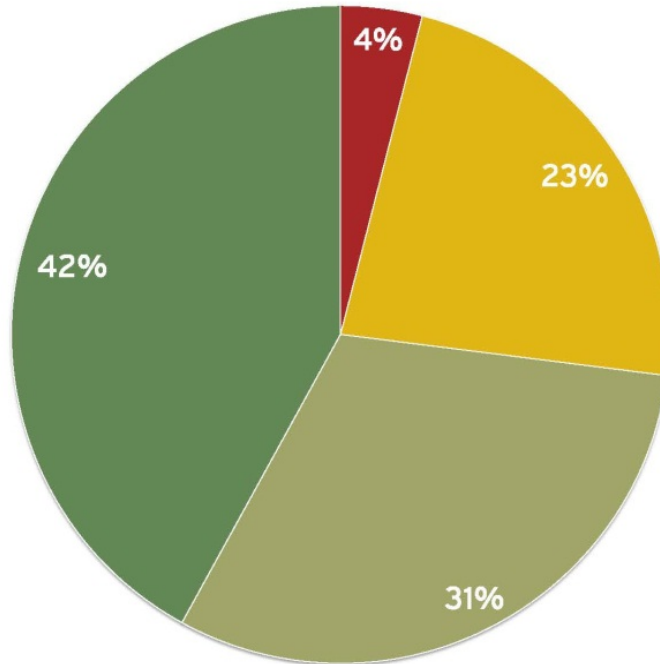


Staff Priorities

1. Signage, Graphics & Wayfinding System Upgrades
2. Provide Interior Concourse between existing facilities & expand Lobby / Registration Space.
3. Site Transportation, Parking & Pedestrian Improvements
4. Add a new Mini-Food Court
5. Renovate Block House & provide New Airwalls
6. Add new East/ West Concourse Lobby at South Hall
7. Renovate existing Grand Concourse
8. Improve Quality, Quantity & Distribution of Food Service
9. Upgrade Halls C1 & C2
10. Renovate & Expand Lucky's & Kitchen Facilities

Staff Focus Group

Based on the MPEP presentation, my general sense of the proposed work is:



- I don't think the program is what it needs to be
- Some of the program is okay but it needs substantial work
- Most of the program is okay, but I would make a few changes
- I like the program, let's get started



FIGURE 4-1
Does the Funding Source Conform to the Criteria?



FUNDING SOURCES RATING BASED ON FIVE SELECTION CRITERIA

Rank	Potential Funding Source	Provides significant new debt capacity	Diversifies funding sources	Imposes overall low tax rates	Affects payers who benefit from the project	Competition for the Resource	Total Score
1	Dedicated F&B tax (restaurants and bars) (0.5%)	5	5	3	3	5	21
2	District Food & Beverage Tax (0.5%)	4	5	3	3	5	20
3	Lodging Tax Rate Increase (1.5%)	5	1	3	5	5	19
3	Fixed hotel room night fee (\$1.50)	4	2	3	5	5	19
3	No collection allowance on tax increases	4	1	5	5	4	19
3	Sharing of collection allocation costs	4	1	5	5	4	19
7	Vehicle rental percentage tax (5%)	2	5	1	4	5	17
7	Vehicle rental fixed fee (\$1.00)	2	5	1	4	5	17
7	Livery vehicle revenue tax (5%)	2	5	1	4	5	17
10	TIF District around Las Vegas Convention Center	1	2	2	5	5	15
10	World Trade Center lease revenues	1	3	5	1	5	15
10	Sales Tax - low-level, long-term (0.25%)	5	5	3	1	1	15
13	District Sales tax (0.25%)	4	4	2	2	2	14
13	Naming Rights	1	2	5	5	1	14
15	Airport Access Fees	2	5	2	3	1	13
15	New general sales taxes (0.25)	5	5	1	1	1	13
15	Sales Tax - high level, temporary (1.0%)	5	5	1	1	1	13
15	Federal and state grants	1	5	5	1	1	13
15	Parking Tax	2	5	4	1	1	13
20	Tax on Tours	1	3	2	2	3	11
20	Increasing the entertainment tax rate	2	4	1	2	2	11
20	Online Gaming Tax	2	4	3	1	1	11
23	Closing entertainment tax exemptions	1	4	1	2	2	10
23	Tax on timeshares	2	3	3	1	1	10
23	Reduce the existing collection allocation	2	1	5	1	1	10
26	Cap the lodging tax collections of other jurisdictions	4	1	5	5	0	0
26	Online Travel Agency	2	1	1	5	0	0
26	A one-time cash contribution from the State (\$100M)	3	1	5	3	0	0
26	Income Tax	4	5	1	1	0	0
26	General Gaming Tax	4	4	2	1	0	0
26	District Gaming Tax	4	4	2	1	0	0
26	Tax on comp rooms	2	2	4	1	0	0
26	Property taxes	5	5	1	0	0	0

LVCC Client Letters of Support

Company	Shows Represented
1 All Baby & Child Corporation	ABC Kids Expo
2 American Academy of Ophthalmology	AAO
3 American Association of Critical-Care	Critical Care Exposition
4 American Disc Jockey Association	The Las Vegas DJ Show
5 Anne Holland Ventures, Inc.	Marijuana Business Conference & Expo
6 Bobit Business Media	International Car Rental Show
7 Bobit Business Media	Conference of Automotive Remarketing
8 Bobit Business Media	F&I Magazine
9 Bobit Business Media	International Limousine Charter & Tour Show
10 Bowling Proprietors' Association of America	International Bowl Expo
11 Cellular Telecommunications & Internet Association	Super Mobility Week
12 Channel Fire Ball	Magic the Gathering
13 Consumer Electronics Association	International CES
14 ConvExx	Bikefest
15 ConvExx	Shot Show
16 DMG Events	NOT CURRENTLY MEETING IN LAS VEGAS
17 Diving Equipment and Marketing Association	DEMA Show
18 Emerald Expositions	ASD Trade Show
19 Emerald Expositions	Couture Events
20 Emerald Expositions	Globalshop
21 Emerald Expositions	Hospitality Design Expo
22 Emerald Expositions	Interbike Expo
23 Emerald Expositions	LV Antique Jewelry & Watch Show
24 Emerald Expositions	Medtrade Spring
25 Emerald Expositions	National Kitchen & Bath
26 Emerald Expositions	Sports Licensing & Tailgate Show
27 Emerald Expositions	Wedding & Portrait Photographer International
28 Emerald Expositions	International Pizza Expo
29 Exhibitor Media Group	ExhibitorLive
30 ExpoNation	Digital Signage Expo
31 Golf Course Superintendents Association of America	The Golf Course Show
32 Healthcare Information & Management Systems Society	HIMSS
33 IDEA Health & Fitness Association	IDEA World Fitness Convention
34 Informa Exhibitions	World of Concrete
35 Informa Exhibitions	Surfaces
36 Informa Exhibitions	International Pool/Spa/Patio Expo
37 International Communications Industries Association	InfoComm International
38 International Council of Shopping Centers	RECon
39 International Door Association	IDA Expo
40 International Exposition Company	International Air Conditioning, Heating, Refrigerating Exposition
41 International Sanitary Supply Association	ISSA/InterClean North America
42 International Sign Association	Sign Expo
43 International Sportsmen's Expositions	International Sportsmen's Expo
44 IPC-Association Connecting Electronics Industries	IPC-APEX Expo
45 LRP Publications	National Workers Compensation & Disability Conference
46 Meeting Expectations, Inc.	Collaborate
47 Meeting Expectations, Inc.	Medassets
48 National Association of Broadcasters	NAB Show
49 National Association of College Stores	CAMEX
50 National Association of Homebuilders	International Builders Show
51 National Automatic Merchandising Association	NAMA OneShow

LVCC Client Letters of Support

Company	Shows Represented
52 National Funeral Directors Association	NOT CURRENTLY MEETING IN LAS VEGAS
53 National Mining Association	MINExpo
54 National Trade Productions	Coverings
55 National Trade Productions	Diving Equipment & Marketing Association
56 Packaging Machinery Manufacturers Institute	Pack Expo
57 Penton	Waste Expo
58 Penton	International Wireless Communications Expo
59 Penton	LIVE Design International
60 Penton	DEV Connections
61 Penton	Data World Center
62 Questex	Nightclub and Bar
63 Questex	IBS/IECSC
64 Questex	Incentive Travel Exchange
65 Reed Exhibitions	National Hardware Show
66 Reed Exhibitions	PGA Fall Expo
67 Reed Exhibitions	JCK Show
68 Reed Exhibitions	International Vision Expo
69 Reed Exhibitions	International Security Conference
70 Reed Exhibitions	G2E
71 ROC Exhibitions	National Facilities Management & Technology
72 ROC Exhibitions	Conference/Exposition
73 ROC Exhibitions	World of Safety Conference and Expo
74 Safari Club International	Safari Club International Hunters Convention
75 Schneider Publishing Company	TEAMS Conference
76 SmithBucklin	International Baking Industry Expo
77 Society of Manufacturing Engineers	Fabtech International
78 SouthComm Business Media	EMS Expo
79 SouthComm Business Media	GSE Expo
80 Specialty Equipment Market Association	The SEMA Show
81 Specialty Graphic Imaging Association	Specialty Graphics Annual National Convention
82 Tarsus Exposition	Off-Price Specialist Center
83 Tarsus Exposition	American Academy of Anti-Aging
84 UBM Advanstar	Magic International
85 UBM Advanstar	Licensing Show
86 UBM LLC	Black Hat/TechWeb
87 UBM LLC	Interop
88 UBM LLC	Catersource
89 Urban Expositions	Las Vegas Souvenir and Resort Show
90 Vacuum Dealers Trade Association	VDTA Annual Tradeshow
91 The Vape Summit, LLC	The Vape Summit
92 Travel Goods Association	The Travel Goods Show
93 Water Quality Association	WGA Aquatech USA
94 Wedding MBA	Wedding MBA
95 Western Veterinary Conference	WVC Annual Conference
96 World Pet Association	Superzoo
97 WT Glasgow Inc	Amusement Expo
98 WT Glasgow Inc	AAPEX
99 WT Glasgow Inc	HDAW
100 WT Glasgow Inc	International Billiard & Home Recreation Expo

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

LAS VEGAS CONVENTION AND VISITORS' AUTHORITY
LAND VALUATION CONCEPTS AND ACQUISITION ALTERNATIVES

MAY 5, 2014

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

May 5, 2014

Las Vegas Convention and Visitors Authority Board of Directors
Ms. Rana D. Lacer, Senior Vice President of Finance
3150 Paradise Road, Las Vegas, NV 89109

Dear Board Members and Ms. Lacer:

Thank you for your inquiry about valuation concepts to be used in the development process in relation to the plans of Las Vegas Convention and Visitors' Authority (LVCVA) to refurbish and expand the Las Vegas Convention Center (the Center). Additional details about these plans and the nature and limitations of our services are discussed in greater detail in the follow sections of this report.

INTRODUCTION

While Las Vegas has been either the number one or one of the top three trade show destination for many years, competitive destinations have and are continuing to invest in new, renovated, and expanded facilities, primarily to accommodate rebounding demand from the top 250 trade shows. Management of LVCVA believes that, for the Center to remain competitive and the industry leader, significant upgrades to the Center's aging buildings to enhance the attendees' experience and additional exhibit space to capture existing and future demand are needed. This renovation and expansion plan would target services to the top 250 trade shows. Unfortunately, LVCVA lacks sufficient acreage to accomplish the expansion programing and must purchase additional land to do so. Currently, the feasibility of the renovation and expansion plan and refinement of the proposed facilities programing are being studied by Cordell Corporation, HVS and others as part of LVCVA's due diligence process. We understand, however, that the preliminary development budget approximates \$2.3 billion, including approximately \$1.4 billion for the expansion and \$900 million for the refurbishment. The expansion budget includes \$200 million that is allocated to the acquisition of additional land.

LVCVA's management asked us to prepare a brief report that discusses generally (1) land acquisition valuation concepts (market versus investment value); (2) the relative desirability of expanding to the North versus to the West, South, or East of the existing halls; and (3) to compare the preliminary land acquisition budget as a percentage of total planned development costs to other land to total development cost benchmark ratios primarily in the hospitality industry. This "cost of land" in the development process is referred to as the "investment value" of the land as opposed to its "market value."

MARKET VERSUS INVESTMENT VALUE OF LAND

Explanation of differences. The market value of land is an appraiser's conclusion about the probable cash (or equivalent) price for which a specified property should sell after reasonable exposure in a competitive market where the buyer and seller are knowledgeable, each acting prudently in their own self-interest assuming neither is under undue stimulus (duress or other motivations). It is impersonal and detached from the specific seller's and any particular buyer's circumstances and unique motivations. Most market value land appraisals rely substantially on recent sales of other land that the appraiser believes are comparable, to varying degrees, with the property being appraised.

On the other hand, investment value is the specific value a particular investor is willing to pay based on the investor's individual investment requirements. Most real estate developers (whether for profit or owner use) place little or substantially less reliance on comparable sales to determine the investment value, but rather use an approach referred to as the "Land Residual Method" to determine what can reasonably be paid for the land and still accomplish the investor's requirements.

The requirements of one investor are different from another and appropriately so. To illustrate, consider the following:

Nature of developer	<u>For profit home builder</u>	<u>Future home owner</u>
Assumed requirements / motivations	To make a 20% profit on the cost to develop the home	To own a home that does not cost more than its market value when complete
Assumed market value when complete	\$500,000	\$500,000
Expected cost of building and improvements	\$250,000 / \$125 per SFt	\$250,000 / \$125 per SFt
Investment value of the land	\$166,666	\$250,000

The investment value of the land to the future home owner is simply the difference between the market value of the home when complete (\$500,000) and the cost to build the home (\$250,000). The investment value to the home builder requires a little more math as follows:

Expected cost of building and improvements	\$250,000
Affordable land price based on profit motivation	<u>166,666</u>
Total budgeted costs	416,666
20% profit over cost motivation	<u>83,334</u>
Market value when complete	<u>\$500,000</u>

An appraiser's conclusion about the market value of the same land might be higher than \$250,000 or lower than \$166,666, or anywhere in between.

Selected factors affecting development alternatives and investment value. The old adage "Location, Location, Location" is true in connection with the development of land for all intended uses, whether considering market or investment value. It all comes down to use and utility and resultant return on investment, either in terms of future revenue production, bottom line profit, and / or reduction of future costs. For example, we understand that LVCVA is evaluating the feasibility of expansion plans that would require the acquisition of land either to the North (the LVH site, a single owner) or to the South, East or West (each involving multiple land owners). Assuming each alternative direction accommodated the same improvements and was available at approximately the same cost, the most desirable alternative might be determined by which location could be operated more efficiently in the future (i.e. lower future operating costs), provide a superior experience for trade show attendees, and / or be more easily assembled, reducing timing, price, and assemblage feasibility uncertainty. In these regards, we would expect that development on the contiguous LVH site would yield a more efficient operation in the future than the others based on the location of the existing exhibit halls and related service access

and, as a result, provide a superior experience for attendees and greater revenue potential. Development in the other three directions would not be contiguous to the existing exhibit halls.

Similarly, dealing with one land owner versus several would require substantially less human resources (both from management and their legal advisors), result in shorter negotiation periods, and eliminate the possibility that one of many land owners might prevent the assemblage or hold the assemblage financially hostage in the absence of public domain condemnation, which is a time uncertain and frequently litigious process. Some recent developments related to certain expansion plans at McCormick Place in Chicago illustrate this likelihood.

In a January 25, 2014, story in the Chicago Tribune, Ellen Jean Hirst and Kathy Bergen reported that McCormick Place has been unable to assemble key parcels to develop the DePaul arena and adjoining entertainment district and city officials have revised plans, a move that could increase the cost of the project. In addition, it was reported that "the city is rejiggering its vision because it is embroiled in litigation with the owners of those key parcels."

All other factors being equal, another advantage of acquiring the LVH site over expanding in other directions is that the site is currently not in use for any other LVCVA purpose, while portions of two other directional alternatives are currently in use. As a result, development on the LVH site should not interfere with existing operations to any significant extent and would allow for more facility programming. A brief description of the current status of the four directional alternatives follows:

	Total acres	Acres Owned	Acres yet to purchase
North	59	None	59
West	43	20 (Gold Lot)	23
South	67	18 (Green / Purple Lots)	49
East	46	19	27

LVCVA'S RECENT HISTORY OF LAND ASSEMBLAGE

It is clear that the ability of LVCVA to acquire additional land is becoming more difficult and LVCVA's past acquisitions are frequently the comparable sales used by appraisers in arriving at their market value conclusions about prospective acquisitions within LVCVA's directional alternatives. According to management, between 2005 and 2012, LVCVA acquired approximately 17.88 acres of land (9 transactions) at an average price of approximately \$5.3 million per acre (including then existing improvements to be demolished but not the accompanying cost). This appears to us to be premiums over the market value of the land as vacant and land to be used for the same purpose as the seller in equally desirable locations.

For example, the price per acre of one 0.47 acre parcel (the Public Affairs Building Site – December 2006) was \$7.7 million. Another 1.5 acre site (West Half of Silver 4 – February 2006) cost approximately \$7.2 million per acre. It should also be noted that the majority of the acquisitions occurred prior to February 2008, when real estate values were generally higher. Subsequently, the market value for most land use types in Las Vegas declined as much as 50%, with resort corridor values falling up to 90% during that time period. Therefore, at the bottom of the recent real estate downturn, a comparable average value might have been significantly less for some of these parcels. This fact, varying existing improvements to the parcels acquired to be demolished, and the fact that purchases subsequent to 2012 were for larger parcels may account for lower average price per acre transactions in 2013. In 2013, LVCVA acquired an additional 10.2 acres (two transactions) for an average price per acre of approximately \$3.5 million, including operating apartments. Prospectively, as the local economy recovers with increasing land values, it is reasonable to assume there would be an escalation of price paid per acre as LVCVA assembles land to the west, south, and east of the Center.

If LVCVA were to acquire the 59-acre LVH site, the need to acquire additional parcels and (what we refer to as) "value creep" would cease for the foreseeable future. We were also told by management that LVCVA currently has the financial wherewithal to acquire and maintain the LVH site assuming it can be purchased within the land acquisition budget. Accordingly, even if expansion plans were postponed indefinitely, such acquisition might still be a prudent strategy given the recent and planned investments in new, renovated, and expanded exhibit space and complimentary facilities by competitive destinations. In other words, it could be a justifiable defensive strategy to retain the potential to remain competitive for many years into the future.

LAND COST AS A PERCENT OF TOTAL DEVELOPMENT COSTS

Land costs as a percentage of total development costs varies significantly by type of land use, by location, by varying economic conditions, and in relation to demand generators and other neighborhood desirability factors. For example, the cost of land in some types of residential developments under certain conditions like ocean views / access can be as high as 50% of total development costs. The cost of land in other types of land uses, in varying circumstances, can be as low as 10%, maybe even less. As another example, the land cost associated with a 600-room hotel development in many markets might cost \$10 million (\$16,667 per room), more or less depending on the type of property. This compares to the \$111 million (\$185,000 per room) paid by Rui Hotels, a Spain-based company, for its 6.9 acre site near Times Square in New York City where its 600-room hotel is currently under construction. In the following subsection, surveys conducted by HVS are discussed. According to their 2013/2014 survey, the average land cost per room for luxury hotels and resorts was approximately 50% of the amount paid by Rui Hotel's for its Times Square site.

HVS's Hotel Development Surveys. HVS is a recognized leading hospitality consulting firm who has also been engaged by LVCVA in connection with its expansion plans. The following table summarizes lodging development cost surveys conducted by HVS as published in its annual "Hotel Development Survey" for the years and selected lodging categories indicated:

	Land	Building & Improvements	Soft Costs	FF&E	Pre-opening expenses
Luxury and resorts					
2013 / 2014	18%	58%	14%	10%	4%
2012 / 2013	17%	59%	14%	10%	4%
2011 / 2012	17%	59%	14%	10%	4%
Economy					
2013 / 2014	14%	66%	10%	11%	3%
2012 / 2013	15%	64%	10%	11%	3%
2011 / 2012	14%	66%	10%	11%	3%
Extended stay					
2013 / 2014	10%	68%	9%	13%	1%
2012 / 2013	11%	68%	9%	13%	1%
2011 / 2012	12%	67%	9%	12%	4%

It should also be noted that during periods of depressed real estate values, land costs as a percentage of total development costs are typically less than when the opposite is true and, in addition, there is generally less acreage on the market and under construction partially because land owners would rather take their properties off the market than sell at the depressed prices.

Navjit Ahluwalia of HVS International has said "land generally represents 15% to 25% of a hotel's total development costs [internationally], depending upon project and local market conditions. There have been

deviations from this trend during the boom years [for example] in the early to mid-nineties in Asia, there were hotels being developed in Hong Kong and Tokyo, and even in Mumbai, where land costs represented 50% of project costs.”

PBTK's informal survey of ISHC's membership. In connection with this assignment, L. Ralph Piercy, a principal of PBTK and a member of the International Society of Hospitality Consultants (ISHC), posed the following request to the membership of the ISHC:

“I am looking for examples of ratios of land to total development costs for different types of hospitality projects, from hotels to convention centers to stadiums, and everything in between.”

The responses that Mr. Piercy received varied but were consistent with HVS's publications. Some of the responses, in addition to indicating that many factors affect actual results, included one that stated he uses the HVS studies as starting points. Another indicated that 15%-25% has been his experience. Yet another indicated that one of his clients who is an upscale limited service hotel developer targets 10-12% but was a proponent of “location over cheap land” and 15% is within expectations.

Finally, another respondent indicated that for one of the major hotel companies that he assists, the initial target for economy hotels is 10% with full-service, boutique, and resorts in the 13% to 20% range, all with frequent higher exceptions to these targets. This same respondent provided four recent examples. One land to total cost ratio appeared to be less than 10%, one appeared to be between 10% and 15%, and two appeared to be greater than 20%. No response from any of the respondents related specifically to convention centers.

Membership in ISHC is available by invitation only to the hospitality industry's recognized top advisors, including consultants, appraisers, asset managers, architects, and attorneys. ISHC has approximately 200 members world-wide.

Lack of recent Las Vegas area benchmarks. Most resort development in the Las Vegas area in recent years has been on land previously acquired by the landowner / developer. Examples include City Center, Echelon, and Encore. In each case, all or the majority of the underlying land site was already owned by the developer. In the case of Echelon, the majority of the site for that project was the former Stardust site, although several smaller parcels were also assembled. More recently, new MGM/AEG arena, the Park project and the Grand Bazaar Shops are all being developed on land already owned by the developer. Project Linq by Caesars Entertainment was developed on land that was assembled over time by the company, as well as existing site area between the Flamingo and Imperial Palace. The only notable and easily quantifiable exception to this trend in recent years was the acquisition of the Frontier Hotel site for \$1.24 billion by Elad, a New York-based developer. Elad subsequently aborted plans to develop a \$5.0 billion project then referred to as the New York Plaza. The land to total development cost ratio was 24.8%.

Overall, because the majority of land on the Las Vegas Strip is owned by a limited number of gaming companies, it is more difficult to extract any other meaningful ratios.

Lender benchmarks. Historically, developers (and lenders to developers) have started with a basic premise that the cost of land for a variety of land uses might approximate 20%. This stemmed from the fact that for many years, developers have been asked by lenders to cover at least 20% of the total cost of projects frequently in the form of free and clear land. Construction lenders want developers to have some “skin in the game” and frequently do not rely on an appraiser's conclusion regarding market value when making collateral decisions, even though market value appraisals are a required part of the lender's due diligence. Instead, for example, a Loan-to-Cost Ratio (as opposed to Loan-to-Value Ratio) is frequently used by lenders to evaluate the adequacy of the collateral.

How LVCVA's land acquisition budget compares to the benchmarks. Consider how an assumed \$200 million land acquisition budget would compare to the above benchmarks. Scenario No. 1 in the following table assumes that the expansion would cost \$1.4 billion (including the cost of the land) and the refurbishment of existing facilities would cost \$900 million for a total program budget of \$2.3 billion. Scenario No. 2 below assumes that, after LVCVA's experts have completed their market studies and feasibility analysis, it is concluded that a lower expansion budget of \$1.0 billion is supportable, again plus the refurbishment budget of \$900 million: These assumptions yield land to total development costs relationships similar to the other benchmarks discussed above as follows:

	Total Budget	Expansion	Other
Scenario No.1	\$2.3 billion	\$1.4 billion	\$900 million
Land cost to total costs percentage	8.7%	14.3%	N/A
Scenario No.2	\$1.9 billion	\$1.0 billion	\$900 million
Land cost to total costs percentage	10.5%	20.0%	N/A

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

In summary, we believe that:

1. Appraisers' conclusions as to the market value of any LVCVA land acquisition target may vary significantly from the utility that LVCVA may assign to the target which may be appropriate in the circumstances.
2. The cost, timing, and feasibility of assembling sufficient land to accommodate perceived future expansion needs in any direction other than to the North is not subject to reasonable estimation in the foreseeable future.
3. Assuming LVCVA's expansion budget is \$1.4 billion, the allocation of \$200 million (14.3%) to the acquisition of land is within the range of benchmarks discussed above.
4. LVCVA should complete its due diligence process and, once its advisors have completed their market value appraisals, market studies, feasibility analysis, and other studies, the preliminary development budget and related allocations to its various components should be refined to the extent necessary.
5. The most significant advantages of the North directional alternative for development over the other directions are:
 - The site is not currently being used for any other LVCVA purpose, thus allowing for more programing.
 - Construction on the site would not be disruptive to the operations of the existing LVCVA facilities.
 - Future facilities developed on the site should be more efficient to operate, produce a superior experience for attendees, and, as a result, also have superior revenue potential.
 - Negotiating with one land owner versus many would reduce the risk that sufficient acreage cannot be assembled or assembled within appropriate time and cost constrains. It would also effectively eliminate the risk of litigation that might increase costs and / or cause LVCVA to modify is vision.

Las Vegas Convention and Visitors' Authority
Land Valuation Concepts and Acquisition Alternatives
May 5, 2014


- Finally, assuming LVCVA has the financial wherewithal to acquire the site but chooses to postpone the expansion, acquisition of the LVH site might still be a justifiable defensive strategy to ensure that the Center has the potential to remain competitive for many years.

CONCLUDING REMARKS

Our services were performed in accordance with the standards for consulting services established by the American Institute of Certified Public Accountants (AICPA). Among other things, those standards require that we complete our assignments with integrity and objectivity. As defined in the AICPA's Code of Professional Conduct, objectivity is "a state of mind, a quality that lends value to a member's services.

Consulting services are intended only to assist management and those charged with governance in meeting their operational, financial oversight, or other objectives, not to make significant decisions or to perform other significant functions directly. In other words, our services were limited to information gathering and communication, advice and recommendations for LVCVA's consideration and possible acceptance and implementation. We do not accept responsibility for such decisions or functions. We did not audit any historical or prospective financial information and, accordingly, do not express any assurance related to any such information mentioned in this report. Further, we did not arrive at any value conclusion regarding any specific parcel of real estate and, accordingly, do not express any such conclusion, whether relating to market or investment value.

Thank you for the opportunity to be of service. Upon request, we are available meet with management and LVCVA's governance board to discuss the contents of this report.



May 5, 2014

October 31, 2013



**Return On Investment Analysis
Las Vegas Global Business District**

Executive Summary

October 31, 2013

1. The implementation of the LVGBD plan is estimated to result in a 25-year ROI of \$50.40 in incremental hotel property revenues for every \$3 PRNF collected.
2. Over the 25-year period evaluated, the total PRNF investment of \$3.3 billion is projected to have a hotel property revenue impact of \$54.6 billion.
3. The breakdown of this incremental hotel property revenue would include:
 - Lodging Revenues \$26.9 billion
 - Non-Lodging Revenues \$27.7 billion
4. LVCC is at a point where additional capital investment is warranted in order to overcome both its current occupancy capabilities as well as to maintain its competitive position in light of significant expansions and renovations at McCormick Place and Orlando Convention Centers.
5. The LVGBD expansion is projected to drive approximately 1.7 million additional occupied room nights per year by 2020 and 3.6 million by 2025.
6. Our analysis projects that approximately 32,000 additional rooms will be built over the next 25 years including 8,000 attributable to the implementation of the LVGBD plan.
7. The LVGBD would make the LVCC the largest in the United States, elevating it from its current position as the third largest US convention center in terms of leasable space. The LVCC expansion will allow the center to attract new shows, handle more concurrent shows, and protect and grow existing shows.



The Potential Economic Impacts of Renovations to the LVCC

October 2015



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Introduction

- The Las Vegas Convention and Visitors Authority is considering renovation of the Las Vegas Convention Center.
- In order to assess the potential for additional demand for use of the LVCC, Tourism Economics developed a survey of event organizers.
- The survey was distributed to organizers of events that currently are not held in Las Vegas, but the organizers were identified as willing to consider Las Vegas as the venue.
- The survey was designed to gauge the strength of interest in Las Vegas, as well as what would be required to successfully attract the event to the City.
- Surveys were sent out to a total of 21 event organizers.

The highlights

- Lack of available dates was cited by nearly two-thirds of respondents as the reason Las Vegas is not in the current rotation of sites for their event.
- More than half of respondents indicated that they would be **very likely** to hold their event in the City if spaces and dates were more available.
- These events likely to come to Las Vegas would bring in an estimated 375,000 convention attendees, filling 733,000 rooms, and \$500 million in new spending.
- The total impact of these events would reach \$813 million and support 7,600 jobs. Over a ten-year period, the estimated 69 new events in Las Vegas would directly add \$2.4 billion supporting a total of \$4.0 billion in economic activity in Clark County.

The survey

- 17 responses were received of the 21 surveys distributed.
- The events and conferences range in size from 4,500 to 65,000
- The sample represents 423,648 attendees.
- The events covered in the responses have an average attendance of 25,000 and an average length of 4.4 days.

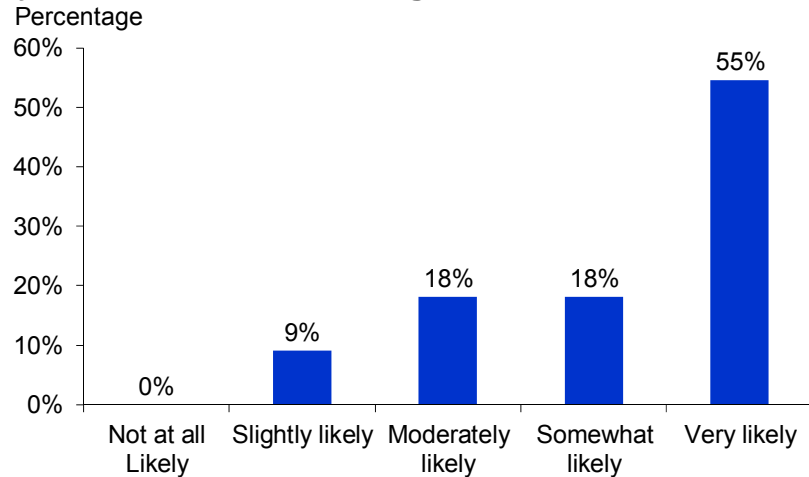
Spending assumptions

- The 2014 Las Vegas Visitor Profile Study was used to develop an attendee spending profile.
- Gaming spending for convention and meeting attendees was provided by LVCVA and based on a per capita spending model.
- Organizer and exhibitor spending estimates were developed based on Tourism Economics research conducted in support of the DMAI Event Impact Calculator along with other LVCVA inputs.
- Impacts of direct spending were estimated using an IMPLAN input-output model for Clark County.

Current consideration of Las Vegas as host

- Organizers of large conferences considering booking the LVCC were contacted to fill out the survey.
- 11 events would be new to Las Vegas and are considering coming to the City.
- Six respondents represent conferences that have been in Las Vegas recently but have concerns about rebooking in the future.

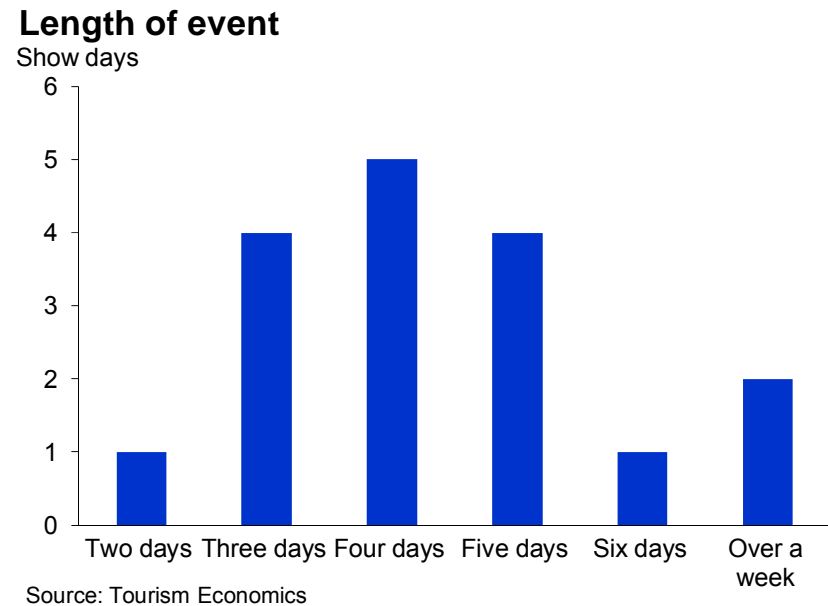
Would more available dates and space increase your chances of booking LV



Source: Tourism Economics

Length of event

- Most events range in length from three to five days with four days being the mode in the sample.
- Two of the events were over a week long.

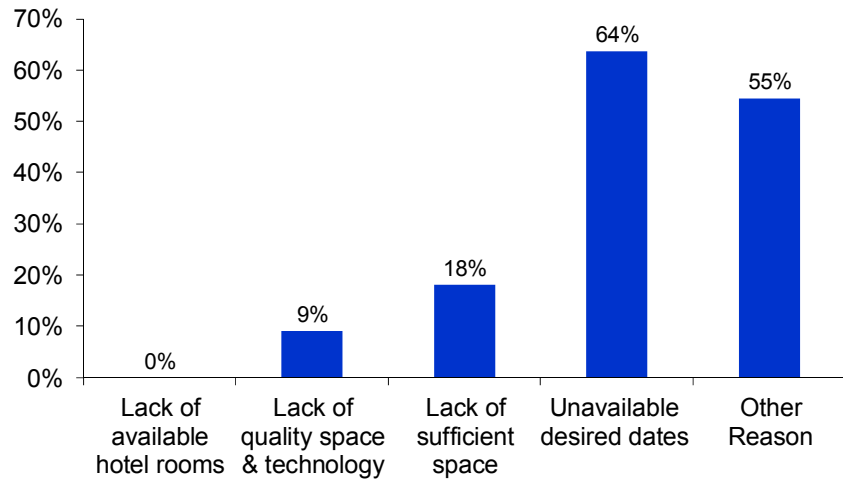


Factors preventing conference bookings

- Lack of available dates was the most frequently cited reason preventing respondents from hosting conferences in Las Vegas.
- Other reasons include specific meeting needs (session rooms/stages/hall configuration) and indicate space reasons also prevent some events from coming to Las Vegas.

Factors that prevent conferences from hosting

Percentage



Source: Tourism Economics

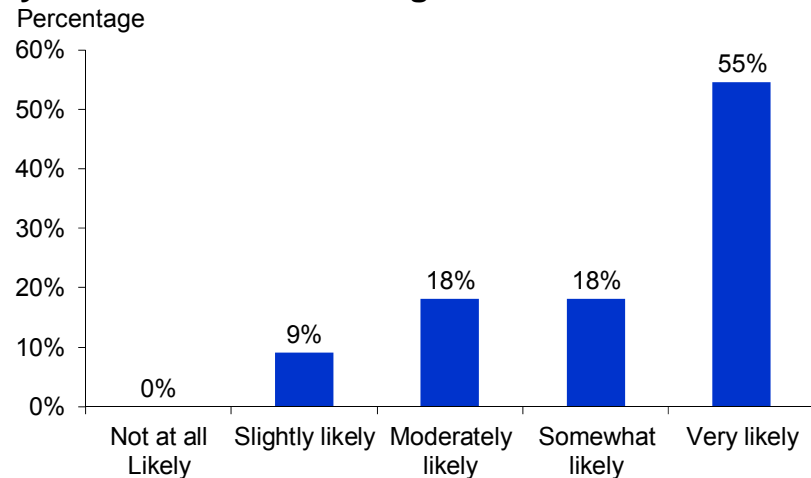
Effect of lack of available dates

- 10 respondents indicated lack of available dates being a problem either in the survey or in the comments.
- These 10 conferences represent 139,121 potential attendees and 526,084 potential attendee days.
- On average these conferences would come to Las Vegas once every three years.

Would LVCC renovations lead to new bookings?

- This question was asked of organizers that have not booked Las Vegas in the last five years.
- More than half of respondents indicated that they would be very likely to book Las Vegas if spaces and dates were available.

Would more available dates and space increase your chances of booking LV

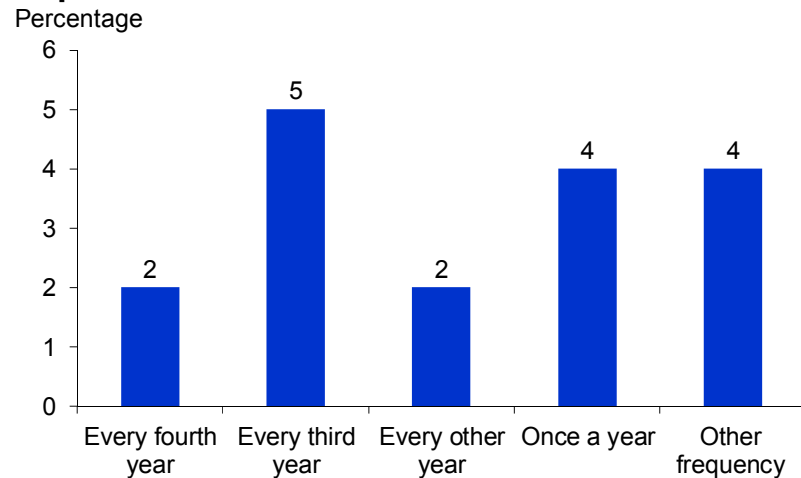


Source: Tourism Economics

Event frequency

- On average, Las Vegas could expect to host an event every 2nd or 3rd year.
- Four events would book Las Vegas once a year.
- Five events would book Las Vegas every third year.

Frequency booking LV Convention Center if improvements are made?

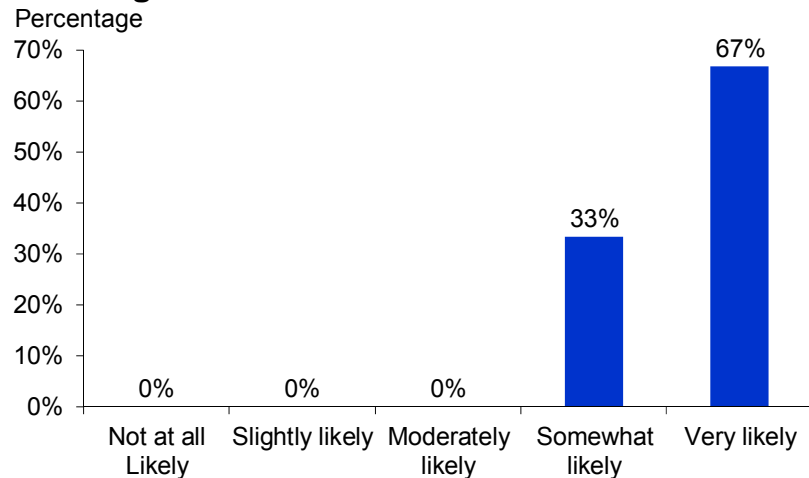


Source: Tourism Economics

Would renovations increase current bookings?

- This question was asked of the six event organizers that have booked the convention center in the last five years
- All of the respondents indicated that they would be somewhat likely or very likely to increase the frequency of Las Vegas bookings

Would more available dates increase frequency of booking LV

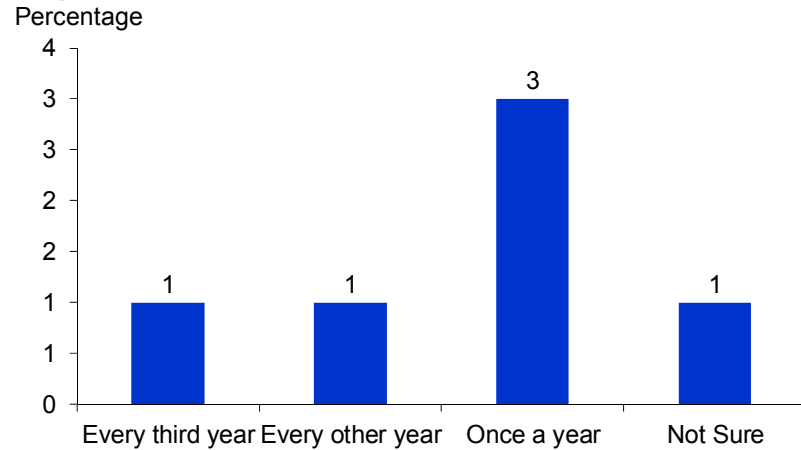


Source: Tourism Economics

Potential of more frequent visitation

- The six organizers would be interested in increasing the frequency of booking Las Vegas if renovations are made.

How frequently would you book LV if improvements are made?

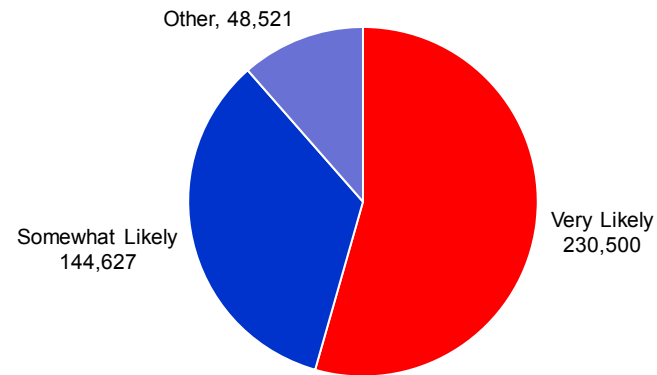


Source: Tourism Economics

Attendance by likelihood

- Organizers that would be very likely to bring their events to Las Vegas represent over 230,000 attendees.
- Events representing another 145,000 attendees would be somewhat likely to book the convention center once additional space became available.

Attendance by likelihood of having meeting in Vegas post-renovation



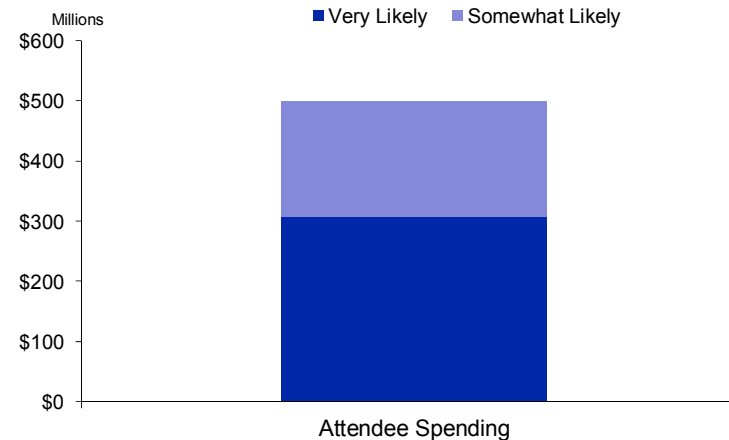
Source: Tourism Economics

Potential direct spending: \$500 million

- Events *somewhat* or *very likely* to come to a renovated convention center would bring in \$500 million in direct business sales.
- Of the \$500 million, \$307 million in direct spending came from events where organizers would be *very likely* to book a renovated convention center.

Maximum Attendee Spending

Assuming all meetings came in same year



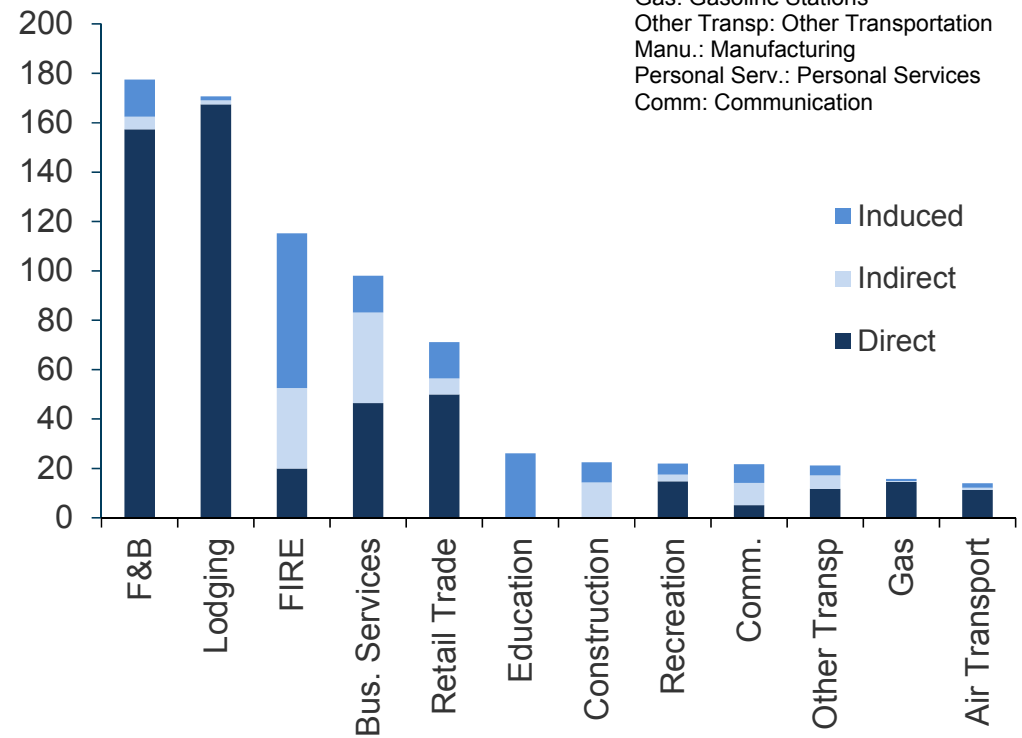
Source: Tourism Economics

Overall impact: \$813 million

- Total business sales from these events freshly attracted by a renovated convention center would reach \$813 million.
- The impacts would be felt in all industries in Clark County.

Travel Sales by Industry

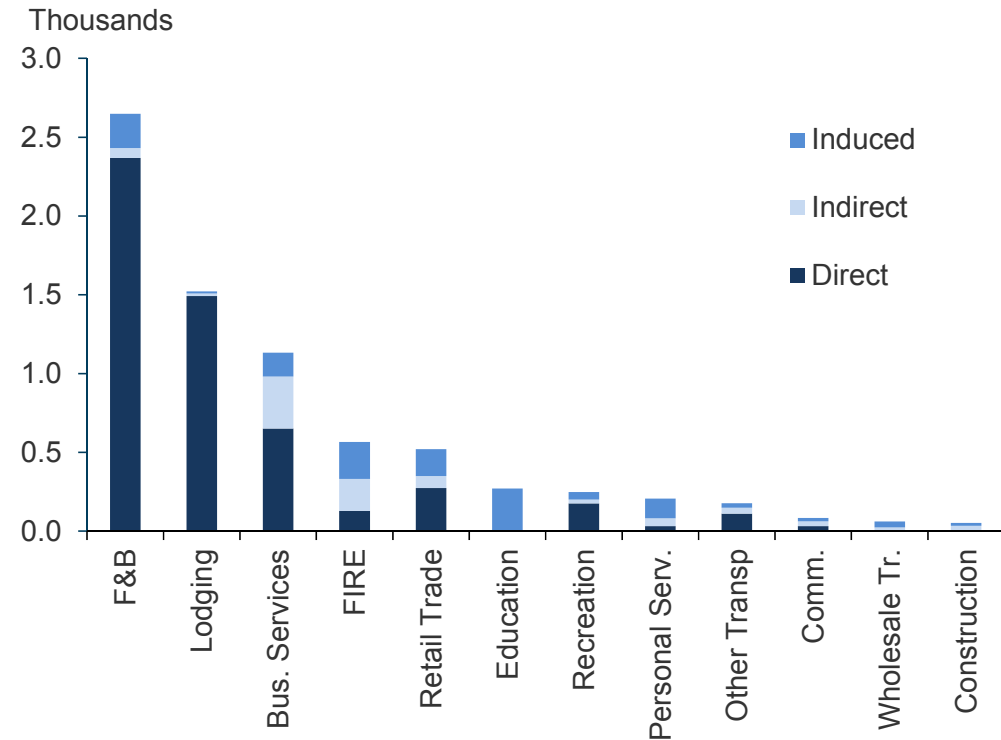
\$ million



Overall impact: 7,600 jobs

- These new events would directly support over 5,300 jobs.
- The overall business activity created by these new events would support 7,600 jobs and \$300 million in labor income.

Travel Employment by Industry



Overall impact: \$54 million in tax revenue

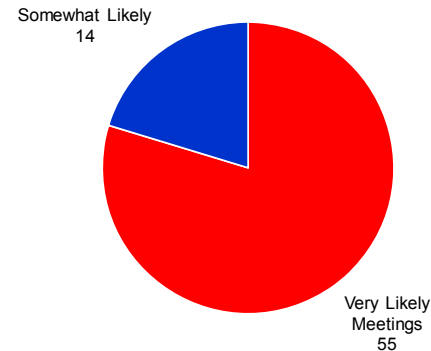
- \$54 million in state and local tax revenues would be created by the economic activity brought to Las Vegas from hosting these events.

Event-Generated Tax Revenues			
(US\$ Million, Year)			
	Direct	Indirect/ Induced	Total
Federal	46.4	25.9	72.3
Personal Income	15.5	8.5	24.0
Corporate	4.2	4.6	8.9
Indirect business	4.6	2.4	7.0
Social Security	22.0	10.4	32.5
State and Local	35.7	18.6	54.3
Sales	20.1	10.5	30.6
Personal Income	-	-	-
Corporate	0.0	0.0	0.1
Social Security	0.7	0.3	1.0
Excise and Fees	6.0	3.1	9.2
Property	8.8	4.6	13.4
TOTAL	82.1	44.5	126.6

10 year impact

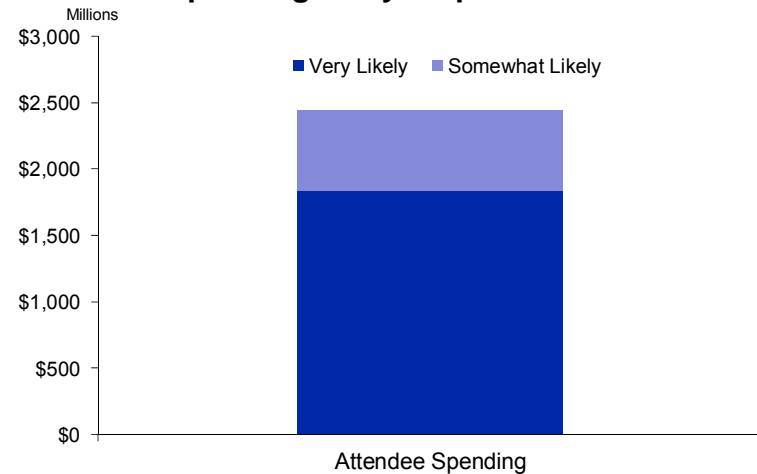
- Based on the frequency of events in the survey, a renovated Las Vegas Convention Center would host 69 new events – 55 very likely - from these organizers over a ten-year period.
- These meetings would bring around \$2.4 billion dollars in direct spending from organizers/attendees.
- Total room demand from the attendees would surpass 3.5 million room nights.

Meetings potential - 10 year period



Source: Tourism Economics

Attendee Spending - 10 year potential

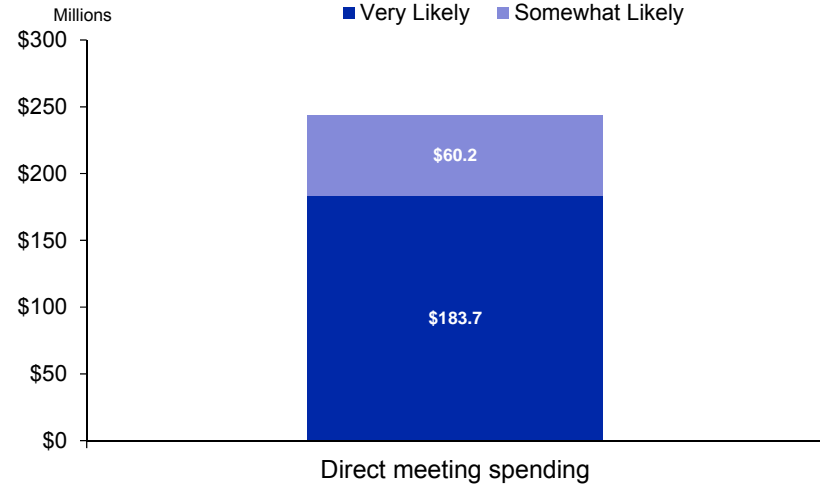


Source: Tourism Economics

Annual impact

- On average, the Las Vegas Convention Center could expect to see 7 bookings a year from these events.
- These meetings would bring around \$240 million dollars in direct spending from organizers/attendees with a total impact of \$400 million.
- Annual room demand from the attendees would be nearly 358,000 room nights.

Annual Event Spending



Source: Tourism Economics

Annual impact

- These events would directly boost state and local governments tax revenue by \$17.4 million.
- Overall, tax revenue to state and local governments would increase \$26.5 million annually.

Event-Generated Tax Revenues (US\$ Million, estimated annual impact)			
	Direct	Indirect/ Induced	Total
Federal	22.6	12.6	35.3
Personal Income	7.6	4.1	11.7
Corporate	2.1	2.3	4.3
Indirect business	2.2	1.2	3.4
Social Security	10.7	5.1	15.8
State and Local	17.4	9.1	26.5
Sales	9.8	5.1	14.9
Personal Income	-	-	-
Corporate	0.0	0.0	0.0
Social Security	0.3	0.2	0.5
Excise and Fees	2.9	1.5	4.5
Property	4.3	2.2	6.5
TOTAL	40.0	21.7	61.7

Closing comments – space

- “If more space were available to host every third year, we would be there in a heartbeat... Hands down Vegas would be in our rotation. Build it and we will come!”
- “The LVCC needs more meeting rooms and is in need of a major renovation.”
- “Additional meeting room and exhibit is needed greatly to accommodate very loyal trade shows that would very much like to book the Convention Center.”
- “Unless there is expansion or openings in other halls aside from the South Hall, we may have to look at alternate locations.”

Closing comments – date

- “Current annual Las Vegas shows make it impossible for us to secure dates.”
- “If the space were available at our ideal dates, we would gladly put Vegas in to our regular rotation.”
- “I would like to bring our_____ events to Las Vegas more frequently but have trouble finding dates and availability.”
- “If there is ANY chance Las Vegas could accommodate with the proposed changes please advise immediately as the Board will be selecting these years in December 2015.”

Appendix

Economic opportunity of LVCC expansion

Economic Opportunity LV Convention Center Expansion			
	All Events*	10 year cumulative**	Annually***
Events	14	69	7
Attendance	375,127	1,829,935	182,994
Show days	65	296	30
Room Nights	733,704	3,579,138	357,914
Spending (Millions)	\$500.0	\$2,438.9	\$243.9
Impacts:			
Employment	7,602	37,083	3,708
Labor Income (Millions)	\$297.9	\$1,453.0	\$145.3
Business Sales (Millions)	\$813.0	\$3,966.1	\$396.6
State and Local Taxes (Millions)	\$126.6	\$617.45	\$61.7

* Overall: aggregate value of each very and somewhat likely event once

** 10 year cumulative: factors in frequency of event over 10 year period

*** Annual: average annual impact over 10 year period, reflecting event frequencies



THE VENETIAN THE PALAZZO SANDS EXPO

Presentation to the Southern Nevada Tourism Infrastructure Committee

October 2015

AGENDA

Overview

History

Operations

Community

Trend

Need

OVERVIEW

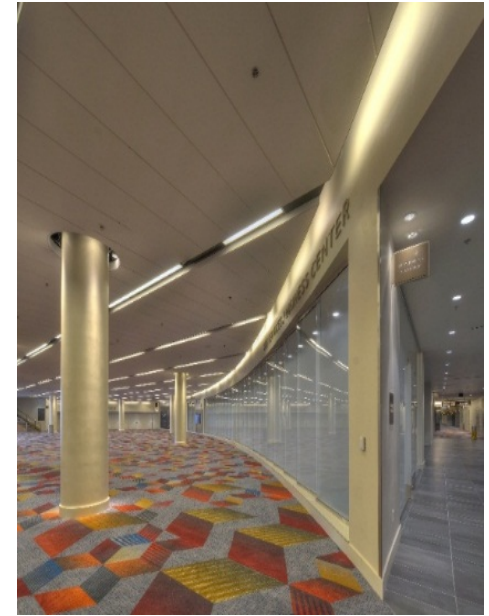
Las Vegas Sands Offers in Las Vegas

2.25 million square feet of flexible exhibition and meeting space

Space for groups of varying size and purpose

350 meeting rooms from 342 to 85K Sq. Ft.

5 Exhibit halls from 100K to 1M Sq. Ft.



CUSTOMERS



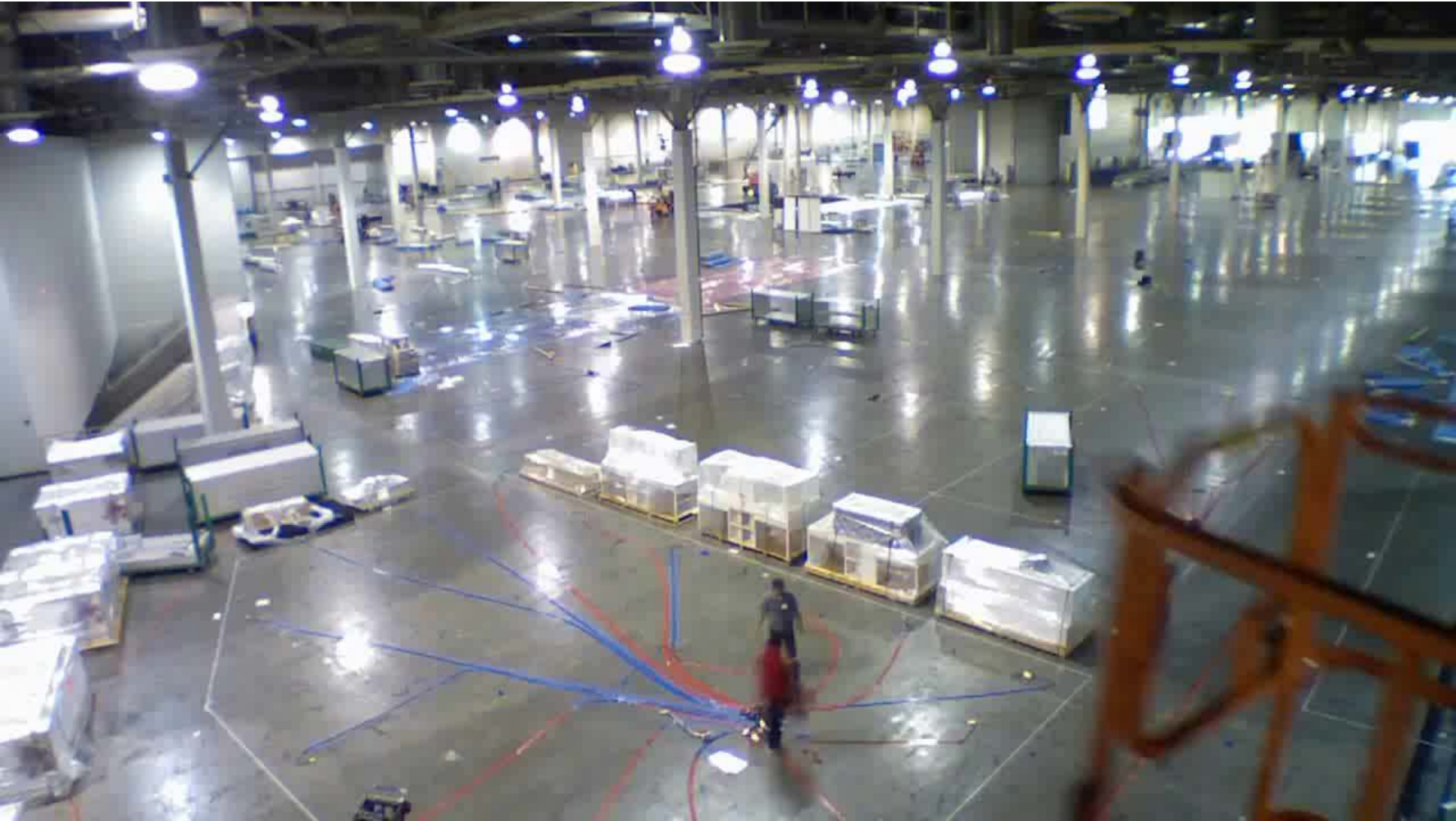
ATTENDEES

More than

2.3 MILLION

annually

IMEX 2014



AGENDA

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EARLY YEARS

1989: Pre-opening

Ten years after founding COMDEX, Mr. Adelson and his partners bought Sands Hotel

1991: Comdex (180K Sq. Ft.)

COMDEX/Fall '91
The International Trade Show for Computer Distribution Professionals
OCTOBER 21-25, 1991
Sands Expo and Convention Center and other sites
LAS VEGAS, NEVADA USA



1994: Automotive Aftermarket Products Expo (AAPEX)

aapecx
ahead of the curve

1989

1990

1991

1992

1993

1994

1995

1996

1990: Opening Year

- 2nd largest in world



1993: Computer Electronics Show (CES)

- Last Apple appearance



1996: Era Ends with Sands Closing



GROWTH

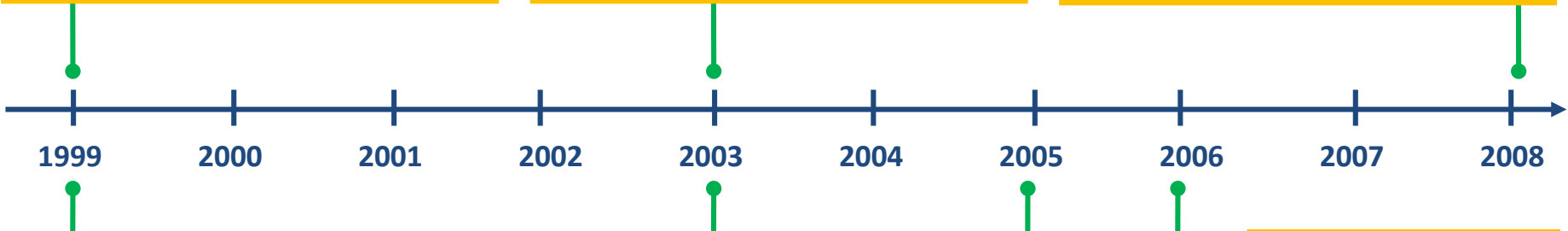
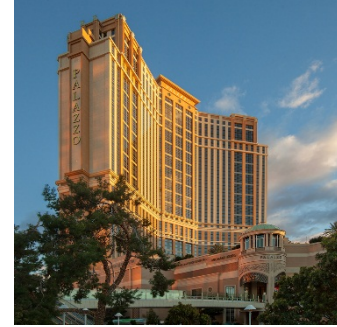
1999: Venetian Opening



2003: Venezia Opening



2008: Palazzo Opening



1999: Launch Expansion

- Level 1/Level 2
- 45 meeting rooms
- 295K Sq. Ft.



2003: Second Expansion

- Level 2
- 64 meeting rooms
- 102K Sq. Ft.

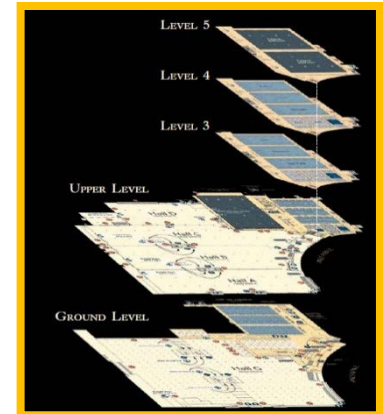


2005: Third Expansion

- Level 3/4
- 136 meeting rooms
- 204K Sq. Ft.

2006: Fourth Expansion

- Level 5
- 1 large ballroom
- 102K Sq. Ft.



CURRENT

2010: Shot Show



2012: HIMSS

HIMSS¹²
Annual Conference & Exhibition
FEBRUARY 20-24, 2012 / LAS VEGAS
THE VENETIAN-SANDS EXPO CONVENTION CENTER

2014: HP from Big Tech

hp Discover2014
It's time to build a better enterprise.
Together.
Las Vegas | June 10-12



2011: G2E



2012/13: \$35M Invested to Go Green

SUSTAINABLE MEETINGS September 12, 2013

Las Vegas Sands Expo & Convention Center Goes Green



In Las Vegas, the **Sands Expo and Convention Center** is working to go green—and, according to the *Las Vegas Review Journal*, the industry is taking notice.

The convention complex at **The Venetian and Palazzo Las Vegas** is currently in the middle of a \$35 million renovation that includes new carpeting, lighting and motion sensors—much of which is expected to meet environmental standards set by certification bodies. The center has already achieved Level Two Certification to the ASTM Standard, created through a partnership of the Convention Industry Council's APFX initiative and

2015: CES in both LVS and LVCVA



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PRIOR TO EXTERIOR AND LOBBY UPGRADE



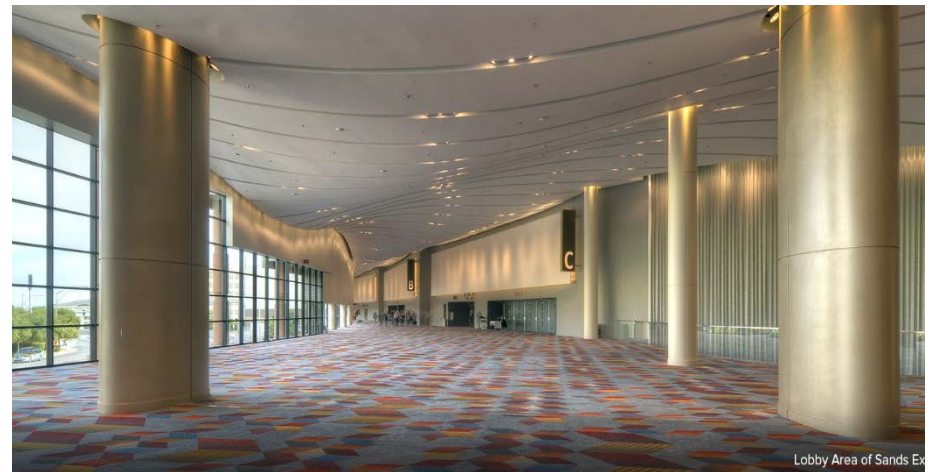
EXPO
Las Vegas

Celebrating 25 Years of Excellence



POST EXTERIOR AND LOBBY UPGRADE

2013: 33 Million
Dollar Renovation



Lobby Area of Sands Ex

TOUR



KITCHEN

2015: \$6 Million Dollar Kitchen Renovation



TECHNOLOGY

Investment

\$6.2M since 2012

\$1.8M in G-hall alone in 2015

Benefits

Allows real-time instant connectivity

Allows any device to connect

Automatically scales for any size event

Meets customer demands for Internet of things (IOT)



TRAFFIC FLOW



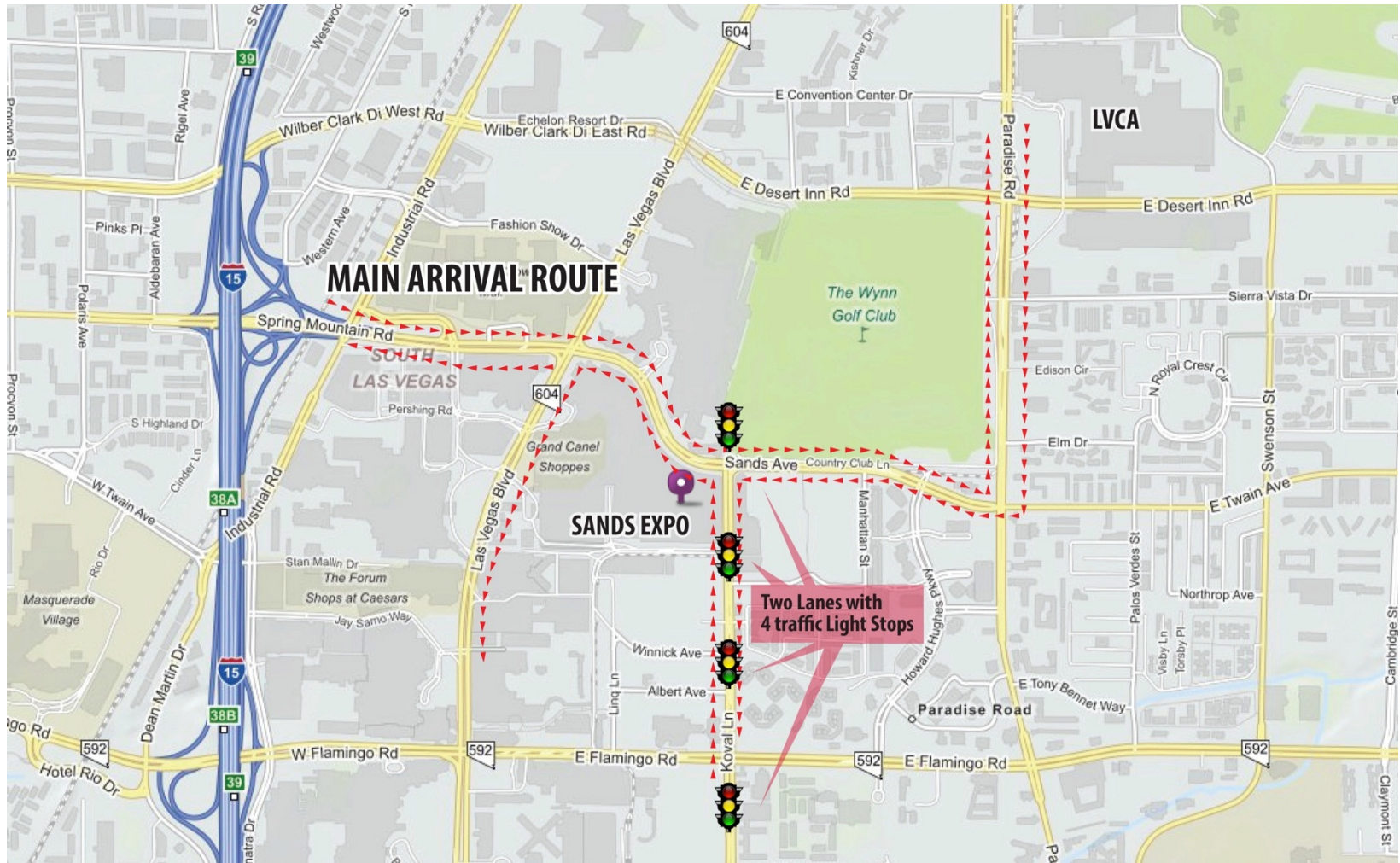
Traffic Flow /
Accessibility



TRAFFIC FLOW



TRAFFIC FLOW



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ECONOMICS

Annual visitation

4.3M visitors

\$600M in room spend

\$3B in non-room spend

Annual Jobs

\$360M paid in direct payroll; +9000 direct jobs

\$500M in indirect payroll; +10,000 indirect jobs

Annual Development

\$500M in development, including procurement

Annual public revenue (taxes)

\$70M of annual impact

OUTREACH



\$7 million gift to the William F. Harrah College of Hotel Administration at UNLV



TEACHFORAMERICA



Going Places. Going Strong.

OUTREACH



Record Keeping: Catholic Charities transfer donation into their equipment, photographs and track each donation



A member of FEEDING AMERICA

Community Hero Awarded by Three Square Food Bank

Over 120,000 Meals donated from banquets

Designed the operatives and procedure to rescue food from resorts on the strip

Record Keeping: Catholic Charities takes a photo of final meal to show what is served to their clients.



Sands

ECO 360°
GLOBAL SUSTAINABILITY



LEED Gold
Certified for
Existing Buildings
in 2010 and were
recertified in
2015



Level II Certified under
the APEX/ASTM
Certification Series for
Environmentally
Sustainable Meetings,
Events, Trade Shows, and
Conferences



85% Recycle Rate



82% Recycle Rate

OUTREACH

Annual outreach impact

\$0.5M in charitable giving; 50+ institutions

\$0.3M in employee giving; 4000+ volunteer hours

\$1M in team member support (e.g. child care subsidies)

IMPACT

Over \$5B in annual socio-economic
impact

AGENDA

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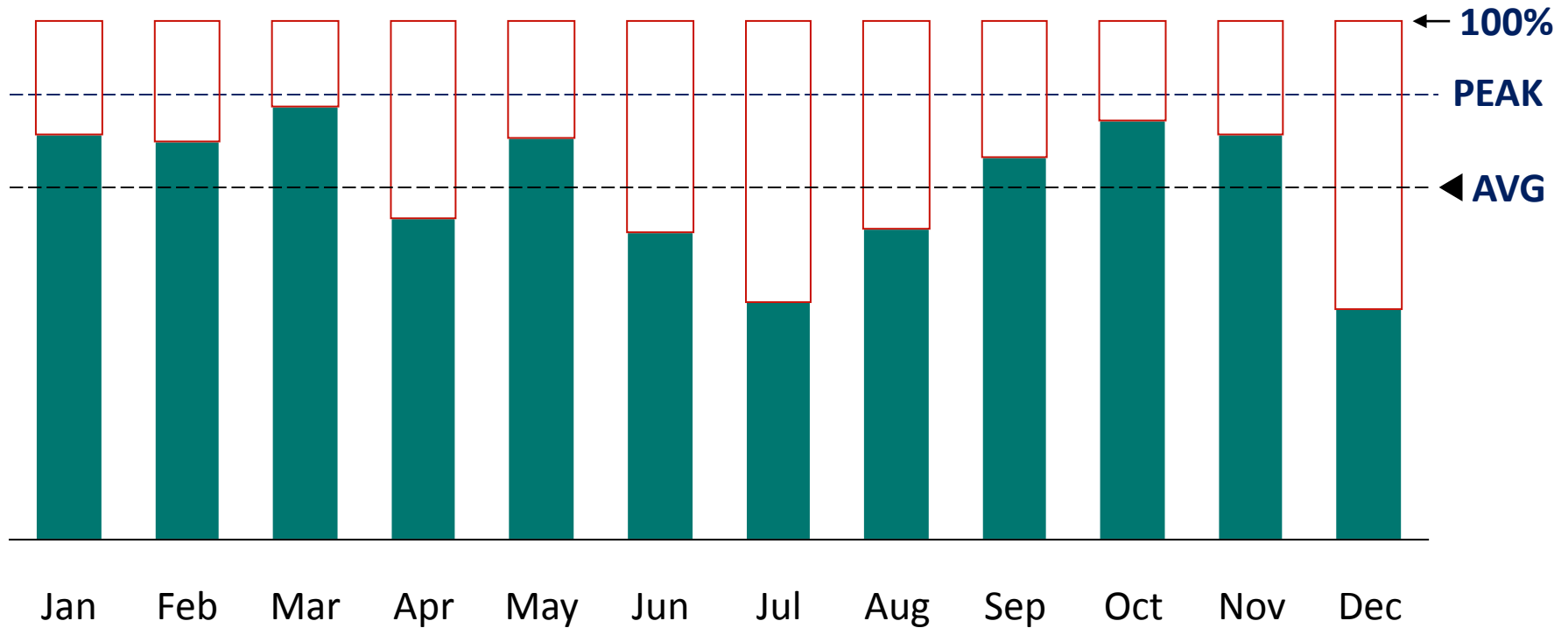
Trend

Need

SPACE OCCUPANCY NOT AT THEORETICAL PEAK

Occupied Space, %

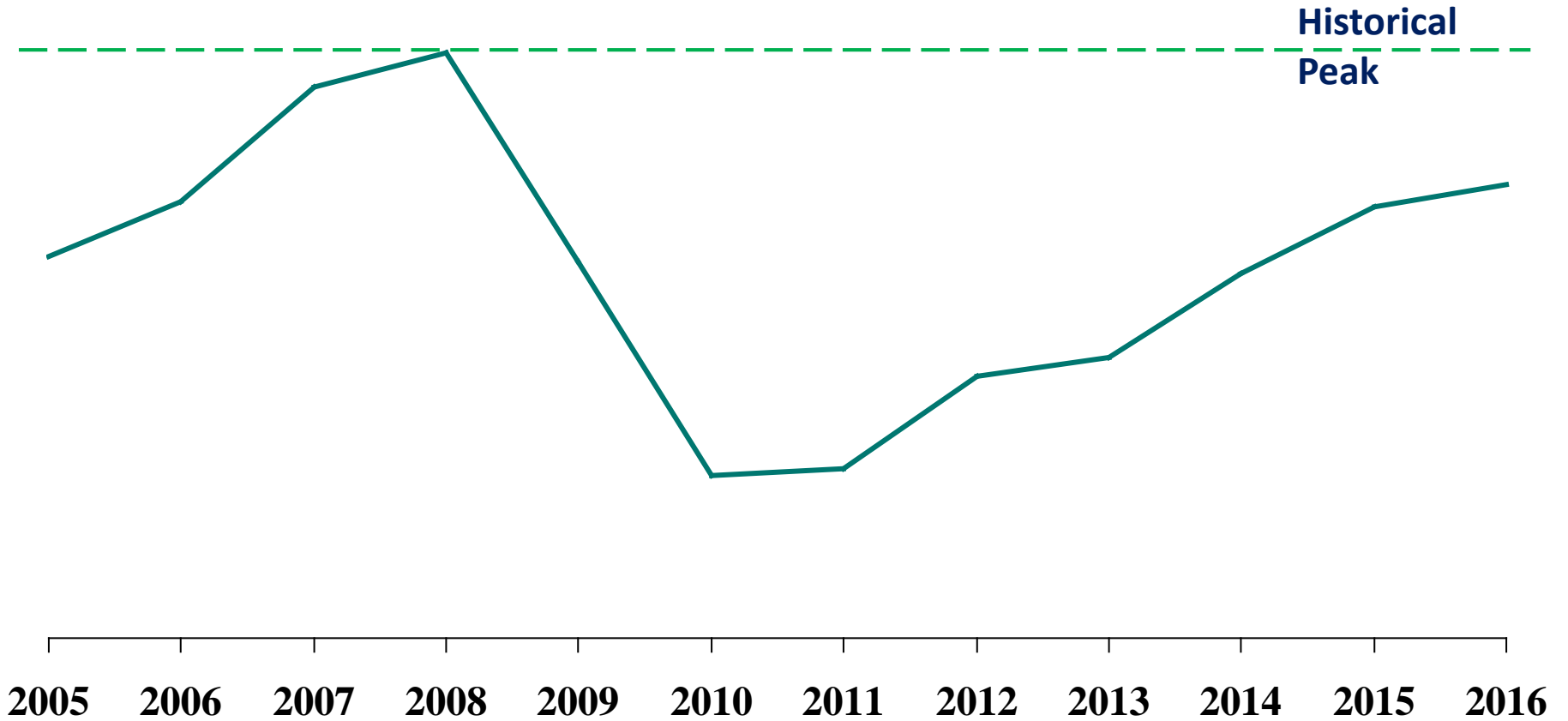
Not Occupied Occupied



NOTE: Average represents 2012-2015

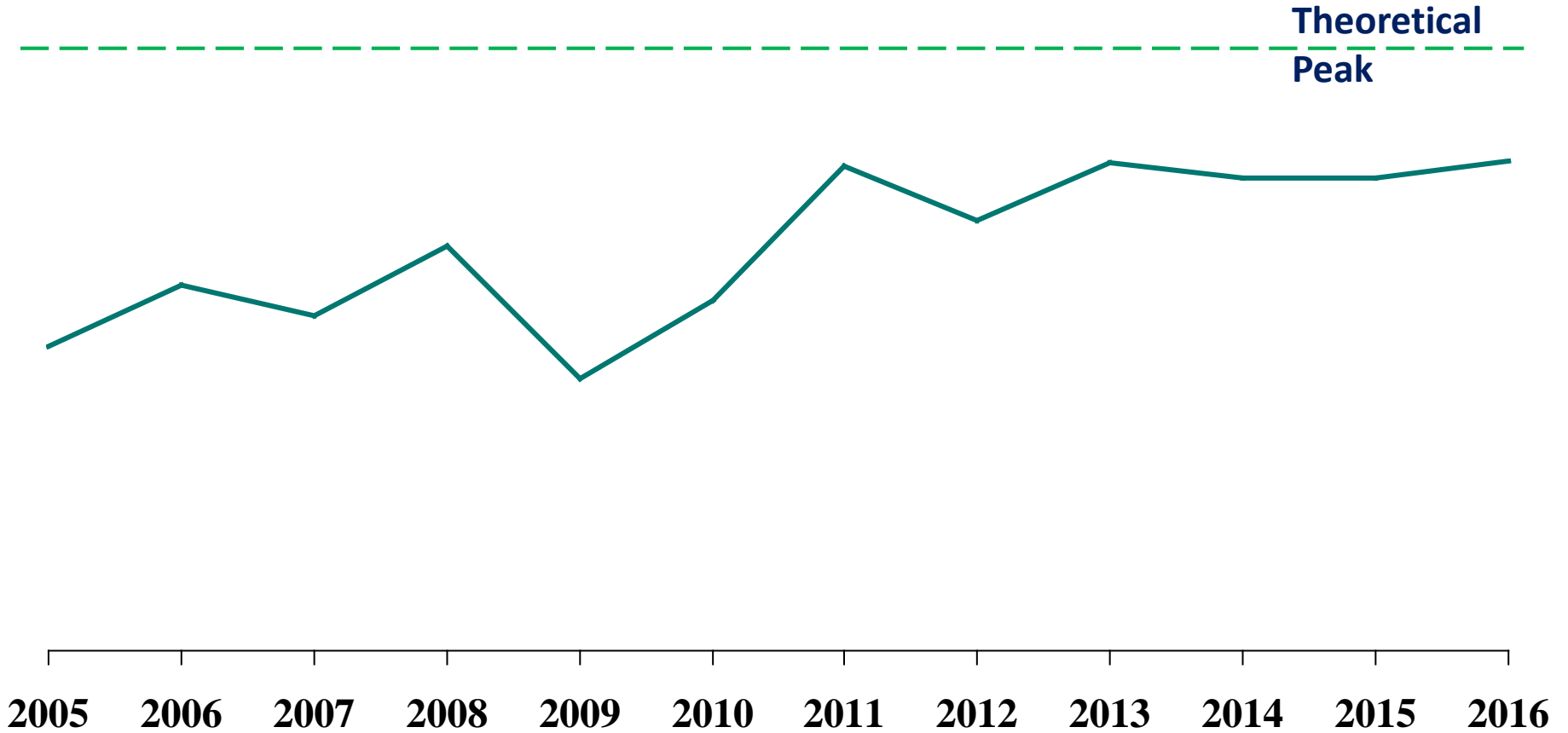
GROUP RATE NOT AT HISTORICAL PEAK

ADR, \$



GROUP OCCUPANCY NOT AT THEORETICAL PEAK

RN, *Thousands*



SUMMARY

ROOM TO GROW

- 12% from theoretical peak space capacity
- 11% from historical peak group rate (not inflation adjusted)
- 10% from theoretical peak group room occupancy
- Untapped potential for multiple location opportunities

STRATEGY

- Invest in our facilities
- Expand our facilities
- Improve service
- Attract new customers
- Retain existing customers
- Innovate meeting types
- Grow multiple location opportunities

AGENDA

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NEED

Tax dollars should be used to improve infrastructure (e.g. Airport, Transportation)


Pedestrian walkways

Expansion of roads and access points

Improved mass transportation (e.g. light rail)

Stadium to attract major sports and city-wide events as well as provide benefit to UNLV

Tax dollars should NOT be used to compete with the private sector

A large, stylized, golden-brown graphic of a lion's head, facing right, occupies the left side of the slide. The lion's features are defined by layered, overlapping shapes, giving it a three-dimensional appearance. The background is a light beige color with subtle, overlapping geometric shapes in various shades of tan and gold.

Southern Nevada
Tourism Infrastructure
Committee Testimony
October 22, 2015



MGM RESORTS
INTERNATIONAL®

MGM Resorts Vegas Meeting Leader



- 41,000 available rooms in Las Vegas
- 3.4 Million Square Feet of meeting space in Las Vegas
- Over 7000 Meetings & Conventions Hosted Annually
- Over 2.5 Million Group Room Nights Annually

MGM Resorts Footprint



- 50,000 team members representing 110,000 local residents
- MGM tax revenue is over 10% of the State General Fund
- MGM room tax revenue is 35% of all room tax collected
- ONLY 32% of these tax revenues is returned to operate the LVCVA and LVCC. The majority of this tax revenue supports highways, roads, education and other community investments

MGM Resorts Vegas Meeting Leader



➤ Prominent Leader in the Global Meetings Industry



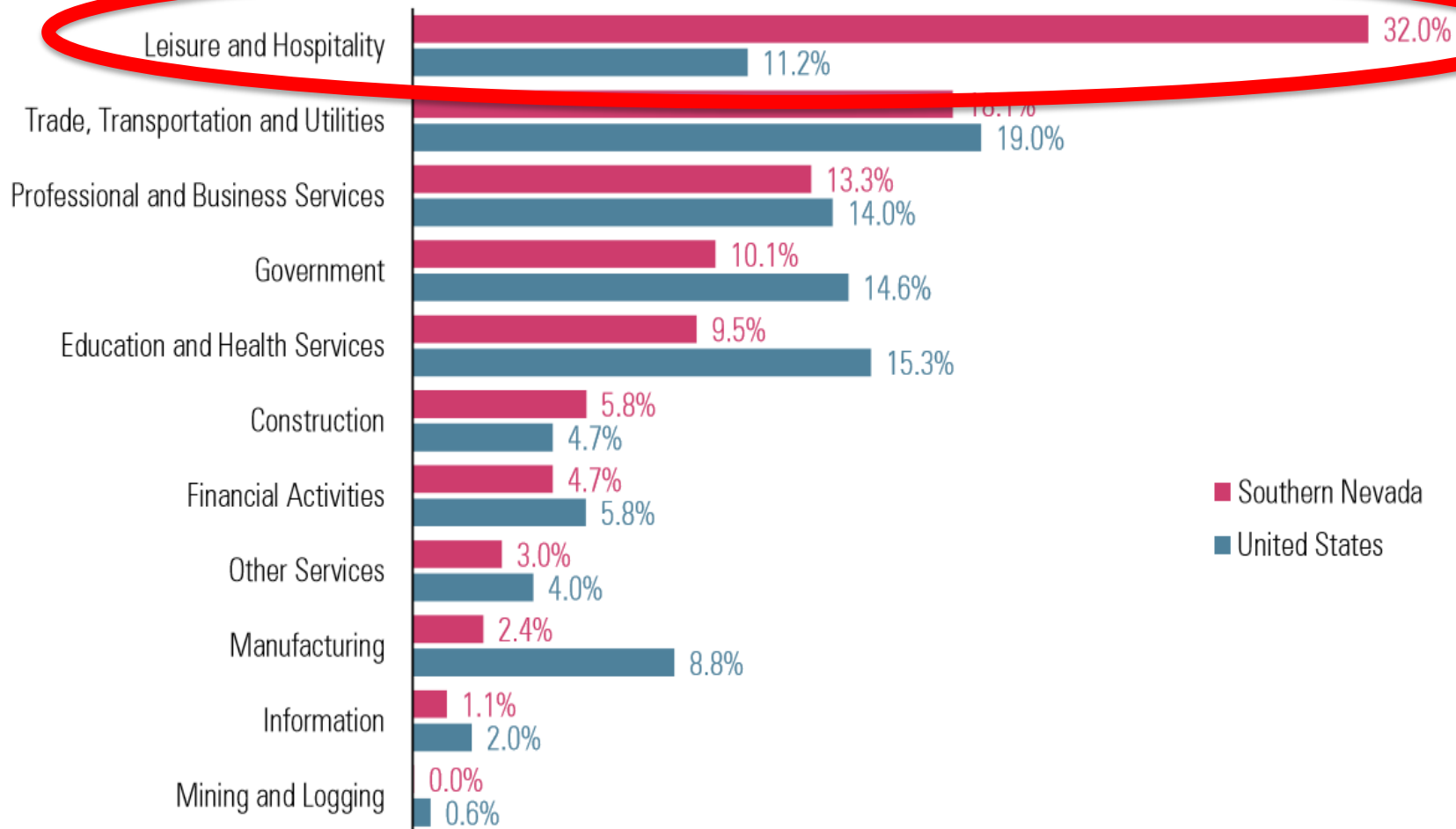
MEETING PROFESSIONALS INTERNATIONAL



Job Dependency

Exhibit 6

Employment Shares by Sector, Southern Nevada vs. United States



Meeting Segment Impact

Economic Impact of Southern Nevada Convention and Meeting Segment, 2014⁷

	<i>Direct Impacts of Convention/ Meeting Segment</i>	<i>Convention Suppliers and Vendors</i>	<i>Spending by Convention/ Meeting Industry Employees</i>	<i>Total Economic Impacts Generated by Convention/Meeting Segment</i>
	<u>Direct Impacts</u>	<u>Indirect Impacts</u>	<u>Induced Impacts</u>	<u>Total Impacts</u>
Total Employees	34,300	8,097	11,426	53,823
Total Wage & Salary Payments	\$1,372,972,520	\$296,932,974	\$374,540,672	\$2,044,446,166
Total Economic Output	\$4,375,376,527	\$1,277,028,181	\$1,704,010,249	\$7,356,414,958

⁵ Source: Las Vegas Convention and Visitors Authority *Visitor Statistics*.

⁶ Source: Las Vegas Convention and Visitors Authority and GLS Research, 2008 to the present. 2014 premium is based on unadjusted survey responses.

⁷ Calculations are based on IMPLAN, an input-output econometric model. Refer to the Methodology section of this analysis for further detail.

Convention Center Impact

Las Vegas Convention Center Impacts, 2014⁹

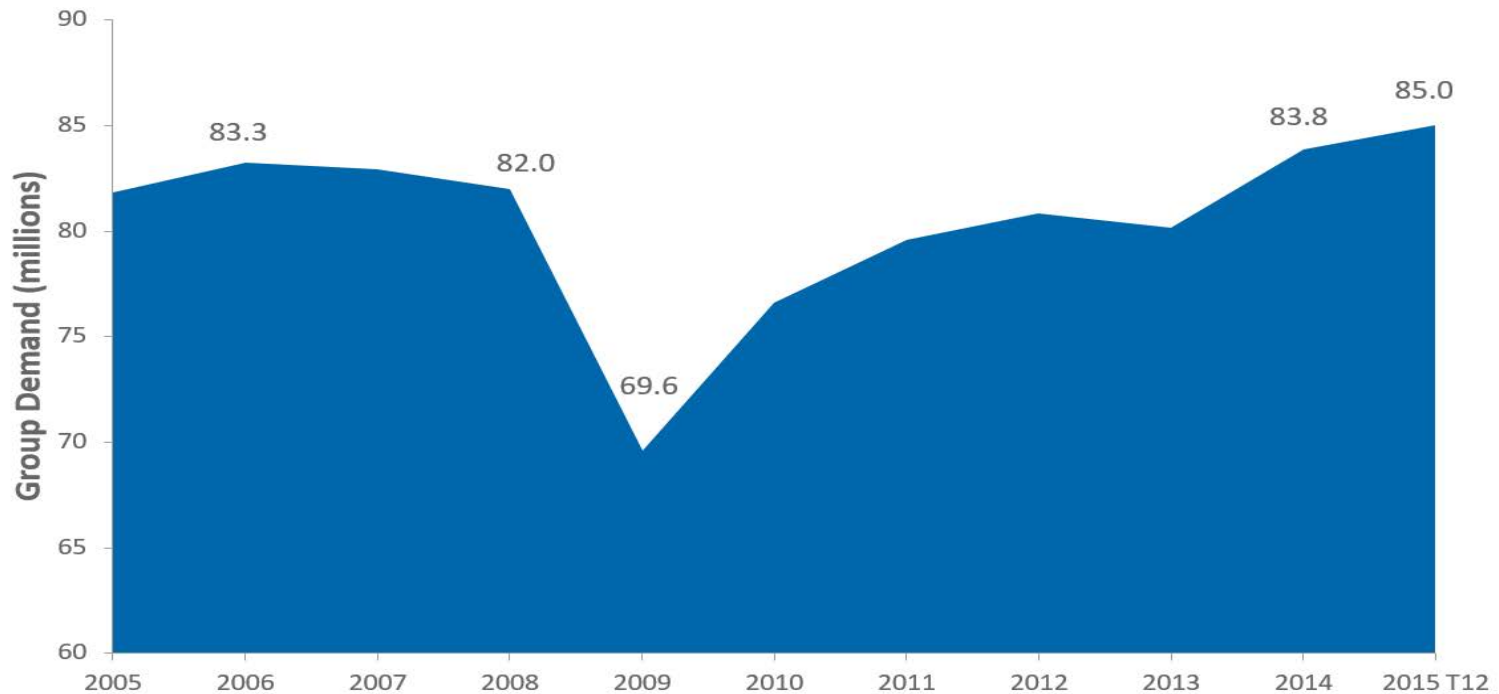
Statistic	2014 Value
Total LVCC Conventions	46
LVCC Convention Attendees	1,316,571
<i>Employment Impact:</i>	
Direct	8,736
Indirect	2,062
<u>Induced</u>	<u>2,910</u>
Total Employment	13,709
<i>Wages and Salaries Impact:</i>	
Direct	\$349,699,540
Indirect	\$75,629,572
<u>Induced</u>	<u>\$95,396,447</u>
Total Wages and Salaries	\$520,725,559
<i>Economic Output:</i>	
Direct	\$1,114,419,360
Indirect	\$325,262,276
<u>Induced</u>	<u>\$434,015,678</u>
Total Economic Output	\$1,873,697,314

US Group Demand Growing

Group Demand – Total US

2005-2015 T12

Luxury and Upper Upscale



Austin, Texas

Council gets first look at proposed Austin Convention Center expansion

City staff: Renovations could be complete by 2021

By Joe Lanane August 24, 2015



Initial efforts more than 15 years ago to make Austin a convention destination have proven so effective, according to city staff, that a larger event center is needed to accommodate increased demand.

San Antonio, Texas



Slide 1 of 2

A New Crossroads

Henry B. Gonzalez Convention Center

Building Type: Convention Centers

Expertise: Architecture, Convention Centers, Renovation

Los Angeles, California

HMC ARCHITECTS AND POPULOUS

This is the future of international convention centers. The Populous/HMC LACOEX 2020 plan is authentic Los Angeles, with space to breathe, space to meet, space to celebrate and space to sell. An expanded Gilbert Lindsay Plaza will welcome residents of Los Angeles and its modern, flexible space will attract the world's top conventions, driving business, pleasure and culture. The design of the facility references Los Angeles' trend-setting culture of art, architecture and design to set new trends in the convention industry. The new LACOEX will reposition LA as the international convention destination of choice on the West Coast.



San Diego, California



Why This Strategic Plan Works



- Las Vegas has benefited from the many displaced groups of cities renovating without the ability to build new space while they renovate
- MGM Resorts has benefited recently with the relocation of a large Tech group that has booked Mandalay for 3 years, while Moscone is renovated



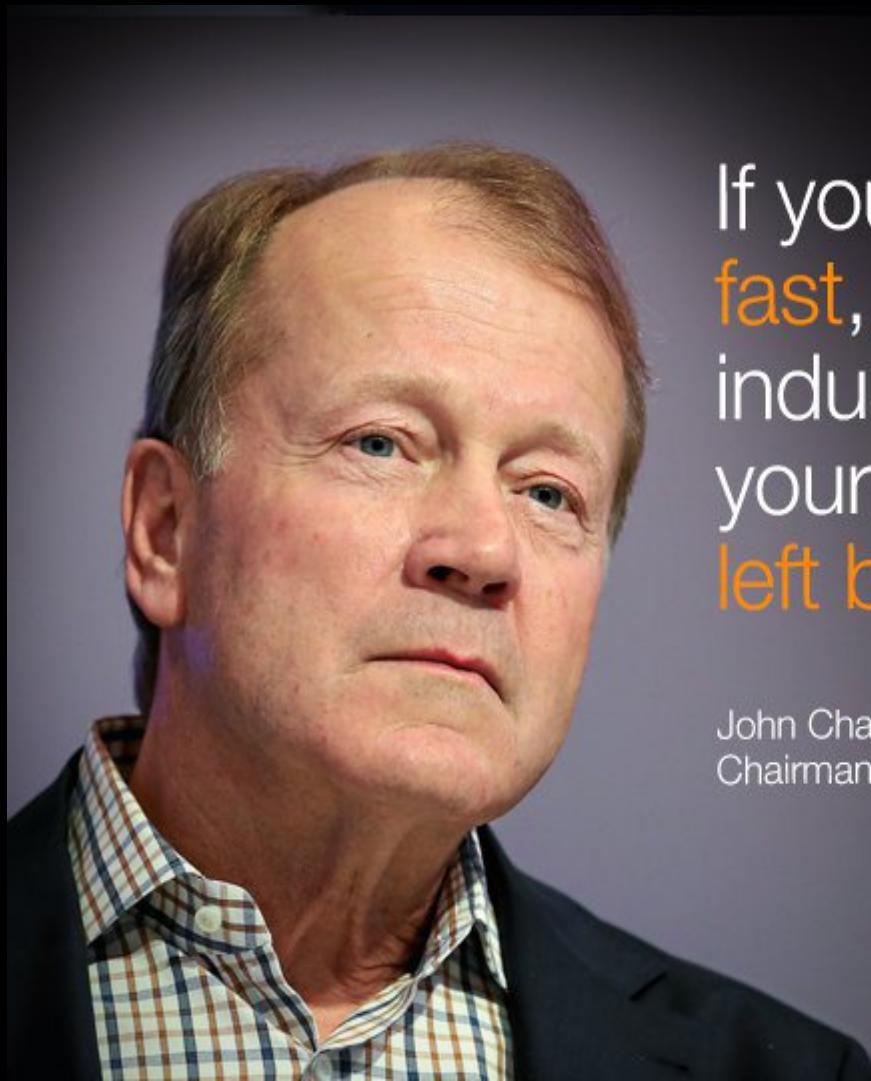
- Magic has been meeting in Las Vegas since 1989 after being displaced from the Los Angeles Convention Center for renovation
- Our good friend Tony Calanca with Advanstar would not be here today as our partner had Los Angeles not had to displace during renovation

Vegas #1 Tradeshow Destination

Las Vegas is top trade show destination for 20th consecutive year



- Challenge is to remain on Top of this list
- We need to listen to our customers and invest in their needs
- Competition is real and we need to protect our home turf
- We can be the solution provider needed for our current customers and those we have not been able to accommodate
- Our entire community and it's well being is dependent on a healthy and robust Tradeshow and Meetings environment



If you don't **innovate fast**, disrupt your industry, disrupt yourself, you'll be **left behind**.

