



**THE ECONOMIC IMPACTS OF THE
PROPOSED EXPANSION AND ENHANCEMENT OF THE MIAMI BEACH
CONVENTION CENTER AND CONFERENCE FACILITY:
THE CAPITAL PROJECTS AND ONGOING OPERATIONS PHASES**

Prepared for:

The Greater Miami Convention & Visitors Bureau

By:

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and

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EXECUTIVE SUMMARY

The Washington Economics Group Inc. (WEG) and Conventions, Sports & Leisure (CSL) International have been retained by The Greater Miami Convention & Visitors Bureau to examine the potential economic impacts associated with the proposed expansion and enhancement of the Miami Beach Convention Center and Conference Facility. WEG examined the economic impacts associated with the **Capital Projects Phase** (Construction) of the proposed expansion and enhancement and CSL International examined the economic impacts associated with the **Ongoing Operations** (Recurring Phase) of the proposed expansion and enhancement. The following is a summary of both WEG's and CSL International's findings.

Impacts of the Capital Projects Phase of the Proposed Expansion and Enhancement

Two scenarios were examined by WEG under the estimation of the economic impacts generated by the **Capital Projects Phase** (Construction).

- **In the First Scenario**, a multi-phase expansion of the Miami Beach Convention Center and Conference Facility would be undertaken. In the initial phases, new meeting, convention and parking facilities would be constructed adjacent to the existing Convention Center facilities. In the later phases of the project, the existing Convention Center facilities would be refurbished to current standards and integrated into the newly constructed facilities.
- **In the Second Scenario**, a 755-room hotel will be constructed adjacent to the Convention Center concurrently with the phased expansion and enhancement of the Miami Beach Convention Center and Conference Facility.

Project sponsors estimate that when the construction (Capital Projects Phase) of the expansion and enhancement of the Miami Beach Convention Center and Conference Facility is completed, approximately \$648 million will have been invested in all aspects of its expansion and its enhancement. If a decision is made to include the proposed 755-room hotel, it is estimated that the proposed hotel will add \$189 million to the capital investment, resulting in an estimated total investment for the project of \$837 million over the course of its development.

The Capital Projects Phase (construction of the facilities) in both scenarios will generate significant and positive economic impacts throughout Miami-Dade County. Among these impacts are the creation of thousands of high-wage jobs, Labor Income and fiscal revenues. Table ES-1 on the following page summarizes the first scenario, which includes

just the Capital Projects Phase of the proposed expansion and enhancement of the Miami Beach Convention Center and Conference Facility. Table ES-2 below summarizes the second scenario, which includes the proposed expansion and enhancement of the Miami Beach Convention Center and Conference Facility **as well as** the development of the proposed 755-room hotel.

Table ES-1.
Summary of the Potential Economic Impacts that Could Result from the Expansion and Enhancement of the Miami Beach Convention Center and Conference Facility

<i>Impact on:</i>	<i>Direct</i>	<i>Indirect & Induced</i>	<i>Total Impact</i>
Employment (Jobs)	4,759	4,656	9,415
Labor Income (\$ Millions)	\$246	\$213	\$459
Gross County Product (Value Added \$ Millions)	\$277	\$354	\$631
Total Economic Impact (\$ Millions)	\$648	\$624	\$1,272
Federal, State & Local Tax Revenues (\$ Millions)	-----	-----	\$133

Source: The Washington Economics Group (WEG).

Table ES-2.
Summary of the Potential Economic Impacts that Could Result from the Expansion and Enhancement of the Miami Beach Convention Center and Conference Facility and Hotel Construction

<i>Impact on:</i>	<i>Direct</i>	<i>Indirect & Induced</i>	<i>Total Impact</i>
Employment (Jobs)	6,208	5,975	12,183
Labor Income (\$ Millions)	\$314	\$273	\$587
Gross County Product (Value Added \$ Millions)	\$348	\$453	\$801
Total Economic Impact (\$Millions)	\$837	\$801	\$1,638
Federal, State & Local Tax Revenues (\$Millions)	-----	-----	\$169

Source: The Washington Economics Group (WEG).

Both scenarios demonstrate the significant economic impacts on the generation of jobs, Labor Income, overall economic activity and fiscal revenues that will arise in the local community if this proposal is undertaken. During the Capital Projects Phase, more than 9,400 jobs will be supported by the expansion and enhancement of the Convention Center, and if the hotel is constructed (Table ES-2), the jobs generated reach almost 12,200. A large number of the jobs arising from these activities are in the Knowledge-Based Services (i.e., architects, engineers) and in the Construction-skilled trades (i.e., carpenters, plumbers, electricians). In essence, this proposal has the ability to generate significant opportunities in economic sectors that have been hard hit in our community during the economic downturn.

