

Analysis of the Potential Expansion of Convention Facilities in Greater Miami and the Beaches

Presented to the:



November 5, 2001



Conventions, Sports & Leisure International

November 5, 2001

Mr. Alvin West
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Miami, Florida 33131

Dear Mr. West:

We have completed the analysis of the potential expansion of convention facilities in Greater Miami and the Beaches (Destination). The attached report presents our research, analysis and findings, and is intended to assist the Greater Miami Convention and Visitors Bureau (Bureau) in evaluating the Destination's competitive standing from a convention facilities standpoint.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, market data provided by the Bureau, surveys of potential Destination facility users and analysis of competitive and comparable facilities and cities. The sources of information, the methods employed and the basis of significant estimates and assumptions are stated in the report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

As in all studies of this type, the estimated results are based on continued competent and efficient management of Destination facilities, and assume that no significant changes in the convention, conference and trade show markets or related markets will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified, and was assumed to be correct.

Mr. Alvin West
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This report has been prepared for the internal use of the Bureau and should not be relied on by any other party. The report has been structured to assist Bureau representatives in evaluating potential market demand and associated characteristics of the convention, conference and trade show industry in the Destination and should not be used for any other purpose.

We sincerely appreciate the assistance and cooperation we have been provided in the completion of this report and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,

CSL International

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I. INTRODUCTION

The Greater Miami and the Beaches area (Destination) possesses three public convention facilities - the Miami Beach Convention Center, the Coconut Grove Convention Center and the Miami Convention Center/Knight Center. Each of these facilities operates in a rapidly changing competitive environment, particularly in the regional area. These changes to the competitive supply, as well as continuing changes to the space required to accommodate events has contributed to the Greater Miami Convention & Visitors Bureau's desire to fully evaluate the Destination's competitive standing from a convention facilities standpoint.

The purpose of this study is to evaluate future industry growth potential and facility needs in the convention, meetings and trade show market in the Destination. As part of this analysis, we have conducted surveys of several hundred planners of existing and potential Destination facility customers, analyzed the historical operations of existing facilities, evaluated the characteristics of competitive and comparable projects, and reviewed industry trends that will impact the industry over the next five to ten years.

The key issues addressed by this study are as follows:

- *At what level are the existing facilities operating in terms of events, use days and occupancy percentages?*
- *How has the overall visitor and tourism profile of the Destination trended over the past ten years?*
- *How have competitive communities responded to growth in the convention, trade and meetings industry?*
- *How do the visitor industry characteristics in the Destination compare to competitive markets?*
- *How does the current and future potential event market perceive the Destination?*
- *What is the potential level of added event activity within the Destination assuming sufficient facilities are available?*
- *What level of long-term center development/expansion is supportable given demand unique to the Destination?*
- *What are the financial and economic implications of pursuing facility development/expansion?*
- *What alternatives exist for funding any identified development/expansion?*

Each of these issues are addressed through the research and analysis conducted as part of this study.

II. ANALYSIS OF DESTINATION FACILITIES

The overall health of the convention, trade show and meetings industry in any community can be assessed using several different measures. The occupancy at existing public assembly facilities, hotel inventory, air access, overall tourism levels, corporate base and various socio-economic characteristics can help gauge the status of the Destination as a convention environment. This status can also be compared to other competitive and comparable communities.

The purpose of this chapter is to inventory and analyze the historical operations of existing Destination facilities to assist in laying the groundwork for an analysis of demand for new convention facility development in the area. Understanding utilization levels, event mix and other such characteristics of existing Destination facilities is important to provide a basis from which to evaluate potential unmet demand for convention space in the market.

There are several key convention and meeting facilities in operation within the Destination. Primary facilities reviewed include: the Miami Beach Convention Center, the Miami Convention Center / Knight Center, the Coconut Grove Convention Center, and other major hotel facilities such as the Fontainebleau Hilton and the Radisson Mart Plaza Hotel and Convention Center.

The Miami Beach Convention Center (MBCC)

Expanded in 1990, the MBCC represents the area's largest convention center, offering 502,000 square feet of contiguous, divisible exhibit space and over one million square feet of total function space, including 70 meeting rooms totaling 145,000 square feet. The center incorporates approximately 625,000 square feet of prime exhibit and meeting space. The attached Jackie Gleason Theater offers 2,700 fixed seats. The Center caters to a wide variety of event sizes, although it primarily hosts large out-of-town association and corporate conventions and trade shows.

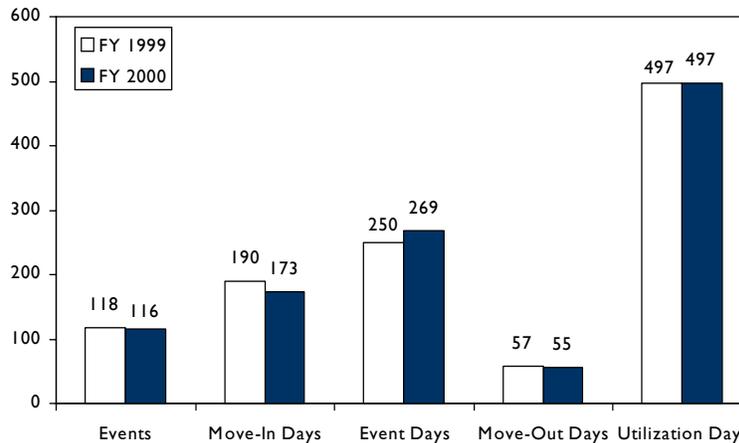
Since its completion, the Miami Beach Convention Center has hosted a variety of events including conventions, trade shows, public shows, corporate meetings, private functions and other such events. Exhibit II-1 on the following page presents a sample of typical past users and/or events.