John Chambers
Chairman and Chief Executive Officer, Cisco, USA



In the new world,
it is not the big fish
which eats the
small fish, it's the
fast fish which
eats the slow fish

Klaus Schwab
Founder and Executive Chairman
World Economic Forum

Southern Nevada Tourism Committee

Appendix to MGM Resorts Presentation

October 22, 2015

1) Organizational Overview

- a. Please provide a brief history of your organization and its importance to the region's tourism-based economy.**

MGM Resorts international; a premier leader in Hotel, Entertainment, Gaming, Food & Beverage, Meetings & Conventions, is the largest employer in the State of Nevada. A result of mergers & acquisitions along with new building over the last 22 years, we currently own 15 resorts in Las Vegas with over 41,000 rooms (27% of the total Las Vegas inventory) and employ 50,000 people. Our brands, from Circus Circus to Bellagio, deliver every type of hospitality offering across the spectrum of price points reflecting the full range of the Las Vegas experience.

Specifically in the area of meetings, convention and trade shows, MGM Resorts is the industry leader with over 3.3 million square feet of convention and trade space. In addition we have two world class arenas, as well as 12 theaters that host many unique and/or large general sessions and special entertainment and sporting events. Also we have 60 acres of premier outdoor festival grounds allowing us to host large creative theme events.

In 2014 we hosted more than 7000 meetings and events, generating 2.5 million trackable convention room nights and more than \$800 Million in direct convention revenue spending. Whether it's a board of directors meeting for 10 people to a 50,000 person tradeshow, MGM Resorts has become a recognized leader in meeting and trade show excellence and enjoy strategic partnerships with the largest global producers of meetings, conventions and exhibits.

- b. Please provide an overview of the current status of your organization, including competitive positioning.**

MGM Resorts is the largest employer and tax payer in the State of Nevada. Consistently investing hundreds of millions of dollars annually to make sure that we maintain our industry leading marketing position. We currently have over \$800 million in construction and reinvestment in Las Vegas to protect and enhance our leading position. We understand and accept the responsibility to continue to lead the market on behalf of both shareholders as well as improving the local community.

c. Please provide a general overview of the role your organization plays in southern Nevada's tourism economy.

MGM Resorts International role in Southern Nevada Economy is profound. The tax revenue our company generates alone represents over 10% of the Nevada States General Fund. Our company generates more room tax than any other company that contributes 35% of the Las Vegas Convention Authority. Of that total, 32% of that revenue goes to actually fund the LVCVA and LVCC operations with the rest going to education, roads and highways and other community needs across the state.

MGM Resorts is also a good steward of our success further contributing to the economy and local community. In addition to the billions of dollars we spend annually in Clark County for construction and procurement, we also invest and reinvest heavily in our ongoing commitment to Corporate Social Responsibility. Our company and our employees have invested millions of dollars to charities, in addition to thousands of volunteer hours (172,000 in 2014) to those in need. In 2014, MGM Resorts employees donated more than 1 million pounds of food to Three Square becoming the largest single corporate donation in the US to a local food bank. All of this has positioned MGM as America's Top 100 Most Reputable companies for CSR by the Reputation Institute.

d. Please provide a look forward for your organization, including any relevant plans demand or performance metrics and any plans for future expansion.

While MGM is actively involved in both domestic and international expansion, our home and largest footprint remains here in Las Vegas. Over the last several years we have invested billions to maintain our market-leading positions. City Center, the North and South Strip festival lots, Mandalay Bay Convention Expansion plus hundreds of millions of specific property hotel and food and beverage investments are just a few of the visible examples. We are in the middle of changing the landscape of the strip for the next several decades with our new \$400 million Las Vegas Arena as well as the \$ 100 million park which will include a new \$100 million theatre, shops and restaurants.

Aligned with our entertainment strategy, our goal is to diversify and grow/enhance our offerings in order grow our repeat visitation success while at the same time increase demand for new customers both domestically and internationally.

Specifically in the meetings and convention market our expansion at Mandalay Bay as well as the new Las Vegas Arena has already brought new customers for the city that would have otherwise not been able to consider us. It is important to note that many of the large corporate customers are in need and have already expressed interest in the new neutral venue and expanded capacity for Las Vegas.

e. What is your organization's view of growth generally? Do you agree or disagree with the baseline projections set forth by the Committee?

We generally agree with the baseline projections provided to us. We are very optimistic about Las Vegas' future and know that meetings and conventions is one of the centerpieces of that growth.

However, if we remain complacent on our current market position as the number one tradeshow destination in North America and not listen to our current customers' needs and prospective customers' interests, then the projections set forth by this Committee are at serious risk; especially understanding the growing competitive landscape and investment of competing destinations like Orlando, Houston and San Francisco to name a few.

2) Current and Future Infrastructure Needs

a. Please provide an overview of the current capacity of your organization's operations given today's tourism-related infrastructure.

In addition to the targeted areas that this committee is focused on, is the ability to grow international visitation from 19% to 30% over the next 5 years. Current relationships with the LVCVA and McCarren International along with the hosting of the World Routes Conference, is starting to pay dividends in attracting new incremental airlift.

b. Are there challenges created external to your organization, outside of your direct control, that are causing bottlenecks or other inefficiencies for your organization and limiting your ability to provide service as efficiently as possible?

We believe several of the areas being looked at by this committee (specifically transportation, modernization of the airport and improved pedestrian strip experience), as well as the expansion and renovation of the Las Vegas Convention Center are the biggest external factors that have impact to both our current service and future demands of our business.

c. What incremental infrastructure will be required to meet the demand projected through 2050?

A continued focus on NexGen modernization for the airport, airport passenger experience improvements, continued growth in both domestic and international flights, rail options from both California and Las Vegas Airport to Strip access are all necessary and critical as we grow past 50 Million annual visitors over the next 30 years.

d. What are the biggest risks to your organization's ability to meet the anticipated service demands?

As our industry continues to evolve, mature and become much more sophisticated in operations there is a growing need for an economic development vision that targets technology and analytic programming. This would include a growing dependence on University programs not only from the hospitality school but an even stronger participation with the business school.

e. What is needed in terms of legislation or other state government support to ensure tourism-related infrastructure is both reliable and sufficient through 2050?

As the June 30, 2014 HVS Las Vegas Global Business District report outlined, there has been a "declining percentage of lodging taxes dedicated to the LVCVA". The support from legislation and state government to support funding for an increasing percentage to LVCVA funding when the industry is experiencing growing revenues is vital to the continued health of the that Las Vegas market as a whole. The long term vision from state government in understanding that the important work and long term vision of the LVCVA and its resort partners is critical to the continued growth of the community as a whole as the 6% of all tax revenues go to public services.

MGM RESORTS INTERNATIONAL
FACT SHEET-APPENDIX

Oct. 22, 2015

General

- Number of rooms and suites total in US – 45,500
- Number of rooms and suites total in Las Vegas – 41,700
- Number of employees in US – 62,000
- Number of employees in Las Vegas – 50,000 (x2.23 = 111,500 residents)
- Tax revenue generated in Nevada – just over 10 percent of the General Fund
- \$ spent on construction and consulting in Clark County during 2014 - \$217M
- \$ spent on global procurement in Clark County during 2014 - \$1.4B
- Total convention space SF in US – 3.5M
- Total convention space SF in Las Vegas – 3.39M

Diversity

- Total \$ spent with minority/women/disadvantaged/vet/LGBT for supplies and construction in US - \$3B since 2001
- \$ spent with minority/women/disadvantaged/vet/LGBT for CityCenter construction - \$896.6M

Sustainability - 2014

- 56,000 tons of materials recycled at all properties in 2014, achieving a 47 percent landfill diversion rate
- 194M kWh electricity saved in the past five years, excluding CityCenter
- 239,000 MMBtu natural gas savings in the past five years, excluding CityCenter
- 794M gallons of water saved in the past five years, excluding CityCenter
- 21M gallon reduction in consumption of water from Lake Mead in 2014

Philanthropy - 2014

- More than \$10M Company and employees contributions to charity
- More than \$5M in donations to charity from employees alone
- 61% of employees donated to charitable agencies and programs through the MGM Resorts Foundation
- 1,073 nonprofit agencies were supported by the Foundation through individual employee designations during 2014
- 81 grants were awarded to agencies through the Foundation
- 109,771 children were empowered by Foundation grants through educational support, after-school programs and community mentors
- More than 7,600 employees performed community service
- Employees donated more than 1.6M lbs of food to Three Square Food Bank during the 2014 annual Company food drive

SAMPLE OF PROGRAMS SUPPORTED BY MGM RESORTS CORPORATE GIVING 2014-2015

- Nevada Military Support Alliance/Fisher House
- Clark County School District
- Cleveland Clinic Lou Ruvo Center for Brain Health
- Culinary Training Academy
- National Center for Responsible Gaming
- Nevada Health Centers' Martin Luther King, Jr. Clinic
- Brookings Mountain West
- Discovery Children's Museum
- The Smith Center for Performing Arts
- Three Square Food Bank

SAMPLE OF RECENT COMPANY AWARDS AND ACKNOWLEDGEMENTS 2014-2015

- *"America's Top 100 Most Reputable Companies"* for Corporate Social Responsibility – Reputation Institute
- *"Responsible Business of the Year"* – Global Gaming Awards 2014 and 2015
- *"Best Land-Based Gaming Operator"* – Global Gaming Awards 2014 and 2015
- *"50 Most Engaged Workplaces"* - Achievers
- *"Bettering Community" Communications Award* – American Gaming Association
- *"Top 100 Ideal Employers"* – Universum
- *"Best Place to Work for LGBT Equality"* – The Human Rights Campaign
- *"Top 10 Regional Companies for Diversity"* (rank #1) - DiversityInc
- *"Extraordinarily Employer Support for the Guard and Reserve"* – US Dept of Defense
- Green Rankings: *"Most Sustainable Companies in US"* – (rank #82 among 435) – Newsweek
- *Galaxy Star Award* – Alliance to Save Energy
- Green Key ratings and TripAdvisor GreenLeaders Award



SOUTHERN NEVADA TOURISM INFRASTRUCTURE COMMITTEE TESTIMONY

October 22, 2015



1.6MM

ROOM NIGHTS

2,000

DEDICATED MEETING
PROFESSIONALS

20%

LAS VEGAS
EBITDA

\$200MM

DIRECT EBITDA

1MM

SQ. FT. OF
MEETING SPACE

\$300

DIRECT REVENUE
PER ROOM NIGHT





MEETING PROFESSIONALS INTERNATIONAL



A booming Vegas is optimistic about the future

June 2015
by Jeff Heilmann

No destination registers numbers like Las Vegas. Fun figures from 2014 include 11,336 Fontaines of Bellagio shows, 7,982,550 pillows fluffed at MGM Grand and some 15,000 miles of lighted neon tubing on the Strip and Fremont Street.

Attracting a record 4.1 million visitors in 2014—up from 29 million in 1995 and 37.4 million in 2005—the destination is a statistical sensation on the group front, too.

Last year, Las Vegas hosted 22,103 meetings and conventions, generating \$7.4 billion in total economic output and extending the city's remarkable run as America's top trade show and convention destination to 21 straight years.

While shy of 2007's record 6.2 million delegates, last year's 5.2 million attendees were the most hosted by the city since 2009 and a 1.2 percent increase over 2013. Now offering just over 150,000 hotel rooms, citywide occupancy hit 86.8 percent last year, 2.4 percentage points over 2013 and 22 points above the national average.

With emerging trends including mega-music festivals and a possible NHL franchise, and a heightened emphasis on health and wellness initiatives, Las Vegas is surging ahead with the next phase of its perpetual evolution.



Strip from Monday day

MEETINGS AND CONVENTIONS

Double rewards for meetings. Earn twice as fast with the SFG Pro® Debit Double promotion. LEARN MORE

HOME / NEWS

INDUSTRY ASSOCIATIONS 2

Atlantic City to Host MPI's 2016 World Education Congress

by Lisa A. Grimaldi | May 04, 2015

Meeting Professionals International has selected Atlantic City as the destination for its 2016 World Education Congress. The conference will be held June 11-14, 2016, at Harrah's Atlantic City Waterfront Conference Center, which is under construction and set to debut this August. This marks the first time MPI has hosted a conference in the Garden State. The association initially planned to hold WEC 2016 in Philadelphia, but recently switched the location due to changes in the space available for the conference.

"We look forward to hosting our World Education Congress in Atlantic City next year," said Paul Van Deventer, president and CEO of MPI. "When selecting venues for events, we look for destinations that provide great infrastructure, world-class facilities and memorable experiences. Having grown up spending my summers on the Jersey Shore, I am excited for the opportunity to showcase this unique and beautiful destination to our community."



NATIONAL ASSOCIATION FOR CATERING AND EVENTS

www.TheMeetingMagazines.com

CORPORATE & INCENTIVE TRAVEL

www.CorporateAndIncentiveTravel.com

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Corporate & Incentive Travel - Las Vegas

Las Vegas Always Ready to Put a New Spin on Meetings

By Karen Best

MAY 1, 2015

Like Facebook Twitter G+ Email Print

Meeting planners experience The High Roller observation wheel at the Flamingo during a tour of special event venues arranged by event planning firms Fancy Shindiga Inc. and Aboard Group. Credit: Fancy Shindiga Inc.

Understanding the fact that there are so many options for meeting venues in Las Vegas, it's all about contributing to narrow down the choices until you find the one that's the best fit for your event. For Larry Schur, CEO, president of San Antonio, Texas-based All Baby & Child

The New York Times Business Day Markets

Tuesday, October 20, 2015

WORLD U.S. N.Y. REGION BUSINESS TECHNOLOGY SCIENCE HEALTH SPORTS OPINION

Search Global DealBook Markets Economy Ene

That's the American Funds Advantage

Caesars Entertainment Corporation Celebrates the Grand Opening of The Harrah's Resort Atlantic City Waterfront Conference Center

Published September 18, 2015

ATLANTIC CITY, N.J., Sept. 18, 2015 /PRNewswire/ -- Caesars Entertainment Corporation officially opened on Thursday, September 17th its Waterfront Conference Center at Harrah's Resort Atlantic City. The \$255.8 million center's grand opening was celebrated with a ribbon cutting, fireworks and customer event. The Harrah's Waterfront Conference Center has already booked meetings and conventions through 2019. Harrah's Resort Atlantic City is an indirect subsidiary of Caesars Entertainment Corporation (NASDAQ: CZR).





20,000 SQ. FT.

SAN DIEGO

60,000 SQ. FT.

RIO

100,000 SQ. FT.

ATLANTIC CITY

25,000 SQ. FT.

CINCINNATI

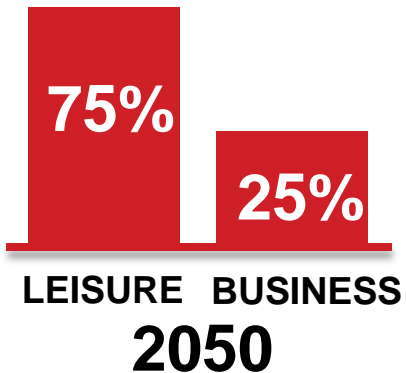
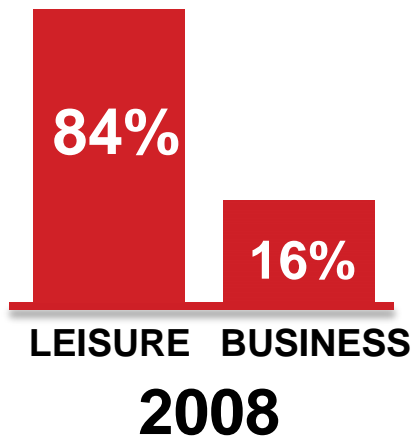
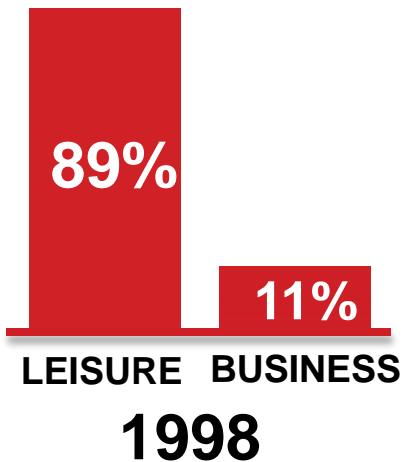
\$350 MM

CAPITAL INVESTED

110,000 SQ. FT.

CAESARS PALACE

CAESARS SUPPORTS GROWING BUSINESS TRAVEL



My name is Jeff Pressman and I am the President of ConvExx, a Las Vegas based show management company. I produce trade shows and events of all sizes in Las Vegas as well as other cities. I currently produce events annually here in town that range from a conference of approximately 3,000 people which is held at the Paris Hotel and Casino to the SHOT Show, which brings in approximately 65,000 people at the Sands Expo Center. I have previously worked with the SEMA Show, who you heard from earlier, and fully understand the challenges faced by SEMA as well.

As someone that tries to not only accommodate large shows here in Las Vegas, but also bring smaller events and conferences to our city, I can tell you that we certainly have a need for more as well as larger facilities. Finding availability, and on a consistent basis year after year, has become more and more challenging throughout the city.

We, as a city, are extremely fortunate to have such demand, but I certainly don't want to see the challenges I face, and I am not alone, cause events to continuously look at other locations because they are unable to obtain consistent dates here in Las Vegas.

Whether it is the Las Vegas Convention Center, the Sands Expo Center, Mandalay Bay, or even the smaller venues such as the South Point, the city needs to ensure that the city has the capability of accommodating those wanting to take advantage of Las Vegas as a meetings destination.

As we all have witnessed over the last several years, convention centers need to be able to provide an immersive experience for the attendee. No longer is simply a large cavernous hall the only necessity. A convention center needs to have the ability to host large-scale plenary sessions and large sit-down dinners. A convention center needs to provide easy access to its neighboring hotels.

The buzz word in the trade show industry is "experiential". We are extremely fortunate here in Las Vegas that the Resort Corridor is an experience unto itself, and that is one reason why many meetings want to come here. What is beneficial of large convention centers is that they can be transformed into a unique venue so long as they are designed with creativity and flexibility in mind. The incredible displays built by exhibitors at CES or ConExpo/ConAg are only possible in large venues such as the Las Vegas Convention Center, with the expansive parking lots adjacent to the building. Moreover, larger events are utilizing more than one venue, and oftentimes unique venues, to create a memorable experience for their attendees.

While having the buildings is all well and good, it is just as important to know that as more and more events are looking to use multiple venues and take advantage of what Las Vegas has to offer, creating the right connectivity between the convention centers and other venues is vitally important. The LVCVA's purchase of the Riviera property is a great strategy in bringing the Las Vegas Convention Center closer to the Strip and the Resort Corridor. We all hope that section of Las Vegas Boulevard will continue to evolve into yet another epicenter along the Strip. Currently a long and not-so-glamorous car trip or monorail ride is required to arrive at the Las Vegas Convention Center. I'm sure Karen from CES can enlighten you on the difficulties of the travel between the LVCC, Sands and Aria during her show.

As another example, I would love to use the expansive LINQ parking lot behind the High Roller, which is adjacent to the Sands Expo Center, yet I am consistently confronted with challenges of creating a safe and viable path for our attendees to walk the mere 100 ft from the back doors of

the Sands Expo Center to the LINQ parking lot because of the congestion and design along Koval Lane.

The expansive resorts in Las Vegas create an ability to host large groups in one concentrated location like no other. Likewise, ensuring our city has the venues to host the size and types of events that want to take advantage of those hotel rooms is just as paramount as the resorts themselves. While the testimony today has provided in great detail the need for more convention space, I am asking that the committee also take into consideration the design and synergy between the convention centers in order to optimize the end-user experience.

Thank you very much for the opportunity to speak with you this morning.

Southern Nevada Infrastructure

Convention Centers-Trends and Needs

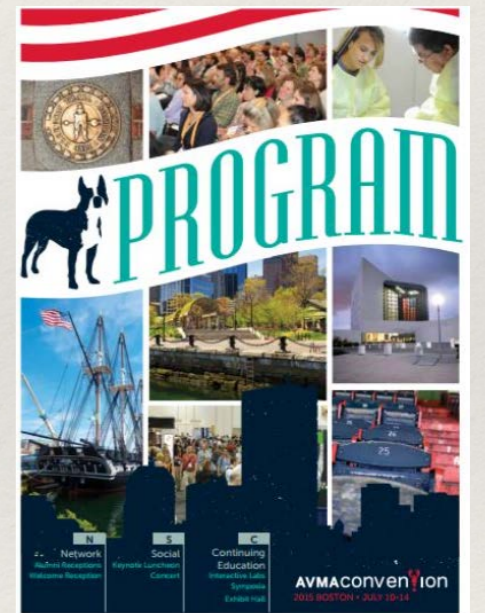
Charles Johnson
President, Johnson Consulting
October 22, 2015

Qualifications

- ❖ Been involved with hotels, convention centers and arenas for 34 years
- ❖ Domestic experience- All size convention centers, small to large- Orange County Masterplan- from 150,000 to 1 million s.f.; McCormick Place & Navy Pier- 2 million sf, plus State's top tourist attraction; Current projects- Convention Centers in Denver, St. Louis, Seattle, Austin
- ❖ International experience- Kintex and Coex in Seoul; Hong Kong Convention Center- Both Phases; Asia World Expo; Istanbul World Trade Center and Expo Center; Lima Convention Center

Industry Purpose

- ❖ Bring goods to market
- ❖ Product and industry education and certification
- ❖ Cultural, idea and social exchange
- ❖ THESE NEEDS ARE HUMAN NATURE


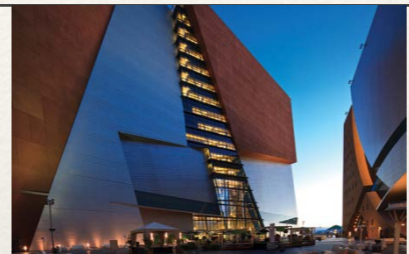




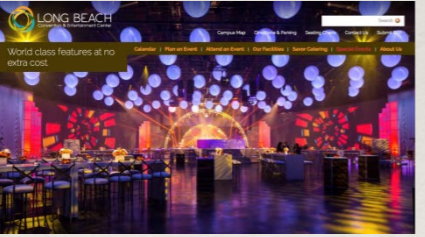

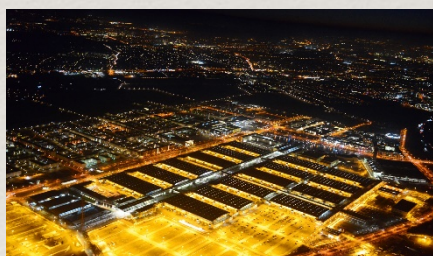


Products

Small Events

Large Events



<p>HOTELS</p> 	<p>MERCHANDISE MARTS</p> 	<p>SUPERTANKER HOTELS (Corporate, Association)</p> 
<p>CONFERENCE CENTERS</p> 	<p>HOTELS WORLD TRADE CENTERS</p> 	<p>CONVENTION AND TRADE CENTERS (Association, Trade, Consumer)</p> 
<p>SOCIAL SPACES</p> 	<p>CONVENTION and EXPO CENTERS</p> 	<p>HUGE EXPO CENTERS (Trade, Consumer)</p> 

Government,
 Association,
 Corporate, Social
 Events

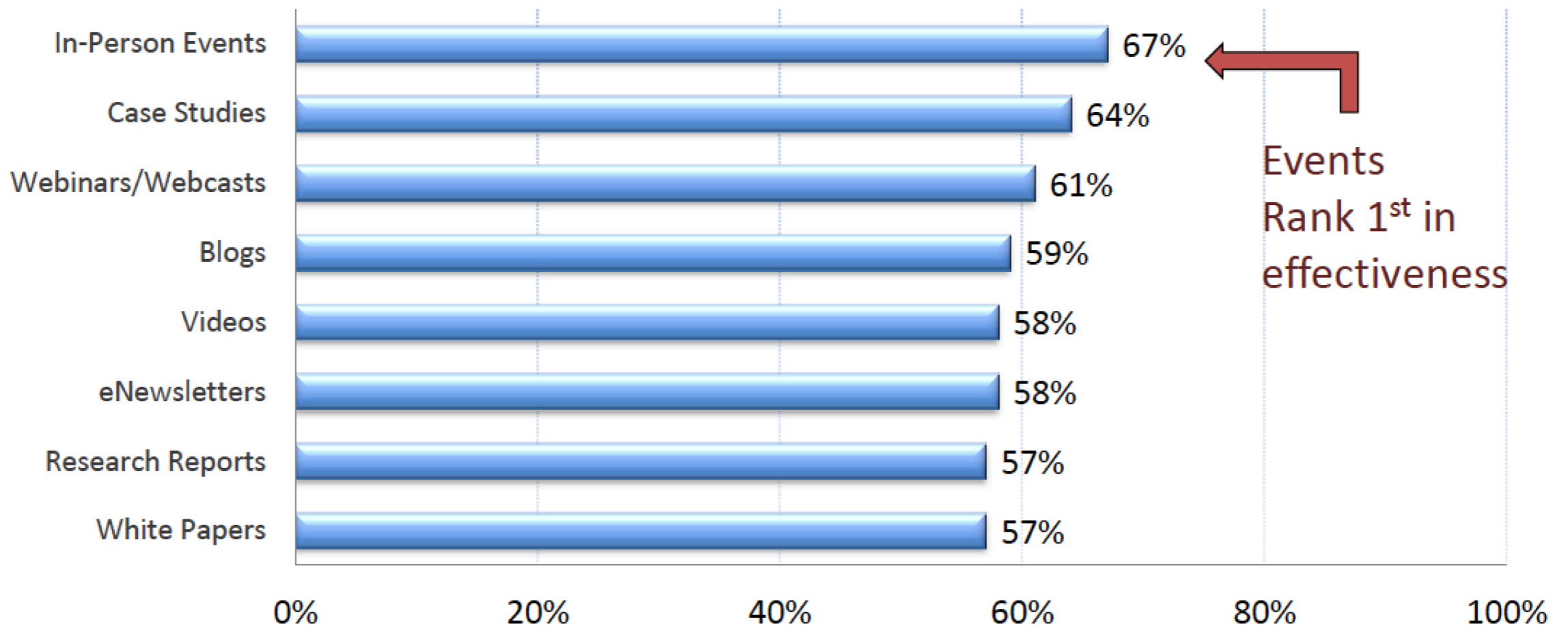
Government,
 Association,
 Corporate,
 Consumer Shows,
 Sports
 Competitions
 Social Events

Association,
 Corporate,
 Consumer Shows,
 Sports
 Competitions
 Social Events

Trends

Meetings- Not quantifiable- So many sectors, international range and scope

Marketing Executives Rank Face-to-Face as Most Effective



*Source: Customer Attainment from Event Engagement™ study conducted by CMO Council 2013

All Meeting Sectors



ATTENDANCE GROWTH

ATTENDANCE AT BOTH LIVE AND VIRTUAL MEETINGS AND EVENTS IS STILL EXPECTED TO INCREASE WITH **LIVE ATTENDANCE NUMBERS GROWING AT A FASTER PACE.**

TODAY	ONE YEAR AGO
LIVE ATTENDANCE	
<p>62% Predict an increase 29% Predict no change 9% Predict a decrease</p>	<p>53% Predict an increase 33% Predict no change 15% Predict a decrease</p>
VIRTUAL ATTENDANCE	
<p>57% Predict an increase 39% Predict no change 4% Predict a decrease</p>	<p>68% Predict an increase 26% Predict no change 7% Predict a decrease</p>

Corporate Meetings

Hotels focus on corporate meetings- less budget restrictions, but association meetings are critical too

PREDICTION	North America	Europe	Asia Pacific	Central/South America
Number of Meetings	+0.3%	+0.4%	+2.1%	+0.1%
Number of Attendees per Meeting	+0.2%	-1.0%	+1.3%	+0.5%
Number of Days per Meeting	2.3	2.2	4.0	2.4

Source: American Express

Corporate Meetings

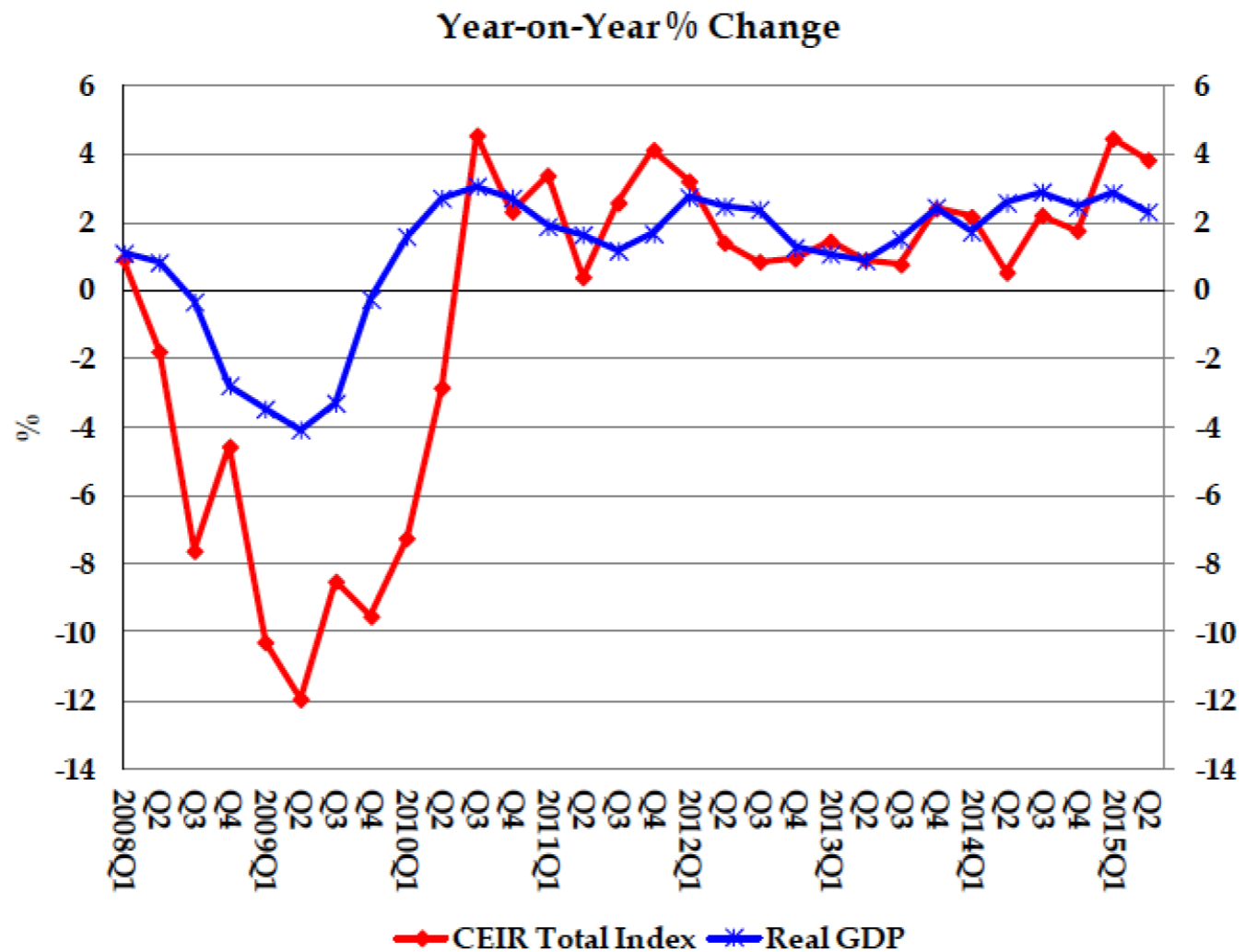
PREDICTION	North America	Europe	Asia Pacific	Central/South America
Overall Meeting Spend Within Organization	+0.3%	-0.7%	+0.2%	+0.9%
Individual Budgets	-0.2%	-0.4%	-1.5%	+1.2%
Group Hotel Rates	+4.6%	+1.1%	+4.3%	+2.3%

Source: American Express

Association and Trade Events

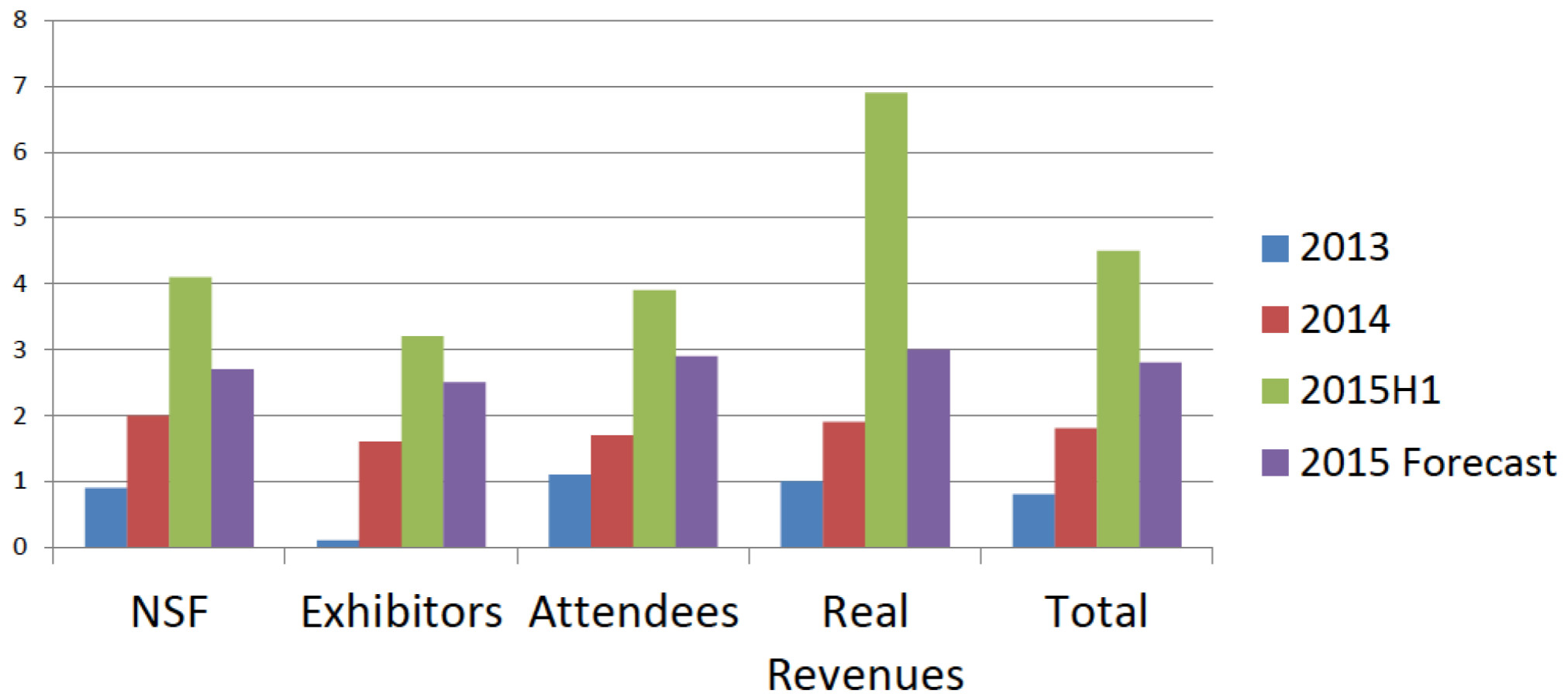
Large exhibit spaces are needed for larger conventions and trade shows

Total Index outperformed real GDP in both Q1 & Q2 by a wide margin



Association and Trade Events

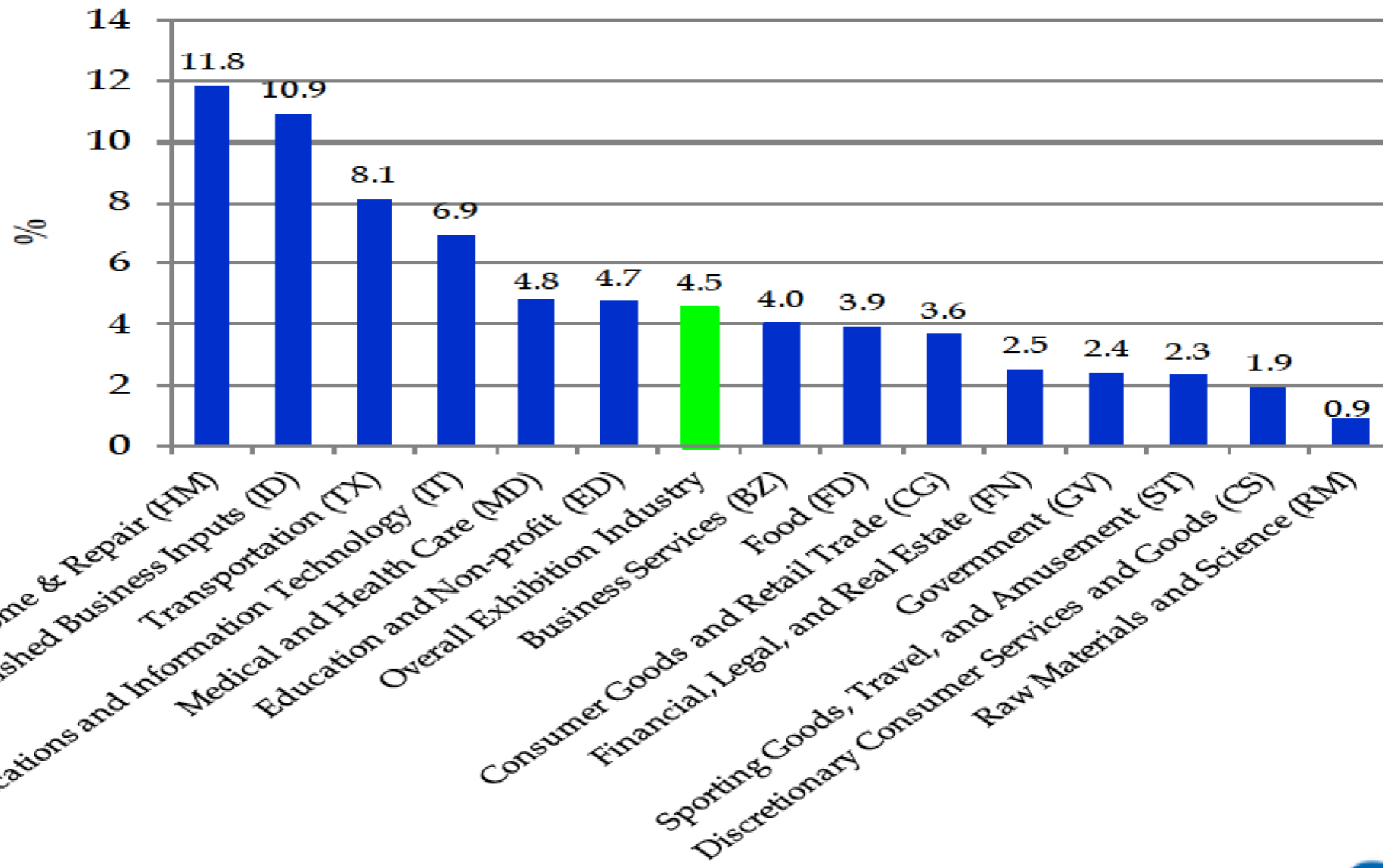
Overall Industry, YoY % Change



Association and Trade Events

The US does not use an industry sectorial focus as in Europe and Asia- It is emerging- Boston and Houston

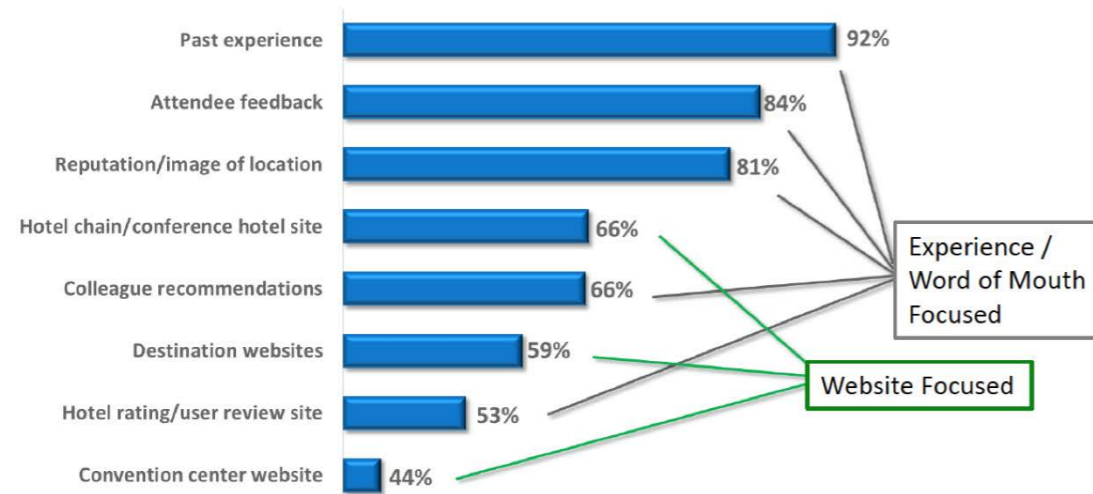
2015H1 results show mixed performance.



Event Marketing

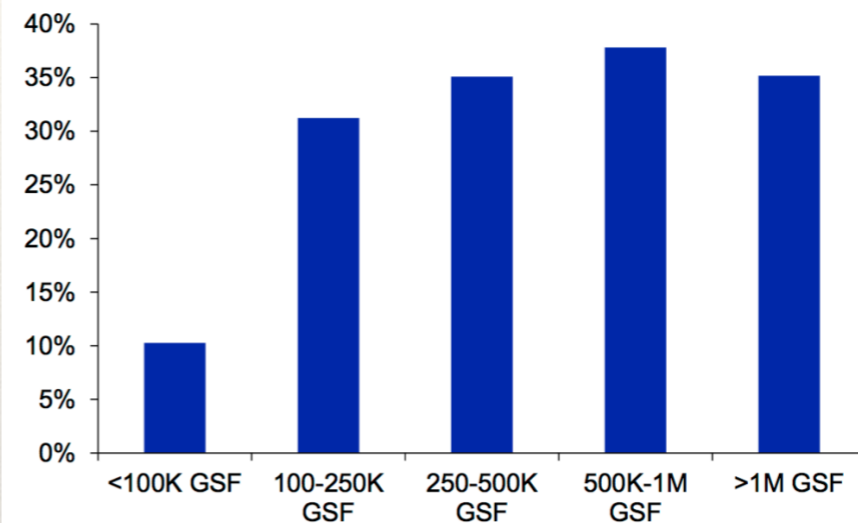
Public Convention & Tradeshow Venues have different perspective than hotels
 Hotels- their bottom line(s); Convention Center-Vison and Economy's bottom line

Top "Very Important" When Considering A Meeting Site



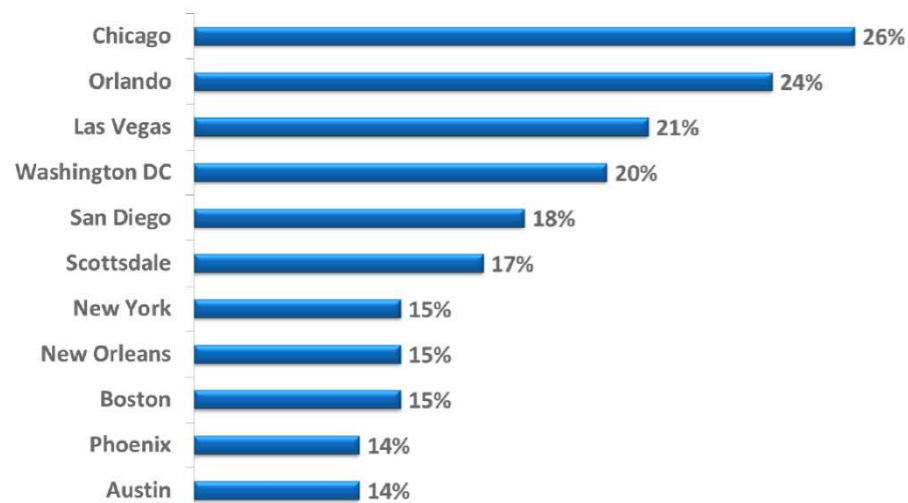
Source: STR, Inc.

Share of rooms by facility size



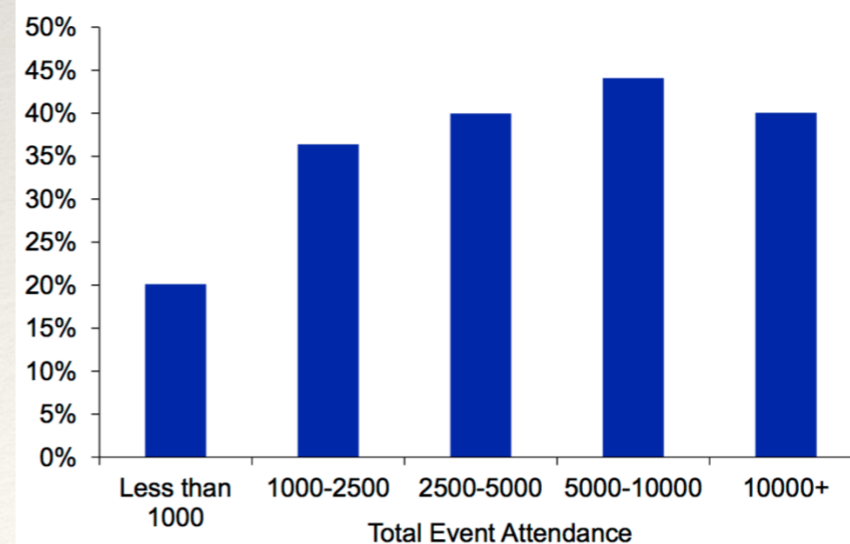
Source: Tourism Economics

Consideration For Future Meetings




Source: STR, Inc.

Share of rooms outside block by event size



Source: Tourism Economics

Convention and Tradeshow Importance to Las Vegas & Nevada

		LVCVA EXECUTIVE SUMMARY <i>of Las Vegas, Laughlin and Mesquite, NV Tourism Indicators</i>					
		August			August YTD		
		2014	2015	Change	2014	2015	Change
LAS VEGAS	Visitor Volume	3,542,124	3,599,868	1.6%	27,789,581	28,343,446	2.0%
	Room Inventory (as of Aug 31)	150,910	149,086	-1.2%	150,910	149,086	-1.2%
	Citywide Occupancy	87.7%	88.4%	0.7	88.2%	88.2%	-0.1
	Hotel Occupancy	90.4%	90.9%	0.5	90.7%	90.3%	-0.3
	Motel Occupancy	63.0%	63.6%	0.6	66.0%	67.4%	1.4
	Weekend Occupancy	93.5%	93.9%	0.4	93.9%	94.0%	0.0
	Midweek Occupancy	84.5%	86.1%	1.6	85.7%	85.6%	0.0
	Strip Occupancy	90.7%	90.8%	0.1	90.4%	89.9%	-0.5
	Downtown Occupancy	75.7%	81.0%	5.3	80.2%	82.5%	2.2
	Average Daily Room Rate (ADR)	\$111.83	\$105.39	-5.8%	\$117.16 r	\$118.34	1.0%
	Strip ADR	\$120.37	\$112.65	-6.4%	\$126.92	\$127.39	0.4%
	Downtown ADR	\$53.88	\$57.57	6.8%	\$58.25 r	\$59.54	2.2%
	Revenue Per Available Room (RevPAR)	\$98.07	\$93.16	-5.0%	\$103.29 r	\$104.28	1.0%
	Strip RevPAR	\$109.18	\$102.29	-6.3%	\$114.61	\$114.20	-0.4%
	Downtown RevPAR	\$40.79	\$46.63	14.3%	\$46.70 r	\$49.03	5.0%
	Total Room Nights Occupied	4,071,984	4,078,154	0.2%	32,121,114 r	32,109,875	0.0%
	Convention Attendance	422,679 r	532,891	26.1%	3,781,901 r	3,911,825	3.4%
	Conventions & Meetings Held	1,234 r	1,308	6.0%	14,144 r	13,427	-5.1%
	Total En/Deplaned Air Passengers	3,736,167	4,007,006	7.2%	28,696,528	30,096,238	4.9%
	Avg. Daily Auto Traffic: All Major Highways	110,368	116,696	5.7%	104,289 r	110,709	6.2%
Avg. Daily Auto Traffic: I-15 at NV/CA Border	47,728	48,761	2.2%	43,050	45,185	5.0%	
Gaming Revenue: Clark County	\$774,708,000	\$776,797,000	0.3%	\$6,398,139,000 r	\$6,387,792,000	-0.2%	
Gaming Revenue: Las Vegas Strip	\$553,186,000 r	\$527,383,000	-4.7%	\$4,293,867,000 r	\$4,213,117,000	-1.9%	
Gaming Revenue: Downtown	\$34,763,000	\$39,979,000	15.0%	\$334,349,000	\$352,543,000	5.4%	
Gaming Revenue: Boulder Strip	\$46,436,000	\$60,247,000	29.7%	\$503,725,000 r	\$522,352,000	3.7%	

Convention and Tradeshow Importance to Las Vegas & Nevada

Las Vegas has the top penetration of large shows of all cities in the US

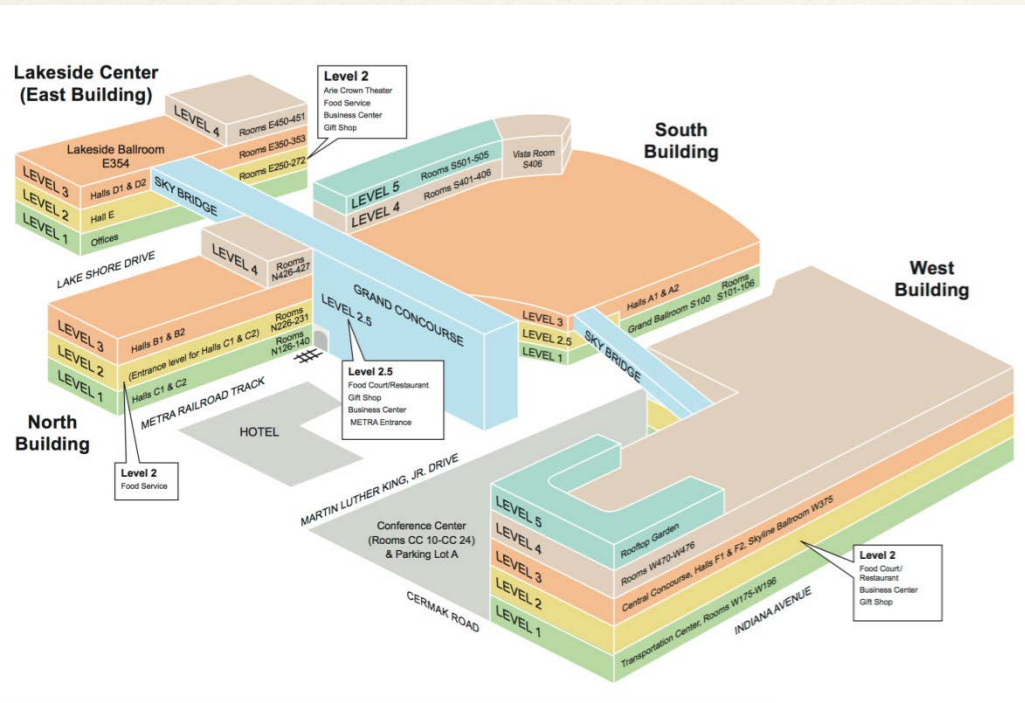
2015 Capture of Top 100 Trade Shows

Rank	Event	NSF	# of Attendees	# of Exhibitors	# of Exhibitor Personnel	Venue
1	CONEXPO-CON/AGG	#####	97,091	2,111	32,125	LVCC
2	International CES	#####	160,498	3,673	52,326	LVCC, Renaissance LV, Westgate LV, Venetian, Encore, Wynn LV
7	SEMA 2014 Show	#####	145,000	2,380	na	LVCC
9	MAGIC Market Week - August	#####	71,000	4,927	na	LVCC, Mandalay Bay CC
11	MAGIC Market Week - February	994,425	68,563	4,873	na	LVCC, Mandalay Bay CC
13	NAB Show	947,178	65,062	1,726	30,580	LVCC
17	RECon	752,400	34,000	958	na	LVCC
20	ASD Las Vegas - March	647,980	34,401	2,681	14,862	LVCC
21	Shooting, Hunting & Outdoor Trade Show (SHOT Show)	636,500	67,318	1,663	26,180	Sands Expo & CC
22	ASD Las Vegas - August	620,720	24,090	2,493	14,432	LVCC
26	World of Concrete	570,000	48,000	1,250	na	LVCC
28	National Hardware Show	561,000	15,360	2,610	15,035	LVCC
32	AAPEX	528,700	145,587	2,343	45,844	Sands Expo & CC
36	JCK Las Vegas	503,788	39,510	2,551	13,508	Mandalay Bay Resort and Casino
37	InfoComm International	492,385	26,134	947	10,914	LVCC
42	NAHB International Builders Show	429,282	38,478	1,200	12,630	LVCC
49	NACS Show	403,000	9,176	1,114	14,448	LVCC
52	Coverings	374,453	13,461	979	9,360	LVCC
56	The International Surface Event (TISE)	348,800	30,111	693	na	Mandalay Bay Resort and Casino
60	The PPAI Expo	325,400	11,523	1,431	8,704	Mandalay Bay Resort and Casino
61	ABC Kids Expo	323,200	6,545	969	5,917	LVCC
62	Interbike	321,864	10,995	925	11,525	Mandalay Bay Resort and Casino
67	ISC West - International Security Conference West	307,000	18,115	1,078	9,684	Sands Expo & CC, Venetian Resost Hotel Casino
71	Global Gaming Expo (G2E)	296,695	16,579	478	8,818	Sands Expo & CC
73	CTIA Super Mobility	290,446	30,000	1,031	na	Sands Expo & CC
88	HD Expo	252,000	9,303	787	6,850	Mandalay Bay Resort and Casino
92	LIGHTFAIR International	239,800	26,059	576	na	LVCC
93	2014 SGIA Expo	236,750	19,800	541	5,800	LVCC
100	Kitchen & Bath Industry Show	225,580	10,085	342	8,308	LVCC

Source: Trade Show News Network

Facility Needs

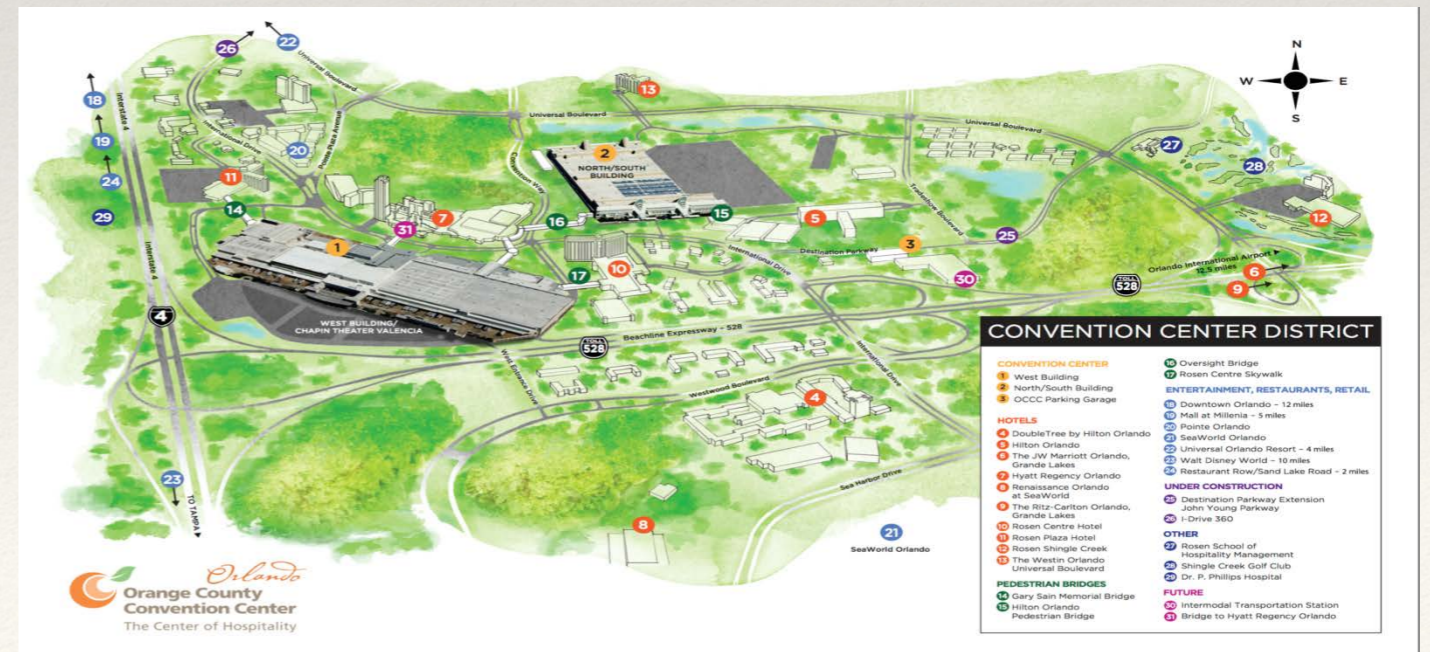
McCormick Place



MESSE vs. More and Better

1. **Mindset-** Europe and Asia- Extreme Population Concentrations & Federal and Chamber Sector Support
2. **Strategy-** Tourism vs. Economic Development- Room Tax allows all Cities to have Centers
3. **Las Vegas-** Evolved to be Western US hub due to capacity of rooms, diversification strategy and funding resources- Usurped Los Angeles and San Francisco- 1 of 3 major US hubs
4. **Competitive threats-** San Diego, Los Angeles, Seattle, San Francisco- Mid sized and corporate (Casino targets)
5. LVCC complements and extends hotel super tankers- Same as Orlando, Chicago and Dallas

Messe Munich



Facility Needs

“Today’s face-to-face involves more than talking: Today’s face-to-face is all about the experience of attending an exhibition. Hands-on product demonstrations and cutting-edge technology take the traditional face-to-face concept to an entirely different level. It engages and integrates the attendee into an overall learning and networking exercise—what we call a ‘living lab.’”

— David Dubois, President & CEO, IAEE

Source: “Defining the New Face-to-Face: Today’s face-to-face experience involves more than talking”, MEETINGSNET.com

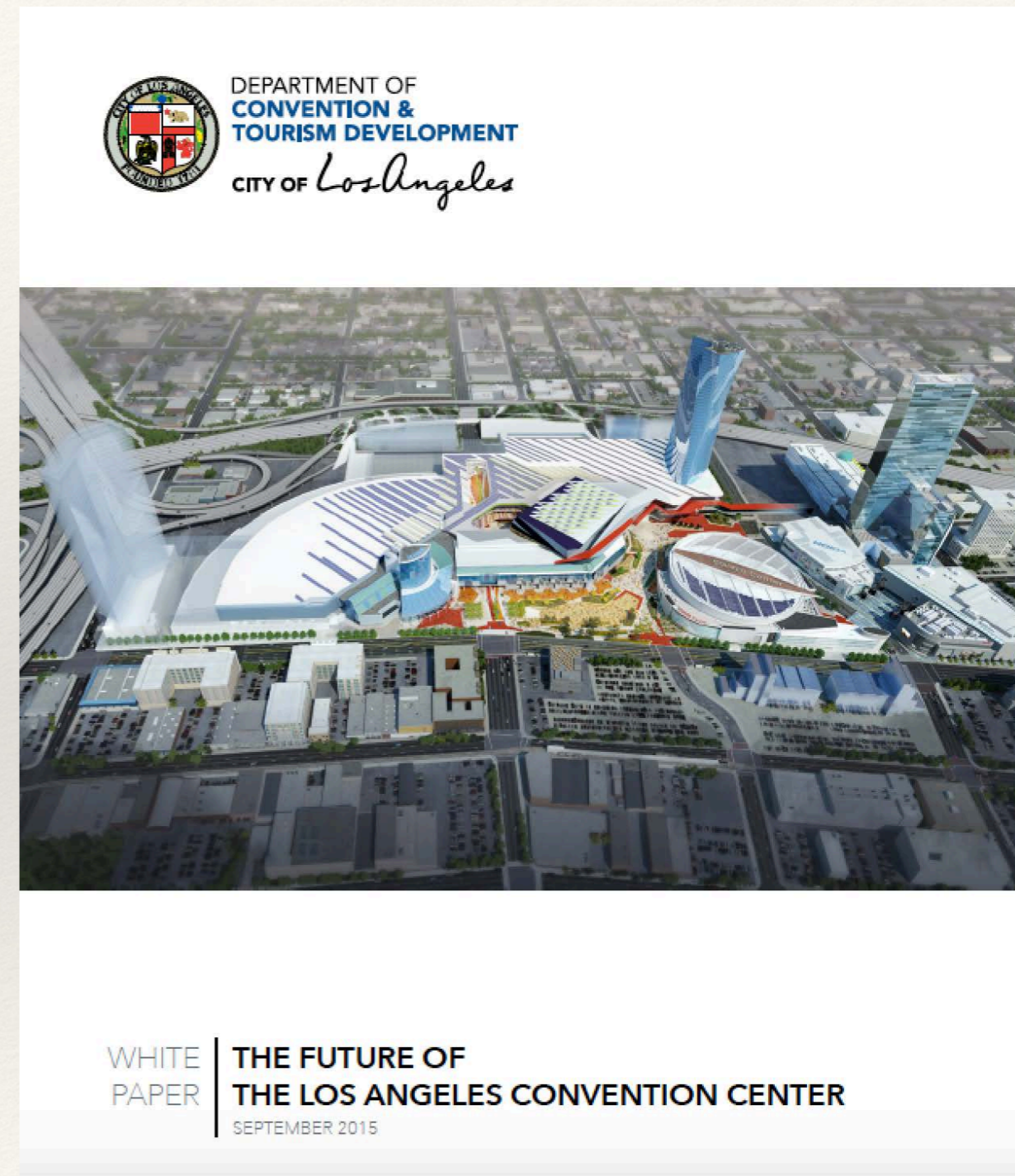


Chicago 2015
McCormick Place West Building



Las Vegas 2011
MGM Grand Garden Arena

Sitting Still is Going Backwards



Funding- Who Should Pay

Funding Source	Description	Base Unit	Revenue Amount	Tax, Fee or Assessment	Approving Authority	Actions Needed to Implement
Citywide TOT	Citywide Increase of TOT vs. TMD	1%	\$14,700,000	Special Tax	City	TOT requires submit to Voters, 2/3 approval.
Citywide BID		2% 3%	\$29,400,000 \$44,100,000		TMD Members	TMD requires TMD members vote 50+%
Downtown TOT	Downtown Increase of TOT vs. TMD	1%	\$5,160,000	Special Tax	City	TOT requires submit to Voters, 2/3 approval.
Downtown TMD		2% 3%	\$10,320,000 \$15,480,000		TMD Members	TMD requires TMD members vote 50%+
Extend or increase existing TMD	Extend or increase existing TMD	%	assessment not defined	Assessment	City/TMD members	Amend/prepare new assessment engineer's report; follow state law and local ordinance procedures for voting on amended plan and related assessment
Create new Convention Center BID	Create new Convention Center BID	%	assessment not defined	Assessment	City/proposed BID members	Engage in assessment district formation process per state law and local ordinance
Conv. Center Hotel	Adjacent hotel	\$	\$0	Business net profit	City, Port, Coastal Commission approval	Majority approval by each agency
Conv. Center Retail	40,000 sq. ft. Retail component	\$	\$0	Business net profit		City, Port, Coastal Commission approval
Entertainment District BID Assessment	Business Improvement District for all non-hotel businesses	%	no district has been defined	Assessment	City/ BID members	50%+ vote of BID members
Restaurant District BID Assessment	Business Improvement District for all non-hotel businesses. (Assuming 60% sales are food) Percentage of gross food sales	.05% 1%	\$720,000 \$1,440,000	Assessment	City/ BID members	50%+ vote of BID members
Parking BID Assessment - for specific parking jurisdiction	A. Hybrid of BID model to provide greater revenue B. Only incl. parking contractors/business that can self assess C. Inclusion of parking companies in entertainment BID	%	Option not defined	Assessment	City/ BID members	50%+ vote of Parking BID members
Taxi District - Drop Off/Pick Up (1 of 2)	Drop Off/Pick Up Surcharge	\$	No \$ analysis	Fee	City	City Council vote subject to Mayoral veto
Taxi District - Airport Taxicab pick-up/drop off (2 of 2)	Airport pick-up/drop off surcharge: per trip	\$1 \$3 \$5	\$1,500,000 \$4,500,000 \$7,500,000	Can be a tax or fee	City; subject to limitations, if any, of airport authority's jurisdiction	Tax-submit to voters Fee-City process
Rental Car Surcharge	Rental Car Surcharge: per rental	\$1 \$5 \$10	\$1,150,000 \$5,750,000 \$11,500,000	Can be a tax or fee depending on primary purpose (revenue or regulation)	City; also potentially Port District and/or Airport Authority	Tax - submit to voters Fee- Processed per City department request/Council approval (may not be applicable to rental operations on Port District/Authority lands)
Service Contractor Fee	Service Contractor fee (gross sales in the CC)	2%	No \$ analysis	Fee		San Diego Convention Center Corporation, City
Parking Fees	Incremental parking fees (of all above '07 baseline)	100%	No \$ analysis	Fee		City; Port of San Diego
Downtown food and beverage in sales tax	Tax on food/beverage sales vicinity of Convention Center	1% 2% 3%	\$2,400,000 \$4,800,000 \$7,200,000	Special Tax	City (except City cannot impose it's own tax on alcoholic beverage sales)	Tax-submit to 2/3 voter approval
Ticket surcharge (tourist attractions)	Ticket surcharge (tourist attractions)	\$1 \$3 \$5	\$5,000,000 \$15,000,000 \$25,000,000	Can be a tax or fee	City (may be subject to limitations in leases or other contractual agreements)	Tax - submit to 2/3 voter approval Fee- City Process
Ticket tax/fee (venues)	Ticket tax/fee on particular venues (e.g. PETCO park, Cricket Amphitheater, Cox Arena)	\$	No \$ analysis	Can be a tax or fee	<ul style="list-style-type: none"> PETCO governed by agreement between City and Padres limiting new taxes, fees or assessments Cricket located in Chula Vista, CA Cox Arena on property of CSUSD; may be able to impose tax on types of business conducted there 	Tax-submit to 2/3 voter approval Fee-City process

Economic Impact Model Data Points

Included in Attendee Spending:

Lodging	99%
Food and Beverage	97%
Local Transportation	81%
Local Shopping	75%
Local Entertainment	72%
Other	16%

Other spending included in model:

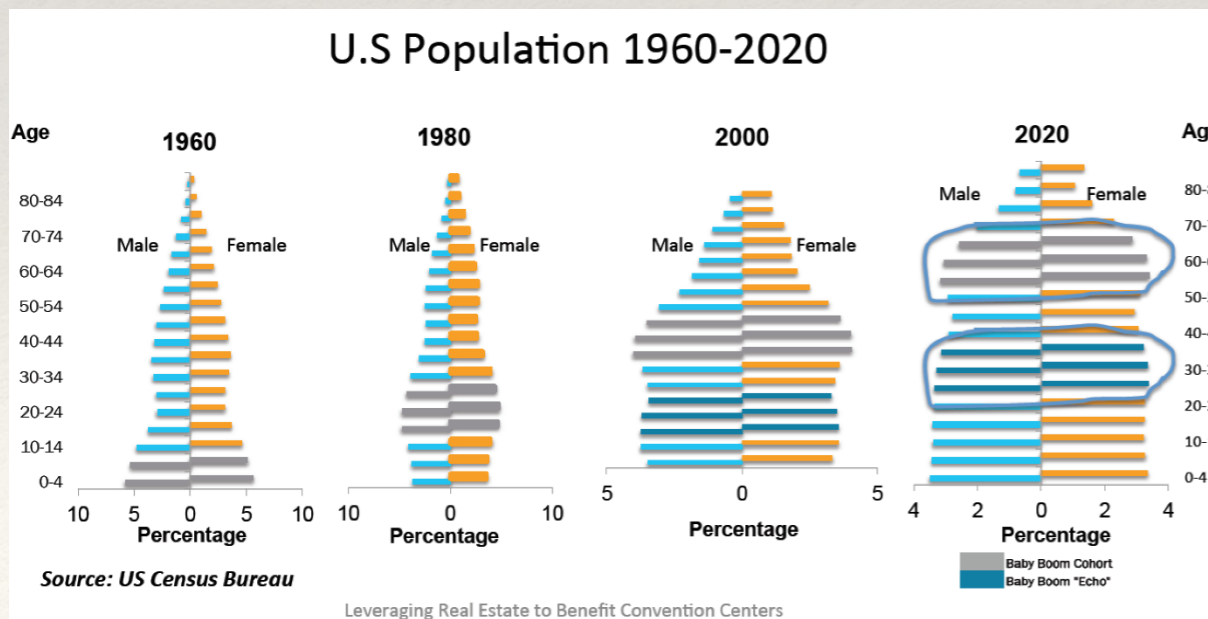
Exhibitor Spending	51%
Client Spending	48%
Operating Expenses	27%
Service Contractor	26%
Capital Expenses	14%
Other	11%

1. In Europe, events pay more and individual consumers are tapped and upsold
2. US Room Tax philosophy inhibits this- Competition for events- Price war; alternative funding source exists
3. In US, one city can not change this alone
4. US Model does not even value industry clusters!

City and State Real Estate

A Confluence of Needs and Trends

- Preponderance of communities do not link real estate district income with the convention center's needs- Indirect taxes and general fund are called upon to fund them
- Some Convention Centers anchor real estate districts, and **DIRECTLY** reap revenues to support operations and capital- Examples: Puerto Rico Convention Center; McCormick Place; Music City Convention Center; Erie, PA; Birmingham Jefferson Convention Center; Moscone Center
- Opportunity exists at this point in time to argue the case in your city to create this connectivity, make the Convention Center a better neighbor and reduce pressure on the general fund.



The Value of Urban Development- Some Facts

- Infrastructure Costs are paid off more quickly with urban development and suburban development doesn't cover costs of its infrastructure
- Example: City of Sarasota – suburban multifamily housing development takes 42 years to pay off its infrastructure vs. the residential component of a mixed-use development downtown, which paid off its infrastructure costs in 3 years

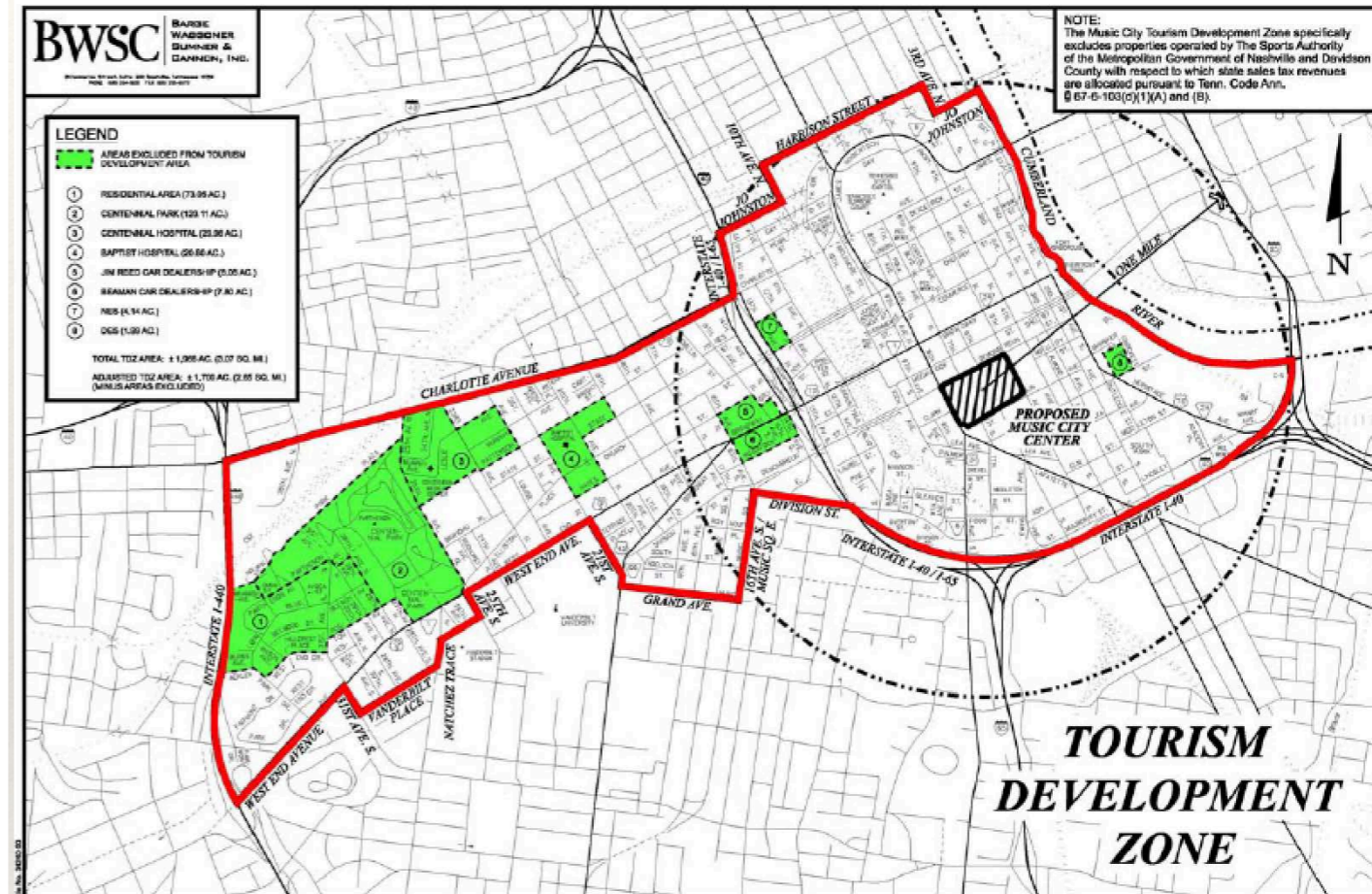
City and State Real Estate

Metropolitan Pier and Exposition Authority Revenue & Expense Statement		
	FY 2014	FY 2013
Operating Revenues		
Use of exhibition facilities	\$45,286	\$52,298
Hospitality Revenues	53,623	38,931
Guest Services	24,016	24,467
Parking	11,120	10,050
Heating and cooling revenues	7,954	7,158
Other	2,935	2,324
Total Operating Revenues	144,934	135,228
Operating Expenses		
Salaries, Wages and benefits	41,880	42,348
Supplies, repairs and maintenance	23,427	22,207
Outsourced operations		
Hotel & Other	34,181	26,946
Parking	6,090	5,791
Guest Service	17,558	15,763
Subtotal - outsourced operations	57,829	48,500
Depreciation	97,382	90,533
Utilities	16,706	15,503
General & Administrative	3,877	7,509
Total Operating Expenses	241,101	226,600
Operating Loss	(96,167)	(91,372)
Non-operating Revenues		
State grants	36,700	36,956
Investment Income	118	98
Authority Taxes	131,684	131,157
Contribution of cash to NPI	(31,292)	(6,484)
Interest and amortization expense	(198,398)	(191,909)
Miscellaneous - Net	(11)	
Total non-operating revenues	(61,199)*	(30,182)
Change in Net Position	(157,366)	(121,554)
Net Position - Beginning of Year	(1,140,707)	(1,019,153)
Net Position - End of Year	(\$1,298,073)	(\$1,140,707)

MPEA receives \$24 million in net income from the Hyatt McCormick Place

Source: MPEA, Johnson Consulting

Music City TDZ- Nashville



Discussion

Charles Johnson
Johnson Consulting, Inc
President
P: 312-447-2001
C: 847-778-5693
E: cjohnson@chjc.com

MAYOR'S CITIZEN TASK FORCE on the san diego convention center project

Final Report - September 2009



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INTRODUCTION

About the Task Force & Mission

In January 2009, San Diego Mayor Jerry Sanders formed the Mayor's Citizen Task Force on the Convention Center Project to evaluate and recommend the necessary steps to ensure San Diego's ability to retain and enhance its market position in the convention and meeting industry.

MAYOR SANDERS GAVE THE FOLLOWING CHARGE TO THE TASK FORCE:

- **To review the state of the convention and meeting industry, San Diego's success and profile among its competitive set, and evaluate the market demand for an expanded facility.**
- **To review and evaluate the feasibility of an expansion to the current Convention Center and related developments or enhancements and the impact on generating new jobs; and to identify key issues related to public access, resource conservation and waterfront enhancement.**
- **To identify and evaluate various financing options for an expanded convention center that relies mainly on revenues generated by the Convention Center and/or related developments or enhancements.**
- **To encourage public comment on the convention center project by holding meetings at locations and times accessible to the public.**
- **To present a final set of findings and recommendations to Mayor Sander's no later than September 2009. All meetings be conducted in accordance with the Brown Act.**

OVER THE COURSE OF EIGHT MONTHS, THE TASK FORCE CONDUCTED THE FOLLOWING:

- **Launched and maintained a web site, www.conventioncentertaskforce.org where all materials were posted and public comments could be made to the Task Force.**
- **Encouraged public and stakeholder participation.**
- **Convened 11 times at various times and locations, and held at least one meeting in each of the eight City Council Districts.**
- **Had 12 industry analysts and consultants present studies and industry trends during Task Force meetings. We encouraged and received a range of viewpoints and,**
- **Received numerous comments regarding the various topics under discussion by the Task Force.**

TASK FORCE COMMITTEE CHAIRS AND MEMBERS

Co-Chairs

Cheryl Kendrick, Co-Chair

Stephen Cushman, Co-Chair

Members

- Richard Bartell
- Susie Baumann
- Gordon Boerner
- Patrick Duffy
- Bill Evans
- Pete Garcia
- Lorena Gonzalez
- Lani Lutar
- Fred Maas
- Mike McDowell
- Vince Mudd
- Bob Nelson
- Bill Sauls
- Mark Steele
- Diane Takvorian

Cheryl Kendrick, Co-Chair

Cheryl Kendrick is the past board chair of both the San Diego Convention Center Corp. and the California State Commission on the Status of Women. She has served on the boards of the National Conference for Community and Justice and the Huntington's Disease Society of America. Ms. Kendrick received her Bachelor of Arts degree in French from the University of Connecticut.

Stephen Cushman, Co-Chair

Stephen Cushman is president of Cushman Enterprises. He is currently the board chair of the Port Commissioners, board chair of the College of Business Administration at San Diego State University and board chair of the San Diego Hospital Association. Mr. Cushman holds a degree in business administration from California Western University.

Richard Bartell

Mr. Bartell is general partner of Bartell Hotels. He serves on the board of directors of the San Diego Tourism Promotion Corporation.

Susie Baumann

Susie Baumann owns the Bali Hai and Lighthouse restaurants in Shelter Island. Ms. Baumann is board treasurer for the California Restaurant Association and has served as a board member for the association since 1988. She currently serves as secretary for San Diego Convention and Visitors Bureau Board of Directors and is active in the Shelter Island Association.

Gordon Boerner

Gordon Boerner is senior vice president and administrative services manager of San Diego National Bank. Mr. Boerner serves on the San Diego Downtown Partnership Board of Directors and is board chair of the Local Initiatives Support Corporation.

Patrick Duffy

Patrick Duffy is general manager of the Hilton La Jolla Torrey Pines Hotel. Mr. Duffy currently serves as board president to the San Diego Hotel Motel Association. He is a member of the San Diego Tourism Promotion Corporation's board of directors.

Bill Evans

Bill Evans is executive vice president of the Evans Hotel Group. Mr. Evans has served as a board member for the San Diego Convention Center Corporation, San Diego Regional Chamber of Commerce, California Hotel-Motel Association, San Diego Convention and Visitors Bureau and the San Diego Historical Society. He is currently a board member and past president & chair of the San Diego Hotel-Motel Association. Mr. Evans earned a degree from Cornell University's School of Hotel and Restaurant Administration.

Pete Garcia

Pete Garcia is retired and previously served as president and CEO of the University Mechanical and Engineering Contractors. Mr. Garcia is chair of the San Diego Economic Development Foundation and is a member of the SDSU Science and Engineering Advisory Board. He previously served as vice chair of the State of California Commission for Economic Development. A native Cuban, Mr. Garcia graduated from the University of Florida with a degree in industrial engineering.

Lorena Gonzalez

Lorena Gonzalez is the secretary-treasurer & CEO of the San Diego and Imperial Counties Labor Council. She is the first woman to lead the Labor Council since its charter in 1902. Ms. Gonzalez previously served as the Labor Council's political director from September 2006 to January 2008. A native San Diegan, Ms. Gonzalez holds degrees from Stanford University, Georgetown University and the UCLA School of Law.

Lani Lutar

Lani Lutar is president and chief executive officer of the San Diego County Taxpayers Association. She served as executive director of the Asian Business Association of San Diego and as a board member of the San Diego Asian Film Foundation and the Japan Society of San Diego and Tijuana. Ms. Lutar graduated from San Diego State University and earned a master's degree from the School of International Relations & Pacific Studies at the University of California, San Diego.

Fred Maas

Fred Maas is the president and CEO of Black Mountain Ranch LLC. He is board chair of the Centre City Development Corporation. Mr. Maas is a founding director of Move San Diego and CleanTECH San Diego. He is an attorney and graduate of Hobart College and Syracuse University College of Law.

Mike McDowell

Mike McDowell is executive vice president for corporate affairs at Atlas Hotels and is CEO of the San Diego Lodging Industry Association. Mr. McDowell is also vice president of the House of Hospitality Association Board and board chair of the San Diego County Taxpayers Association. Mr. McDowell received his degree from University of the Redlands.

Vince Mudd

Vince Mudd is president and owner of Office Interiors, a full-service commercial design/build office interior firm. Mr. Mudd currently serves as board chair of the San Diego Red Cross and as treasurer of the San Diego Regional Economic Development Corporation. Mr. Mudd also serves as member to the City of San Diego's Charter Review Committee as well as the State Compensation Insurance Fund's Audit Committee.

Bob Nelson

Bob Nelson is the Vice Chair of the San Diego Convention Center Corporation Board of Directors. Mr. Nelson is an advertising and public relations executive with 30 years of experience in government and communications. His company, Bob Nelson Associates, advises a diverse list of clients, including public utilities, labor unions, and non-profit corporations. Mr. Nelson currently serves as Secretary-Treasurer of San Diego Theatres, Inc, manager of the San Diego Civic Theatre and Balboa Theatre.

Bill Sauls

Bill Sauls is an attorney with his own law firm in downtown San Diego practicing in the areas of business law and estate planning. With over 20 years of community involvement, he currently serves as a member of the Centre City Advisory Committee, on the Executive Committee and Board of Directors for the Downtown San Diego Partnership, and as a member of the Executive Committee and Board of Directors of the East Village Association.

Mark Steele

Mark Steele owns his own planning and architectural firm, The MW Steele Group. Mr. Steele previously worked with Dale Naegle Associates and served as chair of the City of San Diego's Planning Commission, president of the San Diego Chapter of the American Institute of Architects, and president of Lambda Alpha International. Mr. Steele is a graduate of the University of Kentucky.

Diane Takvorian

Diane Takvorian is executive director and co-founder of the Environmental Health Coalition. She is the recipient of a 2008 James Irvine Foundation Leadership Award for her effective approach to creating a healthier environment for low income communities across the state. Ms. Takvorian earned a Bachelor of Science and a Masters of Social Work with public policy, community organization, and administration emphasis from San Diego State University.

Contents of this Report

This report incorporates a summary of the Task Force's final work and recommendations. We believe the recommendations will ensure that Mayor Sanders has the information and facts to help guide his future actions related to expanding the San Diego Convention Center.

TASK FORCE FINDINGS AND RECOMMENDATIONS

Mission

The mission of the Mayor's Citizen Task Force on the Convention Center Project is to evaluate and recommend to Mayor Sanders the necessary steps required to ensure San Diego's ability to protect and expand local jobs and retain and enhance its current market position in the convention and meeting industry.

Charge & Findings

To review the state of the convention and meeting industry, San Diego's success and profile among its competitive set, and evaluate the market demand for an expanded facility;

Finding: It is the view of the Task Force that an expanded Convention Center would provide a significant positive economic impact to our City and region.

To review and evaluate the feasibility of an expansion to the current Convention Center and related developments or enhancements and the impact on generating new jobs;

Finding: It is the view of the Task Force that expansion of the Convention Center is feasible and that new jobs will be generated.

To identify and evaluate various financing options for an expanded convention center that relies mainly on revenues generated by the Convention Center and/or related developments or enhancements

Finding: It is the view of the Task Force that various financing options have been identified and evaluated relative to Convention Center Expansion.

To identify key issues related to public access, resource conservation and waterfront enhancement;

The role of the Task Force has not been to review design and planning issues, however brief presentations have been made to illustrate site capacity and potential massing of Phase 3 which have identified some overall design subjects of concern. Recognizing that the impact of Phase 3 on the public realm surrounding the Convention Center is important to the Citizens of San Diego and influences their City's relationship to the bay;

Finding: It is the view of the Task Force, that in order to respect and improve public access and environmental conditions at the waterfront, urban design, sustainability and environmental guidelines should be adopted for the design of Phase 3.

To encourage public comment on the convention center project by holding meetings at locations and times accessible to the public;

Finding: It is the view of the Task Force that our meetings have been accessible and public comment encouraged.

To present a final set of findings and recommendations to Mayor Sander's no later than September 2009. All meetings will be conducted in accordance with the Brown Act.

Recommendations: Based on seven months of testimony and presentations it is the view of the Task Force that we recommend to the Mayor that, based on the findings herein, he: finalize the scope and cost of the proposed Convention Center expansion project; work with the primary stakeholders to identify the revenue and financing necessary to bring it to fruition; then move forward on the expansion of the Convention Center.

EXECUTIVE SUMMARY

In January 2009, San Diego Mayor Jerry Sanders formed the Mayor's Citizen Task Force on the Convention Center Project to evaluate and recommend the necessary steps required to ensure San Diego's ability to retain and enhance its current market position in the convention and meeting industry. Seventeen members of the public have served 8 months, attended 11 meetings, and heard a dozen professional presentations and numerous comments from the public in an effort to complete our evaluation and make our recommendations. Attached to this summary are documents, presentations and links to additional materials that were given to the Task Force over its tenure. They are provided as reference and resource to our conclusions here.

The San Diego Convention Center has proven to be a powerful economic engine for the City of San Diego and the entire local region. Since opening in 1989 it has hosted over 4,000 events that utilized more than 10 million hotel room nights. It is estimated that the economic impact of these events has been more than \$17 billion to the region. Currently, more than 12,000 local jobs are directly connected to, or indirectly supported by, events held in the current facility. In addition, the convention center has been a catalyst for substantial change within our community, helping to transform downtown into a vibrant urban setting, complete with hundreds of restaurants, shops, entertainment venues and attractions that not only serve visitors but local residents as well.

As the numbers and concepts submitted above are a significant, measurable return on investment to our community, it is important to establish that the San Diego Convention Center is not a tourist attraction. In fact, the meeting and convention business has relatively little to do with the leisure sector that makes up the bulk of tourism here and throughout most of the world. Conventions and convention centers are more closely aligned with business and economic development than tourism. The nexus between the meetings and convention market and leisure tourism is the common need for accommodations, transportation and other destination amenities. Meetings and conventions are typically a business-to-business enterprise, focused on unique markets, reached through unique messaging, and not consumer driven like tourism; a single sale of a meeting can generate thousands of visits. Following this model, the San Diego Convention Center has proven to be an efficient and effective economic engine that delivers multiple levels of economic impact throughout our community.

Yet, while the convention industry is not about tourism, it nevertheless supports tourism, in many different ways. First, meetings and conventions grow the visitor base by attracting people who are coming to town to attend their event, not necessarily having chosen our destination exclusively on its own merits. As a result, the convention attendees are typically incremental visitors consisting of people who might otherwise not come at all. And it's not just that they come, it is when they come – often at times of the year when other kinds of visitors can't or won't. This off-season and incremental business helps support and maintain the tourism infrastructure and jobs, such as hotels, attractions, and transportation services so that they are plentiful and available to support all of the other types of visitors. Additional benefits delivered by convention attendees include pre-or-post-event tourist experiences, return visit opportunities, and community prestige generated by a major national or international event.

The premise and measure of success of publicly funded municipal convention facilities is not without its critics. In an examination of the convention business and city and state spending on host venues, Heywood Sanders, PhD, a professor from the Department of Public Administration at the University of Texas at San Antonio, in a 2005 Research Brief published by the Brookings Institute finds that, "conventions are big business, attracting free-spending visitors booking downtown hotel rooms, eating at restaurants, and thronging theaters and night spots. At any rate, that's the theory. So in the last decade, state and local governments have made massive commitments to tourism and conventions as part of their central economic development strategies. From Atlanta to Austin, Charlotte to Chicago, cities, states, and public authorities have invested billions in an arms race with competing cities to lure conventions and their attendees to new or expanded convention centers. Many of these same places have also invested in publicly-owned hotels, new and expanded airports, and downtown-oriented rail transit systems, all designed to support their hunt for conventions and trade shows.

"However, while the supply of exhibit space in the United States has expanded steadily, the demand for convention and tradeshow exhibit space, and the attendees these events bring to a city, has actually plummeted. Many cities have seen their convention attendance fall by 40 percent, 50 percent, and more since the peak years of the late 1990s. The sharp drop has occurred across a range of communities, including a number of the historically most successful convention locales in the nation." Yet Dr. Sanders concludes his brief by acknowledging "there is no doubt that local meeting and

event space provides an important public amenity for communities of all sizes. And few would disagree that even large-scale convention centers can be an asset for **certain highly competitive cities**, and certainly for the industries and visitors they host.” (Emphasis added)

Dr. Sanders is right, not every city, Austin or Charlotte, Bemidji or Boise, or any of the dozens of other proud municipalities, that are second, third or even fourth tier meetings markets, can successfully support a major convention venue. But he recognizes that “certain highly competitive cities,” like San Diego can be and are successful for reasons that go far beyond bricks and mortar. The San Diego Convention Center, over its 20 year history, has a demonstrated track-record of attracting valuable meetings and conventions to our destination, and then leveraging the venue, first-class service, and the West Coast “wow” factor to establish relationships that ensure their return. They have been so successful that an expansion of the convention center completed in 2001 can no longer meet the current demand. According to Michael Hughes of Tradeshow Magazine, San Diego Convention Center has the brand, team, track record, experience, location, demographics, airport and hotel partners, but NOT the venue size to compete at the highest level of the convention and tradeshow industry.

The Mayor has asked what it would take to attain that highest competitive level. To that end we have attempted to succinctly address the Mayor’s charge in this document and in the supporting documents and information.

To review the state of the convention and meeting industry, San Diego’s success and profile among its competitive set, and evaluate the market demand for an expanded facility.

State of the convention and meeting industry –

- **Historically, the convention and exhibition industry experiences a 10 to 12 year business cycle that moves through expansion to peak, into slowdown then recovery, before expanding again. The current state of the convention and meeting industry, as with the economy in general, is in a period of slowdown, and is expected to recover with the economy. And while the current recession is having a negative impact on attendance, number of exhibitors, and association spending the long term importance of conventions and tradeshows remains unchanged to their underlying industries.**
- **Large conventions and tradeshows are not immune to economic downturns but they are the most resilient types of meeting events by far. In fact attendance rebounded quickly (2 Qtrs.) following the 1991 recession. After 9/11, the industry began to grow in early 2003, with strong growth until the first quarter of 2008.**

San Diego’s success and profile among its competitive set –

- **Few major conventions and tradeshows are launched annually therefore the “supply of demand” is relatively static. Yet, San Diego has been able to effectively compete for the finite number of available conventions with several well documented features and benefits, that include:**
 - ▶ Authentic city experience, with optimal weather
 - ▶ Great, unique convention district, hotels; good hotel supply near SDCC
 - ▶ Tourism amenities, Waterfront area, Gaslamp, etc.
 - ▶ Diverse business community; demographics
 - ▶ One of the closest convention centers to a major airport
 - ▶ Well respected and experienced SDCC staff
 - ▶ SDCC high occupancy, near full capacity, demonstrates user confidence

- **Nationally, there has been a 25 year convention center building and expansion boom, which is still underway. As a result, available convention center space in the United States has grown by 95%, nearly doubling over the twenty-year period 1988 to 2008. During this growth, in addition to publicly owned facilities, hotels have invested aggressively in convention and meeting facilities (i.e., Gaylord, Las Vegas, and other leading hotel owners/managers).**
- **This expansion and building boom, while slowed by the current recession, continues with 5.8 million square feet of new space in the pipeline.**
- **San Diego Convention Center Competitive Set Expansion Planning and Build-out**
 - ▶ McCormick Place in Chicago added 500,000 sq. ft. of exhibit and meeting space in 2007 (to reach a total of 2.7 million sq. ft.)
 - ▶ Phoenix Convention Center added over 400,000 sq. ft. in 2008
 - ▶ Anaheim Convention Center is studying expansion/renovation
 - ▶ Las Vegas Convention Center is planning a major \$800 million renovation (on hold)
 - ▶ San Jose McEnery Convention Center is studying expansion/renovation
 - ▶ Washington State Convention Center in Seattle is studying expansion/renovation
 - ▶ Ernst N. Morial Convention Center in New Orleans is planning a renovation
 - ▶ Salt Palace Convention Center in Salt Lake City expanded in 2006 to 700,000 sq. ft.
 - ▶ Los Angeles Convention Center and Staples Center district – new hotels and LA Live project
 - ▶ Moscone Convention Center in San Francisco—a 25% expansion with 180,000 square feet of new meeting space.
- **When measured by gross square feet, the San Diego Convention Center is ranked 24th nationally among all venues. And most importantly, by the same measure, is ranked 8th among its primary competitors in the West.**
- **The most vocal critic of publicly funded convention centers, Dr. Heywood Sanders of the University of Texas at San Antonio, when asked by Task Force members about San Diego Convention Center’s relative performance against its competitors, characterized San Diego as a “conundrum.” In 2004, when asked about the then three year old expansion of the convention center he said, “(T)here are two places that have historically done well in expanding their convention business: that’s Las Vegas and Orlando. And historically, they have managed to grow their business with great regularity. New Orleans for a long time in the 1990s seemed to be successful. Anaheim and San Diego may, but because of a lack of available information that I’ve been able to get my hands on, it’s not entirely clear. But there’s something in common certainly about the first two of them, and to some extent, about the other three, that’s worth noting.”**
- **General Success Factors for Convention Centers:**
 - ▶ Center able to meet market expectations
 - ▶ Strong and visible reputation for quality
 - ▶ A balanced destination package
 - ▶ Attractive destination to drive attendance
 - ▶ Business, academic, professional links
 - ▶ Center well integrated with the city
 - ▶ Responsive to evolving trends (flexibility)
 - ▶ Diversified business base

- **What's Driving San Diego's Success?**

- ▶ Center “delivers the destination,” West Coast wow factor
- ▶ High service, facility standards
- ▶ Facility evolved with market opportunity
- ▶ Hotel growth has kept pace
- ▶ Integration of center precinct / city
- ▶ Highly focused marketing process
- ▶ Diversified business base
- ▶ Community engagement and support

- **Established Centers Have an Advantage**

- ▶ They have a business history as a base for their projections
- ▶ They understand how various destination components interact
- ▶ They have a “captive” sample as a base for accurate survey data
- ▶ They understand their clients evolving needs
- ▶ Lost business reports quantify demand

Market demand for an expanded facility –

- **For the past several years market demand has surpassed the current supply of space the building offers. In fact, 39.7% of prospective customers that do not book San Diego Convention Center attribute that decision to “Center Unavailable,” or a lack of space. As a result SDCC is losing many highly desirable and lucrative events to our competitor cities.**
- **These losses are not only existing business outgrowing the building, but fresh, new business that would like to come to San Diego, but simply can not be accommodated because the building is too small. While it is not assumed that all lost business would eventually be captured as a result of the proposed expansion, the additional space would allow the San Diego Convention Center to aggressively compete for new business from among a pool of customers desiring (demanding) to come to San Diego. Over the recent past, this pool of lost business translated into substantial prospective room nights:**
 - ▶ 810,000 room nights lost in 2006
 - ▶ 975,000 room nights lost in 2007
 - ▶ 705,000 room nights lost in 2008
- **There are over 100 major shows that need between 600,000 and 800,000+ gross square feet of exhibit space (expanded size) that average 20,000+ in attendance. Annually booking only three to five of these types of new events alone would make the expansion successful in terms of new economic impact.**
- **It is an industry idiosyncrasy that there are really only about 20 weeks of the year that meeting planners consider “prime” for major meetings and conventions, and as a result of the current size limitations, 40% of the convention centers “lost business” can't get prime dates in the Winter, Spring and Fall. Expansion will create demand through flexibility, with the opportunity to hold a range of events simultaneously, such as two large events that require 300,000 to 400,000 gross square feet each.**

- **Customer (meeting planner) interviews unequivocally reflect a perception that San Diego is one of the most desirable (in demand) destinations in North America for meetings business. This is borne out by the Center’s occupancy data that far exceeds the national average.**
- **Demand will be generated by keeping current clients that are growing, and will grow again following the recession, in San Diego – this would be particularly true of major medical shows that rotate through the country’s other leading venues.**
- **Summary Points of Demand as Presented by Michael Hughes:**
 - ▶ Center is operating at or above practical maximum capacity
 - ▶ Loss of potential business most frequently due to lack of available dates/space
 - ▶ San Diego’s hotel supply has continued to expand
 - ▶ Competitors are moving forward with enhancements
 - ▶ Past and potential customers have expressed interest in an expanded Center
 - ▶ Past events have and existing events are at risk of outgrowing the Center
 - ▶ There is room night loss from these events outgrowing the Center
 - ▶ Center has outperformed many of its competitors and the industry

To review and evaluate the feasibility of an expansion to the current Convention Center and related developments or enhancements and the impact on generating new jobs; and to identify key issues related to public access, resource conservation and waterfront enhancement.