Recurring Economic Impacts resulting from Ongoing Operations of the Expanded and Enhanced Convention Center

Two scenarios were examined by CSL International under the estimation of the economic impacts generated by the **Ongoing Operations** (Recurring Phase).

- **In the First Scenario**, a full expansion as envisioned in current architectural planning, along with a large headquarter hotel. The expansion would yield approximately 280,000 square feet of added sellable space and a large-headquarter hotel.
- **In the Second Scenario**, a full expansion as envisioned in current architectural planning, with NO-headquarter hotel.

The Miami Beach Convention Center (MBCC) exhibit space event activity averaged 54 events that attracted non-local attendees to the market over the 2006-2010 calendar year period. Conventions tend to generate a higher percentage of non-local attendees, and have included the American Institute of Architects and the American Academy of Dermatology. Consumer shows, meetings and special events tend to draw a local audience and include events such as the Antiques Roadshow, Orange Bowl functions and Junior Olympics events.

Under the full MBCC expansion and headquarter hotel scenario, events with non-local attendance are estimated to increase to 59, largely due to the fact that the added ballroom and meeting space, as well as the headquarter hotel, address key event needs that are not fully provided for in the current MBCC space program. The five year average event data is boosted by high levels of consumer shows, special events and small conventions in the 2006 to 2008 period. As a result, under the full MBCC expansion scenario with NO-headquarter hotel, the event levels are more modest, reaching 48 events. Although this is lower than the five year average, the economic impact generating potential of the projected events under the expansion scenarios, even with no hotel, is significant.

The MBCC attracted an average of 235,320 non-local attendee days over the calendar year 2006-2010 period. These totals are significantly higher for 2010 due to several large national conventions. Under a full MBCC expansion and headquarter hotel scenario, total non-local attendee level at MBCC events are estimated at approximately 533,000. Without the headquarter hotel, only a modest increase from the two-year average is estimated, reaching just over 369,000 in total non-local attendee days.

The estimated total annual net direct spending associated with MBCC events averaged \$70.8 million over the 2006-2010 period. Under the full expansion/headquarter hotel scenario, the direct spending associated with MBCC events is estimated to increase to \$183.8 million,

largely due to an estimated increase in convention activity, and modest increases in tradeshow and meeting activity. The direct spending under the scenario that excludes the headquarter hotel reaches approximately \$120.2 million. It should be noted that the impact under the NO-hotel scenario is actually less than the MBCC direct spending generated in 2010, due to the unusual circumstance of having two very large national conventions within the 2010 calendar year. The hotel industry tends to be the largest beneficiary of non-local convention center generated spending, followed by the restaurant industry.

Table ES-3
Breakdown of Estimated Annual Net New Direct Spending
 (Upon Stabilization of Operations in 2011 Dollars)

	HISTORICAL MBCC EVENTS						MBCC EXPANSION SCENARIOS	
	2006	2007	2008	2009	2010	5-Year Average	Full Expansion With Headquarter Hotel	Full Expansion - NO Headquarter Hotel
Hotel Rooms	\$21,919,286	\$20,707,720	\$17,829,134	\$28,363,410	\$53,435,282	\$28,450,966	\$75,982,650	\$49,401,181
Hotel Restaurants	5,036,299	4,800,747	4,177,887	6,339,083	11,786,549	6,428,113	16,713,011	10,934,950
Other Restaurants	9,730,403	9,275,303	8,071,904	12,247,452	22,772,254	12,419,463	32,290,446	21,126,917
Recreation	520,057	490,115	430,547	636,281	1,212,357	657,871	1,695,464	1,106,072
Sporting Events	275,068	259,563	227,776	337,622	641,519	348,310	898,556	586,386
Tours and Sightseeing	916,507	872,877	760,174	1,151,097	2,144,274	1,168,986	3,037,308	1,986,803
Retail Stores	4,742,076	4,535,922	3,936,232	6,019,692	11,111,174	6,069,019	15,821,099	10,360,387
Local Transport	1,393,012	1,332,692	1,156,327	1,769,099	3,264,172	1,783,060	4,648,831	3,044,407
Auto Rental	1,333,935	1,268,371	1,106,081	1,668,654	3,119,154	1,699,239	4,409,529	2,883,230
Gasoline, Tolls & Parking	2,962,244	3,022,985	2,818,445	2,975,322	4,771,184	3,310,036	6,591,557	4,635,849
Other	6,696,521	6,267,854	5,531,634	8,076,543	15,614,277	8,437,366	21,672,376	14,109,766
Total	\$55,525,408	\$52,834,148	\$46,046,141	\$69,584,254	\$129,872,195	\$70,772,429	\$183,760,828	\$120,175,949

Source: Conventions, Sports & Leisure International

The total estimated direct expenditures generate effects on the Greater Miami economy that extend beyond the initial expenditures, often times characterized as total output. The estimated level of net total output (total direct and secondary spending) associated with MBCC events averaged \$121.7 million over the calendar year 2006-2010 period. Given estimated increases to convention events associated with planned MBCC improvements and the headquarter hotel addition, total output for MBCC events is estimated to increase to \$316.0 million under the full expansion scenario with a headquarter hotel. Total output approximates \$206.7 million under the scenario that excludes the headquarter hotel.