- **The San Diego Convention Center generates high valued visitors. There were more than 630,000 registered attendees for primary events at the SDCC during 2007. Including non-registered friends and relatives in the event attendee’s travel group, there were an estimated 743,000 convention center visitors to San Diego. About 84% (625,500 est.) of the SDCC visitors reported hotel accommodations in San Diego and they reported an average of almost 1.4 people per room. The average length of hotel stay was 3.73 nights generating an estimated 1,688,000 total hotel room nights during 2007.**
- **The 630,000 primary event attendees spent an average of \$1,462 each in San Diego (vs. \$458 for all other overnight visitors). This generated total direct spending of almost \$921 million in San Diego. Lodging spending generated by San Diego Convention Center primary events totaled nearly \$374 million including about \$35.5 million in transient lodging taxes.**
- **There is a convention and tradeshow “ecosystem” in San Diego that benefits greatly from the success of the convention center, delivering economic benefit far beyond the convention center and hotels. That “ecosystem” represents:**
 - ▶ Visits to Restaurants 92%
 - ▶ Other Entertainment 52%
 - ▶ Shopping 44%
 - ▶ Stay-over Post-event 25%
 - ▶ Pre-Event Sight-seeing 19%
 - ▶ Cultural & Education 17%
 - ▶ Sports Events 12%

- ▶ Other Activities 10%
- ▶ Outdoor Recreation 6%
- ▶ Family Events 2%
- **Of 381 events turned away,**
 - ▶ 89% could be accommodated by an expansion of 225,000 sq. ft.
 - ▶ 82% could be accommodated by an expansion of 175,000 sq. ft.
- **Architects presented a proposal for a feasible contiguous expansion on the 5th Avenue site that features:**
 - ▶ 197,665 sq. ft. Exhibition Hall on Level 2
 - ▶ 108,000 sq. ft. Meeting Room(s)
 - ▶ 80,000 sq. ft. Ballroom
 - ▶ 154' Overall Building Height
 - ▶ Creative suggestions for
 - Public Access – an elevated pedestrian bridge over Harbor Dr.
 - Resource Conservation – rooftop solar generated electricity
 - Waterfront Enhancement – retail promenade at the waterfront
- **Assuming an expansion of 225,000 sq. ft. of Exhibit Space and a total of 1,219,400 sq. ft. of Indoor Rentable Space, the annual economic impacts are projected to be:**
 - ▶ Economic Impacts:
 - \$372 Million per year in Direct Spending.
 - \$698 Million per year in Countywide Economic Impact
 - 6,885 new permanent jobs created
 - ▶ Hotel Sector and City Tax Revenues:
 - \$155.6 Million per year in gross room sales for hotels
 - \$17.1 Million per year in Direct City Tax Revenues
- **\$16.3 Million per year in Transient Occupancy Tax**
- **\$ 0.8 Million per year in Sales Tax**
- **The goal for the San Diego Convention Center is to host more large shows (that don't fit currently); and host more events simultaneously; and make move-in/move-out more efficient, therefore the highest probability for success could be expected from an expansion that utilizes contiguous space.**
- **A non-contiguous building if it is further than directly across the street, is not an expansion by definition to meeting planners – it would result in two completely different venues; basically no major conventions and tradeshow (or consumer shows) would book both venues at the same time.**

- **86% of convention and tradeshow producers say their IDEAL convention center has the primary exhibition hall in one building, on one level.**
- **61 % of Convention Center GM's surveyed in 2009 responded with "all in one facilities" when asked, "(W)hat types of new convention center new build and expansion projects will be the most common going forward?"**
- **Fundamental assumptions to financing/funding the Convention Center expansion:**
 - ▶ Do not utilize any General Fund revenue not currently utilized or obligated for Convention Center Bond debt service;
 - ▶ Revenue for expansion must come from sources that have a nexus of benefit from the expanded Center;
 - ▶ Revenue available for Center expansion may not be available for other civic purposes because it may only be available due to a direct measurable benefit.
- **Construction Consultant Estimates: (as of July 6, 2009)**
 - ▶ Gross square footage 1,266,719 GSF
 - ▶ Building cost \$710.8 million
 - ▶ Pedestrian bridge cost \$41.9 million
 - ▶ Total Cost \$752.7 million
 - ▶ Estimated annual debt obligation of \$52.98 million.
- **Possible Revenue Sources (to meet bond obligation):**
 - ▶ Adjacent, new convention center hotel
 - Residual cash flow
 - ▶ Convention Center Retail
 - Net income
 - ▶ Convention Center Hotel Business Improvement District Assessment
 - By geographic proximity to Center
 - ▶ Convention Center Entertainment District Assessment
 - All non-hotel businesses, by geographic proximity to Center
 - ▶ Convention Center Restaurant Business Improvement District Assessment
 - By geographic proximity to Center
 - ▶ Convention Center Parking District (BID)
 - By geographic proximity
 - ▶ Convention Center Taxi District
 - Drop-off/Pick-up Surcharge
 - ▶ Rental Car Surcharge
 - ▶ Convention Center Service Contractor Fee
 - ▶ Incremental Convention Center Parking Fees
 - 100% of all above 2007 baseline
 - ▶ Contribution of land and other concessions from Unified Port of San Diego

- ▶ Contribution from other public entities included CCDC and County of San Diego.
- **The American Hotel & Lodging Industry Association, in its report IMPACT of Room Tax Increases on the Lodging Industry, concludes that, “non-travel earmarked uses of bed taxes do not benefit tourism and act only as a travel deterrent by increasing a guest’s cost without attracting more guests.” That “the negative impact of bed taxes can be mitigated if they are used for travel promotion.” And that “a number of markets designate a portion of the bed tax to support convention and visitor bureaus, travel advertising and other activities aimed at increasing travel and tourism.”**
- **Several Task Force members expressed concern about how the impact of increased supply in the market may have an impact on the price the San Diego Convention Center can charge, and therefore the revenue which will be generated from an expansion to support operations.**

To encourage public comment on the convention center project by holding meetings at locations and times accessible to the public;

- **Over the course of 8 months the Citizens Taskforce on the Convention Center Project:**
 - ▶ Launched and maintained a web site, www.conventioncentertaskforce.org where all materials were posted and public comments could be made to the Task Force;
 - ▶ Encouraged public participation;
 - ▶ Met 11 times at various locations and held at least one meeting in each of the 8 City Council Districts;
 - ▶ Had 28 speakers from the public participate in Public Comment;
 - ▶ Received 39 correspondence/written comments regarding the activities of the Task Force.

I.) THE SAN DIEGO CONVENTION CENTER: AN ECONOMIC ENGINE

Finding: It is the view of the Task Force that an expanded Convention Center would provide a significant positive economic impact to our City and region.

The San Diego Convention Center has been a powerful economic engine for the City of San Diego and the entire local region. Since opening in 1989 the facility has hosted over 4,000 events that utilized more than 11 million hotel room nights. It is estimated that the economic impact of these events has been more than \$18 billion to the region. Currently, more than 12,000 local jobs are directly connected to or indirectly supported by events held in the current facility.

In addition, the convention center has been a catalyst for substantial change within our community, helping to transform downtown into a vibrant urban setting, complete with hundreds of restaurants, retail shops, entertainment venues and attractions that not only serve visitors but local residents as well.

It is important to consider that conventions and convention centers are more closely aligned with business and economic development than tourism, according to industry expert Rod Cameron who presented “Making Sense of Today’s Convention Industry” to the Task Force. Meetings and conventions are typically a business-to-business enterprise and are not consumer driven like tourism. In fact, a single booking of a convention and meeting can generate thousands of visits to the City. Following this model, the San Diego Convention Center has proven to be an efficient and effective economic engine that delivers multiple levels of economic impact throughout our community.

While the convention industry is not primarily about tourism, it nevertheless supports tourism in many ways. The nexus between the meetings and convention market and leisure tourism is the shared need for hotel accommodations, transportation and other destination amenities. Meetings and conventions grow the visitor base by attracting people who come to town to attend events, not necessarily having chosen our destination exclusively on its own merits. As a result, convention attendees are typically incremental visitors consisting of people who might otherwise not visit the City at all.

Meetings and conventions are also often held at times of the year when other kinds of visitors do not visit the City. This off-season and incremental business helps support and maintain the tourism infrastructure and jobs at hotels, attractions and transportation providers. Additional benefits derived from convention attendees include pre- or-post-event tourist experiences, return visits, and the community prestige generated by hosting a major national or international event.

These event attendees and “business tourists” help support a meeting and convention “ecosystem” of jobs, services and facilities in San Diego. The heart of this ecosystem is the San Diego Convention Center, which delivers economic benefit well beyond the activities in the Center and hotels. According to a January 2009 study of U.S. convention and tradeshow producers conducted by Tradeshow Week, the following activities represent the behavior of at least 25% of event attendees when they are “in-town” for an event:

- **Visit restaurants: 91%**
- **Participate in “Other Entertainment”: 52%**
- **Shopping: 44%**
- **Stay Over in the City or Region Post-Event: 25%**
- **Arrive Early for Pre-Event Site-Seeing: 19%**
- **Cultural and Educational Activities: 17%**
- **Sports Events: 12%**
- **Outdoor Recreation: 6%**
- **Family Events: 2%**
- **Other Activities: 10%**

The same survey found that event producers estimate that 17% of their event attendees bring a spouse or friend with them to the event host city.

San Diego Convention Center Record of Success

The results over the last two decades tell a story of success that has made San Diego the envy of our competition in the meeting and convention industry:

- **\$18.3 billion in regional economic impact.**
- **\$7.6 billion in direct attendee spending.**
- **\$364.4 million in tax revenues.**
- **11 million hotel room nights for city hoteliers.**
- **Over 1,000 conventions and trade shows.**
- **More than 3,000 other community and local events.**
- **15.8 million guests, including 7.7 million out-of-town visitors who spend money in our hotels, restaurants and attractions, infusing fresh dollars into our local economy.**

Conventions translate into results for taxpayers. And an expansion would increase both economic impact and tax revenue at a time when new sources of revenue to fund city services are needed.

San Diego Convention Center Visitor Profile

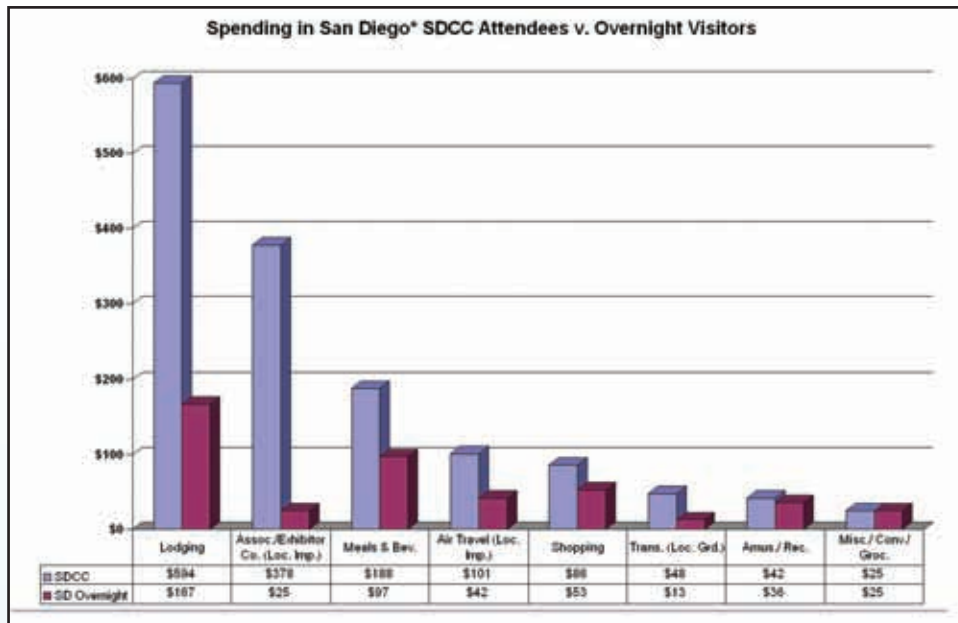
The San Diego Convention Center generates both high value and high spending visitors. According to the 2007 San Diego Visitor Profile Study by CIC Research, there were more than 630,000 registered attendees for primary events at the San Diego Convention Center during 2007. Including non-registered friends and relatives in the event attendee's travel group, there were an estimated 743,000 San Diego Convention Center visitors to San Diego. About 84% (625,500 est.) of the San Diego Convention Center visitors reported hotel accommodations in San Diego and they reported an average of almost 1.4 people per room. The average length of hotel stay was 3.73 nights generating an estimated 1,688,000 total hotel room nights during 2007. This clearly shows that while the facility only reports an estimated 744,782 hotel room nights, in reality due to people that book "outside of the block" the Center is generating an estimated 1.688 million room nights.

The 630,000 primary event attendees spent an average of \$1,462 each in San Diego (vs. \$458 for all other overnight visitors). It is important to note that these are the highest value visitors for San Diego as they spend three times more than the typical tourist.

AVERAGE ATTENDEE & VISITOR SPENDING	
Per SDCC Attendee	\$1,462
Per SD Overnight Visitor	\$458

These visitors generated total direct spending of almost \$921 million in San Diego. Lodging spending generated by San Diego Convention Center primary events totaled nearly \$374 million including about \$35.5 million in transient lodging taxes.

Convention Center visitors spend money throughout the local economy in hotels, restaurants, shops. According to CIC Research, Inc., the table below outlines the significant spending by category by convention attendees compared to traditional visitors



Source: CIC; * Spending by category includes all applicable taxes and tips.

A Critical Part of Downtown Redevelopment

The San Diego Convention Center has been and is expected to continue to be a key driver of downtown redevelopment. The Center helps contribute to new revenues to fund essential city services.

Jeff Graham, Assistant VP of Redevelopment with the Center City Development Corporation presented “A Vision for the Future” to the Task Force which outlined the redevelopment impact. According to Mr. Graham, the Convention Center has served as an anchor for downtown redevelopment and holds the key to our city’s future economic success. The Convention Center has been a catalyst for revitalizing a blighted and often forgotten downtown. It transformed the area into a vibrant and exciting place that visitors and locals both enjoy. New restaurants, shopping and beautification programs were launched, and thousands of jobs were created. New hotels sprang up along Tideland Property and in the City center to support Convention Center events. The Gaslamp Quarter has gone through a renaissance and boasts over 100 casual and fine dining options, boutiques and galleries, arts and cultural venues, and world-class entertainment. These businesses generate millions of dollars in tax revenue for the Port to serve the public interests and for the City of San Diego’s general fund.

As a result of the Phase II Convention Center expansion completed in 2001, hotel development boomed. A few of the new hotel projects developed in the last five years include:

- **Omni San Diego**
- **Hotel Solomar**
- **Hard Rock Hotel**
- **US Grant (restoration project)**
- **Hilton San Diego Bayfront**

It is clear that the San Diego Convention Center is a vital part of the San Diego economy. Opened in 1989, then expanding in 2001, the convention center has helped make San Diego one of the top 10 convention and meeting destinations in North America. With tourism being the third largest industry in San Diego, the focus of the Mayor’s Task Force was to evaluate and recommend the necessary steps to ensure the City’s ability to retain and enhance its strong market position and continue to be a critical engine economic development.

II.) MARKET DEMAND AND THE FEASIBILITY OF AN EXPANSION

Finding: It is the view of the Task Force that an expanded Convention Center would provide a significant positive economic impact to our City and region.

One of the critical questions examined by the Task Force focused on if there is sufficient demand by conventions, tradeshow and meetings to drive significant new economic impact for an expanded San Diego Convention Center.

The specific requirement from Mayor Sanders was:

- **To review the state of the convention and meeting industry, San Diego's success and profile among its competitive set, and evaluate the market demand for an expanded facility.**

A number of industry consultants and analysts presented studies to the Task Force on convention and meeting industry trends and San Diego's current industry standing and projected demand for an expansion. The studies found that there is indeed strong market demand by convention, tradeshow and meeting planners for an expanded San Diego Convention Center. A summary of these findings and opinions are provided in this section of the report.

The San Diego Convention Center – An Industry Leader

Michael Hughes with Tradeshow Week presented an overview of the convention and tradeshow industry and San Diego's standing in the industry to the Task Force. Some of the key issues impacting the San Diego Convention Center include:

- **The Center is operating at or above practical maximum capacity.**
- **The loss of potential business is most frequently due to lack of available dates/space.**
- **Past and potential customers have expressed interest in an expanded Center.**
- **Past events have and existing events are at risk of outgrowing the Center.**
- **San Diego's hotel supply has continued to expand.**
- **There is hotel room night loss from these events outgrowing the Center.**
- **Competitors are moving forward with venue expansions and enhancements.**
- **Center has outperformed many of its competitors and the industry.**

Michael Hughes pointed out that few major conventions and tradeshows are launched annually and therefore, the "supply of demand" is relatively static. Yet, San Diego has been able to effectively compete for the finite number of available conventions with several well documented features and benefits that include:

- **An authentic city experience, with optimal weather.**
- **A unique convention district with excellent hotel supply near the Convention Center.**
- **World class tourism amenities, Waterfront area, Gaslamp, etc.**
- **Diverse business community and professional demographics.**
- **One of the closest convention centers to a major airport.**
- **High Center occupancy, near full capacity, demonstrating user confidence.**

In short, the City of San Diego and the San Diego Convention Center are leading convention and meeting destinations and are held in high standing by event planners. But more exhibition space capacity is needed. Michael Hughes also pointed out that it can be argued there is a disconnect in San Diego between the level of convention hotel room capacity and exhibition space. When measured by gross square feet, the San Diego Convention Center is ranked 24th nationally among all venues. Additionally, the City is ranked 8th among its primary competitors in the West in terms of total number of hotel rooms near-by the Convention Center. This is actually a good development as meeting and convention planners require quality hotel capacity near-by their convention centers.

Projected Performance vs. Actual Performance

The track record shows that the original convention center development and the Phase II expansion in 2001 were highly successful. The table below outlines the projected performance vs. actual when the original Convention Center was planned, then opened and the second expansion against projections.

Convention Center Original Projections vs. Actual Performance

	Gladstone ¹	93-97 Actuals ²
Primary Event Attendance	372,860	282,133
TOT³	\$11,465,689	\$11,971,057
Primary Events	35	53

Source: Gladstone

Convention Center Expansion: PricewaterhouseCoopers Original Projections vs. Actual Performance

	PricewaterhouseCoopers	Actual
Primary Business Attendance	430,000 ⁴	553,455 ⁵
TOT⁶	\$11,381,202	\$24,865,010
Exhibit Hall Occupancy	55.0%	73.1%

Source: Pricewaterhouse Coopers

¹ Amounts are stabilized year estimates per Gladstone study.

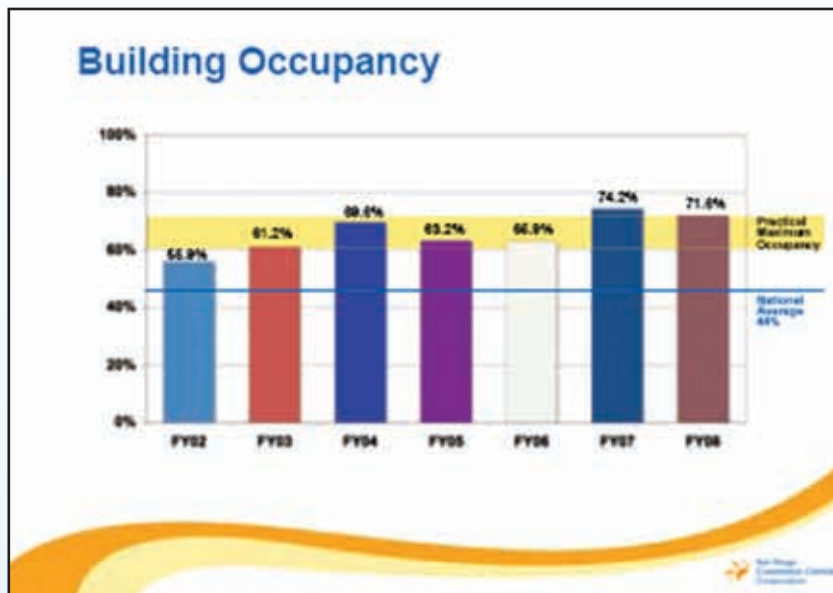
² Gladstone amount provided (\$4,840,000.) has been escalated to mid-point of stabilized years (FY 1995) and at 9.0% hotel tax rate.

³ Amounts are averages from initial stabilized years (FY 1993 - FY 1997) and calculated at 9.0% hotel tax rate.

⁴ Amounts are "midpoint" estimates from PwC 1991 Expansion Analysis.

Building Occupancy

One of the key indicators of a convention facility's success is building occupancy. In Fiscal Year 2008, the San Diego Convention Center reached an occupancy rate of 71.6%, well beyond 60%, considered in the convention industry as a metric for a facility being fully occupied. In fact, the venue turns away business. Almost since the Phase II expansion opened the venue has been at maximum capacity. It is important to note that no facility ever reaches 100% occupancy, due to brief closures for maintenance, holidays, and the difficulty of booking back-to-back events because of move-in and move-out schedules which vary widely. San Diego continues to outpace the competition in building occupancy. The national average for similar size facilities is just over 44%.



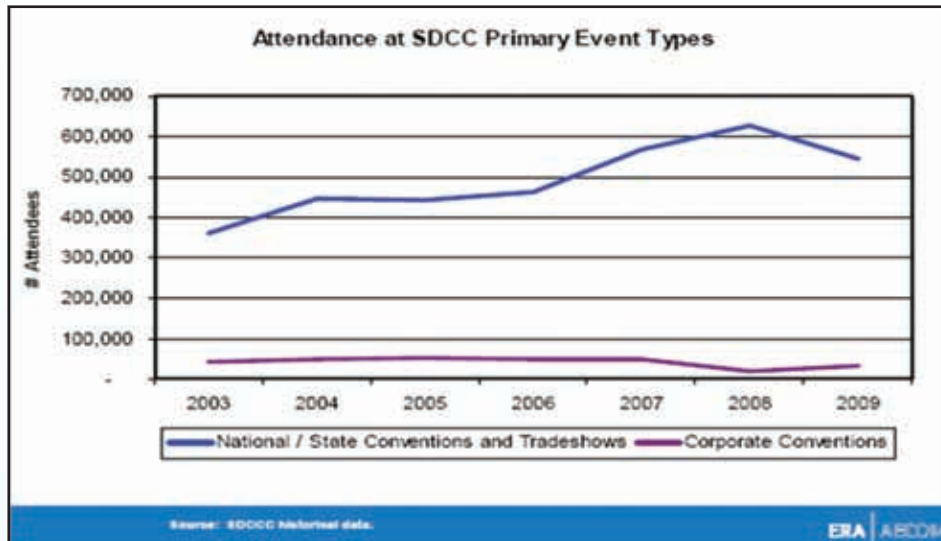
⁵ PwC amount provided (\$5,141,000) is in 1991 \$'s and at 9.0% hotel tax rate, then increased based on current 10.5% hotel tax rate and escalated annually through "mid-point" (FY 2006) of Actual column using Smith Travel Research San Diego County Hotel ADR annual escalation factor

⁶ Amounts are averages from post-Expansion stabilized years (FY 2004 - FY 2008).

Market, Feasibility and Impact Analysis for the Proposed San Diego Convention Center Expansion

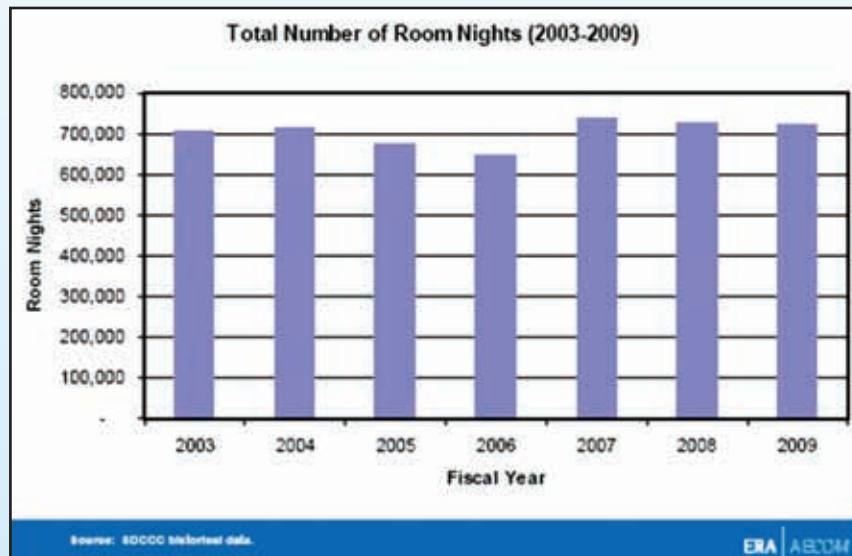
As the graphic below illustrates, attendance has increased steadily since 2003, dipping slightly due to the current recession. The chart also shows how strong the Convention Center attendance has been for National and State conventions and tradeshow which represent the largest and most important sector of the convention and meetings industry. These represent the key sector because they tend to be the largest events with the highest hotel room night requirements and many of these events are owned by associations which have to meet annually as part of their charters. The competition for National conventions and tradeshow is the fiercest in the country due to their size and stability. Corporate conventions and meetings, while also an important industry segment, are more cyclical as they are more closely tied to specific corporate performance and the economy..

Attendance at SDCC Primary Event Types



The total number of hotel room nights resulting from events held at the Convention Center between 2003 to 2009 are presented in the chart below. Room night bookings have performed well even during the 2008-2009 recession. In fact, the past three years have been stronger than the 2004 to 2006 period.

Total Number of Hotel Room Nights Utilized (2003-2009)



The Impact of Technology

The impact of technology on the convention and meeting industry was a topic of discussion among the Task Force, the public and presenters. The discussions focused on two central questions:

- 1. How has technology impacted the convention and meeting industry?**
- 2. Will the increasing use of the Internet, and specifically online meeting technology, reduce the attendance at shows, thus reducing the size of the events and the need for an expansion?**

Research compiled by Tradeshow Week was presented showing that technology has been used increasingly to help promote, market and facilitate events. Event management has used the web and digital media to create and extend relationships with exhibitors, attendees, sponsors and other partners. A copy of the detailed survey was distributed to the Task Force and is contained beginning on page 15 of the May 2009 Tradeshow Week "Space Available" report.

A much more significant impact of technology on the industry is the growing use of third party travel planning sites on the Internet (Travelocity, Expedia, Hotels.com, etc.) by attendees to locate and book hotel rooms outside of the traditional room block created by show management. As a result of this trend, it has become increasingly difficult for show managers and convention centers to accurately track the total amount of hotel room nights used for a given event hosted at a facility. In his presentation to the Task Force, Heywood Sanders said:

"What is intriguing about these to me is after the expansion, how the primary attendance number rises very rapidly, but the hotel room night number does not show much of an increase from the peak years in the 1990s. This has for me, for a very long time presented an intriguing kind of analytical conundrum. Part of the reason, obviously, and this is taken from the PricewaterhouseCoopers report is that several large events, notably Comic-Con, the two ASR trade expos and the Rock N' Roll marathon, generate large attendance volumes without necessarily generating very many hotel room nights."

However, several of the Task Force members raised concerns and objections to Mr. Sanders claims. Below are some of the minutes from the Tuesday, May 26, 2009 Task Force meeting covering the issue of hotel room blocks and Convention Center booking performance.

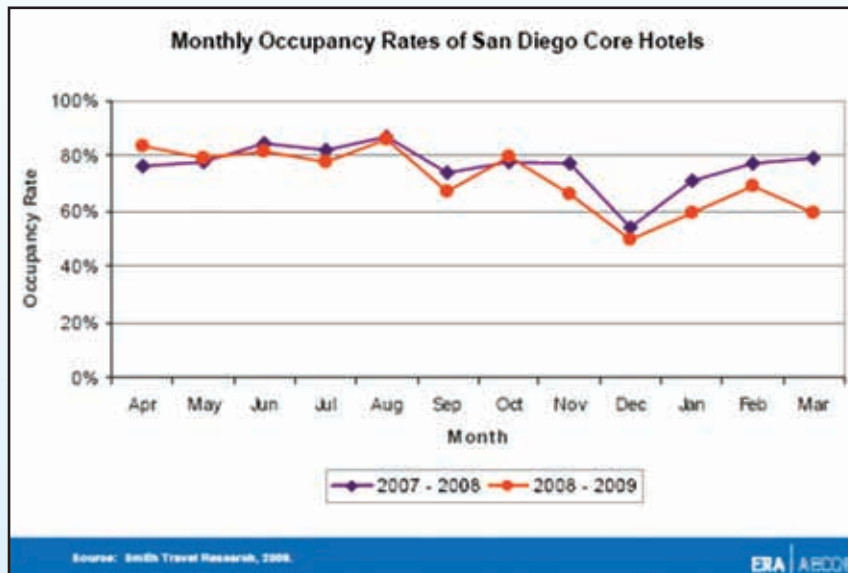
- Comment re: Impact of out-of-block dynamics on hotel room night tracking was addressed by Task Force member Mike McDowell. Mr. McDowell reminded Task Force members that he had specifically asked Heywood Sanders' about "out of block" dynamics in tracking hotel room nights however, Mr. Sanders did not answer. (Mr. Sanders argued in his presentation that hotel room night growth was flat). Mr. McDowell shared his experience in dealing with the impact of the Internet in how attendees book hotel rooms outside the pre-arranged block. Task Force members Bill Evans and Patrick Duffy agreed with Mr. McDowell and said in their experience a minimum of 30 percent of hotel rooms used by attendees at meetings and conventions are booked outside the hotel room block (using the internet with 3rd party travel sites like hotels.com, Expedia, Travelocity, etc.) As a result, a large group of hotel rooms used by events booked cannot be directly tracked back to the event. Mr. McDowell also referenced two different studies completed by CIC Research of two primary events at the Convention Center in 2008 which showed out-of-block rates of 22% and 45%. Additionally, Mr. Evans and Mr. McDowell explained the impact of Convention Center events on countywide hotel occupancy, how events in the Convention Center cause "compression" resulting in increased revenue and occupancy, thus increased tax revenues from rooms outside the downtown core into Mission Valley, Shelter Island and North County.**

- Mr. McDowell also addressed comments made by Mr. Sanders in his presentation when he stated that events like Comic Con, Action Sports Retail and Rock-n-Roll Marathon generate large attendance but do not necessarily generate large hotel room demand. Mr. McDowell explained how the four days of Comic Con are the highest occupancy and revenue days for hotels in the County of San Diego consistently from year to year. He explained that there was no doubt that Comic Con, which draws more than 126,000 attendees, utilizes many more hotel room nights than the 20,000 hotel room nights reported as part of the room block by the Convention Center.

Hotel Room Occupancy Rates

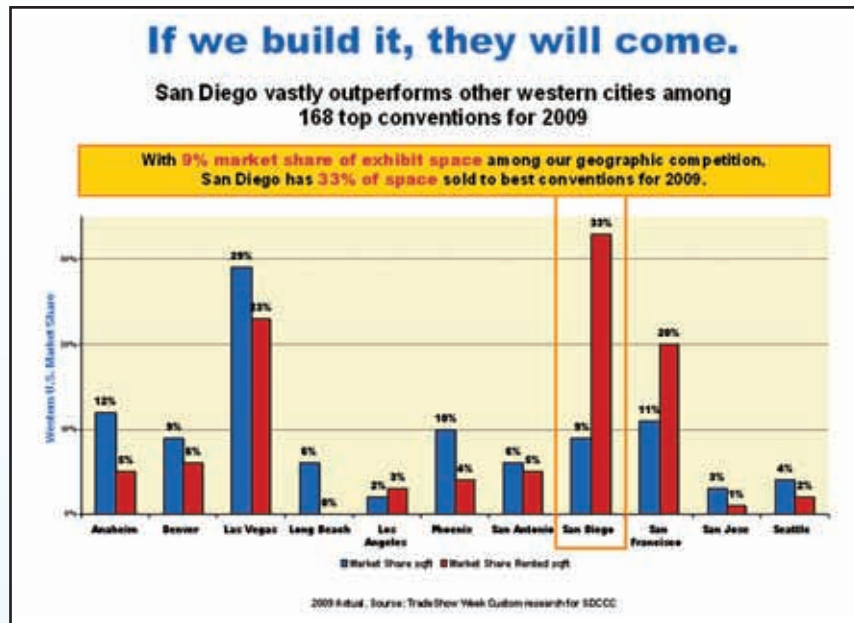
Data from Smith Travel Research show that San Diego's hotels have performed well but that the recession brought down occupancy rates to near 60% in March 2009 from 80% in 2008. An expanded Convention Center will create demand through flexibility, with the opportunity to hold a range of events simultaneously, such as two large events that require 300,000 to 400,000 gross square feet each. These increased bookings will drive higher hotel occupancy and reduce hotel room night "peaks and valleys" due to more efficient event scheduling move-ins and out. This steadier stream of visitors will also help restaurants, retail stores, entertainment destinations and transportation providers.

Monthly Occupancy Rates of San Diego Core Hotels



Market Share Analysis

Annually, the San Diego Convention Center Corporation retains Tradeshow Week Custom Research to conduct a market share analysis. The report analyzes San Diego's Tier I, A and B, convention and tradeshow market share. The diagram below was distributed to the Task Force, using 2009 data, to help demonstrate San Diego's success in competing for the most lucrative business.



Event Projections

ERA has projected the expansion to add 13 national or state conventions and tradeshows by 2016, and a total of 36 events over the same period. The consulting firm projects a reduction in the number of events if the Convention Center is not expanded.

As mentioned in other parts of this report, the Primary Events – National and State conventions and tradeshows, and corporate meetings – represent the largest and most important sector of the convention and meetings industry. These are the largest events with the highest hotel room night requirements.

	Average 2003-2007	Fiscal Year 2009	No Build Scenario (~ 2016)	Expansion Projections (~ 2016)
Number of Primary Events:				
National / State Conventions and Tradeshows	51	62	55	75
Corporate Conventions	<u>12</u>	<u>10</u>	<u>10</u>	<u>15</u>
Total Primary Business	64	72	65	90
Number of Secondary Events:				
Local Trade Shows	10	9	10	12
Consumer Shows	11	16	10	13
Meetings, Community Events, Food & Bev.	<u>153</u>	<u>152</u>	<u>150</u>	<u>170</u>
Total Secondary Business	174	177	170	195
Total Number of Events	238	249	235	285

Source: San Diego Convention Center Corporation, ERA (2009)

ERA | AECOM

Lost Business

Besides the ERA estimates of the risk of reducing the total number of events, there is a cost of doing nothing and it is already seen in “lost business” reports maintained by Convention Center management. For the past several years market demand has surpassed the current supply of exhibit space in the building. In fact, 39.7% of prospective customers that do not book the San Diego Convention Center attribute that decision to “Center Unavailable,” or a lack of space. As a result the San Diego Convention Center is losing many highly desirable and lucrative events to our competitor cities.

These losses are not only existing event clients that are outgrowing the building, but new business that would like to come to San Diego but simply can not be accommodated because the building is too small. While it is not assumed that all lost business would eventually be captured as a result of the proposed expansion, the additional space would allow the San Diego Convention Center to aggressively compete for new business from among a pool of customers desiring to come to San Diego. Over the recent past, this pool of lost business translated into substantial prospective room nights:

- **810,000 room nights lost in 2006**
- **975,000 room nights lost in 2007**
- **705,000 room nights lost in 2008**

According to the San Diego Convention Center, 381 events have been turned away due to lack of exhibit space or dates. Of these events, 89% could be accommodated by an expansion of 225,000 square feet and 82% could be accommodated by an expansion of 175,000 square feet.

San Diego Convention Center Customer and Client Interviews and Analysis

ERA conducted interviews with clients which are summarized in this section. In fact the verbatim analysis has been copied below. The research findings show the strength among the convention and meeting planner community for San Diego as a destination.

ERA completed telephone interviews with a number of meeting and event executives who are familiar with the San Diego Convention Center. ERA interviewed groups that are regular users of the SDCC, groups that have booked but may no longer be able to book in the future due to lack of space, and “lost business” groups.

ERA contacted more than 90 representatives of past and potential events. In the end, we were able to conduct interviews and/or correspond with a total of 26 meeting and event executives, some of whom represent multiple events on behalf of third-party groups. Approximately 25 percent of the responses were considered to be “lost” events, and the remaining are either future users or currently booked events. The results of these interviews are described below.

ERA’s executive interviewing research has unequivocally confirmed the attractiveness of San Diego as a convention destination.

Lost Business Surveys

Of the facility’s “lost” events, most reported not using the San Diego Convention Center due to its lack of space and available dates, as well as “other” reasons that often included the cost of the facility and/or local hotels. These events were primarily conventions or combination conventions and trade shows.

San Diego was stated by many to be the top West Coast location and would be the number one pick on a rotation if they had more square footage of exhibit space. It was stated to be important to have more exhibit space than Los Angeles and Anaheim.

Though many of the groups stated that they need between 550,000-650,000 square feet of exhibit space (preferably contiguous), at least 30 percent of the lost business interviewees stated that their group could not use San Diego without 1 million square feet of total exhibit space. These

groups also need at least 150,000 square feet of meeting space and between 50-100 individual breakout rooms. A couple groups also stated that they need a 100,000 square foot ballroom. Exhibit halls were explained to not be suitable for ballroom functions.

The second most common reason for lost business was the lack of ability to obtain preferred dates. Especially difficult have been the spring and fall months. The lack of available dates for many years into the future is representative of strong demand and a potential need for expansion. The expanded facility will considerably open the number of date's available and booking capacity of the Center.

Top facility competitors listed by the lost business groups are: Orlando, Atlanta, Las Vegas, Houston and Chicago. San Diego and Boston are noted to be the two large biotech hubs and are important to that industry.

Booked Events Surveys

Of the facility's events that are currently booked to be held at the San Diego Convention Center in the future, and/or have recently been held at the facility, the most common reason for selecting San Diego was its general destination appeal and draw for attendees. The next-most common responses were San Diego's location and its hotel inventory. Most booked events that responded were conventions or combination conventions/trade shows, although a few were meetings and conferences. The main intent of the booked events interviews was to identify these events' interest in using the expansion facility on its own in the future or in conjunction with the existing facilities space as well as understand prevailing industry trends.

In terms of customer service, knowledgeable staff, physical location and strong collaboration from city partners, San Diego is listed in the top three event centers among current and future users of the facility.

Though many groups consider San Diego their preferred conference location, there has been a serious issue with lack of availability. Some groups have stated that they are not able to get into San Diego for the next 6 years. It is especially difficult for those groups with annual conferences between July and November.

Most user groups stated that San Diego has one of the best hotel packages in the U.S., but that rates are often too high. Given the reduction in many group's 2009 and 2010 budgets, the cost of hotel rates is going to be a key factor in deciding where groups book in the future. A couple groups stated that if they were not able to get favorable hotel rates, they might have to consider moving their events to second tier cities which offer lower facility rental fees and discount hotel packages.

According to the ERA research, at least 30 percent of the groups are outgrowing the facility and expect not to be able to use the SDCC by 2012-2016. Many groups increase the amount of necessary square footage by 10-20 percent per year. Groups that are not outgrowing the facility usually book San Diego on a 3, 4 or 6 year rotation given that dates are available.

Additional Comments from ERA Interview Respondents

In general, most respondents indicated that they love meeting in San Diego and cite the city's draw as a major plus for their events. Most groups have San Diego as part of their top 5 desired locations and most see it as the top west coast locale.

Venue meeting planner, client, and prospect interviews unequivocally reflect a perception that San Diego is one of the most desirable destinations in North America for meetings business. This is borne out by the Center's occupancy data that far exceeds the national average.

New Market Opportunity

According to Tradeshow Week, there are over 100 major conventions, tradeshows and meetings that need between 600,000 and 800,000+ gross square feet of exhibit space that average 10,000+ in attendance. Annually booking only three to five of these types of new events alone would make the expansion successful in terms of new economic impact.

Number of Events	Attendace	Opportunity
100 major conventions, tradeshows and meetings require between 600,000 and 800,000 gross square feet of exhibit space	Average 10,000+ in attendance	Annually booking only three to five of these types of new

Source: TradeshowWeek Research

It is an industry idiosyncrasy that there are primarily only about 20 weeks of the year that meeting planners consider “prime” for major meetings and conventions, and as a result of the current size limitations, 40% of San Diego Convention Center’s “lost business” can’t get prime dates in the Winter, Spring and Fall.

Convention Centers Throughout the Country Continue to Expand

Nationally, there has been a 25-year convention center building and expansion boom, which is still underway. As a result, available convention center space in the U.S. has grown by 95%, nearly doubling over the twenty-year period 1988 to 2008, according to Tradeshow Week. In addition to municipal facilities, hotels have invested aggressively in convention and meeting facilities (e.g., Gaylord Entertainment, various Las Vegas hotels and resorts, and other leading hotel companies).

This venue expansion and building boom, while slowed by the current recession, continues with 5.8 million square feet of new space in the pipeline. San Diego’s western regional competitive set as well as other major convention centers throughout the U.S. have aggressively expanded – often multiple times – over the past few decades to remain competitive. The table below lists a number of recent or in-process new buildings and expansions across the U.S.

Several Task Force members expressed concern about how the impact of increased supply in the market may have an impact on the price the San Diego Convention Center can charge, and therefore the revenue which will be generated from an expansion to support operations. The Task Force was informed this issue would be addressed in the Operating Pro Forma which will be made available to the Mayor.

San Diego Convention Center Competitive Set Recent or Current Expansions

Convention Center	Recent or Current Expansion
McCormick Place in Chicago	Added 500,000 sq. ft. of exhibit and meeting space in 2007 (to reach a total of 2.7 million sq. ft.)
Phoenix Convention Center	Added over 400,000 sq. ft. in 2008
Anaheim Convention Center	Studying expansion/renovation
Las Vegas Convention Center	Planning a major \$800 million renovation (on hold)
San Jose McEnery Convention Center	Studying expansion/renovation
Washington State Convention Center in Seattle	Studying expansion/renovation
New Orleans Morial Convention Center	Planning a renovation
Salt Palace Convention Center in Salt Lake City	Expanded in 2006 to 700,000 sq. ft.
Los Angeles Convention Center, Staples Center district	New hotels and LA Live project

Source: Tradeshow Week

III.) IMPACT OF THE ECONOMIC DOWNTURN ON THE CONVENTION INDUSTRY

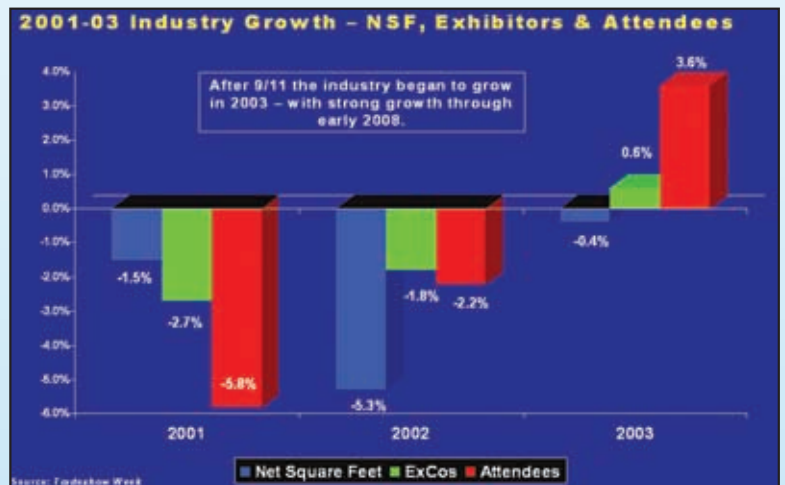
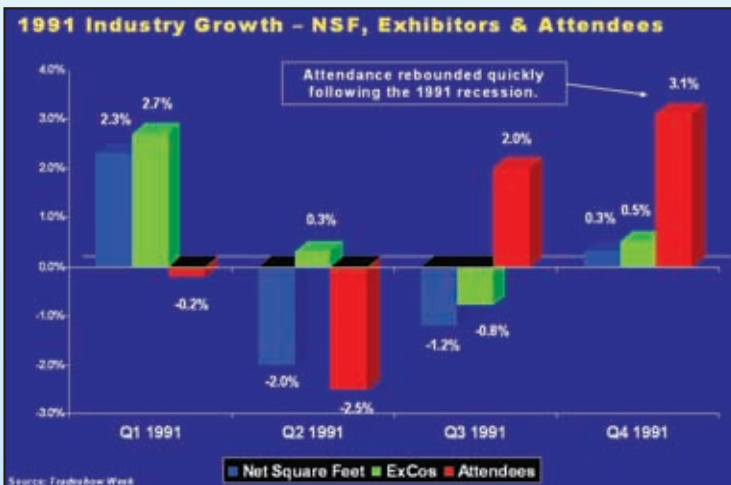
In light of the recession, the Task Force discussed the impact of the economic downturn on the convention industry. There was also discussion concerning whether business people are changing their meeting behavior such as using online or video conferencing that make large shows less desirable.

The table below illustrates how the convention and tradeshow industry rebounded following the last recession in 2001. Attendance at the annual shows in the Tradeshow 200, the top 200 U.S. tradeshows ranked by net square feet, increased by 3.5% in 2005, 3.1% in 2006, and 1.6% in 2007. Conventions and tradeshows track the industries that they serve and collectively the overall health of the U.S. economy.

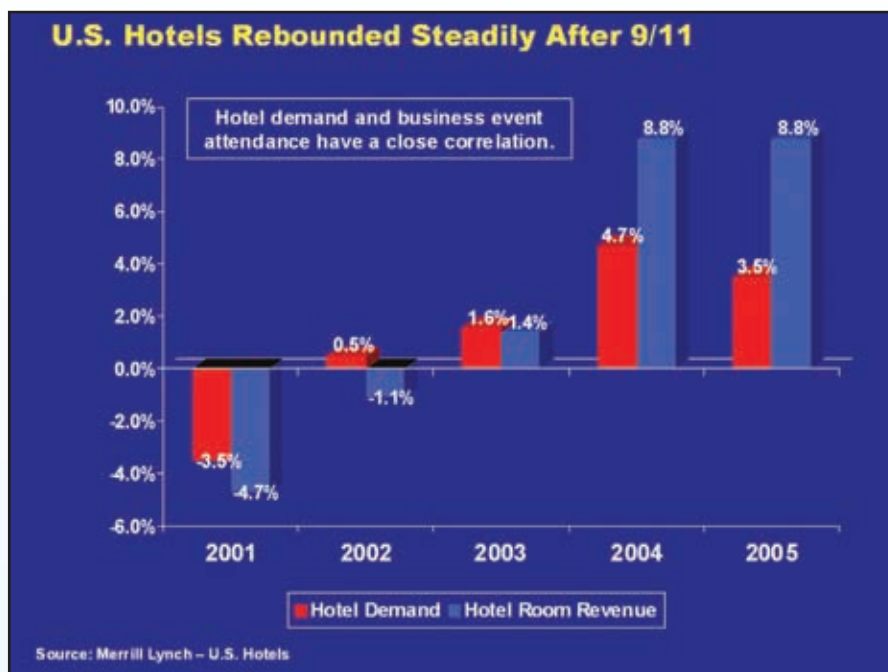
Year	Net Square Feet	Exhibiting Companies	Attendees
2008	-1.6%	-2.7%	-3.0%
2007	2.5%	2.3%	1.6%
2006	2.6%	1.4%	3.1%
2005	3.2%	1.5%	3.5%
2004	2.3%	2.8%	2.5%
2003	-0.7%	1.2%	3.4%
2002	-6.0%	-2.6%	-4.4%
2001	-1.3%	-2.0%	-4.5%
2000	3.2%	3.4%	2.8%
1999	2.8%	1.1%	4.4%
1998	5.2%	3.4%	2.4%

Source: Tradeshow Week 200

The graphs below show how quickly conventions and tradeshows – the Convention Center’s primary event types – rebounded following the past two recessions in 1991 and the 2001/2002 period. The industry rebounds were also driven by attendees.



After the very challenging period for tourism and business travel following 9/11, the hotel industry began to grow by 2003 and started to boom by 2004.



Recent survey data of major event exhibitors and attendees is provided below which speaks to the positive outlook for major events.

Corporate Exhibitor Outlook

Even in light of the current recession, the outlook for large conventions and tradeshows, those that use 200,000 gross square feet of exhibit space or more, is good. According to a recent Tradeshow Week survey, 69% of corporate exhibitors said the importance of large conventions and tradeshows to their companies is expected to remain the same or greater to over the next few years.

Attendee and Buyer Outlook on Conventions and Tradeshows

Research conducted in June 2009 by Tradeshow Week has found that 96% of CEOs and other senior executives say they are attending their industry's most important events this year.

In the face of the challenging economic environment, Tradeshow Week surveyed a cross-section of executives and managers in a range of industry sectors that attend or have attended business events. A total of 323 executives and managers responded to the survey. Forty-eight percent of the respondents were company owners, CEOs, presidents or other senior executives.

The findings indicate that in a challenging economy it is even more important to keep up-to-date with industry trends, see new products and services, and maintain and build relationships – all areas in which events provide significant value and efficiency. In short, attending leading conventions and tradeshows during a recession keeps executives informed and competitive.

As one event attendee said about going to events, "If you don't keep up with what is going on in your business, a recession can keep you going down." A different attendee commented, "(Going to the show) is actually a savings in travel costs. All my suppliers and potential suppliers are available at one venue." And another provided this reason to attend in a recession, "We still have to keep up with changes in the industry and be prepared for the upswing."

A series of questions on the value of events received highly positive responses, including:

- **A significant 89% of the survey respondents said they are going to the most important events in their industry.**
- **Eighty-eight percent of attendees said they consider conventions and tradeshow to be an important part of their product sourcing and buying process.**
- **Eighty-seven percent agree that conventions and tradeshow are essential for comparing products and meeting suppliers in person.**
- **Fifty-four percent said that smaller crowds at events this year have enabled them to be more efficient when at the show.**
- **Fifty percent of attendees said that missing key events may negatively impact their future personal or organizational performance.**

Reasons for Attending Conventions and Tradeshow

The survey asked attendees their reasons for attending conventions and tradeshow this year. The top reasons are “keep up-to-date on trends and issues”, followed by “see new products”, “network” and “see many companies at once”.

Interestingly, the survey found that 52% of attendees said they go to shows to “see products in person first seen online”. This finding fits with recent corporate buying trends. Increasingly, product information gathering and research starts on the internet and ends with the purchase made online. Events are becoming important in the middle of the buying process as buyers need to “touch and feel” products and assess people behind brands.

Reasons for Attending Shows	% of Attendees
Keep up-to-date on trends and issues	84%
See new products	82%
Network	70%
See many companies at once	70%
Create and strengthen relationships and partnerships	68%

Source: TradeshowWeek

Travel Budget Outlook

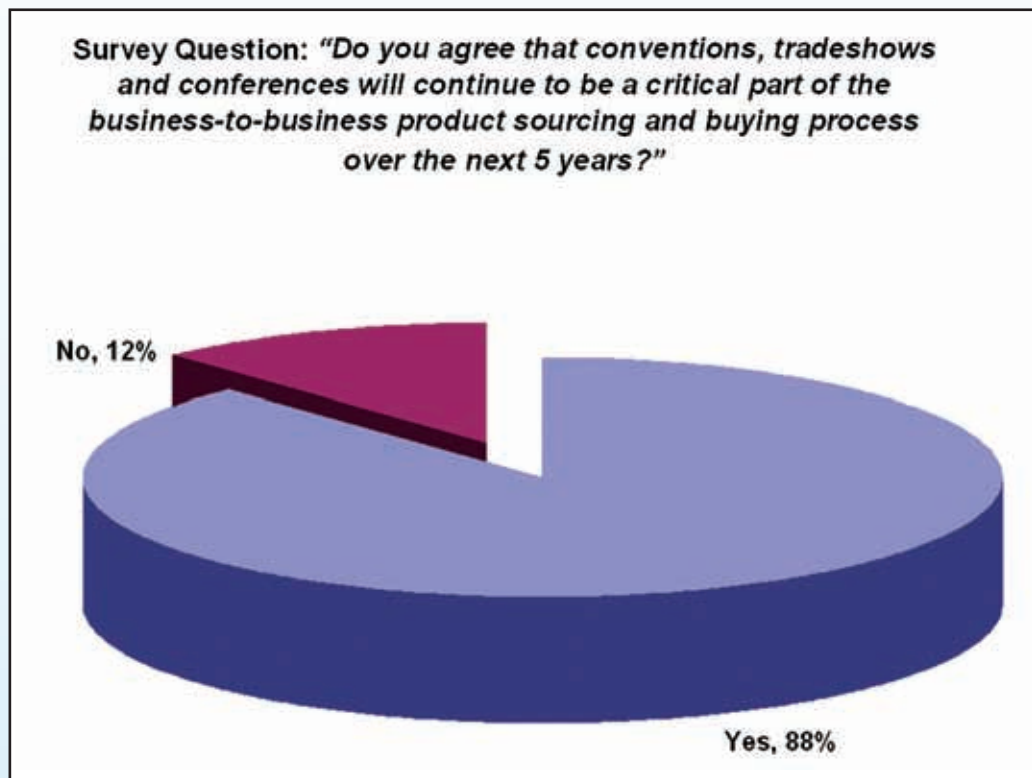
Today travel budgets are under scrutiny in nearly every industry. Yet 59% of attendees believe their travel budgets will rebound within a year after seeing an economic or sales turnaround, and 42% say their company’s travel budgets will increase within six months after spotting the recovery.

Outlook

Based on additional Tradeshow Week research, attendees have a more positive outlook for events than exhibitors. For example, the number of exhibiting companies participating at tradeshows dropped at a faster rate (13.3%) than attendance in the second quarter of 2009 (10.4%). This is due to corporations having aggressively cut marketing, event, staffing and other budgets to get out in front of weak economic trends.

Even with tighter exhibitor budgets, the attendee survey findings suggest that the outlook for conventions and tradeshows is good. Consider that 84% of attendees say they will participate in more or the same number of conventions and tradeshows over the next two years. And that an even more significant 88% of respondents said that conventions and tradeshows will continue to be a critical part of their product sourcing and buying process over the next five years.

During the worst economic downturn in decades, attendees and buyers continue to see the value of participating in conventions and tradeshows. They know that missing key events may pose a competitive disadvantage. Following the past two recessions in the early 1990s and 2000s attendance growth rebounded relatively quickly. These survey results suggest another attendee-lead recovery will happen over the next few years.



Source: Tradeshow Week

Recent San Diego Convention Center Booking Performance

Concern was raised that the economic downturn would significantly impact the future performance of the convention center. Convention center staff provided a year to year comparison detailing the key performance metrics from FY08 and FY09. The results showed continued market strength in definite bookings with a substantial increase in tentative future bookings. According to Andy Mikschl, Senior Vice President of Sales for the Convention Center Corporation, historically about half (50%) of tentative bookings are converted into definite event bookings.

April Year to Date Sales Activity Report

PRIMARY MARKET:					
<i>Conventions, Trade Shows, Corporate & Incentive Events</i>					
		<i>APRIL 09</i>	<i>COMPARISON APRIL 08</i>	<i>CUMULATIVE FYTD 2009</i>	<i>COMPARISON FYTD 2008</i>
DEFINITE	EVENTS	6	9	44	42
	ATTENDANCE	48,500	63,000	359,844	541,700*
	ROOM NIGHTS	90,549	88,111	659,306	581,167
	DIRECT ATTENDEE SPENDING	\$78,036,500	\$81,226,700	\$580,674,996	\$502,028,824
TENTATIVE	EVENTS	19	12	118	75
	ATTENDANCE	155,900	165,200	845,844	921,500*
	ROOM NIGHTS	217,952	144,571	1,737,685	994,679
	DIRECT ATTENDEE SPENDING	\$252,823,600	\$234,166,400	\$1,354,306,696	\$1,108,034,592

**Includes 2 COMIC-CON bookings.*

IV.) PUBLIC ACCESS, RESOURCE CONSERVATION AND WATERFRONT ENHANCEMENTS

Finding: It is the view of the Task Force, that in order to respect and improve public access and environmental conditions at the waterfront, urban design, sustainability and environmental guidelines should be adopted for the design of Phase 3.

The Mayor's charge to the Task Force included identifying key issues related to public access, resource conservation and waterfront enhancements. The role of the Task Force has not been to review design and planning issues, however brief presentations have been made to illustrate site capacity and potential massing of an expansion which have identified some overall design subjects of concern. The Task Force recognizes the impact of a Phase III expansion on the public realm surrounding the current Convention Center is important to the Citizens of San Diego and influences their City's relationship to the bay. It is the view of the Task Force, that in order to respect and improve public access and environmental conditions at the waterfront, urban design, sustainability and environmental guidelines should be adopted for the design of Phase 3.

Below is a summary of information contained in presentations on the conceptual design of the expansion to the Task Force that contain suggested opportunities for enhancements to public access to and from the waterfront and convention center, identify opportunities for resource conservation and waterfront enhancements. These designs are not adopted as the guidelines but are meant to simply be illustrative of the mass of the expansion and its relationship to the waterfront.

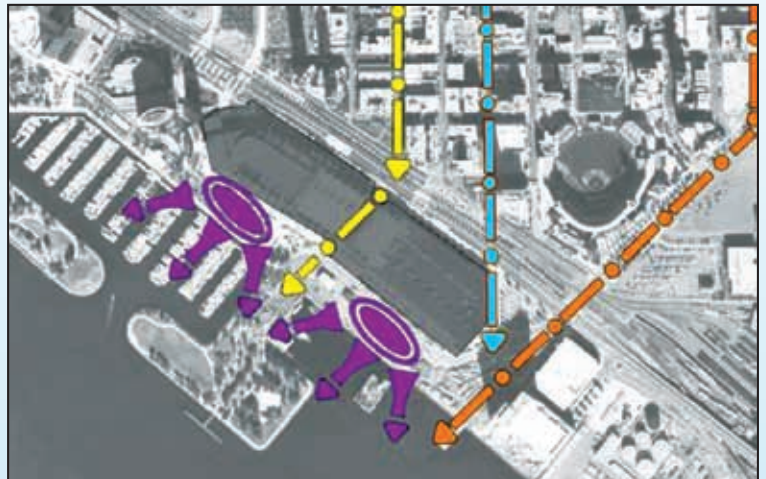
Public Access

In the presentation by TSA/HNTB Architects, the Task Force was provided a brief analysis of urban design issues and opportunities that were incorporated in their analysis of the site selection and conceptual design. Specifically, the review considered view corridors, open space, and pedestrian and vehicular circulation.

Access: Pedestrian, Service, Vehicle Diagram

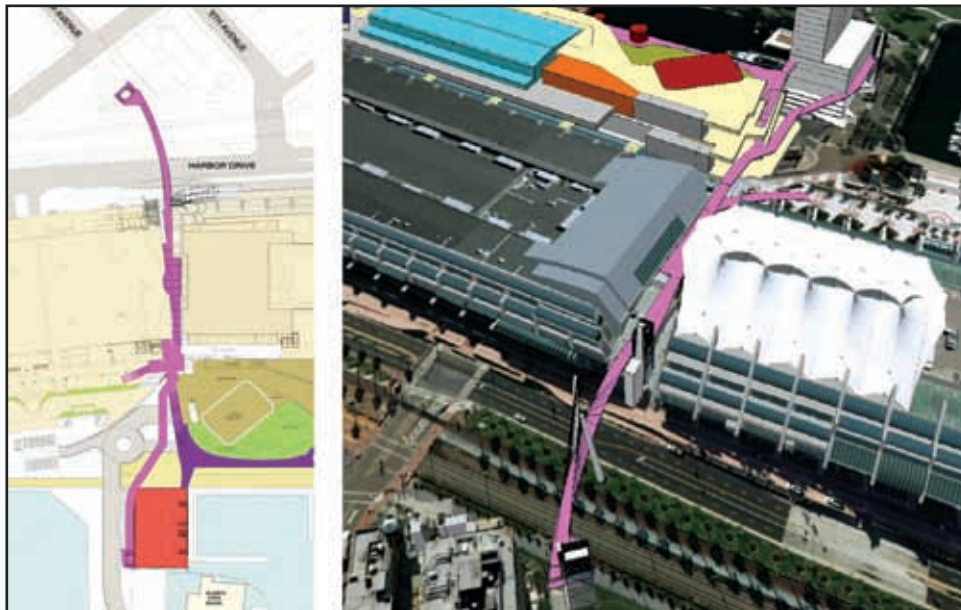


View Corridors Diagram

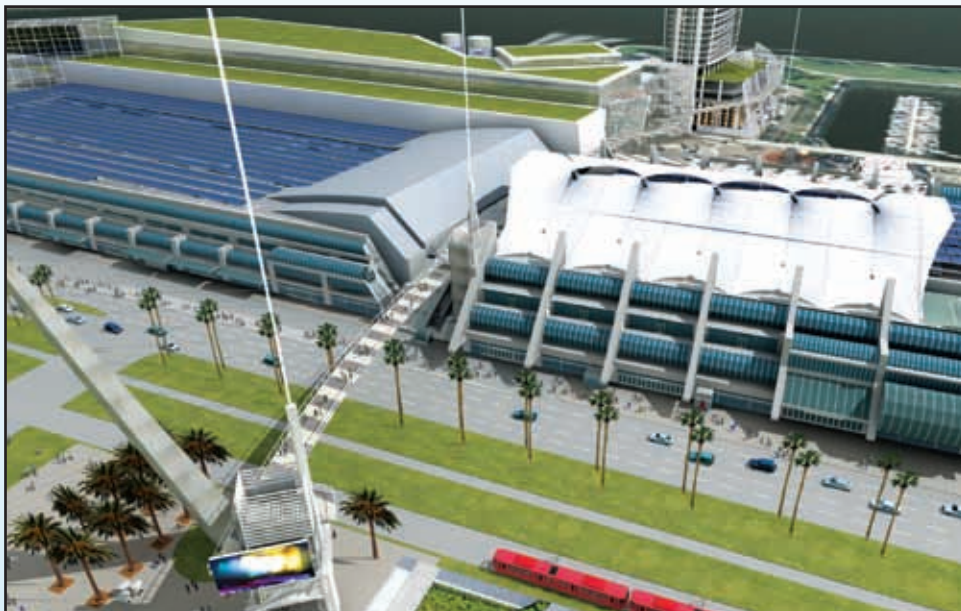


Pedestrian access to both the Convention Center and Marina Park is both enhanced and improved for safety with the addition of a pedestrian bridge from MLK Park adjacent to the Hilton Gaslamp Hotel connecting the existing Skywalk over the Convention Center, and continuing over to Marina Park. The bridge will also enhance public access to the top terraces of the proposed expansion.

Diagram of the Proposed Pedestrian Bridge from 4th Avenue to Marina Park



Conceptual Rendering of the 4th Avenue Pedestrian Bridge



Resource Conservation

The preliminary conceptual design of the expansion limited the amount of detail and discussion presented to the Task Force on sustainability issues. However, the presentation included reference to the architectural and design goals of achieving a minimum of “silver rating” from the US Green Building Council LEED certification. The elements discussed as potential opportunities included:

- **Maximizing the incorporation of “natural light” in the design;**
- **Use of “gray” water;**
- **Incorporation of an on-site water treatment system;**
- **Incorporation of a photo voltaic system similar to what is current being pursued on the original building;**
- **Incorporation of a “green” roof on the expansion as shown in the conceptual renderings;**
- **Incorporation of recyclable materials;**
- **Minimizing the use of domestic water demand from the City;**
- **Use of high efficient mechanical systems;**
- **Use of sensors to adjust lighting levels, and**
- **Selection of high efficiency low energy use lighting fixtures.**

The specific details and analysis of various sustainable features should be investigated during the design phase. Below is a conceptual rendering of the expansion that includes a “green roof” and solar array.



Waterfront Enhancements

The conceptual renderings included design elements in the expansion to enhance pedestrian safety and views of the Convention Center by screening the current loading docks, separating service vehicles from pedestrians in order to provide a the pedestrian experience and public serving amenities along the bayside promenade.

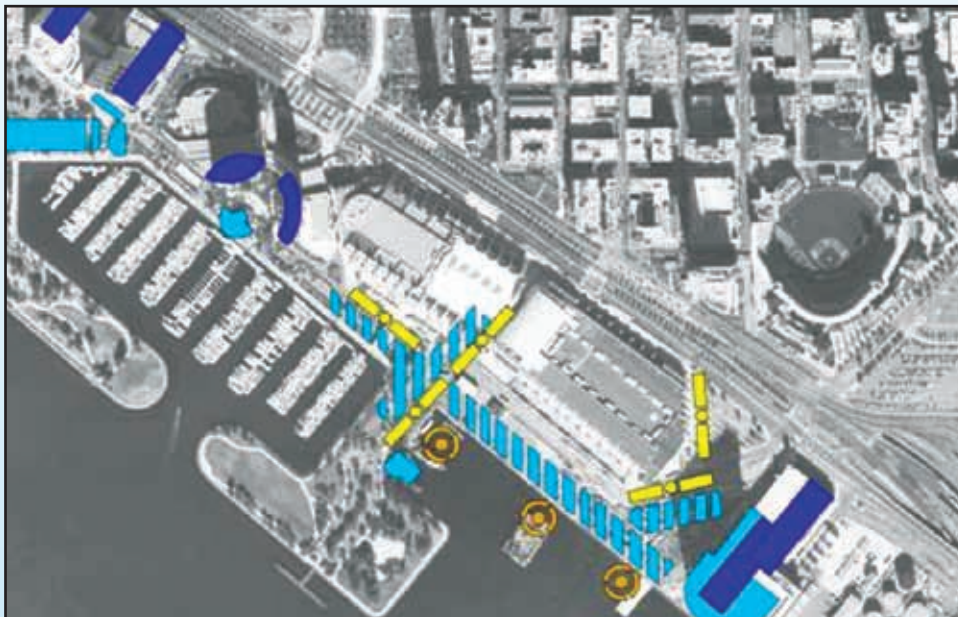


Water Transportation Center

In order to maximize the site for the program elements, the current water transportation facility located on the 5th Avenue Landing leasehold will be incorporated into the expanded facility and located adjacent to retail along the Promenade.

Retail

The Task Force was asked to identify key issues related to waterfront enhancements as part of their effort. In response to this charge, Concept A includes approximately 49,000 square feet of retail space located along the promenade and on the top of the expanded facility. Greg Mueller, President and CEO of Tucker Sadler Architects characterized this element as an opportunity to “complete the string of pearls running from the Hilton all the way to Seaport Village” on the waterfront to enhance the waterfront experience for visitors and residents.



V.) PROGRAM FOR PROPOSED CONVENTION CENTER EXPANSION

This section of the report details the recommendation that the expansion be contiguous, site analysis and recommendation including the program for an expansion, recommended facility size and ancillary developments.

Recommendation for a Contiguous Expansion

The Task Force recommends that the expansion be contiguous with the current venue. Market experts presented information showing that a non-contiguous building, if it is built further than directly across the street, is not an expansion by definition to meeting planners. In fact, a non-contiguous building would result in two completely different venues. Essentially no major conventions and tradeshow, or consumer shows, would book both venues at the same time.

According to Tradeshow Week, 86% of convention and tradeshow producers say their ideal convention center has the primary exhibition hall in one building, on one level. A survey of convention center General Managers in 2008, found that 61% said "all in one facilities" will be the most common types of new convention center new building and expansion projects going forward.

Site Analysis and Recommendation

The Task Force received a presentation from Tucker Sadler/HNTB Architects detailing sites considered for a possible expansion of the convention center. For all of the sites considered, a range of criteria were used to evaluate the feasibility of the location.

The following criteria were used:

- **Facility Requirements (size, service area, pedestrian access, vehicular access, public transit access, parking, proximity)**
- **Environmental Criteria (water, air, habitat, acoustic, remediation)**
- **Urban Design (size and scale, urban space, views to and from site, view corridors, visual connection).**
- **Constructability**
- **Cost**
- **Land Use/Ownership**

Between 2003 and 2007, nine sites were identified and eliminated as either not feasible due to cost, the land was no longer available, simply not feasible (ie: building over the bay or railroad yard) or a combination of reasons. The diagrams below identify the nine sites.



OPTION 1
"Above Rail Yard"



OPTION 2
"On Rail Yard"



OPTION 3
"Adjacent Underground"



OPTION 4
"Port Site with Separation"



OPTION 5
"Port Site Contiguous"



OPTION 6
"Harbor Peninsula"



OPTION 7
"16th Avenue/Tailgate Park"



OPTION 8
"Concourse"



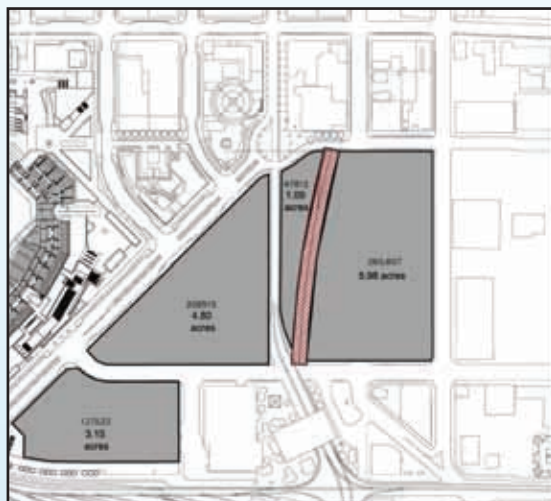
OPTION 9
"Bayside Option"

5th Avenue Landing and Tailgate Park Site Options

Two additional sites were evaluated as part of the current study. The first, identified as the 5th Avenue Landing site, is located immediately behind the loading docks of the Phase II expansion and San Diego Bay. The second site identified as the Tailgate Park site is located east of Petco Park along Park Boulevard.

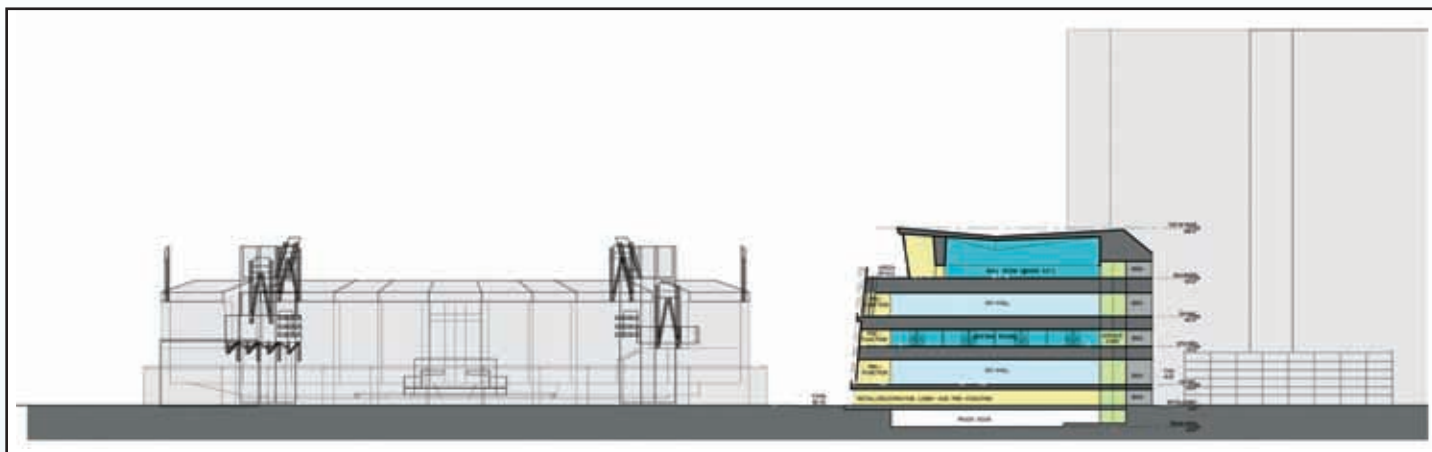
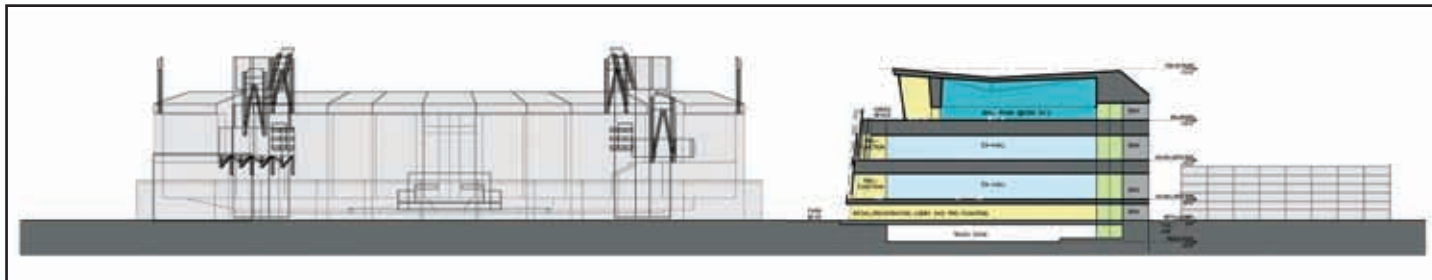


The Tailgate site evaluation found that an active earthquake fault ran through the middle of the proposed site. Six different concepts were evaluated however the site was eliminated as feedback from convention center clients indicated the facility would not meet their primary needs of a contiguous space and was located too far from the current facility to be considered for use by large clients needing more space than currently exists in the current convention center.



Additionally, it was determined that to be marketable the Tailgate site would require a minimum of 400,000 square feet of exhibit space as well as meeting space. However, the bulk and scale of a facility of the size necessary to meet the program was deemed as another fatal flaw. The renderings below show the required size and scale of two scenarios in context with the current size and scale of Petco Park. As a result, the Tailgate Park site was eliminated as a viable alternative.

Tailgate Park Bulk and Scale Diagrams

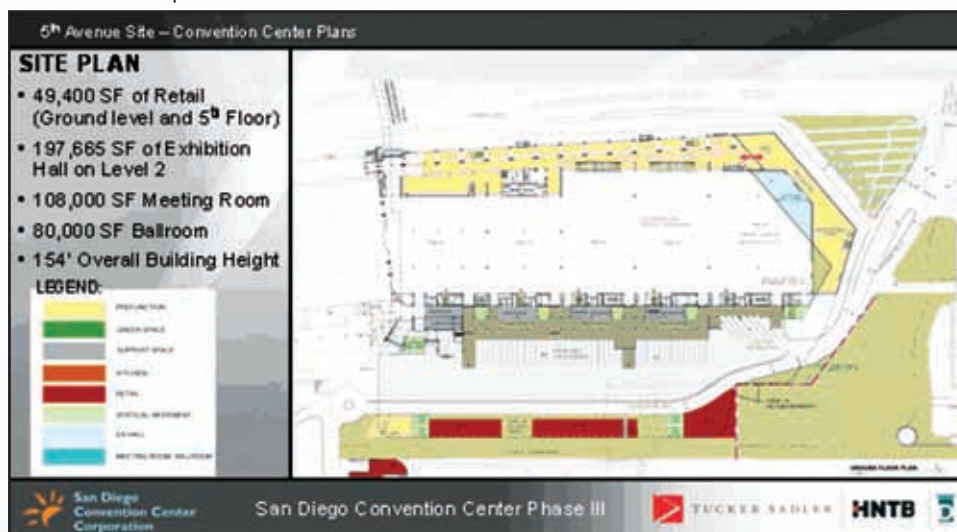


The 5th Avenue Landing site plan was identified as the recommended site location for the proposed expansion program. Two design concepts using the 5th Avenue site were studied and presented, one that provided a larger facility, however the building would impact the Hilton leasehold. The second concept provided a somewhat smaller facility using only land within the Fifth Avenue Landing leasehold. After reviewing the required mitigations necessary to build on the larger site, it was eliminated for consideration.

A conceptual plan (Concept A) showing how the expansion would fit on the site was presented. The site was preferred for a number of reasons including:

- **Allows for an expansion adjacent to the current facility that allows large groups to utilize the entire building for a single show as well as allowing for multiple large events to use the facility concurrently;**
- **Provides a functional and direct connection to the existing facility;**
- **Adds visitor and resident serving retail along the waterfront promenade;**
- **Creates improved access to and from the facility from the bayside and the Hilton Bayside;**
- **Improves the waterfront views of the facility by screening loading docks;**
- **Improves pedestrian access to and from the waterfront.**

Site Plan Concept A



Securing the 5th Avenue Landing Site

The San Diego Convention Center Corporation is in a year-long due diligence process with the Unified Port of San Diego to secure the 5th Avenue Landing leasehold which is on Port tidelands. If the 5th Avenue Landing site is not secured, it will eliminate the last remaining option for an expansion that is contiguous to the current facility.

Suggested Expansion Program Elements

Concept A incorporates the following major programmatic leasable spaces in five levels:

Expansion Specifications	Square Feet and Height
Total Square Feet of the Exhibition Hall on Level 2	197,665 sf
Total Square Feet of the Meeting Rooms	108,000 sf
Square Feet of Ballroom Space	80,000 sf
Retail Space (Ground level and 5th floor)	49,400 sf
Overall Building Height	154'

Source: Tucker Sadler, HNTB

Architects and design consultants advising the Task Force presented a proposal for a feasible contiguous expansion on the 5th Avenue site.

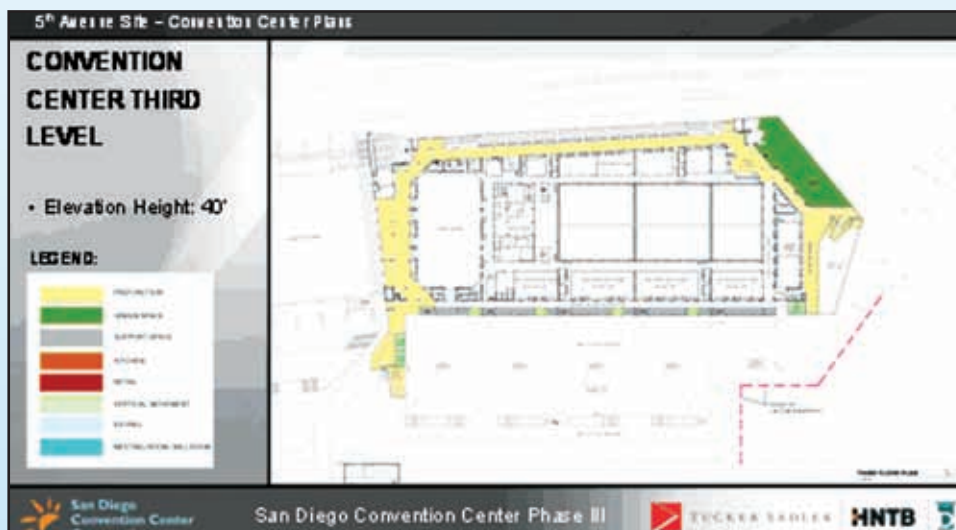
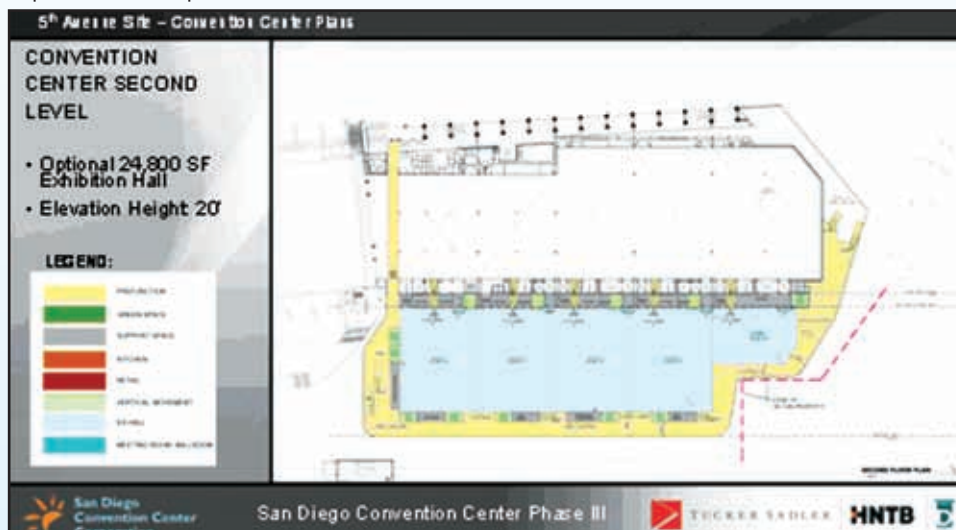
Project Overview

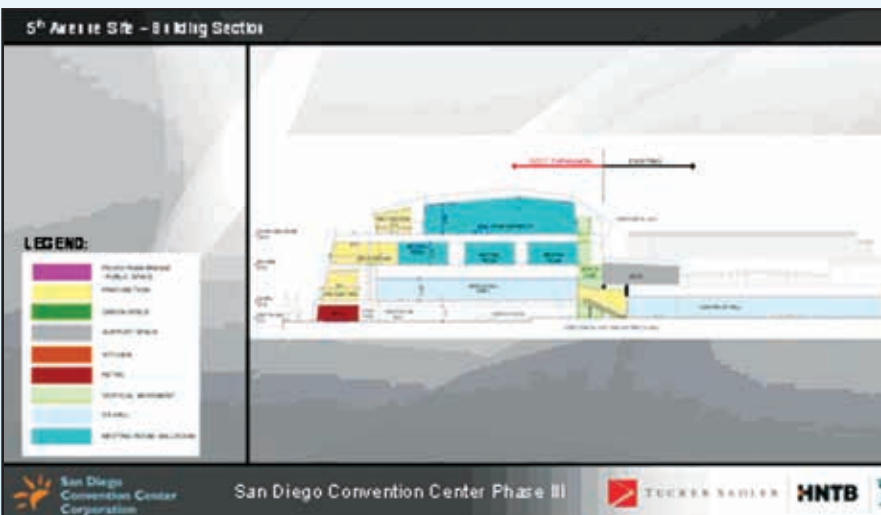
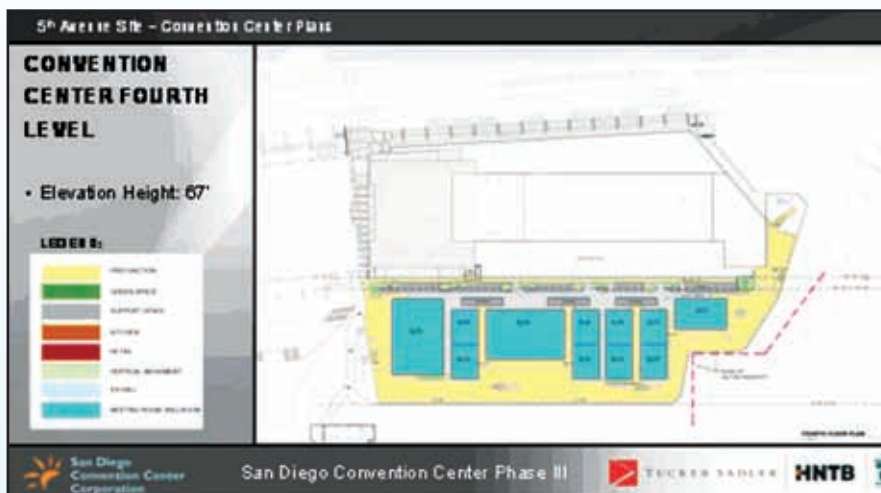
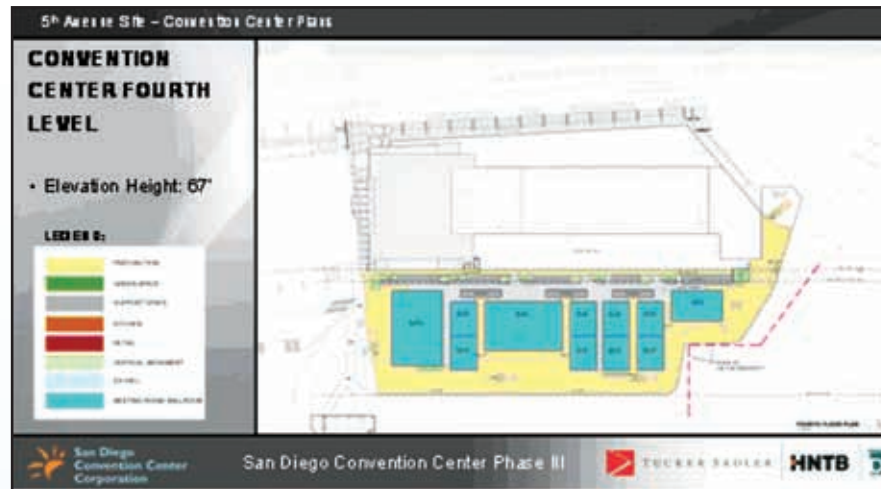
Convention Center Expansion	
Gross square footage	1,266,719 GSF
Building cost	\$710.8 million
Pedestrian bridge cost	\$41.9 million
Total Cost	\$752.7 million
Annual retail revenue est.	\$4.01
Construction begins	January 2012

Source: Piper Jaffray Co., Convention, Sports, and Leisure Intl.

Notes: Construction cost estimates provided by DavisLangdon; Retail revenue estimates provided by London Realty Group; Hotel operating pro-forma provided by PKF Consulting.

Expansion Conceptual Floor Plans





Hotel Program

A new hotel program has also been discussed and initial information has been provided by consultants, but the Task Force is not making a recommendation with respect to the hotel as part of the report to the Mayor. The Task Force has not determined whether or not construction of a hotel is essential for the success of the expanded convention center. As a result, the materials presented to the Task Force on the proposed Hotel Program will not be included in the body of the report but will be included in the attachments.

VI.) FINANCING OPTIONS

Finding: It is the view of the Task Force that various financing options have been identified and evaluated relative to Convention Center Expansion.

Mayor Sanders asked the Task Force to determine the estimated cost of an expansion and identify possible financing options. Specifically, the charge was:

- **To identify and evaluate various financing options for an expanded convention center that relies mainly on revenues generated by the Convention Center and/or related developments or enhancements.**

The advisors were asked to consider these fundamental assumptions when analyzing the financing:

- **Do not utilize any General Fund revenue not currently utilized or obligated for Convention Center Bond debt service, capital replacement or marketing support.**
- **Revenue for expansion must come from sources that benefit from the expanded Center.**
- **Revenue available for the Center expansion *would not otherwise be available for other civic purposes as these funds will only be available due to a direct measurable benefit***

Financial advisors and construction consultants to the Task Force determined the following cost estimates for the proposed expansion and pedestrian bridge.

Convention Center Funding Requirements Construction Cost Estimates (\$000)⁷

	Convention Center	Pedestrian Bridge	Total
Construction Costs	\$560,792	\$33,104	\$593,896
Escalation	\$26,055	\$1,538	\$27,593
Design Fees and Bond	\$42,546	\$2,512	\$45,058
Owner soft costs including land	\$81,450	\$4,808	\$86,258
Total	\$710,843	\$41,962	\$752,805

⁷ As of July 6, 2009.

Sources and Uses of Funds (\$000)

	Convention Center	Pedestrian Bridge	Total
Sources:			
Bond Proceeds	\$716,081	\$42,313	\$758,394
Interest Earnings	\$9,155	\$541	\$9,696
Total	\$725,236	\$42,854	\$768,090
Uses of Funds:			
Project Fund Deposit	\$710,844	\$42,000	\$752,844
Capitalized Interest	—	—	—
Other Reserve Funds	—	—	—
Costs of Issuance	\$14,392	\$854	\$15,246
Total	\$725,236	\$42,854	\$768,090

Annual Debt Service Cost (1)	\$57,010
Projected Annual Retail Revenues	(\$4,013)
Net Annual Funding Requirement	\$52,997

(1) Assumes pledged revenue sources and any additional support generate a A/A2 bond rating.

Potential Funding Sources

The firms of PiperJaffray and Convention, Sports and Leisure, Intl. were retained to help the Task Force:

- Identify and evaluate potential and practical revenue sources;
- Estimate order of magnitude of identified revenue sources;
- Research financing methods of comparable projects;
- Prepare hypothetical plans of finance; and
- Identify and evaluate alternative financing options.

Following their initial presentation to the Task Force on June 15, 2009, the Task Force requested the consultants revise their project assumptions by narrowing the range of funding options to those that had a “nexus” to the Convention Center and were visitor related. Based on that presentation, and additional input from Task Force members who asked that other key funding sources be considered, the Task Force compiled a spreadsheet detailing the potential funding sources. The Task Force makes no representations to the accuracy of these revenue assumptions but has presented them for illustrative purposes based on the testimony presented to them. In addition to the various tax and fee options presented, the Task Force also identified three public entities, the Unified Port of San Diego, CCDC and the County of San Diego, that should be considered as possible sources of funding for an expansion.

Broad Base Funding Options

- City or Countywide increase in TOT
- City or Countywide increase in sales tax
- Assessment of special sales tax on food and beverage sales (City or Countywide)

Targeted Funding Options

- Create Tourism Improvement District – additional TOT tax based on proximity to CC (i.e., San Francisco)
- Assessment of food and beverage tax on restaurants near CC
- Extension/Increase in TMD assessment

Additional Tourist Specific Charges

- Rental car surcharge
- Ticket tax on certain tourist activities (Zoo, Sea World)
- Ticket tax on sports and concert events at Petco Park, Cricket Wireless, Cox Arena
- Charge on taxicab airport drops/pickups

Property Based and Other Options

- Citywide or Countywide parcel assessment
- Tax increment financing
- State or County government financial assistance; Unified Port of San Diego, CCDC.

Possible Revenue Sources (to Meet Bond Obligation)

Source	Type of Revenue
Adjacent, New Convention Center Hotel	Residual cash flow
Convention Center Retail	Net income
Convention Center Hotel Business Improvement District Assessment	By geographic proximity to Center
Convention Center Entertainment District Assessment	All non-hotel businesses, by geographic proximity to Center
Convention Center Restaurant Business Improvement District Assessment	By geographic proximity to Center
Convention Center Parking District (BID)	By geographic proximity
Convention Center Taxi District	Drop-off/Pick-up Surcharge
Rental Car Surcharge	
Convention Center Service Contractor Fee	
Incremental Convention Center Parking Fees	100% of all above 2007 baseline
Contribution of Land from Unified Port of San Diego commensurate with appreciation in leasehold values resulting from Convention Center expansion.	
Financial investment by Centre City Development Corporation (CCDC) and any other public, private or other governmental agencies commensurate with projected increase in tax increment resulting from Convention Center expansion.	

Source: PiperJaffray Co., Convention, Sports, and Leisure Intl.

In her presentation to the Task Force, member Lani Lutar used data collected by the San Diego Convention Center Corporation (SDCCC) staff on recently completed convention center expansion projects. SDCTA prepared statistical information of the data provided to highlight trends. If the report noted that a convention center did not increase taxes but listed taxes, it was assumed the taxes were in existence prior to the expansion project. It should also be noted that of these twelve (12) convention centers, only four (4) are within San Diego's competitive set: Washington DC, Phoenix, Boston, and Vancouver.

Possible Revenue Sources (The task force makes no representations to the accuracy of these revenue assumptions but has presented them for illustrative purpose based on the testimony presented to the task force.)

Funding Source	Description	Base Unit	Revenue Amount	Tax, Fee or Assessment	Approving Authority	Actions Needed to Implement
Citywide TOT	Citywide increase of TOT vs. TMD	1%	\$14,700,00	Special Tax	City	TOT requires submit to Voters, 2/3 approval.
		2%	\$29,400,000			
Citywide BID		3%	\$44,100,000		TMD Members	TMD requires TMD members vote 50%+
Downtown TOT	Downtown increase of TOT vs. TMD	1%	\$5,160,000	Special Tax	City	TOT requires submit to Voters, 2/3 approval.
		2%	\$10,320,000			
Downtown TMD		3%	\$15,480,000		TMD Members	TMD requires TMD members vote 50%+
Extend or increase existing TMD	Extend or increase existing TMD	%	assessment not defined	Assessment	City/TMD members	Amend/prepare new assessment engineer's report; follow state law and local ordinance procedures for voting on amended plan and related assessment
Create new Convention Center BID	Create new Convention Center BID	%	assessment not defined	Assessment	City/proposed BID members	Engage in assessment district formation process per state law and local ordinance
Conv. Center Hotel	Adjacent hotel	\$	\$0	Business net profit	City, Port, Coastal Commission approval	Majority approval by each agency
Conv. Center Retail	40,000 sq. ft. Retail component	\$	\$0	Business net profit		City, Port, Coastal Commission approval
Entertainment District BID Assessment	Business Improvement District for all non-hotel businesses	%	no district has been defined	Assessment	City/ BID members	50%+ vote of BID members
Restaurant District BID Assessment	Business Improvement District for all non-hotel businesses. (Assuming 60% sales are food) Percentage of gross food sales	.05% 1%	\$720,000 \$1,440,000	Assessment	City/ BID members	50%+ vote of BID members
Parking BID Assessment - for specific parking jurisdiction	A. Hybrid of BID model to provide greater revenue B. Only incl. parking contractors/business that can self assess C. Inclusion of parking companies in entertainment BID	%	Option not defined	Assessment	City/ BID members	50%+ vote of Parking BID members
Taxi District - Drop Off/Pick Up (1 of 2)	Drop Off/Pick Up Surcharge	\$	No \$ analysis	Fee	City	City Council vote subject to Mayoral veto
Taxi District - Airport Taxicab pick-up/drop off (2 of 2)	Airport pick-up/drop off surcharge: per trip	\$1	\$1,500,000	Can be a tax or fee	City; subject to limitations, if any, of airport authority's jurisdiction	Tax-submit to voters
		\$3	\$4,500,000			Fee-City process
		\$5	\$7,500,000			
Rental Car Surcharge	Rental Car Surcharge: per rental	\$1 \$5 \$10	\$1,150,000 \$5,750,000 \$11,500,000	Can be a tax or fee depending on primary purpose (revenue or regulation)	City; also potentially Port District and/or Airport Authority	Tax - submit to voters Fee- Processed per City department request/Council approval (may not be applicable to rental operations on Port District/Authority lands)
Service Contractor Fee	Service Contractor fee (gross sales in the CC)	2%	No \$ analysis	Fee		San Diego Convention Center Corporation, City
Parking Fees	Incremental parking fees (of all above '07 baseline)	100%	No \$ analysis	Fee		City; Port of San Diego
Downtown food and beverage in sales tax	Tax on food/beverage sales vicinity of Convention Center	1% 2% 3%	\$2,400,000 \$4,800,000 \$7,200,000	Special Tax	City (except City cannot impose it's own tax on alcoholic beverage sales)	Tax-submit to 2/3 voter approval
Ticket surcharge (tourist attractions)	Ticket surcharge (tourist attractions)	\$1	\$5,000,000	Can be a tax or fee	City (may be subject to limitations in leases or other contractual agreements)	Tax - submit to 2/3 voter approval
		\$3	\$15,000,000			Fee- City Process
		\$5	\$25,000,000			
Ticket tax/fee (venues)	Ticket tax/fee on particular venues (e.g. PETCO park, Cricket Amphitheater, Cox Arena)	\$	No \$ analysis	Can be a tax or fee	<ul style="list-style-type: none"> PETCO governed by agreement between City and Padres limiting new taxes, fees or assessments Cricket located in Chula Vista, CA Cox Arena on property of CSUSD; may be able to impose tax on types of business conducted there 	Tax-submit to 2/3 voter approval Fee-City process

Source: Piper Jaffray Co., Convention, Sports, and Leisure Intl.

Public Agencies

Funding Source	Description	Base Unit	Revenue Amount	Tax, Fee or Assessment	Approving Authority	Actions Needed to Implement
Port of San Diego	Land, rent concessions, other general funding	\$	Unkown		Port of San Diego	Majority approval by Port
CCDC	Tax increment financing	\$	Unkown		CCDC, City of San Diego	CCDC Board, City Council
County of San Diego	General	\$	Unkown		Board of Supervisor Support	Board Vote

Source: Piper Jaffray Co., Convention, Sports, and Leisure Intl.

Visitor Related Funding Options

Lodging & Restaurant	Unit	Funds Generated
Citywide TOT or TMD	1%	\$14,700,000
Citywide TOT or TMD	2%	\$29,400,000
Citywide TOT or TMD	3%	\$44,100,000
Downtown TOT or TMD	1%	\$5,160,000
Downtown TOT or TMD	2%	\$10,320,000
Downtown TOT or TMD	3%	\$15,480,000
Downtown F&B Sales Tax	1%	\$2,400,000
Downtown F&B Sales Tax	2%	\$4,800,000
Downtown F&B Sales Tax	3%	\$7,200,000

Transportation	Unit	Funds Generated
Rental Car Surcharge	\$1 per rental	\$1,150,000
Rental Car Surcharge	\$5 per rental	\$5,750,000
Rental Car Surcharge	\$10 per rental	\$11,500,000
Surcharge – Airport Taxi	\$1 per trip	\$1,500,000
Surcharge – Airport Taxi	\$3 per trip	\$4,500,000
Surcharge – Airport Taxi	\$5 per trip	\$7,500,000

Other	Unit	Funds Generated
Ticket Surcharge (Tourist Attractions)	\$1 per ticket	\$5,000,000
Ticket Surcharge (Tourist Attractions)	\$3 per ticket	\$15,000,000
Ticket Surcharge (Tourist Attractions)	\$5 per ticket	\$25,000,000

Total Funding Requirements (\$000)

FUNDING REQUIREMENTS:	
Convention Center & Pedestrian Bridge	\$52,997
Hotel Residual (Stabilized Year)	(\$8,995)
Total Requirements	\$44,002
COVERAGE FACTOR:	
1.25x	\$55,000
1.50x	\$66,000

Opportunity Costs

- During Task Force meetings the issue of “opportunity costs” related to spending \$759 million on an expansion versus other economic development activities was raised and discussed. The charge limited the Task Force to focus on the convention center and the merits of expansion. In identifying possible funding sources to pay for an expansion, the Task Force focused on identifying funding that would be tied to increased economic activity from events in the expanded facility. *As a result, the revenues would not otherwise be available for other civic purposes as these funds will only be available due to a direct measurable benefit from an expansion.*

Impact of Various Tax Increases on San Diego’s Competitiveness

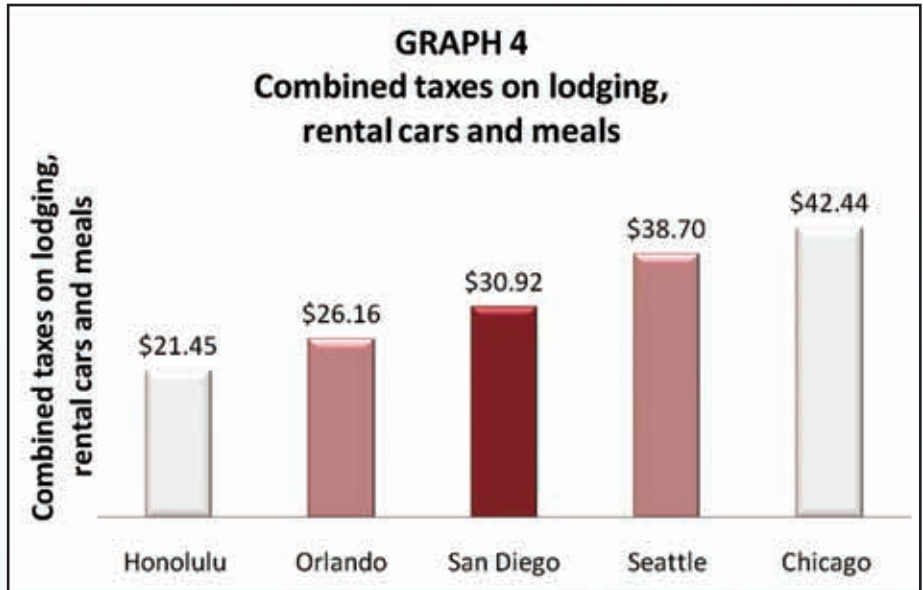
Lani Lutar, President and Chief Executive Officer of the San Diego County Taxpayers Association presented an analysis of Price Elasticity of Demand. She raised concerns during the August 4th meeting that new taxes could make San Diego less competitive. The table below, from the May 26, 2009 ERA report, provides a list of site-selection criteria deemed to be important by various types of meeting planners.

Table 37: Decision Factors

Factor	Corporate Meetings	Corporate Incentives	Association Conventions	Association Meetings
Availability of hotels or other facilities suitable for meetings	78%	62%	84%	68%
Affordability of destination	77%	55%	79%	77%
Safety and security of destination	62%	77%	65%	62%
Ease of transporting attendees to/from location	61%	54%	50%	45%
Distance traveled by attendees	58%	36%	50%	53%
Transportation costs	48%	41%	36%	40%
Clean and unspoiled environment of destination	37%	59%	29%	26%
Climate	33%	73%	19%	17%
Mandated by policy	26%	22%	24%	22%
Availability of recreational facilities such as golf, swimming, tennis etc.	21%	70%	10%	10%
Sightseeing, cultural, other extracurricular attractions	15%	66%	16%	10%
Glamorous or popular image of location	12%	59%	10%	10%

Source: Meetings & Conventions

Additionally, Lutar provided a comparison of how San Diego tax rates tied to hotels, rental cars and restaurants would compare to San Diego's competitive convention cities if a range of possible revenue sources were adopted.



VII.) POTENTIAL ECONOMIC IMPACT

Finding: It is the view of the Task Force that expansion of the Convention Center is feasible and that new jobs will be generated.

The mission of the Task Force as established by Mayor Sanders was to evaluate and recommend the necessary steps required to ensure San Diego's ability to protect and expand local jobs and retain and enhance its current market position in the convention and meeting industry.

Municipal convention centers are primarily developed to stimulate new direct spending and economic impact in a city and metropolitan area. What is "new" about this spending is that it would not take place in the city if the convention center and related infrastructure was not built. Most of this spending results from event attendees and delegates that are based outside the region visiting the area as a result of an annual event or an event that rotates into the city. Spending is also generated by event managers and corporate exhibitors who spend on show services. These show services are often provided by local union labor.

According to the Task Force's economic consultants the additional economic impacts from an expansion are projected to be significant⁸. Although these estimates are based on a facility slightly larger than the proposed expansion program (225,000 sq. feet of exhibit space vs. 198,000 sq. feet), the projections provide a reasonable estimate of the economic impacts of a proposed expansion.

⁸ Assuming an expansion of 225,000 square feet of exhibit space and a total of 1,219,400 square feet of indoor rentable space.

Economic Impacts

Economic Impacts	
Annual Direct Spending	\$372 Million
Annual Countywide Economic Impact	\$698 Million
New Permanent Jobs Created	6,885 jobs

Source: Economic Research Associates

Hotel Sector and City Tax Revenues

Tax Revenues	
Annual Gross Room Sales for Hotels	\$155.6 Million
Annual Transient Occupancy Tax	\$16.3 Million
Annual Sales Tax	\$0.8 Million
Annual Direct City Tax Revenues	\$17.1 Million

Source: Economic Research Associates

VIII.) PUBLIC COMMENTS AND LETTERS

Finding: To encourage public comment on the convention center project by holding meetings at locations and times accessible to the public.

A range of concerns were raised from the public in letters and public testimony. These issues included:

- **That the building expansion might block views to the bay.**
- **That it might take public space for private events.**
- **Any reduction in park space.**
- **There is a water shortage and it would require more water to operate.**
- **That we ensure any expansion follow US Green Building Council's LEED certification for environmental standards**

Below are excerpts from some of the public comments and letters to the Task Force.

June 26, 2009

I saw power point phase 3 expansion of SDCC, I believe the hotel project between sdcc and south embarcadero park is a LOUSY LOUSY idea it kills the view and the openness san diego citizens enjoy, I visit seaport village and park 2-3 times a week and walk up and down the promenade. The hotel should go to tailgate park or surrounding vicinity.

Sammy Tejani

June 22, 2009

Attention: Cheryl Kendrick & Stephen Cushman

In the Sunday Union-Tribune, the editorial espouses moving to a realistic funding plan. Let's take a step backward first and look at the whole idea more realistically.

The editorial – and, indeed, the entire development proposal – is predicated on the falsehood that the expansion “. . . would be a boon to the hotel industry. . .” which would benefit from increased bookings generated by a larger Convention Center. The project proponents argue that “if we build it, they will come.” But this is truly a belief with no hard evidence to back it up. There are only a few mega-conventions at the top of the pyramid; there are many more smaller conferences further down the scale.

...Continued tech advances are diminishing the need for business travel; large convention attendance is sharply reduced; San Diego hotel bookings are down by about one-fourth; the W hotel has just gone into bankruptcy – when was the last time that happened, especially in San Diego? It is obvious that the very nature of the convention industry is changing; San Diego must adjust with it, not simply continue with outdated brick-and-mortar expansions.

...Increasing the TOT to 14.5% would make San Diego's rate higher than Las Vegas (13%), New York City (13.25%) or even LA (14%). Is that fair?

It is growing ever clearer that no viable market exists for an expanded convention center for the foreseeable future.

Michael-Leonard

Creditor

May 27, 2009

Attention: Cheryl Kendrick & Stephen Cushman

... I for one recommend that additional individuals and organizations be identified who might take a more balanced position and be asked to present to the Task Force as well. This will create a much more transparent process in making a recommendation to the Mayor.

One of the charges is:

- **To identify key issues related to public access, resource conservation and waterfront enhancement**

To my knowledge this charge has not been addresses yet and will be one that many memebers of the public will be interested in. The existing CC and the subsequent expansion have done an outstanding job of walling off the waterfront from the City. Additional in today's climate of limited natural resources, water shortages and climate change, the way the Convention center positions itself will become extremely imporatnt. is it possible to have a LEED Platinum facility? What about a zero carbo footprint? How WILL the public access the waterfront?

In the recent Red Bull races citizens were removed from the Convention Center steps. Are we to expect more of the same?

What about traffic, parking, bus staging accomodation?

Any expansion of the CC must not cost the City. Subject any agreements to an independent analysis with public vetting.

Charles Kaminski

May 27, 2009

Attention: Cheryl Kendrick & Stephen Cushman

1. COMPOSITION OF THE TASK FORCE This group is supposed to represent diverse interests of San Diego. Taxpayers, the Convention Center's fellow port tenants, the hospitality industry, organized labor, the business and economic development community are here. However, there is nobody to represent the fiscally conservative position of not expanding. Only one person on the panel possibly represents anti-development viewpoint – Ms. Takvorian. This lack of true representation has the effect of turning the panel into a virtual “kangaroo court,” totally biased in favor of expansion before even beginning its work. . .

Michael-Leonard

Creditor

May 26, 2009

Attention: Chairman Steve Cushman

Subject: Privatizing Paradise: Comments to Convention Center Expansion Task Force

...Having created a massive concrete wall on the south embarcadero, we proceeded to exacerbate the problem with the first center expansion in the early part of this decade. Now your task force, the convention center corporation and many private parties who stand to make money if the center is further expanded, propose to spread the malignancy by paving over and blocking off even more publicly owned tidelands on downtowns waterfront.

Once again, the public's right to access its own downtown bayfront tidelands would be overridden by special interests seeking to cordon off public space for private gain. Eventually we will have paved over every square inch of the south embarcadero in the name of profits. Imagine if the City of San Diego were to fence off Balboa Park and charge citizens to go there. What you are doing is far worse then that, since downtown's waterfront is a unique place. I know of no other waterfront city in the world that has worked so hard to wall off its bayfront from its own citizen's to benefit private profit-making interests.

Don Wood

May 7, 2009

To the members of the Mayor's Task Force Convention Center Expansion Proposal

I object to the Convention Center Expansion Proposal because it will continue to the walling off of the bay and designate more of our public tidelands to private enterprise. The latest studies report that there is no need for convention expansion especially in this economic climate. Thank you for the opportunity to comment.

Cathy O'Leary Carey

Comments and Letters in Support of the Expansion

All of the Public Comments and Letters are posted on this web site:

<http://www.conventioncentertaskforce.org/MCTFdocs-letters.shtml>

Convention Center Critic on San Diego

The most vocal critic of publicly funded convention centers, Dr. Heywood Sanders of the University of Texas at San Antonio, when asked by Task Force members about San Diego Convention Center's relative performance against its competitors, characterized San Diego as a "conundrum," because it did not fit his profile of failed or failing convention centers across the country. In 2004, when asked about the then three year old expansion of San Diego Convention Center he paid San Diego a compliment in an interview:

"(T)here are two places that have historically done well in expanding their convention business: that's Las Vegas and Orlando. And historically, they have managed to grow their business with great regularity. New Orleans for a long time in the 1990s seemed to be successful. Anaheim and San Diego may, but because of a lack of available information that I've been able to get my hands on, it's not entirely clear. But there's something in common certainly about the first two of them, and to some extent, about the other three, that's worth noting."

APPENDICES

- **Appendix One: Task Force Mission**
- **Appendix Two: Meeting Schedule**
- **Appendix Three: Overview of Tourism Marketing Districts, Business Improvement Districts and Lease-Revenue Bonds**
- **Appendix Four: Agendas and Meeting Notes Web Site; Presentations Web Site; Other Meeting Documents and Reports; and Public Comments and Letters Web Site**
- **Appendix Five: Overview of Possible Revenue Sources**

Appendix One: Task Force Mission

Mission

The mission of the Mayor's Citizen Task Force on the Convention Center Project is to evaluate and recommend to Mayor Sanders the necessary steps required to ensure San Diego's ability to protect and expand local jobs and retain and enhance its current market position in the convention and meeting industry.

Charge

- **To review and evaluate the feasibility of an expansion to the current Convention Center and related developments or enhancements and the impact on generating new jobs.**
- **To identify and evaluate various financing options for an expanded convention center that relies mainly on revenues generated by the Convention Center and/or related developments or enhancements.**
- **To identify key issues related to public access, resource conservation and waterfront enhancement.**
- **To encourage public comment on the convention center project by holding meetings at locations and times accessible to the public.**
- **To present a final set of findings and recommendations to Mayor Sander's no later than September 2009. All meetings will be conducted in accordance with the Brown Act.**

Co-Chairs Roles and Responsibilities

The Co-Chairs for this Task Force will serve in the public's interest to provide the requisite leadership to guide the discovery and analysis process in order to make recommendations to the Mayor on the expansion of the Convention Center as an economic driver for the City. To make certain there is clear understanding of the Co-Chairs' roles and responsibilities for all concerned the following information delineates their functions.

Appendix Two: Meeting Schedule

Date & Location	Topics	Presenters	Disctrict
Tuesday, February 24, 2009 Handlery Hotel and Resort 6:00-8:00 pm	Convention Center Economic Impact, Convention Center History & Downtown Redevelopment, Convention Center Success	Skip Hull, CIC Research Jeff Graham, CCDC Carol Wallace, SDCCC Chris Cramer, SDCCC	6
Thursday, March 12, 2009 Scripps Ranch Library 6:00-8:00 pm	SDCCC Performance	Michael Hughes, TSW Research	5
Thursday, March 26, 2009 Jacobs Center for Neighborhood Innovation 6:00-8:00 pm	Market Demand	Jennifer Sutherland, PricewaterhouseCoopers Convention and Tourism Services	4
Tuesday, May 5, 2009 Cox Arena, Mezzanine Suite, San Diego State University, (parking available Lot L) 6:00-8:00 pm	Convention Center performance, industry overview, challenges and expectations	Heywood Sanders, University of Texas Rod Cameron, International Association of Convention Centres	7
Tuesday, May 26, 2009 Balboa Park Club Ballroom 4:00-6:00 pm	Updated Marketing Feasibility	Steve Spickard, Economic Research Associates	3
Tuesday, June 2, 2009 San Diego Convention Center, Room 31ABC 6:00-8:00 pm	Hotel Program Convention Center Program	Greg Mueller, Tucker Sadler Don Grinberg, HNTB	2
Monday, June 15, 2009 Lawrence Family Jewish Community Center 9:00-11:00 am	Financing	Jim Sult, Piper Jaffray Co. John Kaatz, Convention, Sports, and Leisure Intl.	1
Monday, July 6, 2009 San Diego Convention Center, Room 6A 4:00-6:00 pm	Financing	Art Castro, Tucker Sadler Perry Dealy, Dealy Development Jim Sult, Piper Jaffray Co. John Kaatz, Convention, Sports, and Leisure Intl.	2
Tuesday, July 21, 2009 Balboa Park, War Memorial Building 4:00-6:00 pm	Discussion of funding and recommendation	Task Force	3
Tuesday, August 4, 2009 San Diego Convention Center, Room 30CDE 6:00-8:00 pm	Discussion of funding and recommendation	Task Force	2
Monday, August 31, 2009 Barrio Station (Theater) 4:00-6:00 pm	Discussion of funding and recommendation	Task Force	8

Appendix Three: Overview of Tourism Marketing Districts, Business Improvement Districts and Lease-Revenue Bonds

Tourism Marketing Districts

What is a Tourism Marketing District?

The San Diego Tourism Marketing District follows the model of Tourism Business Improvement Districts (BID's) that utilize the efficiencies of private sector operation in the market-based promotion of local and regional tourism. Tourism BID's, such as the SDTPC allow lodging and other tourism-related business owners to organize their efforts to increase tourism. In San Diego, lodging business owners within the district assess themselves to fund the District and those funds will be used to provide programs and services that specifically benefit the assessed lodging businesses.

History: As a result of diminishing public resources available for effective and competitive destination marketing, local lodging industry leadership began discussing alternative funding sources and available options in 2003. A working group comprised of lodging industry representatives held dozens of meetings with proposed assessed businesses, stakeholder groups and interested parties. On May 8, 2007 the San Diego City Council adopted an enabling Procedural Ordinance that allowed for the formation of a Tourism Marketing District. In December of 2007, the qualifying businesses voted to establish the assessment district, and the Tourism Marketing District (TMD) was approved by San Diego City Council.

The Tourism Marketing District began on January 1, 2008.

The enabling Procedural Ordinance and the Management District Plan provide that the City contract with the San Diego Tourism Promotion Corporation (SDTPC), a nonprofit mutual benefit corporation, to plan and carry out specified activities, subject to the terms and conditions enumerated in the contract between SDTPC and the City. In April 2008, City Council gave final approval of the contract between SDTPC and the City, thus establishing the terms for SDTPC to manage the District assessments and to contract for implementation of the proposed marketing programs and services outlined in the Management District Plan.

Location: The Tourism Marketing District is citywide, inclusive of all areas within the city limits of the City of San Diego. A map of the District is included with the San Diego Tourism Marketing District Management District Plan.

Funding Source Entirely from Assessed Businesses: The TMD assessment is designed to benefit, and is levied upon, lodging businesses with 70 or more sleeping rooms in the City of San Diego. Business means any and all types of hotels where a structure, or any portion of a structure, is held out to the public as being occupied, or designed for occupancy, by transients for dwelling, lodging or sleeping purposes. The owner(s), operator(s), or an authorized representative who is noted on City records as the responsible party for remitting and reporting Transient Occupancy Tax for each lodging business is responsible for paying the assessment. The annual assessment is based upon 2% of gross room revenue from transient stays in the lodging business as described above.

More information can be found at:

<http://www.sandiego.gov/treasurer/taxesfees/tot/tmdfaq.shtml>

Business Improvement Districts

Business Improvement Districts (BIDs) are a type of assessment district in which business owners choose to be assessed a fee, which is collected on their behalf by the City, for use in promoting and improving the business area. In California, BIDs date back to 1965 with the approval of Assembly Bill 103 - the "Parking and Business Improvement Area Law." Today there are approximately 200 BIDs in the state.

Appendix Four: Agendas and Meeting Notes Web Site; Presentations Web Site; Other Meeting Documents and Reports; and Public Comments and Letters Web Site

San Diego's Program

The City of San Diego's BID program, the largest in the state of California and one of the most active in the nation, is administered by the City's Office of Small Business. San Diego's program dates back to 1970 with the creation of the Downtown Improvement Area, California's first metropolitan downtown district. Since that time, the small business community and the City of San Diego have created 18 separate districts, with another two in the preliminary stages of formation. More than 11,000 small businesses participate in these self-assessment districts, raising more than \$1 million annually.

- **San Diego's Program**
- **Benefits**
- **Marketing Activities**
- **Additional Funding**
- **Other City Assistance**
- **Forming a BID**
- **Assessment Fees**
- **BID Locations**
- **Contact Information**

A complete overview can be found online at:

<http://www.sandiego.gov/economic-development/business-assistance/small-business/bids.shtml>

Lease-Revenue Bonds

Lease Revenue Bonds and Certificates of Participation are lease obligations secured by an installment sale agreement or by a lease-back arrangement with a public entity, where the general operating revenues are pledged to pay the lease payments, which are, in turn, used to pay debt service on the bonds or Certificates of Participation. These obligations do not constitute indebtedness under the state constitutional debt limitation and, therefore, are not subject to voter approval. Payments to be made under valid leases are payable only in the year in which use and occupancy of the leased property is available, and lease payments may not be accelerated. The governmental lessee is obligated to place in its annual budget the rentals that are due and payable during each fiscal year the lessee has use of the leased property.

Revenue Bonds are payable solely from net or gross non-ad valorem tax revenues derived from General Fund revenues, tax increment revenues, rates or tolls, or fees, charges or rents paid by users of the facility constructed with the proceeds of the bond issue. Pursuant to Section 90 of the City Charter, the City may incur bonded indebtedness for the purpose of acquiring, constructing, or completing any municipal improvements, not including improvements to the City's water facilities, in an amount not to exceed 10% of the total assessed valuation of all real and personal property in the City subject to an annual property tax levy. The City may also incur bonded indebtedness for the purpose of acquiring, constructing, or completing water facilities in an amount not to exceed 15% of the total assessed valuation. The combined limit on outstanding indebtedness for both non-utility related improvements and water related improvements is an amount not to exceed 25% of the total assessed valuation.

For more information: <http://www.sandiego.gov/fm/annual/pdf/fy07/debtobligations.pdf>

Agendas and Meeting Notes Web Site

<http://www.conventioncentertaskforce.org/taskforcemeetingagendas.shtml>

Presentations

<http://www.conventioncentertaskforce.org/MCTFdocs-presentations.shtml>

Other Meeting Documents and Reports

<http://www.conventioncentertaskforce.org/MCTFdocs-other.shtml>

Public Comments and Letters

<http://www.conventioncentertaskforce.org/MCTFdocs-letters.shtml>

Appendix Five: Overview of Possible Revenue Sources

Overview of possible revenue sources (to meet bond obligation) and estimates on range of revenue expectations:

- **Adjacent, new convention center hotel- Residual cash flow**
 - ▶ The Piper Jaffary presentations addressed the potential financial contribution and financing structures of an adjacent hotel on June 15th on pgs. 19 – 22 and 24 and on July 6th on pg. 6.
 - ▶ The projected range of annual “residual cash flow” from the hotel models as presented is \$3,691,000 to \$8,995,000.
 - ▶ At its meeting of July 6th the TF decided by consensus to “de-link” the hotel from the Convention Center Expansion project and to address its relationship to the project as a possible funding source versus an integral and necessary part of the project.
- **Convention Center Retail- Net income**
 - ▶ This references proposed income from a retail component of 40,000+ sf to be designed into and constructed concurrently with the convention center expansion.
 - ▶ In conceptual renderings presented by Tucker, Sadler, on June 2nd, their presentation calls out Ground Floor Retail on Pg. 9, references retail in the elevation on pg. 22, and shows an exterior featuring retail space on pg. 37.
 - ▶ In the revised conceptual renderings presented by Tucker Sadler on June 15th their presentation calls out 49,400 sf of retail on the Ground and 5th floors and references retail in the elevations on pgs. 3 and 7.
 - ▶ In their presentation of June 15th Piper Jaffary, proposes Projected Annual Retail Revenue of \$6,045,000 from retail operations/rent on pg. 23. Piper Jaffary revised that number in their presentation of July 6th on pg. 4 to \$4,013,000.
- **Convention Center Hotel Business Improvement District Assessment- By geographic proximity to Center**
 - ▶ One premise of a Business Improvement District (BID) is to allow similar businesses in a defined geographic area to self-assess to pay for infrastructure maintenance and improvements for the mutual benefit of the group, and for the individual benefit of each member. The BID can identify benefit zones and agree to a greater assessment for those with a greater benefit. For example, hotels adjacent to the convention center could agree to pay a larger assessment because their proximity allows for a greater benefit, versus a hotel near the airport that may realize a lower level of benefit and therefore pay a lower assessment. (NOTE: This was the structure for creating the San Diego Tourism Marketing District. Because the focus was on marketing and NOT infrastructure maintenance and improvements, it was given its hybrid name to avoid any confusion or question of purpose. The TMD is fundamentally a BID.)
 - ▶ All BID’s obligate the property owner for payment, but do not preclude the recovery of the cost of the assessment through a direct pass-thru to customers or price increases.
 - ▶ A BID of this type, for this purpose would require a majority vote of the assessed businesses (hotels) and a majority vote of the City Council. The vote of the businesses is weighted by the estimated amount of the real assessment.
 - ▶ From Piper Jaffary presentation July 6, pg. 9 (TOT or TMD Reference)
 - Revenue Potential: (Assumes flat rate throughout District, no zones)
 - Citywide @ 1% = \$14,700,000
 - Citywide @ 2% = \$29,400,000
 - Citywide @ 3% = \$44,100,000
 - Downtown @ 1% = \$5,160,000
 - Downtown @ 2% = \$10,320,000
 - Downtown @ 3% = \$15,480,000

- **Convention Center Entertainment District Assessment- All non-hotel businesses, by geographic proximity to Center**
 - ▶ The most typical and traditional BID is property based, and includes all businesses in a Business District.
 - ▶ Assumes that all businesses with the district see some level of benefit from the investment of assessment revenue.
 - ▶ Each business type can have a separate assessment value (drycleaners different from locksmith), and that assessment is based on the property tax rate of each business. Assessment is collected with property taxes.
 - ▶ A BID of this type, for this purpose would require a majority vote of the assessed businesses and a majority vote of the City Council. The vote of the businesses is weighted by the estimated amount of the real assessment.
 - ▶ No District has been defined, therefore no revenue potential has been evaluated.

- **Convention Center Restaurant Business Improvement District Assessment - By geographic proximity to Center**
 - ▶ See Convention Center Hotel Business Improvement District above, item # 3.
 - ▶ In order to avoid conflict with state law over the taxation of alcoholic beverages, assessment could be property based or calculated on gross sales or gross food sales.
 - ▶ Assuming that 60% of all sales are food sales, and therefore assuming that 60% of the projections by Piper Jaffray on pg. 9 of their July 6th presentation:
 - Downtown Gross Food Sales Assessment .5% = \$ 720,000
 - Downtown Gross Food Sales Assessment 1% = \$1,440,000

- **Convention Center Parking District (BID)- By geographic proximity**
 - ▶ Several jurisdictions presented in the Piper Jaffray presentations of July 6th refer to a parking component of the available revenue stream.
 - ▶ For San Diego, this would require a hybrid of the traditional BID model to provide for greater revenue capture within the parking district and a program of shared revenue with the City. Or,
 - ▶ An alternative could be a parking district consisting of only parking contractors/businesses that can self-assess and pass that assessment on to their customers.
 - ▶ A third option for capturing a contribution from parking revenues could be the inclusion of the parking companies in any Entertainment District proposal.

- **Convention Center Taxi District**
 - ▶ Drop-off/Pick-up Surcharge – A special fee paid for the privilege of Convention Center drop-off or pick-up. No \$ analysis provided.
 - ▶ Airport Taxi Surcharge – Any taxi into or out of the airport pays an additional fee: (Piper Jaffray July 6, pg. 8 & 10)
 - Airport Taxi \$1 per trip = \$1,500,000
 - Airport Taxi \$3 per trip = \$4,500,000
 - Airport Taxi \$5 per trip = \$7,500,000

- **Rental Car Surcharge**
 - ▶ Piper Jaffray July 6, pg. 8 & 10
 - Rental Car Surcharge \$1 per rental = \$1,150,000
 - Rental Car Surcharge \$5 per rental = \$5,750,000
 - Rental Car Surcharge \$10 per rental = \$11,500,000

- **Convention Center Service Contractor Fee**

- ▶ Piper Jaffray June 15, pg. 15

- ▶ New Orleans

- Convention Center service contractor fee of 2.0 percent of gross sales in the Center.

- **Incremental Convention Center Parking Fees - 100% of all above 2007 baseline**

- ▶ An increase in Convention Center business will potentially increase demand for Convention Center and adjacent Port owned parking. Establish a revenue baseline before expansion and then dedicate any incremental increase in parking revenue to off-set expansion costs.

- **Contribution of land and other concessions from Unified Port of San Diego**

- ▶ Piper Jaffray July 6, pg. 4

- Convention Center Construction Cost Estimate

- Owner Soft costs including land = \$86,258,000 (partial?)

- ▶ Other Concessions

- As negotiated

**Application for Certification
of
Proposed Nashville
Tourism Development Zone**

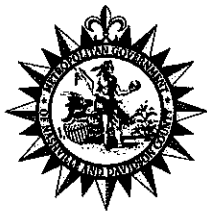
In Accordance with the
Convention Center and Tourism Financing Act of 1998

May 20, 2009

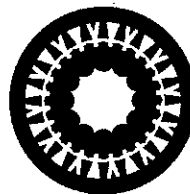
Submitted to:

Commissioner Dave Goetz
Department of Finance and Administration
State of Tennessee

Submitted by:



Karl Dean, *Mayor*
Nashville, TN



Phil Ryan, *Executive Director*
Metropolitan Development & Housing Agency

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



KARL F. DEAN
MAYOR

OFFICE OF THE MAYOR
METROPOLITAN COURTHOUSE
NASHVILLE, TENNESSEE 37201
PHONE: (615) 862-6000
FAX: (615) 862-6040

May 13, 2009

The Honorable Dave Goetz
Commissioner, Department of Finance and Administration, State of Tennessee
312 Rosa L. Parks Avenue
Tennessee Tower
Nashville, TN 37203

Dear Commissioner Goetz:

We are pleased to submit Nashville's application seeking certification of a Tourism Development Zone and the planned convention center project as a qualified public use facility under the "Convention and Tourism Development Financing Act of 1998." Throughout the previous ten years, many studies have been conducted to test the feasibility of a new downtown Nashville Convention Center. Each study has concluded that downtown Nashville is a viable and ideal location for a new convention center. The new convention center project will be both the catalyst for revitalization of the South of Broadway (SoBro) area and will beneficially impact the surrounding downtown and midtown areas from the first day the convention center opens. In addition, the areas on the edge of the Tourism Development Zone will experience growth and development due to this investment by our city as the energy created in the core of downtown Nashville spreads throughout the whole zone.

Phil Ryan, Executive Director of the Metropolitan Development and Housing Agency, is the contact person representing the City of Nashville for the application. Mr. Ryan may be reached at 252-8410 or pryan@nashville-mdha.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Karl F. Dean", with a long, sweeping flourish extending to the right.

Karl F. Dean
Mayor

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- C. Metropolitan City Council Resolution
- D. Legal Opinion
- E. Master Development Plan
- F. Central Business Improvement District and Redevelopment Districts
- G. Diversity Business Enterprise
- H. Facility Programming

Executive Summary

Executive Summary

After extensive analysis, it has been concluded that in order to keep up with market demand, to competitively compete with other cities, and to continue to grow Nashville as a tourist destination, Nashville has a great need and demand for a new first-class convention center in the heart of downtown. Nashville is blessed with a great downtown.

As the second largest industry in Davidson County behind health care, the hospitality industry is a major part of Nashville's economy. Visitors to Nashville spend about \$4 billion dollars every year, and of this \$4 billion, more than \$1 billion come from conventions. These conventions attract people who are usually on an expense account, and a person attending a convention spends about \$280 per day, while the average tourist only spends \$120 per day. This makes convention delegates the single largest contributor to our visitor economy. In the Nashville Metropolitan Government, all tax revenues come from sales and property taxes. As a result, every tax dollar that comes from a visitor is one less tax dollar Nashvillians have to pay to support the local services. Last year, visitors to Nashville paid a total of \$278 million dollars in state and local taxes, saving each Davidson county household more than \$1,000 in taxes. Not only does the hospitality industry contribute to Nashville's tax base, one in five people in Nashville is employed in the visitor industry, and those jobs generate a total of \$1.67 billion in wages each year.

As a whole, a new convention center is projected to attract 1 million additional visitors annually, generate an additional estimated \$700 million in direct visitors spending, which would equate to an additional estimated \$65 million in state and local tax revenue, and create 36,000 new jobs.

While the construction of the convention center itself will be one of the first catalyst for growth in SoBro, with approximately 3,000 individuals working on the project throughout, there are other developments and positive influences created by the overall development. In addition to the new convention center, an adjacent headquarter hotel will also be developed. The hotel is projected to have approximately 1,000 rooms and meeting/function space of approximately 100,000 square feet. The objectives of this hotel are not only to continue to improve Nashville's competitiveness in the tourism, convention and meeting industry, but also to foster the development of Nashville's hotel industry and further private development. Finally, utility relocation and upgrade, the extension of Korean Veterans Boulevard, and resolution of the intersection at 8th/Lafayette/Korean Veterans Boulevard are other major developments that will continue to stimulate the area and make the property south of the convention center more viable and appealing for private development.

Nashville as it stands today is already an attractive city for both locals and tourists alike, which makes the development of the new convention center even more important since people are already drawn to Nashville as a unique destination. This investment by the city of Nashville will enable Nashville to compete for at least 70% of the convention business, as opposed to 30% now, placing it as the 42nd largest convention center in the

U.S. As a result, the areas that already draw tourists will continue to do so and will experience a boom in business with the opening of the new center. The increase in tourism and related private development will in turn, increase tax revenues in the proposed Tourism Development Zone. The city of Nashville is already investing in other ways in many of the areas in the Tourism Development Zone, most notably in the redevelopment districts and the CBID. The development of the new convention center will substantially reinforce this economic impact. The Entertainment District, the Central Business District, and the Gulch will see an immediate, direct impact due to the central location of the new convention center site in relation to these districts. As visitors explore these areas, they will also naturally be pulled toward Midtown and Music Row, which are also home to other desirable tourist destinations. North Nashville, including the State Capitol and the Bicentennial Mall, and the East Bank are targeted in the proposed Tourism Development Zone as areas that will be impacted in the long term, as development and tourists spread from the core. SoBro and the area south of the convention center will undoubtedly, over time, experience the most new growth and dramatic development as Nashville continues to embrace the new convention center and expands to adapt to continuing needs and desires of both Nashvillians and tourists in the area.

**Proposed
Tourism
Development
Zone**

Proposed Tourism Development Zone Boundaries

In defining the proposed Tourism Development Zone, we considered two important factors. Firstly, in accordance with the "Convention Center and Tourism Development Financing Act of 1998," we examined the areas in proximity to the proposed convention center that would be most beneficially impacted by the project. These areas include pieces of the city that will be beneficially impacted both immediately and well in to the future by this public investment. Secondly, we began to look for a logical boundary, surrounding the proposed convention center, of this beneficially impacted area. Through this process, we considered many things including the redevelopment districts that have been established by the city, infrastructure boundaries such as the interstate, private developments that will also be beneficially impacted, and excluded purely residential areas.

SURVEYOR'S DESCRIPTION OF
TOURISM DEVELOPMENT ZONE BOUNDARY
JANUARY 09, 2009

An area of approximately 1,800 acres located in Metropolitan Nashville, Davidson County, Tennessee consisting of all the properties adjacent to the roadways described below as well as those contained within the boundary described by said roadways with the following exception: The Music City Tourism Development Zone specifically excludes properties operated by The Sports Authority of the Metropolitan Government of Nashville and Davidson County with respect to which state sales tax revenues are allocated pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(A) and (B).

Beginning at the intersection of Rosa Parks Boulevard (8th Avenue North) and Jefferson Street;

Thence easterly with Jefferson Street, crossing the Cumberland River, to Interstate I-24;

Thence southerly with Interstate I-24, re-crossing the Cumberland River, to Interstate I-40;

Thence westerly and northwesterly with Interstate I-40 / I-65 to Division Street;

Thence northwesterly with Division Street to Music Square East;

Thence southwesterly with Music Square East to Grand Avenue;

Thence northwesterly with Grand Avenue to 21st Avenue South;

Thence northerly with 21st Avenue South and 21st Avenue North to Church Street;

Thence easterly with Church Street to 19th Avenue North;

Thence northerly with 19th Avenue North to Charlotte Avenue;

Thence easterly with Charlotte Avenue to Interstate I-40 / I-65;

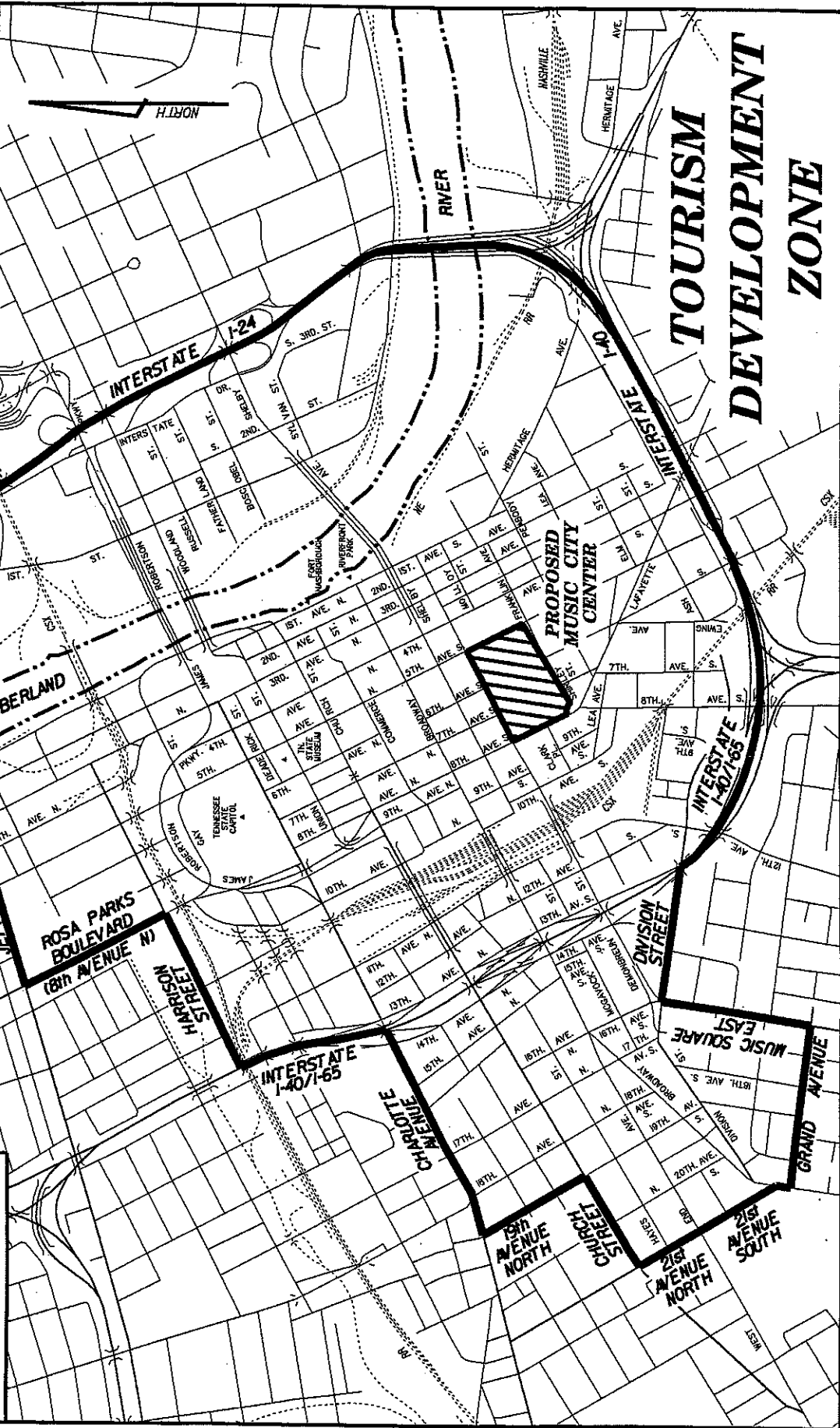
Thence northerly with Interstate I-40 / I-65 to the centerline extended of Harrison Street;

Thence easterly with Harrison Street to Rosa Parks Boulevard (8th Avenue North);

Thence northerly with Rosa Parks Boulevard (8th Avenue North) to the beginning.

NOTE:
 The Music City Tourism Development Zone specifically excludes properties operated by The Sports Authority of the Metropolitan Government of Nashville and Davidson County with respect to which state sales tax revenues are allocated pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(A) and (B).

BWSC
 BARGE WASSNER
 BUNNER &
 DANNON, INC.
 ENGINEERS ARCHITECTS PLANNERS
 LANDSCAPE ARCHITECTS AND SURVEYORS
 1100 Broadway, Nashville, Tennessee 37203
 Phone: (615) 259-1000



TOURISM DEVELOPMENT ZONE

**Metropolitan
City
Council
Resolution**

RESOLUTION NO. RS2009-603**A resolution designating a certain geographic area of Downtown Nashville as a tourism development zone for the purpose of financing the Music City Center complex.**

WHEREAS, the Convention Center and Tourism Development Financing Act of 1998, currently codified as Tenn. Code Ann. § 7-88-101, et. seq. (such act, as heretofore or hereafter amended, the "Act"), was enacted to provide a financing mechanism for the development of convention centers and other similar public use facilities that will attract and serve major tourism destinations, thereby fostering economic benefits to the state and hosting cities and counties; and

WHEREAS, the Metropolitan Government of Nashville and Davidson County intends to develop and construct a new convention center complex, The Music City Center, located within its urban services district boundaries of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Metropolitan Government"); and

WHEREAS, said construction will contain approximately one million square feet, inclusive of exhibit halls, ballrooms, meeting rooms, lobbies, corridors, service areas and other building areas and ancillary facilities permitted under Tenn. Code Ann. § 7-88-101, et. seq., and will involve a local investment of public or private funds of not less than \$500,000,000; and

WHEREAS, The Music City Center will constitute a "qualified public use facility" within the meaning of Tenn. Code Ann. § 7-88-103(7); and

WHEREAS, in order to be eligible to receive certain allocations of state and local sales and use taxes as provided in Tenn. Code Ann. § 7-88-101, et. seq., the Metropolitan Government of Nashville and Davidson County must designate a geographic area that will be beneficially impacted by The Music City Center, and

WHEREAS, such geographic area shall be called The Music City Center Tourism Development Zone, and

WHEREAS, such a tourism development zone and a qualified public use facility shall be subject to certification by application to the State of Tennessee Department of Finance and Administration, and

WHEREAS, for the purpose of maintaining existing financing agreements and covenants, it is not the intent of the Metropolitan Government to include within the Music City Center Tourism Development Zone properties currently operated by The Sports Authority of the Metropolitan Government of Nashville and Davidson County with respect to which state sales tax revenues are, as of the date hereof, being allocated pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(A) and (B) (collectively, the "Sports Authority Properties").

WHEREAS, it is to the benefit of the citizens of the Metropolitan Government of Nashville and Davidson County that the financing mechanism provided by the Act be obtained.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. The geographic area to be known as the Music City Center Tourism Development Zone, which is described in the map and surveyor's description that is attached hereto as Exhibit A and incorporated herein by reference, is located in the urban services district of the Metropolitan Government of Nashville and Davidson County, and is hereby designated as a "tourism development zone" within the meaning of the Act.

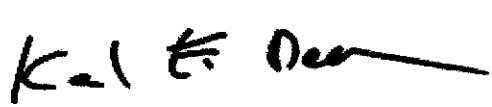
Section 2. The designation of the geographic area to be known as the Music City Center Tourism Development Zone shall specifically exclude the Sports Authority Properties.

Section 3. The Mayor and the Director of Finance are hereby authorized to file with the Tennessee Department of Finance and Administration an application, pursuant to Tenn. Code Ann. § 7-88-108, seeking certification of the above-described tourism development zone and the above-described convention center as a qualified public use facility.

Section 4. This resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Sponsored by: Jim Forkum, Mike Jameson, Greg Adkins, Tim Garrett

[View Exhibits](#)

LEGISLATIVE HISTORY	
Referred to:	Budget & Finance Committee Convention & Tourism Committee
Introduced:	January 20, 2009
Adopted:	January 20, 2009
Approved:	January 22, 2009
By:	

[Agenda](#) | [Minutes](#) | [Resolutions](#) | [Ordinances](#) | [Boards & Commissions](#)
[Charitable Solicitations](#) | [Lobbyists](#) | [Committee Meeting Schedule](#) | [Home](#)

[Metro Home Page](#) | [Metro Department Listings](#)

Send comments or suggestions to the metro_clerk@metro.nashville.org

Send error reports to webmaster@nashville.gov

2005, Metropolitan Government of Nashville and Davidson County

Last Modified 01/22/2009 16:29:49

Legal Opinion

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



KARL F. DEAN
MAYOR

SUE B. CAIN
DIRECTOR OF LAW

DEPARTMENT OF LAW
METROPOLITAN COURTHOUSE, SUITE 108
P O BOX 196300
NASHVILLE, TENNESSEE 37219-6300
(615) 862-6341
(615) 862-6352 FAX

April 20, 2009

Mr. Richard M. Riebeling
Director of Finance
Metropolitan Government of Nashville
and Davidson County
Suite 106 Metropolitan Courthouse
Nashville, TN 37201

Re: Legal Opinion for Music City Center as Qualified Public Use Facility

Dear Mr. Riebeling:

You have asked whether the proposed convention center project of the Metropolitan Government of Nashville and Davidson County, the Music City Center, is a "qualified public use facility" as defined at T.C.A. § 7-88-103(7)(A)(i) of the Convention Center and Tourism Development Financing Act of 1988. You have requested this opinion for the sole purpose of filing an application for the Metropolitan Government with the State of Tennessee Department of Finance and Administration seeking certification of a tourism and development zone around the Music City Center. The tourism and development zone is described in Resolution No RS2009-603 of the Metropolitan Council and approved by Mayor Karl F. Dean in January, 2009. (Attachment A) If the planned Music City Center is a qualified public use facility and the State determines that the area surrounding it will be beneficially impacted from its construction, the area can be certified as a tourism and development zone.¹

A "qualified public use facility" is defined in T.C.A. § 7-88-103(7)(A)(i) as "(a)ny building, complex, center, facility or any two ... adjacent buildings, complexes, centers or facilities containing at least two hundred fifty thousand square feet ..., in the aggregate, inclusive of exhibit halls, ballrooms, meeting rooms, lobbies, corridors, service areas and other building areas, or areas enclosed thereby, constructed, leased, equipped, renovated, acquired or expanded after January 1, 1998, as a project meeting the requirements of title 9, chapter 21, title 12, chapter 10 or chapter 53 of this title, by a public authority or municipality for purpose of furnishing economic development centers, renovated or new or expanded community facilities for conventions, meetings, exhibitions, trade shows, sports events or other events for

¹ T.C.A. § 7-88-108(a)

educational, entertainment, business, association, cultural, public interest, public service and common interest groups, organizations and entities and that requires:

- (a) On or after January 1, 1998, a local investment of public funds in excess of seventy-five million dollars (\$75,000,000), and is reasonably anticipated to attract private investment in the tourism development zone of more than fifty million dollars (\$50,000,000) after January 1, 1998; or
- (b) On or after January 1, 2007, a local investment of public or private funds of not less than two hundred million dollars (\$200,000,000.)”

Resolution No RS2009-603 expressed the intention of the Metropolitan Government to develop and construct a new convention center complex, the Music City Center. The construction will contain approximately one million square feet inclusive of exhibit halls, ballrooms, meeting rooms, lobbies, corridors, service areas, and other building areas and ancillary facilities. The project will require a local investment of public or private funds of not less than \$500,000,000. See RS2009-603 (attached).

Assuming that the project is completed as proposed in Resolution No RS2009-603, it is my opinion that the convention center project constitutes a qualified public use facility under the current requirements of T.C.A. Title 7, Chapter 88.

Sincerely, .



Sue B. Cain
Director of Law

enclosure

RESOLUTION NO. RS2009- 603**A resolution designating a certain geographic area of Downtown Nashville as a tourism development zone for the purpose of financing the Music City Center complex.**

WHEREAS, the Convention Center and Tourism Development Financing Act of 1998, currently codified as Tenn. Code Ann. § 7-88-101, et. seq. (such act, as heretofore or hereafter amended, the "Act"), was enacted to provide a financing mechanism for the development of convention centers and other similar public use facilities that will attract and serve major tourism destinations, thereby fostering economic benefits to the state and hosting cities and counties; and

WHEREAS, the Metropolitan Government of Nashville and Davidson County intends to develop and construct a new convention center complex, The Music City Center, located within its urban services district boundaries of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Metropolitan Government"); and

WHEREAS, said construction will contain approximately one million square feet, inclusive of exhibit halls, ballrooms, meeting rooms, lobbies, corridors, service areas and other building areas and ancillary facilities permitted under Tenn. Code Ann. § 7-88-101, et. seq., and will involve a local investment of public or private funds of not less than \$500,000,000; and

WHEREAS, The Music City Center will constitute a "qualified public use facility" within the meaning of Tenn. Code Ann. § 7-88-103(7); and

WHEREAS, in order to be eligible to receive certain allocations of state and local sales and use taxes as provided in Tenn. Code Ann. § 7-88-101, et. seq., the Metropolitan Government of Nashville and Davidson County must designate a geographic area that will be beneficially impacted by The Music City Center, and

WHEREAS, such geographic area shall be called The Music City Center Tourism Development Zone, and

WHEREAS, such a tourism development zone and a qualified public use facility shall be subject to certification by application to the State of Tennessee Department of Finance and Administration, and

WHEREAS, for the purpose of maintaining existing financing agreements and covenants, it is not the intent of the Metropolitan Government to include within the Music City Center Tourism Development Zone properties currently operated by The Sports Authority of the Metropolitan Government of Nashville and Davidson County with respect to which state sales tax revenues are, as of the date hereof, being allocated pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(A) and (B) (collectively, the "Sports Authority Properties").

WHEREAS, it is to the benefit of the citizens of the Metropolitan Government of Nashville and Davidson County that the financing mechanism provided by the Act be obtained.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

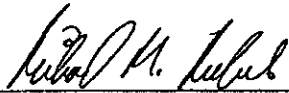
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Section 2. The designation of the geographic area to be known as the Music City Center Tourism Development Zone shall specifically exclude the Sports Authority Properties.

Section 3. The Mayor and the Director of Finance are hereby authorized to file with the Tennessee Department of Finance and Administration an application, pursuant to Tenn. Code Ann. § 7-88-108, seeking certification of the above-described tourism development zone and the above-described convention center as a qualified public use facility.

Section 4. This resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

APPROVED AS TO AVAILABILITY
OF FUNDS:



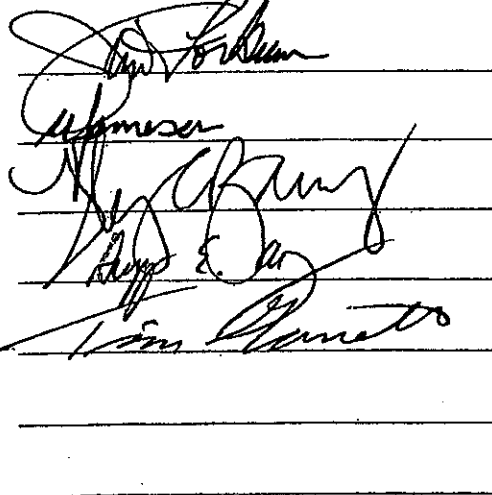
Richard M. Riebeling, Director
Department of Finance

APPROVED AS FORM AND
LEGALITY:



Metropolitan Attorney

INTRODUCED BY:



211 Commerca Street, Suite 600
Nashville, Tennessee 37201
(615) 254-1500
(615) 255-6572 Fax

BWSC | BARGE
WAGGONER
SUMNER &
CANNON, INC.

SURVEYOR'S DESCRIPTION OF
TOURISM DEVELOPMENT ZONE BOUNDARY
JANUARY 09, 2009

An area of approximately 1,800 acres located in Metropolitan Nashville, Davidson County, Tennessee consisting of all the properties adjacent to the roadways described below as well as those contained within the boundary described by said roadways with the following exception: The Music City Tourism Development Zone specifically excludes properties operated by The Sports Authority of the Metropolitan Government of Nashville and Davidson County with respect to which state sales tax revenues are allocated pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(A) and (B).

Beginning at the intersection of Rosa Parks Boulevard (8th Avenue North) and Jefferson Street;

Thence easterly with Jefferson Street, crossing the Cumberland River, to Interstate I-24;

Thence southerly with Interstate I-24, re-crossing the Cumberland River, to Interstate I-40;

Thence westerly and northwesterly with Interstate I-40 / I-65 to Division Street;

Thence northwesterly with Division Street to Music Square East;

Thence southwesterly with Music Square East to Grand Avenue;

Thence northwesterly with Grand Avenue to 21st Avenue South;

Thence northerly with 21st Avenue South and 21st Avenue North to Church Street;

Thence easterly with Church Street to 19th Avenue North;

Thence northerly with 19th Avenue North to Charlotte Avenue;

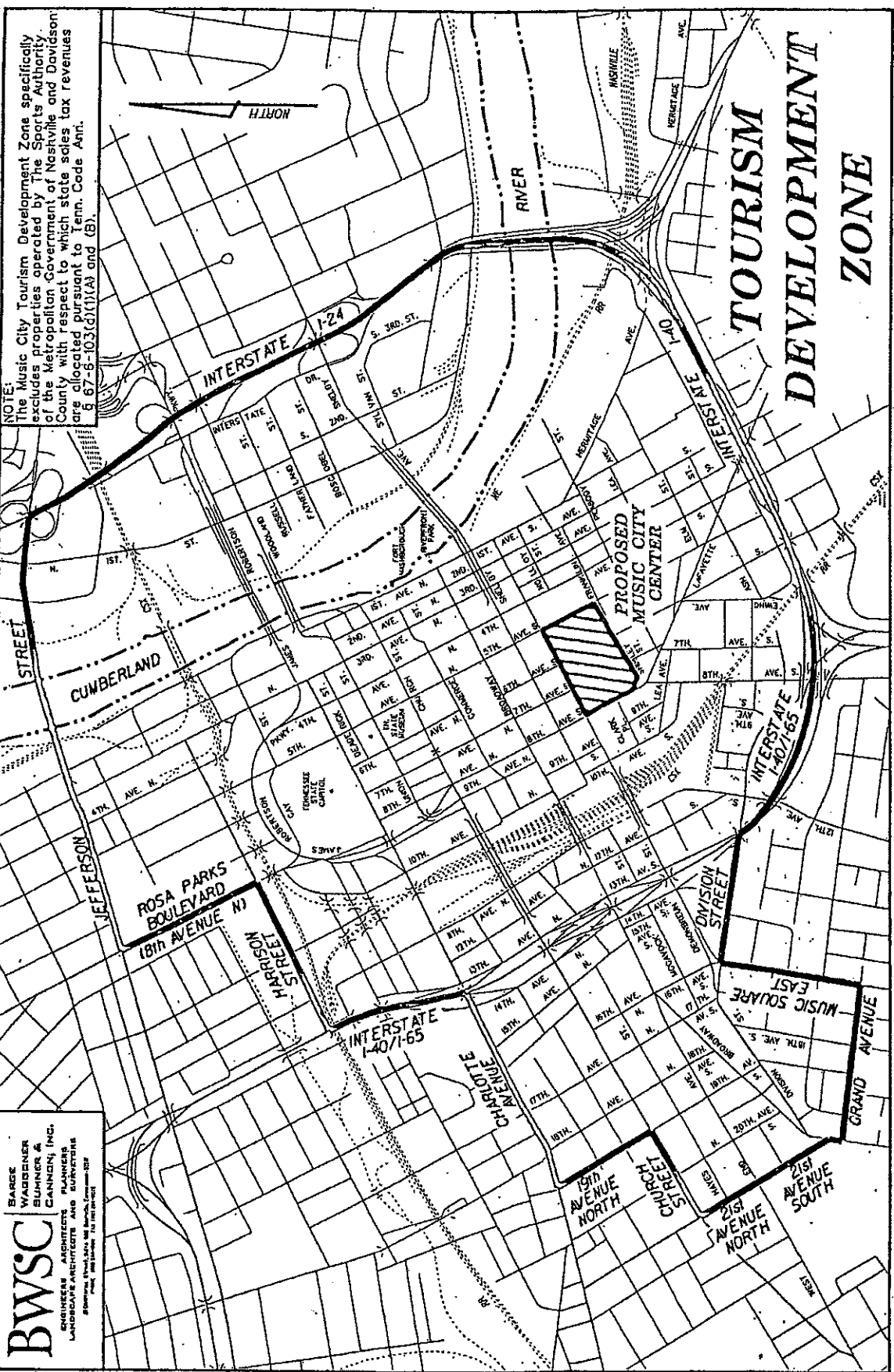
Thence easterly with Charlotte Avenue to Interstate I-40 / I-65;

Thence northerly with Interstate I-40 / I-65 to the centerline extended of Harrison Street;

Thence easterly with Harrison Street to Rosa Parks Boulevard (8th Avenue North);

Thence northerly with Rosa Parks Boulevard (8th Avenue North) to the beginning.





NOTE:
 The Music City Tourism Development Zone specifically excludes properties operated by The Sports Authority of the Metropolitan Government of Nashville and Davidson County with respect to which state sales tax revenues are allocated pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(A) and (B).

BWSC
 SARGE WAGNER & SUMNER, INC.
 ENGINEERS ARCHITECTS PLANNERS
 LANDSCAPE ARCHITECTS AND SURVEYORS
 1000 Peachtree Street, N.W., Atlanta, Georgia 30309
 Phone: 404-525-1100

TOURISM DEVELOPMENT ZONE

ORIGINAL

METROPOLITAN COUNTY COUNCIL

Resolution No. BS2009-603

A resolution designating a certain geographic area of Downtown Nashville as a tourism development zone for the purpose of financing the Music City Center complex.

2009 JAN 13 PM 2:47

FILED
METROPOLITAN
CLERK

Introduced

JAN 20 2009

Amended

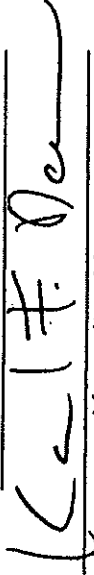
Adopted

JAN 20 2009

Approved

JAN 22 2009

By



Metropolitan Mayor

Master Development Plan

Music City

C E N T E R

MUSIC CITY CENTER VISION PLAN

10 APRIL 09



CITY OF NASHVILLE
MAYOR: KARL DEAN



METROPOLITAN DEVELOPMENT &
HOUSING AGENCY



NASHVILLE CONVENTION CENTER



NASHVILLE CONVENTION &
VISITORS BUREAU



TUCK·HINTON

MOODY·NOLAN

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CHAPTER 2: THE VISION PLAN

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CHAPTER 4: SCHEMATIC DESIGN

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COMMUNITY MEETING COMMENTS

STAKEHOLDER INTERVIEWS

FOCUS GROUPS



EXECUTIVE SUMMARY

In July 2008, the Metropolitan Development and Housing Agency selected the architectural team of tvsdesign from Atlanta with Tuck-Hinton Architects, and Moody Nolan, Inc. for the design of Music City Center; Nashville's new convention center.

Prior to the selection of the architectural team, a study was completed by the Nashville Civic Design Center to select the site for the new convention center. The 19.62-acre site located in Sobro, south of the Sommet Center and west of the County Music Hall of Fame and Museum was selected. The northern boundary of the site runs along Demonbreun Street from Fifth Avenue to Eighth Avenue. The southern boundary will be defined by the extension of Korean Veterans Boulevard. The site, which occupies six city blocks, was selected due to its availability of undeveloped land and more importantly, its proximity to downtown Nashville's attractions. The new convention center will be close to restaurants, cultural attractions, hotels, retail and night life.

Prior to initiating design of the Music City Center, the design team was first tasked with developing a vision plan for the convention center site and surrounding areas. The team sought to understand how the convention center would interact with its surrounding context. The study also aims to take a preliminary look at how the major program elements of the building might be organized so they can reinforce the vision plan.

Since the Music City Center site encompasses such a large area, it will inevitably influence the development of the properties and neighborhoods surrounding it. Ideally, the convention center will become a catalyst for development. The project will need to also consider the incorporation or relocation of the NES substation that is located along Demonbreun at the center of the site, the access ramp for the truck docks at the arena that runs through the site, and over 1200 parking spaces that would be displaced by the construction of the Music City Center. The plan would need to identify possible locations for a new 1000-key hotel, and the possibilities for development of the properties surrounding the site. The streets adjacent to the site will undergo major changes due to the extension of Korean Veterans Boulevard to the south, and the resolution of the intersection of Korean Veterans Boulevard, Eighth Avenue and Lafayette at the southwest corner of the site.

Community involvement has been an important part of this process. With the assistance of the Nashville Civic Design Center, the city held three public meetings to share information and ideas with the community. The meetings provided the opportunity for the public to express their concerns, ideas, and goals for the vision plan and the Music City Center.

This document is organized into three chapters which generally reflect the following topics and ideas that were presented to the community in a series of three public meetings.

- Influence of the surrounding context on the development of the convention center site and building
- Influence of the convention center development on the surrounding context
- Preliminary program and massing assumptions

Additional meetings will be planned as the design progresses and the team starts to develop the image and architecture of the building.

Music City CENTER



TUCK·HINTON **tvs** MOODY·NOLAN

CHAPTER ONE: DATA COLLECTION

The first community meeting was held on August 14, 2008 at the TSU downtown campus. The design team presented a series of analysis drawings which documented the possible forces that could impact the development of the convention center site and building. Because the Music City Center project covers such a large area, it will not just be shaped by the natural features and immediate context of the site, but it may also influence or be influenced by numerous master plans and design guidelines that had previously been prepared for the site or the neighborhoods and districts in close proximity to the site.

The design team consolidated information from several sources and plans that had been previously prepared including:

- NCDC Convention Center Report, 2006
- Downtown Community Plan, 2007
- Plan of Nashville, 2005
- Gateway Boulevard Design Guidelines, 2005
- Gulch Master Plan, 2003
- Rolling Mill Hill Master Plan, 2003
- Nashville Riverfront Concept Plan, 2007
- Greenways Master Plan
- Downtown Nashville Retail Strategy, 2008
- The Plan for Sobro, 1997
- MDHA Redevelopment District Guidelines
 - Arts Center
 - Capitol Mall
 - Rutledge Hill

MUSIC CITY CENTER CONTEXT

The diagrams presented in this chapter look at the extended context of the property, as well as the immediate context.

NATURAL INFLUENCES

Understanding the solar orientation of the site and the wind patterns will become an important element in the sustainable design of the convention center as well as the location of exterior spaces. The changes in topography across the site are significant and will greatly impact the building's organization.

NEIGHBORHOODS & DISTRICTS

The Music City Center is located in both the Capitol Mall and Arts Center Redevelopment Districts. The site is located in the Sobro neighborhood and is surrounded by the Gulch, Rolling Mill Hill, Rutledge Hill, and Lafayette neighborhoods. The Broadway area is just north of the site.

ACCESS

Accommodating different modes of transportation will be critical to the success of the convention center. Major access to the site from the interstates is possible from Demonbreun and also across the bridge to Korean Veterans Boulevard. The intersection of Eighth Avenue, Lafayette and the Korean Veterans Boulevard extension will need to be resolved at the southwest corner of the site.

PROXIMITY

Many attractions, hotels and destinations are within a 2000' walking radius from the Music City Center. For now, the majority of attractions are located at the north side of the property.

VIEWS

To the north of the convention center, the skyline of downtown Nashville creates a wall of tall buildings which would be visible from the convention center. To the south and east, the area is much less developed and there are few tall structures, making views to the convention center possible from the interstate.

EXISTING BUILDING USE

The majority of the buildings at the north side of the site are commercial, office, or community uses. More industrial uses are located south of the site.

PROPOSED LAND USE

Master plans for the Gulch, Rolling Mill Hill and the Riverfront will begin to change the fabric of the city. The majority of the properties in the surrounding neighborhoods propose mixed-use development in the future. The development of properties along Korean Veterans Boulevard will be guided by the Gateway Boulevard Design Guidelines.

ORGANIZATION



The northeast corner of the Music City Center is located at the intersection of the Avenue of the Arts (Fifth Avenue) and the Music Mile (Demonbreun). The center of the site is also on axis with the State Capitol, Bicentennial Mall, and the downtown library.

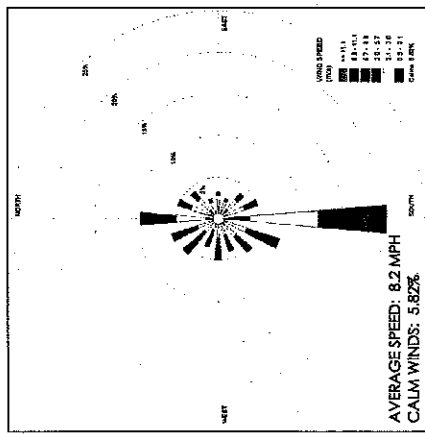




NATURAL INFLUENCES

KEY

-  HIGH TOPOGRAPHY (>530')
-  100 YEAR FLOOD PLAIN
-  500 YEAR FLOOD PLAIN



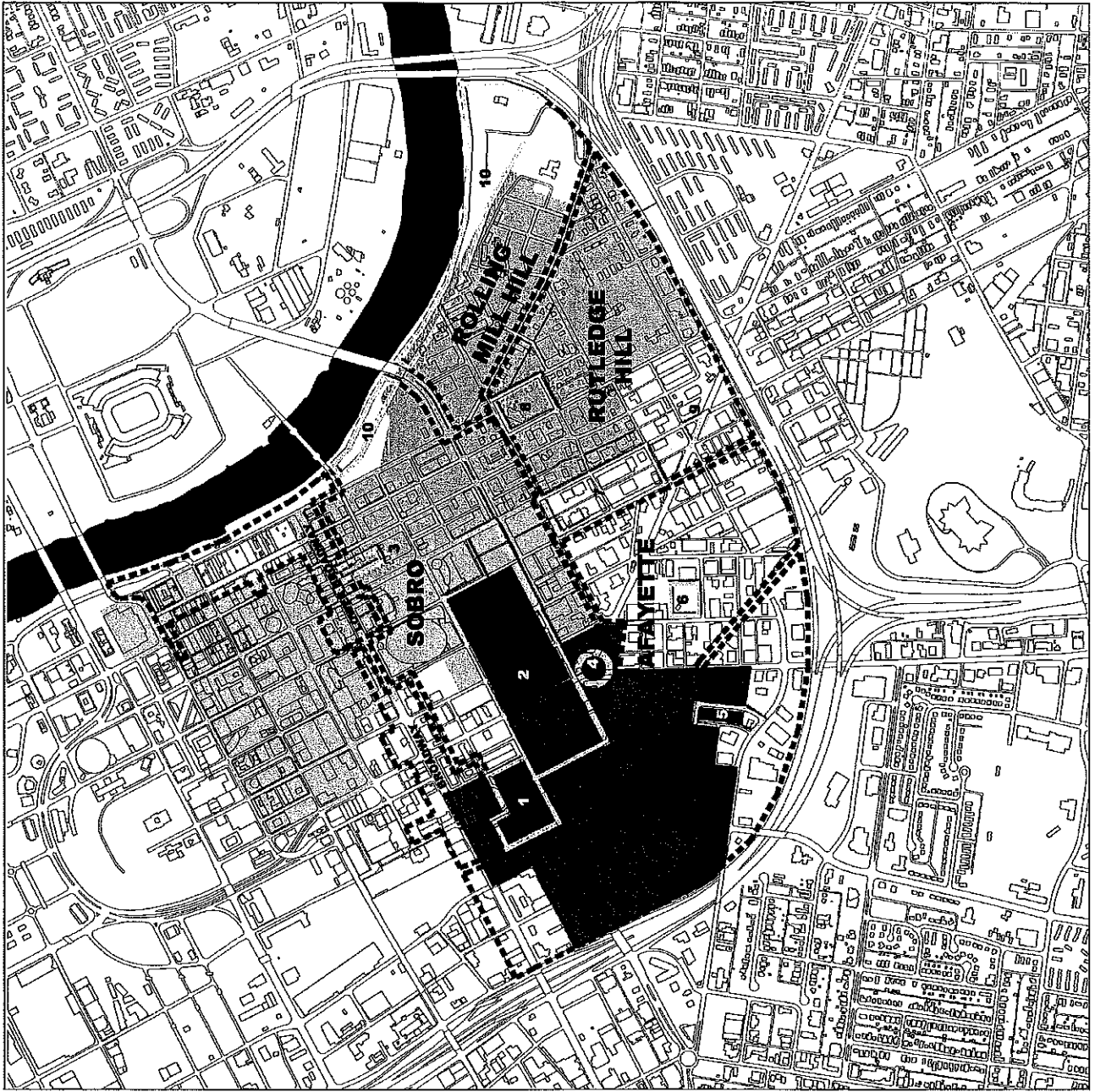
NASHVILLE WIND ROSE



MUSIC CITY CENTER

TUCK HINTON **BY** MOODY NOLAN

NEIGHBORHOODS & DISTRICTS



KEY

-  CAPITOL MALL REDEVELOPMENT DISTRICT
-  ARTS CENTER REDEVELOPMENT DISTRICT
-  RUTLEDGE HILL REDEVELOPMENT DISTRICT

SPECIAL POLICY AREA BOUNDARY

1. COMPLEMENT EXISTING HISTORIC STRUCTURES (FIRST, UNION STATION, BAGGAGE BUILDING, ETC.)
2. PROPOSED CONVENTION CENTER SITE IN SOBRO
3. PROPOSED OPEN SPACE LINKING STAMPHONT TO BROADWAY
4. PROPOSED OPEN SPACE TO FEATURE PUBLIC ART OR FOUNTAIN
5. PROPOSED PARK AND PEDESTRIAN PATH TO BICENTENNIAL MALL
6. PROPOSED OPEN SPACE
7. PLANNED PARK AND POTENTIAL FUTURE SCHOOL
8. PRIVATELY OWNED THOMAS RYMAN PARK
9. PLANNED OPEN SPACE AT INTERSECTION OF 4TH AVE SOUTH TO FEATURE PUBLIC ART OR FOUNTAIN
10. PLANNED ADDITION TO THE CUMBERLAND RIVER GREENWAY



500' LIST OF 300'

MUSIC CITY CENTER

TUCK-HINTON **TVS** MOODY-NOLAN



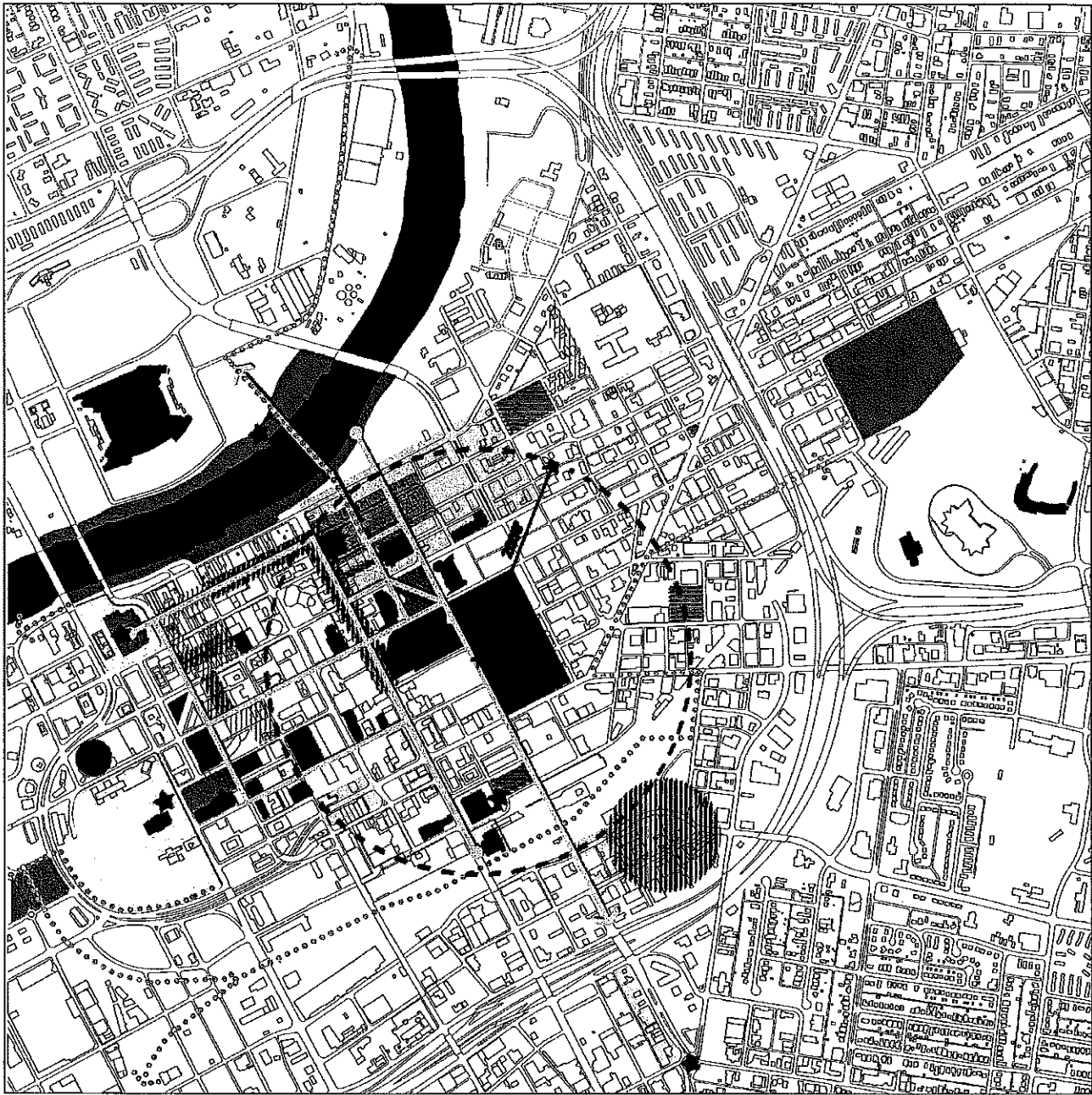
ACCESS

- KEY**
- DOWNTOWN GATEWAYS
 - ➔ MAJOR SITE ACCESS
 - ⤴ INTERNAL CIRCULATION
 - ⤵ RAIL
 - ⋯ TRUCK ACCESS
 - ▨ PROPOSED STREET REALIGNMENTS
 - SURFACE PARKING
 - PARKING GARAGE
 - ⋯ PROPOSED TROLLEY ROUTE



MUSIC CITY CENTER

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PROXIMITY

- KEY**
- HOTEL
 - PROPOSED HOTEL
 - TOURIST DESTINATION
 - TOURIST DISTRICT
 - GREEN SPACE
 - PROPOSED GREEN SPACE
 - HISTORIC AREA
 - HISTORIC DISTRICT
 - PRIMARY RETAIL ZONE
 - SECONDARY RETAIL ZONE
 - GREENWAY
 - 2000' WALKING RADIUS
 - PEDESTRIAN CIRCULATION
 - PUBLIC ART



MUSIC CITY CENTER

TUCK·HINTON **tvs** MOODY·NOLAN

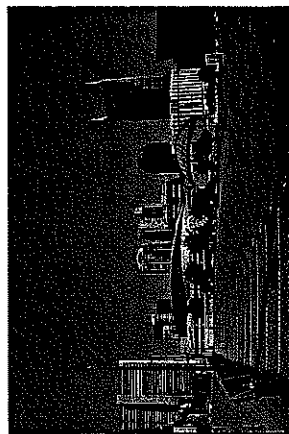


VIEWS

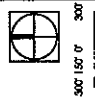
- KEY**
-  OBSTRUCTED VIEW
 -  AXIAL VIEWS TO SITE
 -  VIEWS FROM INTERSTATE



VIEW FROM INTERSTATE

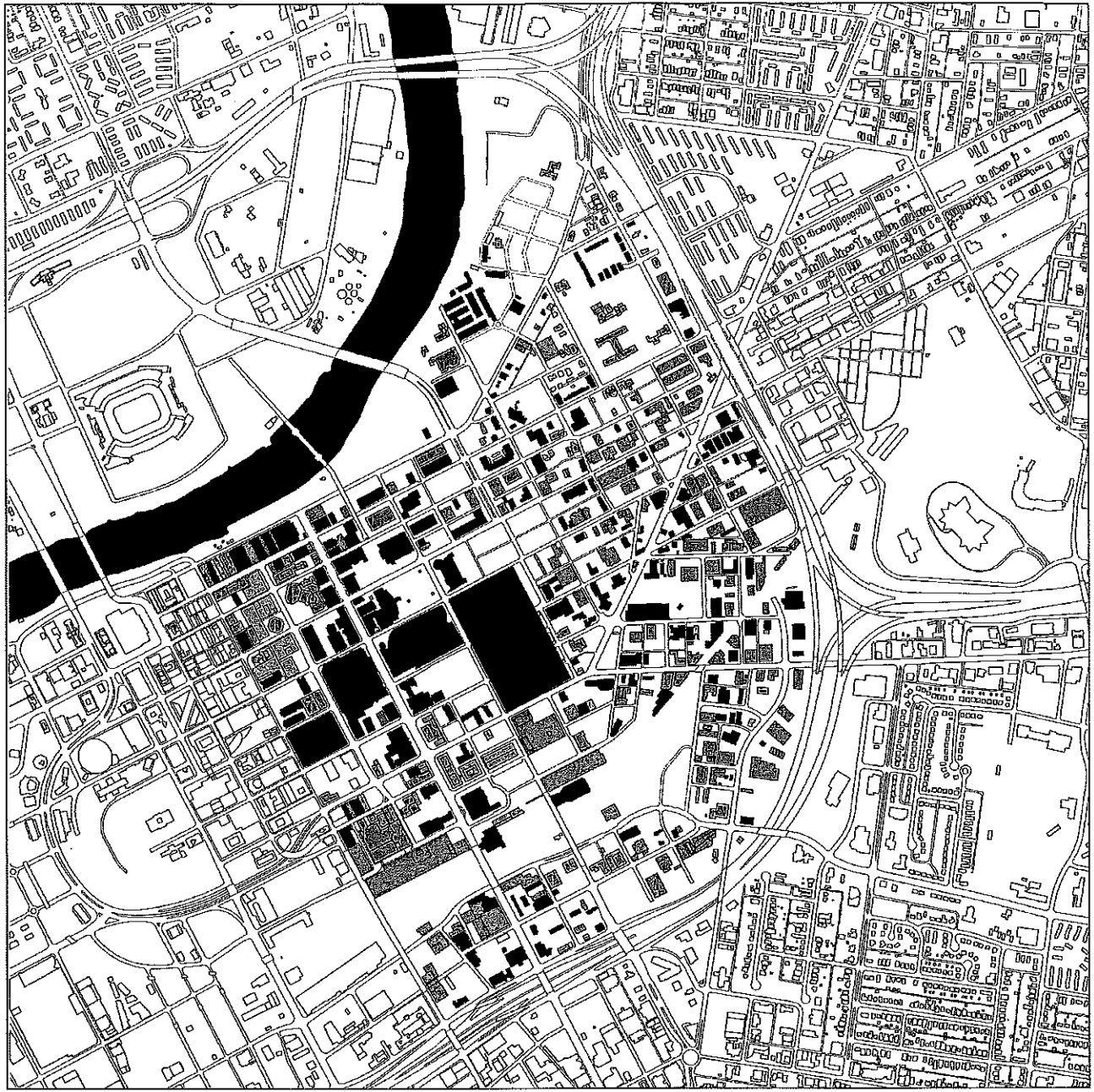


VIEW FROM SITE TO SKYLINE










MUSIC CITY CENTER

TUCK·HINTON **UVS** MOODY·NOLAN



EXISTING BUILDING USE

KEY

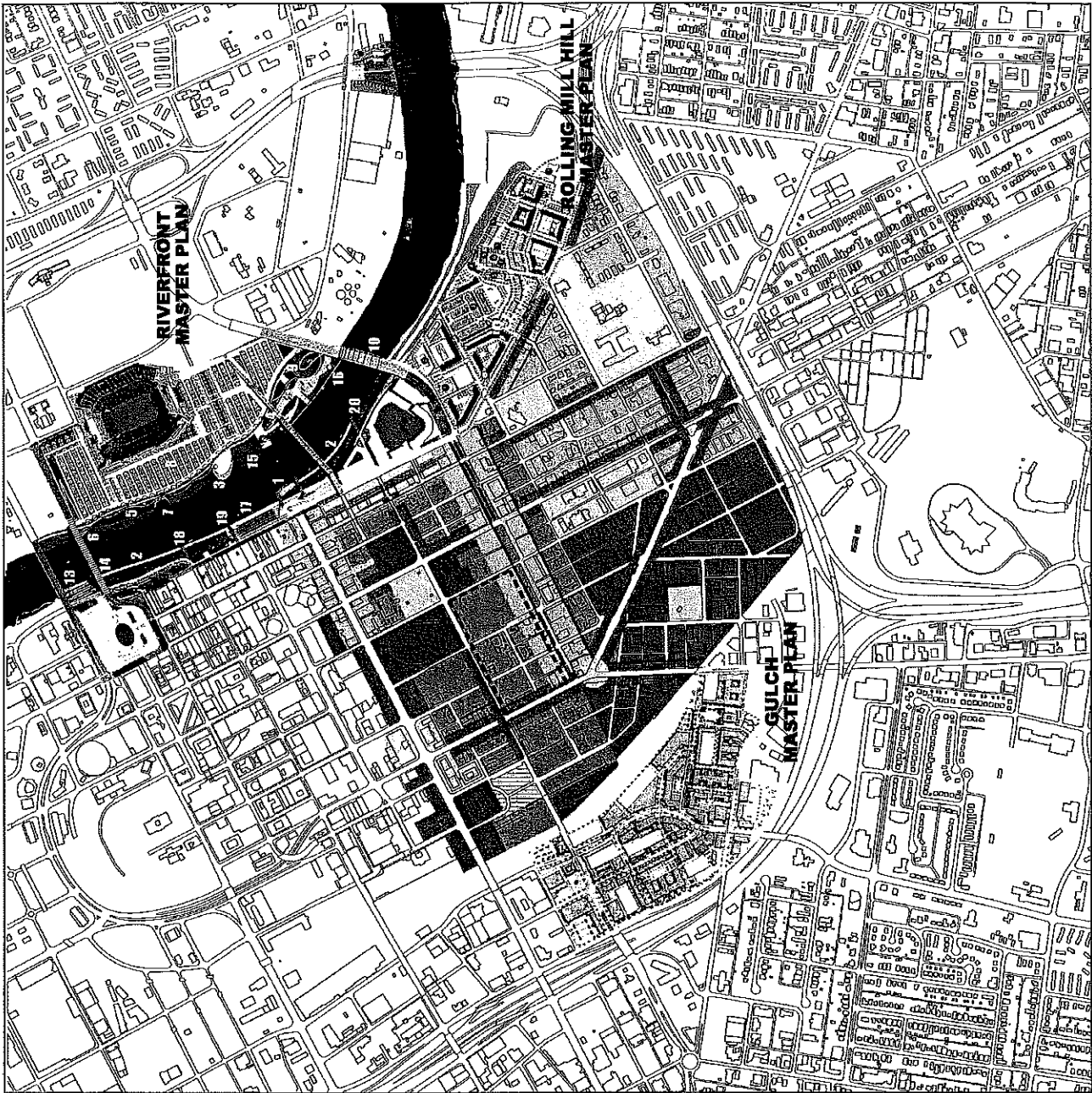
-  COMMUNITY, INSTITUTIONAL OR UTILITY
-  COMMERCIAL
-  OFFICE OR MEDICAL
-  INDUSTRIAL
-  RESIDENTIAL - 4 UNIT +
-  RESIDENTIAL - 1 UNIT
-  AUTO PARKING



300' LIST OF













MUSIC CITY CENTER

TUCK·HINTON **LVS** MOODY·NOLAN



PROPOSED LAND USE

KEY

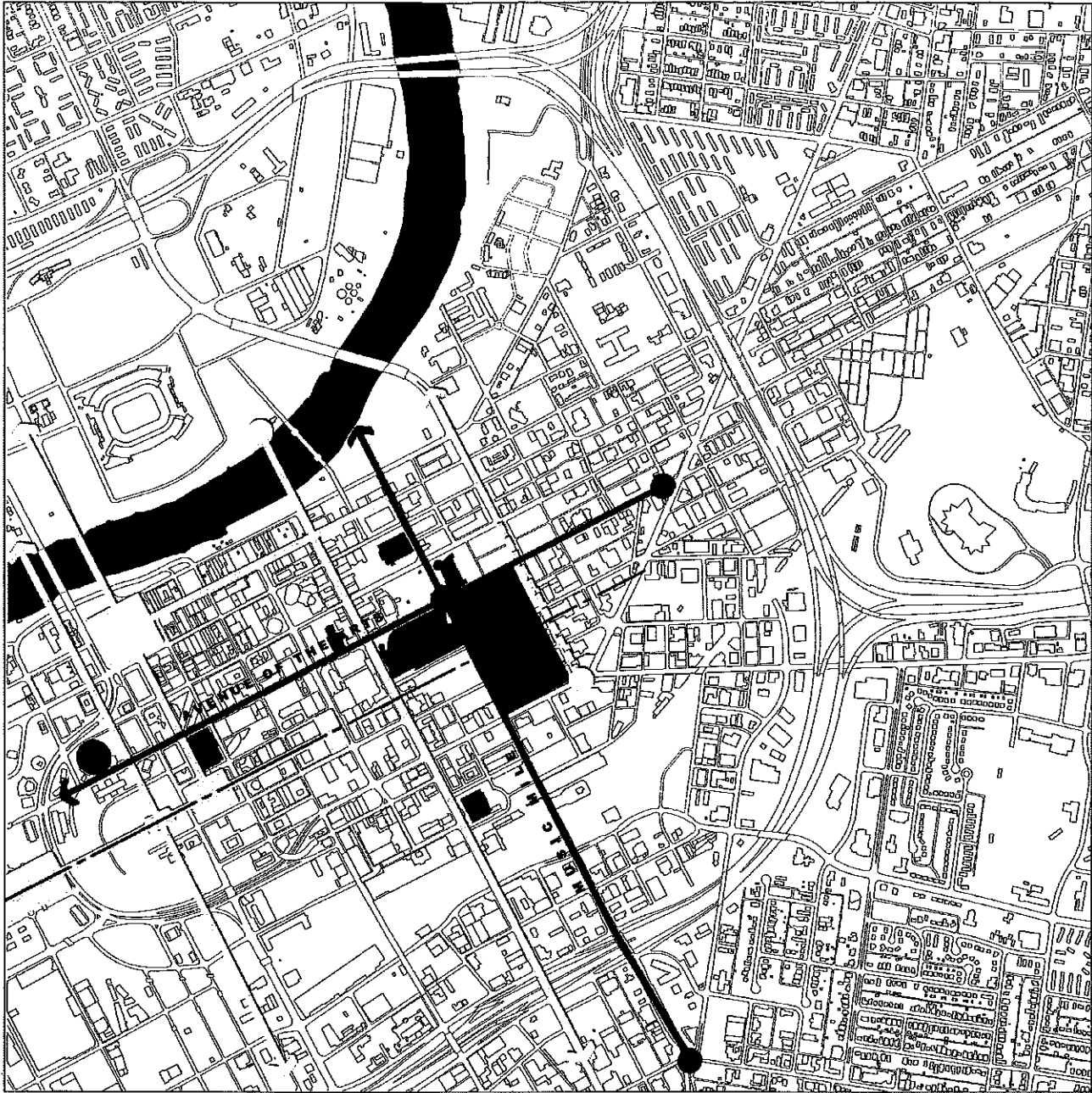
-  SOBRO MIXED USE
-  LAFAYETTE MIXED USE
-  RUTLEDGE HILL MIXED USE
-  UPPER BROADWAY MIXED USE
-  LOWER BROADWAY MIXED USE
-  AMUSEMENT AND ENTERTAINMENT
-  PARKS RESERVES AND OTHER SPACES
-  CIVIC OR PUBLIC BENEFIT
-  TRANSPORTATION
-  ACTIVE STREET FRONTS, LINER BUILDINGS
CONCEAL PARKING
-  20' SETBACK AT 105' BUILDING HEIGHT
-  SKYPLANE OF 1:1.5 APPLIES AFTER 45' MINIMUM
GATEWAY BOULEVARD DESIGN GUIDELINES







300 150 0 300
Feet

MUSIC CITY CENTER

TUCK·HINTON **tvs** MOODY·NOLAN



ORGANIZATION

- KEY**
-  ARTS VENUES
 -  CORRIDORS
 -  FUTURE CORRIDORS
 -  NODES



MUSIC CITY CENTER

TUCK-HINTON **JVS** MOODY-NOLAN

CHAPTER ONE: DATA COLLECTION

EXISTING CONTEXT

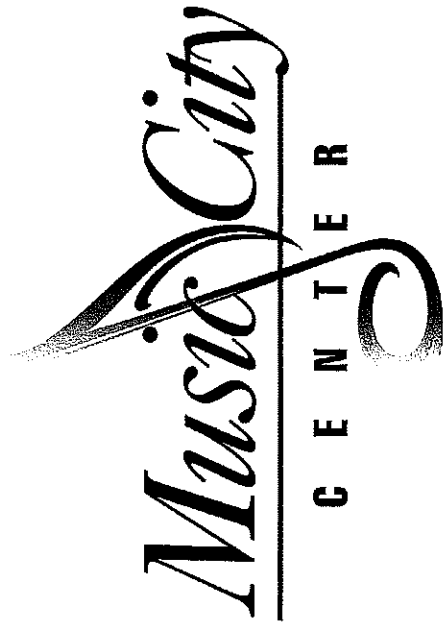
A closer look at the 19-acre site for the Music City Center identifies the close proximity of cultural attractions like the Country Music Hall of Fame and Museum, Schermerhorn Symphony Hall, Sommet Center, Frist Center, and historic structures like the Customs House and Union Station. The Hall of Fame Park and the entertainment district on Broadway are just a block or two away.

Several downtown buildings are connected to the District Energy System to provide heating and cooling. The convention center will benefit from connecting to that system. Relocation of utilities, sewer lines, and the access ramp to the truck docks at the arena will need to be resolved.

SITE SECTIONS

The site sections show the significant change in grade on the Music City Center site. Along Demonbreun, the grade drops 55' from Eighth Avenue to Fifth Avenue. Along Korean Veterans Boulevard, the grade drops 43'. The grade change along Eighth Avenue is less severe, and the grade at Fifth Avenue is almost level.

The sections also show that rock is located close to the surface, and the water table is approximately 385 ft elevation or 40-100' below grade. These factors will need to be considered in evaluating solutions for the placement and configuration of the convention center, especially the exhibit hall.





EXISTING CONTEXT & UTILITIES

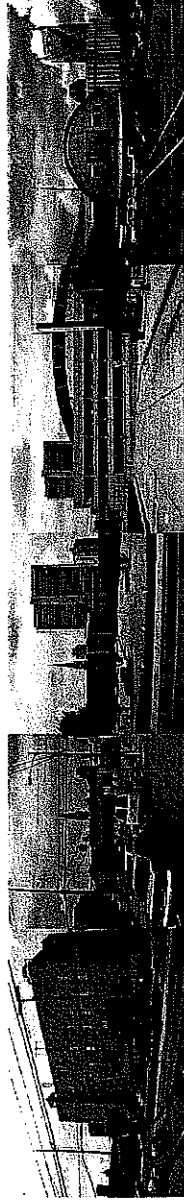
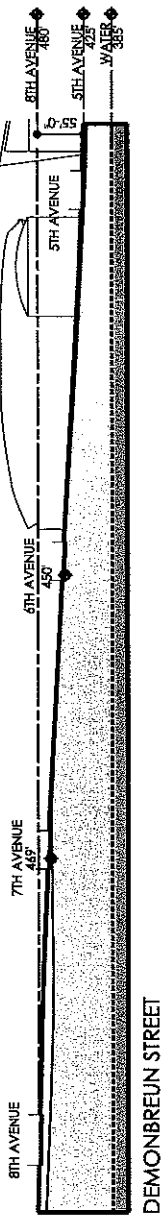
- KEY**
- PROPOSED UNDERGROUND NES TUNNEL
 - STEAM, CHILLED WATER, AND CONDENSATE FROM DES
 - 66" SPRING BRANCH TRUNK SEWER



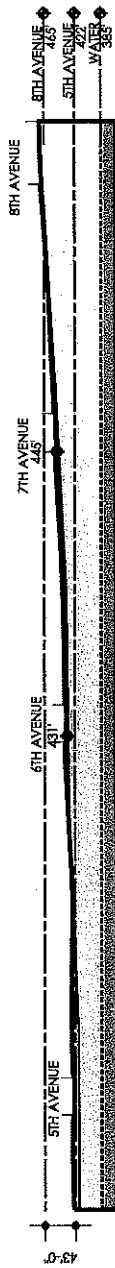
MUSIC CITY CENTER

TUCK · HINTON **tvS** MOODY · NOLAN

SITE SECTIONS



LOOKING NORTH



LOOKING SOUTH

MUSIC CITY CENTER

TUCK·HINTON **IYS** MOODY·NOLAN

57 25 0 59

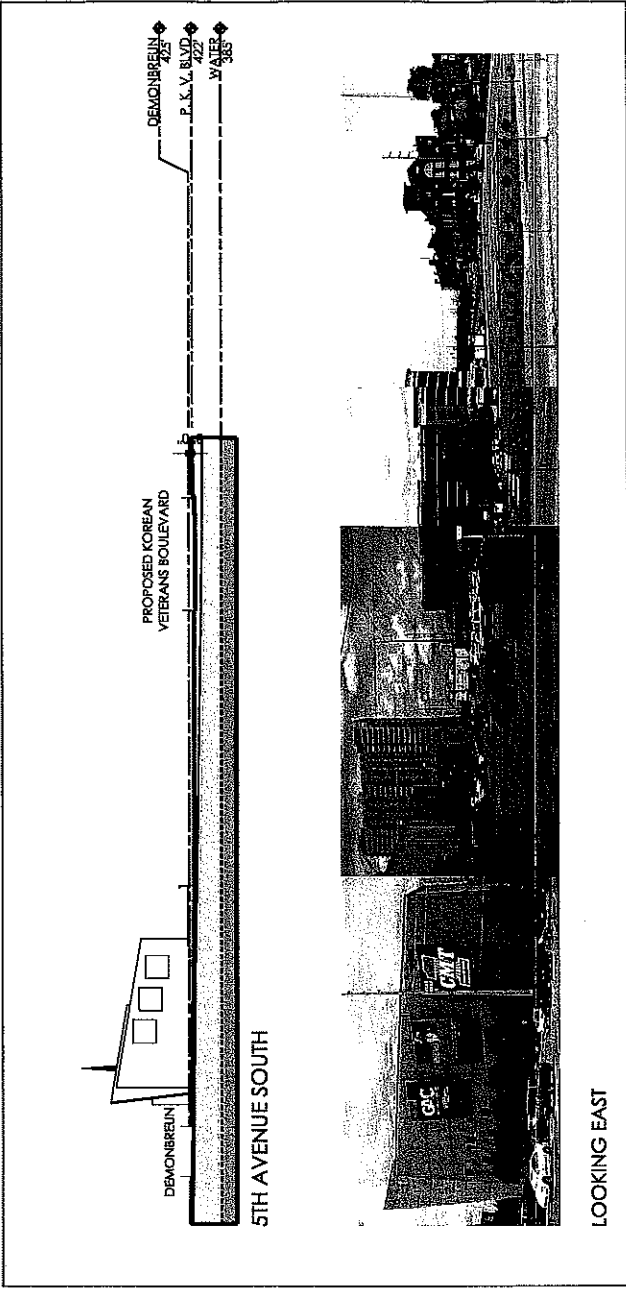
SITE SECTIONS

KEY

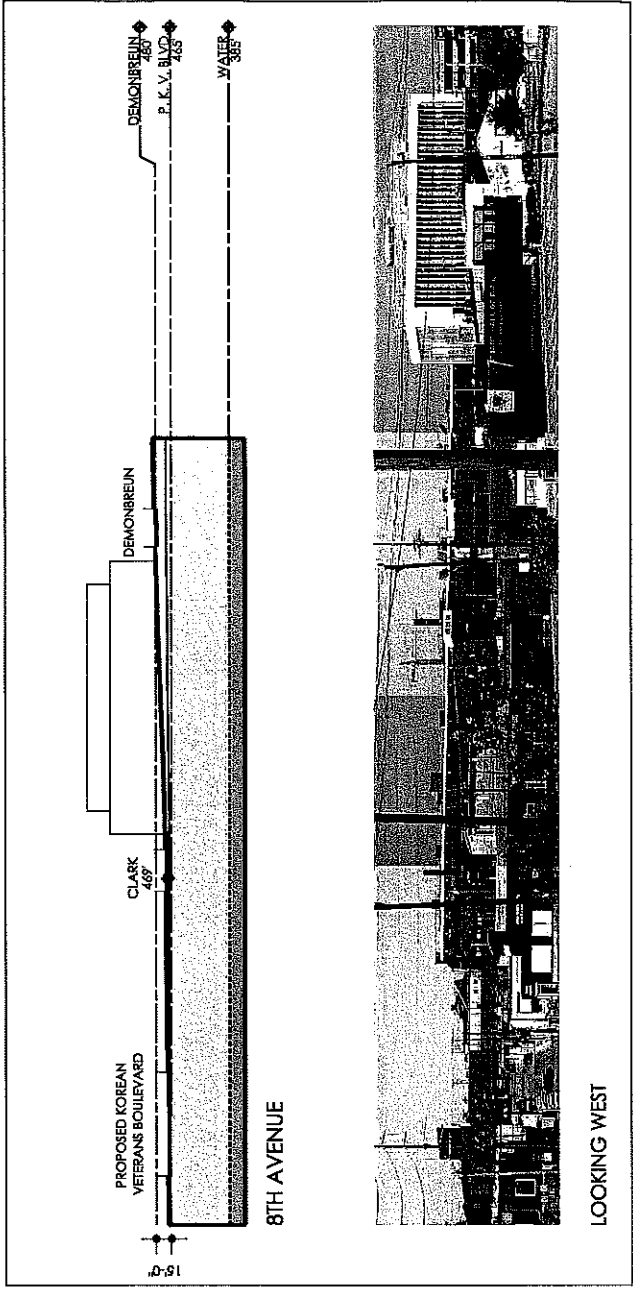
SOIL

ROCK

WATER TABLE



LOOKING EAST



LOOKING WEST

MUSIC CITY CENTER

TUCK·HINTON **IVS** MOODY·NOLAN

50' 25" 50'

CHAPTER TWO: THE VISION PLAN

The second community meeting was held at the Adventure Science Center on September 30, 2008. The focus was to identify the impact of the convention center development on the surrounding context and propose a plan for the development of the area.