The current level of personal earnings supported by the MBCC has averaged \$51.7 million over the 2006-2010 period, and is estimated to increase to \$134.1 million with a full expansion of the MBCC in addition to a headquarter hotel. These earnings estimates drop to \$87.7 million if no headquarter hotel is included as part of the project.

From an employment perspective, MBCC operations and event activity have supported approximately 1,400 employment positions over the calendar year 2006-2010 period, with a potential to support approximately 3,700 positions if the MBCC is expanded as proposed in

addition to a new headquarter hotel. If the hotel is **not** included in the project, the level of employment that is supported drops to approximately 2,400.

Table ES-4
Estimated Annual Earnings (2011 dollars and Employment) upon
Stabilization of Operations

	HISTORICAL MBCC EVENTS						MBCC EXPANSION SCENARIOS	
	2006	2007	2008	2009	2010	5-Year Average	Full Expansion With Headquarter Hotel	Full Expansion - NO Headquarter Hotel
Annual Earnings	\$40,535,440	\$38,571,010	\$33,615,770	\$50,797,780	\$94,808,020	\$51,665,604	\$134,146,990	\$87,729,940
Annual Employment	1,108	1,055	919	1,389	2,592	1,413	3,668	2,399

Source: Conventions, Sports & Leisure International

The MBCC has generated an estimated average of \$1.7 million in county tax revenues, \$1.1 million in Miami Beach tax revenues, and \$5.8 million in sales taxes over the 2006-2010 period. With full expansion and headquarter hotel, tax collections are estimated to increase to \$4.6 million for the county, \$2.9 million for Miami Beach and \$15.0 million in various sales taxes. Without the headquarter hotel, the expanded MBCC is estimated to generate a total of \$3.0 million in county taxes, \$1.9 million in Miami Beach taxes, and \$9.8 million in sales taxes. It should be noted that to the extent attendees at MBCC events travel to Miami Beach from other locations within the state, this would represent a displacement of spending within the state.

Table ES-5
Estimated Annual Tax Impacts
(Stabilization of Operations in 2011 Dollars)

	HISTORICAL MBCC EVENTS						MBCC EXPANSION SCENARIOS	
	2006	2007	2008	2009	2010	5-Year Average	Full Expansion With Headquarter Hotel	Full Expansion - NO Headquarter Hotel
County Taxes								
Convention Development Tax	\$624,700	\$590,170	\$508,130	\$808,357	\$1,522,906	\$810,853	\$2,165,506	\$1,407,934
Tourist Development Tax	416,466	393,447	338,754	538,905	1,015,270	540,568	1,443,670	938,622
Food & Beverage Tax - Hotels	19,138	18,243	15,876	24,089	44,789	24,427	63,509	41,553
Homeless Tax	73,951	70,492	61,346	93,081	173,069	94,388	245,407	160,565
Professional Sports	208,233	196,723	169,377	269,452	507,635	270,284	721,835	469,311
Total	\$1,342,488	\$1,269,075	\$1,093,483	\$1,733,884	\$3,263,669	\$1,740,520	\$4,639,928	\$3,017,985
Miami Beach Taxes								
Resort Tax	\$624,700	\$590,170	\$508,130	\$808,357	\$1,522,906	\$810,853	\$2,165,506	\$1,407,934
Food & Beverage Tax	224,454	213,956	186,197	282,515	525,294	286,483	744,853	487,340
Total	\$849,154	\$804,126	\$694,327	\$1,090,873	\$2,048,199	\$1,097,336	\$2,910,358	\$1,895,274
Sales Taxes								
State Sales Tax	\$3,884,588	\$3,696,302	\$3,221,438	\$4,868,156	\$9,085,877	\$4,951,272	\$12,855,947	\$8,407,533
Transportation Tax	323,716	308,025	268,453	405,680	757,156	412,606	1,071,329	700,628
Health Trust	323,716	308,025	268,453	405,680	757,156	412,606	1,071,329	700,628
Total	\$4,532,020	\$4,312,353	\$3,758,344	\$5,679,516	\$10,600,190	\$5,776,485	\$14,998,605	\$9,808,789

Source: Conventions, Sports & Leisure International