SITE INFLUENCES

The Site Influences diagram shows additional factors that could shape the design of the Music City Center beyond the factors shown in the analysis drawings presented in the last chapter.

Location of the proposed 1000-key hotel:

Three options are provided for the location of the new hotel. MDHA will be evaluating the sites and development opportunities to determine which site will be chosen. Connection from the hotel to the concourse of the Music City Center may be required and will impact the design.

New park and parking structure:

The design team proposed the possibility of creating an underground parking structure along Demonbreun which could be built to accommodate the parking that will be displaced by construction. A park with small retail venues may be incorporated.

Greenway Connection to the Gulch:

Extension of the greenway paths through the city could connect the trail from the Shelby Street bridge, through the Hall of Fame Park, up Demonbreun past the Music City Center, and west to a vertical connector at the Demonbreun Street bridge. Pedestrian and bike friendly streets would encourage Nashvillians and conventioners to enjoy the restaurants and retail areas developing in the Gulch.

Traffic and Streets:

Along Fifth and Sixth Avenues, traffic would change from one-way to two-way traffic to accommodate vehicular traffic at the convention center. Buses, cars, taxis and shuttles will be dropping off and picking up people at the convention center and two-way traffic makes that possible.

Views to the Convention Center:

Major axial views to the convention center are possible at the approach on Eighth Avenue from the south and should be considered in the design of the building. The 100% corner, the intersection at Fifth and Demonbreun, creates an opportunity for views across the Hall of Fame Park.

Expansion:

Future expansion will need to be considered as the convention center is designed. Vertical expansion on the existing site is not likely due to the long span structural requirements for the relatively column free exhibition hall. In addition, vertical expansion makes it virtually impossible to sustain business in the building during construction.

Program documents recommend that the new convention center be designed to expand on an adjacent site fifteen years after the initial phase of construction is complete. Sites for expansion should accommodate the following program items as well as the necessary support and service spaces:

Exhibition Hall: 250,000-350,000 s.f.

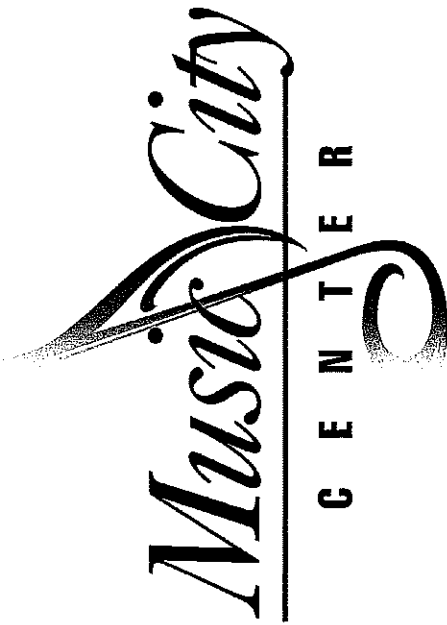
Meeting Rooms: 100,000-150,000 s.f.

Ballroom: 30,000 s.f.

Based on land availability, possible expansion could be planned to the west across Eighth Avenue or to the south across Korean Veterans Boulevard.

Expansion to the West

- The site to the west of the convention center site is more constricted than the site to the south. Cummins Station creates the western boundary of the site, and use of this site would require removal of the United Methodist Publishing house which is listed as a historic contributor.
- The expansion could be linked to the proposed Music City Center by a bridge over Eighth Avenue, or a tunnel below it.
- Truck access to the site would likely be off of Tenth Avenue or Lea, which are not very wide streets.
- The convention center expansion could help anchor the end of the roundabout.
- Plans are in place for private development of the property in this area.





CHAPTER TWO: THE VISION PLAN

Expansion to the South

- The site to the south of the convention center provides a large area of relatively undeveloped property which could accommodate the program requirements.
- The site provides the ability to continue a major concourse down Fifth Avenue.
- The expansion could be linked to the proposed Music City Center by a bridge over the new Korean Veterans Boulevard.
- The possibility exists for a connection or entrance along Lafayette, a major corridor in and out of the city.
- Easy truck access to the site from Lafayette and Korean Veterans Boulevard.
- Additional property may be required west of Sixth Avenue for truck access and docks.

While both sites have potential, the site to the south seems to offer more opportunity for expansion.

VISION PLAN

The vision plan depicts more clearly how the site may develop around the Music City Center. It is important to point out that many of the properties shown to be developed are not owned by the city and the drawing merely shows the possibilities for the surrounding sites.

A major element of the vision plan is the rework of the streets surrounding the site. Korean Veterans Boulevard is extended from Fourth Avenue and terminates in a roundabout at the intersection with Eighth Avenue and Lafayette. The design team, their engineers, and Public Works currently have two intersection options to consider. One option is a more typical intersection, and the other is a circular roundabout, which is preferred. These proposals are currently working their way through the approval process with IDOT and the Federal Government. Traffic studies prepared by the engineers indicate that the roundabout functions more efficiently than a typical intersection. In order to make the intersection function properly, the engineers recommend that Seventh Avenue be closed to through traffic due to its close proximity to the intersection.

SITE INFLUENCES

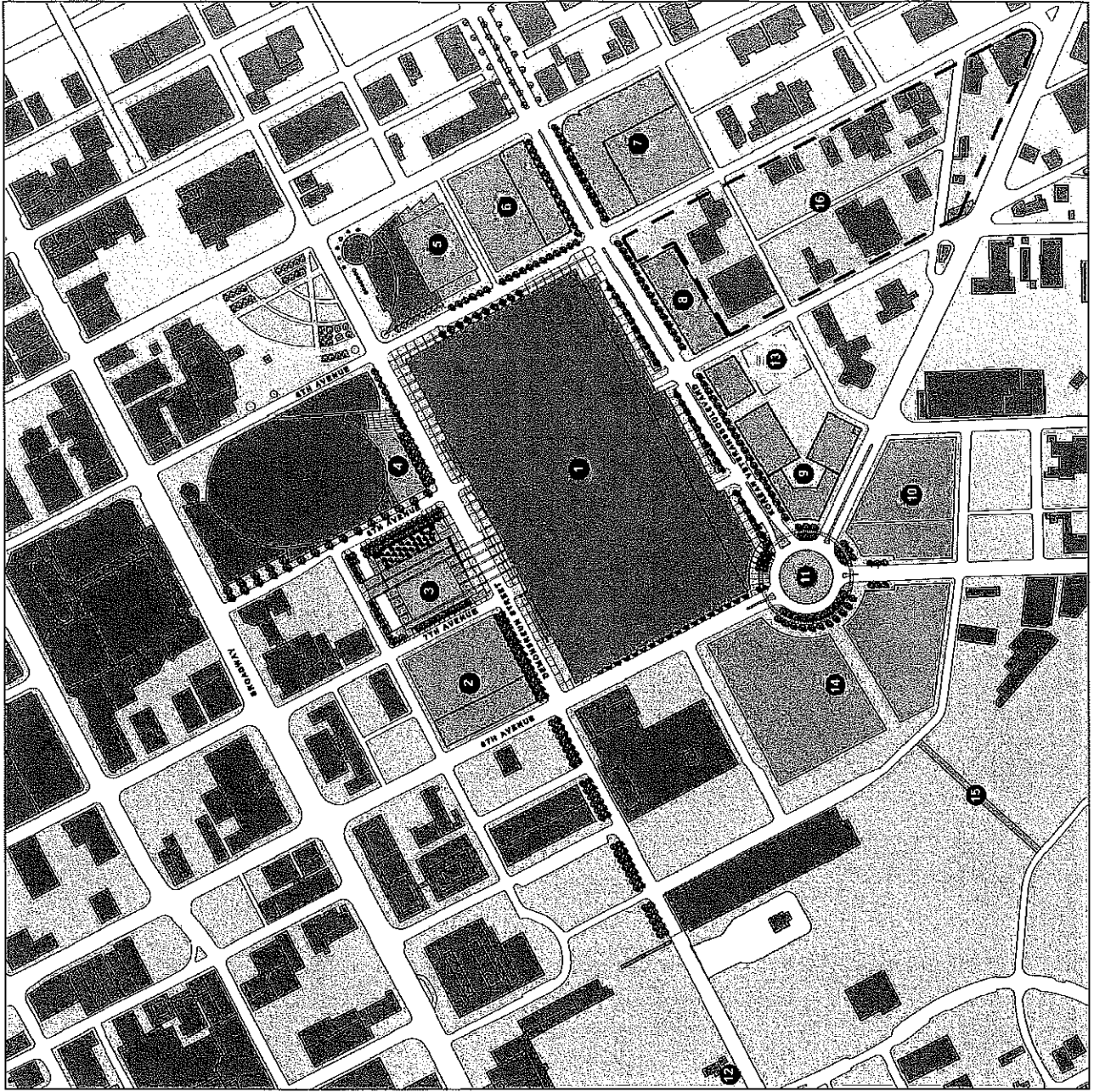
- KEY**
- EXPANSION OPTIONS
 - POTENTIAL NIS SUBSTATION
 - AXIAL VIEWS OF CONVENTION CENTER
 - PROPOSED ROAD REALIGNMENTS
 - TRUCK ROUTE
 - GREENWAY
 - POTENTIAL PEDESTRIAN CONNECTION TO GULCH
 - TROLLEY ROUTE
 - POTENTIAL HOTEL SITES
 - 100% CORNER
 - 2 - WAY TRAFFIC
 - POTENTIAL CITY PARK AND PARKING
 - INTERSECTION RESOLUTION
 - KVB EXTENSION



MUSIC CITY CENTER

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VISION PLAN



KEY

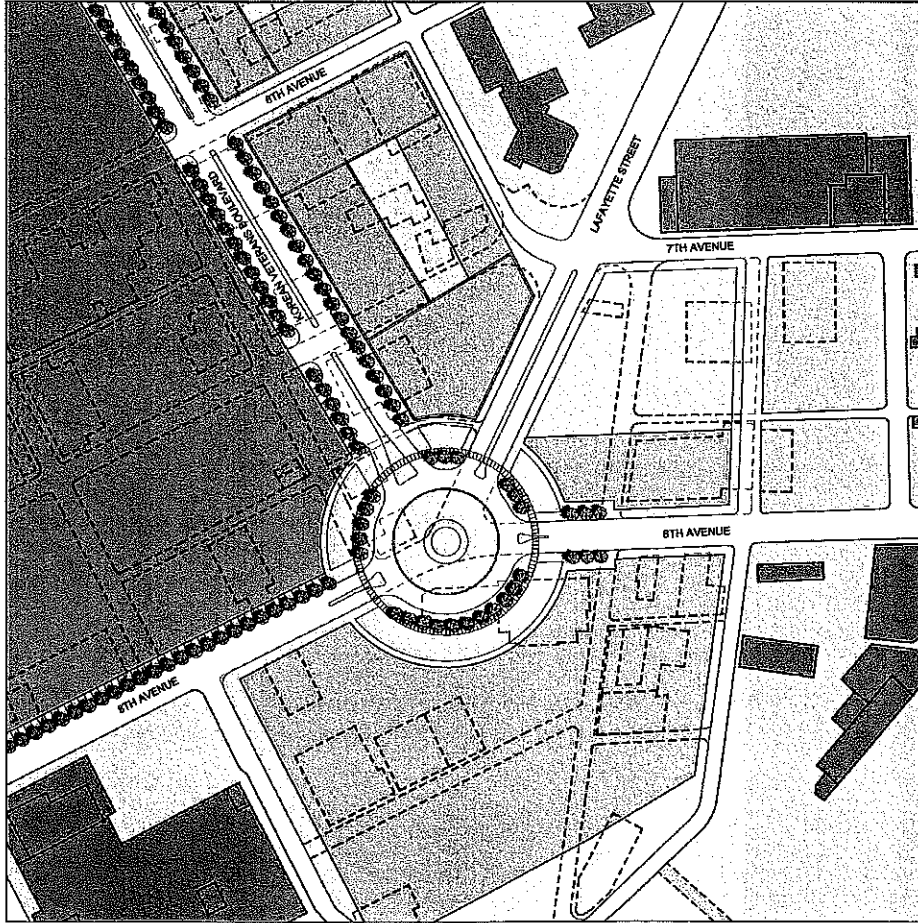
1. CONVENTION CENTER SITE
2. POTENTIAL HOTEL SITE OR OTHER DEVELOPMENT
3. POTENTIAL PARKING STRUCTURE BELOW CITY PARK
4. POTENTIAL COMMERCIAL DEVELOPMENT
5. POTENTIAL EXPANSION OF COUNTRY MUSIC HALL OF FAME AND MUSEUM
6. POTENTIAL HOTEL SITE OR OTHER DEVELOPMENT
7. POTENTIAL HOTEL SITE OR OTHER DEVELOPMENT
8. POTENTIAL DEVELOPMENT
9. POTENTIAL DEVELOPMENT
10. POTENTIAL DEVELOPMENT
11. ROUNDABOUT PARK
12. DEMONBREUN STREET GREENWAY CONNECTION
13. POTENTIAL NCS SUBSTATION RELOCATION
14. POTENTIAL DEVELOPMENT
15. POTENTIAL PEDESTRIAN BRIDGE TO GULCH
16. POTENTIAL CONVENTION CENTER EXPANSION



MUSIC CITY CENTER

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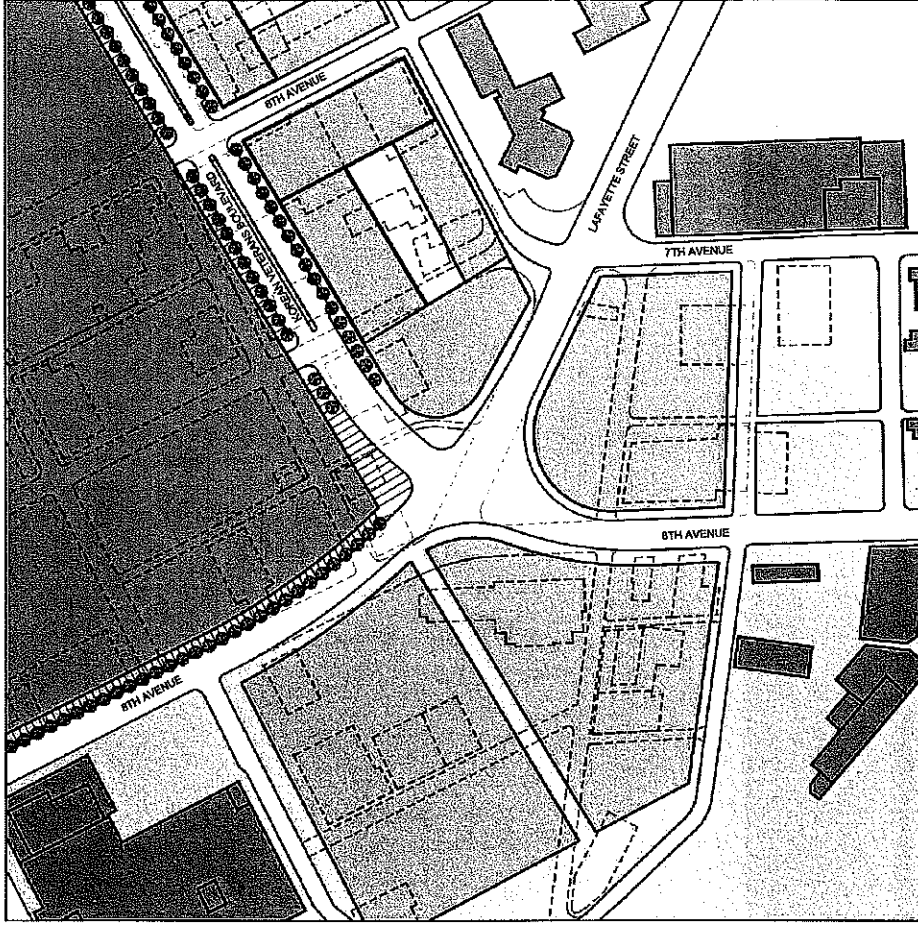
INTERSECTION STUDIES



ROUNDBOUT

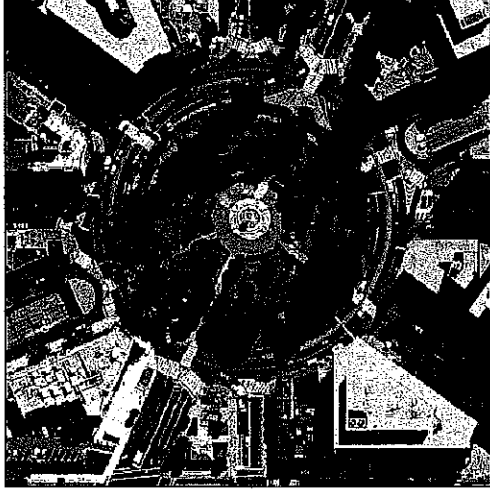
MUSIC CITY CENTER

TUCK HINTON **TVS** MOODY-NOLAN

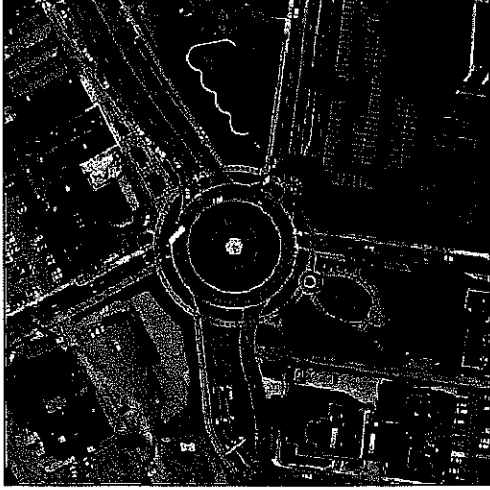


TYPICAL INTERSECTION

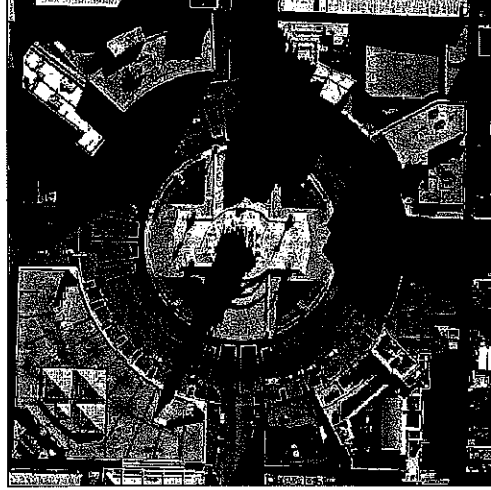
ROUNDABOUT PRECEDENTS



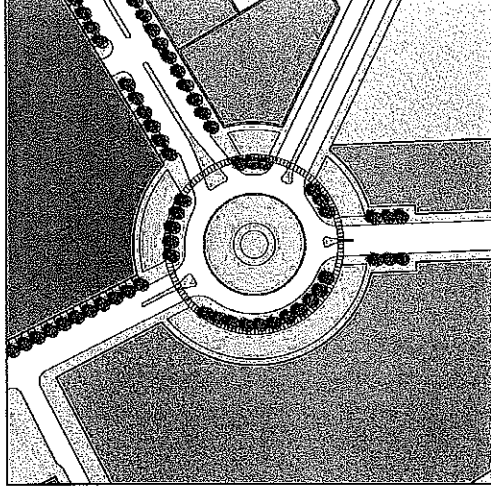
DUPONT CIRCLE
WASHINGTON, D.C.



MUSIC ROW ROUNDABOUT
NASHVILLE



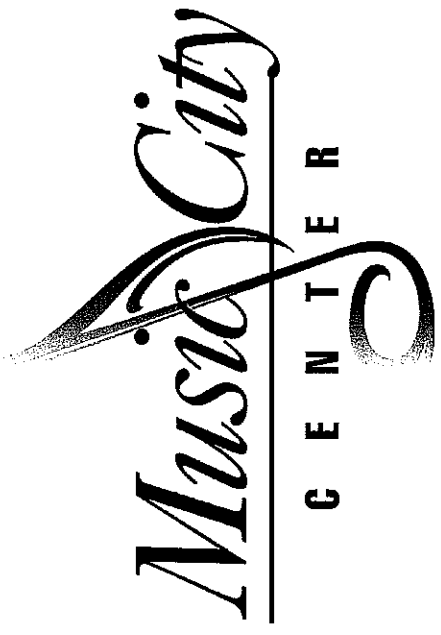
MONUMENT CIRCLE
INDIANAPOLIS



PROPOSED ROUNDABOUT
NASHVILLE

MUSIC CITY CENTER

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CHAPTER TWO: THE VISION PLAN

STREET CHARACTER

The streets surrounding the Music City Center will undergo changes to the program, design, and construction of the building, as well as the needs of the city. Sidewalks around the entire site will be widened and incorporate appropriate street amenities.

EIGHTH AVENUE

The roundabout creates the opportunity for a focal point as one approaches the site from the south along Eighth Avenue. The street section proposes widening the sidewalk and adding planting along the street. The street would remain a two-way road with a turn lane in the middle.

DEMONBREUN

Along the north side of the street, a generous sidewalk and planting are shown to reinforce the extension of the greenway, and help mitigate the grade change along Demonbreun. The street would be widened slightly and reconfigured to accommodate two lanes of traffic in both directions, as well as bike lanes.

The proposed city park with underground parking between Sixth and Seventh may also include retail opportunities. Ideally, the arena parking deck that fronts Demonbreun could be reconfigured to incorporate restaurants or retail at the base to help activate the street. The existing NES substation located on the south side of the block may require that the convention center be constructed around it while the new substation is being built. Once the old substation is removed, a drop-off court or plaza may be located at this area to respond to the park across the street.

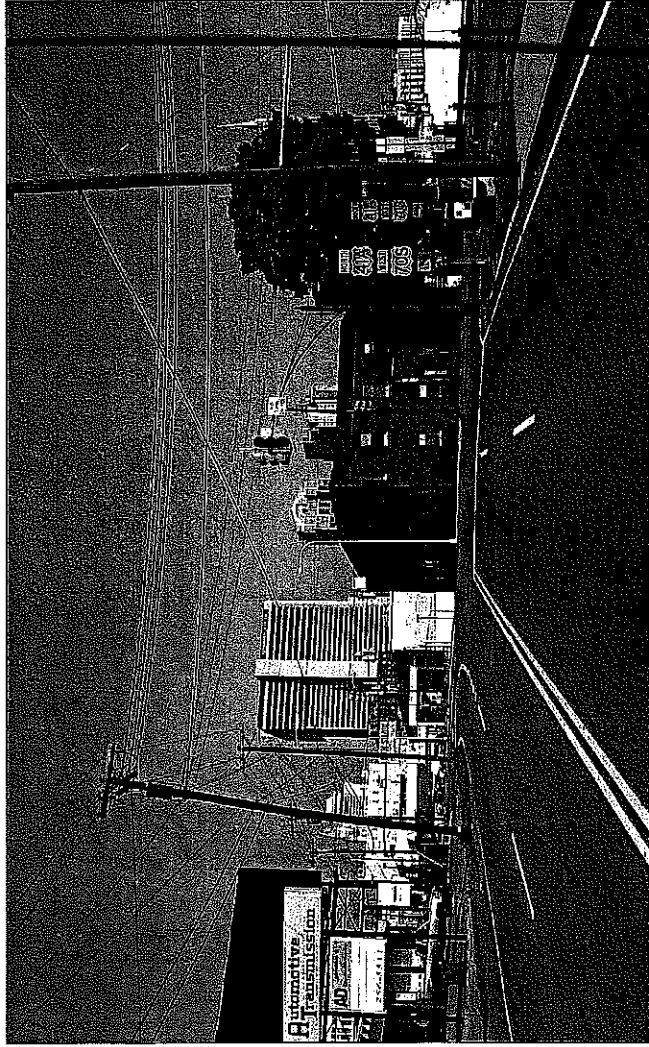
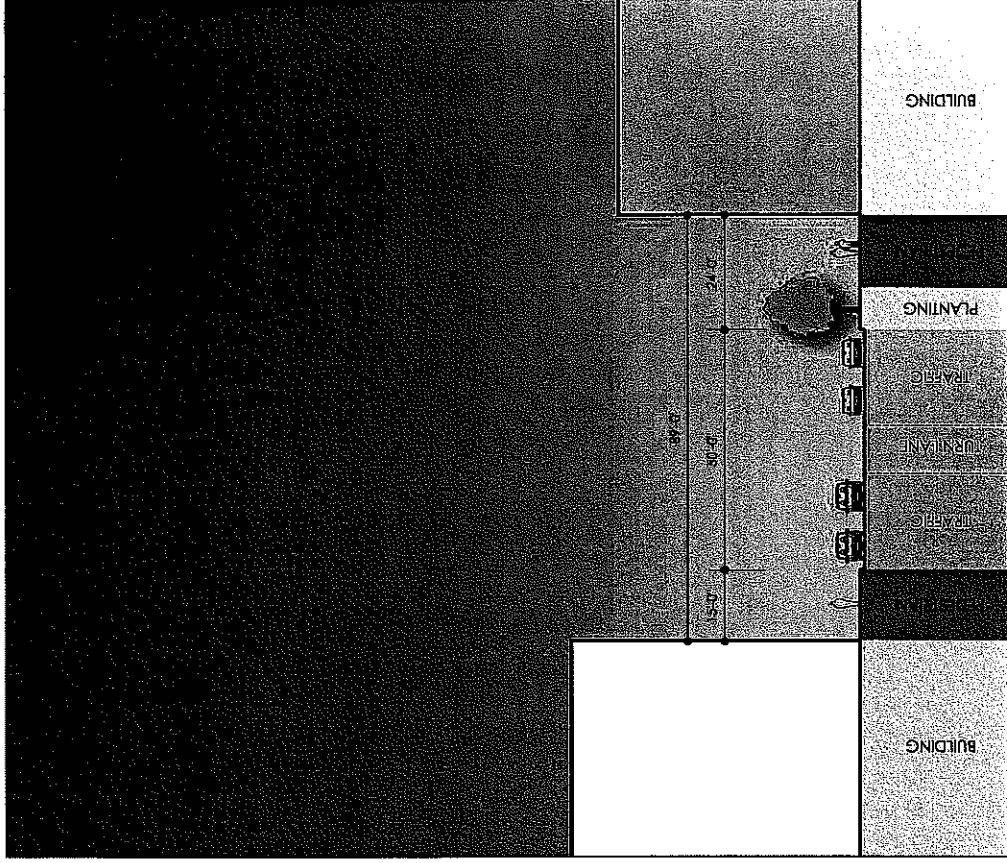
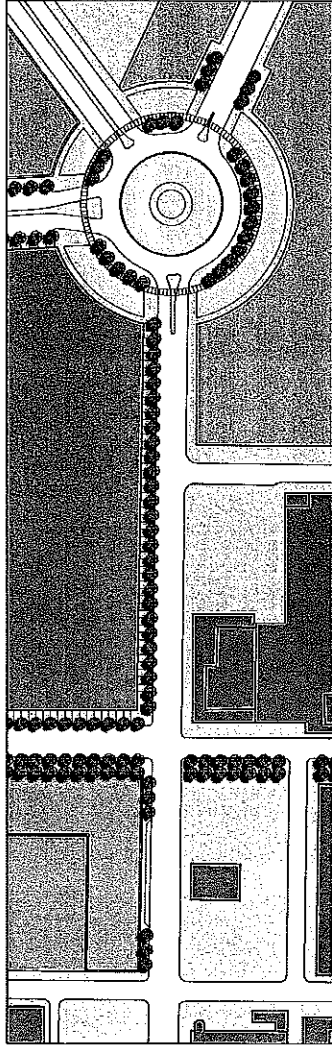
FIFTH AVENUE

The vision plan suggests making Fifth Avenue a two-way street to accommodate a drop-off opportunity at the convention center. The street would have one lane in each direction, as well as a service lane for the bus parking, valet, or on-street parking.

KOREAN VETERANS BOULEVARD

Korean Veterans Boulevard currently ends at Fourth Avenue. The street would be extended and terminate at the roundabout at Eighth Avenue. The proposed street section shows narrowing the planting island to facilitate easier crossing of the street. A liner commercial building is proposed for the south side of the convention center to encourage activating the street.

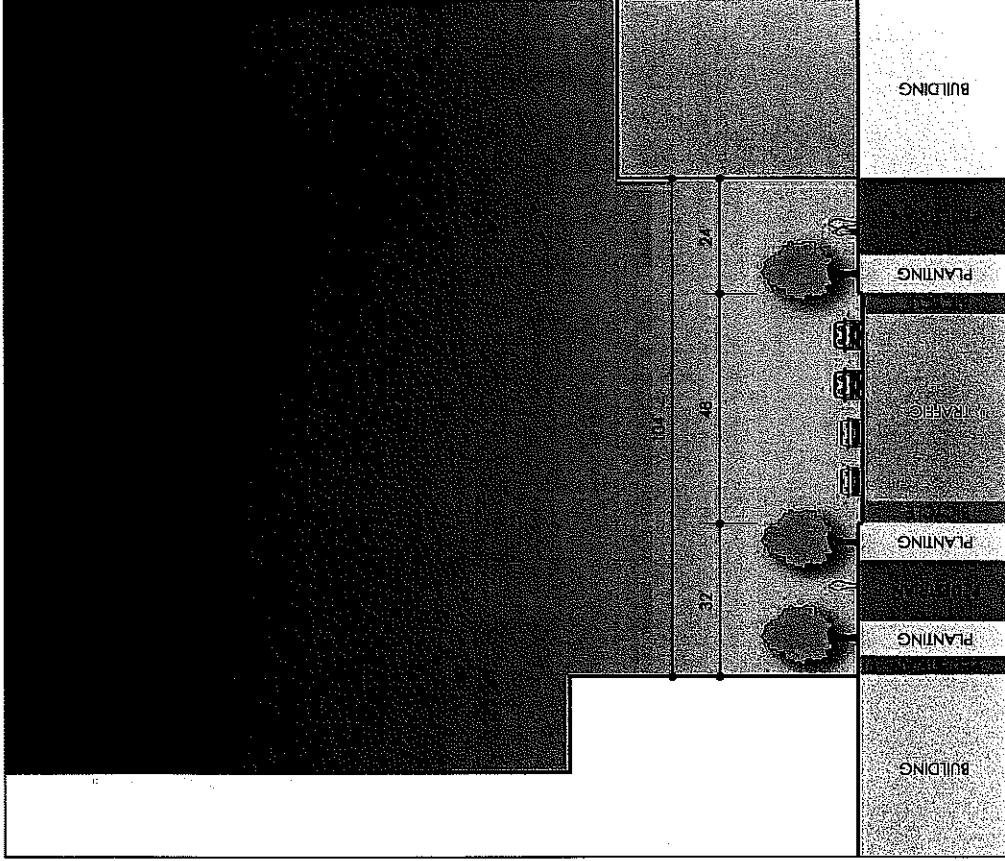
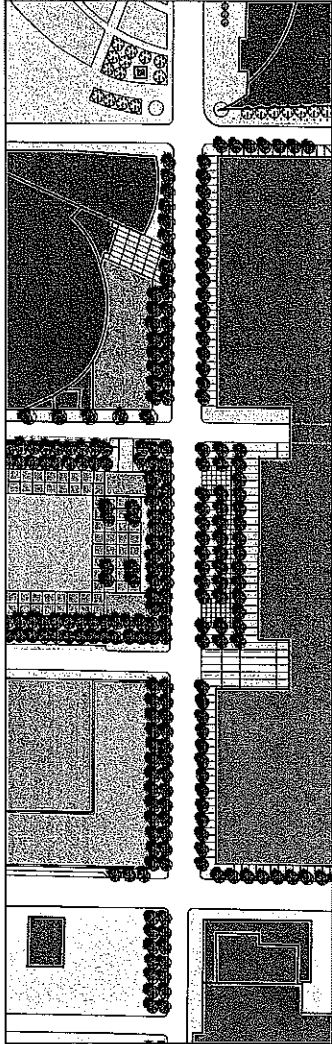
STREET CHARACTER - 8TH AVENUE



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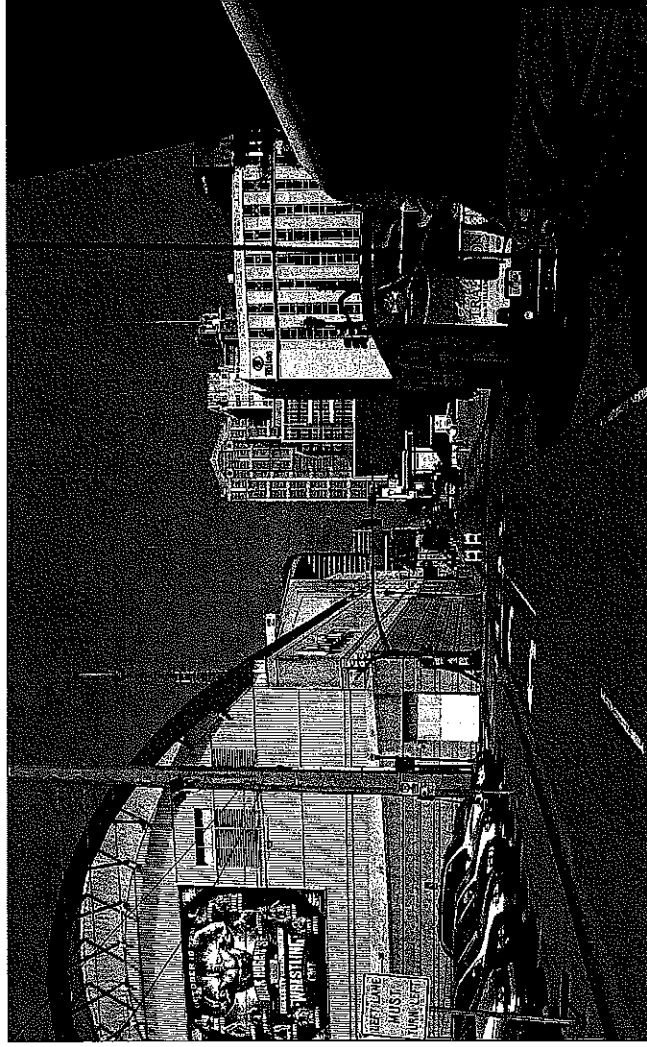
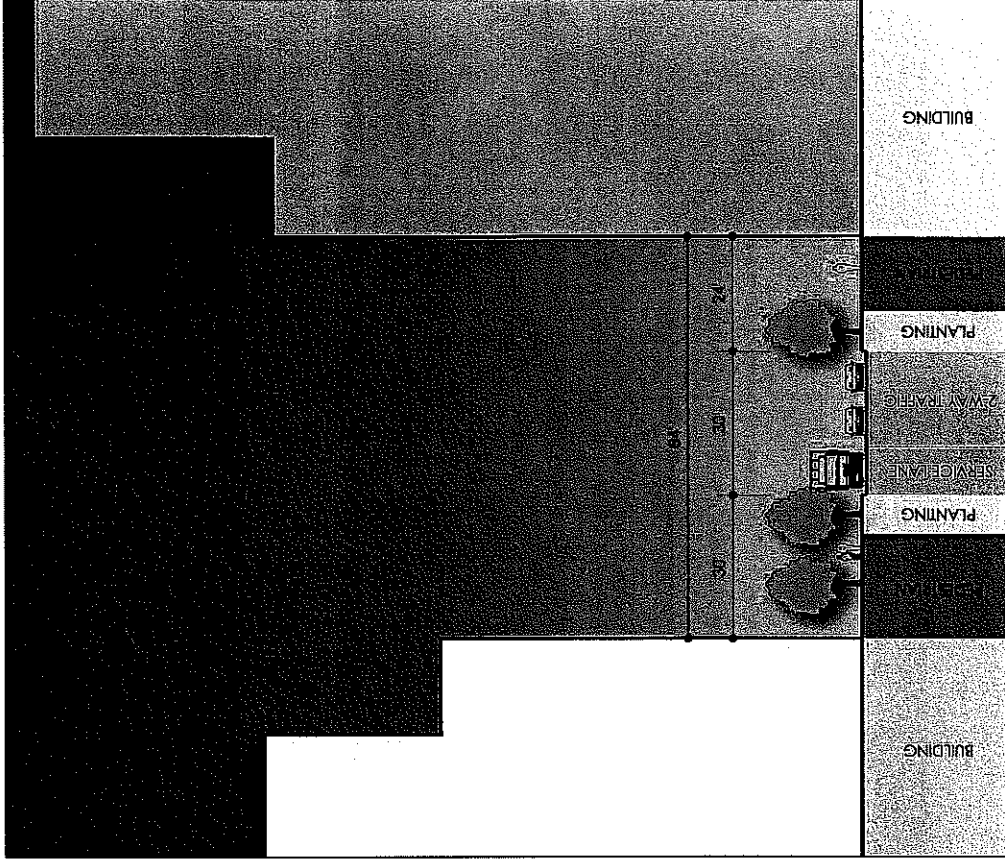
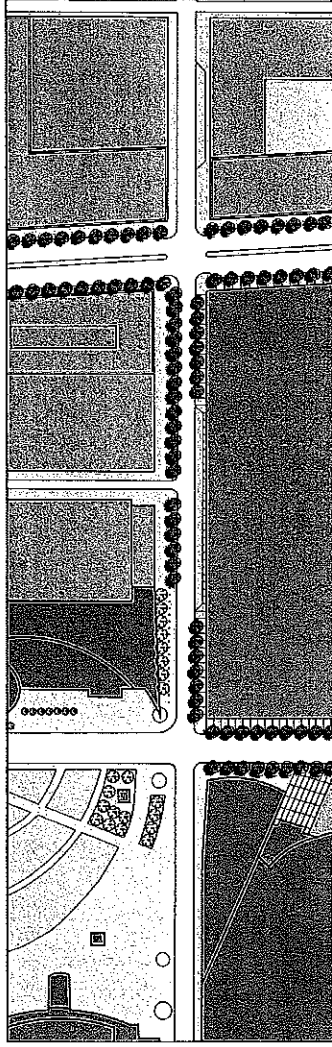
STREET CHARACTER - DEMONBREUN



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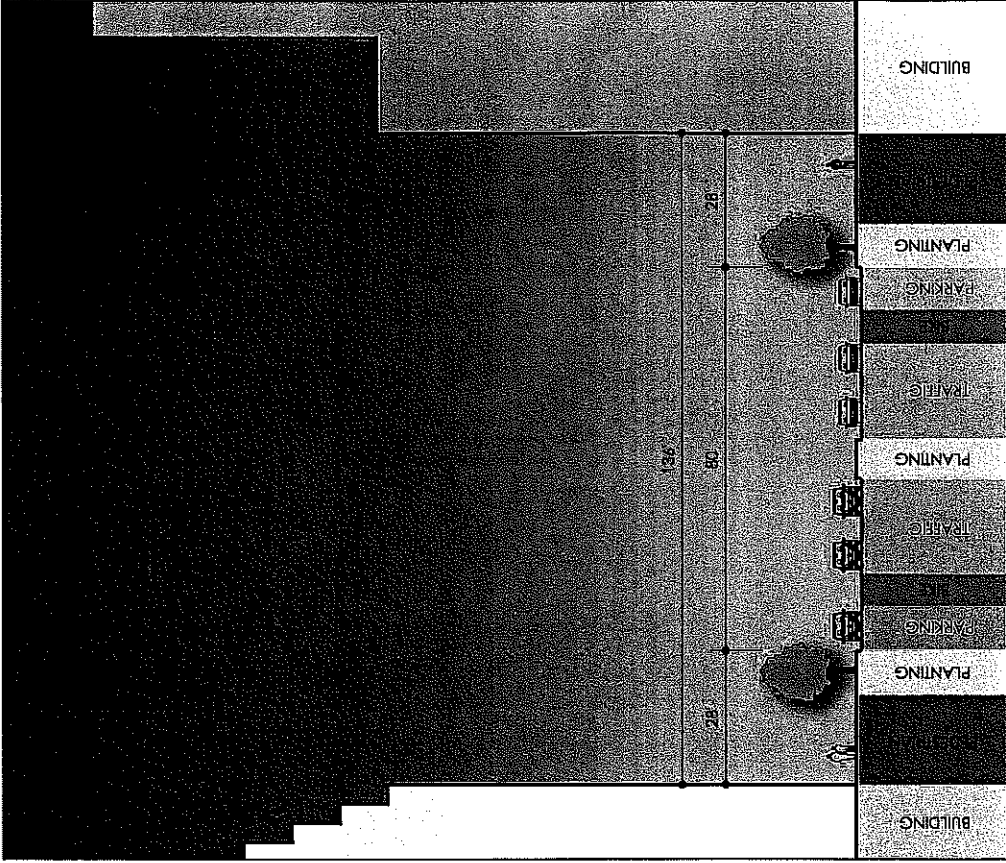
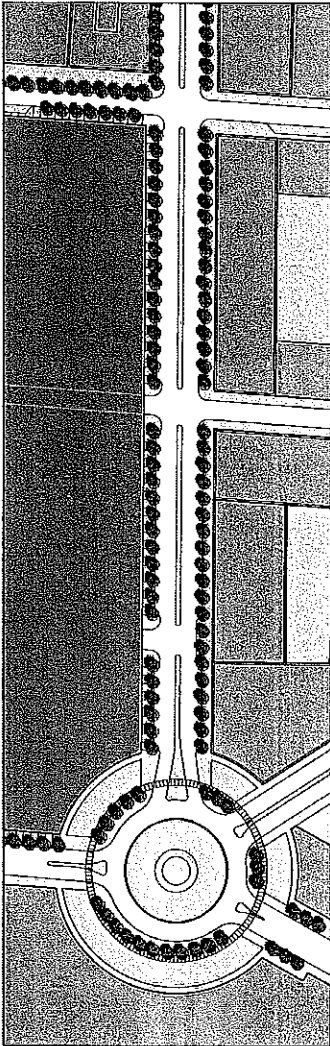
STREET CHARACTER - 5TH AVENUE



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STREET CHARACTER - KOREAN VETERANS BOULEVARD



MUSIC CITY CENTER

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Table 5-1

Estimates of Potential Funding Sources for Music City Center - EXPECTED CASE
 Nashville, Tennessee

FY	#1		#2		#3		#4		#5		#6		#7		TOTAL			
	\$0.02 Hotel/ Motel Tax \$000's (A)	% Growth (B)	New \$0.01 Hotel/ Motel Tax \$000's (C)	% Growth (D)	(-) Gaylord TDZ, etc. \$000's (E)	% Growth (F)	Convention Center Fees \$000's (G)	% Growth (H)	Car Rental Tax \$000's (I)	% Growth (J)	Airport Ground Transportation Departure Tax \$000's (K)	% Growth (L)	TDZ Incremental Sales Tax \$000's (M)	% Growth (N)	Redirected Sales Tax from MCC Campus \$000's (O)	% Growth (P)	Tax Revenues Available for MCC \$000's (Q)	% Growth (R)
08	\$10,504*		\$4,392*		(\$1,048)*		\$8,278*		\$981*		\$324*						\$23,433	
09	\$9,362*	(10.9%)	\$4,681*	6.6%	(\$1,096)*	4.6%	\$9,059*	9.4%	\$1,051*	7.2%	\$364*	12.1%					\$23,421	(0.0%)
10	\$9,349	(0.1%)	\$4,675	(0.1%)	(\$1,359)	24.0%	\$9,323	2.9%	\$1,050	(0.1%)	\$363	(0.1%)					\$23,401	(0.1%)
11	\$9,323	(0.3%)	\$4,661	(0.3%)	(\$1,292)	(4.9%)	\$9,654	3.5%	\$1,048	(0.2%)	\$363	(0.2%)					\$23,756	1.5%
12	\$9,746	4.5%	\$4,873	4.5%	(\$1,315)	1.8%	\$10,035	4.0%	\$1,083	3.3%	\$372	2.5%					\$24,794	4.4%
13 **	\$10,208	4.7%	\$5,104	4.7%	(\$1,329)	1.1%	\$10,451	4.1%	\$1,121	3.5%	\$382	2.7%	\$2,097		\$1,716		\$29,749	20.0%
14	\$11,328	11.0%	\$5,664	11.0%	(\$1,524)	14.6%	\$11,101	6.2%	\$1,211	8.1%	\$405	6.1%	\$8,007		\$7,730		\$43,923	47.6%
15	\$12,461	10.0%	\$6,231	10.0%	(\$1,752)	15.0%	\$11,506	3.6%	\$1,300	7.3%	\$428	5.6%	\$7,724	(3.5%)	\$8,625	11.6%	\$46,522	5.9%
16	\$13,713	10.0%	\$6,856	10.0%	(\$1,983)	13.1%	\$11,929	3.7%	\$1,396	7.4%	\$452	5.6%	\$7,094	(8.2%)	\$12,417	44.0%	\$51,875	11.5%
17	\$14,700	7.2%	\$7,350	7.2%	(\$2,163)	9.1%	\$12,373	3.7%	\$1,470	5.3%	\$471	4.0%	\$7,099	0.1%	\$13,029	4.9%	\$54,328	4.7%
18	\$15,339	4.4%	\$7,670	4.4%	(\$2,252)	4.1%	\$12,554	1.5%	\$1,517	3.2%	\$482	2.4%	\$7,267	2.4%	\$13,361	2.6%	\$55,939	3.0%
19	\$15,924	3.8%	\$7,962	3.8%	(\$2,324)	3.2%	\$12,672	0.9%	\$1,559	2.8%	\$492	2.1%	\$7,377	1.5%	\$13,703	2.6%	\$57,365	2.6%
20	\$16,476	3.5%	\$8,238	3.5%	(\$2,385)	2.6%	\$12,747	0.6%	\$1,599	2.5%	\$502	1.9%	\$7,476	1.3%	\$14,053	2.6%	\$58,706	2.3%
21	\$17,010	3.2%	\$8,505	3.2%	(\$2,439)	2.3%	\$12,796	0.4%	\$1,637	2.4%	\$511	1.8%	\$7,576	1.3%	\$14,412	2.6%	\$60,008	2.2%
22	\$17,609	3.5%	\$8,805	3.5%	(\$2,505)	2.7%	\$12,880	0.7%	\$1,679	2.6%	\$521	2.0%	\$7,781	2.7%	\$14,780	2.6%	\$61,550	2.6%
23	\$18,229	3.5%	\$9,115	3.5%	(\$2,574)	2.7%	\$12,965	0.7%	\$1,723	2.6%	\$531	2.0%	\$7,988	2.7%	\$15,158	2.6%	\$63,134	2.6%
24	\$18,870	3.5%	\$9,435	3.5%	(\$2,645)	2.7%	\$13,049	0.6%	\$1,767	2.6%	\$542	2.0%	\$8,195	2.6%	\$15,545	2.6%	\$64,758	2.6%
25	\$19,533	3.5%	\$9,766	3.5%	(\$2,717)	2.7%	\$13,133	0.6%	\$1,813	2.6%	\$553	2.0%	\$8,404	2.5%	\$15,942	2.6%	\$66,426	2.6%
26	\$20,218	3.5%	\$10,109	3.5%	(\$2,791)	2.7%	\$13,217	0.6%	\$1,859	2.6%	\$563	2.0%	\$8,613	2.5%	\$16,349	2.6%	\$68,137	2.6%
27	\$20,926	3.5%	\$10,463	3.5%	(\$2,868)	2.7%	\$13,301	0.6%	\$1,907	2.6%	\$574	2.0%	\$8,823	2.4%	\$16,767	2.6%	\$69,894	2.6%
28	\$21,658	3.5%	\$10,829	3.5%	(\$2,946)	2.7%	\$13,386	0.6%	\$1,956	2.6%	\$586	2.0%	\$9,032	2.4%	\$17,195	2.6%	\$71,696	2.6%
29	\$22,415	3.5%	\$11,208	3.5%	(\$3,027)	2.7%	\$13,470	0.6%	\$2,006	2.6%	\$597	2.0%	\$9,240	2.3%	\$17,634	2.6%	\$73,544	2.6%
30	\$23,198	3.5%	\$11,599	3.5%	(\$3,110)	2.7%	\$13,554	0.6%	\$2,058	2.6%	\$609	2.0%	\$9,448	2.2%	\$18,085	2.6%	\$75,440	2.6%
31	\$24,007	3.5%	\$12,003	3.5%	(\$3,195)	2.7%	\$13,638	0.6%	\$2,110	2.6%	\$621	2.0%	\$9,654	2.2%	\$18,547	2.6%	\$77,385	2.6%
32	\$24,843	3.5%	\$12,421	3.5%	(\$3,283)	2.7%	\$13,722	0.6%	\$2,164	2.6%	\$633	2.0%	\$9,858	2.1%	\$19,021	2.6%	\$79,380	2.6%
33	\$25,707	3.5%	\$12,853	3.5%	(\$3,373)	2.7%	\$13,806	0.6%	\$2,220	2.6%	\$645	2.0%	\$10,059	2.0%	\$19,507	2.6%	\$81,425	2.6%
34	\$26,600	3.5%	\$13,300	3.5%	(\$3,465)	2.7%	\$13,891	0.6%	\$2,276	2.6%	\$658	1.9%	\$10,257	2.0%	\$20,005	2.6%	\$83,523	2.6%
35	\$27,524	3.5%	\$13,762	3.5%	(\$3,560)	2.7%	\$13,975	0.6%	\$2,334	2.5%	\$671	1.9%	\$10,452	1.9%	\$20,516	2.6%	\$85,673	2.6%
36	\$28,478	3.5%	\$14,239	3.5%	(\$3,657)	2.7%	\$14,059	0.6%	\$2,394	2.5%	\$684	1.9%	\$10,641	1.8%	\$21,040	2.6%	\$87,878	2.6%
37	\$29,465	3.5%	\$14,732	3.5%	(\$3,757)	2.7%	\$14,143	0.6%	\$2,455	2.5%	\$697	1.9%	\$10,826	1.7%	\$21,578	2.6%	\$90,138	2.6%
38	\$30,484	3.5%	\$15,242	3.5%	(\$3,860)	2.7%	\$14,227	0.6%	\$2,517	2.5%	\$710	1.9%	\$11,004	1.6%	\$22,129	2.6%	\$92,454	2.6%
39	\$31,538	3.5%	\$15,769	3.5%	(\$3,966)	2.7%	\$14,311	0.6%	\$2,581	2.5%	\$724	1.9%	\$11,175	1.6%	\$22,694	2.6%	\$94,828	2.6%
40	\$32,627	3.5%	\$16,313	3.5%	(\$4,074)	2.7%	\$14,396	0.6%	\$2,646	2.5%	\$738	1.9%	\$11,339	1.5%	\$23,274	2.6%	\$97,260	2.6%
41	\$33,752	3.4%	\$16,876	3.4%	(\$4,185)	2.7%	\$14,480	0.6%	\$2,713	2.5%	\$753	1.9%	\$11,493	1.4%	\$23,869	2.6%	\$99,751	2.6%
42	\$34,916	3.4%	\$17,458	3.4%	(\$4,300)	2.7%	\$14,564	0.6%	\$2,782	2.5%	\$767	1.9%	\$11,638	1.3%	\$24,479	2.6%	\$102,303	2.6%

*Provided by Davidson County.
 **Music City Center and Headquarters Hotel are scheduled to open by the 4th Quarter of FY 2012-13.
 Source: Davidson County, Johnson Consulting

Transportation Scenarios for 2050

Southern Nevada Tourism Infrastructure Committee

10/22/2015

Bruce M. Belzowski
University of Michigan
Transportation Research Institute
Managing Director-Automotive Futures
bbl@umich.edu

*Automotive Futures
University of Michigan
Transportation Research Institute*

Funding

Affiliate Program

Research

Conferences

- Supporting Members
- Research Partners

- Globalization
- Powertrains
- IT

- 5 Annual Conferences

Automotive Futures Affiliate Program

Affiliates Members and Research Partners

IT Organizations

Oracle Corporation
IBM
HP
Siemens-PLM

OEMs

General Motors
Toyota Tech Center
Nissan Tech Center
Ford Motor Company
Chrysler LLC

Government/NGOs

NREL / EPA
NSF
Motor Carrier
Energy Foundation
The Hewlett Foundation
National Resources Defense Council
Union of Concerned Scientists
CALSTART
Argonne National Labs

Automotive Futures Affiliate Program

Affiliates Members and Research Partners

Suppliers

Chevron
Visteon
Denso
Dana
Delphi
Peterson Spring
Continental
TRW
Valeo

Suppliers

Michelin
Continental
JCI
BorgWarner
Yazaki
Eaton
BASF
Dow
Bosch

Automotive Futures

Current Research Programs

- Powertrains
 - 2014 Powertrain Strategies for the 21st Century Survey (Sponsor: Affiliates)
 - Survey continuing
 - Total Cost of Ownership: Comparing Diesel and Gas Vehicles (Bosch)
 - Based on resale value of 30K vehicles sold through Mannheim auctions in 2012 / 2013
 - Report available

Automotive Futures

Current Research Programs

- ITS
 - Stuck in Traffic: Analyzing Real Time Traffic Capabilities of Personal Navigation Devices and Traffic Phone Applications
 - Final report available
 - Integrated Mobile Observations: Micro-level weather reporting using cell phones in MDOT vehicles (Sponsor: MDOT and FHWA)
 - Continuing data collection through October, 2015

Automotive Futures

Current Research Programs

- ITS
 - Roadway Evaluation Project: Measuring road roughness via accelerometers in cell phones mounted in MDOT vehicles
 - Final report available
 - Deploying Safety Technologies in Commercial Vehicles
 - Familiarity and penetration currently and in the future of: Forward Collision Warning / Lane Departure Warning / Blind Spot Detection / ESC / Vehicle Communications
 - Final report available (Sponsor: ITS America)

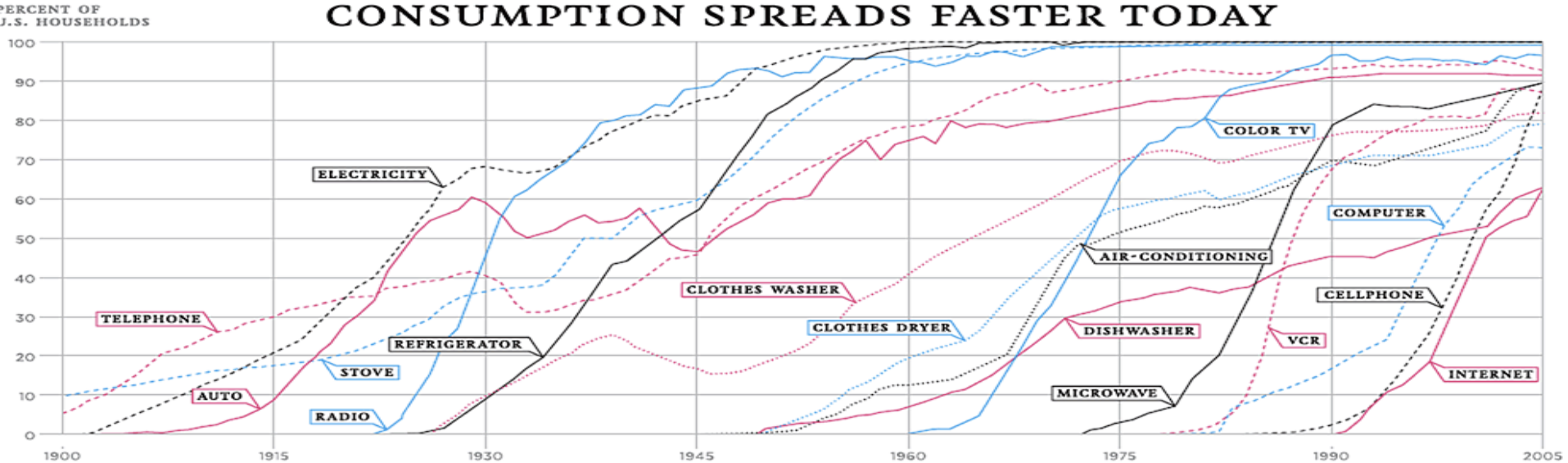
Upcoming UMTRI-AF Conferences

- November 11, 2015: *Inside China: Understanding China's Current and Future Automotive Industry*. Our 8th annual conference provides insight into the Chinese auto industry from experts in specific areas of the industry including the Chinese market, suppliers, trade, Chinese manufacturers, labor, and marketing.
- February 17, 2016: *New Mobility: The Future of Freight*. A new conference that examines the major changes IT-enabled goods movement will have on the freight movement industry.

Upcoming UMTRI-AF Conferences

- April 13, 2016: *Globalization of the Automotive Industry: The 2016 Update*. A new conference that brings everyone up to date on the trends in the globalization of the automotive industry from a manufacturer and supplier perspective.
- July 20, 2016: *Powertrain Strategies for the 21st Century*. Our 8th annual conference will provide an overview of all the electrification progress that has been made in the global auto industry.

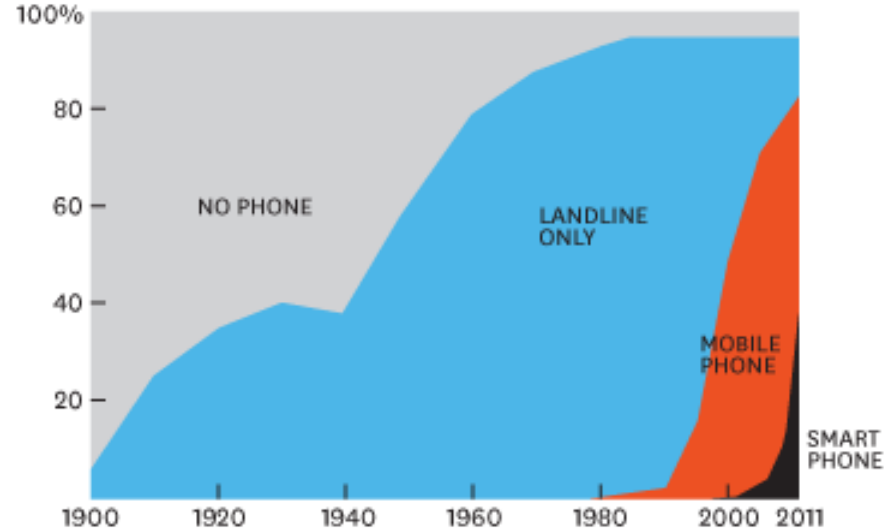
The Pace of Technology Adoption



The Pace of Technology Adoption

FROM NO TELEPHONE TO SMART PHONES

U.S. HOUSEHOLDS BY TYPE OF PHONE, 1900-2011



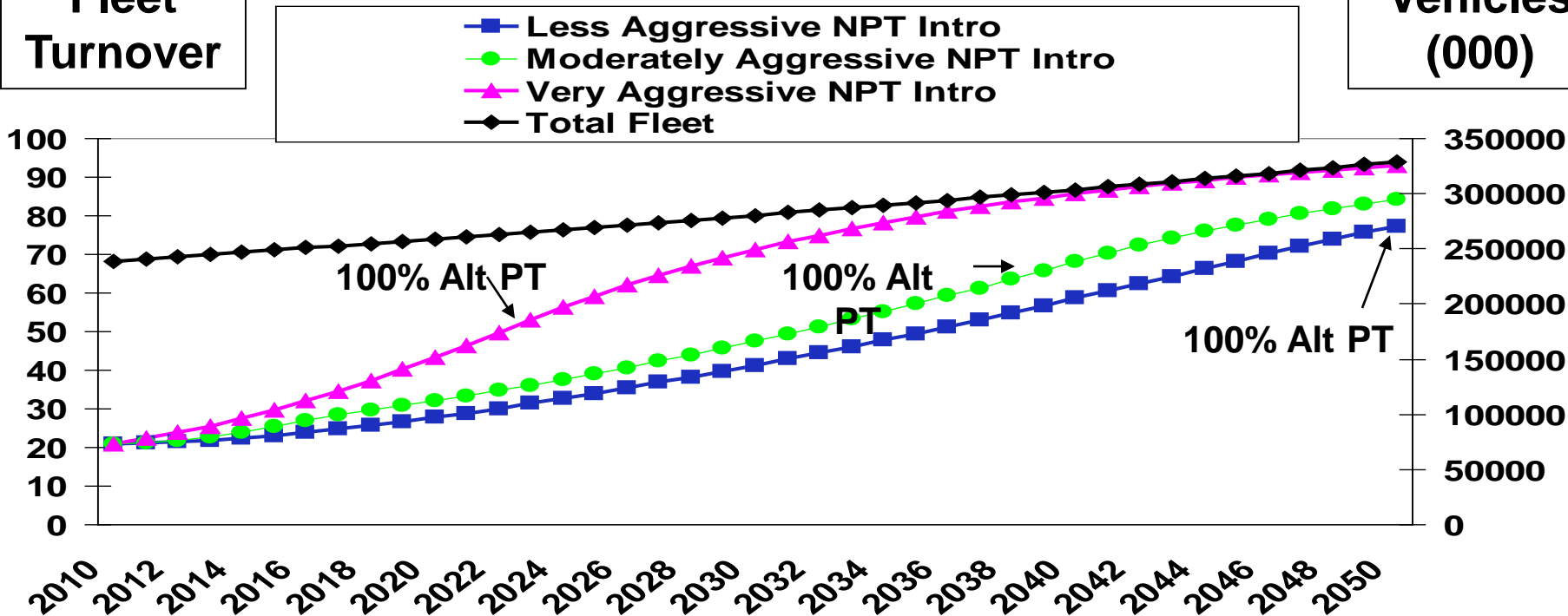
SOURCE MICHAEL DEGUSTA AT THE MIT TECHNOLOGY REVIEW USING DATA FROM FORRESTER, KNOWLEDGE NETWORKS, NEW YORK TIMES, PEW, U.S. CENSUS

HBR.ORG

Turnover of the U.S. Fleet

% of
Fleet
Turnover

of
Vehicles
(000)



Predicting 2050 Transportation Trends

- 2015 to 2050: 35 years
- 1980 to 2015: 35 years ago
 - Government regulations of vehicle safety, emissions, and fuel economy were about 10 years old
 - Vehicle electronics were used only for starters, radios/cassette players, heating and cooling, and lighting

Predicting 2050 Transportation Trends

- 1980 to 2015: 35 years ago
 - Future vehicle development focused on development of airbags, more reliable / longer lasting vehicles, improved performance, and improved fuel economy
 - No computer modeling and simulation
 - No discussion of electric vehicles, hybrids, connected / autonomous vehicles: vehicle computers and electronics were too slow or non-existent
 - Moore's Law was in its 15th year: (the number of transistors on an integrated circuit will double every two years)

Predicting 2050 Transportation Trends

- 1980 to 2015: 35 years ago
 - Transportation was similar to today's: low levels of public transport (relative to other developed countries)
 - Reliance on personal transportation except for longer distances that were covered by air

- Industry driven: Company differentiation and competitive advantage in the marketplace
- Government driven: Government regulations related to clean air, fuel economy, and safety

Company differentiation and competitive advantage in the marketplace

- Historically, industry innovation has taken place across the different company functions in the forms of process, product, and strategic innovation:
- R&D: Moving from the entire R&D from within the company to a combination of company, national labs, and universities
- Engineering: the introduction and improvement of modeling and simulation technologies (reduced time to market)
- Purchasing: The reduction of vertical integration and the introduction of global purchase through IT supported web-based auctions

Company differentiation and competitive advantage in the marketplace

- Manufacturing: The introduction of the Toyota Production System with just in time delivery, kanban, and continuous improvement strategies.
- Products: Minivans, SUVs, electric, fuel cell, and hybrid vehicles; IT-based passive and active safety systems (ABS, traction control, forward collision systems, blind spot detection, and adaptive cruise control)
- Sales and Marketing: Social media marketing and tracking of potential warranty problems, shopping and sales of vehicles via the Internet
- Aftermarket: sales of upgraded vehicle features after initial sale (Tesla)

Company differentiation and competitive advantage in the marketplace

- Strategy: The development of truly global companies aided by information technology including the globalization of manufacturing, R&D, product development and purchasing

Government regulations related to clean air, fuel economy, and safety: Results

- National Highway Traffic Safety Administration (NHTSA) creation in 1970 through the Highway Safety Act
 - Shoulder belts for left and right front-seat vehicle occupants, side marker lights, collapsible steering columns, head restraints, airbags, child safety seats, advanced braking systems (ABS), and electronic stability control (ESC)
 - Crash test ratings for each vehicle for front end crashes (driver and passenger), side crashes (front seat and rear seat), rollovers

Government regulations related to clean air, fuel economy, and safety: Results

- Clean Air Act of 1970 and the Environmental Protection Agency
 - Created some of the strictest vehicle emissions rules in the world, but was prodded by California and the northeast states to create stricter emissions rules and the first electric vehicles
 - Significant reductions in carbon monoxide, nitrogen oxide, particulate matter, carbon dioxide, and sulfur oxide
 - Randomly tests 15 percent of new vehicles for emissions
 - Technology innovation: the catalytic converter, forced the creation of unleaded gasoline and reduced sulfur in fuel

Government regulations related to clean air, fuel economy, and safety: Results

- Corporate Average Fuel Economy (CAFE) Standards in 1975
 - 1970s: Began the introduction of smaller, more fuel efficient vehicles into the US fleet
 - 1980s-1990s: Lack of government support for increased fuel economy allowed the introduction of SUVs
 - 1990s: California requirements for zero emissions vehicles led to the introduction of the first electric vehicles, hybrids, and fuel cell vehicles.

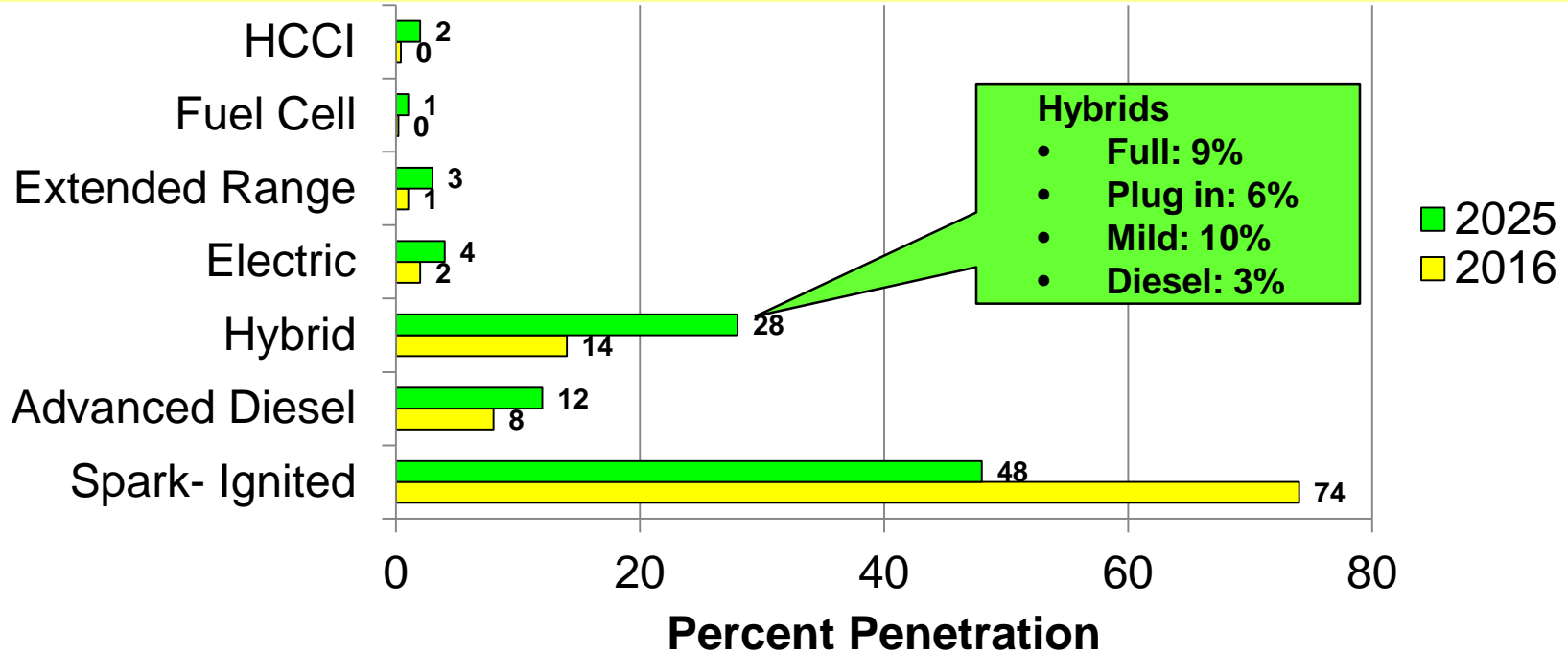
The Future: The Greening of the U.S. Auto Industry

- EPA given authority to regulate CO2 emissions: 2007
 - 2016: 263 CO2 grams per mile
 - 2020: 250 CO2 grams per mile
 - 2025: 163 CO2 grams per mile
- Advanced technologies:
 - Electric, fuel cell, and hybrid vehicles
 - Advanced after-treatment devices
 - Waste heat recovery systems
 - Stop-start systems
 - Ultra low sulfur fuel

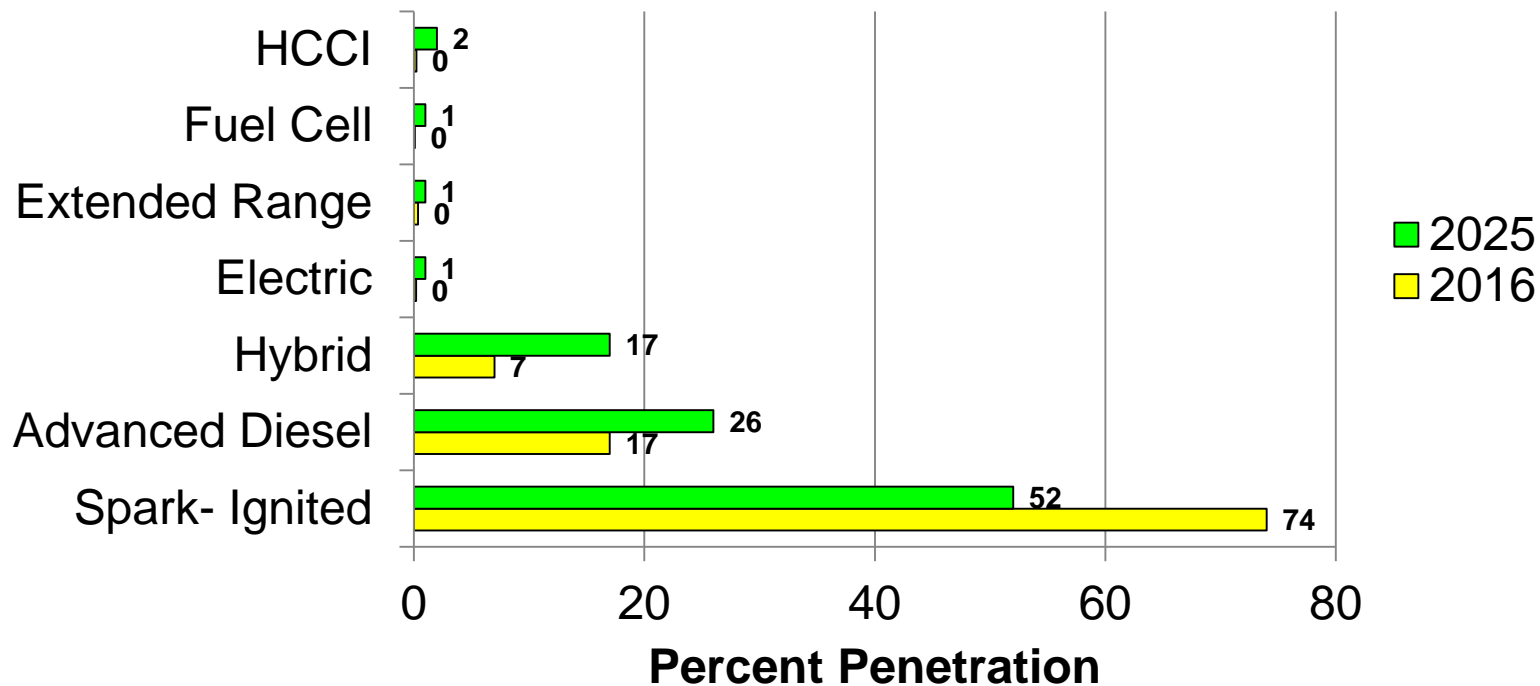
The Future: The Greening of the U.S. Auto Industry

- Obama administration combines expansive R&D with new CAFE regulations for 2016 and 2025.
 - 2016: 34.1 miles per gallon
 - 2020: 38.9 miles per gallon
 - 2025: 54.5 miles per gallon
- Advanced technologies include:
 - Electric, fuel cell, and hybrid vehicles
 - Advanced battery technology
 - Stop-start systems
 - Advanced transmissions
 - Advanced materials for lightweighting vehicles
 - New aerodynamic body designs

By 2025, the decrease in spark-ignited powerplants is predicted to drop to slightly more than 50 percent for passenger cars while hybrids and advanced diesels increase their share



For light trucks, hybrids and advanced diesels increase their share of powerplants in 2025 at the expense of spark-ignited engines



Vehicle Electrification

- **Hybrids/Electric Vehicles**

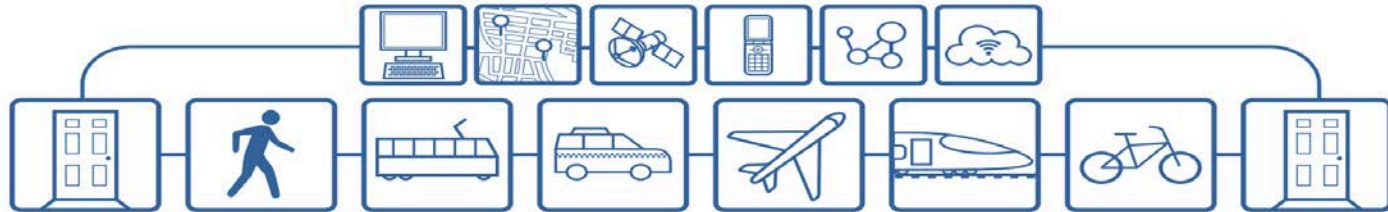
- Low penetration
- Not expected to have significant impact by 2025
- Range anxiety / charging infrastructure
- Tesla is “breaking the mold” for an auto manufacturer

The Future: The Greening of the U.S. Auto Industry

- NHTSA Connected and Autonomous Vehicle support
 - Attempting to reduce the 30K deaths and millions of injuries
- Technologies:
 - Dedicated short range communications (DSRC)
 - Radar/Lidar/camera/ultrasonic sensors
 - Advanced GPS systems
 - But connected vehicles represent infotainment as well as safety and offer other innovative options

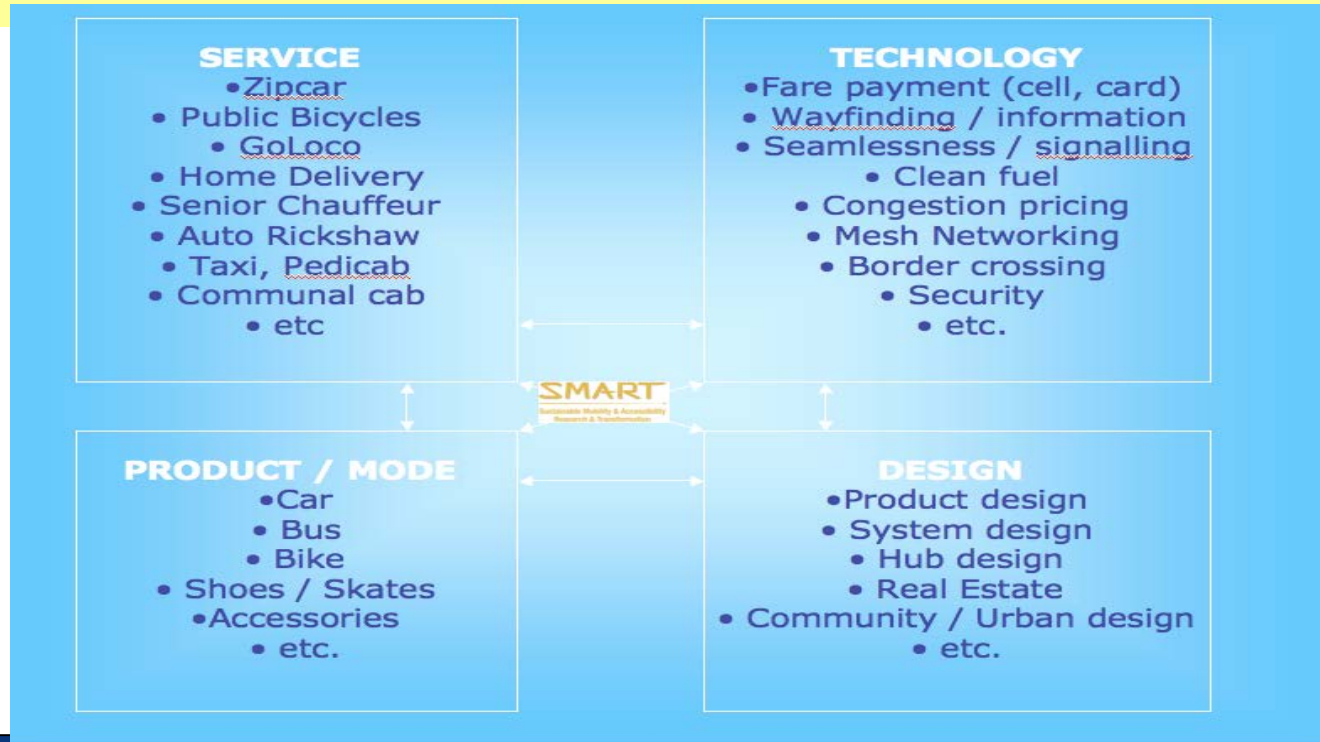
The Future: The Greening of the U.S. Auto Industry

SMART



Accelerating Sustainable Transportation SYSTEMS
Advancing the emerging global New Mobility Industry
to supply them

The Future: The Greening of the U.S. Auto Industry



The Future: The Greening of the U.S. Auto Industry



The Future: The Greening of the U.S. Auto Industry

Transportation Trends

- **\$240B death and injury**
- **\$100B stuck in traffic**
- **30 % of carbon emissions**
- **70 % of oil consumption**
- **Population growth**
 - **Additional ~100M Americans by 2050**
- **VMT will increase 50% by 2050 to 4.5T**
- **Interstates/Highways will still carry largest portion of travel**
- **Energy costs will increase**
- **Congestion will become much worse for many cities and regions – usage restrictions**
- **New business models will evolve (car sharing, VMT-based usage fees, etc)**

Connected/Autonomous Vehicles

- Connected means different things to different companies
 - Some consider connected to mean connections to the Internet through the console/entertainment center
 - Others consider it the connections between vehicles that support advanced safety technologies

Connected/Autonomous Vehicles

- Autonomous Vehicles will go through five major levels:
- No-Automation (Level 0): The driver is in complete and sole control of the primary vehicle controls – brake, steering, throttle, and motive power – at all times.

Connected/Autonomous Vehicles

- Function-specific Automation (Level 1): Automation at this level involves one or more specific control functions. Examples include electronic stability control
- Combined Function Automation (Level 2): This level involves automation of at least two primary control functions. An example of combined functions enabling a Level 2 system is adaptive cruise control in combination with lane centering.

Connected/Autonomous Vehicles

- Limited Self-Driving Automation (Level 3): Vehicles at this level of automation enable the driver to give up full control of all safety-critical functions under certain traffic conditions. The driver is expected to be available for occasional control, but with sufficiently comfortable transition time.

Connected/Autonomous Vehicles

- Full Self-Driving Automation (Level 4): The vehicle is designed to perform all safety-critical driving functions and monitor roadway conditions for an entire trip. Such a design anticipates that the driver will provide destination or navigation input, but is not expected to be available for control at any time during the trip. This includes both occupied and unoccupied vehicles.

Connected/Autonomous Vehicles: Applications

V2V

- Cooperative Crash Imminent Braking
- Emergency Brake Lights
- Intersection Movement Assist
- Left Turn Assist
- Blind Spot / Lane Change Warning
- Do Not Pass Warning
- Right Turn in Front of Transit Vehicle

+ V2I

- Adaptive Signal Control
- Advanced Traveller Info System
- Work/Speed Zone warning
- Motorist Weather
- Advisories/Warnings
- Pedestrian in Crosswalk
- Agency Probe Data
- Smart Parking, etc

Connected/Autonomous Vehicles: Applications

Automated

- lane keeping
- traffic jam assist
- highway autopilot
- parking assistant

Automated + Connected AV + V2V + V2I

- platooning
- auto intersection
- eco-approach/departure
- auto-valet
- full urban operation amongst pedestrians

Connected/Autonomous Vehicles: Pros and Cons

	pros	cons
Connected		
V2V	proven effective for safety - avoiding collisions	relies on driver reaction
	inexpensive - can be applied on many vehicles	relies on other vehicles (critical mass)
	retrofitable	requires security system
	sees around corners	perception of privacy loss
	sees through fog/rain/snow	
	sees at longest sensor range	
	sees multiple vehicles ahead	
	knows much more about road partners	
+ V2I	enhances mobility thru adaptive signal control	requires infrastructure investment
	enhances energy-use through eco routing/timing	requires added security system
	enables weather apps	further perception of privacy loss
	enables 0/1st level eco-driving	
	enables pedestrian detection in crosswalk	
	enables smart parking	
Automated		
AV	relies less on human intervention	expensive - can't be applied on many vehicles
	doesn't rely on other vehicles	technology not fully ready
	added driver convenience	not yet proven reliability
	high customer interest	not retrofitable
	potential for improved safety, unproven	requires security system
	potential for improved eco-driving	requires policy decisions/changes
		unclear if all veh data can remain private/anonymous
		may add VMT due to convenience

Connected/Autonomous Vehicles: Pros and Cons

Automated + Connected: Pros		Cons
AV + V2V + V2I	all advantages above	most disadvantages above
	adds reliability to sensing & decision making	added cost
	enables platooning at close following distance	added proveout requirements
	enables safer lane changing and passing	requires comprehensive security system
	communicates locations of map changes/updates	
	communicates road construction / maintainence	
	enables 2/3/4th level eco-driving	
	enables L4 driverless (on most roads)	
all + V2P	enables safe urban operation around pedestrians	requires smart phone/device solution
	enables rapid retrofit system	

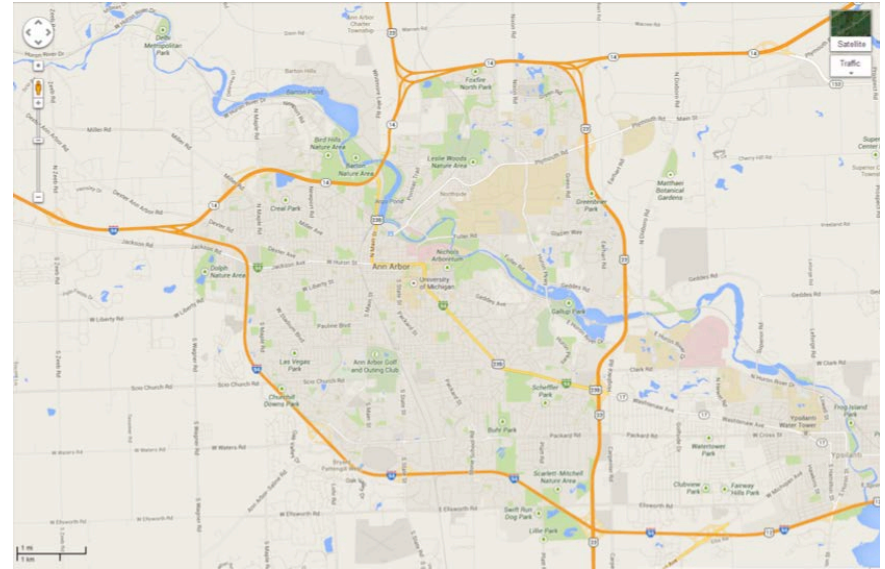
Autonomous Vehicles: Barriers

- Legal, Liability and Insurance issues
- Customer acceptance & understanding
- Standardized technology assessments & validation for safe operation
- AV operation in mixed traffic
- Catalog of human behavior in critical situations
- Transition of vehicle control with partial automation
- Cybersecurity of AVs

Connected Ann Arbor

- 60 Intersections
- 3 Curve-related sites
- 12 Freeway sites
- Over-the-air security
- All DSRC communications logged
- Backhaul communication network
- Back-end data storage
- Will test selected V2I functions

• **Up to 9000 Vehicles**

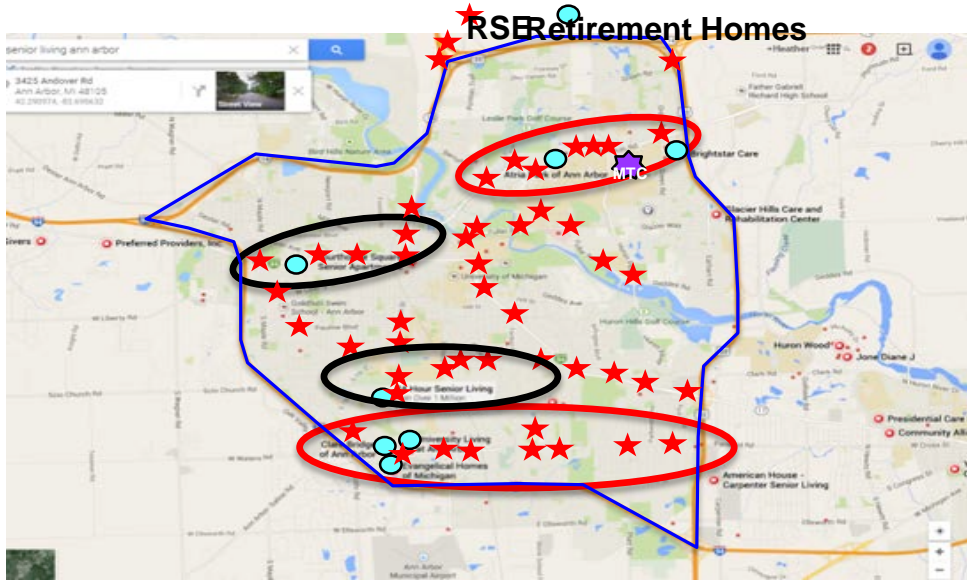


Connected Southeast Michigan



• Up to
20,000
Vehicles

Connected Ann Arbor



Ann Arbor Automated Vehicle Field Operational Test (2016+)

- 2,000 connected and automated vehicles
- Including Level 4 automated vehicles
- 27 sq. miles of densely instrumented infrastructure

MCity

- Safe, repeatable, off-roadway test environment for AVs: simulated city
- Technology research, development, testing, and teaching
 - \$6.5M project; \$3.0M funding from MDOT
 - Grand opening: July 20, 2015



Conclusions

- The combination of the integration of advanced cars and trucks, new transport modes, and connected/autonomous vehicles offer a good look into the future of transportation
- Uncertainties:
 - Will government continue its push for reduced/zero emissions if administrations change?
 - Will reduced fuel prices negate the push for more fuel efficient vehicles?
 - How reliable will connected/autonomous vehicles become?
 - How will the public react to connected/autonomous vehicles?
 - Can cities afford to re-design their transport infrastructures to support connected/autonomous vehicles and alternative transport systems?
 - What new technologies will appear that can radically change transport?

Q U E S T I O N S

&

A N S W E R S

Bruce M. Belzowski

Managing Director

Automotive Futures

University of Michigan Transportation Research Institute

www.umtri.umich.edu/aa

Phone: 734-936-2704

bbl@umich.edu





MEETING AGENDA

**December 3, 2015
9:00 a.m.**

**Main Location:
UNLV Foundations Building
Blasco Event Wing
4505 S. Maryland Pkwy.
Las Vegas, NV 89154**

**For Possible
Action**

- 1. Call to Order, Roll Call and Establish Quorum**
- 2. Public Comment**
- 3. Acceptance of Minutes from October 22, 2015**
- 4. Chairman/Committee Comments**
- 5. Research Staff Report**
- 6. Presentations**
 - a. Pedestrian Movement within the Resort Corridor
 - Donald Burnette, Clark County
 - Betsy Fretwell, City of Las Vegas
 - b. The Las Vegas Convention Center Master Plan
 - Rossi Ralenkotter, Las Vegas Convention and Visitors Authority
 - Terry Miller, Cordell Corporation
 - c. Revenue and Funding Overview
 - Guy Hobbs, Hobbs, Ong & Associates
 - d. An Additional Perspective
 - Jonas Peterson, Las Vegas Global Economic Alliance
- 7. January Meeting Preview**
- 8. Committee Member Comments**
- 9. Public Comment**

For Possible Action 10. Adjournment

NOTE (1) THIS AGENDA HAS BEEN POSTED NO LATER THAN THREE WORKING DAYS PRIOR TO THE MEETING AT THE FOLLOWING LOCATIONS:

- a. GOED, 808 W. Nye Ln, Carson City, NV
- b. Sawyer Building, 555 E. Washington Avenue, Las Vegas, NV
- c. Nevada State Library, 100 N. Stewart St., Carson City, NV
- d. Nevada State Capitol, 101 S. Carson Street, Carson City, NV
- e. LVGEA, 6720 Via Austi Parkway., Suite 130, Las Vegas, NV
- f. City of Las Vegas, City Hall, 400 East Stewart Avenue, Las Vegas, NV
- g. City of North Las Vegas, City Hall, 2250 N. Las Vegas Boulevard, North Las Vegas, NV
- h. Clark County Government Center, 500 S. Grand Central Parkway, Las Vegas, NV
- i. City of Boulder, City Hall, 401 California Avenue, Boulder City, NV
- j. City of Henderson, City Hall, 240 Water Street, Henderson, NV
- k. City of Mesquite, City Hall, 10 E. Mesquite Boulevard, Mesquite, NV
- l. Lincoln County Regional Development Authority, P.O. Box 1006, Caliente, NV
- m. Nye County Regional Economic Development Authority, P.O. Box 822, Pahrump, NV
- n. GOED website www.diversifynevada.com
- o. Nevada Public Notice website <http://notice.nv.gov>

NOTE (2) Persons with disabilities who require special accommodations or assistance at the meeting should notify Wendy Pope, Governor's Office of Economic Development, 555 E. Washington Ave., Suite 5400, Las Vegas, Nevada 89101 or by calling 702-486-2700 on or before the close of business two business days prior to the meeting date.

NOTE (3) The Committee reserves the right to take items in a different order, combine items for consideration and/or pull or remove items from the agenda at any time to accomplish business in the most efficient manner.

NOTE (4) All comments will be limited to 3 minutes per speaker. Comment based on viewpoint may not be restricted. No action may be taken upon a matter raised under the public comment period unless the matter itself has been specifically included on an agenda as an action item. Prior to the commencement and conclusion of a contested case or quasi-judicial proceeding that may affect the due process of individuals, the Committee may refuse to consider public comment. See NRS 233b.126.

NOTE (5) For supporting material please contact Wendy Pope, 555 E. Washington Avenue, Suite 5400, Las Vegas, Nevada 89101, (702) 486-2700, wpope@diversifynevada.com. Materials may be obtained at the following public locations: Governor's Office of Economic Development, 555 E. Washington Avenue, Suite 5400, Las Vegas, Nevada 89101 or Governor's Office of Economic Development, 808 W. Nye Lane, Carson City, Nevada 89703.

**SOUTHERN NEVADA TOURISM INFRASTRUCTURE
COMMITTEE MEETING
October 22, 2015**

The meeting of the Southern Nevada Tourism Infrastructure Committee was called to order by Chairman Hill at 9:00 a.m. in the Richard Tam Alumni Center located at the University of Nevada, Las Vegas.

1. ROLL CALL/CALL TO ORDER/ESTABLISH QUOROM

BOARD MEMBERS PRESENT

Mr. Steve Hill, Committee Chairman
Dr. Len Jessup, Committee Vice Chairman
Ms. Carolyn Goodman, Mayor of City of Las Vegas
Mr. Steve Sisolak, Chairman of the Clark County Commission
Ms. Kristin McMillan, President and CEO of the Las Vegas Metro Chamber of Commerce
Mr. Tom Jenkin, Global President of Caesars Entertainment
Mr. Bill Noonan, Senior Vice President of Boyd Gaming
Mr. William Hornbuckle, President of MGM Resorts International
Ms. Kim Sinatra, Executive Vice President of Wynn Resorts
Mr. George Markantonis, President and COO of The Venetian and The Palazzo
Mr. Mike Sloan, Senior Vice President of Station Casinos

ADVISORY COMMITTEE MEMBERS PRESENT

Ms. Elizabeth Fretwell, City Manager of the City of Las Vegas
Mr. Donald Burnette, County Manager of Clark County
Ms. Tina Quigley, General Manager of Regional Transportation Commission of Southern Nevada
Ms. Rosemary Vassiliadis, Director of Clark County Department of Aviation
Mr. Rossi Ralenkotter, President and CEO of Las Vegas Convention and Visitors Authority
Mr. Guy Hobbs, Managing Director of Hobbs Ong & Associates

2. PUBLIC COMMENT: 9:08 a.m.

Chairman Hill opens the floor to any public comment. Brandi, a Culinary Union member who currently works at the Flamingo Hotel and Casino, states that customers have the right to know when and where there are labor disputes. She argues that the Las Vegas Convention and Visitors Authority (LVCVA) should protect the industry by providing visitors with information about current labor-related events in the city prior to arriving.

Chad, a worker at Margaritaville, reiterates that the LVCVA should ensure that visitors are aware of labor disputes prior to arriving in Las Vegas. He highlights that some groups have moved their business out of Las Vegas due to these labor disputes. Chad stresses that full

disclosure and transparency about labor disputes is the best way to protect current and future visitors.

Chairman Hill closes Agenda Item 2.

3. ACCEPTANCE OF MINUTES FROM SEPTEMBER 25, 2015: 9:12 a.m.

Chairman Hill opens the floor to any motion to accept or make changes to the meeting minutes from September. A motion is made by Mayor Goodman for the acceptance of the meeting minutes, and Mr. Sloan seconds the motion. The acceptance of the minutes passes unanimously with the exception of Mr. Sisolak, who was not present at the September meeting, and therefore abstains.

Chairman Hill closes Agenda Item 3.

4. CHAIRMAN/COMMITTEE COMMENTS: 9:14 a.m.

Chairman Hill states the meeting topics for the December and January meetings will be reversed, resulting in the December meeting focusing on pedestrian movement within the resort corridor and the January meeting focusing on roads, highways and mass transit. During the December meeting, in addition to the county addressing the improvements they have made regarding pedestrian movement, the committee will be hearing from Mr. Guy Hobbs of Hobbs, Ong and Associates. Mr. Hobbs will begin the discussion on funding mechanisms typically used to fund infrastructure improvements and what types of revenue generation would be expected from each.

Chairman Hill closes Agenda Item 4.

5. RESEARCH STAFF REPORT: 9:16 a.m.

Chairman Hill welcomes Mr. Jeremy Aguero, Principal at Applied Analysis. Mr. Aguero informs the committee that the process has begun for compiling the summaries from the previous meetings. The goal is to vet the documents and present them to the committee at the December meeting.

Chairman Hill closes Agenda Item 5.

6. PRESENTATIONS

a. The State of the Las Vegas Convention Market: 9:19 a.m.
-Rossi Ralenkotter, Las Vegas Convention and Visitors Authority

Mr. Rossi Ralenkotter, President and CEO of Las Vegas Convention and Visitors Authority (LVCVA), discusses the Las Vegas Convention Center's expansion and its importance on improving tourism. He states Las Vegas has ranked first in the trade show industry for the past 21 years. However, since the convention business is very competitive, many locations

are actively seeking to take conventions out of Las Vegas. Annually, Las Vegas hosts 5.2 million convention attendees but is still not at the peak levels reported in 2006. The loss of one 50,000-delegate convention will result in a \$70 million economic loss. Mr. Ralenkotter states it is a myth that Las Vegas sells itself. It takes a collective effort from the industry to maintain and grow business.

The Las Vegas Convention Center is over 50 years old and past due for an extensive renovation and expansion. The last expansion to the convention center was in 2002, where 1.3 million square feet of space was added. Mr. Ralenkotter points out some parts of the center date back to 1957. There desperately needs to be upgrades to technology, an increase in meeting and convention space, accessibility between the halls as well as food service upgrades.

Mr. Ralenkotter stresses the proposed project is the most aggressive master plan the LVCVA has ever embarked upon. The plan will initially create 5,900 construction jobs then 6,000 permanent jobs. The economic impact is \$3.6 billion for construction and \$700 million following completions. Mr. Ralenkotter states that Oxford Economics has worked with the LVCVA to determine whether Las Vegas has a demand for convention growth. Prospective shows will bring in 375,000 convention attendees, providing an overall economic impact of \$813 million. The LVCVA's goal is to increase mid-week occupancy rates. Additional convention delegates would drive mid-week occupancy as conventions tend to occur between Monday and Thursday.

The Las Vegas Convention Center's 25-year master plan is being carried out in four phases. This will protect the current market base by ensuring construction doesn't impact customers resulting in them going to another convention center. Mr. Ralenkotter highlights various conventions centers that have lost business due to construction. Mr. Ralenkotter shows the map of proposed Las Vegas Convention Center expansion. The first phase has already been funded and is currently under construction. It includes the acquisition of the Riviera Hotel property. Completion of demolition of that property is anticipated to occur in 2016, and site improvements to accommodate outdoor exhibit space are anticipated to be completed in early 2017. Notably, this space has already been leased for 2017.

Phase Two of the expansion is projected to be approximately 1.4 million square feet featuring 600,000 square feet of exhibit space and 150,000 square feet of meeting space, which has become a very important aspect of convention centers. This second phase will allow the LVCVA to relocate business to this building while renovating the current convention center campus for Phase Three. The LVCVA plans to replace, repair and modernize the aging facility. There will also be a connector that will allow food services to seamlessly move from one hall to the next, which has been a competitive disadvantage for the convention center in recent years. Phases Two and Three will cost about \$1.4 billion. Phase Four will include future improvements to the center based upon prevailing market conditions and direct customer feedback. The budget for the fourth phase cannot be projected at this time.

Mr. Ralenkotter states the LVCVA must be able to generate up to \$90 million annually to satisfy the debt service for the project. This is the first time the LVCVA has had to look outside for additional funding. Mr. Ralenkotter then talks about room tax history and allocation. Since 1959, the LVCVA has continued to lose percentages of room tax allocation. Today, the LVCVA receives only 32 percent of the room tax while education programs receive 38 percent. This results in the majority of a tourism-driven tax to not go towards promoting and improving tourism in southern Nevada.

Mr. Ralenkotter then opens the discussion to the show promoter panel.

b. Show Promoter Panel Discussion

- **Karen Chupka, Consumer Electronics Association**
- **Megan Tanel, Association of Equipment Manufacturers**
- **Tony Calanca, UBM/Advanstar**
- **Chris Brown, National Association of Broadcasters**
- **Christopher Kersting, Specialty Equipment Marketing Association**
- **Tim McGuinness, International Council of Shopping Centers**

Ms. Karen Chupka, Senior Vice President of The International Consumer Electronics Show (CES), states CES currently fills all three convention centers in Las Vegas and does not see much availability for expansion despite having growth in demand. Come 2018, CES will not have enough space and will need to look at alternative locations. Ms. Chupka notes that about 25 percent of attendees are international and questions if the United States is still the best location for CES. Ms. Chupka states CES recently launched its first show in Shanghai, China, where the city is putting finishing touches on a 5-million-square-foot convention center. Ms. Chupka points out CES spends over seven figures in transportation for their show. The LVCVA's master plan for the convention center is important to her show in that it does not take net space offline.

Mr. Chris Brown, Executive Vice President of Conventions and Business Operations for the National Association of Broadcasters, states their show is a few years away from being sold out. Mr. Brown points out his company already needs to get creative with space by building tents in the parking lot, which drives the cost up and makes it difficult to get the desired results. Lack of meeting space, which is used to drive new attendees through educational programs, is a key issue they are struggling with. Mr. Brown states it is extremely important to host an event in a building that reflects state of the art technology. The National Association of Broadcasters is constantly working with exhibitors and attendees to improve issues regarding food services, limited seating and easy access between halls and the Las Vegas Convention Center.

Mr. Chris Kersting, President and CEO of Specialty Equipment Marketing Association (SEMA), states the show this year is their largest to date, but they are struggling for space as the show is at maximum capacity. Looking toward the future, SEMA is challenged to create a facility that meets customer expectations. Mr. Kersting points out they are even struggling to get basic internet during the convention.

Mr. Tim McGuinness, Staff Vice President for the International Council of Shopping Centers, conveys a story of his experience just a couple of years ago when he was tasked by the executive board to look at other venues for their event, including Orlando and Chicago. The initial vote was 23 to 1 to leave Las Vegas due in large part to the Las Vegas Convention Center's scope and outdated structure. The board eventually voted to keep the show in Las Vegas for another five years, but the initial vote to leave demonstrates how important the facility is to shows like his.

Ms. Megan Tanel, Vice President of Exhibitions and Events for the Association of Equipment Manufacturers (CONEXPO-CON/AGG), hosts a large-scale show in Las Vegas every three years. There are additional shows that could come to Las Vegas but are restricted due to lack of space during their desired dates. Ms. Tanel points out that CONEXPO's 2017 show is over 1 million square feet ahead of where it was last show cycle, which means they are already sold out of floor space. CONEXPO spends millions of dollars each year to create additional indoor space. Ms. Tanel states the floor plan for the Las Vegas Convention Center's expansion is already too small for them. Ms. Tanel address the misconception that there is no other place for conventions to go. She has had preliminary discussions to look at other venues. German MESSEs support the exhibition industry and build facilities all over the world. The Association of Equipment Manufacturers proposed the idea of partnering with these MESSEs to build a facility in the United States. Ms. Tanel states the Las Vegas Convention Center is outdated and does not have the new technology they need. One reason why many people don't want to come to the Las Vegas show is because there is not a quick form of transportation to move delegates throughout the city.

Mr. Tony Calanca, Executive Vice President of Advanstar, states his company fills the Las Vegas Convention Center as well as the Mandalay Bay Convention Center. Advanstar spends about \$1 million a show on transportation. Even with this effort, many customers can be off the exhibit floor waiting for transportation for up to 45 minutes. Mr. Calanca states the LVCVA's plan for the convention center is not long term enough and not big enough. Las Vegas will not stay world-class by being reactive and doing just enough to get by. In order to stay world-class, Las Vegas needs to ensure there are no small plans.

Chairman Hill asks the panel members if they feel the facility outlined in the LVCVA's plan will be world-class but isn't big enough, or are there deficiencies in the plan that will hinder the facility in being world-class. Mr. Chupka believes the plan is well conceived but is concerned that this planning is too late. Mr. Brown states many companies are looking for a private and VIP-level experience in a convention center. Mr. Brown highlights how important food service is to the convention delegate. Mr. Kersting states the focus on the transportation is just as important as the quality of the facility. Mr. Tanel states that Phase Three is what the company is specifically looking for in terms of technology and food services. She states the LVCVA is planning on adding the crucial elements that would turn the center into a world-class facility. Mr. Calanca states the layout of the building will not create a world-class building when compared to other facilities around the world. He states the South Hall needs to be completely redone.

Mr. Ralenkotter states the convention center has evolved over the years but needs to be redeveloped as a facility that is useful for the customers. He notes improvements need to be made not just on the convention center but also on the transportation required to move convention delegates around the city.

Ms. Sinatra is concerned there is a lack of planning for the new facility. She asks the panel for specific input on what drives companies to choose convention locations. Mr. McGuinness states hotels, transportation and labor cost are major deciding factors. Ms. Chupka highlights one of the selling points of the city is the fact that there are the three convention centers and an abundance of hotel rooms located in close proximity. There is also the convenience of party venues, restaurants and various entertainment that entices customers. Ms. Chupka makes the statement that the expansion of the convention center may not be the best piece of land but it's the best opportunity.

Mr. Markantonis asks to what extent the increase in attendance is a result of the show being in Las Vegas. Ms. Tanel states Las Vegas as a destination is in fact a large part of the marketing plan. Las Vegas draws a large number of international tourists who come here to see the world-class restaurants and hotels, but are then disappointed when it comes to the convention center itself because it does not reflect world-class standards. So promoting Las Vegas to convention delegates may help the hotels, but it does not help exhibitors if customers are not coming to the shows and buying products. Mr. McGuinness states when his shows rotated out of Las Vegas and came back there was a 10 to 15 percent increase in attendance. Ms. Chupka points out there are other locations, specifically international, that can drive attendance just as well as Las Vegas. Mr. Kersting says the Las Vegas brand is valuable but once you stack enough things against it, a show will no longer be successful.

Mr. Sisolak brings up the fact that the room tax distribution issue needs to be resolved and education should not rely on tourist-driven room tax that was designed to ensure the competitiveness of southern Nevada's core tourism industry. The money should be allocated to tourist needs such as McCarran, Las Vegas promotion and special events.

Mayor Goodman asks if there is any chance the panelists would be interested in entering into a partnership with the LVCVA to fund these renovations. Ms. Tanel states her company has helped in many ways to support any needs the LVCVA has had. Ms. Chupka states many companies are not-for-profit organizations, so investments would potentially be minimal.

Mr. Hornbuckle asks Mr. Ralenkotter about the timing of these phases and net square footage. Mr. Ralenkotter states the first phase is under construction and will be done by late December 2016. The remaining phases will be based upon receiving additional funds. Phase Two is 1.4 million square feet of gross space, which includes 600,000 square feet of exhibit space and 200,000 square feet of meeting room space. Once Phase Two is done, Phase Three will begin. These three phases would ideally be done by 2022.

Mr. Noonan asks the panel if they feel Las Vegas is maximizing the three convention centers to fulfill their needs. Ms. Chupka states that due to the growth CES is experiencing,

they are realizing they need additional space, with open exhibit space being their biggest problem. They need to look toward temporary structures to accommodate additional demonstrations. Ms. Tanel says regardless of the size of the space, they need better transportation between the three convention centers. They would be more open to using the additional convention space, but they need a way to get the attendees there easily. Ms. Chupka states the monorail ridership is 147,000 people for the four-day show and is only going to Las Vegas Convention Center, which is a mere 50 percent of their show. Mr. Brown states that they are able to grow into the Sands Expo Center, but staying on one campus drives a better density of exhibitors.

Chairman Hill redirects the questions from the committee to Mr. Ralenkotter.

Mr. Jenkin asks if Mr. Ralenkotter has thought about making Phase Two bigger and splitting it into two phases, A and B, to speed the project up. Mr. Ralenkotter states the LVCVA has analyzed multiple scenarios, but these are the conversations they need to have with the customers to determine what they need.

Mr. Jessup asks if building the convention center vertically would be beneficial. Mr. Tanel states a multi-level structure will not accommodate her equipment without having exceptionally high ceilings. Mr. Chupka points out weight restrictions on the upper floors is always a concern. Mr. Kersting then highlights the South Hall, which is multi-level, needs to be renovated to have multiple entries and freight-points.

Mr. Ralenkotter introduces Mr. Terry Miller from Cordell Corporation to discuss the financing and timeframe for the project. Mr. Miller states that a majority of the requested information has been provided in the master plan document. Mr. Miller will return in December to discuss the master plan in depth.

Mr. Sisolak asks what the LVCVA would receive for each additional percent of room tax allocation to service the debt that the project will bring. Ms. Rana Lacer, Senior Vice President of Finance for the LVCVA, states they currently receive \$195 million from the 32 percent allocation of the room tax. A percent of the room tax allocation is worth about \$6 million which can service about \$60 million of debt.

Chairman Hill closes Agenda Item 6a and 6b.

c. Operator Perspective | Las Vegas Sands
- George Markantonis, Pete Boyd, Kirsten Dimond and Chandra Allison, Las Vegas Sands, Sands Expo Center

Ms. Chandra Allison, Vice President of Sales, states the Sands Expo Center features 2.25 million square feet of flexible exhibit and meeting space. The Sands Expo Center event space is connected to the Venetian and Palazzo, offering attendees the convenience of hotel amenities close to the exhibit floor.

Ms. Kirsten Dimond, Vice President of Operations, notes that in 2013, the Sands Expo Center underwent a \$33 million renovation that lasted nine months while keeping the space completely operational. This year, the Sands Expo Center invested \$6 million in a four-month-long kitchen renovation that also occurred while the center remained operational. This remodel increased kitchen capacity by more than 20 percent. Overall, the Sands has invested nearly \$8 million in infrastructure upgrades since 2012, allowing the Sands Expo Center to become a leader in technology. However, an issue that still exists is traffic congestion along Sands Avenue and Koval Lane, specifically during shows.

Ms. Allison emphasizes that the Sands Expo Center has capacity to grow each month to reach its peak from 2008. Overall, the Sands Expo Center needs to grow 12 percent to reach the theoretical peak capacity, 11 percent to reach historical group rate peak and 10 percent to reach theoretical group room occupancy peak.

Mr. Markantonis states if there is a ceiling to what can be financed then the state's decision-making process should come down to its priorities. The Sands believes the airport and transportation are the primary needs. In addition, University of Nevada, Las Vegas is in need of a stadium to become a top-tier university. Mr. Markantonis reiterates the Sands is not at its peak, but they have the land and money to expand their facility when they feel the market is ready for such an expansion. They feel the center should get back to its peak before continuing to expand. In this context, they are hesitant to support the use of tax dollars on projects that could compete with the Sands or relocate current business, particularly when there are other community priorities where there is no private sector alternative to fund them such as road, the airport and schools. The Sands is not denying the LVCVA needs improvement in regards to technology and upgrades. However, they believe that while there is still excess space that is available in the market, tax dollars should not be used to increase square footage of the facility of the Las Vegas Convention Center.

Mr. Sisolak asks why clients are not renting additional space from the Sands if they have reached capacity at the Las Vegas Convention Center. Ms. Allison states this is a question for the customers but there are opportunities to co-locate. Mr. Sisolak asks if the Sands and Las Vegas Convention Center coordinate on conventions coming to Las Vegas. Ms. Allison states she has a team that researches customer opportunities, but they do also coordinate with the LVCVA.

Mayor Goodman asks what percentage of total conventions in Las Vegas are coming in through LVCVA and what amount is self-solicited convention business. Mr. Ralenkotter states the customer makes the ultimate decision on where they would like their convention to be located. The LVCVA works collectively with the other convention centers to bring business. About 50 percent of conventions are held at Las Vegas Convention Center, 30 percent at the Sands Expo Center and 20 percent at Mandalay Bay Convention Center. If LVCVA gets a lead on a convention they do not have space for, they provide that information to the other convention centers.

Ms. Sinatra states historically convention centers cannot be privately done because there is not enough business to make a profit year round. Convention centers in other locations are

government agencies supported by tax dollars because, on their own, they don't turn a profit. However, places like Sands and MGM found a way to make revenue off these events because they have large room inventories and can afford to build these venues. The business issue here is whether customers should choose a privately owned location or publicly owned.

Chairman Hill asks if the theoretical peak is possible to identify. Ms. Allison states they continue to explore what that number could be, but currently they are running at an occupancy of about 69 percent. Chairman Hill then asks where the Sands would be able to expand to and how large the expansion may be. Mr. Markantonis states there are areas that can be repurposed but he is unable to disclose specific details at this time.

Chairman Hill closes Agenda Item 6c.

- d. Operator Perspective | MGM Resorts International: 12:49 p.m.**
 - Michael Dominguez, MGM Resorts International, Mandalay Bay Convention Center**

- e. Operator Perspective | Caesars Entertainment: 12:49 p.m.**
 - Michael Massari, Caesars Entertainment**

Mr. Michael Dominguez, Senior Vice President and Chief Sales Officer for MGM Resorts International, and Mr. Michael Massari, Senior Vice President of Meetings and Events for Caesars Entertainment, choose to present together since collectively they represent about 70 percent of the tourism market in Las Vegas.

Mr. Dominguez states MGM's room tax revenue accounts for 35 percent of the total room tax revenue in Las Vegas and only 32 percent of that tax revenue goes into promoting tourism. Mr. Dominguez then highlights that the United States as a whole is expanding in the hospitality industry. Las Vegas may not be fully recovered, but the United States is. This means the business must be going to other locations. Mr. Dominguez then points out the MGM has benefited from the Moscone Center in San Francisco undergoing renovation. For example, there is a large technology group that has now booked with the MGM for the next three years, and MGM is going to do everything they can to ensure these conventions stay in Las Vegas. Thus, Mr. Dominguez indicates that his company believes that the LVCVA's thought process in regards to expansion is the right process. MGM supports spending tax dollars on an upgraded convention center because conventions drive a great deal of tourism. Mr. Dominguez points out the Las Vegas Convention Center has been slow to modernize and these planned improvements are not going to get us ahead, they are merely catching us up.

Mr. Massari states Caesars supports the phases of renovation to keep the existing customers because they have seen conventions get taken by competing locations due to renovation. Additionally, Mr. Massari states the market needs more meeting space.

Mr. Sisolak asks what can be done to compress the timelines of public facilities being built. Mr. Ralenkotter states it comes down to the government laws that need to be followed, resulting in a longer process.

Chairman Hill closes Agenda Item 6d and 6e.

f. Future of Transportation: 1:57 p.m.

- Bruce Belzowski, University of Michigan Transportation Research Institute

Mr. Bruce Belzowski, Managing Director of Automotive Futures at the University of Michigan, states it is hard to predict what will happen by 2050 in terms of transportation due to the quickly changing industry. Only 3 percent of cars on the roads are alternative energy vehicles, which demonstrates the timeframe for turning cars over in the United States. On average, vehicles in the United States are 11 years old. Mr. Belzowski states a new innovation that is being tested by Tesla is aftermarket upgrades to vehicle features after initial sale. He then highlights how there has been a history of government regulations in the automotive industry including the Clean Air Act of 1970 and the push for electric vehicles. It is predicted that by 2025, spark-ignited engines will decrease drastically to 50 percent for passenger cars as the shift to hybrids and diesels occur.

In regards to the future, Mr. Belzowski states there are numerous technologies looking to emerge that will help decrease the deaths and injuries on the roadways. Some of these technologies include dedicated short-range communications, radar, ultrasonic sensors and advanced GPS systems. The Sustainable Mobility and Accessibility Research and Transformation (SMART) connects forms of transportation through IT enabled technologies. Also, the Mobility Transformation Center at the University of Michigan looks at ways of connecting vehicles to one another in regards to safety issues. Future transportation trends include the increase in vehicle miles traveled (VMT) by 50 percent to 4.5 trillion miles annually by 2050. Major automotive issues include the fact that 30 percent of all carbon emissions and 70 percent of oil consumption comes from transportation.

Mr. Belzowski states autonomous vehicles will go through five major levels of development: no-automation, function-specific automation, combined function automation, limited self-driving automation and full self-driving automation. Mr. Belzowski lists a number of applications for both vehicle to vehicle (V2V) and vehicle to infrastructure (V2I) communication. V2I allows the vehicle to receive information from further down the road to allow the driver to get advanced features such as weather warnings, information about pedestrians and advanced signal controls.

Mr. Belzowski points out that a part of Ann Arbor, Michigan has been automated with all the sensors that a connected vehicle will need in order to test V2I functions. Additionally, MCity, which opened in July 2015, also tests the V2I features in a city-like environment.

Ms. Tina Quigley asks Mr. Belzowski what type of infrastructure would need to be invested in to support autonomous vehicles. Mr. Belzowski states cars are only using the sensors on

the vehicles, so there doesn't seem to be any additional infrastructure needed at this time. The connected piece that allows vehicles to look down the road and get information is not currently in use. Mr. Belzowski states there is no pavement design to accommodate these autonomous cars, but we are in the very early stages.

Chairman Hill asks if Mr. Belzowski anticipates if autonomous vehicles will allow increased density on roadways. Mr. Belzowski states that cars are only driven for about 5 percent of their ownership cycles. If there was a shared vehicle that moved multiple passengers throughout the day, it could potentially cut down on traffic but this cannot be proven unless tested.

Chairman Hill points out funding on roadways through the gas tax is going to be difficult with cars becoming more environmentally friendly. Mr. Belzowski informs the committee that the state of Georgia once offered rebates on hybrids but is now taxing them to help pay for their roadways.

Mr. Hornbuckle asks if there are any environments that are implementing innovations like Google maps into a traffic system for autonomous vehicles. Ms. Quigley states many car manufacturers are implementing this into their vehicles in a type of V2I system feature.

Chairman Hill closes Agenda Item 6f.

g. Convention Logistics: 2:41 p.m.
- Jeff Pressman, ConvExx

Mr. Jeff Pressman, President of ConvExx, states that in order to make a more pleasant experience, convention centers need to be able to provide an immersive experience for the attendee while providing easy access to the center's neighboring hotels. Mr. Pressman notes the use of the LINQ parking lot, adjacent to the Sands Expo Center, would create a safe and viable path for the attendees.

In regards to the SHOT Show at the Sands Expo Center, Mr. Pressman states there are 2,000 companies on the wait list for exhibit space that cannot be accommodated due to Mandalay Bay and Las Vegas Convention Center also being at capacity during that week. These companies cannot change weeks due to the buying cycle of the industry.

Ms. Quigley asks what the most difficult transportation challenges are that Mr. Pressman experiences in regards to moving his shows. Mr. Pressman states one of the challenges is the traffic surrounding Sands Avenue and Koval Lane that puts a great strain on not only the attendee experience but also the exhibitor experience. During the SHOT Show, there are 150,000 trailers that have empty crates which need to be taken 5 miles away from the convention center during the show, but are then brought back when the show is over. This process takes about 15 hours and is frustrating for the exhibitors.

Mr. Pressman states he has been involved in the discussion with the RTC on upcoming proposals to transportation in Las Vegas. Mr. Markantonis asks if the roadway issue is just

Koval. Mr. Pressman states it's a combination, but since Las Vegas is unique in that there are only a few street options, it creates traffic flow issues.

Chairman Hill closes Agenda Item 6g.

h. The Competitive Convention Market: 2:50 p.m.
- Charles Johnson, Johnson Consulting

Mr. Charles Johnson, President of Johnson Consulting, notes it is important to look at why convention centers are built. These types of venues have always been used to bring products into the distribution channel. There is an enormous amount of education that goes on at these venues, which contributes to the need of increased meeting and ballroom space. Mr. Johnson notes that Las Vegas has built a merchandise and distribution center in a market that is not a natural place for these venues. The types of products sold in this community do not have much bearing on Las Vegas's economic base. Mr. Johnson points out that although Las Vegas has a large amount of hotel rooms, this does not make the convention centers in Las Vegas unique because other locations also have hotel rooms either connected or in close proximity to their centers.

Mr. Johnson states the reason why MESSEs exist in China and throughout Asia is because these locations have such great population concentrations in the few cities where these facilities exist. Government agencies sponsor these MESSEs for the sole purpose of advancing their economic sectors. This mindset does not exist in the United States due to the many venue options.

Mr. Johnson emphasizes that in-person meetings will continue to be the primary mechanism to communicate, sell and socially exchange. The Internet is actually aiding to stimulate this growth and investment. Mr. Johnson states that in a recent survey, 53 percent of participants predicted an increase in live-attendance meetings. The following year, this percentage increased to 62; whereas, predictions for virtual attendance saw an 11 percent decrease in this category.

Mr. Johnson points out Las Vegas's downtown and convention center district is not as flourishing as other locations. Also, Mr. Johnson notes that room tax in other locations is dedicated to tourism related activities. By letting the room tax be used for non-tourism activities, Las Vegas has affected the capability of venues to be able to be successful. Chicago has implemented various funding mechanisms to allow its convention center to prosper such as a 1 cent food and beverage tax around downtown Chicago which is dedicated to funding McCormick Place, Chicago's convention center.

Mr. Johnson states it is hard to tax the individual attendee. The reason being is there are so many competitive venues in the United States that it becomes difficult to exert pressure on the show management company to get them to pay more. However, some funding resources have been sales tax, hotel tax, and food and beverage tax. Some communities, such as Nashville, have linked the real estate growth to the funding of the convention center. This

type of funding depends greatly on urban development and creates a partnership to build the community as well as the convention center.

Mr. Noonan asks Mr. Johnson if he has any research on millennials as far as the wanting to participate and be a part of trade show organizations. Mr. Johnson states there is a desire in millennials to want to be a part of trade associations. However, in some cases it has been the trade association that has not done an effective job in morphing itself to be attractive to millennials. Mr. Johnson states attendance for millennials at conventions is increasing. He emphasizes marketing through technology is vital to attract millennials. Mr. Johnson points out that Las Vegas's pride has the potential to hinder the state from doing what needs to be done.

Chairman Hill asks about methods for comparative cost benefit analysis in the industry. Mr. Johnson believes the question here should be what would happen if the convention center were to shut down. Visitation and revenue for Las Vegas would drastically decrease and put a strain on the tourism industry.

Chairman Hill closes Agenda Item 6h.

7. DECEMBER MEETING PREVIEW: 3:55 p.m.

Mr. Jeremy Agüero directs the committee to the report titled "Pedestrian Movement in the Resort Corridor." Mr. Agüero highlights the abundance of pedestrians who navigate within the resort corridor, specifically those individuals who move without a particular interest other than to observe the Las Vegas Strip. Mr. Agüero then points out to the helpful links at the back of the document that were used to gather this background information for the December 3rd meeting.

Chairman Hill closes Agenda Item 7.

8. COMMITTEE MEMBER COMMENTS: 3:58 p.m.

There are no comments from the committee. Chairman Hill closes Agenda Item 8.

9. PUBLIC COMMENT: 3:59 p.m.

There are no comments from the public. Chairman Hill closes Agenda Item 9.

10. ADJOURNMENT: 4:00 p.m.

MAYOR GOODMAN MAKES THE MOTION TO ADJOURN THE COMMITTEE MEETING. MR. MARKANTONIS SECONDS THE MOTION. THE MOTION IS PASSED UNANIMOUSLY.



LAS VEGAS VISITOR PROFILE MATRIX

		Total	Visitors by Market Segment				Domestic and International Visitors			Air and Drive Visitors		Generational Report				Strip and Downtown Lodging		
		All Visitors	Convention Visitors	Package Purchasers	General Tourists	Casino Guests	Southern California	Other Domestic	International	Air	Ground Transportation	Millennial	Gen X	Boomer	Silent	Downtown	Strip Corridor	Other
Number of Visitors		41,126,512	3,701,386	6,991,507	21,797,051	8,636,568	11,104,158	22,208,316	7,814,037	17,273,135	23,853,377	11,104,158	15,216,809	12,337,954	2,878,856	2,056,326	31,256,149	7,814,037
Share of Total Visitors		100%	9%	17%	53%	21%	27%	54%	19%	42%	58%	27%	37%	30%	7%	5%	76%	19%
TRIP CHARACTERISTICS	First Time Visitor Share	19%	11%	39%	20%	5%	3%	17%	49%	26%	14%	28%	21%	12%	7%	9%	22%	11%
	Repeat Visitor Share	81%	89%	61%	80%	95%	97%	83%	51%	74%	86%	72%	79%	88%	93%	91%	78%	89%
	Percent Who Visited Downtown	36%	16%	56%	35%	33%	27%	39%	42%	42%	32%	34%	32%	41%	46%	N/A	33%	31%
	Average Nights Stayed	3.2	3.5	3.8	3.0	3.0	2.6	3.3	4.0	3.8	2.8	2.9	3.0	3.6	3.7	3.5	3.2	3.2
	Average Daily Room Rate	\$86.55	\$117.27	N/A	\$84.52	\$58.07	\$80.71	\$86.59	\$97.14	\$95.48	\$80.65	\$78.51	\$87.47	\$97.03	\$74.48	\$61.12	\$90.68	\$76.74
	Occupants per Room	2.1	1.7	2.1	2.2	2.3	2.3	2.1	2.2	2.0	2.3	2.4	2.2	1.9	2.0	2.1	2.2	2.1
PURPOSE OF VISIT	Vacation/Pleasure	47%	1%	77%	47%	42%	41%	44%	66%	51%	44%	49%	45%	48%	50%	56%	51%	28%
	To Gamble	12%	1%	5%	7%	37%	20%	11%	6%	7%	16%	11%	11%	13%	20%	18%	13%	7%
	Convention/Corporate Meeting	9%	98%	0%	0%	0%	8%	11%	4%	14%	5%	6%	12%	9%	4%	2%	11%	4%
	Friends/Relatives	11%	0%	5%	15%	9%	11%	11%	10%	10%	11%	14%	10%	9%	8%	8%	9%	21%
	Other Business	6%	0%	2%	9%	3%	4%	7%	3%	7%	5%	3%	7%	7%	2%	2%	4%	14%
	Passing Through	5%	0%	2%	8%	1%	5%	5%	3%	1%	7%	3%	4%	6%	7%	4%	3%	10%
	Special Event	7%	0%	4%	10%	4%	8%	7%	5%	6%	7%	9%	7%	4%	7%	6%	6%	11%
	Wedding	3%	0%	4%	4%	2%	3%	3%	3%	3%	3%	5%	3%	2%	2%	3%	3%	4%
	Other	1%	0%	1%	1%	2%	1%	1%	1%	1%	1%	1%	2%	1%	1%	1%	1%	2%
LOCAL TRANSPORTATION	Own Vehicle	47%	32%	9%	54%	67%	90%	39%	12%	0%	81%	53%	44%	44%	59%	45%	42%	67%
	Walked	55%	58%	56%	55%	55%	50%	52%	72%	58%	53%	78%	59%	38%	22%	58%	62%	27%
	Taxi	32%	52%	49%	28%	19%	7%	39%	48%	68%	6%	34%	36%	28%	19%	25%	37%	12%
	Bus	14%	9%	43%	10%	5%	3%	11%	39%	18%	12%	16%	13%	15%	11%	17%	17%	3%
	Shuttle	11%	15%	27%	7%	8%	3%	15%	12%	24%	2%	7%	10%	15%	16%	18%	12%	6%
	Rental Car	12%	7%	16%	14%	8%	2%	13%	25%	18%	8%	10%	12%	16%	7%	16%	12%	13%
	Monorail	10%	11%	24%	7%	5%	6%	10%	14%	15%	6%	10%	10%	11%	5%	0%	13%	0%
	Limousine	1%	3%	3%	1%	2%	0%	2%	2%	3%	0%	2%	1%	2%	0%	2%	2%	0%
NON-GAMING SPENDING	Non-Gaming Spending per Visitor	\$694.42	\$855.82	\$809.38	\$622.16	\$558.43	\$479.98	\$665.52	\$1,082.64	\$921.17	\$533.02	\$669.32	\$706.68	\$756.66	\$473.79	\$604.00	\$753.71	\$454.46
	Room	\$131.89	\$241.44	N/A	\$115.25	\$75.74	\$91.24	\$136.07	\$176.62	\$181.41	\$98.18	\$94.87	\$119.28	\$183.85	\$137.79	\$101.87	\$131.90	\$116.94
	Food and Drink	\$281.88	\$370.28	\$305.15	\$264.15	\$269.60	\$232.32	\$283.14	\$348.31	\$353.48	\$230.31	\$279.64	\$283.82	\$298.94	\$205.53	\$263.70	\$304.53	\$194.51
	Local Transportation	\$68.83	\$77.28	\$112.12	\$63.06	\$45.14	\$15.91	\$77.15	\$119.38	\$120.27	\$31.77	\$69.57	\$68.26	\$74.25	\$44.89	\$82.39	\$73.90	\$44.38
	Shopping	\$149.77	\$133.22	\$246.87	\$126.70	\$137.39	\$109.29	\$114.24	\$311.67	\$178.16	\$129.31	\$159.88	\$179.00	\$127.59	\$49.36	\$117.64	\$169.93	\$76.59
	Shows	\$47.56	\$25.95	\$109.11	\$39.24	\$28.61	\$28.77	\$46.24	\$78.13	\$68.00	\$32.82	\$43.82	\$43.28	\$60.35	\$29.24	\$30.33	\$55.87	\$18.37
	Sightseeing	\$14.49	\$7.65	\$36.13	\$13.76	\$1.95	\$2.45	\$8.68	\$48.53	\$19.85	\$10.63	\$21.54	\$13.04	\$11.68	\$6.98	\$8.07	\$17.58	\$3.67
GAMING	Proportion Who Gambled	71%	56%	77%	65%	88%	69%	70%	76%	74%	68%	63%	68%	78%	87%	83%	72%	61%
	Average Number of Casinos Visited	5.7	5.0	7.0	5.7	5.1	4.6	5.5	8.1	6.4	5.2	6.4	5.7	5.5	4.2	5.9	6.2	3.8
	Gaming Budget Among Those Who Gambled	\$530.11	\$419.80	\$414.21	\$335.16	\$1,046.93	\$580.53	\$580.49	\$333.16	\$584.03	\$486.58	\$328.31	\$496.69	\$701.09	\$623.33	\$708.43	\$563.85	\$296.13
	Average Gaming Budget per Visitor	\$376.38	\$235.09	\$318.94	\$217.85	\$921.30	\$400.57	\$406.34	\$253.20	\$432.18	\$330.87	\$206.84	\$337.75	\$546.85	\$542.30	\$588.00	\$405.97	\$180.64
Total Spending per Visitor		\$1,070.79	\$1,090.91	\$1,128.32	\$840.02	\$1,479.73	\$880.54	\$1,071.86	\$1,335.84	\$1,353.35	\$863.90	\$876.15	\$1,044.43	\$1,303.51	\$1,016.09	\$1,191.99	\$1,159.68	\$635.10

Source: Las Vegas Convention and Visitors Authority (LVCVA). Estimates based on the 2014 Las Vegas Visitor Profile Surveys, GLS Research; unadjusted survey totals. Spending averages include visitors who spent nothing in a category, unless otherwise noted.



Roads, Highways, and Mass Transit

For decades, southern Nevada’s rapid growth and expansion coincided with the addition of new lanes of roads and highways to accommodate the growing demand for vehicular travel throughout the area. As in many metropolitan areas across the U.S., southern Nevada’s roadway capacity has not kept pace with the increasing demands of one of the fastest-growing regions in the nation. This has led to more congestion, particularly within the Resort Corridor, and growing frustration among residents and visitors alike. Into the future, population growth, tourism trends, generational shifts, and changing attitudes about driving and public transit are expected to both challenge and shape the region’s transportation infrastructure.

- ❖ In Clark County, vehicle miles traveled (“VMT”) climbed to 17.4 billion in 2014, a 34 percent increase from 2004.¹ A majority of that growth (27 percent) has been realized since 2009, when VMT dipped to 13.7 billion. During the past decade, VMT per capita in the county increased 11 percent, while dropping 6 percent nationally.² Over the next 30 years, the Federal Highway Administration projects VMT per capita to remain essentially static, while VMT is expected to increase by 23 to 27 percent due to population growth.³

Vehicle Miles Travel Trends in Clark County

	2004	2014	Change
Vehicle Miles Traveled	13.0 billion	17.4 billion	33.5%
Population	1.7 million	2.1 million	20.6%
Vehicle Miles Traveled Per Capita	7,603	8,415	10.7%
Road Miles	6,009	7,994	33.0%

Source: Nevada Department of Transportation

- ❖ Congestion in the greater Las Vegas area costs more than 30 million gallons in wasted fuel and 64 million hours in travel delays in 2014, or about 21 gallons of fuel and 46 hours a year for each auto commuter in the region. In all, southern Nevada’s congestion costs reached \$1.4 billion in lost fuel and time, which equals \$984 for every auto commuter.⁴
- ❖ Travel delays also affect Las Vegas visitors during their trips. Although the monorail and inter-resort tram systems provide some alternative to vehicle travel, most transportation options, including personal vehicles, taxicabs, buses, and ride-hailing services, rely on the roads. Congestion on gridlocked streets delayed visitors an average of 19 minutes per trip in 2012 at a total cost of \$242 million in lost time and wasted gas.⁵
- ❖ Compared to previous generations, millennials drive less. In 2013, only 81 percent of Americans between the ages of 18 and 34 had driver’s licenses, a drop from the 93 percent for the same age group in 1983. Millennials, who this year became the largest generation in the U.S., also show a greater preference for alternative travel modes, including public transit, bicycling, and walking.⁶
- ❖ Between 2000 and 2014, annual ridership on Regional Transportation Commission of Southern Nevada bus routes grew more than 22 percent to 61.7 million. A significant portion of ridership growth was attributed to bus routes in the Strip Corridor, where ridership grew 44 percent to 14.4 million.

¹ Nevada Department of Transportation, *Annual Vehicle Miles of Travel*, multiple years.

² Applied Analysis calculations using federal and state data.

³ U.S. Department of Transportation, *Beyond Traffic: Trends and Choices 2045*, 2015.

⁴ Texas A&M Transportation Institute, *2015 Urban Mobility Scorecard*, 2015.

⁵ Applied Analysis, *Las Vegas Cost of Congestion*, 2013.

⁶ U.S. PIRG, *Millennials in Motion Changing Travel Habits of Young Americans and the Implications for Public Policy*, 2014.



Roads, Highways, and Mass Transit Background Resources

RTC Regional Transportation Plan

Regional Transportation Commission of Southern Nevada

[http://www.rtcnv.com/wp-content/uploads/2012/10/Final RTP-2013-35-Redetermination-0214131.pdf](http://www.rtcnv.com/wp-content/uploads/2012/10/Final_RTP-2013-35-Redetermination-0214131.pdf)

The RTC's updated comprehensive and long-range plan for the transportation system in the Las Vegas metropolitan area. It details the transportation investment needed between now and the year 2035.

2015 Urban Mobility Scorecard

Texas A&M Transportation Institute and INRIX

<http://d2dtl5nnlpfr0r.cloudfront.net/tti.tamu.edu/documents/mobility-scorecard-2015.pdf>

This report uses detailed regional transportation data to analyze the costs of congestion in more than 400 U.S. urban areas. Results and ranks for each area are included in the report, which provides for city-by-city measurements of the growing congestion problem throughout the nation.

Las Vegas Cost of Congestion

Applied Analysis

<https://appliedanalysis.box.com/s/y5m0hgmczovv7nd81z5frna09deozycg>

Using urban congestion data and modeling from the Texas A&M Transportation Institute, this report calculates the costs of congestion for southern Nevada, including specific costs for commuters, visitors, and commercial traffic.

Beyond Traffic: Trends and Choices 2045

U.S. Department of Transportation

http://www.transportation.gov/sites/dot.gov/files/docs/Draft_Beyond_Traffic_Framework.pdf

This wide-ranging report from the U.S. Department of Transportation examines current trends in transportation and predicts what the nation's transit network might look like in 30 years. The report, which covers the movement of people and goods in all transit modes, identifies many areas of concern that could negatively affect the future of travel in America, such as aging infrastructure, growing congestion and decreasing transportation funding.

Millennials in Motion: Changing Travel Habits of Young Americans and the Implications for Public Policy

U.S. PIRG

<http://www.uspirg.org/sites/pirg/files/reports/Millennials%20in%20Motion%20USPIRG.pdf>

An examination of millennials' travel habits and what they mean for the future of transportation in the U.S. The report details a multitude of factors that are changing how younger Americans travel, including generational preferences, socioeconomic shifts, and emerging technologies.



McCarran International Airport

Background

Within Southern Nevada's tourism-based economy, perhaps no single element of the region's tourism infrastructure is more critical than McCarran International Airport ("McCarran"). Since its creation in 1948, the airport has evolved and grown along with the community while providing a convenient and popular link between Southern Nevada and cities across the United States and around the globe. Today, that link brings 43 million passengers a year through McCarran, ranking it as the ninth-busiest airport in the country and the 25th-busiest in the world. When measured by the number of origin and destination ("O&D") passengers, the airport is the second-busiest in the U.S. The majority of the airport's passengers, 80 percent, consists of tourists and business travelers, making it the first and last stop in Las Vegas for roughly 17 million visitors each year.

While every visitor plays an important role in the Southern Nevada economy, those who fly through McCarran provide a greater economic impact, on average, than those who arrive by ground transportation. Since air travelers typically come to Las Vegas from farther distances, they tend to stay longer and spend more during their visit. In 2014, air travelers stayed an average of 3.8 nights per trip compared to 2.8 nights for ground travelers. Air travelers spent more on transportation (\$120.27 vs. \$31.77), food and drink (\$353.48 vs. \$230.31), shopping (\$178.16 vs. \$129.31), shows and entertainment (\$68.00 vs. \$32.82), and other categories. Air travelers also gamble more and visit more casinos per trip than ground travelers.¹

Spending by visitors arriving via McCarran created an estimated \$XX billion in total economic impact in Southern Nevada in 2014. (*Note: Applied Analysis has conducted an economic impact study on behalf of McCarran. The results of that study will be released once the report has been finalized and made public.*) After factoring in the impact of local resident air travel and airport operations, the total economic impact of McCarran and its four sister airports climbs to \$XX billion, nearly XX of the entire regional economy. That economic activity supports more than XXX jobs in the region and generates \$XX billion in labor income. The Clark County Department of Aviation directly employs 1,400 people, and another 14,500 employees work for airlines, airport tenants, and concessionaires.²

The economic benefits created by McCarran and its sister airports come at no cost to taxpayers, as the Department of Aviation is a self-sufficient enterprise. In fiscal year 2014, the department collected \$599.5 million in operating revenue, of which 51 percent was generated by non-airline revenue streams such as concessions, advertising, and parking. The remaining 49 percent was generated through airline operations. These revenues support 100 percent of airport operations without any supplemental tax revenues.

McCarran shares its airspace with Nellis Air Force Base, Creech Air Force Base, and other sensitive installations and restricted areas, which puts regional air capacity at a premium. The Department of

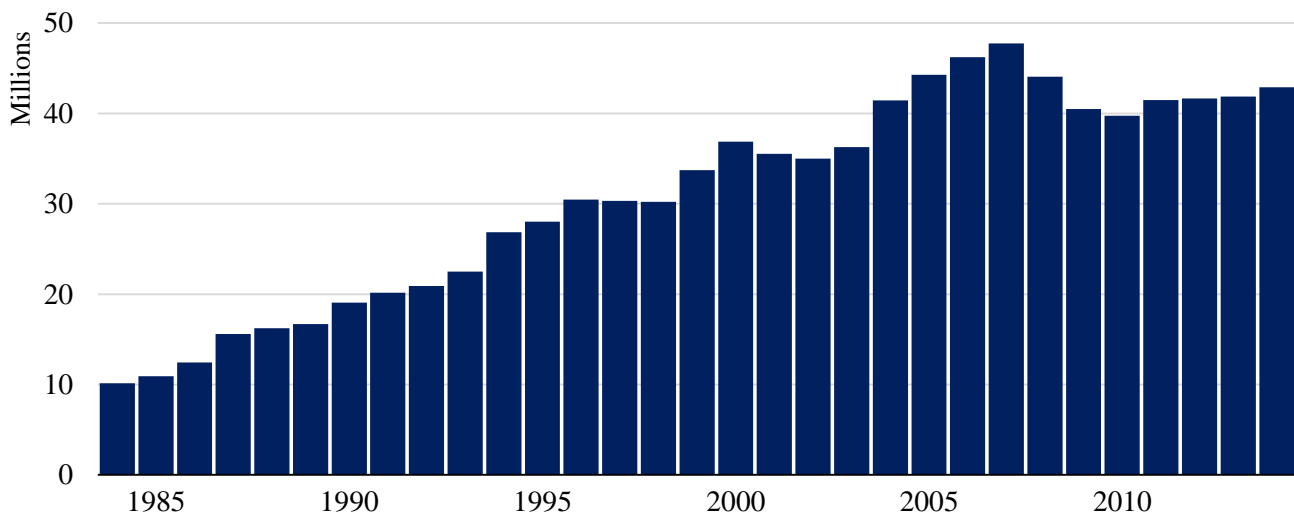
¹ Las Vegas Convention and Visitors Authority, *Las Vegas Visitor Profile Study 2014*.

² Applied Analysis, *McCarran International Airport Economic Impact Analysis*, 2015.



Aviation manages limited airspace through its network of smaller airports, including the North Las Vegas and Henderson Executive airports. These smaller airports support most of the region’s general aviation needs, allowing McCarran’s airspace to be maximized for commercial airline service. Last year, McCarran handled more than 522,000 takeoffs and landings, the eighth-most among world airports. Of those operations, 340,000 (72 percent) involved commercial air carrier traffic. McCarran also serves as a primary hub for helicopter tour operations that fly to the Grand Canyon, Hoover Dam, and other sightseeing attractions. In 2014, helicopters accounted for 128,000 takeoffs and landings (18 percent), while general aviation generated 53,000 operations at McCarran (10 percent).

McCarran International Airport Passengers



Source: Clark County Department of Aviation

With the opening of Terminal 3 in 2012, McCarran increased annual capacity to 55 million passengers. Clark County commissioners approved the \$2.4 billion project in the midst of recession in 2008 but just a year removed from the peak of nearly 48 million passengers that strained existing facility capacity. Along with boosting overall throughput, Terminal 3 enhanced international passenger capacity. As a result, McCarran served 3.3 million international passengers in 2014, up 28.5 percent from the 2.6 million in 2011, the last year before Terminal 3 opened. International passenger capacity will increase further upon completion of a tunnel connecting seven gates at the D Concourse directly to the U.S. Customs and Border Protection passenger arrival checkpoint in Terminal 3.

Additional overall passenger capacity could be realized through improvements under the Federal Aviation Administration’s Next Generation Air Transportation System (“NextGen”), on ongoing project that will transition air traffic control from a radar-based system to a global-positioning satellite system. Local airspace is also part of an ongoing FAA Metroplex air traffic study, which will increase efficiency of airplane movements between Southern Nevada and neighboring regions.



Issues, Analysis, and Recommendations

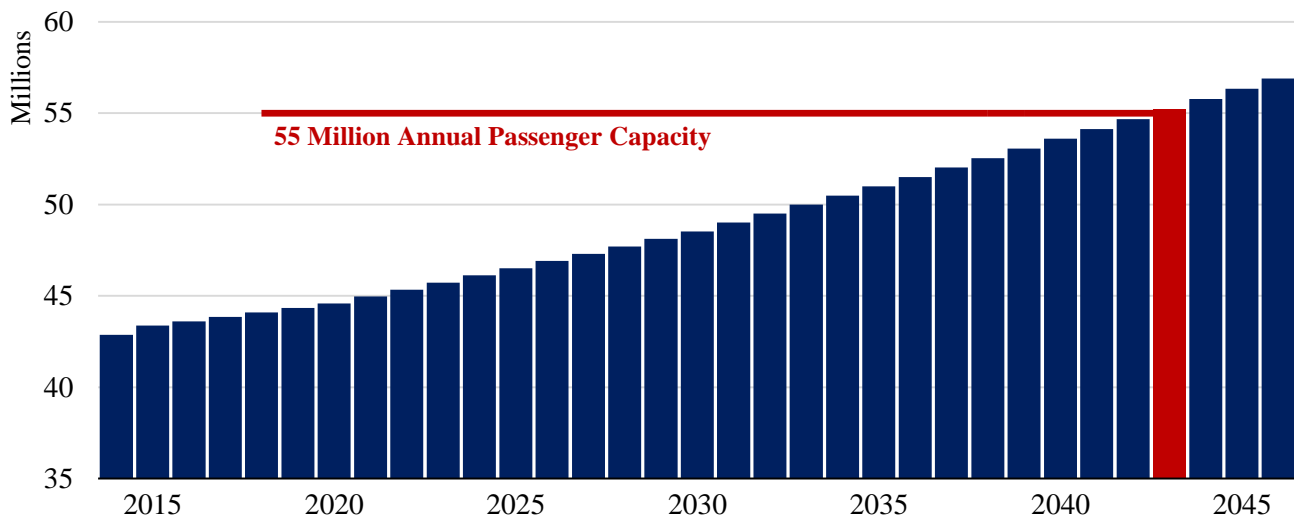
Passenger Capacity

Findings

Throughout its history, McCarran has expanded facilities to accommodate the growing air travel demands of Southern Nevada. The last major expansion, Terminal 3 in 2012, raised the airport’s annual passenger capacity to an estimated 55 million. Although some extra capacity could be gained through ongoing FAA initiatives, additional capacity at McCarran is constrained by a mix of factors, including airspace restrictions in the region and the lack of available land adjacent to the airport. Also, McCarran is subject to surges in passenger demand as many flights arrive and depart at similar times throughout the week. These peak times can be managed but will remain a concern as passenger volumes rise. As the airport approaches and eventually exceeds its designed capacity, delays will increase in number and duration, negatively affecting the travel experience that is a critical component to the overall visitor experience that drives the region’s tourism-based economy.

McCarran is estimated to reach its current capacity of 55 million annual passengers in 2043, according to a projection by Las Vegas research firm Applied Analysis.³ This projection is based on McCarran estimates of 285 passengers per available hotel room in the Las Vegas Area as well as the projected number of hotel rooms necessary to accommodate 1-percent annual growth in Las Vegas visitor volume. When McCarran approached maximum capacity in the mid-2000s, the Clark County Board of Commissioners authorized the development of Ivanpah airport along Interstate 15 between Primm and Jean. Land for the new airport had been secured through federal legislation in 2000 that transferred 6,000

McCarran International Airport Passengers (Projected)



Source: Clark County Department of Aviation

³ Applied Analysis, *Airport Capacity & Passenger Count Projections*, 2015.



acres from the Bureau of Land Management to Clark County. Subsequent federal legislation transferred an additional 17,000 acres to serve as an airport buffer zone.⁴ As the project moved forward, the necessary planning and environmental study processes were started as McCarran’s annual passenger counts continued to climb. Passenger volume peaked at 47.7 million in 2007 before a rapid multiyear decline triggered by the Great Recession. The sudden drop in air travel demand diminished the immediate need for additional commercial air capacity in Southern Nevada, and plans for the Ivanpah airport were put on hold.

The Ivanpah airport site remains the most viable option to increase air passenger capacity in the region. Some of the initial planning and study work remains relevant, however, the process of planning, studying, and building the airport would require 12 to 15 years to complete at an estimated cost of \$10 billion in today’s dollars. Because premature development of the site would be overly expensive and unnecessary, the site should be preserved in the near term until regional air passenger trends indicate the need for additional capacity.

Recommendation

- ❖ Preserve site and explore potential funding options for construction of Ivanpah airport.

Requested Actions for the Governor’s Office and Legislature

- ❖ None. This is a local issue to be handled by the Clark County Department of Aviation.

Infrastructure Issue, Recommendation, and Cost Summary

Issue	Recommendation	Timeline	Estimated Cost
McCarran is projected to reach maximum passenger capacity of 55 million in 2043.	Preserve Ivanpah airport site and explore potential funding options for construction	12 to 15 years to fully develop the Ivanpah site; preservation-oriented activities will need to take place during at least the first five years of this timeline	Cost to develop the Ivanpah airport is an approximately \$10 billion; preservation costs are unclear at this time

Aviation Fuel Supply

Findings

Southern Nevada’s only source of aviation fuel is the CALNEV pipeline, a 248-mile pipeline system that runs generally along Interstate 15 between Colton, California, and Las Vegas. The pipeline consists of two pipes: An 8-inch diameter pipe used exclusively to ship commercial aviation fuel (Jet-A), and a 14-inch diameter pipe that handles a variety of fuel types, including gasoline, diesel, military jet fuel, and Jet-A fuel. Kinder Morgan Energy Partners, which owns the CALNEV pipeline, is in the process of adding a

⁴ Clark County Department of Aviation, *Project Definition and Justification: Proposal to Construct and Operate a New Supplemental Commercial Service Airport in the Ivanpah Valley*, 2006.



16-inch pipeline to increase capacity from 156,000 barrels of product per day to up to 200,000 barrels per day. Announced in 2007, the proposed \$400-million expansion project remains under regulatory review.

The additional pipe will increase capacity to help meet the growing fuel needs of Southern Nevada. However, the additional capacity does not alleviate the potential for a shortage of aviation fuel in the event of an accident, natural disaster, or other disruption to the CALNEV pipeline operation. In recent years, McCarran’s aviation fuel supply has been interrupted many times because of these types of events.⁵

May 1989 – A Southern Pacific freight train derailed in San Bernardino County, California, damaging the underground 14-inch pipe adjacent to the railroad tracks. A subsequent fire caused the pipeline to be shut down for several days.

January 2001 – Rolling power shortages in California caused several disruptions to the pipeline’s electricity supply over a period of weeks.

January 2002 – A computer glitch caused a 36-hour shutdown of the pipeline.

January 2005 – Heavy rains and mudslides in Southern California shut down the pipeline for nearly a week.

March 2014 – McCarran experienced a weeklong fuel shortage after a five-day supply of jet fuel that didn’t meet standards was delivered to the airport.

These disruptions required emergency measures, such as restructuring aircraft fueling to only what was necessary for the next flight segment, reducing fuel exports to outlying areas, and delivering fuel to the valley using trucks. These types of measures, along with McCarran’s 10-day supply of fuel in reserve, allow for the short-term management of a pipeline disruption. However, they would be difficult to sustain over a prolonged timeframe.

Recommendation

- ❖ Secure an alternative jet fuel supply for Southern Nevada. Potential sources include a second pipeline from out of state or from Fulcrum BioEnergy, which is planning to build a biofuel factory in northern Nevada that will process garbage into fuel for aircraft.

Requested Actions for the Governor’s Office and Legislature

- ❖ **To Be Determined**

⁵ Blue Ribbon Commission to Improve the Reliability of Southern Nevada’s Fuel Supply, *Summary Report*, October 2006.



Infrastructure Issue, Recommendation, and Cost Summary

Issue	Recommendation	Timeline	Estimated Cost
Southern Nevada relies on a single source of aviation fuel, making air travel vulnerable to supply interruptions.	Secure an alternative aviation fuel pipeline to the region	Short-term; risk is immediate	Not provided during testimony

Surface Transportation Near McCarran

Findings

Unlike many other U.S. airports, McCarran handles a large share of passengers who are either beginning or ending their trips rather than connecting to other flights. About 90 percent of McCarran’s passengers fall into the category of O&D passengers, making it the second-busiest airport in the U.S for total O&D passengers. McCarran accommodates about 40 million O&D passengers a year, moving them not only through its gate, baggage claim, and ticketing areas, but also facilitating their transportation to and from the airport grounds.

Currently, all modes of transportation to and from McCarran involve using surface streets, putting strain on the surrounding roadway infrastructure and creating significant and frequent travel delays, particularly during peak commuting hours. Because of McCarran’s location in the urban core and its proximity to major employers in the resort corridor and the University of Nevada, Las Vegas, among others, a large share of daily traffic includes commuters mixed with airport traffic. Depending on the time of day, commuter traffic comprises as much as 70 percent of all traffic in the vicinity of McCarran.⁴ Congestion is a regular occurrence in the area and worsens during peak times, creating extensive delays at the primary routes that carry vehicle traffic to and from the airport. Anecdotally, vehicles leaving the airport on Swenson Street during peak hours can wait as many as five or six traffic light cycles before getting through the intersection at Tropicana Avenue.

Traffic Volumes Near McCarran International Airport

Roadway	Average Daily Traffic
Airport Connector*	98,000
Tropicana Ave. (between Koval and Paradise)	92,000
Tropicana Ave. (between Paradise and Swenson)	64,500
Tropicana Ave. (between Swenson and Maryland)	50,000
Paradise Rd. (south of Tropicana)	36,000
Russell Rd. (between Paradise and Maryland)	26,000
Swenson St. (south of Tropicana)	25,000

* 2013 data

Source: Nevada Department of Transportation, 2014



Traffic congestion in Southern Nevada is a reality for visitors and residents alike, and the costs associated with it extend beyond the typical frustrations that come with travel delays. In Las Vegas, the average visitor is delayed more than 19 minutes per trip because of road congestion. Multiply that figure by the 41 million people who visited in 2014, and the time lost to traffic congestion skyrockets to 13 million hours a year. After accounting for the costs of wasted time and fuel, the annual economic costs of congestion reach an estimated \$241.8 million.⁶

Recommendation

- ❖ Address traffic congestion on streets and at intersections that serve airport traffic, particularly the primary intersections for transporting passengers and employees to and from the airport, those include Swenson Street and Paradise Road intersections with Tropicana Avenue.

Requested Actions for the Governor’s Office and Legislature

- ❖ **To Be Determined**

Infrastructure Issue, Recommendation, and Cost Summary			
Issue	Recommendation	Timeline	Estimated Cost
Extreme congestion on roads and at intersections near McCarran create extensive delays and impact visitor experience.	Improve traffic movement and access in and around McCarran	Short to mid-term; traffic flows negatively impact corridor mobility at present	Not provided during testimony

Taxicab Loading Area

Findings

For air travelers who rely on taxicabs to transport them from McCarran to their destinations, delays often begin soon after they collect their luggage and head to the cab line. During peak demand, travelers can face extensive waits in airport cab lines. Like the delays caused by congestion on roadways, the delays while waiting for a taxicab degrade the visitor experience. Additionally, the configuration of the Terminal 1 taxicab loading area creates potential delays because it intersects with the primary pedestrian crosswalk connecting the baggage claim area with the parking garage and passenger pick up area. Airport personnel manage the intersection by coordinating the flow of incoming taxicabs with the pedestrians crossing the street. A new crossing that separates pedestrians from taxicab traffic would alleviate potential delays at this intersection.

Recommendations

- ❖ Pilot a system to track and display estimated wait times at the taxi queuing area using a Wi-Fi tracking system that is currently being tested for accuracy at McCarran.

⁶ Applied Analysis, *Las Vegas Cost of Congestion*, 2013.



- ❖ Address the existing conflict between the primary pedestrian crosswalk at Terminal 1 and the taxicab traffic entering the loading area.

Requested Actions for the Governor’s Office and Legislature

- ❖ **To Be Determined**

Infrastructure Issue, Recommendation, and Cost Summary			
Issue	Recommendation	Timeline	Cost
Lengthy wait times at taxicab lines, particularly during peak demand, negatively affects visitor experience.	Implement system to track wait times at taxicab loading area	Short-term	Not provided during testimony
Primary pedestrian crosswalk to passenger pickup and parking garage intersects with taxicab loading area.	Address existing conflict between passenger crosswalk and incoming taxicab traffic	Short to mid-term	Not provided during testimony

Customs Processing for Private Plane Passengers

Findings

A large portion of gaming revenue is attributed to the top 1 percent of visitors, many of whom are international travelers flying to Las Vegas via private plane. Because private aircraft are generally not processed at Terminal 3, those arrivals typically do not access the regular U.S. Customs processing area. Instead, most international travelers on private aircraft are processed at a smaller Customs facility on the west side of the airfield.

McCarran has invested in upgrading this facility, and will continue to explore opportunities to develop a new west side Customs facility that would provide a better welcome experience to its users. In addition, the U.S. Customs and Border Protection’s 559 program has already resulted in increased flexibility for private and commercial aircraft to arrive at any time of day, any day of the week.

Recommendations

- ❖ **To Be Determined**

Requested Actions for the Governor’s Office and Legislature

- ❖ **To Be Determined**

Infrastructure Issue, Recommendation, and Cost Summary			
Issue	Recommendation	Timeline	Cost
International high-value gaming customers arriving via private plane are processed outside main customs area.	TBD	TBD	TBD



Stadiums, Arenas, and Events Centers

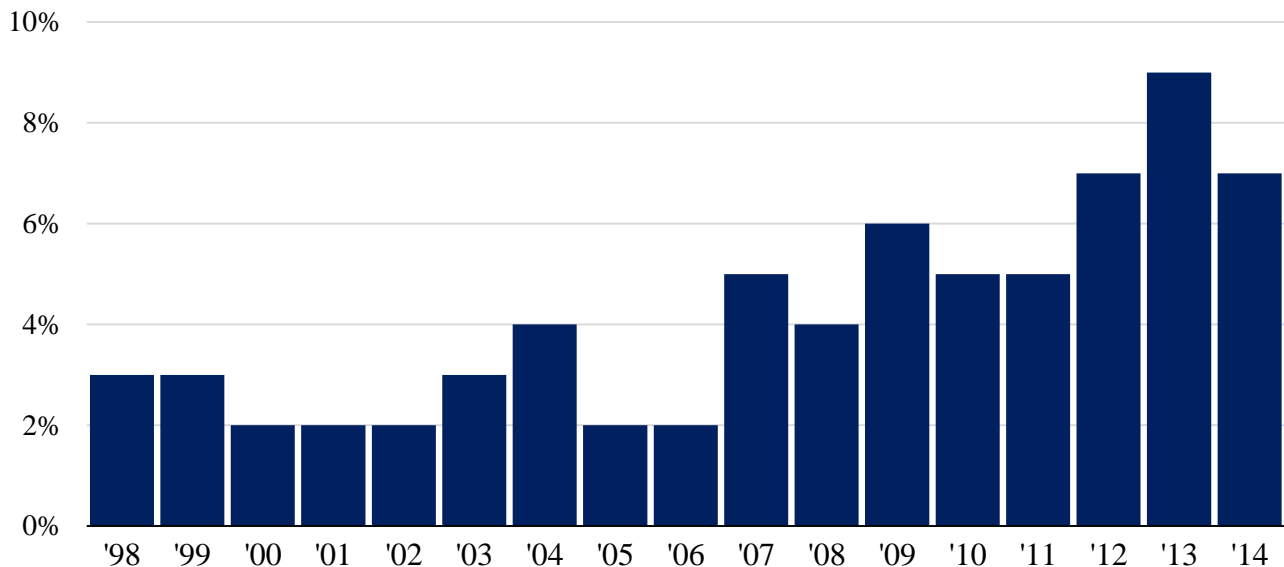
Background

As legalized casino gaming has spread throughout the United States and the around the world, Las Vegas has diversified its non-gaming offerings to continue to attract visitors as a world-class tourist destination. Special events, such as concerts and sporting events, play an increasingly important role in the diversity of the visitor experience and the economy of southern Nevada.

Major sporting and entertainment events have long been a part of the Las Vegas landscape. Local history is filled with the biggest names in sports and entertainment, including Muhammad Ali, Michael Jordan, The Beatles, and Elvis Presley. The relationship between Las Vegas and star power continues to this day as music festivals, awards shows, and high-profile sporting events draw world-renowned performers and athletes from across the spectrum of entertainment and sports. Beyond those high-profile events, southern Nevada’s special events market is one of diverse size and appeal. With its mix of venues, for example, Las Vegas can play host to the Electric Daisy Carnival and its more than 130,000 attendees at the Las Vegas Motor Speedway on the same weekend as the Indian National Finals Rodeo at South Point Arena.

From the largest music festival to the smallest niche sporting competition, southern Nevada’s collection of special events play a larger role in attracting visitors to Las Vegas than just a decade ago. In 2005, 2 percent of visitors cited a special event as the primary reason for their visit, a number that had been relatively unchanged for many years.¹ That figure has climbed higher in recent years, peaking at 9 percent in 2013 before settling at 7 percent in 2014, a figure that equates to 2.9 million annual visitors.

Special Event as Primary Purpose of Las Vegas Visit



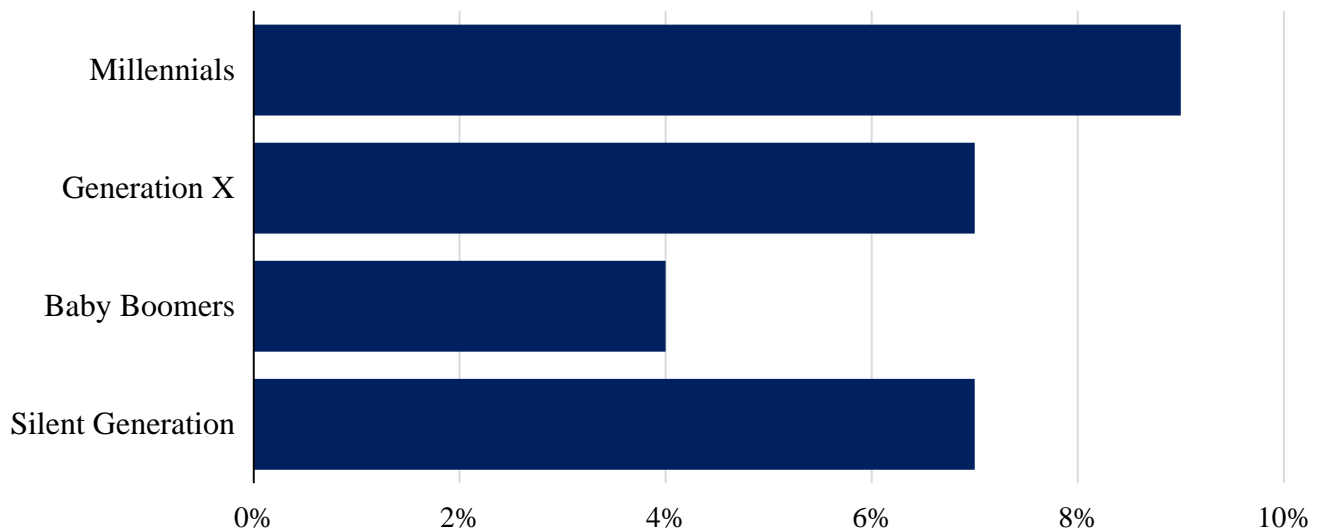
Source: Las Vegas Convention and Visitors Authority

¹ Las Vegas Convention and Visitors Authority, *Las Vegas Visitor Profile Study*, multiple years.



This rising trend coincides with the maturation of the millennial generation. Millennials, who are roughly between the ages of 18 and 34, now represent the largest single generation in America,² and their coming of age has contributed to significant shifts in the region’s tourism industry. Millennials visiting Las Vegas gamble less than any older generations, just 63 percent compared to the 78 percent by Baby Boomers, and they are driving the fast-growing “experience economy” that caters to their priority of spending money on cultural and social experiences rather than possessions.³ The millennial preference for experiences is evident in the generational breakdown of Las Vegas visitors who planned their trips around special events. While 7 percent of all visitors came for a special event, for millennials that number was 9 percent. These trends suggest that special events will remain a key component of increasing visitor volumes well into the future.

Special Event as Primary Purpose of Las Vegas Visit



Source: Las Vegas Convention and Visitors Authority

For more than 30 years, Las Vegas Events (“LVE”) has served as southern Nevada’s key organization in attracting and promoting major special events. Working alongside the Las Vegas Visitors and Convention Authority (“LVCVA”), LVE sponsors and promotes some of the region’s most recognizable events, including the National Finals Rodeo, NASCAR Sprint Cup, the Las Vegas Bowl, NBA Summer League, USA Basketball, multiple college conference basketball tournaments and other signature events. Special events such as these not only lift overall visitor volume, they can be scheduled to boost visitation during traditionally slower timeframes and off-peak months of the year. Of the events sponsored by LVCVA and LVE, 67 percent were scheduled on weekends and another 19 percent included both weekend and midweek dates.⁴

National Finals Rodeo is the best example of boosting visitation during a slower period. Over its three-decade run in Las Vegas, the event has occupied 10 days of the calendar between Thanksgiving and

² Pew Research Center, *This year, Millennials will overtake Baby Boomers*, January 16, 2015.

³ Eventbrite, *Millennials: Fueling the Experience Economy*, 2014.

⁴ Rossi Ralenkotter, President and CEO of the LVCVA, in testimony before the Southern Nevada Tourism Infrastructure Committee.



Christmas, one of the traditionally slowest times for southern Nevada tourism. National Finals Rodeo is also the best example of creating a city-wide experience based on a special event. During the National Finals Rodeo, southern Nevada is home to many related events, including country music concerts, western lifestyle shows, and viewing parties.

Special events such as National Finals Rodeo create substantial economic impact throughout the community through increased visitor volume and higher per-visitor spending than the average visitor. In fiscal year 2015, events sponsored by LVCVA and LVE attracted 1.3 million attendees, of whom 453,000 were out-of-town visitors. The total economic impact for those events was estimated at \$660 million. The actual economic impact of special events is much higher, as this figure accounts for only LVCVA-LVE sponsored events and does not include unsponsored events.

Average Total Visitor Spending for Selected Events

Event	Average Spending
National Finals Rodeo	\$2,320
PBR World Finals	\$1,860
Basketball Tournaments	\$1,460
Rock ‘n’ Roll Marathon	\$1,420
NASCAR	\$1,390
Average Las Vegas Visitor	\$1,120

Source: Las Vegas Events

The rise in special events throughout southern Nevada would not be possible without venues to host them. The market is home to a variety of venues that can accommodate a wide array of event types and sizes. The development of today’s modern venue marketplace began with the construction of the Thomas & Mack Center in 1983. Although it was built on the campus of the University of Nevada, Las Vegas, as the home court for Rebels basketball, its size and proximity to the resort corridor made it a prime location for concerts, shows, and sporting events beyond college basketball. Over its three decades of operation, the university’s arena has hosted major boxing bouts, headlining musical acts, and national sporting events that have consistently made it one of the highest-grossing arenas in the United States.⁵

Since the Thomas & Mack Center opened its doors, new venues have been added to the market to accommodate the growing demand for special events. The Southern Nevada market now includes some of the highest-grossing venues in the world, according to the Top Stops of the Decade list released in 2012 by industry publication *Venues Today*.⁶ That list ranked Thomas & Mack Center (12th), Mandalay Bay Events Center (12th) and Orleans Arena (13th) among the top 15 highest-grossing venues within their respective size categories. Additionally, UNLV’s Sam Boyd Stadium, was ranked 5th in the largest-venue category in the same publication.

The most recent addition to the marketplace is the Las Vegas Arena, a joint venture between MGM Resorts International and entertainment company AEG that is planned to open in April 2016. The 20,000-seat

⁵ Gerry Bomotti, Senior Vice President for Finance and Business at UNLV, in testimony before the Southern Nevada Tourism Infrastructure Committee.

⁶ Venues Today, *Top Stops of the Decade*, 2012.



arena will be the largest in the region and offers the latest in state-of-the-art technology and arena experiences. MGM Resorts International estimates that the new arena will attract 1.2 million visitors annually and produce \$600 million in economic impact.⁷ As of this writing, Las Vegas was also one of two cities under consideration for a National Hockey League expansion franchise, which would play home games at the new arena.⁸ The addition of a major professional sports team would be a first for the region and add another special events option to bring visitors to Las Vegas.

Multi-Purpose Venues in Southern Nevada

Venue	Owner	Maximum Capacity	Year Built
Sam Boyd Stadium	University of Nevada, Las Vegas	40,000*	1971
Thomas & Mack Center	University of Nevada, Las Vegas	18,500	1983
MGM Grand Garden Arena	MGM Resorts International	16,800	1993
Las Vegas Motor Speedway	Speedway Motorsports	142,000	1996
Mandalay Bay Events Center	MGM Resorts International	12,000	1999
Orleans Arena	Boyd Gaming	9,000	2003
South Point Arena	South Point Hotel & Casino	4,600	2006
Las Vegas Village	MGM Resorts International	25,000	2012
Las Vegas Festival Grounds	MGM Resorts International	85,000	2015
Las Vegas Arena	MGM Resorts International-AEG	20,000	2016

* Sam Boyd Stadium capacity ranges from 36,000 to 40,000 depending on seating arrangement

Despite the growing number of venues within Southern Nevada, the region still lacks a state-of-the-art stadium with the seating capacity to host large-scale events such international soccer matches, national political conventions, NFL exhibition games, neutral-site college football games, and large stadium concerts. Currently, these types of events are frequently awarded to competing cities that have high-capacity stadiums, including Dallas-Fort Worth, Houston, New York, San Francisco, New Orleans, and Phoenix.⁹

In recent years, UNLV has explored options for building a stadium that would serve as the home field for Rebel football games and host large-scale third-party events. In an initial effort, the university partnered with Majestic Realty to develop the UNLV Now project, which would have included a 60,000-seat stadium and redeveloped the surrounding area. The partnership ended in 2013 in order for UNLV to develop a project that had “broader engagement with the resort industry and the community as a whole.”¹⁰

The most recent effort, the UNLV Campus Improvement Authority Board (“CIAB”), empaneled a committee of public- and private-sector business leaders to study stadium scenarios that considered seating capacity alternatives, whether the structure would be domed or open-air, construction costs, potential

⁷ Mark Prows, Senior Vice President of Arenas for MGM Resorts International, in testimony before the Southern Nevada Tourism Infrastructure Committee.

⁸ Las Vegas Review-Journal, *Businessman behind NHL drive has blue-jeans, relaxed approach*, April 11, 2015.

⁹ Bill Rhoda, President of CSL International, in testimony before the Southern Nevada Tourism Infrastructure Committee.

¹⁰ Donald Snyder, Presidential Advisor for Strategic Initiatives at UNLV, in testimony before the Southern Nevada Tourism Infrastructure Committee.



funding sources, and other factors. The CIAB was to issue a recommendation for a proposed stadium for consideration before the commencement of the 2015 Nevada Legislature; however, a final report was postponed for two years to give the board more time to explore additional funding options and refine other aspects of the project. The CIAB did issue a report summarizing the competitive landscape for large-scale events, potential stadium design options, and the estimated economic impacts that a new stadium would generate.¹¹ Overall, data obtained through committee testimony suggests that a domed stadium has the potential to create more economic impact because it could host more events in its climate-controlled environment; it would also be significantly more expensive.

Annual Economic and Fiscal Impacts of New Stadium			
Category	Open-Air Stadium	Domed Stadium	Difference
Direct Spending	\$174 million	\$428 million	\$254 million
Total Output	\$276 million	\$677 million	\$401 million
Employment	2,550	6,267	3,717
Labor Income	\$110 million	\$270 million	\$160 million
Tax Revenue	\$15 million	\$37 million	\$25 million
Estimated Stadium Project Costs	\$655 million	\$833 million	\$178 million

* Economic impacts include direct, indirect, and induced effects.

Source: UNLV Campus Improvement Authority Board

Issues, Analysis, and Recommendations

Lack of Stadium to Host Large Events

Findings

As noted above, southern Nevada does not have a state-of-the-art stadium required to host the large-scale events in today’s competitive marketplace. Although Las Vegas has more hotel rooms than any other U.S. market, worldwide appeal, and a history of hosting major events, the absence of a modern stadium prohibits it from competing against the likes of Houston (NRG Stadium, 71,795); Phoenix (University of Phoenix Stadium, 63,400); Dallas (AT&T Stadium, 85,000), and other cities that have modern stadiums. This likely equates to the loss of at least five or six events each year and the hundreds of millions of dollars in economic activity they would create.

The region’s current stadium, Sam Boyd Stadium, has undergone two major renovations since it was built in 1971; however, its current capacity of up to 40,000 spectators remains a limiting factor in attracting large events and enabling current events to expand. For example, Ken Hudgens of Feld Motor Sports testified that because of rising production costs and limited seats, popular events such as Monster Jam and Monster Energy Supercross must charge higher ticket prices to generate sufficient revenue to put on the shows. Currently, the average ticket cost for Monster Jam in Las Vegas is \$100 compared to \$18 across the country.¹² Sam Boyd Stadium also lacks amenities found at more-current stadiums and is inconveniently located away from the Las Vegas Strip. John Saccenti with ESPN Events echoed Mr.

¹¹ UNLV Campus Improvement Authority Board, *Study of the Need for & Feasibility of a New Multi-Purpose On-Campus Stadium*, September 2014.

¹² Ken Hudgens, Chief Operating Officer of Feld Motor Sports, in testimony before the Southern Nevada Tourism Infrastructure Committee.



Hudgens’ concerns regarding the Las Vegas Bowl. As costs escalate to bring college football teams to the annual bowl game, Sam Boyd Stadium’s limited seating capacity requires higher ticket prices. Both testified that a large stadium with between 50,000 and 55,000 seats would allow them to expand their events while reducing ticket prices to more affordable levels.

A state-of-the-art stadium will be a key component of future special events growth in southern Nevada, both by attracting new events that are now out of reach and by supporting the expansion of current events that are constrained by the limitations of Sam Boyd Stadium.

Recommendation

❖ **PENDING**

Requested Actions for the Governor’s Office and Legislature

❖ **PENDING**

Infrastructure Issue, Recommendation, and Cost Summary			
Issue	Recommendation	Timeline	Estimated Cost
Lack of modern stadium to host large-scale special events	PENDING	TBD	TBD

Funding for Special Events Promotion

Findings

In 1983, the Nevada Legislature enacted a 1 percent room tax to promote tourism in the state, 5/8 of which was earmarked for local tourism boards, including the LVCVA. Over 16 years, the room tax revenue generated \$107 million that the LVCVA used to promote special events in Southern Nevada.¹³ The money supported special events and could be rolled over year to year, which allowed it to be applied to future events. In 1999, the Legislature changed the law to redirect that share of room tax revenue to the Clark County School District.¹⁴ At the time, the room tax generated about \$12 million a year for special event promotion. Today, that annual total would be about \$20 million.¹⁵

The loss of a specific funding stream for promoting special events puts Las Vegas at a competitive disadvantage when recruiting new events and retaining current events. Currently, states including Texas and Florida have dedicated state funds to support special events. Both states were involved in recent attempts to lure away the National Finals Rodeo when its contract with Las Vegas was ending. A new 10-year contract was signed to keep the rodeo in Las Vegas through 2024.

¹³ Rossi Ralenkotter, President and CEO of the LVCVA, in testimony before the Southern Nevada Tourism Infrastructure Committee.

¹⁴ Applied Analysis, *History of the Room Tax in Clark County*, LVCVA Economic Impact Series Brief, December 2012.

¹⁵ Rossi Ralenkotter, President and CEO of the LVCVA, in testimony before the Southern Nevada Tourism Infrastructure Committee.



Recommendation

❖ **PENDING**

Requested Actions for the Governor’s Office and Legislature

❖ **PENDING**

Infrastructure Issue, Recommendation, and Cost Summary			
Issue	Recommendation	Timeline	Estimated Cost
LVCVA and LVE lack a dedicated funding source to recruit and promote special events	PENDING	TBD	TBD

Transportation Infrastructure Near Major Events Centers

Findings

With the need to move tens of thousands of people to and from a venue, often within a condensed timeframe, large special events can create significant challenges to surrounding transportation infrastructure. Insufficient infrastructure and transportation alternatives increase travel delays for spectators and negatively impact their overall experience.

The Las Vegas Motor Speedway encounters this annually with large events such as Electric Daisy Carnival and NASCAR weekend, which each draw more than 130,000 daily attendees. During event days, roadways near the track, including Interstate 15 and the 215 Beltway, experience heavy congestion. Speedway President Chris Powell testified that infrastructure improvements are necessary, such as additional travel lanes on Interstate 15 and an improved ramp connecting the eastbound 215 Beltway to northbound Interstate 15.

In Downtown Las Vegas, planned redevelopment includes a new 22,000-seat soccer-specific stadium at the existing site of Cashman Field. Las Vegas City Manager Betsy Fretwell testified about the critical need to improve transportation infrastructure surrounding the stadium site. She recommended that those improvements include a light rail transit system connecting downtown with the resort and Maryland Parkway corridors, and a multi-modal transit hub at Cashman Center.

Potential traffic impacts of a new stadium near UNLV should also be considered, as the Tropicana Avenue corridor currently experiences heavy congestion due to the combination of local commuter traffic and passengers arriving and departing from McCarran International Airport.

Recommendation

❖ **PENDING**



Requested Actions for the Governor’s Office and Legislature

❖ **PENDING**

Infrastructure Issue, Recommendation, and Cost Summary

Issue	Recommendation	Timeline	Estimated Cost
Insufficient traffic infrastructure near major events centers	PENDING	TBD	TBD



Economic Connections Between Southern Nevada and California

Ever since the San Pedro, Los Angeles & Salt Lake Railroad reached what is now Downtown Las Vegas in 1905, California has been an important contributor to the economy of southern Nevada. That connection continues today, as Nevada's neighbor to the west provides key contributions in visitor volume, population growth, freight traffic and other economic drivers.

- ❖ In recent years, California has been responsible for a sizeable portion of population growth in Clark County. Between 2000 and 2013 (latest year available), Clark County's population increased by 637,000 residents. During that time, net migration from California (incoming residents minus outgoing residents) accounted for roughly 160,000 new residents, according to IRS migration data. In other words, migration from California made up 25 percent of total population growth in Clark County. This trend has been more pronounced since the Great Recession, with California migration accounting for 34 percent of county population growth between 2007 and 2013. Californians also accounted for the majority of domestic immigration to Clark County, as two out of three new residents moving in from other states originated in the Golden State.
- ❖ Californians provide a significant share of overall visitation Las Vegas, accounting for one out of every three visitors in 2014. Southern Californians made up 27 percent of overall visitor volume (11.1 million visitors), while Northern Californians made up 6 percent (2.5 million) of the total 41.1 million visitors during the year. A high proportion of southern Californians (97 percent) were repeat visitors with an average of 9.0 visits in the past five years. By comparison, 81 percent of all visitors were repeat visitors with an average of 6.9 visits in the past five years.
- ❖ The vast majority of visitors from southern California arrive by vehicle, primarily via Interstate 15. In 2006, an average of 40,383 vehicles a day crossed the California-Nevada border on I-15. That figure dropped 6.7 percent in 2008 to a recent annual low of 37,686 daily vehicles. Daily highway traffic has since rebounded and surpassed pre-recession levels, reaching 42,318 in 2014, up 12.3 percent from the 2008 low and 4.8 percent compared the 2006 peak.
- ❖ Conversely, a small percentage of California visitors (7 percent) arrive by air. However, the Golden State is integral to southern Nevada's all-important air travel industry as it provides the region's only source of aviation fuel via the CALNEV pipeline. The pipeline carries approximately 128,000 barrels of gasoline, diesel, and jet fuel each day between southern California and Las Vegas, which is equivalent to 46.7 million barrels per year. For comparison, the UNEV pipeline between Utah and southern Nevada, which carries only gasoline and diesel fuel, has a capacity of 60,000 barrels per day or 21.9 million barrels per year.
- ❖ California is a major source of freight movement to and through southern Nevada. The I-15 multimodal corridor, which consists of Interstate 15 and the Union Pacific Railroad, supports significant truck and rail traffic for moving goods between regions. In terms of tons and dollars, there is a strong linkage between southern California and Las Vegas, mostly driven by the extensive goods movement infrastructure in southern California, such as the ports of Los Angeles and Long Beach that bring in 40 percent of the imported cargo nationally. Among Nevada's U.S. trade partners in 2012, California was the leader in total incoming and outgoing freight flows, providing 40.6 percent of Nevada's national trade tons (24.0 million tons) and 38.9 percent of its national trade value (\$38.7 billion).



- ❖ Property owners in California control \$7.5 billion worth of assessed land value in Clark County as of June 2015, which is nearly 10 percent of the county’s total land value. The largest value shares are in residential (\$5.2 billion), commercial (\$1.4 billion), and industrial (\$479 million).

California Ownership of Real Property in Clark County

Parcels with a California Mailing Address

Land Use	Parcels	Units	Assessed Value
Residential	79,312 (12.1%)	150,079 (17.8%)	\$5,167,837,323 (11.5%)
Commercial	2,205 (16.1%)	11,346 (6.5%)	\$1,422,315,398 (8.7%)
Industrial	953 (22.3%)	45,623 (35.9%)	\$479,060,471 (23.0%)
Vacant	6,914 (10.8%)	233 (0.8%)	\$334,517,697 (4.5%)
Non-Profit	56 (2.9%)	3 (1.8%)	\$37,350,272 (1.0%)
Minor Improvement	1,033 (18.2%)	13 (3.2%)	\$26,360,804 (8.6%)
Utilities	35 (5.2%)	2 (5.6%)	\$13,258,314 (1.2%)
Total	90,508 (12.1%)	207,299 (17.7%)	\$7,480,700,279 (9.8%)

* Percentages equal share of Clark County total

Source: Clark County Assessor

- ❖ Nevada’s corporate tax climate is frequently cited as a reason for businesses moving in from California. The Tax Foundation’s most recent Business Tax Climate Index ranks Nevada fifth nationally. Nevada ranked third the previous year but dropped with the recent passage of the Commerce Tax. By comparison California ranks 48th.
- ❖ According to the Las Vegas Global Economic Alliance, a total of 17 companies from a variety of industries have moved to southern Nevada from California since 2013. Those companies brought more than 700 jobs and \$111.5 million in investment. These figures reflect a fraction of overall business relocations since they only represent moves assisted by the LVGEA and do not include businesses that received assistance from the Governor’s Office of Economic Development or moved without any public assistance.

PEDESTRIAN ISSUES ON LAS VEGAS BLVD

Presentation to the Southern Nevada Tourism Infrastructure Committee

December 3, 2015

RESORT CORRIDOR WORK GROUP

- Mark Russell, Vice-President General Counsel MGM,
- Rick Mazer, Regional President, Caesar's Entertainment,
- Karlos R. LaSane, II, Regional Vice President, Government Relations, Caesar's Entertainment
- Stacie Michaels, Vice President and General Counsel, Wynn Las Vegas,
- John Caparella, President and COO, Venetian & Palazzo,
- Steve Thompson, Senior Vice-President, Operations, Boyd Gaming,
- Tony Taeubel, Senior Vice President and General Manager, The Orleans and Gold Coast
- Terry Jicinsky, Senior Vice-President of Operations, LVCVA,
- Virginia Valentine, President, Nevada Resort Authority,
- Terry Murphy, President, Strategic Solutions, and
- Assistant Sheriff Todd Fasulo, LVMPD.

RECOMMENDATION CATEGORIES

- Newsracks
 - Litter and Cleanliness
 - Graffiti/Unauthorized Advertising
 - Pedestrian Safety
 - Commercial Activities
 - First Amendment Activities
 - Public Safety Issues
 - Obstructions of Public Sidewalks and Pedestrian Bridges
-

NEWSRACKS

- Replace permittee-installed news racks with uniform, county-owned and maintained news racks



LITTER AND CLEANLINESS

- Increase sidewalk cleaning and maintenance schedules
 - Prior to 2012, litter removal and emptying trash receptacles was done once nightly by Public Works road crew
 - In November 2012, the county contracted with a private firm to provide 2 workers 24/7 to keep sidewalks clean



LITTER AND CLEANLINESS

- Require hand billers to periodically clean up discarded handbills



PEDESTRIAN SAFETY

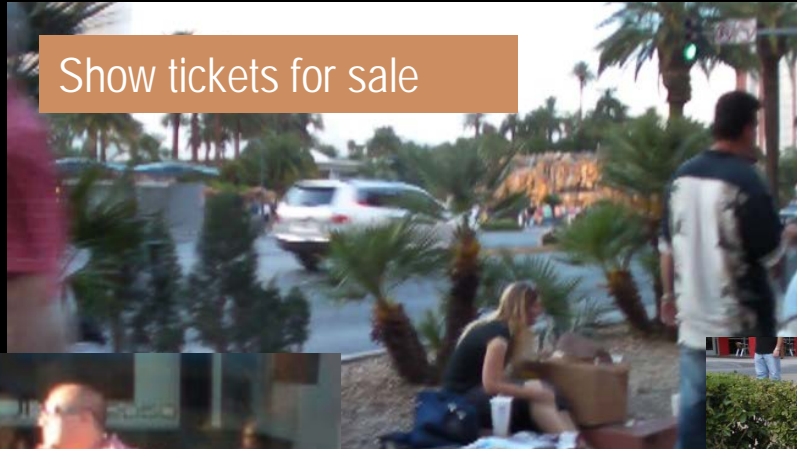
Restrict certain items across or along public sidewalks or public pedestrian easements, including electrical cords, chains, wires, electrical generators, explosives, incendiary devices, knives, swords, and crossbows.



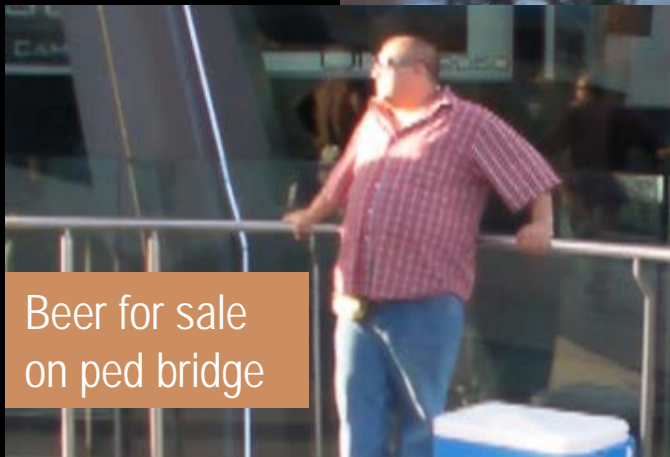
COMMERCIAL ACTIVITIES

Prohibit commercial activities on the public right-of-way

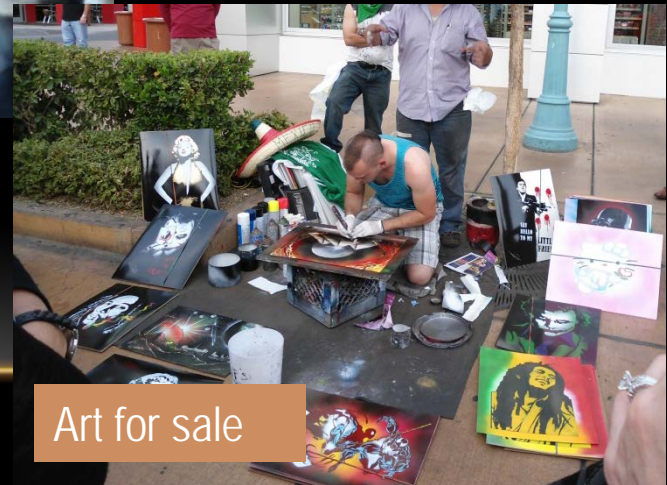
Show tickets for sale



Beer for sale
on ped bridge



Art for sale

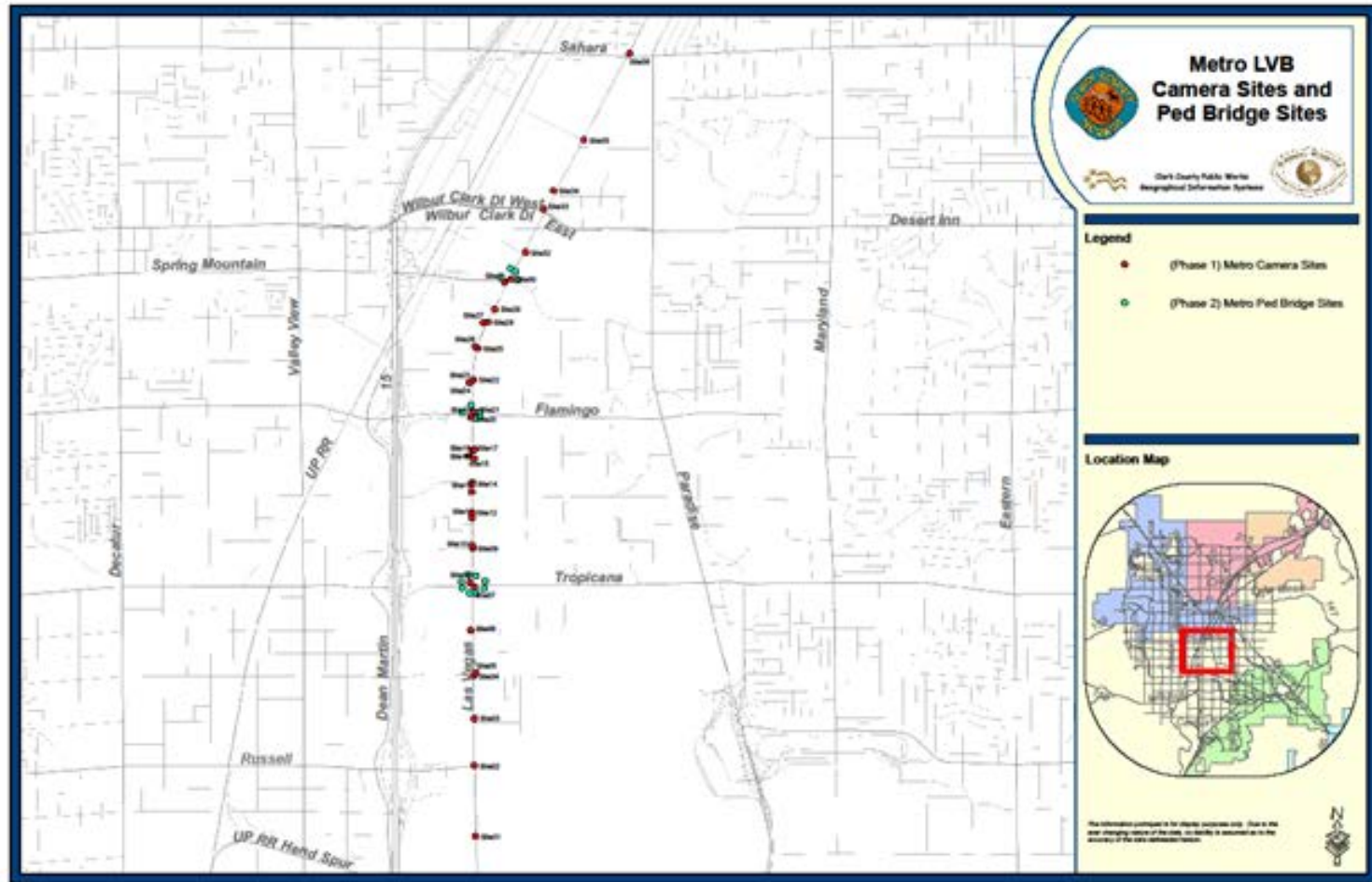


PUBLIC SAFETY ISSUES

Establish a system of security cameras along LV Blvd monitored by LVMPD



PUBLIC SAFETY ISSUES – CAMERA LOCATIONS



OBSTRUCTION OF PUBLIC SIDEWALKS AND PEDESTRIAN BRIDGES

Conduct a new pedestrian study to provide updated information on pedestrian traffic

- Found that 17% of LV Blvd exceeded the LOS C
- Recommendations included:
 - Provide sidewalks that are a minimum of 15' wide
 - Remove permanent obstructions like fire hydrants, signs, bollards and trash cans to improve sidewalk capacity
 - Update No Obstruction Zones (white lines)
 - Install No Obstruction Zone Time and Place signs

IMPROVEMENTS TO SIDEWALKS AND PEDESTRIAN BRIDGES

The pedestrian study identified 256 permanent obstructions, most of which have been removed or relocated. Some of these improvements include:

- Removing or relocating 17 fire hydrants
 - Removing approximately 150 Signs
 - Relocated 1 traffic signal cabinet
 - Relocated the Casino Royale sign
-

RELOCATION OF PERMANENT OBSTRUCTIONS



EXPAND PEDESTRIAN CORRIDOR WITH ASSISTANCE OF ADJOINING PROPERTIES

The Mirage Las Vegas



6 ft



15 ft

EXPAND PEDESTRIAN CORRIDOR WITH ASSISTANCE OF ADJOINING PROPERTIES



8 ft

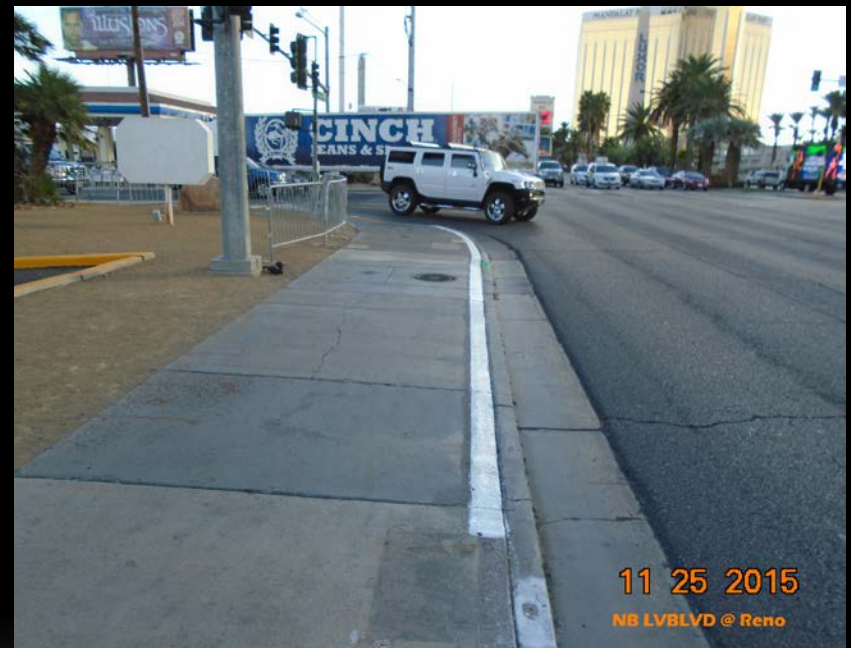
Caesars Palace



18 ft

UPDATE TO "NO OBSTRUCTION ZONES"

- CCC prohibits obstructive uses on public sidewalks designated as "No Obstruction Zones"
- Phase 1: Adopted March 5, 2013, to address impacts to sight visibility to drivers at intersections and driveways



UPDATE TO "NO OBSTRUCTION ZONES"

Phase 2: Adopted October 7, 2014, revised and adopted "No Obstruction Zones" map to include areas that exceed LOS C



PEDESTRIAN STUDY UPDATE (2015)

- Areas exceeding LOS C reduced from 17% to 12%
- Reduced areas exceeding LOS C by 2,000 LF between 2012 and 2015



WALKWAY SEGMENTS THAT EXCEED LEVEL OF SERVICE (LOS) C TROPICANA AVE. TO FLAMINGO RD.

FIGURE 4.2 36

WHERE DO WE GO FROM HERE?

- We've made significant progress & we have great tools and guiding principles to improve pedestrian movement
- One important recommendation from 2012 that remains: additional law enforcement resources

**LAS VEGAS METROPOLITAN
POLICE DEPARTMENT**

JOSEPH LOMBARDO, SHERIFF



The Strip Today



Current Calls for Police Services

- Total CFS 2015 (Projected) - 144,170
- Total Disorder CFS 2015 - 14,118
- Total CFS 2014 - 135, 236 (6.6% increase)
 - 22% of LVMPD Total Calls for Service

- As of September 2015, 76 total guns have been recovered/impounded from LVBLVD



Current Strip Staffing

- ❑ Total Officers Assigned - 123
 - ❑ Dayshift - 35
 - ❑ Swing - 42
 - ❑ Grave - 46
- ❑ Total Detectives Assigned - 31
- ❑ Average Officers on Fri/Sat Nights – 30
- ❑ Officer Ratio less than 1 officer per 1000 Tourists. (300,000 per day)



Safe Strip

- ❑ 40 Total Officers on Overtime
- ❑ 63 Days Per Year Between April and November
- ❑ Friday/Saturday - 6hrs per night
- ❑ Funded by Major Strip Properties
 - Bridge Enforcement is Funded by LVCVA
- ❑ \$1.5M per year



Comparable Cities

- New Orleans
 - 9.5m Visitors per year to Bourbon St.
 - 100 Officers assigned.
 - 1.2 miles
- NYPD Time Square
 - 100 Officers assigned to Special Unit. Patrol 24hrs per day.
 - Approx. 5 City Blocks Surrounding One Intersection.
- LVBLVD – 4.5 Miles Long



City of Las Vegas

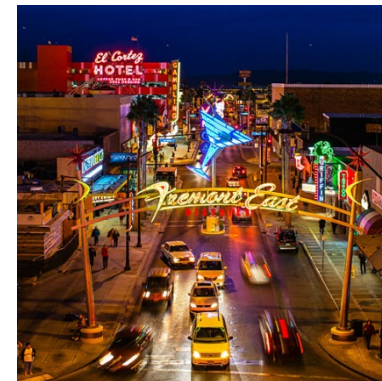
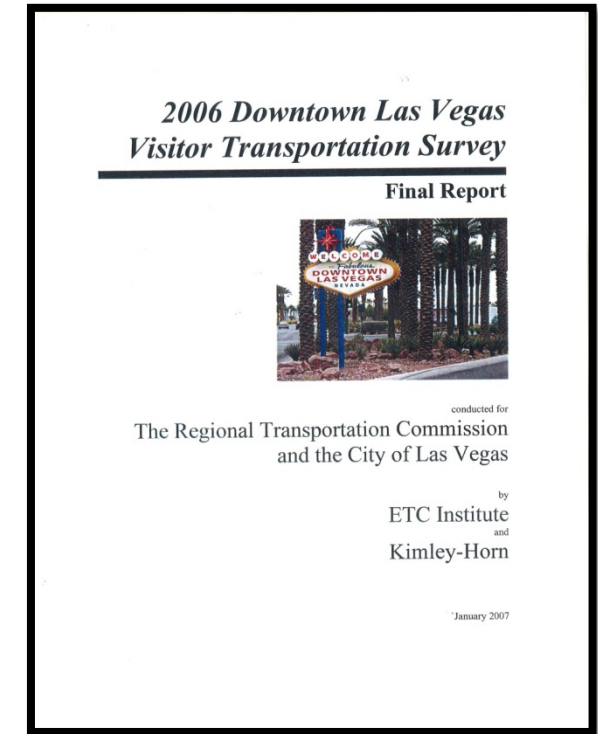
Southern Nevada Tourism Infrastructure Committee
Downtown Las Vegas Pedestrian Movement

2006 Visitor Survey

Surveyed 416 visitors through various areas of downtown.

Key findings:

- Top visited destinations include: Fremont Street Experience; Las Vegas Premium Outlet Mall; restaurants and bars
- Concerns with walkability of sidewalks and lighting away from FSE area
- Perception of safety





Programmed Improvements

1. Streetscape improvements to improve walkability and aesthetics of downtown streets
2. Downtown circulator
3. Wayfinding signage to provide direction to both pedestrians and vehicles
4. Increase taxicab stand locations at key locations near FSE and FEED
5. Enhanced public street lighting levels
6. Additional police presence for safety
7. Busker ordinance

Streetscape Improvements

- Widen sidewalks and install trees for shading
- Add street furniture
- Increase lighting levels
- Accommodate multimodal transportation options

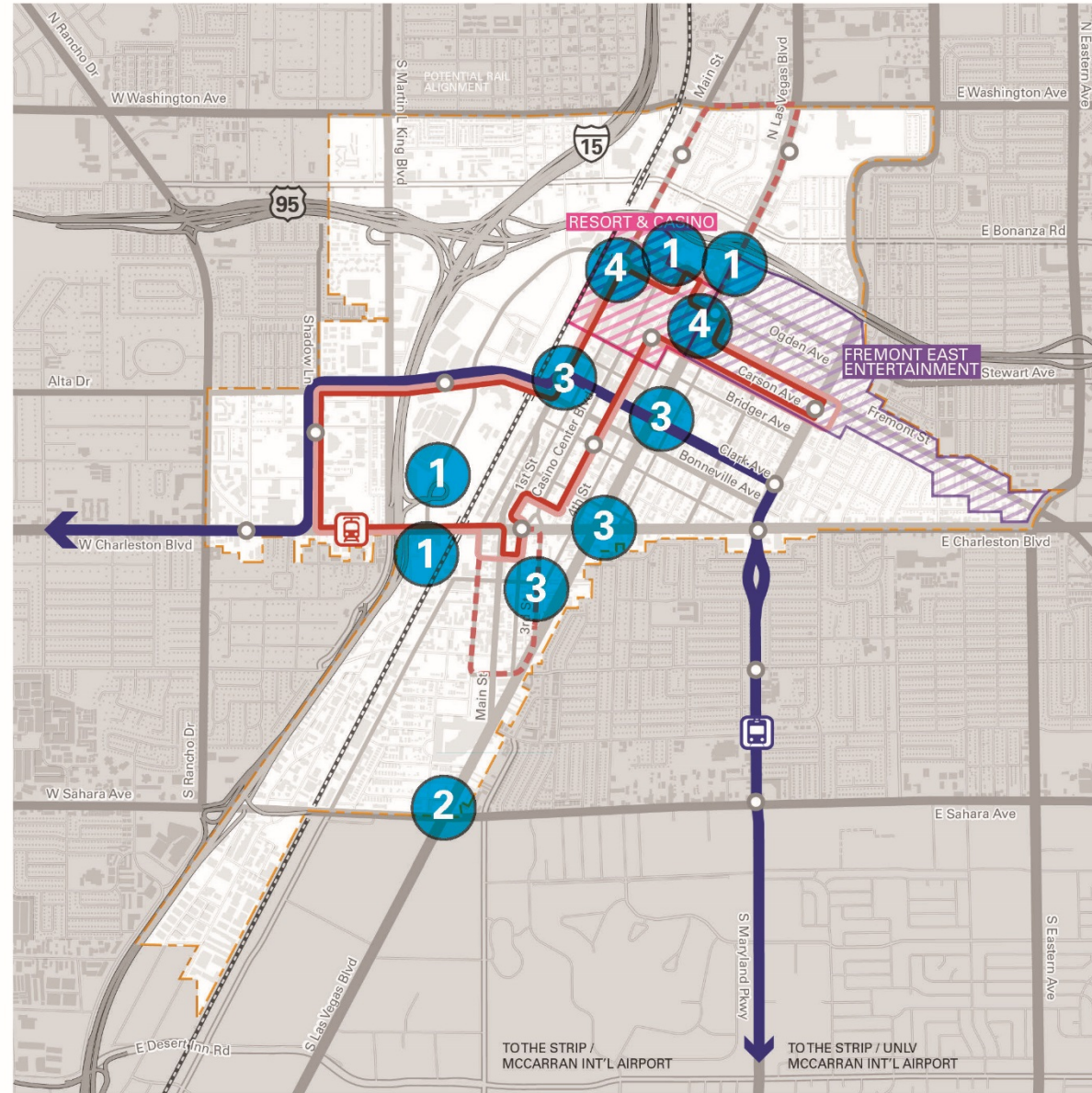


Downtown Circulator

- Connects key destinations
- Reduces vehicular congestion
- Provide alternatives for short trips



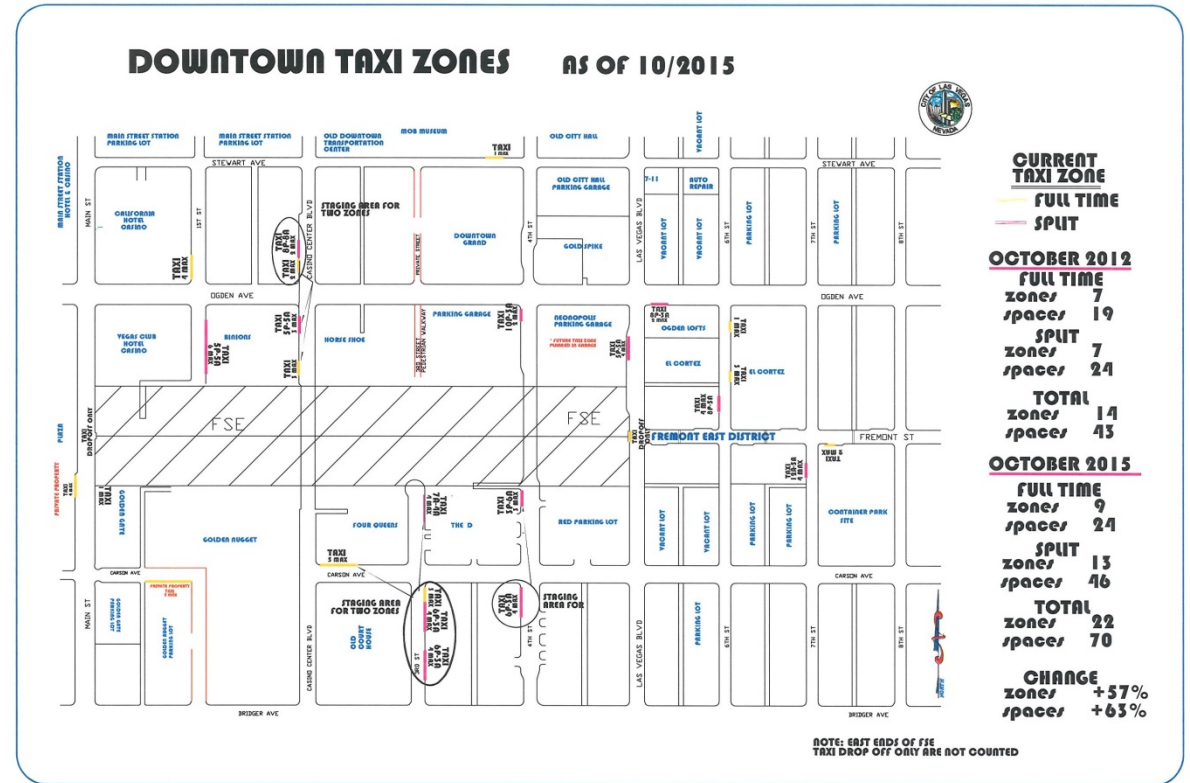
WAYFINDING TO DOWNTOWN TOURIST DISTRICTS



Proposed Transit and Downtown Las Vegas Tourist Districts

Increased taxicab staging areas

- Provided new zones closer to main attractions
- Created dual-use zones
- Total number of zones increased by 57%



Enhanced lighting levels

- Converting single arm street lights to dual arm
- Increased sidewalk lighting levels
- Increased illumination levels with closer spaced poles



Public Safety

- More Metro patrol during events
- City Marshals patrolling FSE (pilot program)
- Greater coordination with property security



Public Safety

- Bike patrols at FSE and FEED
- Installed 22 cameras under canopy
- Implemented packaged liquor restrictions
- Prohibited glass containers and instituted new curfew



Busker Ordinance

- Adopted busker ordinance on pedestrian mall
- Designated 38 allowable locations
- Improved pedestrian circulation
- Eliminated busker clustering



Capital Investment on Infrastructure Downtown

- Total \$47 million invested in the past seven years on pedestrian and streetscape
- An additional \$177 million investment programmed over the next five years



Capital Investment on Infrastructure Downtown

Downtown Transportation funding needs:

- New interchange access into downtown (US-95 & City Parkway; US-95 & Maryland)
- Connectivity to Symphony Park over U.P.P.R tracks
- Regional connectivity between the airport, resort corridor and downtown.





City of Las Vegas

Southern Nevada Tourism Infrastructure Committee
Downtown Las Vegas Pedestrian Movement



LAS VEGAS
GLOBAL ECONOMIC ALLIANCE

Growing through Gaming & Tourism





The Las Vegas Global Economic Alliance


The Las Vegas Global Economic Alliance is a 501(c)6 membership organization dedicated to developing the economies of Las Vegas, Clark County, Henderson, North Las Vegas, Boulder City, and Mesquite through regional cooperation, global trade, and global connectivity.

Vision

To help our residents thrive in a global economy by fostering a more prosperous, diverse, and connected regional economy.

Mission

To grow the economy in Southern Nevada through connectivity, community development and aggressive business recruitment, retention and outreach.



Economic Development Strategy

Comprehensive Economic Development Strategy

LAS VEGAS GLOBAL ECONOMIC ALLIANCE

Prepared by TIP Strategies, Inc. | www.tipstrategies.com | June 2013



**UNIFY
REGIONALIZE
DIVERSIFY**

AN ECONOMIC DEVELOPMENT AGENDA FOR NEVADA

B Metropolitan Policy Program
OF NEVADA

SFD

DEANER | UNV
BROOKINGS MOUNTAIN WEST

**LAS VEGAS
GLOBAL ECONOMIC ALLIANCE**

Strategic Plan
FY 2013-2014 & Beyond

Championing a Prosperous, Diverse and Connected Regional Economy

Comprehensive Economic Development Strategy

- Gaming, Tourism, and Conventions
- **Logistics, Manufacturing, and Assembly**
- Health Care and Life Sciences
- **Business and IT Ecosystems**
- Clean Technology
- **Defense and Unmanned Aerial Systems**
- Global Finance and Banking





Tourism, Gaming, and Entertainment

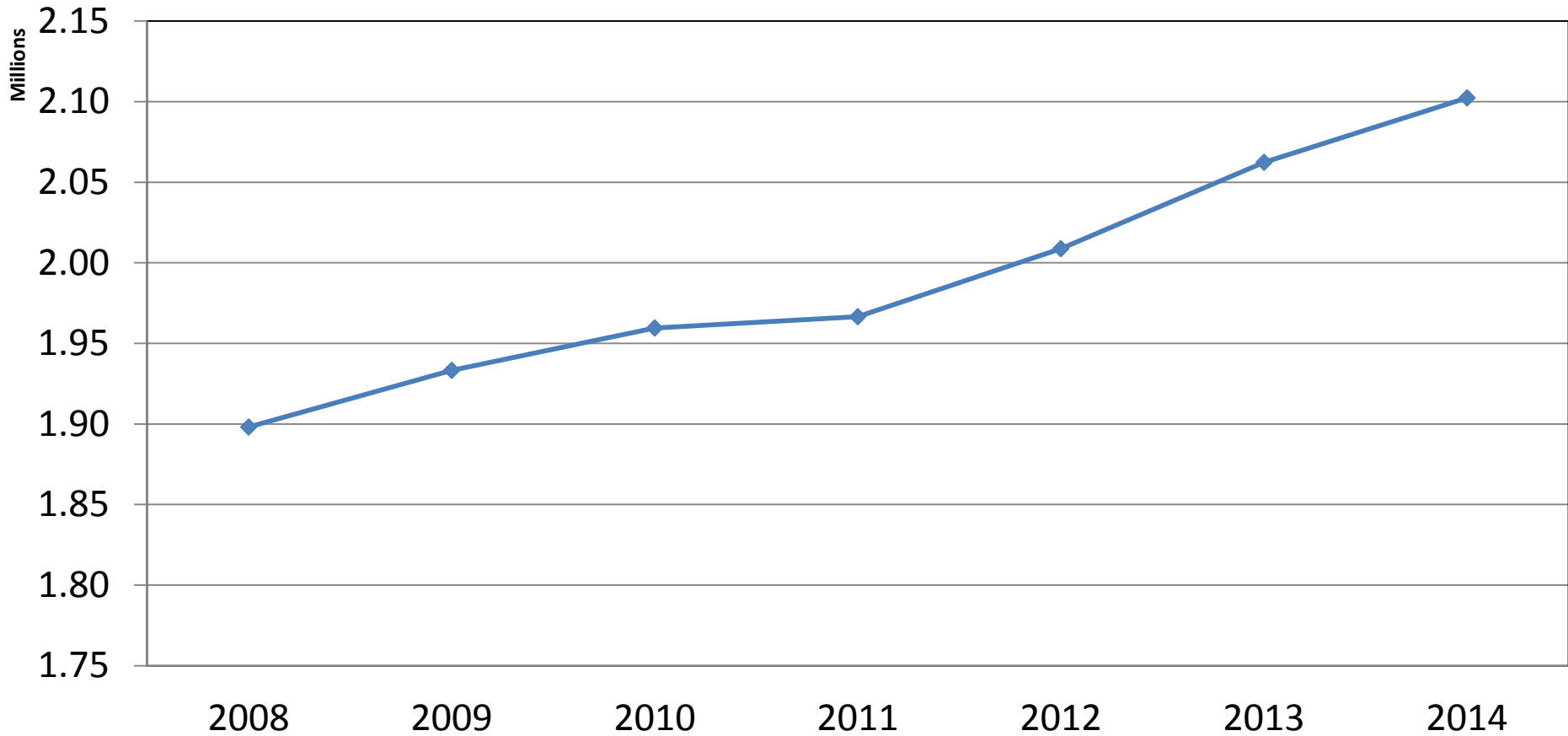
Going forward the focus for this massive base industry in Nevada should be on attracting visitors from varied markets with new and diversified offerings *as well as leveraging the world-class capabilities that already exist here to create new sources of growth.*

– Unify, Regionalize & Diversify



Population (Demographer)

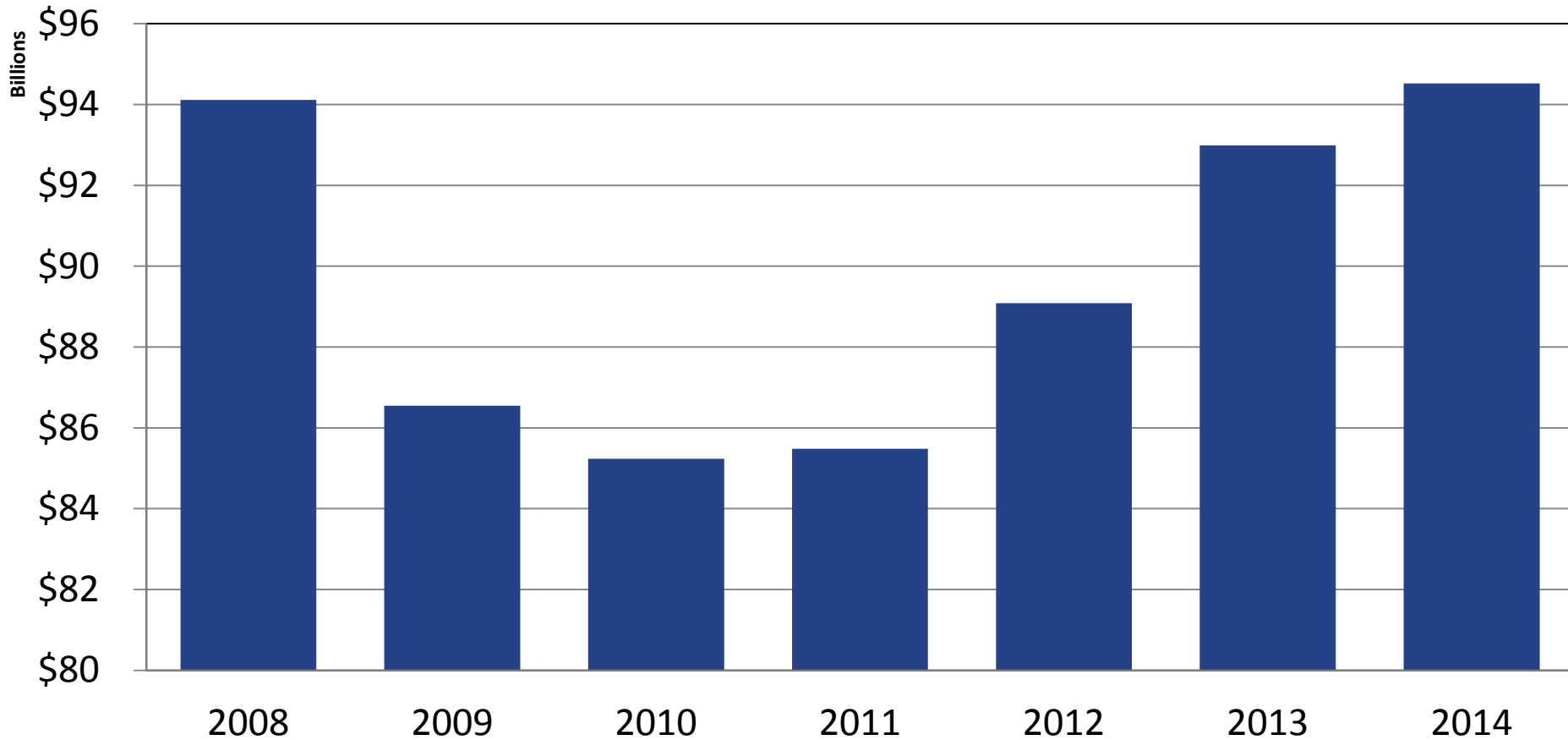
Clark County (NV)



Source: Nevada State Demographer

Gross Domestic Product

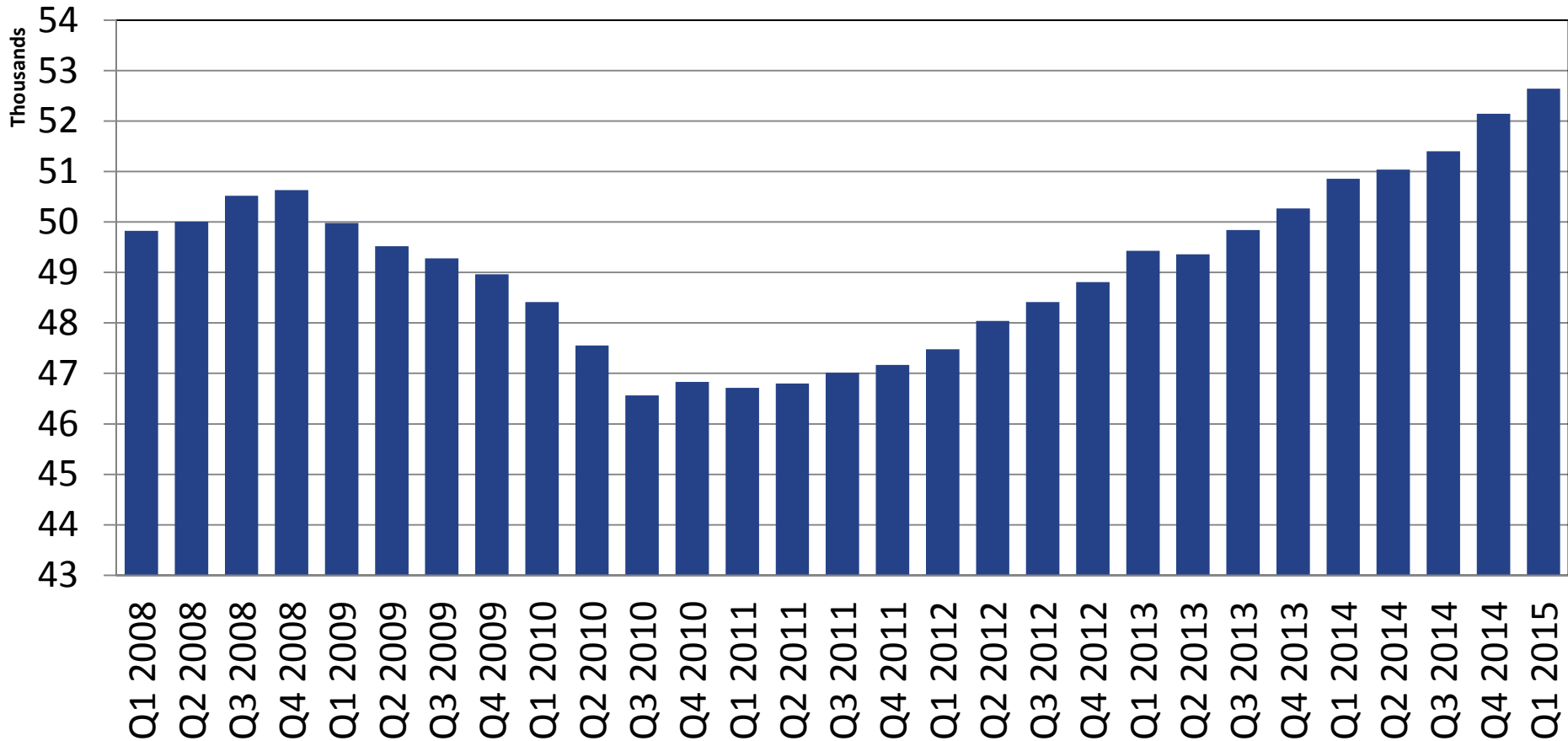
Las Vegas MSA (NV)



Source: US Bureau of Economic Analysis

Private Businesses

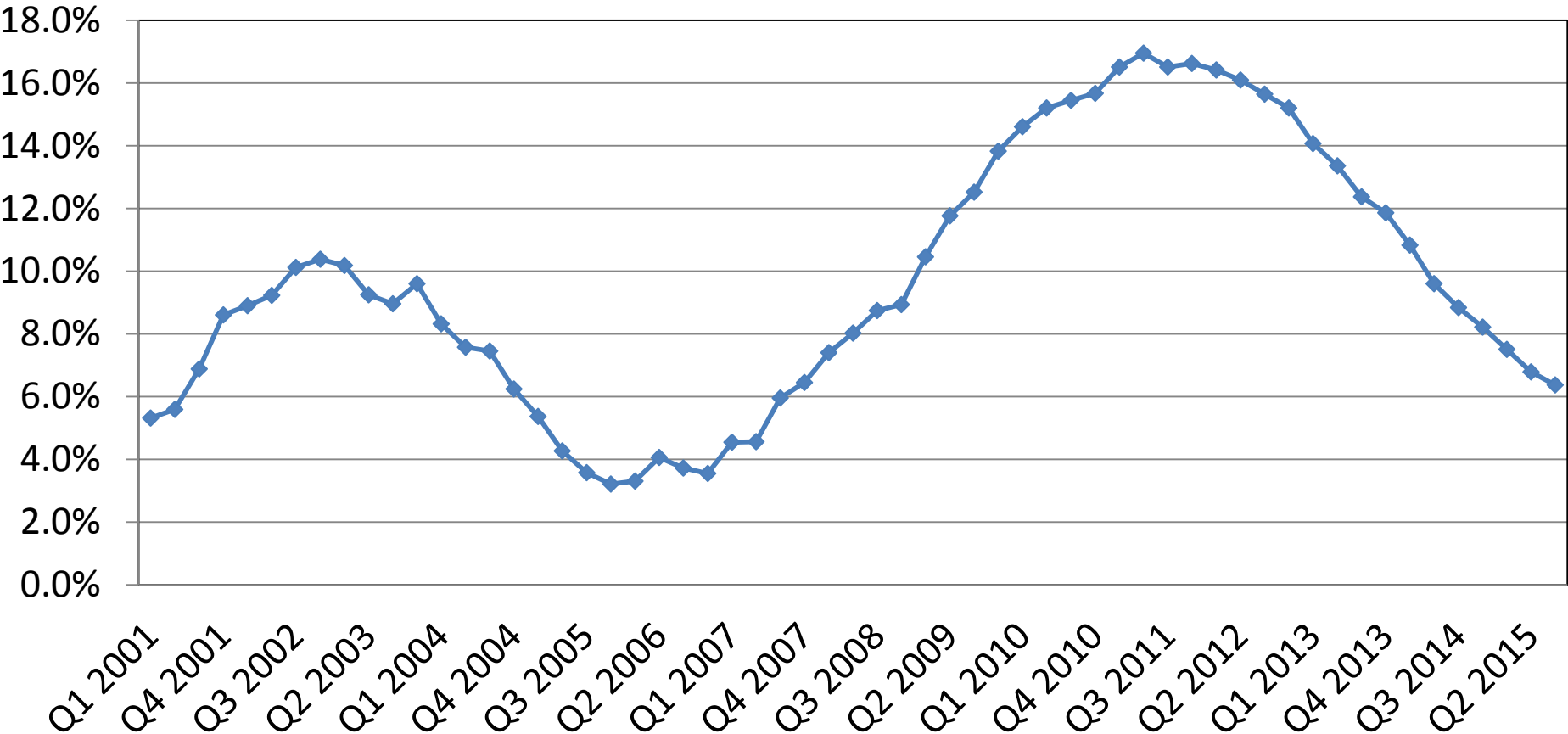
Clark County (NV)



Source: Nevada Department of Employment Training and Rehabilitation

Industrial Market Vacancy Rate

Las Vegas Area (NV)




Source: Applied Analysis



Job Creation Rates

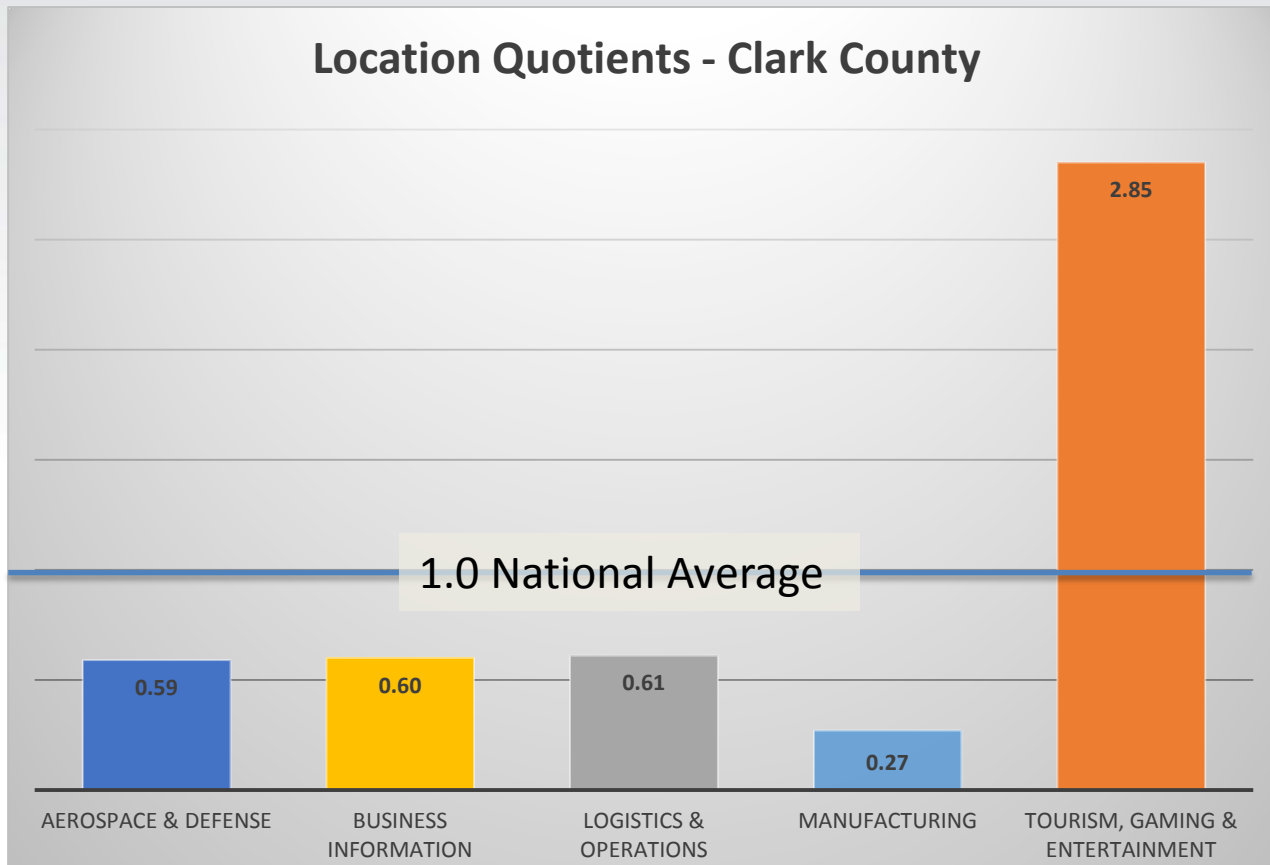
1. Utah – up 4.4%
2. Nevada – up 3.7%
3. Florida – up 3.5%
4. Washington – 3.3%

Bureau of Labor Statistics - 12 Month Rate of Job Growth



Job Creation


Location Quotients - Clark County

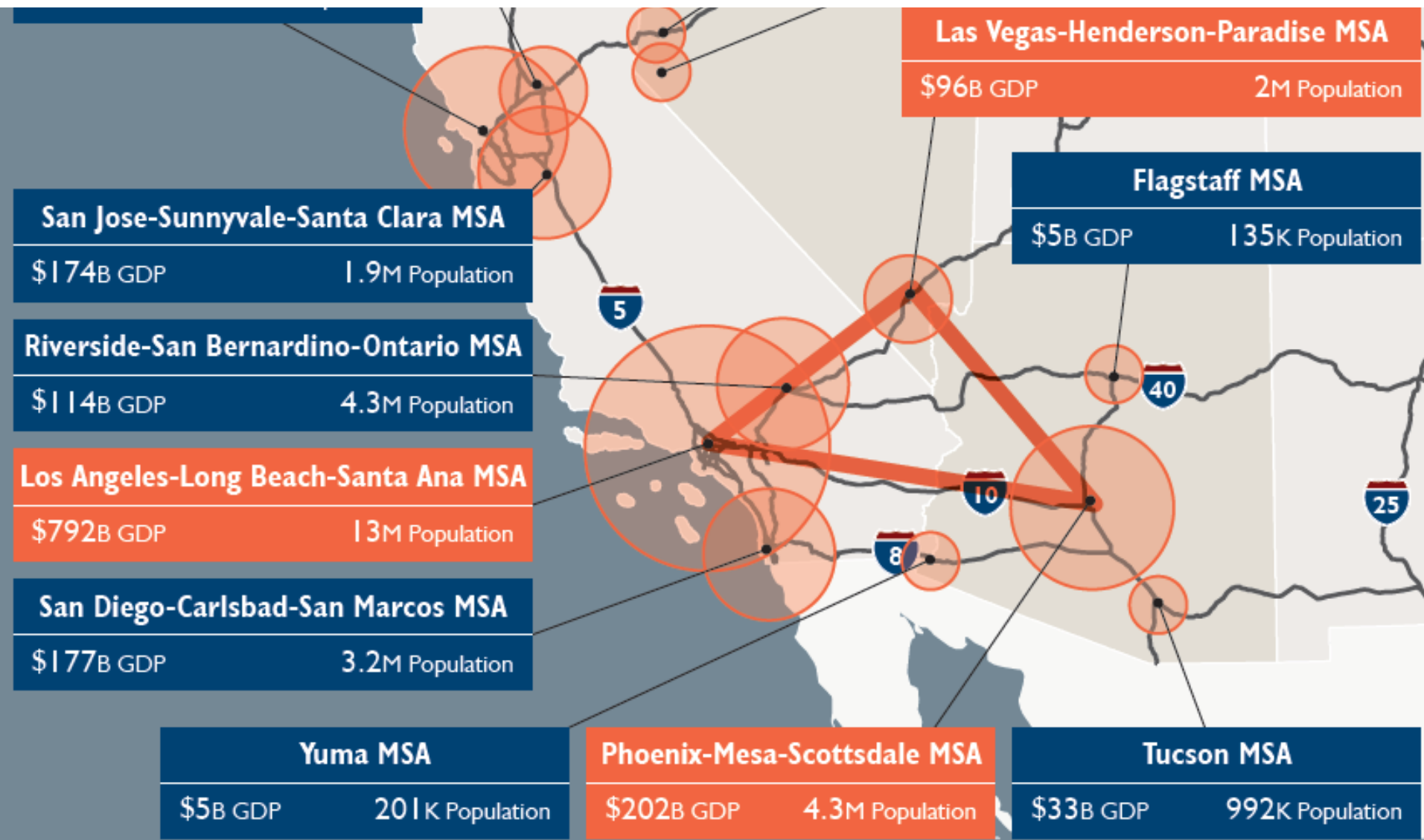


337,000 people employed in hospitality sector in the Las Vegas MSA

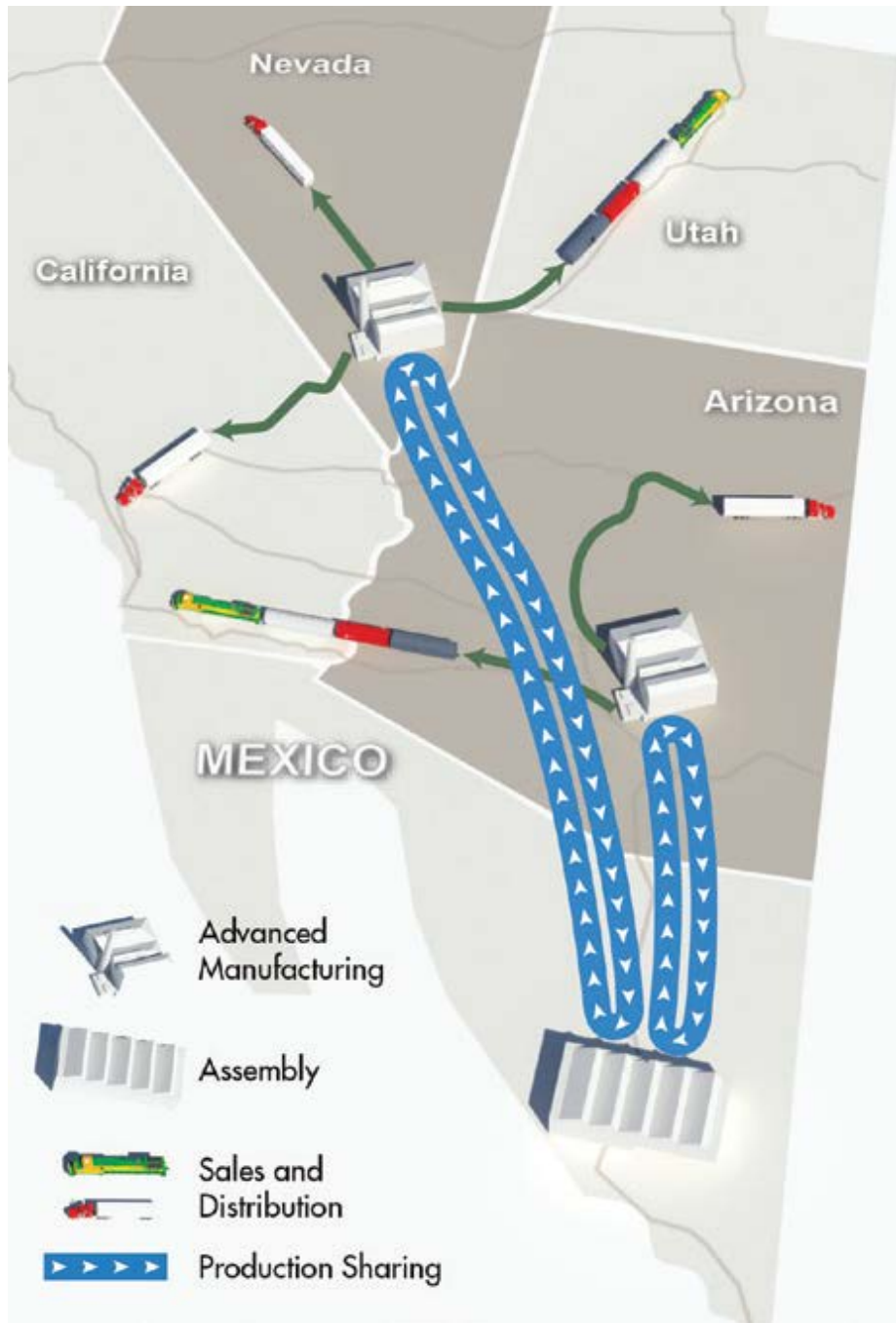


Building Tomorrow's Economy

- How can we plan to help ensure that economic indicators in our core industries continue their upward trajectory in 2020, 2025, 2030, 2050 in a world of...
 - ...increased visitor volumes in the resort corridor
 - ...regional population growth
 - ...intensified regional and global competition
- 



Source: I-11 and Intermountain West Corridor Study

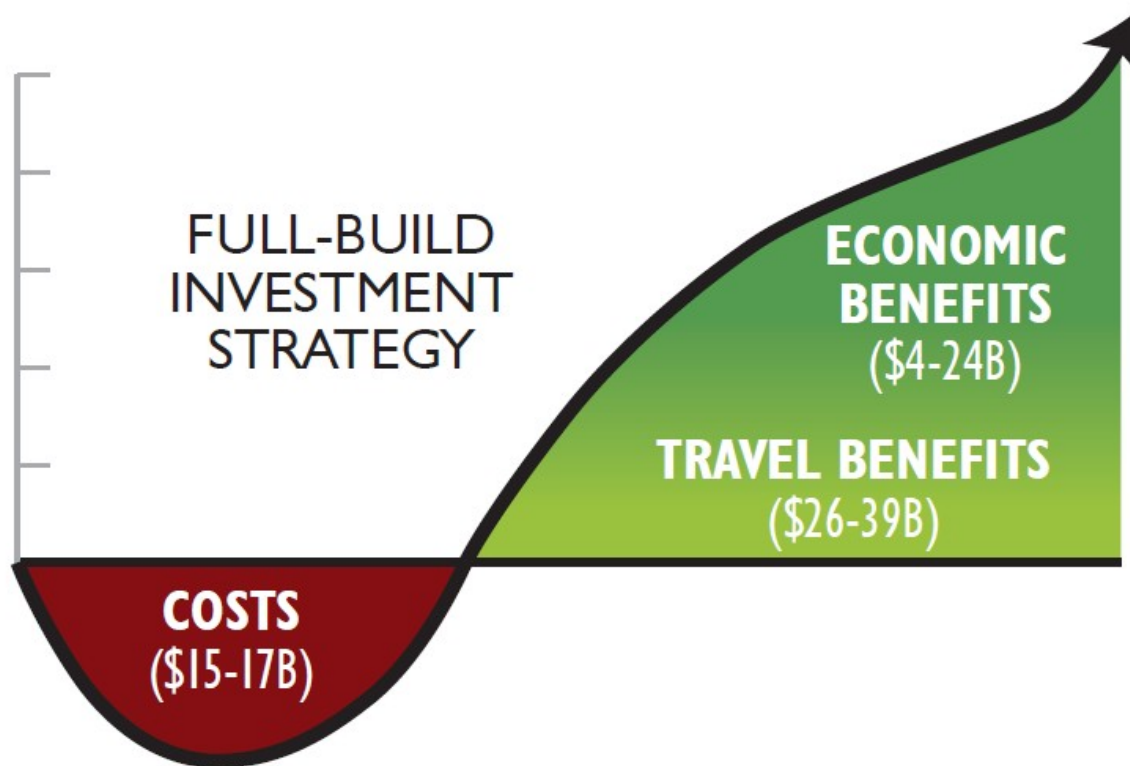


The I-11 and Intermountain West Corridor presents Arizona and Nevada with unique and exciting economic opportunities to:

- Achieve the economic development and diversification vision for both states
- Sustain historic growth patterns by building on strong economic sectors such as tourism and recreation
- Tap into the resources of Mexico and Canada to strengthen and grow manufacturing capabilities

Source: I-11 and Intermountain West Corridor Study

I- 11: Economic Benefits

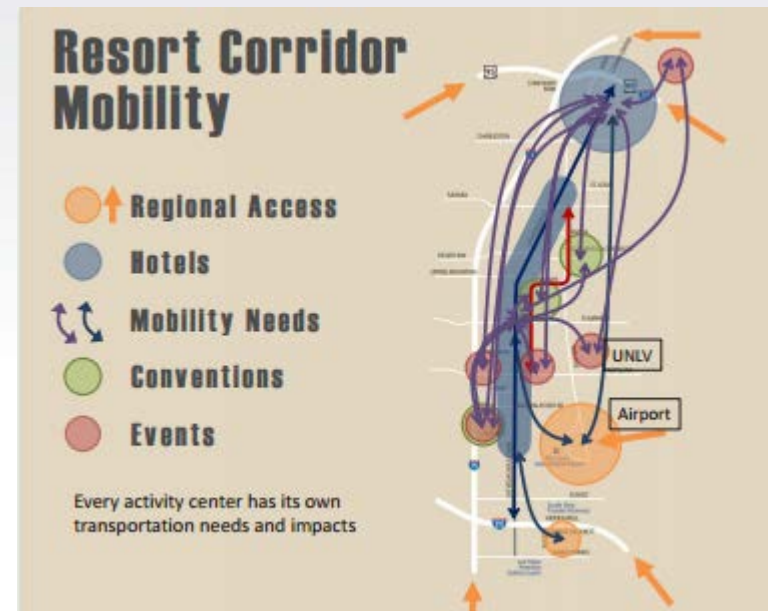


Source: I-11 and Intermountain West Corridor Study

What are we missing?

According to Brookings Mountain West:

1. University-based allopathic medical school
2. Tier 1 university
3. Compete interstate highway connections to all nearby major metropolitan areas
4. Rail transit system
5. Large capacity stadium



Our Competition is Advancing: Orlando

“Orlando is far ahead of Las Vegas in virtually all measures of economic diversification.”

- \$225 million SunRail planned link from Orlando International
- \$213 million train depot under construction at Orlando International
- \$200 million Central Station in Downtown Orlando



Our Competition is Advancing: Salt Lake City

Salt Lake City: In 2008, UTA announced the **FrontLines 2015 project**, which included building 70 miles of new rail across four light rail lines and one commuter rail line over 7 years costing **\$2.5 billion dollars**



Our Competition is Advancing: Phoenix

Phoenix: New **\$31.5 billion**, 35-year transportation plan passed this summer

“We need to give these employees the options they need to get to work.”

- Greater Phoenix Economic Council CEO Chris Camacho

City officials say more than **\$7 billion** in new development has gone up within a half mile of light rail stations.

“Millennials are not going to work the way their parents did.”

- Phoenix Mayor Greg Stanton





Our Competition is Advancing: Denver

Denver: “How Denver Is Becoming the Most Advanced Transit City in the West”


Thinking big to develop a growing region

 Share

Metro Denver is planning for growth with a multimodal transit system, transit-oriented development, and urban redevelopment. Rather than watching and waiting, Metro Denver took charge of its future by:

- Building a new international airport
- Proactively designing a multimodal transportation infrastructure
- Intelligently planning residential, commercial, and retail development

The result is the nation's leading model for smart growth to accommodate growing population areas, complete with one of the country's most advanced transportation systems, new transit-oriented developments, sports facilities, and innovative mixed-use developments.



Connectivity Opportunities


Improving and creating new infrastructure within the resort corridor has huge potential benefits for Southern Nevada's economic development.





Opportunities: Tourism, Gaming, & Entertainment


Intellectual capital of global gaming

- Houston, TX has evolved into a business hub and intellectual powerhouse of the global energy market
 - Las Vegas can build on its extensive gaming knowledge base, research, and innovation capacity and leverage the dynamism of global gaming to become the prime business and knowledge hub of global gaming.
- 



Opportunities: Tourism, Gaming, & Entertainment

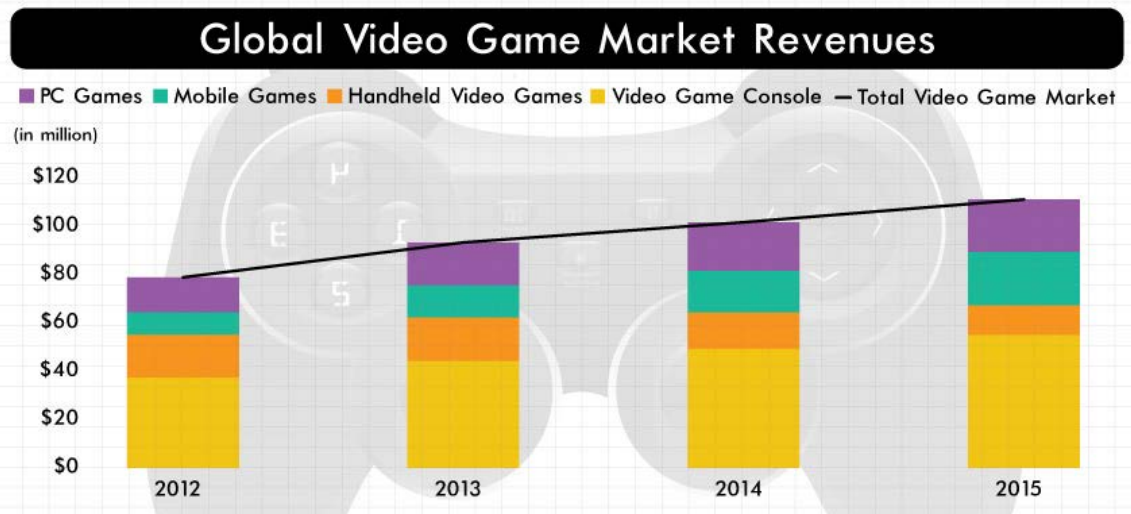
Gaming manufacturing:

- Ongoing emphasis on growing this segment will support opportunities to diversify Nevada's traditionally service-based gaming sector by expanding the state's manufacturing base and generating additional goods-based exports from the state.
- 

Opportunities: Tourism, Gaming, & Entertainment

Video game production:


- Skills-based gaming
- Movement of companies like MachineZone and Take-Two Interactive to Las Vegas

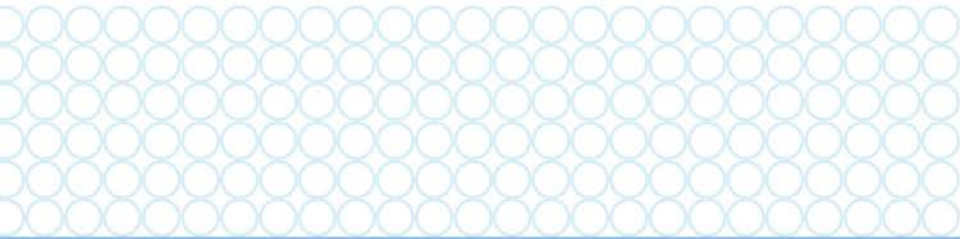




Opportunities: Tourism, Gaming, & Entertainment

Film & Media Development:

- Potential for Las Vegas to host more production activities by enhancing its studio space and infrastructure
 - Opportunity to expand to adjacent post-production, value-adding, and creative-class services, such as design, animation, graphics, editing, media and communications, and others
- 



Opportunities: Tourism, Gaming, & Entertainment

Indoor Agriculture:

- Consistent market interest from indoor agriculture companies
- Large local customer base and distribution potential along I-11, I-15 corridors
- Competitive outbound freight costs





Opportunities: Tourism, Gaming, & Entertainment

Air Cargo:

- “Fill the belly of the plane, fill the front of the plane, and then fill the back of the plane.” In other words, fill the belly of the plane with freight; fill the front of the plane with business travelers who are willing to spend substantially more for business class seats, and then fill the back of the plane with price-sensitive leisure travelers.

Source: Global Market Advisors “Strategies to Grow International Tourism into Las Vegas and Stimulate Economic Activity”






Our Future Workforce

“Millennials & Mobility: Understanding the Millennial Mindset” - Communities that attract Millennials have a multitude of transportation choices.

“Millennials are demanding high-quality transportation infrastructure, and they are voting with their feet.

If we do not meet that demand, we will lose these bright individuals to places such as Seattle, Phoenix, Denver and Salt Lake City.”

“Members of Generation Y are less likely to own cars (or want to own them), and more likely to opt for transit or active transportation.”



Our Community


“Please estimate the additional amount per year you would be willing to pay in order to improve the availability of mass transit in the community.”

\$0	34.55%
\$100	43.37%
\$250	15.22%
\$500	4.28%
\$1,000	2.56%

Takeaway: There is support for funding infrastructure projects in Southern Nevada.



Key Takeaways

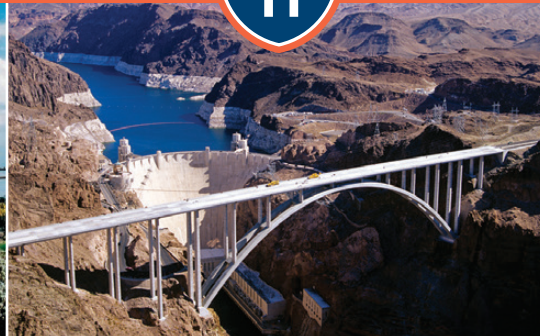
1. Nevada's Economic Development Strategy is Working
 2. Competition is Advancing
 3. Opportunities to Grow Through Gaming & Tourism
- 



Corridor Concept Report

I-11 and Intermountain West Corridor Study

NOVEMBER 2014



LINKING ECONOMIES • GENERATING PROSPERITY



“For Arizona to remain globally competitive, it is imperative that we continue to seek and develop opportunities like I-11. In addition to serving as the first direct interstate through Phoenix and Las Vegas, and eventually the first Mexico-to-Canada corridor, this project will pay dividends in trade and tourism for our region and nation for generations to come.”

Jan Brewer, Arizona Governor, March 21, 2014– at Future I-11 Sign Unveiling Ceremony

“The I-11 corridor remains a crucial infrastructure project that will serve transportation, economic development, and commerce needs in Southern Nevada. The completion of this interstate freeway will attract trade and economic activity to Southern Nevada and provide much needed construction jobs. This project is critical to the future of our state and has my full support.”

Brian Sandoval, Nevada Governor, March 21, 2014 – at Future I-11 Sign Unveiling Ceremony



ACKNOWLEDGMENTS

The I-11 and Intermountain West Corridor Concept Report and associated reports are products of the commitment of each of the I-11 Core Agency Partners, Stakeholder Partners, and their dedicated staff. Their efforts are a testament to the outstanding partnership and a true spirit of collaboration, without which this Corridor Concept Report would not have been possible.

CORE AGENCY PARTNERS AND STAKEHOLDER PARTNERS

The I-11 and Intermountain West Corridor Study is a high priority for the Nevada and Arizona Departments of Transportation (NDOT and ADOT), which have pooled their resources and are jointly managing this study. The metropolitan planning organizations in the greater Las Vegas and Phoenix areas (Regional Transportation Commission of Southern Nevada and Maricopa Association of Governments), the Federal Highway Administration (FHWA), and the Federal Railroad Administration (FRA) are actively involved in the study, and together with the sponsoring agencies of NDOT and ADOT, form the Core Agency Partners.

Interested public agencies, non-profit organizations, and private interest groups participated in a Stakeholder Partners group, providing data and other input, and sharing their opinions and ideas on decision points throughout the process.

CONSULTANT SUPPORT

ADOT and NDOT would like to recognize the efforts of the I-11 and Intermountain West Corridor Team in providing invaluable data, resources, and assistance in capturing, analyzing, and summarizing the planning recommendations into this Corridor Concept Report. The consultant team members and their specific roles in this project include:

CH2M HILL – Prime consultant, responsible for overall project management, stakeholder and public outreach, partner agency coordination, and technical studies including the Corridor Vision Summary, Corridor Justification Report, Alternatives Development and Evaluation, Feasibility Reports, Implementation Program, Business Case, Planning and Environmental Linkages checklists, and Corridor Concept Report

AECOM – Strategic planning and significant contributions to the technical studies including the Corridor Vision Summary, Corridor Justification Report, Alternatives Development and Evaluation, Feasibility Reports, Implementation Program, Business Case, Planning and Environmental Linkages checklists, and Corridor Concept Report, as well as prime partner for agency, stakeholder, and public outreach

HDR, Inc. – Travel demand modeling, economic analysis and other technical support and contributions to the Corridor Justification Report, Alternatives Development and Evaluation, and Business Case

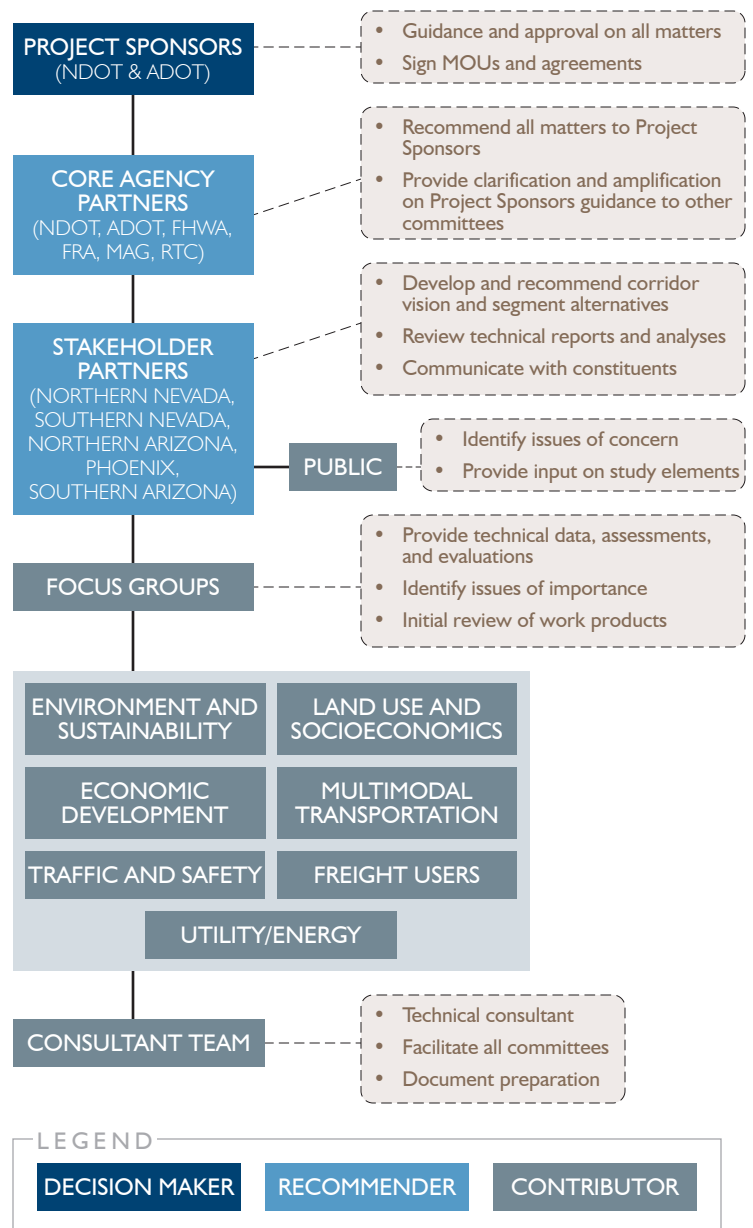
ESI Corporation – Economic analysis and contributions to the Corridor Justification Report and Business Case

Partners for Strategic Action, Inc. – Comprehensive facilitation, coordination, and documentation of the overall stakeholder and public outreach program, including partner agency, Tribal community, interest group, and public communications

RGC Economics, LLC – Research in support of the Business Case

Brookings Mountain West – Overall guidance on corridor justification and socioeconomics

Policy in Motion – Technical support to the alternatives analysis process



INTRODUCTION

What is the purpose of the I-11 and Intermountain West Corridor Concept Report?

The purpose of the I-11 and Intermountain West Corridor Study is to determine whether sufficient justification exists for a new high capacity, multimodal transportation corridor, and if so, to establish and characterize the likely routes.

The many technical documents produced throughout the Study are summarized in this Corridor Concept Report—establishing the corridor vision, developing justification, and defining an implementation program to move the project forward. The I-11 and Intermountain West Corridor Study delivers the following:

Phase I. Preliminary Corridor Vision

– established the basis and vision for the project.

Phase II. Corridor Justification Report

– provided justification for the corridor and the foundation for how this corridor can improve economic prosperity.

Phase III. Corridor Concept Development

– developed and evaluated corridor alternatives, the business case, and implementation requirements.

All supporting technical documents are available at www.il11study.com.

Each of this Report's four chapters demonstrates the need for such a corridor in the Intermountain West:



Chapter 1: Connecting Borders Globalizes the Intermountain West – provides an overview of the need for a high-capacity, north-south, multimodal corridor to link economies and connect international borders in the Intermountain West.



Chapter 2: Linking Economies – identifies the range of corridors that link major metropolitan areas and connect communities, strengthening their economies and providing prosperity for their citizens.



Chapter 3: Generating Prosperity – presents the economic value of the corridor by identifying opportunities for economic growth in both established and new sectors of the region's economy.



Chapter 4: Next Steps – emphasizes the need for continued collaboration between current and new partner agencies at the federal, state, and local levels, as well as in the non-governmental and private sectors to successfully move the I-11 and Intermountain West Corridor forward.



CORRIDOR VISION

Serving the nation's north-south, multimodal transportation needs from Mexico to Canada, the I-11 and Intermountain West Corridor will provide a vital multimodal connection between the Arizona Sun Corridor and Las Vegas. It is also envisioned to promote freight linkages between the new and expanding ports in Mexico and Canada, existing U.S. West Coast ports, and future inland ports and commerce centers crucial to distributing goods across North America. These linkages will stimulate the development of new crossroads, spurring community and economic development opportunities spanning the entire corridor. Effective inclusion of multimodal infrastructure elements, such as natural resources, power, telecommunication, freight rail, and potentially passenger rail, serve as the foundation of a stronger and more diversified economy for the Western U.S. The I-11 and Intermountain West Corridor will become a major, multimodal, north-south, transcontinental corridor through the Intermountain West.



1 CONNECTING BORDERS

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2 LINKING ECONOMIES

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GENERATING PROSPERITY

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3



NEXT STEPS

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4



CONNECTING BORDERS

THE I-11 AND INTERMOUNTAIN WEST CORRIDOR SIGNIFIES A NEW NORTH-SOUTH, MULTIMODAL TRANSPORTATION CORRIDOR, LINKING ECONOMIES AND CONNECTING INTERNATIONAL BORDERS TO GLOBALIZE THE INTERMOUNTAIN WEST.



HISTORY OF TRANSPORTATION SYSTEM INVESTMENTS

As Americans, we rely on the transportation network in our daily lives – it links communities and urban areas together and encourages cultural, social, and economic exchanges. As trade routes expand and technological advances continue to alter how we live our lives, our transportation infrastructure must evolve to play a larger role in enabling economic prosperity.

The I-11 and Intermountain West Corridor is intended to fill this high-capacity, north-south gap and serve as a transformational, multimodal infrastructure component that will change the economic future of the Intermountain West.

The I-11 and Intermountain West Corridor will play a vital role in connecting borders, linking economies, and generating prosperity.



“Our unity as a nation is sustained by free communication of thought and by easy transportation of people and goods. The ceaseless flow of information throughout the Republic is matched by individual and commercial movement over the vast system of inter-connected highways crisscrossing the Country and joining at our national borders with friendly neighbors to the north and south.”

Quote Source: Excerpt from President Dwight D. Eisenhower’s speech to U.S. Congress, February 22, 1955.

1860s: Transcontinental railroads establish the American West

Transcontinental railroads established cities, stimulated economies, and triggered an resurgence of tourism in the Intermountain West.

Connecting our nation's east-west borders dates back to the economic expansion during the Industrial Revolution, where railroads were built to

expedite the shipment of goods across a growing nation. The transcontinental railroad network developed in the early 1860s linked the East and West Coasts by

providing a more efficient and cost-effective mode of transportation, fostering the migration of people and commerce to the West.

1950s: Interstate Highway System spurs inter-regional access

Building upon the transcontinental railroad network, the Interstate Highway System, authorized by President Dwight D. Eisenhower in 1956, further evolved America's economy.

Mass production of the automobile and trucks in the 1920s provided an affordable means of transportation to a rapidly growing nation. Cold War concerns regarding national defense, coupled with the availability of automobiles to average American families inspired the development of the Interstate Highway System of the 1950s, which further connected metropolitan areas and created a population movement to the West at an unprecedented rate. In the

1960s, containers revolutionized the movement of goods by easily transporting commodities from ships to trains to trucks, anywhere in the world.

Early planning for the Interstate Highway System identified numerous routes; however, the original 41,000-mile system did not include a north-south interstate highway corridor between I-5 and I-15. At the time, the focus of interstate planners was to improve east-west connections to California.

Future projections indicate the Intermountain West will continue to see significant population and economic growth, prompting the need for better north-south transportation connections to accommodate travel demand and freight mobility.



1860s: Transcontinental railroad lines foster the migration of people and commerce to the West

The East and West Coasts of North America were linked by a railway network on May 10, 1869, by uniting the Union Pacific and Central Pacific Railroads. This 3,000-mile-long railroad enabled people and goods to travel from New York to California in days, instead of weeks or months.



1950 Population -
Las Vegas/Clark County: 48,289
Phoenix/Maricopa County: 331,770

1912 - Arizona achieves statehood

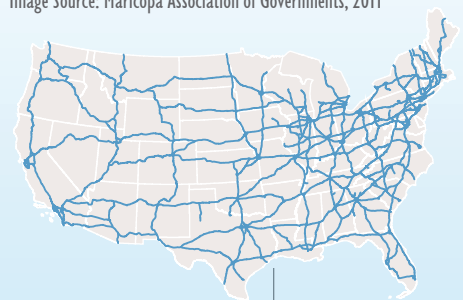
1864 - Nevada achieves statehood



1956: Federal-aid Authorization signed by President Dwight D. Eisenhower, establishes America's Interstate Highway System

Legend has it that the Interstate Highway System began with President Franklin D. Roosevelt, drawing three lines east and west and three lines north and south on a map of the United States and asking the Bureau of Public Roads to build it.

Quote Source: Origins of the Interstate, Lee Mertz
Image Source: Maricopa Association of Governments, 2011



1990s: Congress designates High-Priority Corridors in the Intermountain West

With the success of the Interstate Highway System and to further enable infrastructure and economic growth, Congress designated several National Highway System High-Priority Corridors in the Intermountain West.

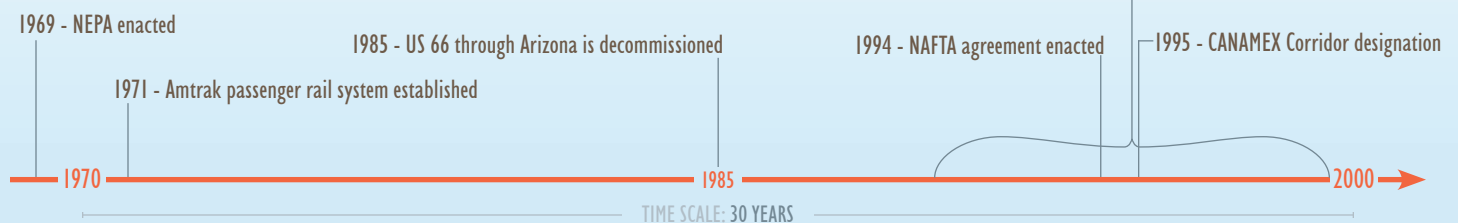
Over the past several decades, corridor concepts for a transportation network through the Intermountain West have been suggested and studied at various levels of detail. The 1991 Intermodal Surface Transportation Efficiency Act and 1995 National Highway Systems Designation Act identified a series of High-Priority Corridors for federal funding including the Canada, U.S., Mexico (CANAMEX) Trade Corridor. This designation recognizes the importance of the CANAMEX corridor to the U.S. economy, defense, and mobility.

Since the North American Free Trade Agreement (NAFTA) was adopted in 1994, trade among the U.S., Canada, and Mexico has increased more than threefold and employment in North America has grown by nearly 40 million jobs. Mexico's trade with the U.S. has more than quadrupled and 82 percent of its exports go to the U.S.

With the lack of a north-south connection between NAFTA partners in the Intermountain West, the region has not taken full advantage of the range of trade and manufacturing opportunities that NAFTA has created.

1990s: Congress designates High-Priority Corridors in the Intermountain West

The National Highway System High-Priority Corridor designation is an important step in identifying the need for efficient trade corridors.



2010: Mike O’Callaghan-Pat Tillman Memorial Bridge opens

Both states have already implemented various planning, design, and construction projects for potential corridor components, with the most notable project being the completion of the Mike O’Callaghan – Pat Tillman Memorial Bridge.

Arizona and Nevada have completed planning for a regional corridor with improved access between Las Vegas and Phoenix. Both states have already implemented various planning, design, and construction projects for potential corridor components, with the most

notable projects being the completion of the Mike O’Callaghan – Pat Tillman Memorial Bridge, the imminent construction of the Boulder City Bypass, and numerous 4-lane widening projects on US 93 between Wickenburg, Arizona, and Boulder City, Nevada.



2010: Mike O’Callaghan–Pat Tillman Memorial Bridge opens

2012: MAP-21 Corridor designation puts I-11 on the map

Funding surface transportation programs at more than \$105 billion for fiscal years 2013 and 2014, MAP-21 is the first long-term highway authorization enacted since 2005.



2013 Population -
 Las Vegas/Clark County: 2,027,868
 State of Nevada: 2,790,136
 Phoenix/Maricopa County: 4,009,412
 State of Arizona: 6,626,624

2006 - Phoenix becomes the nation’s fifth largest city

2007 - Great Recession begins



2012: New transportation legislation sets the stage for the I-11 and Intermountain West Corridor

The need for a new north-south transportation connection is so vital that Congress identified the US 93 Corridor between the Phoenix and Las Vegas metropolitan areas as Interstate 11.

For decades, the federal government has recognized the importance for a north-south transportation corridor through the Intermountain West. The recently enacted federal transportation legislation, Moving Ahead for Progress in the 21st Century (MAP-21), signed into

law on July 6, 2012, designates US 93 as future Interstate 11 between the Phoenix and Las Vegas metropolitan areas.

In approving the I-11 designation, Congress recognized the need for and importance of an interstate link between

the Phoenix and Las Vegas metropolitan areas. Although this designation does not guarantee funding, it elevates the importance of the proposed route, improving the chances for obtaining federal funds as the project warrants further consideration.

I-11 AND INTERMOUNTAIN WEST CORRIDOR STUDY

Statewide planning efforts in Arizona and Nevada spur formal studies to complete the transportation gap in the West – the genesis for the I-11 and Intermountain West Corridor.

In 2012, ADOT and NDOT began the I-11 and Intermountain West Corridor Study, between the Sonoran Desert and Pacific Northwest, linking Mexico and Canada and providing a vital connection between the metropolitan areas of Phoenix and Las Vegas.

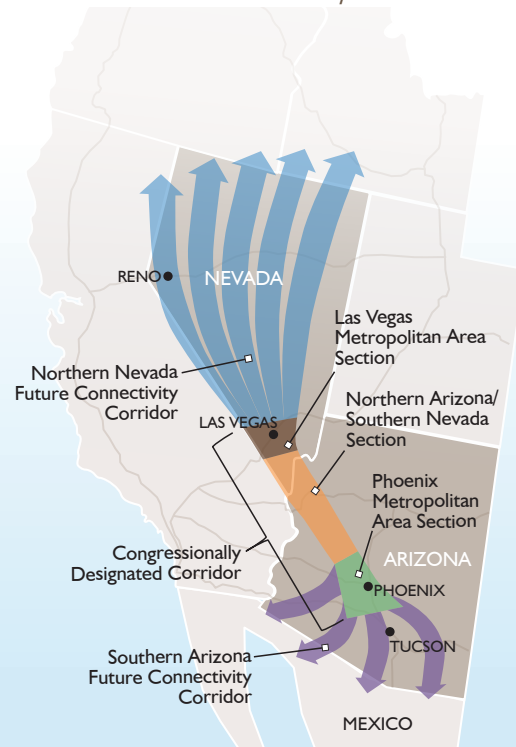
This study provides a high-level overview of the multimodal corridor opportunities, and is the foundation for subsequent detailed alignment and environmental studies. This study also provides an initial implementation program to expeditiously assemble an affordable interim corridor to serve as the I-11 and Intermountain West Corridor, fulfilling the NAFTA goal and better opening the Arizona and Nevada economies to international trade.

Because of the length and varying characteristics of the corridor, it has been divided into separate segments for detailed study (Figure 1). The Congressionally Designated Corridor

includes three separate sections between the Phoenix and Las Vegas metropolitan areas. The Southern Arizona and Northern Nevada Future Connectivity Corridors evaluated potential extensions beyond the Phoenix and Las Vegas metropolitan areas.

This corridor is intended to provide an opportunity for a multimodal corridor that could pair together highway, rail and other major infrastructure components, including power and energy; natural resources such as oil, natural gas, and water; and telecommunications.

Figure 1
I-11 and Intermountain West Corridor Study Area



By 2020, the U.S. trucking industry will move 3 billion more tons of freight than it did in 2010. To meet this demand, the industry will put another 1.8 million trucks on the road.

Source: AASHTO, Unlocking Freight, 2010

75%

The percent of U.S.-Mexico bilateral trade crossing through land ports of entry in 2011 was 75%

Source: Bureau of Transportation Statistics, Transborder Freight Data, 2012

13.4 m tons

Imports from Mexico through Arizona border crossings are expected to more than double by 2040 to 13.4 m tons

Source: FHWA, Freight Analysis Framework Version 3 (FAF3), 2012

18.6 m tons

Exports from Arizona to Mexico are expected to more than quadruple by 2040 to 18.6 m tons

Source: FHWA, Freight Analysis Framework Version 3 (FAF3), 2012

\$66.2 billion

Total value of exports from Arizona to Mexico by 2040 is estimated at \$66.2 billion

Source: FHWA, Freight Analysis Framework Version 3 (FAF3), 2012

Land ports of entry are key to economic growth

Continued investments in land ports of entry are key to mitigating congestion and encouraging the use of an I-11 and Intermountain West Corridor by making crossing times shorter and more predictable.

The function and capacity of Arizona's land ports of entry will affect the viability of the I-11 and Intermountain West Corridor. On its international border with Mexico, Arizona has eight land ports of entry that provide controlled entry into or departure from the U.S. for people, raw materials, and goods. Only one of these land ports of entry, DeConcini in Nogales, has a rail crossing for freight. Land ports of entry are a key aspect of freight movement through the Intermountain West Corridor, with about 75 percent of U.S.-Mexico bilateral trade by value crossing through land ports in 2011 (total value shown in Figure 2).

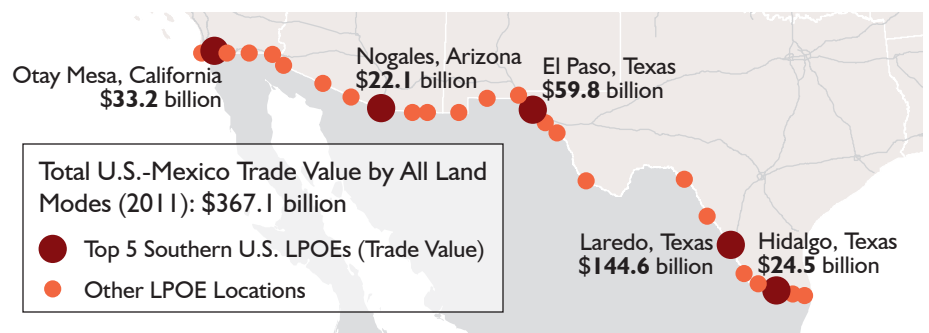
These border crossings are potential bottlenecks in the freight transportation network. As cargo levels continue to increase, the infrastructure supporting freight traffic will be strained and congestion will rise if no infrastructure investment is made. This will make the

functionality and efficiency of Arizona's ports and associated infrastructure all the more critical to ensure reliable delivery of goods and to support economic growth.

With ample capacity, limited congestion, and high-quality transportation links, the number of land ports of entry and the quality of associated infrastructure in Texas have made Texas highways and railways attractive for accessing the American Heartland. The volume of freight crossing land ports of entry through Texas has undoubtedly been predominantly determined by the large populations in the Eastern Seaboard and Midwest, but would have been significantly less or would have shifted to other locations without the benefits of recent land ports of entry investments and connected infrastructure in Texas.

Figure 2

The primary destinations and origins for imports and exports entering through Arizona land ports of entry (LPOEs) in 2040 are projected to be Arizona, California, Texas, and Michigan.



Additional trade corridors are needed to support water ports

New and expanded Mexican ports have the potential to serve as reliever ports for the congested Port of Los Angeles and Port of Long Beach, and could increase I-11 and Intermountain West Corridor demand, particularly if rail freight were offloaded to trucks.

Global factors such as booming growth in Pacific Rim countries, economies shifting toward exports, the overall pace of global economic growth, relative strength of U.S. manufacturing, and the impact of the Panama Canal improvements are affecting North American water ports. Trade corridors to and from the ports will need to evolve with changing port demand.

The Port of Los Angeles and Port of Long Beach in Southern California have long been the primary gateways of manufactured goods from the Asian markets. These entry points are typically the most cost-effective way to deliver goods to North American markets and their function and capacity have a significant impact on the direction and volume of freight flows in the Intermountain West. As two of the busiest ports in the U.S., increasing congestion on California's road and rail systems and the availability of an alternate north-south route will have the effect of shifting greater amounts of trade into the Intermountain West.

The Mexican Port of Guaymas, located on the Gulf of California, is a deep-water seaport and connects to the CANAMEX Corridor. The Port of Guaymas is poised to be an excellent opportunity to provide raw materials for an integrated manufacturing belt throughout Sonora, Arizona and Nevada. Guaymas is located on the Ferronex Rail System connected to the Union Pacific Railroad (UPRR) in Nogales, Arizona. This new connection

could increase the demand on the I-11 and Intermountain West Corridor.

The ports of Seattle, Tacoma, and Oakland could also benefit from development of an I-11 and Intermountain West Corridor by providing efficient north-south connections between major east-west corridors. The same is true for the Canadian ports of Vancouver and Prince Rupert, that have a geographically advantageous location with trade routes to Asian markets.

Providing a convenient, high-capacity, intermodal transportation link joining these West Coast ports, shown in Figure 3, will provide economic benefit unmatched in the history of the Intermountain West.

The continued functionality and efficiency of western U.S. ports and associated infrastructure will be critical to supporting international freight movement. As cargo levels continue to increase, the transportation infrastructure supporting freight traffic will be strained and congestion will intensify in the Intermountain West. The I-11 and Intermountain West Corridor will provide essential freight linkages between existing U.S. West Coast ports, new and expanding ports in Mexico and Canada, and future inland ports and commerce centers crucial to distributing commodities across North America. These linkages will promote community and economic development throughout the Intermountain West.

Figure 3

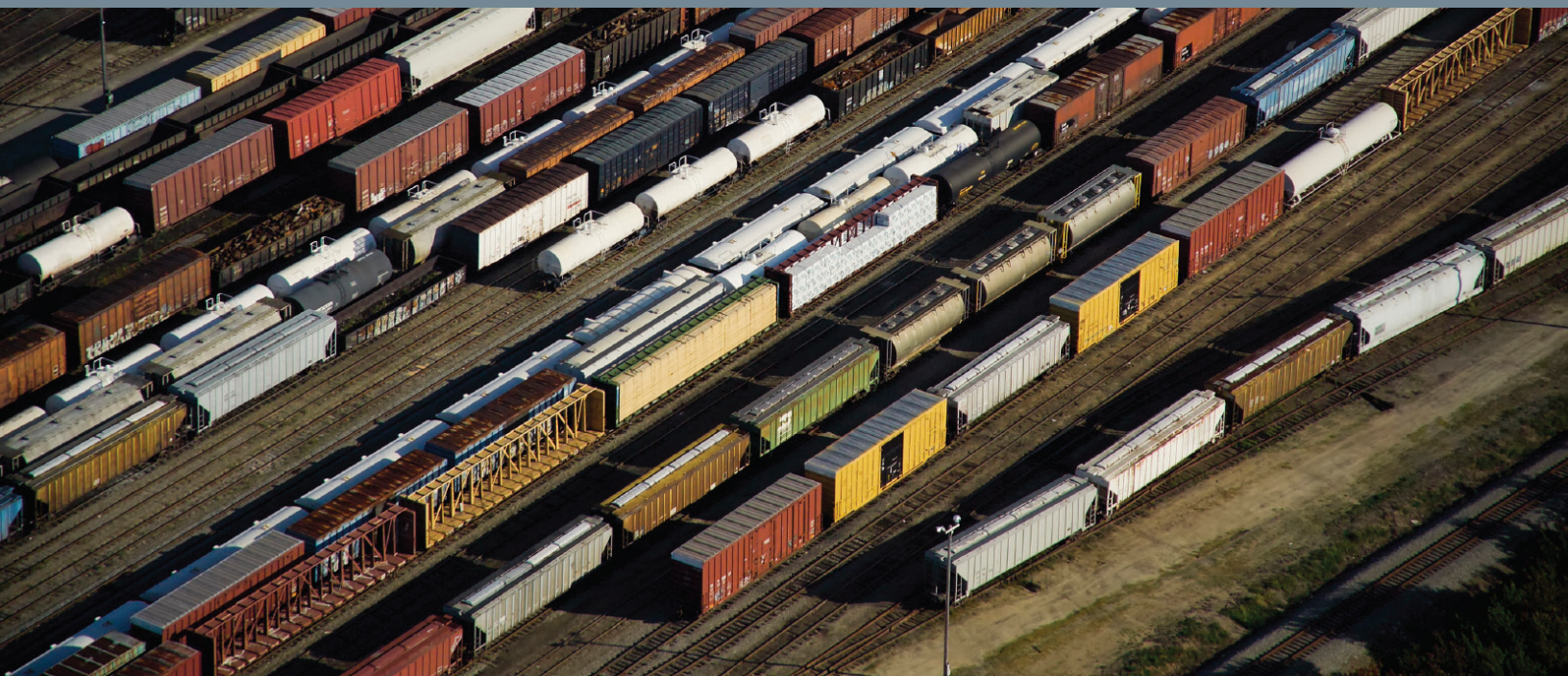
Deep-water seaports along the North American West Coast can benefit from development of an I-11 and Intermountain West Corridor by providing efficient north-south connections between major east-west corridors.





LINKING ECONOMIES

THE I-11 AND INTERMOUNTAIN WEST CORRIDOR STUDY TAKES MEANINGFUL STEPS TOWARD THE ULTIMATE NORTH-SOUTH CORRIDOR SYSTEM VISION—LINKING COMMUNITIES, STRENGTHENING THEIR ECONOMIES, AND PROVIDING PROSPERITY FOR THEIR CITIZENS AND BUSINESSES.



INTEGRATING MULTIMODAL TRANSPORTATION SYSTEMS TO STIMULATE ECONOMIC DEVELOPMENT

The I-11 and Intermountain West Corridor has the potential to structurally alter the way goods and people move throughout the region.

Economic development is entirely dependent upon the movement of goods and people. As a pillar of economic competitiveness, high-quality, multimodal infrastructure facilitates the growth of business and its attraction to an area, and offers the means to connect to other markets. Having an integrated system of roads, aviation, freight options, energy, and data transmission, has allowed the central and eastern areas of the U.S. to successfully link communities and employment centers, resulting in robust economic vitality and job creation. A new north-south transportation route in the Southwest provides a trade link to the nation's fastest growing region, the Intermountain West and offers similar economic and job growth potential.

Gross domestic product (GDP) is a principal indicator of the health of an economy or industry. GDP measures the value of final goods and services produced during a given period. According to the U.S. Bureau of Economic Analysis in 2012, the GDP for Arizona was \$255.9 billion and for Nevada was \$129.4 billion (Figure 4). The Phoenix and Las Vegas metropolitan statistical areas are the largest contributors to the Arizona and Nevada economies, followed by Tucson and Reno. The I-11 and Intermountain West Corridor will connect these major economies of the Intermountain West, as well as more than 9 million people.

“Trade corridors are not a new phenomenon: they have been used for trade and transport for centuries. A trade and transport corridor is a coordinated bundle of transport and logistics infrastructure and services that facilitates trade and transport flows between major centers of economic activity.”

Quote Source: Trade and Transport Corridor Management Toolkit; Charles Kunaka, Robin Carruthers; The World Bank, 2014



What if the I-15 Corridor from San Diego to Utah was never built? The I-15 Corridor is a critical asset to the West by offering a tourism route from San Diego, to the resort corridor in Las Vegas, and beyond to the natural wonders of Utah, and by providing a multimodal transport route for \$120 billion of commerce annually, as well as \$52 billion in tourism revenue. The I-11 and Intermountain West Corridor is envisioned to serve a similar role by connecting borders to bring \$22 billion in increased economic output to the region, linking economies to connect 9 million people between the metropolitan areas of Phoenix and Las Vegas, and generating prosperity to provide 240,000 additional permanent jobs within the region.

Photo Source: I-15 Freeway Dedication, March 11, 1966; Nevada Department of Transportation

The I-11 and Intermountain West Corridor will link millions of people and connect major economies throughout the region.

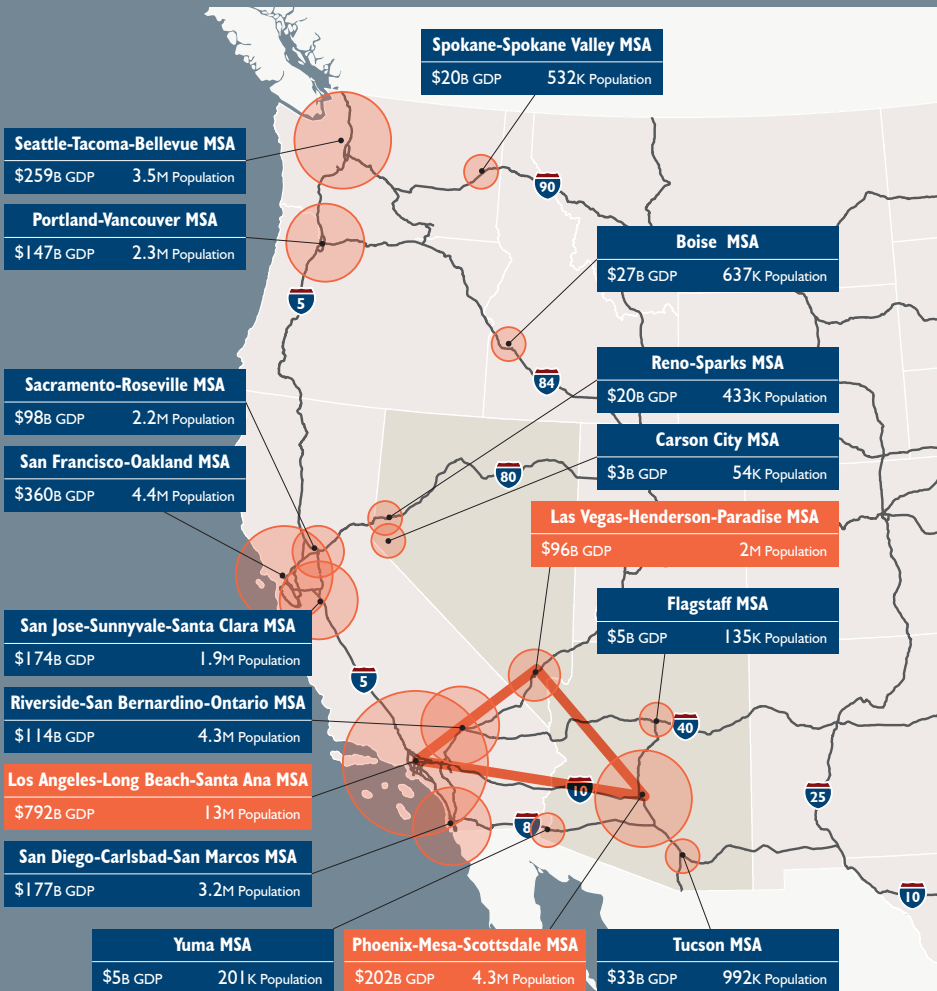


Figure 4

Some of the largest economic and population centers in the U.S. will rely on the I-11 and Intermountain West Corridor to move people and goods throughout the region.

Footnote: A metropolitan statistical area (MSA) is defined as one or more adjacent counties that have at least one urban core area of at least 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

Data Source: United States Census Bureau, Metropolitan and Micropolitan Statistical Areas, 2012; US Department of Commerce, Bureau of Economic Analysis

Conceptualizing corridor alternatives that connect major centers of economic activity

Since the study area is so broad in nature, a corridor evaluation process with defined evaluation criteria (shown in Figure 5) was developed to identify, screen, and recommend corridor alternatives. The evaluation process took the full range of alternatives and evaluated them based on criteria in line with corridor goals and objectives.

Several corridor alternatives were identified and evaluated. An alternative corridor was defined as a planning-level corridor that could contain one or more modes such as highway, rail, and utilities, within one or more of the study area segments. Alternatives were evaluated based on a set of criteria, such as how well they connect major national and international activity centers from Mexico to Canada through the Intermountain West. Other important considerations for alternatives were their connections to major freight hubs and high-capacity transportation corridors and opportunities for intermodal connectivity, including airports and intermodal yards. The universe of alternatives and the evaluation process/criteria were developed in coordination with a large stakeholder network.

Level I Corridor Screening Alternatives

The Level I analysis applied to the entire corridor, including the three Congressionally Designated Corridor Sections (comprised of the Phoenix Metropolitan Area Section, Northern Arizona/Southern Nevada Section, and the Las Vegas Metropolitan Area Section, as illustrated in Figure 1), as well as the Southern Arizona and Northern Nevada Future Connectivity Segments. The analysis applied a number of qualitative criteria to a comprehensive range of alternatives. The purpose of this first level was to assess whether alternative

corridors in each segment met the goals and objectives of the project.

Alternatives that did not meet the goals and objectives were not carried forward into the Level 2 evaluation. Although these corridors do not serve the transportation needs of the Intermountain West region, many of these alternative corridors are important to statewide transportation system connectivity.

Level 2 Corridor Screening Alternatives

The Level 2 analysis further evaluated Congressionally Designated Corridor section alternatives that were shown in Level 1 to be reasonable and feasible and potentially beneficial to Arizona and

Nevada. The Level 2 evaluation criteria used many of the same categories as those used for the Level 1 screening. Figure 6 shows all alternatives evaluated and screened in this two-tiered process.

Recommended Corridor Alternatives

This two-tiered evaluation process resulted in a series of corridor recommendations for the Congressionally Designated Corridor sections, as well as the Future Connectivity Segments, as shown in Figure 7. Resultant corridors are

considered reasonable and feasible, and these broad corridors are recommended to move forward into more detailed and environmental analyses for further refinement.

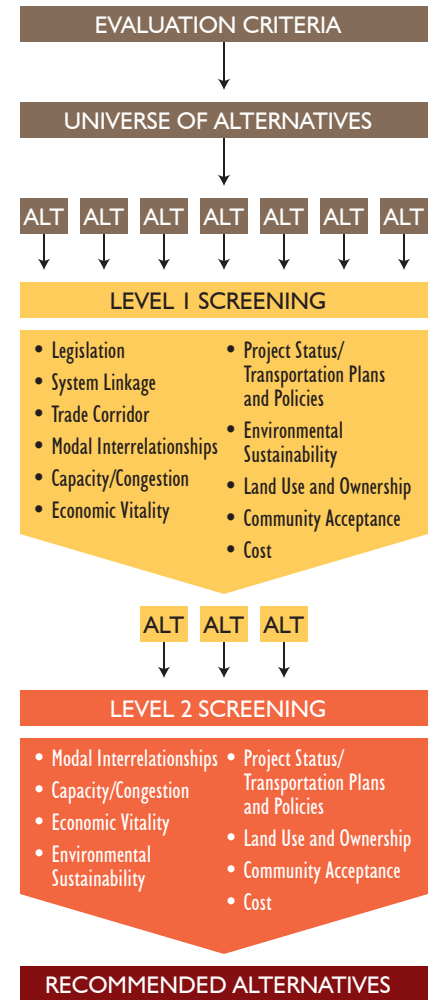


Figure 5. Corridor Evaluation Process

Defining evaluation criteria establishes a process to screen alternatives, and develop a list of recommended corridors for further consideration.

FIGURE 6. Universe of Corridor Alternatives

The full range of corridor alternatives were evaluated in a two-tiered screening process. The Level 1 screening analysis applied a number of qualitative criteria to the range of alternatives. Corridor alternatives that did not meet the goals and objectives were screened out and not carried forward into Level 2. The Level 2 screening analysis further evaluated corridor alternatives to ensure they specifically served the regional needs of the Intermountain West.



LEGEND

- | | | | |
|--|----------------------------------|--|---|
| | Full Universe of Alternatives | | Other Federal and State Owned/Managed Lands |
| | Level 1 Recommended Alternatives | | Tribal Communities |
| | Level 2 Recommended Alternatives | | U.S. National Park Service,
U.S. Forest Service,
U.S. Fish and Wildlife Service |
| | | | Military Lands |
| | | | Private Lands |

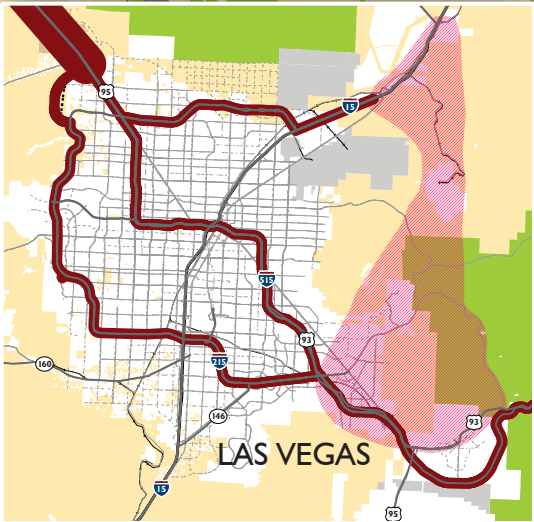
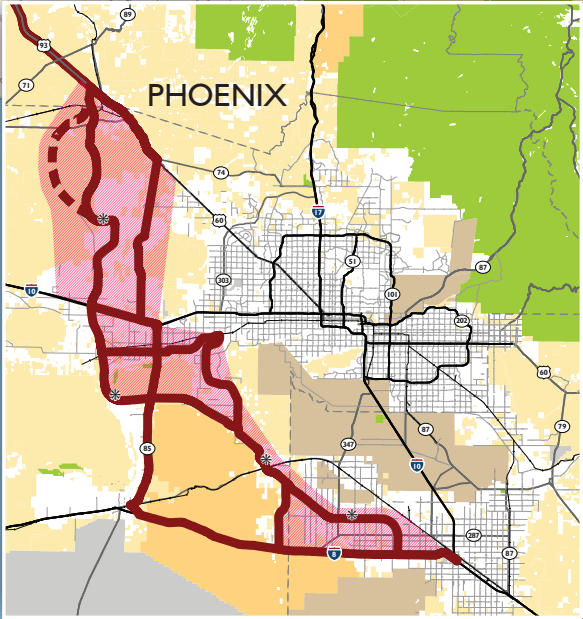
0 25 50 100
Miles



FIGURE 7. Recommended Corridor Alternatives

The two-tiered evaluation process used for the I-11 and Intermountain West Corridor Study resulted in a series of corridor recommendations for the Congressionally Designated Corridor sections, as well as the Future Connectivity Areas. Recommended corridors to move forward for more detailed planning and environmental analysis were deemed to be both reasonable and feasible based on the evaluation results. Future studies will determine specific alignments.

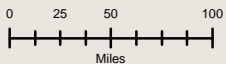
* This corridor represents an illustrative transportation corridor that was accepted by the MAG Regional Council and is included in the MAG Regional Transportation Plan. This is one of numerous corridors that may be considered in subsequent environmental studies. A preferred corridor will not be recommended without review and approval of the FHWA under the provisions of the National Environmental Policy Act (NEPA).



LEGEND

- Recommended Corridor Connection
- Alternative Alignments May Vary within Shaded Area
- National Monument
- Private Lands
- Other Federal and State Owned/Managed Lands
- Tribal Communities
- U.S. National Park Service, U.S. Forest Service, U.S. Fish and Wildlife Service
- Military Lands

MEXICO





Nearly 3,000 people participated in public meetings and online virtual forums.

Engaging the public ensures regional needs are met

Stakeholder participation and community engagement is critical to the alternatives development and screening process and is important in accurately reflecting regional and interstate needs. Led by a large stakeholder and public interest database comprised of more than 3,000 individuals, engagement was solicited throughout the study using traditional meetings, live webinar sessions, and Internet-based feedback opportunities. Interested parties were asked to provide data, share their opinions and ideas, and assist in the development of recommendations for the I-11 and Intermountain West Corridor.

In addition to recommending alternative corridors for consideration, as a direct

result of public and Stakeholder Partner input, the significance of the Southern Arizona Future Connectivity Segment was elevated, corridors with significant environmental constraints were modified or eliminated, and some corridor segments were recommended for additional analysis.

In total, 750 representatives from more than 350 Stakeholder Partner organizations participated in 61 meetings and events during the study. Over 650 individuals signed in at 10 public meetings conducted at different times and locations throughout the study area, in addition to nearly 3,000 comments received through virtual meetings and online submissions.



The I-11 and Intermountain West Corridor is envisioned to accommodate multiple modes and multiple uses such as highway, rail, and utilities.

Accommodating multi-use concepts completes the transportation network

The I-11 and Intermountain West Corridor is envisioned to accommodate multiple modes and multiple uses such as highway, rail, and utilities. A high-level, multi-use evaluation was conducted to determine each alternative's ability to accommodate these multiple modes and multiple uses. Figure 8, on the following page, illustrates the portions of the recommended corridors that are suitable for rail, and includes suggested possible new rail corridors that could close north-south gaps in the existing rail network. Closing these gaps will provide an alternate modal system to the proposed highway corridors.

These suggestions will require detailed analyses, and are intended to illustrate the possibilities for rail enhancements in the region that are complementary with an I-11 and Intermountain West Corridor. While private rail companies are responsible for decisions regarding their networks, the analyses and recommendations proposed in this study may provide insight and support for those decisions, as well as foster communication between public transportation agencies,

private transportation companies (including, but not limited to railroads), and economic development partners.

Other uses within the corridor, such as transmission of energy and communications, are feasible through most of the corridor with the possible exception within existing and constricted urban centers, and continue to be a priority for consideration as the corridor is refined and developed.

The I-11 and Intermountain West Corridor and its vicinity represent promising territory for the production and transmission of renewable energy, especially solar. With respect to generation, most of the corridor traverses the Sonoran and Mojave deserts, which have more sunny days per year than nearly anywhere else in the U.S.

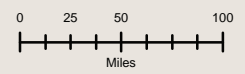
FIGURE 8. Feasible Potential Rail Corridors

As part of the high-level, multi-use evaluation, portions of the recommended corridors were found suitable for multiple uses and modes and new rail corridors were identified that could close north-south gaps in the existing rail network.



LEGEND

- Recommended I-11 and Intermountain West Corridor
- Existing Rail Network
- Existing Rail Network Corridors Contributing to I-11 and Intermountain West Corridor
- Potential Supplemental Rail Connections
- Other Federal and State Owned/Managed Lands
- Tribal Communities
- U.S. National Park Service, U.S. Forest Service, U.S. Fish and Wildlife Service
- Military Lands
- Private Lands





GENERATING PROSPERITY

INCREMENTAL INVESTMENTS IN TRANSPORTATION OPEN UP A WORLD OF OPPORTUNITY FOR ECONOMIC GROWTH IN ESTABLISHED AND NEW SECTORS OF OUR ECONOMY. THIS IS CRITICAL TO THE STABILITY AND PROSPERITY OF THE PEOPLE WHO LIVE AND WORK IN THE INTERMOUNTAIN WEST.



GENERATING SIGNIFICANT RETURN ON INVESTMENT

The Business Case for the I-11 and Intermountain West Corridor demonstrates that the Corridor has the potential to generate a significant return on investment. The I-11 and Intermountain West Corridor will:

- Connect regional economies to each other and to global markets
- Create opportunities for integrated manufacturing
- Advance the economic development initiatives of Arizona and Nevada

Connecting regional economies to each other and to global markets

A megapolitan can be defined as a conglomeration of two or more intertwined metropolitan areas with a combined population of 5 million or more, and is characterized by interlocking economic systems, shared natural resources and ecosystems, and common transportation and other infrastructure systems. Throughout the U.S., megapolitans are expanding and merging their economies together to form megapolitan clusters. These megapolitan clusters contain most of the nation's major ports and international airports, and provide a powerful presence in world trade. This trend is in line with global competitors in Asia and Europe who are creating Global Integration Zones by linking specialized economic functions across vast geographic areas and national boundaries with high-speed rail and dedicated goods movement systems.

The megapolitan areas in the greater southwestern U.S.—Southern California, Las Vegas, and the Sun Corridor—have expanded and are interlinked, forming the Southwest Triangle (Figure 9). The increased mobility of workers, business travelers, and goods between the cities

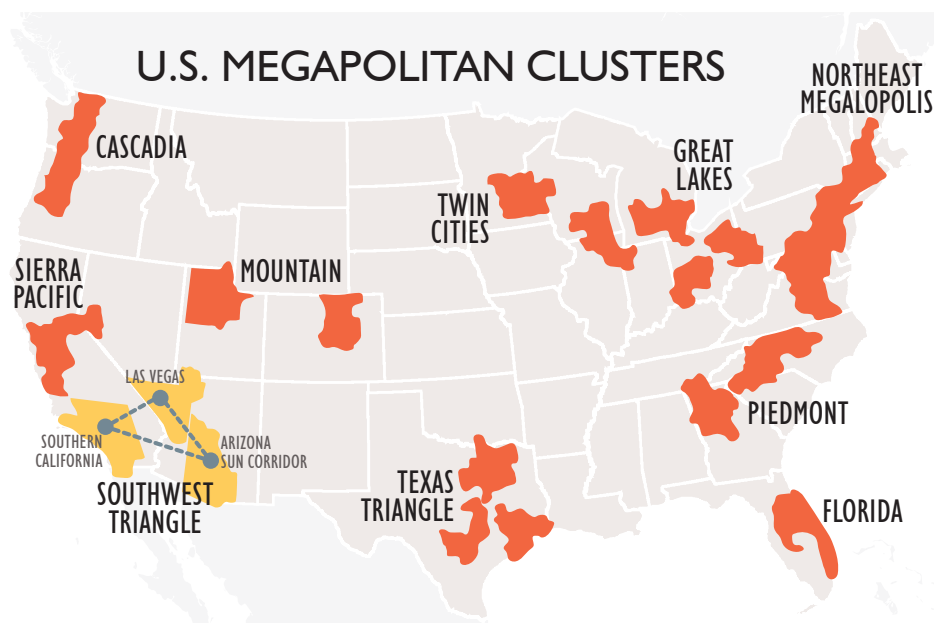
of these megapolitans enables greater collaboration, flexibility, and innovation—leading to a more diverse and stable economy built on technology, innovation, and high-value manufacturing.

The megapolitan cluster capacity for trade is a key element in this economic transition. Failure to establish adequate multimodal infrastructure to move people and goods around the region and across the country will significantly constrain future economic growth.

Figure 9

The I-11 and Intermountain West Corridor has the opportunity to connect several megapolitan clusters (defined as two or more intertwined metropolitan areas).

Image Source: Metropolitan Research Center, University of Utah, Brookings Mountain West, 2010.



MEXICO IS COMPETITIVE FOR MANUFACTURING OUTSOURCING:



5.4% growth

Mexico's gross domestic product grew 5.4% in 2010

New Policy Institute and ASU North American Center for Cross-Border Studies, Realizing the Full Value of Crossborder Trade with Mexico, 2012

\$35b increase

Growth in Mexico's gross domestic product in 2010 increased Mexican purchases from the U.S. by \$35 billion

New Policy Institute and ASU North American Center for Cross-Border Studies, Realizing the Full Value of Crossborder Trade with Mexico, 2012

14th largest economy

As of 2012, Mexico is the 14th largest economy in the world

World Bank, World DataBank: Gross Domestic Product, 2012

6 million

6 million U.S. jobs are dependent on U.S.-Mexico trade

Wilson, Christopher E.; Working Together: Economic Ties between the United States and Mexico, 2011

Creating opportunities for integrated manufacturing

The I-11 and Intermountain West Corridor is positioned to take advantage of current developments in international trade. The I-11 and Intermountain West Corridor offers the potential to introduce new economic activity related to the emerging manufacturing and trade relationship with Mexico, which has been enabled by NAFTA. The nature of this trade-related economic activity, referred to by economists as integrated manufacturing or production sharing, is fundamentally different from that fostered by Asia-Pacific trade. With Asian imports, limited value-added manufacturing occurs after consumer goods are imported. However, efficient transportation links with Mexico create significant opportunities for specialized manufacturing in the U.S., supported by Mexican production. Thus, each country is able to exploit its inherent competitive advantages.

With production sharing, the U.S. and Mexico have built a partnership not only in trading goods, but also in producing them. In many cases it is now more cost effective to manufacture and import goods from Mexico than it is from Asia-Pacific. Several U.S. industries, including auto, appliances, machinery, aerospace, electronics, and medical devices, work with Mexican companies to manufacture goods, often transporting components across the border multiple times during production. Unlike trade with Asia, this trade-related economic activity has resulted in significant manufacturing employment growth in both countries.

In particular, 6 million U.S. jobs are dependent on U.S.-Mexico trade. More than 160,000 jobs in Arizona and Nevada are dependent on trade with Mexico, compared to 692,000 and 463,000 trade-related jobs in California and Texas, respectively¹. Realization of these integrated manufacturing benefits in the Intermountain West relies upon strong mobility of freight back and forth across the border and along the I-11 and Intermountain West Corridor (Figure 10).

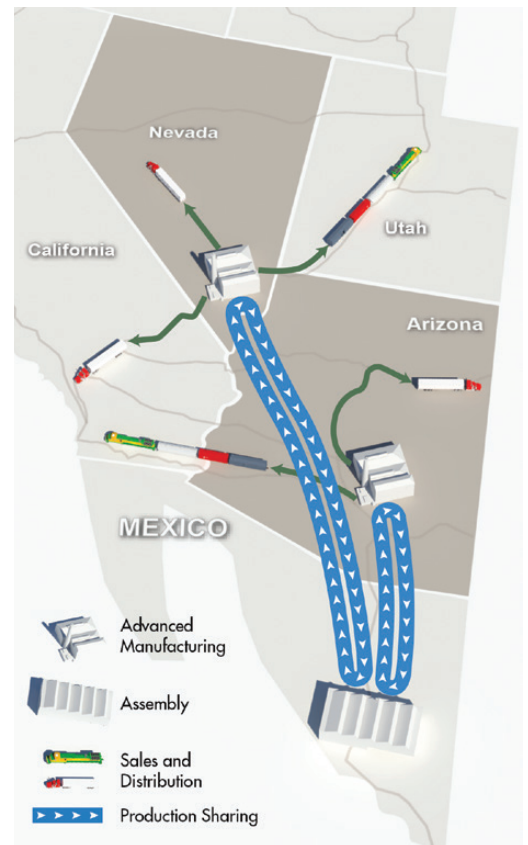


Figure 10
Efficient transportation links with Mexico create significant opportunities for specialized manufacturing in the U.S., supported by Mexican production, where components cross the border multiple times during production.

1. Wilson, Christopher E.; Working Together: Economic Ties between the United States and Mexico, 2011

Advancing Arizona's and Nevada's economic development initiatives

Over the past few years, Arizona and Nevada have renewed their focus on economic development, and both states recognize the importance of creating high-wage jobs, leveraging existing statewide assets, and improving the foundations that support economic development, such as the construction of efficient transportation infrastructure.

To compete nationally and internationally, each state has developed economic development initiatives focused on building its economy and targeting specific industry clusters (Figure 11).

The Nevada Governor's Office of Economic Development has identified five key components needed to attract major industries to the state and thereby diversify and strengthen its economy. Two of these components directly depend on favorable transportation infrastructure.

- Availability of qualified workforce
- **Competitive cost environment (such as transportation, labor, utilities, real estate, and taxes)**
- **Favorable logistics and accessibility**
- Favorable business environment
- Quality of place

Industry clusters targeted by Arizona and Nevada for diversifying their economies



Industry Targets

Industry Targets	Arizona	Nevada	Requires Regional Transportation Network
Advanced Manufacturing	■	■	■
Aerospace, Aviation, Defense	■	■	■
Agriculture	■	■	■
Biotechnology	■		■
Healthcare	■	■	
Information and Computer Technology	■	■	
Life Sciences	■		■
Mining and Materials	■	■	■
Optics	■		■
Renewable Energy	■	■	■
Science and Technology	■		■
Tourism, Gaming, and Entertainment	■	■	■
Transportation and Logistics	■	■	■

Figure 11

Arizona and Nevada must continue to build upon their industries to remain competitive in the global market.

Data Source: Arizona Commerce Authority. 2013. Job by Industry Report for Arizona. EMSI.; Greater Phoenix Economic Council. 2013.; Tucson Regional Economic Opportunities. Tucson Economic Blueprint Strategic Analysis Report. 2006.; Nevada Governor's Office of Economic Development. Key Industries. 2013.

The I-11 and Intermountain West Corridor has the potential to structurally alter the way goods and people move throughout the region.

ESTIMATING THE RETURN ON INVESTMENT

The return on this investment (ROI) is assumed to be significant, but is difficult to precisely quantify. A multifaceted approach was used to estimate the potential ROI, combining quantitative approaches with qualitative work to compare and validate the estimated costs against the potential travel and economic benefits of an I-11 and Intermountain West Corridor:

- **Travel benefits and cost estimates:** benefit-cost analysis—compares the traditional transportation value of savings to travelers resulting from the project investment with the costs

incurred in constructing and operating the project.

- **Economic benefits:** macroeconomic scenario-based analysis—illustrates the potential magnitude of the economic benefits of the I-11 and Intermountain West Corridor.
- **Validation:** comparative analysis from other regions of the U.S.—provides information to help characterize some of the new types of economic activity anticipated to occur as a result of the development of the I-11 and Intermountain West Corridor.

“The I-11 and Intermountain West Corridor is more than a transportation corridor, it is an economic corridor. It has the potential to become a major north-south transcontinental corridor through the Intermountain West. This would allow significant commerce, tourism, and international trade opportunities across the western United States, and could help link trade between the U.S., Mexico, and Canada.”

- Michael LeVault, *Maricopa Association of Governments Chair and Mayor of Youngtown, Arizona*



Comparing the corridor’s travel benefits and cost estimates through a benefit-cost analysis

Benefit-cost analysis is a conceptual framework that calculates and compares the benefits and costs of a project. It is the industry standard for major transportation infrastructure projects, provides a measure of project feasibility and a basis for comparing two or more projects, or alternatives, within a single project. The analysis has been configured around three incremental investment strategies in terms of the state of infrastructure development in the corridor:

- **Trend (No-Build) Investment Strategy**—includes projects in both Arizona and Nevada that are included in long-range transportation plans. These projects have already been identified and prioritized by the respective public agency (state Departments of Transportation or regional metropolitan planning organizations) for the sake of improving the regional transportation network regardless of I-11 status. Other scenarios are compared to this baseline to assess both costs and benefits of the investments strategies shown below.
- **Interim Investment Strategy**—assumes implementation of the trend (no-build) investment projects, plus additional targeted improvements as needed to create an interim end-to-end corridor through both states. The goal of implementing this interim condition is to achieve a continuous, efficient, high-capacity corridor as quickly as possible and at the lowest cost.

- **Full-Build Investment Strategy**—builds upon the previous two investment strategies to complete build-out of a full interstate with sufficient capacity.

Several benefit categories were approximated and monetized to facilitate comparisons against the estimated costs. These benefit categories include travel time savings, vehicle operating costs, safety benefits, emissions benefits, and freight logistics benefits. The total costs for each scenario include both capital and operation and maintenance costs.

Highlights of the I-11 and Intermountain West Corridor benefit-cost analysis results include positive net benefits for both the interim and full-build investment strategies (Figure 12). A net present value (benefit minus cost) greater than zero, and a benefit-cost ratio (benefit divided by cost) greater than one, are general measures of a project’s feasibility. It is expected that the full-build investment strategy will generate more net benefits overall than the interim investment strategy. On the other hand, the interim investment strategy is expected to have a higher return on investment because of the lower cost. These investment strategies reflect costs and benefits for a highway-only corridor from Mexico to Las Vegas.



ADOT is improving US 93 to a 4-lane, divided highway between Wickenburg and the Nevada border, which will serve as an interim facility for I-11.

Figure 12
Highlights of the I-11 and Intermountain West Corridor benefit-cost analysis results include positive net benefits for both the interim and full-build investment strategies. These planning level estimates reflect costs and benefits for a highway-only corridor from Mexico to Las Vegas, above and beyond planned improvements.

Investment Strategy	Interim	Full Build
Costs	\$3.6b - 4.4b	\$12b - 12.9b
Net Present Value	\$427m - 3.7b	\$1.8b - 6.5b
Benefit-Cost Ratios	1.2 - 3.0	1.3 - 2.0

Economic benefits: macroeconomic scenario-based analysis

To help understand the nature and scale of the economic returns to a potential I-11 and Intermountain West Corridor investment, a scenario-based analysis was performed (Figure 13). Specifically, three important trends currently shaping the regional economy were considered, and four separate scenarios were constructed to model the effects of each in terms of changes in travel demand, gross domestic product, population, and employment in the region. The results provide some indication of the scale of economic activity and of travel demand that each scenario may produce. These scenarios are based on important current trends that, should they continue, will alter the needs for transportation, levels of trade, and overall development in the region:

- **Baseline.** This scenario serves as the background against which the results of the other scenarios are compared, and is the same as the Trend (No-Build) Investment Strategy used in the benefit-cost analysis. Generally, this scenario reflects a continuation of recent background growth in the region and of current trends,

without major structural changes. It is presented as the highly probable economic future of the region, in the absence of significant changes from the recent past.

- **Growth in Asia-Pacific Trade.** This scenario is based on continued growth of the trade flows with Asia that have characterized West Coast trade during recent decades. This scenario is predicated on the continued growth in U.S. imports of a wide array of low-cost consumer goods from China and other low-cost Asian-Pacific Rim sources. This scenario assumes that current trends in manufacturing in the Asia-Pacific region continue and that the U.S. continues to receive a growing volume of goods from Asia.
- **Trade with Mexico Expands (Production Sharing).** This scenario assumes that Asia-Pacific manufacturing for the U.S. market flattens and that significant production sharing growth occurs between the U.S. and Mexico.

- **State Economic Development Initiatives Are Fully Realized.**

This scenario assumes that Arizona and Nevada are able to realize their current major economic development goals. A cornerstone of their initiatives is the implementation of an industry cluster-based approach to foster economic sustainability by stimulating growth in key sectors—such as aerospace, life sciences, and other high-value manufactured goods—and increasing trade with Mexico and Canada. The end result is a group of industry clusters that has the ability to generate economic growth both in the short and long term.

Potential benefits to the regional economy associated with the four growth scenarios can be realized only if the region maintains its current relative competitiveness and is able to attract the level of activity described. Multimodal transportation is a key and necessary enabler of economic development.

Figure 13

Each of these scenarios has the potential to make major contributions to the economic well being of the region's residents, bringing up to an additional 240,000 jobs and \$22 billion in economic output to the region over the next 25 years.

SCENARIO	ECONOMIC OUTPUT (\$ BILLIONS)	POPULATION (HIGH RANGE)	EMPLOYMENT (HIGH RANGE)	UNACCEPTABLY CONGESTED HIGHWAYS (%)*
Projected Baseline Conditions (2040)	642	15,078,114	7,971,629	28
Growth in Asia Pacific Trade	+7 to 24	+283,000	+150,000	34
Trade with Mexico Expands (Nearshoring)	+9 to 22	+457,000	+241,000	43
State Economic Development Initiatives Are Fully Realized	+4 to 8	+170,000	+90,000	34

* Includes major highway corridors in Arizona, California, and Nevada; and assumes completion of trend improvements.

Validation: comparative analysis from other regions of the U.S.

Available literature was assembled and reviewed to illustrate the relationship between transportation corridor investment and economic outcomes from other U.S. jurisdictions, in order to validate the expectation that these effects will occur. Given the nature of the new and growing economic relationship between U.S. border states and Mexico, the potential scale of this relationship for the Intermountain West may potentially be larger than shown.

The Best Investment a Nation Ever Made: A Tribute to the Dwight D. Eisenhower System of Interstate and Defense Highways (Cox and Love, 1998) provides a comprehensive look into the benefits of infrastructure investment. The work discusses the impact of the Dwight D. Eisenhower System of Interstate and Defense Highways at its 40th anniversary in 1996. Interesting findings of that work are that the road system has:

- Saved the lives of an estimated 187,000 people and prevented injuries to another 12 million
- Returned more than \$6 in increased economic productivity for each \$1 spent on construction
- Had numerous intangible impacts such as increased international competitiveness, increased personal mobility, and increased international security

Overall, infrastructure investment has been shown to have a positive impact on economic growth, productivity, and return on investment. According to the report *Economic Returns from Transportation Investment* (Eno

Transportation Foundation, Inc., 1996; and FHWA, 2011), which discusses various infrastructure studies, social rates of return on infrastructure investment are significant and positive, and infrastructure investment has helped raise the nation's productivity and reduce its costs of doing business. An important conclusion of the study is that an increase in infrastructure investment reduces costs in almost all manufacturing industries and in many services; this increase in infrastructure investment also shows a corresponding increase in productivity.

Transportation's Link to the Economy: Synthesis, prepared by the Washington State Department of Transportation, reviewed multiple transportation studies and concluded that improvements to surface transportation systems increase economic output, reduce prices, and raise incomes and profits. The study found that transportation contributes economic returns for virtually every person and business in the affected region. Other studies show that state and national investments in transportation have measurable benefits to the economy. One finding is that each \$1 billion of federal highway investment generates 47,500 jobs: 26,500 jobs as roads and bridges are built, and an additional 21,000 jobs as those who earn their money directly from transportation activity buy goods and services (Poor, Lindquist, and Wendt; *Transportation's Link to the Economy: Synthesis*, Washington Department of Transportation; 2008).

The study, *Transportation Improvements Grow Wisconsin's Economy: The Economic Benefits of Transportation Investments*,

identified the following benefits from increased investment in the Wisconsin State Truck Highway System (Cambridge Systematics, Inc., 2003):

- \$7.0 billion in savings for everyday personal trips such as driving to work, doing errands, or visiting friends.
- \$1.5 billion in savings by business persons and truckers while on the clock. The on-the-clock portion of the benefits (the \$1.5 billion) would allow Wisconsin businesses to increase output, hire additional workers, and eventually increase Wisconsin residents' disposable personal income by \$2.7 billion.

Therefore, the total benefits of the additional investment are the sum of the \$7 billion for personal trips, plus the \$2.7 billion of benefits (macroeconomic impacts) created from greater business efficiencies for a total of \$9.7 billion. The benefits (\$9.7 billion) of additional investment (\$3.2 billion) translate into measurable and significant results. For every dollar of additional investment in the Wisconsin State Truck Highway System beyond that needed to maintain current conditions, Wisconsin would enjoy \$3 of benefit.

The study also demonstrated that additional highway investment leads to an increase in permanent new jobs. On an average annual basis, 4,800 more jobs would exist in Wisconsin if the additional investment were made because highway investment reduces the cost of doing business in Wisconsin.

With potential induced macroeconomic effects estimated at up to \$24 billion over the next 25 years, it is clear that the combined economic case for the I-11 and Intermountain West Corridor investment is strong.

A compelling case for a transformative investment

The three-pronged return-on-investment analysis revealed a compelling case for investment in the I-11 and Intermountain West Corridor if it is part of a coordinated program with strategic border improvements to unlock the shared production potential with Mexico and Canada (Figure 14) and other economic development efforts.

The benefit-cost analysis describes a project whose benefit-cost parameters range between 1.2 and 3.0, depending on the investment strategy under consideration. These parameters are indicative of a socially beneficial project, despite the conservatism of this analysis for a transformational system-level investment. With the opportunity to optimize the sequencing and timing of individual projects over an extended implementation period, the corridor offers Nevada and Arizona the opportunity to realize above-average economic returns from strategic investments for many years.

Infrastructure investment has been shown to have a positive effect on economic growth, productivity, and return on investment. The studies referred to in this report have revealed that social rates of return on infrastructure investment are significant and positive, and infrastructure investment has helped raise the nation's productivity and reduce its costs of doing business. Some of the studies also found that additional highway investment led to an increase in permanent new jobs and improved safety.

The I-11 and Intermountain West Corridor presents Arizona and Nevada with unique and exciting economic opportunities to:

- Sustain historic growth patterns by building on strong economic sectors such as tourism and recreation
- Tap into the resources of Mexico and Canada to strengthen and grow manufacturing capabilities
- Provide access to national and international markets for goods produced, warehoused, and distributed
- Achieve the economic development and diversification vision for both states.

When the combined effects of the corridor investment are considered, the I-11 and Intermountain West Corridor is a compelling candidate for strategic investment. If delivered through a strategic investment program, it will have a sustained positive effect on the economy of the region for decades to come.

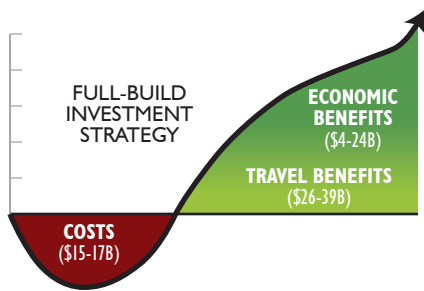


Figure 14

Figure 14 is solely intended to illustrate the scale of the return on investment potential and not the actual value. Combining the values of the economic and travel benefits may result in an over-estimate due to double counting some factors. These planning level estimates reflect costs and benefits for a highway-only corridor from Mexico to Las Vegas, above and beyond planned improvements.

“The I-11 and Intermountain West Corridor is an essential transportation project for Southern Nevada, that will help generate continued economic growth and diversification for our great state. Its economic significance is a primary reason why the Nevada Legislature, the Clark County Commission, and private businesses overwhelmingly supported the initiative to tie the motor vehicle fuel tax to inflation, which will provide the necessary funding to help build this regionally significant project.”

- Tina Quigley, *Regional Transportation Commission of Southern Nevada, General Manager*





NEXT STEPS

CONTINUED COLLABORATION BETWEEN CURRENT AND NEW PARTNER AGENCIES AT THE FEDERAL, STATE, REGIONAL, AND LOCAL LEVELS, AS WELL AS IN THE NON-GOVERNMENTAL AND PRIVATE SECTORS, IS PARAMOUNT FOR SUCCESS.



PARTNERING FOR THE FUTURE TO DELIVER THE PROJECT VISION

The recommended I-11 and Intermountain West Corridor (depicted in Figure 7 on page 19) is envisioned to be a continuous high-capacity trade corridor extending from Nogales, Arizona to Las Vegas, Nevada and potentially beyond towards Canada. This trade corridor is anticipated to support the diversification of the economies of both Arizona and Nevada to include a higher proportion of large-scale manufacturing operations that will rely on dependable movements of goods and services between the two states and adjacent regions. As each state's manufacturing sector expands, the Corridor should be evaluated to determine the most appropriate mode of freight travel and facility type to provide the greatest reliability of trade movements. This chapter provides suggested steps that will continue the momentum to incrementally provide the right transportation solution to serve the evolving economies of Arizona and Nevada.

To this end, it is paramount for transportation, economic development, and environmental/sustainability leaders to partner and advance along the same paths—reliant on each other for success. Delivering the project vision will depend on continued collaboration between current and new partner agencies at the federal, state, regional, and local levels, as well as in the non-governmental and private sectors. And, while anticipated to be a multimodal transportation corridor, strong partnering with the two major western Class I railroads will be critical to implement a continuous rail corridor, including potentially providing strong incentives for constructing missing links within the overall I-11 and Intermountain West Corridor. Key opportunities and challenges related to successfully providing the right transportation solution are listed on the following page.

The I-11 and Intermountain West Corridor Study is a multimodal planning effort, involving the Arizona and Nevada Departments of Transportation, Federal Highway Administration, and Federal Railroad Administration. Upon completion of this study, these agencies will all be called upon to continue to advance the separate modes and uses for the corridor.

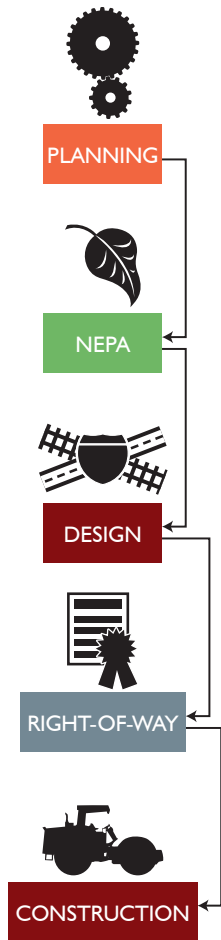
Arizona Governor Jan Brewer and Nevada Governor Brian Sandoval at Future I-11 Sign Unveiling Ceremony at the Hoover Dam, March 21, 2014. Since a portion of the I-11 Corridor was designated by Congress as part of the MAP-21 Federal Transportation Bill in 2012, Arizona and Nevada have been working together to advance the I-11 and Intermountain West Corridor.

Photo Credit: Andrew Wilder, Arizona Governor's Office



Figure 15

The project development process ensures project decisions balance project needs with social, economic, and natural environmental factors through each phase of the project.



Partnerships ensure project decisions balance project needs

The project development process, shown in Figure 15, allows transportation officials to make project decisions that balance engineering and transportation needs with social, economic, and natural environmental factors. During the process, a wide range of partners, including the public, businesses, interest groups, and agencies at all levels of government, provide input into project and environmental decisions.

Several opportunities and challenges related to the core elements to the vision for the I-11 and Intermountain West Corridor are highlighted in Figure 16. In order to “develop multimodal infrastructure”, as noted in the Vision Statement, different agencies and organizations will be needed to lead implementation of each mode or use. Funding will most likely come from separate sources, and the timeframe for the demand for each mode or use

will likely differ—potentially impacting the initiation of design and construction activities, as well as ongoing corridor operations.

The benefit of having agencies representing these other modes and uses participating in this project allows the establishment of a corridor that meets the needs of all modes. However, while the specific modal project development will be led by different agencies, continued coordination among agencies is critical for establishment of a corridor that meets the needs of all modes to achieve a shared vision regarding land use, economic development, and the natural environment. This early agreement on the corridor location will streamline the National Environmental Policy Act (NEPA) process (required when federal funding or decisions are required) and subsequent phases for each mode and use.

Figure 16

Opportunities, challenges, and recommended strategy elements related to the I-11 and Intermountain West Corridor Vision. Detailed strategy actions are presented in the Implementation Program Technical Memorandum.

CORRIDOR VISION ELEMENT	OPPORTUNITIES AND CHALLENGES	RECOMMENDED STRATEGIES
Promote freight linkages	<ul style="list-style-type: none"> Connect commerce centers with each other and with new and expanding ports Achieve consensus across borders and with new partners 	<ul style="list-style-type: none"> Close gaps in the regional network Prioritize the critical bottlenecks Remove international trade barriers Enhance capacity incrementally but effectively Use technology to improve efficiency
Create new western crossroads	<ul style="list-style-type: none"> Integrate planning between land use, transportation, economic development, and environmental resources 	<ul style="list-style-type: none"> Make connections between communities in a context-sensitive manner Find ways, large or small, in which all communities can benefit in a manner that respects community values Preserve opportunities at strategic sites Integrate lessons from corridor development elsewhere
Spur economic diversity	<ul style="list-style-type: none"> Realize a return on investment Develop funding streams 	<ul style="list-style-type: none"> Understand and illustrate economic benefits of corridor development Seek public-private partnerships Expand alliances beyond Arizona and Nevada boundaries
Develop multimodal infrastructure	<ul style="list-style-type: none"> Expand rail, energy and communication network 	<ul style="list-style-type: none"> Coordinate with private rail companies and the FRA Coordinate with energy, communications and utility companies

SEGMENTS OF INDEPENDENT UTILITY FACILITATE EFFICIENT IMPLEMENTATION

Because of the broad scope and scale of the overall I-11 and Intermountain West Corridor, it is broken down into individual segments of independent utility to meet the NEPA requirement of logical termini and independent utility.

Identifying segments of independent utility allows more efficient implementation through the project development process, while still supporting the overall need for corridor continuity. Currently, the I-11 and Intermountain West Corridor is comprised of many different project segments at varying degrees of progress in the project development process, and these segments of independent utility are anticipated to form the basis of independent future studies and/or projects, all joined together under a shared project vision (Figure 17).

While the Las Vegas Metropolitan Area is tentatively comprised of several segments of independent utility, the selection of a singular preferred I-11 and Intermountain West Corridor alignment will reduce the range of segments of independent utility. The existing project development status of the various segments of independent utility is summarized on Figure 17.

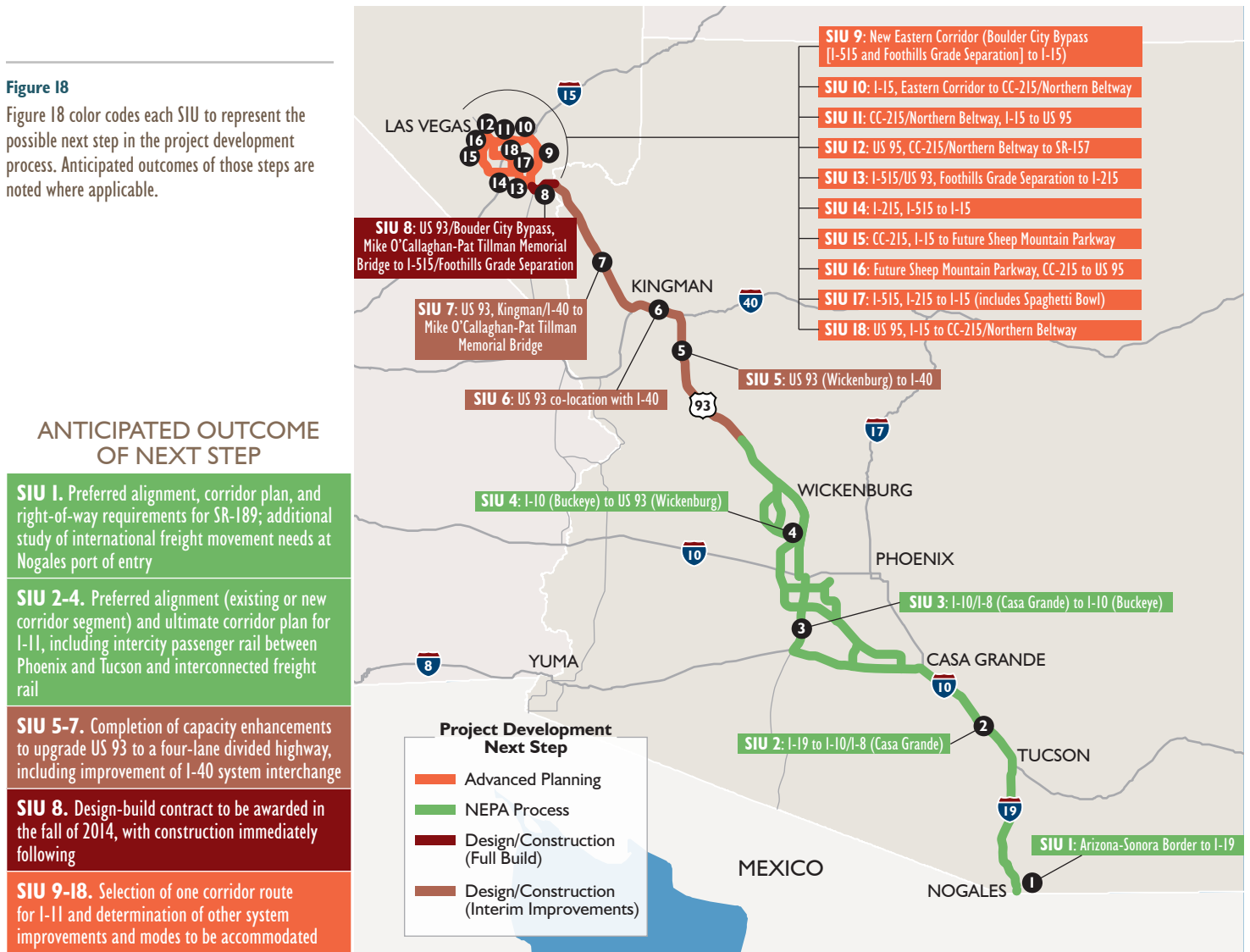


Figure 17 Illustrates the corridor’s 18 segments of independent utility (SIU), which are colored to clearly illustrate SIU endpoints. The status of project development activities completed to date are noted for each SIU. This segmentation does not include the Northern Nevada Future Connectivity Corridor segment, which requires additional study to determine logical corridor connections.

The identification of segments of independent utility, next steps, and anticipated outcomes are illustrated on Figure 18. This segmentation does not include the Northern Nevada Future Connectivity Segment, which requires additional study to determine logical corridor connections.

Figure 18

Figure 18 color codes each SIU to represent the possible next step in the project development process. Anticipated outcomes of those steps are noted where applicable.



Technical actions provide guidance for near- and long-term project prioritization

In whole, the I-11 and Intermountain West Corridor has the potential to be over 530 miles long between the southern Arizona border and the Las Vegas Metropolitan Area—and double that length to the northern Nevada border. A phased implementation strategy is required to achieve the full build condition that fulfills the vision of a multimodal I-11 and Intermountain West Corridor.

- The **“Interim Corridor”** assumes implementation of targeted improvements to create a continuous 4-lane divided highway from Nogales to Las Vegas. The goal of implementing this interim condition is to facilitate trade movements between Mexico, Arizona, and Nevada – until such a time as the ultimate trade corridor is deemed needed (as depicted in Figure 7 on page 19).
- The **“Full Build Corridor”** completes build-out of a multimodal transportation corridor that will match the needs of future demands for the movement of people and goods. The full build condition is the long-term vision for the Corridor.

Identifying interim project actions needed to achieve a free-flowing border-to-border corridor efficiently and in a cost-effective manner

While implementation of the full build I-11 and Intermountain West Corridor is desired to achieve the long-range multimodal vision, the focus of the implementation actions is to achieve an interim border-to-border corridor as efficiently as possible from a timing and cost perspective to begin to reap the benefits of a transcontinental trade corridor. Additionally, because implementation of the full build corridor is not envisioned for several decades, improvements that comprise the full build condition may change as the Corridor evolves and trade and growth patterns change.

On a practical level, several factors contribute to the need to phase corridor improvements, specifically as it relates to constructing the corridor:

- The U.S. has not had comprehensive long-term federal transportation reauthorization since the lapse of SAFETEA-LU in 2009.
- State DOTs are grappling with funding large transportation infrastructure projects as traditional funding methods are no longer available or reliable. For instance, state gas taxes have not been indexed in over 20 years, and state highway funds are being swept into general funds to balance budget deficits.
- The country – especially the Southwest – is still recovering from the Great Recession. Introducing new tax-based revenue streams would not be acceptable to the public at-large at this time.

Therefore, the interim condition of the I-11 and Intermountain West Corridor serves as the near-term implementation step for corridor development (Figure 19). It is important to note that many segments of the corridor have infrastructure in place today that lays the foundation for this interim corridor. Components of the statewide and regional transportation systems with current excess capacity are great candidates to contribute to a border-to-border corridor for the short term, and even potentially the long term.

Other segments of the corridor need improvements to achieve an interim condition. In some areas, the

recommended improvements may be minimal; however, more significant improvements will be needed in those segments projected to experience severe peak period congestion in the coming decades, such as I-10 near downtown Tucson. In other portions of the corridor, gaps exist that need to be filled to provide a cohesive connection. All trend and interim corridor improvements will be studied to ensure that near-term recommendations align with long-term infrastructure needs.

Overall though, the foundation for this corridor exists and can be leveraged to adequately plan and design the vision for this multimodal trade corridor.

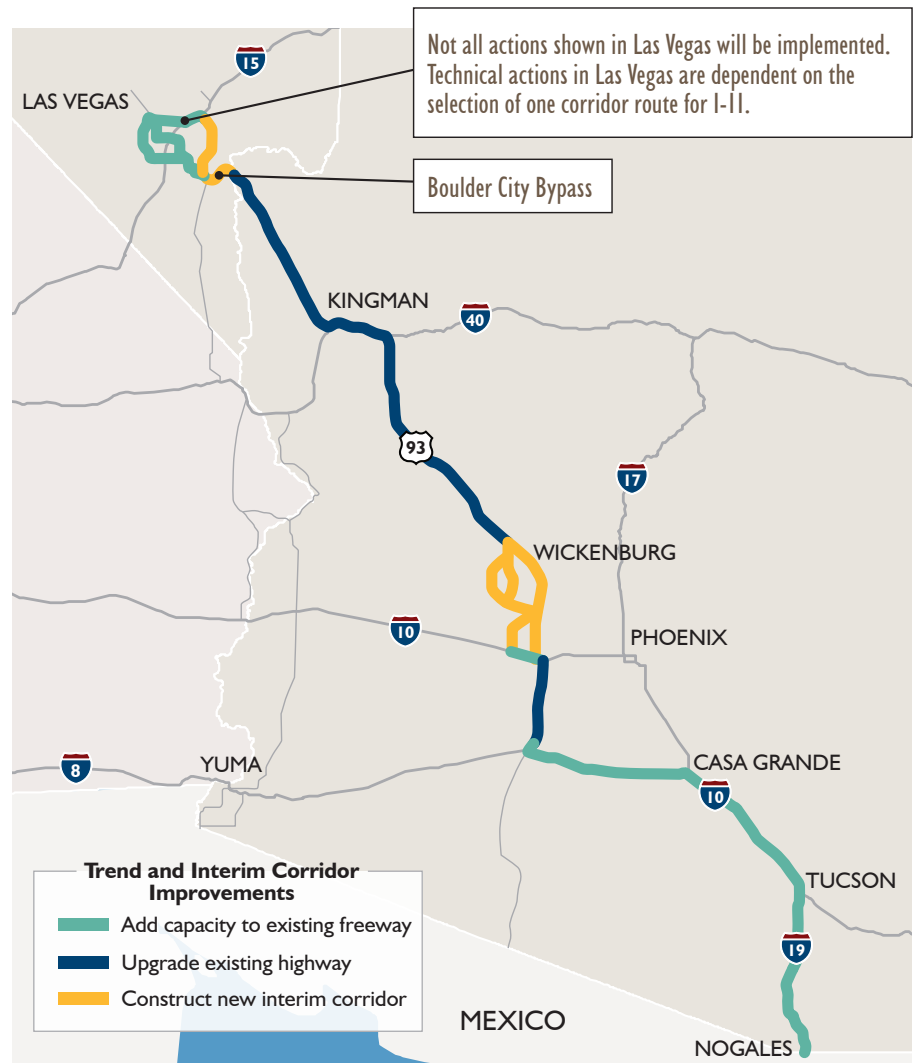


Figure 19
Trend and Interim Corridor Projects. Major improvement types required to achieve an interim end-to-end corridor between Mexico and the Las Vegas metropolitan area provide guidance for near-term prioritization of technical actions.

PUBLIC POLICY ACTIONS FACILITATE CORRIDOR IMPLEMENTATION

Implementation of the I-11 and Intermountain West Corridor will require several simultaneous actions. While project development activities are ongoing, corridor partners should be coordinating economic development and local planning initiatives with implementation of the multimodal transportation corridor. Additionally, funding and financing options should be explored. To ensure all these actions are progressing down the same path, there are a series of public policy actions that can help facilitate corridor implementation. While not noted in detail in this document, the Implementation

Program Report details out the range of actions required, grouped into the following categories:

- Official corridor adoption
- Corridor marketing
- International trade corridor
- Multimodal and multi-use
- Local planning coordination
- Economic development coordination
- Corridor funding and finance
- Metropolitan routing and connections

Development of a trade corridor is absolutely dependent on coordinated

economic development and transportation activities. Once a preferred alignment is selected, the most critical public policy actions include incorporating the corridor alignment into Regional Transportation Plans and land management agency Resource Management Plans. These actions will establish the routing and preserve rights-of-way. With this, corridor champions can rally around the I-11 and Intermountain West Corridor to begin to market and brand this concept, seek economic development opportunities, and foster alliances for development of a competitive trade corridor.

ENSURING PROJECT DELIVERY THROUGH CREATIVE FUNDING AND FINANCING STRATEGIES

Full development of the I-11 and Intermountain West Corridor is a complex process that will span decades. Consideration of specific funding, financing, and delivery methods for individual projects within the corridor requires a significant amount of detail that will not be available until project development activities are considerably advanced for groups or individual SIUs.

The funding and financing resource options that can be used for implementation of each corridor segment will likely differ and should continue to be explored, including potential emerging funding sources (dynamic tolling, fuel tax indexing, mileage-based user fees, and occupancy fees from road and non-road users of the corridor). While the transportation funding and financing environment rapidly changes, many of the existing sources will be used for decades to come and others may be dropped.

The stakeholders of the I-11 and Intermountain West Corridor should not be passive bystanders in this evolution. Corridor champions can take an active role in encouraging and supporting legislation that creates new, flexible, and appropriate financing tools at all levels of government. Should there be a need for unique mechanisms to develop the I-11 and Intermountain West Corridor, the opportunity exists for corridor champions to take a lead role in securing legislation and regulation to create these.

MARKETING AND BRANDING ACTIONS CREATE A DISTINCT IDENTITY FOR THE CORRIDOR

Fostering the “I-11 brand” for the I-11 and Intermountain West Corridor will create a distinct identity for the corridor; generate interest among the trade and logistics industry, the traveling public, and the economic and community development industry; and create a clear and positive public recognition of the new multimodal corridor. In addition to creating or enhancing public acceptance, a successful branding and marketing campaign delivers the following benefits:

- Enhanced commitment to the implementation of the I-11 and Intermountain West Corridor:** Branding of various pieces of the corridor will establish a long term identity of the corridor and will help regional agencies reaffirm their commitment to implementing the I-11 and Intermountain West Corridor.
- Enhanced outreach efforts:** A common brand proposition among various components of the corridor development process will simplify marketing efforts and allow corridor partners to more effectively reach their target audience.
- Potential for attracting community and economic development activity:** An attractive and compelling brand will help attract new economic development or intensify existing land uses along the multimodal transportation corridor.

Branding will also, over a period of time, bring a feeling of permanence to the idea of a major new multimodal transportation corridor that may be fully implemented over several decades. A next step in the corridor development process will include developing a branding strategy (Figure 20) that defines the target audience, the target message, and how the brand will communicate with the target audience. The branding strategy will also determine the appropriate corridor champions to lead these actions.

Figure 20
Developing a brand creates a distinct identity for the I-11 and Intermountain West Corridor. Example branding tactics are shown below.



CRITICAL ACTIONS NEEDED TO IMPLEMENT THE CORRIDOR

Figure 21

Critical Next Steps. The table lists the critical actions (not in order of priority) that should be initiated within the next 2 years, or as soon as practical, to maintain the momentum of implementing the I-11 and Intermountain West Corridor. The lead agency should ensure that these critical technical actions are identified in applicable plans and/or programs, if not already.

Risk of Inaction – The actions listed in Figure 21 form the foundation for the corridor between the Mexican border and Las Vegas metropolitan area. The lead agencies and partners listed have various boards, commissions, or councils who may have a role in approving these actions. If these actions are not carried out, the host states of Arizona and Nevada

will lose significant opportunities to grow and diversify their economies. To maintain momentum through the NEPA process, where required, study analyses and decisions have been documented and approved by FHWA, ADOT and NDOT in the Planning and Environmental Linkage report.

ACTION	SIU(S)	LEAD AGENCY RESPONSIBLE	PRIMARY PARTNERS
TECHNICAL ACTIONS			
<p>Improve SR-189 to provide free-flowing and direct access to the Mariposa land port of entry. Complete environmental clearance and then initiate design for SR-189/Mariposa Road to determine improvements from I-19 to the Mexican border.</p>	1	ADOT	FHWA, FRA, COGs and MPOs
<p>Initiate environmental clearance and design process for the area between Nogales and Casa Grande to determine the I-11 corridor alignment.</p>	2	ADOT/PAG	FHWA, FRA, COGs and MPOs
<p>Initiate environmental clearance and design process for the Phoenix metropolitan area to determine the I-11 corridor alignment between Casa Grande and US 93 (Wickenburg).</p>	3-4	ADOT/MAG	FHWA, FRA, COGs and MPOs
<p>Finish improvements to US 93 for completing a 4-lane divided highway between Wickenburg and I-40. Complete environmental studies, design, and right-of-way acquisition, and construction where required.</p>	5	ADOT	FHWA
<p>Complete construction of the Boulder City Bypass. Award Design-Build contract.</p>	8	NDOT/ RTCSNV	FHWA
<p>Determine preferred corridor and system-wide improvements in the Las Vegas metropolitan area. Initiate Advanced Planning Study.</p>	9-18	NDOT/ RTCSNV	FHWA, FRA
MULTIMODAL ACCOMMODATION			
<p>Coordinate Arizona and Nevada State Freight Plans to ascertain interest, feasibility, and market potential in implementing a continuous north-south trade corridor.</p>	All	ADOT/NDOT (with ultimate lead to be determined)	FRA, Class I railroads, trucking industry, Arizona Commerce Authority, Nevada Governor's Office of Economic Development
<p>Establish joint Arizona/Nevada State Infrastructure Working Group to ascertain interest and feasibility in co-locating major utility transmission with the I-11 and Intermountain West Corridor.</p>	All	Arizona Commerce Authority, Nevada Governor's Office of Economic Development, Nevada State Energy Office	ADOT, NDOT, utility industry representatives, BLM, and other federal land agencies
PUBLIC POLICY ACTIONS			
<p>Establish border-to-border Congressional designation of I-11 through Arizona and Nevada.</p>	*	Private and non-governmental sector corridor champions	Members of the U.S. Congress
<p>Update Arizona and Nevada long-range transportation plans and state rail plans.</p>	All	ADOT/NDOT	FHWA, FRA, COGs and MPOs
<p>Update state and regional transportation plans, resource management plans, and general/comprehensive land use plans to incorporate I-11 and Intermountain West Corridor location, to ensure corridor preservation.</p>	All	ADOT, NDOT, MAG, RTCSNV, as well as other regional and local agencies	ADOT/NDOT
MARKETING/BRANDING ACTIONS			
<p>Develop an I-11 marketing and branding strategy.</p>	All	To be determined	ADOT/NDOT
<p>Place I-11 signage along the Corridor upon implementation of improvements and/or along existing corridors where co-location is anticipated.</p>	All	ADOT/NDOT	FHWA, COGs and MPOs, DOT district engineering offices

* All undesignated SIUs

MOVING FORWARD: PROMOTING BORDER-TO-BORDER CONNECTIONS

Although this study area spans the entirety of both states, only an initial alternatives evaluation analysis (Level I Screening) was conducted for the Southern Arizona and Northern Nevada Future Connectivity Segments to determine the major economic activity centers that the corridor should connect. As preliminary

corridor planning continues for the extension of the corridor border-to-border, multimodal corridor champions should be defined from all states involved, and these champions should work together to extend the Congressional designation to allow this corridor to receive federal funding in the future.

Connecting the Corridor to Mexico

The preferred connection to Mexico in Southern Arizona is through the Tucson metropolitan region to Nogales. This connection links major freight and economic activity centers in Arizona and Mexico and provides the most direct international connection to trade corridors in Mexico—including the only land port of entry in Arizona with a connecting rail line (UPRR/Ferromex) and

reciprocal high-capacity transportation corridor (Mexico Highway 15). The corridor is also aligned with statewide studies to develop congestion solutions in and around the Tucson Metropolitan Area, paired with efficient transportation connections to the Nogales area, to make both passenger and freight travel times more reliable.

Extending the Corridor through Northern Nevada

Several potential corridor connections were studied and two were found to meet the goals and objectives of the Corridor (Figure 22). The US 95 corridor options in the western part of the state are seen as viable options for an I-11 and Intermountain West Corridor, connecting the two largest economic activity centers in the state—the Las Vegas and Reno/Sparks/Carson City metropolitan areas.

The US 93 corridor has statewide significance, connecting the growing

rural communities in the eastern part of the state. While it does not meet the goals and objectives of the highway portion of the I-11 and Intermountain West Corridor, the US 93 corridor could provide an opportunity to close a north-south gap in the Intermountain West rail network (as shown on Figure 8 in Chapter 2). More detailed advanced corridor planning will be required to further refine alternatives and provide improvement recommendations.

Making the Connection to Canada

Coordination with adjacent states must continue to determine the longer-range vision for connection north of Nevada to Canada. Current corridor options could connect from Northern Nevada to California, Oregon, Idaho, and/or Utah. Understanding the preferred routing through the Northwest U.S.—and other

states' commitments to implementing such a corridor—is critical to further defining a preferred alternative and implementation steps.



Figure 22

The Northern Nevada Future Connectivity Corridor includes two alternatives for future consideration as a potential I-11 extension on the west side of the state. In addition, an alternative on the eastern side of the state is shown for statewide significance for future highway improvements or railroad connections (shown as the dashed line).

SUSTAINING PROJECT MOMENTUM THROUGH CORRIDOR CHAMPIONS

Partnerships among corridor constituents will be required to achieve successful and efficient implementation of the I-11 and Intermountain West Corridor. To date, ADOT, NDOT, FHWA, FRA, MAG, and the RTC of Southern Nevada have led the study efforts and congressional coordination through their partnership in the project’s oversight committee, known as the Core Agency Partners. Upon completion of this study, these partnerships should remain in place and be expanded to include a wide range of corridor supporters (Figure 23).

Public Sector

Role: The public sector plans, designs, and constructs multimodal infrastructure for broad community benefit, using public financial resources. Public sector agencies also regulate land development and management adjacent to transportation corridors.

Representative Organizations: Federal agencies (FHWA, FRA, and land management agencies), state agencies (DOTs, economic development organizations, and tourism and convention bureaus), regional agencies (MPOs and COGs), local jurisdictions (cities, towns, and counties), and Tribal communities.

Private Sector

Role: The private sector can expeditiously provide resources that help lay the foundation for corridor development, such as dedicating and/or preserving right-of-way, delivering financing through public-private partnerships, bringing strong support to political leaders, and supporting construction.

Representative Organizations: Property owners, developers, private businesses, utility providers, energy companies, data distribution companies, and corridor users, including railroad and trucking companies.

Non-Profit and Non-Governmental Organizations

Role: Non-profit and non-governmental organizations are generally comprised of wide networks of supporters that can be garnered to assist in research, lobbying, fundraising, generating political support, and other tasks. Forming partnerships with a wide range of organizations can help build support for corridor development.

Representative Organizations: Advocacy (I-11 Coalition), transportation (trucking and transit associations), environmental (Sonoran Institute, Sierra Club, and The Nature Conservancy), and economic development (Greater Phoenix Economic Council, Las Vegas Global Economic Alliance, and chambers of commerce) organizations.

Cross-Collaborative Partnerships

Ideally, partnerships of corridor champions can be made that cross disciplines and political affiliations. The I-11 Coalition is one such example of a successful non-profit corporation that is made up of a series of local and regional public sector organizations, private sector interests, and other non-governmental organizations across both Arizona and Nevada. This group was organized to

promote the vision of the I-11 corridor between Arizona and Nevada, and has been a key player in achieving the congressional designation, as well as building corridor support.

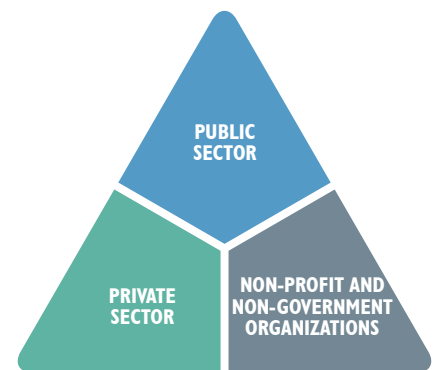


Figure 23

Three primary groupings comprise the corridor champions. Continued collaboration between current and new partner agencies at the federal, state, regional, and local levels, as well as in the non-governmental and private sectors, will ensure project momentum.

“This initial planning effort has forged an opportunity for our economic development partners to work in concert with ADOT and NDOT towards a common vision of a diverse and vibrant economic future, while respecting the environmental assets that attract so many people to our states.”

- Michael Kies, PE
Arizona Department of Transportation
Project Manager

ADOT

“The I-11 and Intermountain West Corridor is our opportunity to shape the future of our region. This corridor has the potential to change the economic landscape of the states of Nevada and Arizona.”

- Sondra Rosenberg, PTP
Nevada Department of Transportation
Project Manager

**NEVADA
DOT**



The I-11 and Intermountain West Corridor Study effort is the product of the hard work and commitment of each partner agency and organization. Their efforts are a testament of outstanding partnership and collaboration. Participating stakeholder are listed here in alphabetical order.

2424 Investors	Caltrans	City of Kingman (AZ)	Esmeralda County (NV)
AAHC	CAN-DO Coalition	City of Las Vegas (NV)	Federal Highway Administration
Aggregate Industries	Central Arizona Economic Development Foundation	City of Litchfield Park (AZ)	Federal Railroad Administration
Ak-Chin Indian Community (AZ)	Carson Area Metropolitan Planning Organization (NV)	City of Maricopa (AZ)	Flagstaff Metropolitan Planning Organization (AZ)
Altar Valley Conservation Alliance	Carson City (NV)	City of Mesquite (NV)	Fresh Produce Association of the America's
Arizona Department of Transportation	Cascabel Conservation Association	City of Nogales (AZ)	Friends of Nevada Wilderness
Arizona Chamber of Commerce and Industry	Casita Luminosa	City of North Las Vegas (NV)	Friends of the Sonoran Desert National Monument
Arizona Commerce Authority	Churchill County Communications	City of Phoenix (AZ)	Frontier Communications
Arizona Construction Association	Center for Biological Diversity	City of Sahuarita (AZ)	Gila River Indian Community (AZ)
Arizona Department of Environmental Quality	Central Arizona Governments (AZ)	City of San Luis (AZ)	Glendale Community College
Arizona Forward	Central Yavapai Metropolitan Planning Organization (AZ)	City of Sparks (NV)	Goldwater Institute
Arizona Game and Fish Department	CenturyLink	City of Surprise (AZ)	Good Standing Outreach
Arizona Governor's Office of Energy Policy	Churchill County (NV)	City of Tucson (AZ)	Governor of Nevada
Arizona Public Service	Churchill Economic Development Authority	City of West Wendover (NV)	Governor of Arizona
Arizona State Land Department	Citizens for Picture Rocks	City of Yuma (AZ)	Governor's Office of Economic Development (NV)
Arizona Transit Association	Citizens Transportation Advisory Committee	Clark County (NV)	Great Basin Fire Science Delivery Project
Arizona Wildlife Federation	City of Apache Junction (AZ)	Coalition for Sonoran Desert Protection	Greater Phoenix Chamber of Commerce
Associated Minority Contractors of America	City of Avondale (AZ)	Coconino County (AZ)	Greater Yuma Economic Development Corporation
ASU Foundation	City of Boulder City (NV)	Colorado River Indian Tribes (AZ)	Harrah's Ak-Chin Resort & Casino
Audubon Arizona	City of Buckeye (AZ)	COMPASS - Community Planning Association of Southwest Idaho	Havasupai Tribe (AZ)
Avra Valley Coalition	City of Casa Grande (AZ)	Congressman Steven Horsford	Henderson Chamber of Commerce
Barrio Sapo Community	City of Chandler (AZ)	Congresswoman Dina Titus	Holman's of Nevada, Inc.
Brookings Mountain West	City of Douglas (AZ)	Cox Communications	House of Representatives-Rep. Ann Kirkpatrick
Buckeye Chamber of Commerce	City of Eloy (AZ)	Desert National Wildlife Refuge Complex	Hualapai Tribe (AZ)
Bullhead City (AZ)	City of Fallon (NV)	Desert Tortoise Council	Idaho Transportation Department
Bullhead Regional Economic Development Authority	City of Fernley (NV)	Deserves, LLC	Imagine Greater Tucson
Bureau of Indian Affairs	City of Flagstaff (AZ)	Dignity Health-St. Rose	Inter-Tribal Council of Arizona
Bureau of Land Management	City of Glendale (AZ)	Dominican	Inter-Tribal Council of Nevada
Caesars Entertainment	City of Globe (AZ)	Dolphin Bay	
California-Nevada Super Speed Train Commission	City of Goodyear (AZ)	Douglas County (NV)	
	City of Henderson (NV)	Dueling Gardens Community	
		Economic Development Authority of Western Nevada	
		El Dorado Holdings	

Kingman Airport Authority, Inc.	Nevada General Construction	Republic Services	Tucson Airport Authority
Kingman Area Chamber of Commerce	Nevada Highway Patrol	Rural Transportation Advocacy Council	Tucson Electric Power
Kingman Visitor Center	Nevada National Security Site	SAHBA	Tucson Metro Chamber of Commerce
Lake Havasu City (AZ)	Nevada Natural Heritage Program	Sahuarita Unified School District	Tucson Realtors Association
Lake Havasu Metropolitan Planning Organization (AZ)	Nevada Resort Association	SALEO	Tucson Regional Economic Opportunities
Lake Tahoe Visitors Authority	Nevada State Historic Preservation Office	Salt River Project	Tucson Utility Contractors Association
Land Advisors Organization	Nevada State Legislature	San Carlos Apache Tribe (AZ)	U.S. Army Corps of Engineers
Las Vegas Chamber of Commerce	Nevada State Office of Energy	Sierra Club	U.S. Bureau of Reclamation
Las Vegas Convention & Visitors Authority	Nevada Subcontractors Association	Sierra Vista Economic Development Foundation	U.S. Department of Agriculture
Las Vegas Metropolitan Police Department	Nevadans for CleanAffordable Reliable Energy NCARE	Sonoran Audubon Society	U.S. Department of Energy
Las Vegas Monorail	Newland Real Estate Group	Sonoran Institute	U.S. Environmental Protection Agency, Region 9
Las Vegas Review Journal	Northern Arizona Council of Governments (AZ)	Southern Arizona Leadership Council	U.S. Fish and Wildlife, Pacific Southwest Region
Las Vegas Valley Water District / Southern Nevada Water Authority	Nuclear Waste Repository Project Office	Southern Nevada Homebuilders Association	Urban Land Institute Arizona
League of Women Voters	NV Energy	Southern Nevada Transit Coalition-Silver Riders	Union Pacific Railroad
Lincoln County (NV)	Nye County (NV)	Southern Nevada Water Authority	United States Postal Service
Lincoln County Commission	Outside Las Vegas Foundation	SouthWest Action Network	University of Arizona
Marana Chamber of Commerce	Paiute Pipeline Company	Southwest Gas Corporation	University of Nevada, Las Vegas
Maricopa Association of Governments (AZ)	Pascua Yaqui Tribe (AZ)	Southwest Valley Chamber of Commerce	Upper Santa Cruz Providers & Users Group
Maricopa Chamber of Commerce	PGAL	State of Arizona	Valley Electric Association, Inc.
Maricopa County (AZ)	Picture Rocks Community	State of Nevada	Washoe County (NV)
Metropolitan Pima Alliance	Pima Association of Governments (AZ)	Storey County (NV)	Western Area Power Administration
Mexican Consulate in Tucson	Pima County (AZ)	Sustainable Arizona	Western Arizona Council of Governments (AZ)
MGM Resorts International	Pima NRCDC	Southwest Area Transmission/Transmission Corridor Work Group	Western Arizona Economic Development District
Moapa Band of Paiutes (NV)	Pinal County (AZ)	The Nature Conservancy	Western Nevada Development District
Mohave County (AZ)	Port of Tucson	Tohono O'odham Nation (AZ)	WESTMARC
Mohave Electric Cooperative, Inc.	Prescott Valley Economic Development Foundation	Town of Florence (AZ)	White Pine County (NV)
Morningside	Pyramid Lake Paiute Tribe (NV)	Town of Gardnerville (NV)	Wickenburg Regional Economic Development Partnership
National Nuclear Security Administration	Rancho del Conejo Community	Town of Gila Bend (AZ)	Williams-Grand Canyon Chamber of Commerce
National Park Service	Water Co-op, Inc.	Town of Marana (AZ)	Wynn Resorts
National Parks Conservation Association	Rancho Sahuarita	Town of Oro Valley (AZ)	Yavapai County (AZ)
National Resources Conservation Service	Regional Transportation Authority (AZ)	Town of Pahrump (NV)	Yuma Metropolitan Planning Organization (AZ)
NCSI	Regional Transportation Commission of Southern Nevada (NV)	Town of Prescott Valley (AZ)	
Nellis Air Force Base	Regional Transportation Commission of Washoe County (NV)	Town of Wickenburg (AZ)	
Nevada Department of Transportation	Reno-Tahoe Airport Authority	Town of Youngtown (AZ)	
Nevada Department of Wildlife		Town of Sahuarita (AZ)	
		Truckee Meadows Water Authority	



**INTERMOUNTAIN WEST
CORRIDOR STUDY**



CONNECTING BORDERS GLOBALIZES THE INTERMOUNTAIN WEST

LAS VEGAS CONVENTION CENTER DISTRICT

LVCC Expansion and Renovation
December 3, 2015



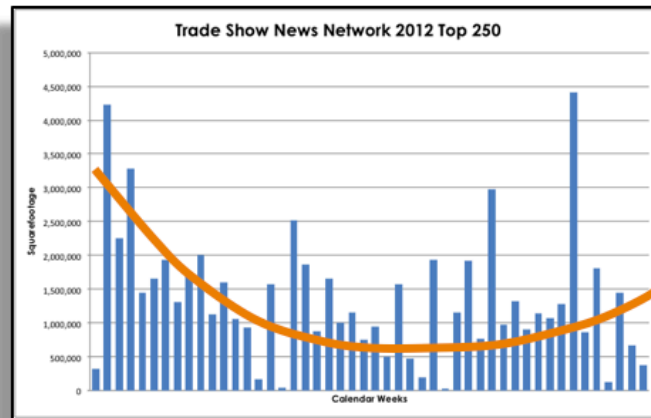
The planning for the expansion and renovation of the Las Vegas Convention Center has been several years in the making.....

- Assessment of our current facility condition



The planning for the expansion and renovation of the Las Vegas Convention Center has been several years in the making.....

- Assessment of our current facility condition
- Analysis of the market and our competition

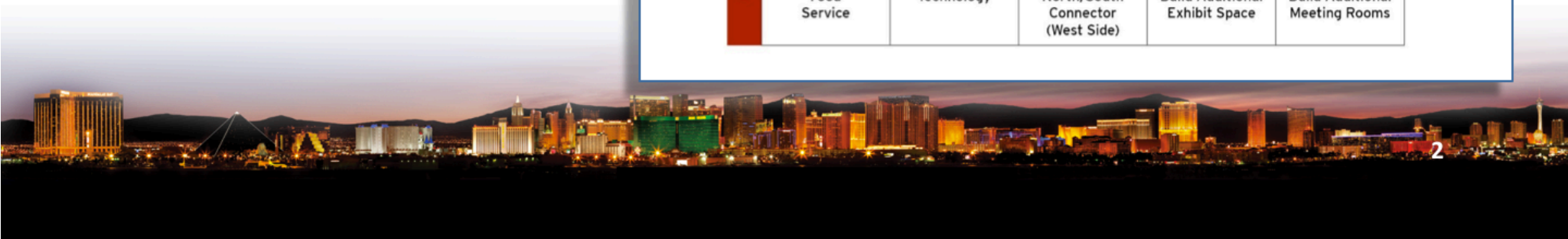


The planning for the expansion and renovation of the Las Vegas Convention Center has been several years in the making.....

- Assessment of our current facility condition
- Analysis of the market and our competition
- Customer workshops and focus groups

Top **5** Issues | **10** Largest Shows

RANKING	1	2	3	4	5
	Food Service	Technology	North/South Connector (West Side)	Build Additional Exhibit Space	Build Additional Meeting Rooms



The planning for the expansion and renovation of the Las Vegas Convention Center has been several years in the making.....

- Assessment of our current facility condition
- Analysis of the market and our competition
- Customer workshops and focus groups
- Outreach to our stakeholders:

Nevada Resort Association

Downtown Properties

Individual hotel properties

State and Local government officials



The planning for the expansion and renovation of the Las Vegas Convention Center has been several years in the making.....

- Assessment of our current facility condition
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 - Downtown Properties
 - Individual hotel properties
 - State and Local government officials
- Facilities program development



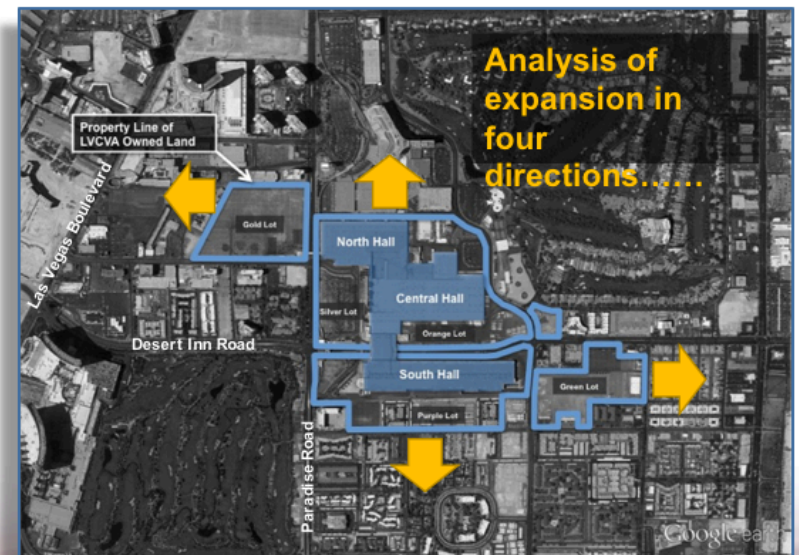
Las Vegas Convention Center
Expansion and Renovation
Feasibility Study

Las Vegas Convention and Visitors Authority
September 2014



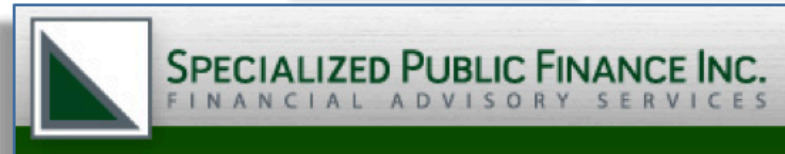
The planning for the expansion and renovation of the Las Vegas Convention Center has been several years in the making.....

- Assessment of our current facility condition
- Analysis of the market and our competition
- Customer workshops and focus groups
- Outreach to our stakeholders:
 - Nevada Resort Association
 - Downtown Properties
 - Individual hotel properties
 - State and Local government officials
- Facilities program development
- Land acquisition strategy



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 - Individual hotel properties
 - State and Local government officials
- Facilities program development
- Land acquisition strategy
- Financial analysis



What our customers said.....

ConExpo – Con/AGG

“I think one of the challenges is the misnomer that there is no other place for this show to go.....we don't compare ourselves to shows in the US.....we compare to shows in China and Germany.”

“The number one reason our attendees are coming to these shows is to see the latest technology and product innovations....there's really nothing innovative currently with the convention center.”

“I will tell you that we, in the last couple of years, have tried to bring two shows to Las Vegas.....and could not find space.”

Megan Tenal

ICSC

“We have 24 members on our executive board. There was a vote as far as where to take the show. The vote was 23 to one to leave Las Vegas.....So now's the time to really step up and to be quite frank with you, I think this is long overdue. It should have been done a long time ago.”

Tim McGuiness

NAB

“I do think this is a critical moment in the history of the city and I applaud you for taking a hard look at it.”

Chris Brown

SEMA

“This is a great opportunity for Las Vegas to look to the future”

Chris Kersting

Advanstar

“You did not become and will not stay world class by being reactive and by saying, “we're going to do just enough”.....I want to urge you that if you want to stay world class as a destination, you need to make sure that the convention facilities remain world class and sadly they are not today.”

Tony Calanca



Terry Miller

- Principal/Co-Owner of Cordell Corporation., currently Owner Representative for the LVCVA.
- Former CEO of HNTB Architecture and HNTB Design Build, an international architecture, engineering and design build firm.
- Principal responsibility for major public facilities in the US and internationally.

Kansas City Convention Center



Sports Authority Field

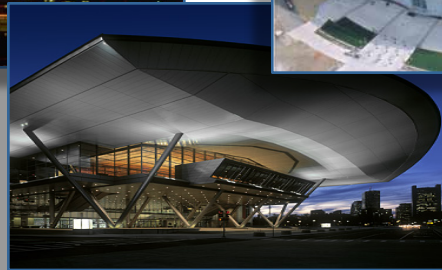


Levi's Stadium



Las Vegas Convention Center
(misc. designs, renovations, master plans)

Boston
Convention
Center



San Diego
Convention
Center



Ontario (CA)
Convention
Center



Selected projects by Mr. Miller while with HNTB



Today's Discussion

Convention Center District Plan Detail

Preview Funding Workshop

Return on Investment



Las Vegas Convention District

Phase One

- Acquisition of the Riviera Hotel
- Demolition and site improvements

Phase Two

- Design and construction of 1.4M SF expansion including 600K SF exhibit space and associated meeting rooms, pre function space, etc.

Phase Three

- Renovation and additions to the existing convention center

Phase Four

- Future expansion based upon market conditions



Our strategy started with the need.....

A. Additional exhibit space needed for current customers:

- CES requested 500K to 750K
- SEMA requested 200K to 500K
- Con AGG/Con Expo requested 500K to 750K.

B. Renovation without displacement:

- Existing exhibit halls vary in size:

Central Hall	623,058 SF
North Hall	409,077 SF
South Hall (Upper)	464,658 SF
South Hall (Lower)	443,838 SF

600,000 SF of additional exhibit space is required to satisfy the immediate need



LVCC District Phases Two and Three

Las Vegas Convention Center Expansion and Renovation

Expansion (Phase Two)

- New 600,000 SF exhibit space to provide swing space for renovation, expanded space for current shows

Renovation/Additions (Phase Three)

- Facility-wide enhancements
- Additional meeting rooms
- New east side lobby
- Connector between exhibit halls

Expansion

- New Exhibit Hall
- New Meeting Rooms
- New Pre Function Space
- New Service/Loading Docks
- New Support/Circulation
- New Parking

Renovation

- Enhance Meeting Rooms/Restrooms/Lobbies
- Upgrade Technology
- Upgrade/Increase Food Services Points of Sale
- Add Meeting Rooms
- Add Lobby Connector Between North/Central/South Halls
- Upgrade/Create Public Lobby on the East Side of Building
- Back of House Systems Upgrade



The anatomy of a trade show convention center.....

Exhibition Space

establishes the basis for the entire program and facility size, typically represents 35% to 50% of the entire building size

Meeting Rooms

competitive ratio of one square foot of meeting room per four square feet of exhibition space (1:4)

Pre Function Space

directly related to the exhibition space and is typically 35% of the exhibition space of the facility

Support Space

service corridors, public corridors, restrooms, mechanical rooms, electrical vaults, elevators, escalators, stairways, etc., and is typically 25% of exhibit space, meeting room space, prefunction space.

Services Space

loading docks, receiving areas, move-in/out storage, food and beverage outlets (including seating, queuing, product display, etc.), food prep kitchens, food commissaries, security offices, administrative offices, maintenance facilities, etc., and is typically 25% of exhibit space, meeting room space, pre function space.



Expansion – Phase Two

The expansion is in addition to the existing LVCC facility of 3.2M SF

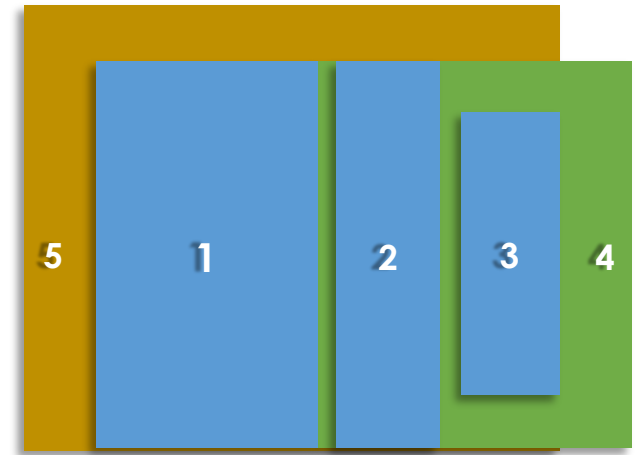
1. Exhibition	600,000 SF
2. Pre Function	210,000 SF
3. Meeting Rooms	150,000 SF
4. Support/Circulation	240,000 SF
5. Service	240,000 SF
<u>Total Gross</u>	<u>1,440,000 SF</u>

35% of exhibit space

25% of exhibit space

25% of exhibit, mtg room, pre function space

25% of exhibit, mtg room, pre function space



Renovation/Additions – Phase Three

	Renovation	Addition
1. Renovate Exhibit Halls/Mtg Rms/Support Areas	3,200,000 SF	
2. Add Meeting Rooms		200,000 SF
3. Add Lobby Connector Between N/C/S Halls		200,000 SF
4. Add/Upgrade Public Lobby on East Side		75,000 SF
5. <u>Add Support Space</u>		100,000 SF
<u>Total Gross</u>	<u>3,200,000 SF</u>	<u>575,000 SF</u>



LVCC District Phases Two and Three

Phases Two and Three will result in **2.5M SF** of exhibit space.....

	Exhibition	Meeting	Other	Totals
North (Existing)	409,077 SF	177,628 SF	248,295 SF	835,000 SF
Central (Existing)	623,058 SF	7,124 SF	434,818 SF	1,065,000 SF
South (Existing)	908,496 SF	90,453 SF	310,051 SF	1,300,000 SF
Expansion	600,000 SF	150,000 SF	690,000 SF	1,440,000 SF
Add Support & East Entry			175,000 SF	175,000 SF
Add N/C/S Connector			200,000 SF	200,000 SF
Add Mtg Rms		200,000 SF		200,000 SF
TOTAL	2,540,631 SF	625,205 SF	2,058,164 SF	5,215,000 SF

Phase Two

Phase Three



Elements of the budget.....

Hard Cost

cost for actual labor and materials of construction based upon historical cost of similar scope and complexity, adjusted for time and location

Construction OH&P

represents the contractors general overhead and profit for the construction effort and is calculated as 10% of the hard cost

Management Fee

represents the cost for professional services to oversee the construction process on behalf of the owner and is calculated as 5% of the value of the construction cost (hard cost and construction OH&P)

Contingency

value differs from phase to phase of the project, but as a program budget it is calculated as 20% of building construction budget (hard cost, construction OH&P and management fee)

Soft Costs

represents professional services, testing, inspections, permits and owner purchased equipment necessary to complete the project and is calculated as 20-25% of building construction budget and contingency



Historical hard costs of similar projects.....

	Pittsburgh	San Diego	Kansas City	Chicago	Nashville	Average	Median
Demolition & Site Clearing	(\$0)	\$0	\$0	\$5	\$1	\$1	\$0
Utility Relocation and New Services	\$5	\$9	\$2	\$9	\$9	\$7	\$9
Excavation and Foundation	\$19	\$18	\$29	\$36	\$5	\$22	\$19
Structural Frame	\$90	\$98	\$107	\$90	\$83	\$94	\$90
Roofing and Waterproofing	\$18	\$20	\$10	\$7	\$14	\$14	\$14
Exterior Wall	\$34	\$17	\$42	\$37	\$59	\$38	\$37
Interior Finishes	\$50	\$52	\$43	\$43	\$58	\$49	\$50
FF&E	\$8	\$9	\$10	\$2	\$11	\$8	\$9
Equipment & Specialties	\$5	\$10	\$14	\$5	\$10	\$9	\$10
Food Service Equipment	\$4	\$2	\$6	\$3	\$4	\$4	\$4
Vertical Transportation	\$5	\$7	\$11	\$7	\$12	\$9	\$7
Plumbing	\$10	\$7	\$7	\$17	\$14	\$11	\$10
Fire Protection	\$3	\$4	\$5	\$6	\$6	\$5	\$5
HVAC	\$32	\$26	\$41	\$32	\$46	\$36	\$32
Electrical	\$32	\$31	\$35	\$65	\$52	\$43	\$35
Plaza and Site	\$2	\$3	\$8	\$10	\$9	\$7	\$8
Direct Work Subtotal	\$320	\$314	\$371	\$375	\$393	\$355	\$339
General Conditions	\$19	\$47	\$45	\$44	\$54	\$42	\$45
*Construction Total Hard Cost	\$339	\$362	\$416	\$420	\$447	\$397	\$384

\$365 per square foot for Hard Cost represents similar building design and materials.

*Costs are for a construction start in 2018 adjusted for Las Vegas. Cost do not include OH&P.

Cost per SF for expansion, addition and renovation.....

Category	Phase Two	Phase Three	
	Expansion	Additions	Renovation
Hard Cost	\$365 Per SF	\$385 Per SF	\$25 Per SF
OH&P	\$ 37 Per SF	\$ 39 Per SF	\$ 3 Per SF
Management	\$ 18 Per SF	\$ 21 Per SF	\$ 1 Per SF
Contingency	\$ 73 Per SF	\$111 Per SF	\$ 6 Per SF
Construction Budget	\$493 Per SF	\$556 Per SF	\$35 Per SF
Soft Costs	\$107 Per SF	\$139 Per SF	\$9 Per SF
Total Budget	\$600 Per SF	\$695 Per SF	\$44 Per SF



LVCC District Phases Two and Three

	Description	Size	Budget Per Phase
PHASE TWO Expansion	Exhibit Hall	600,000 SF	
	Meeting Rooms	150,000 SF	
	Pre-Function Space	210,000 SF	
	Support/Circulation	240,000 SF	
	Service	240,000 SF	
	Sub Total	1,440,000 SF	
	Phase Two Budget		
PHASE THREE Renovation	Existing Public Spaces	3,200,000 SF	
	Add'l Meeting Rooms	200,000 SF	
	North East Entry	75,000 SF	
	Connector Between Halls	200,000 SF	
	Support Spaces/Systems	100,000 SF	
	Sub Total	3,775,000 SF	
Phase Three Budget			\$540M

\$600/SF

\$143/SF

Total Phase Two and Phase Three \$1.4B



LVCCD Program

\$1.4 Billion Budget

PHASE 1

- Riviera Acquisition, Demolition, Site Prep, ...

PHASE 2

- \$860M EXPANSION
- Exhibit Hall, Meeting Rooms, Pre-Function, Support, Circulation, Service, ...

PHASE 3

- \$540M RENOVATION
- Existing spaces, Addt'l Meeting Rooms, NE Entry, Connector, Support Spaces, ...

PHASE 4

- Future Enhancements

Las Vegas Convention Center District Strategic Master Plan

PHASE THREE

Renovation and Additions

- Upgrades/Renovations
- New Meeting Rooms
- Exhibit Halls Connector
- New East Lobby Entry

PHASE FOUR

Future improvements

PHASE ONE

Land Acquisition – Riviera Hotel
Purchase of 26.36 Acres (completed)
Demolition of Riviera Hotel Structures

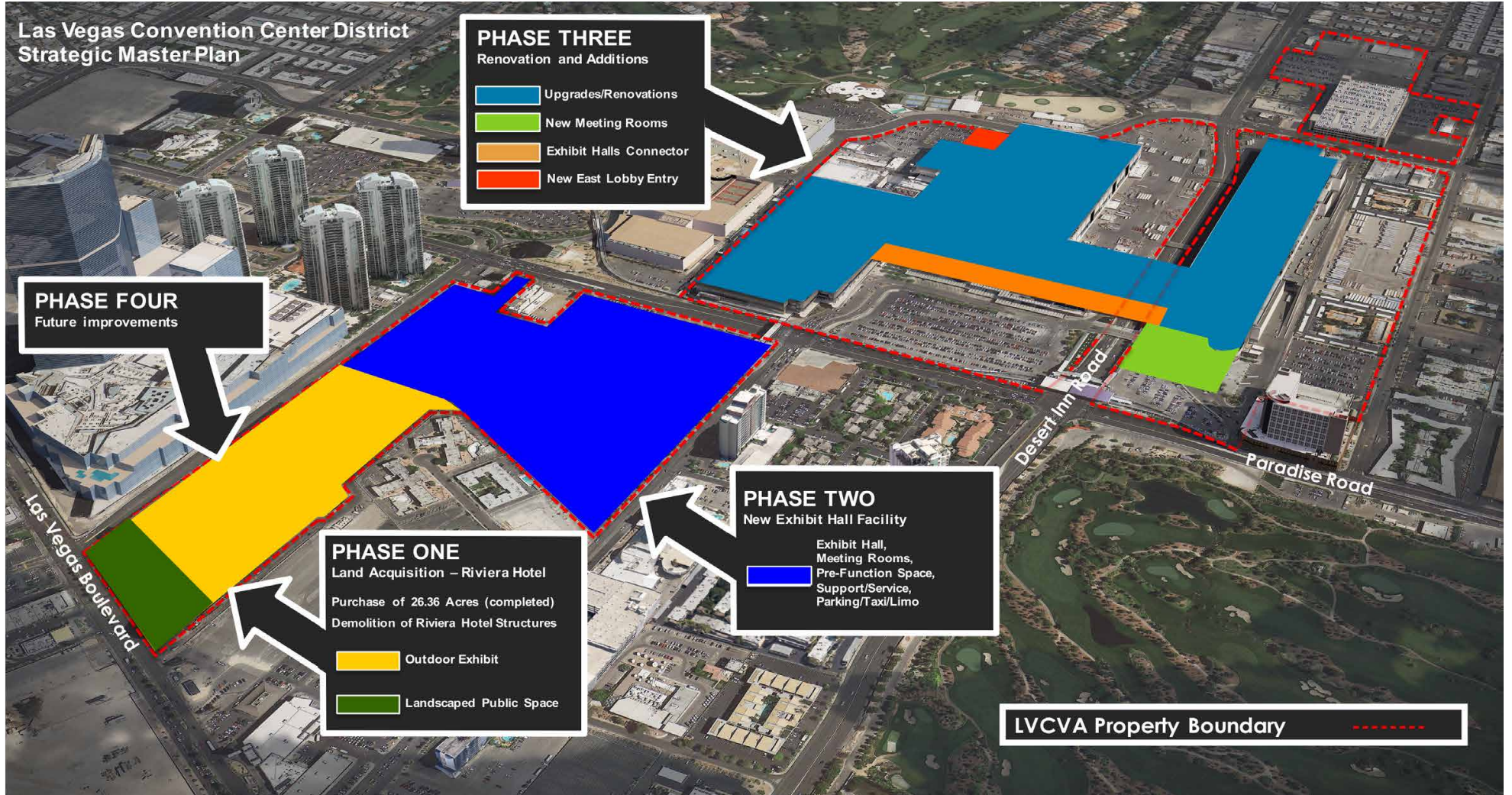
- Outdoor Exhibit
- Landscaped Public Space

PHASE TWO

New Exhibit Hall Facility

- Exhibit Hall, Meeting Rooms, Pre-Function Space, Support/Service, Parking/Taxi/Limo

LVCVA Property Boundary



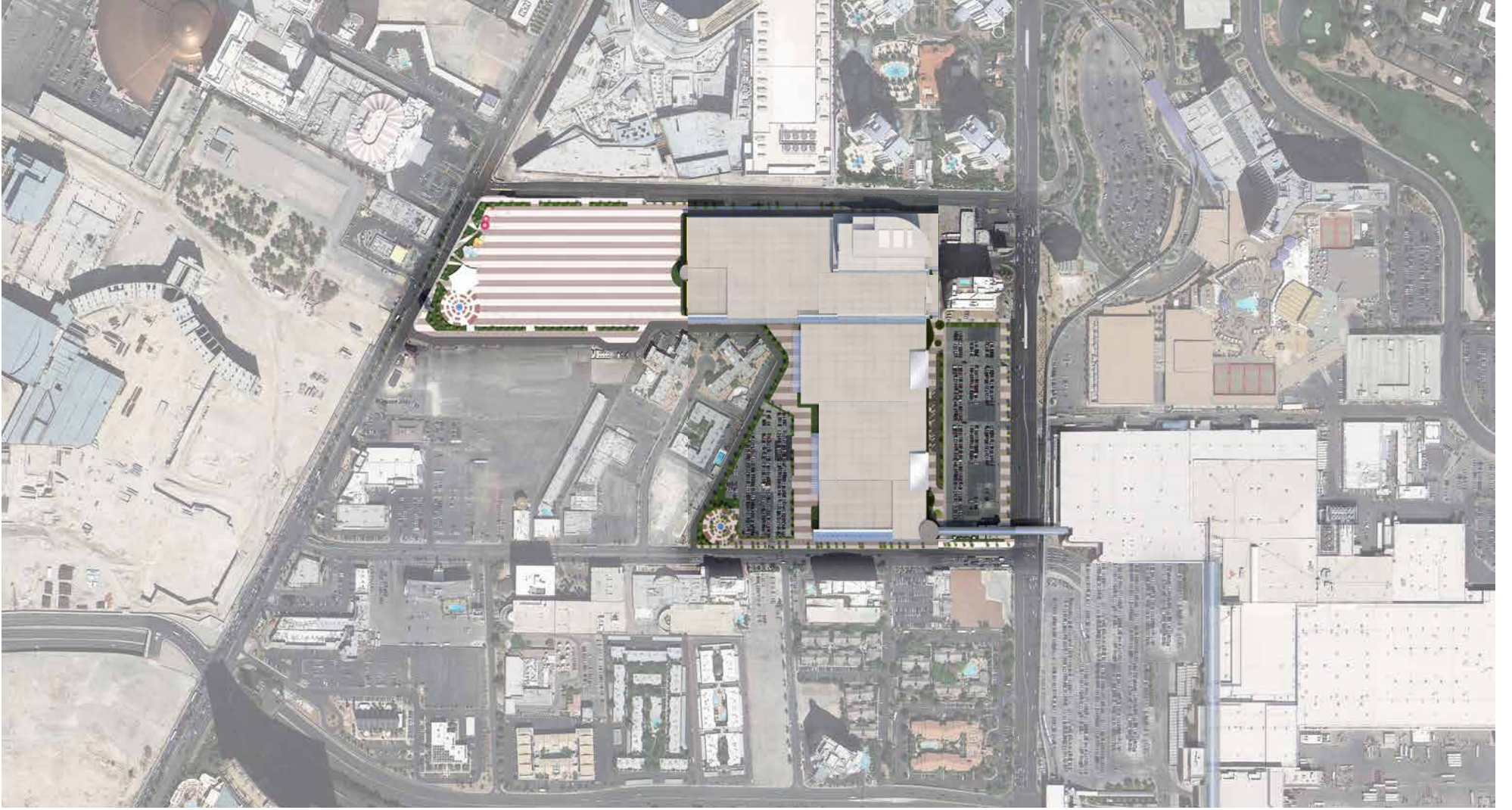
PHASE TWO

Exhibition (Net)	600,000 SF
Pre Function	210,000 SF
Meeting Rooms (Net)	150,000 SF
Service	240,000 SF
Support/Circulation	240,000 SF
Total Gross	1,440,000 SF



- Landscaped Public Space
- Exhibit Space
- Meeting Rooms
- Pre Function / Circulation
- Truck Service Corridor
- Taxi/Limo Drop Off
- Outdoor Exhibit





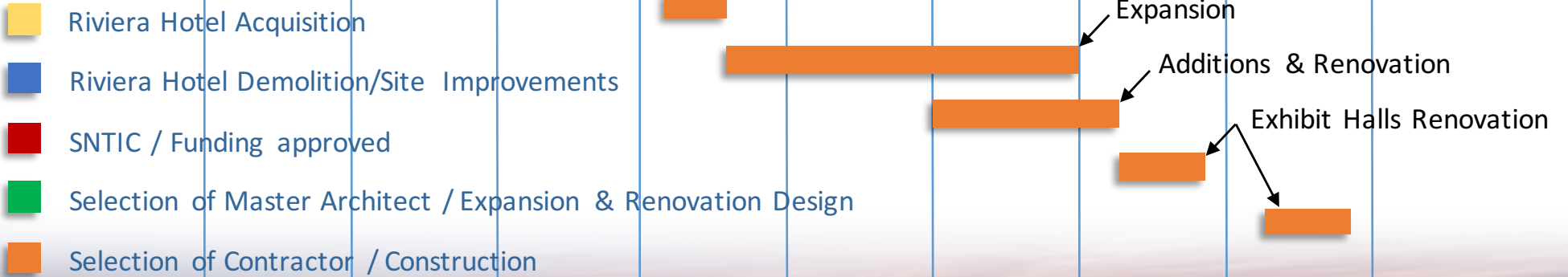
Las Vegas Convention Center District Schedule

2015 2016 2017 2018 2019 2020 2021 2022

Phase One

Phase Two

Phase Three



LVCC District Conceptual Illustrations



View South on Paradise Road

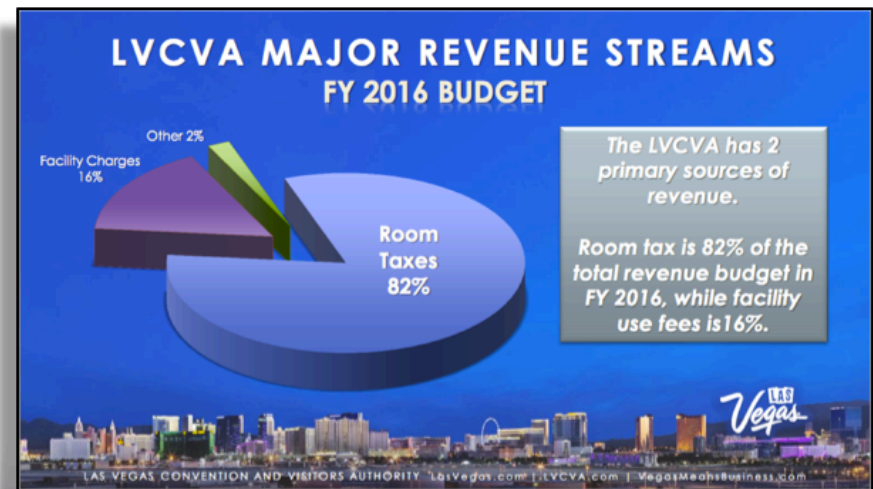


View from Las Vegas Blvd



Financial Workshop with SNTIC Committee in 2016.....

- Current LVCVA resources



Financial Workshop with SNTIC Committee in 2016.....

- Current LVCVA resources
- Regulatory environment

IRS, MSRB and SEC Oversight

Municipal Market/Ratings

General Obligation Bonds

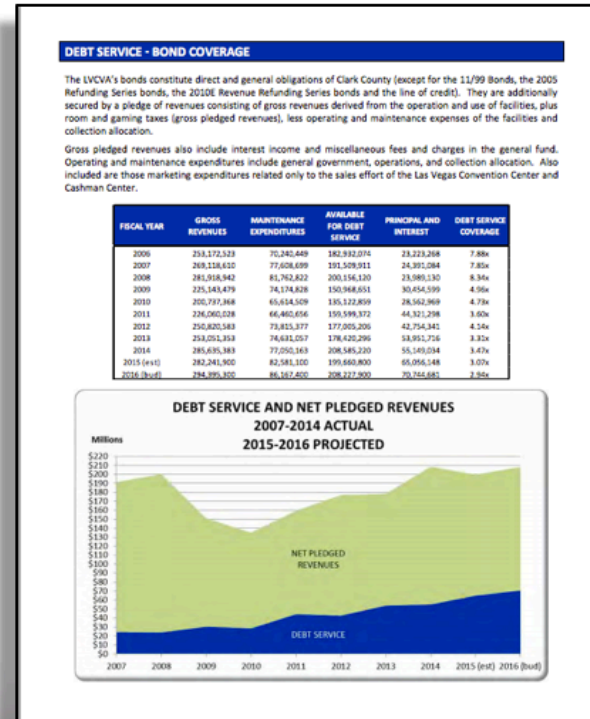
Revenue Bonds

Short Term Bank Programs



Financial Workshop with SNTIC Committee in 2016.....

- Current LVCVA resources
- Regulatory environment
- Debt capacity analysis



Financial Workshop with SNTIC Committee in 2016.....

- Current LVCVA resources
- Regulatory environment
- Debt capacity analysis
- Phase One debt

OUTSTANDING DEBT		
Principal on the following obligations as of 6/30/2015:		
Series	Type	Balance
2005	Rev	\$ 14.1
2007	GO	8.7
2007	Rev	43.6
2008*	GO	23.5
2010A*	BABs/GO	70.8
2010B*	GO	44.9
2010C*	BABs/GO	155.4
2010D*	GO	4.1
2010E	Rev	81.9
2012	GO	24.0
2014	GO	50.0
2015A	GO	181.8
2015 Line of Credit	Rev	70.2
	Total	\$ 773.0

* Includes
NDOT Debt

State Law required
the LVCVA to issue
\$300 million in debt
on behalf of the
Nevada Dept. of
Transportation.



LAS VEGAS CONVENTION AND VISITORS AUTHORITY | LasVegas.com | LVCVA.com | VegasMeansBusiness.com



Financial Workshop with SNTIC Committee in 2016.....

- Current LVCVA resources
- Regulatory environment
- Debt capacity analysis
- Phase One debt
- Pro forma development



Financial Workshop with SNTIC Committee in 2016.....

- Current LVCVA resources
- Regulatory environment
- Debt capacity analysis
- Phase One debt
- Pro forma development
- Funding gap analysis



Return on Investment

- LVCVA
- Advertising
- Convention Center District



LAS VEGAS CONVENTION CENTER DISTRICT

LVCC Expansion and Renovation
December 3, 2015