Exhibit II-1
Examples of Typical Events
Miami Beach Convention Center

<p align="center">Conventions/Trade Shows</p> <ul style="list-style-type: none"> • IAEM Annual Meeting • Kiwanis International Annual Convention • PCMA Annual Meeting • Florida Hotel and Restaurant Expo 	<p align="center">Meetings</p> <ul style="list-style-type: none"> • Int'l. Security Conf. Miami 2000 • Pfizer Nat'l. Sales Meeting • ISUZU Sales Training • PROMAX
<p align="center">Public Shows</p> <ul style="list-style-type: none"> • Art Miami • South Florida Auto Show • Panamerican Leather Fair • Tigers of Asia Show 	<p align="center">Other</p> <ul style="list-style-type: none"> • New Year's Eve Party – J. S. Enterprises • Immigration and Naturalization Services • City of Miami Beach Events • Karate Tournament - The Japan Week

Exhibit II-2 presents historical event utilization for FY 1999 and FY 2000 for the Miami Beach Convention Center.

Exhibit II-2
Historical Event Utilization FY 1999 and
FY 2000 - Miami Beach Convention Center



Source: Facility Management, 2001

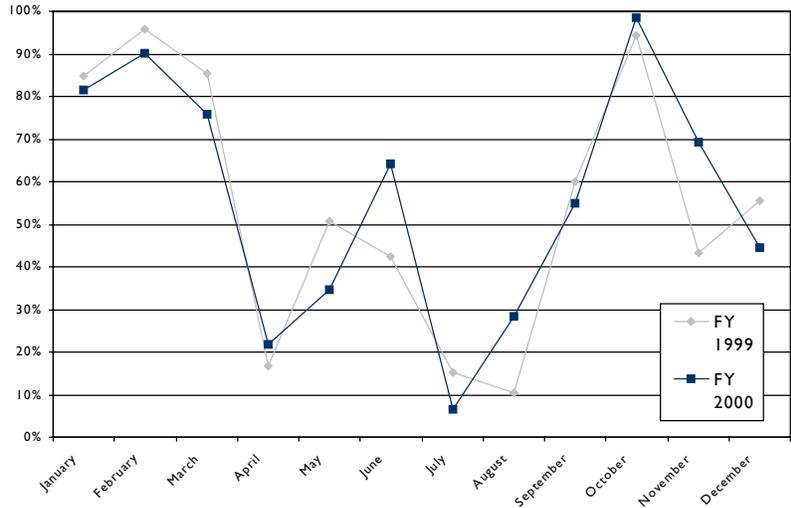


In 2000, 116 events were held at the MBCC comprising 497 utilization days. More than half of the facility's exhibit space usage is derived from recurring events (primarily annual trade events). There has been little, if any, growth in terms of event utilization for the Miami Beach Convention Center. Over the period, total utilization days have remained constant, while event days increased by 19 and move-in days decreased by 17.

To further assess historical use patterns, an analysis of usage seasonality by month for the primary functional areas under consideration has been undertaken. This type of analysis can identify any potential that a significant level of "clustering" in one or two months may have on event levels. A high percentage of use centered in one or two months may indicate that the hall is unable to fully accommodate its total demand.

Exhibit II-3 below presents historical exhibit space utilization by month for FY 1999 and FY 2000 for the Miami Beach Convention Center.

Exhibit II-3
Historical Exhibit Space Utilization By Month FY 1999 and FY 2000 (Blended Average) - Miami Beach Convention Center



Source: Facility Management, 2001

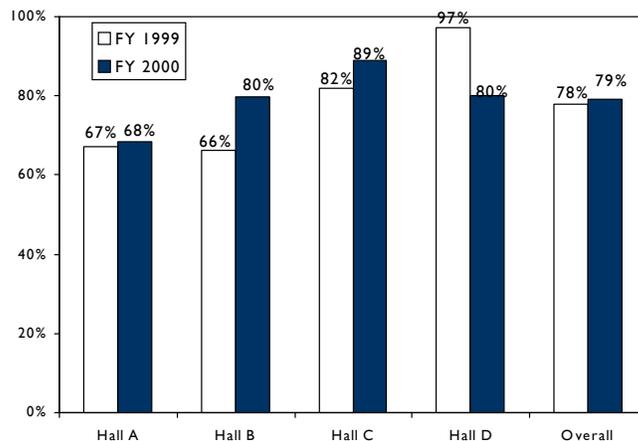


As presented in the above exhibit, there is wide variation in exhibit space utilization by month over the period. This is typical with similar convention centers across the country. Usage tends to peak during the months of February and November, in which exhibit space is being utilized at or above a 90 percent rate. Unlike many centers, MBCC usage decreases during the spring months. As marketing efforts continue to emphasize the appeal of the Destination, utilization during spring months will likely increase.

It is also useful to measure the usage of primary function space on a square footage basis. The utilization of a facility is determined to be within a practical maximum capacity range when the actual utilized space in a facility reaches a level of 70 to 90 percent of total sellable capacity. Below 70 percent utilization, a facility may be holding excess capacity. Above 90 percent utilization, a facility has reached “practical maximum capacity” and may be turning away significant business. Total sellable capacity is determined by multiplying the total primary function space of a facility by 365 days and then multiplying the resulting figure by 70 percent. The 70 percent adjustment factor accounts for the reality that a portion of the facility’s total capacity is un-sellable due to holidays, maintenance days and inherent booking inefficiencies that result when events cannot be scheduled immediately back-to-back.

Exhibit II-4 below presents historical exhibit space square footage occupancy over FY 1999 and FY 2000. The results are broken down by hall.

Exhibit II-4
Historical Exhibit Space Square Footage Occupancy FY 1999
and FY 2000 - Miami Beach Convention Center



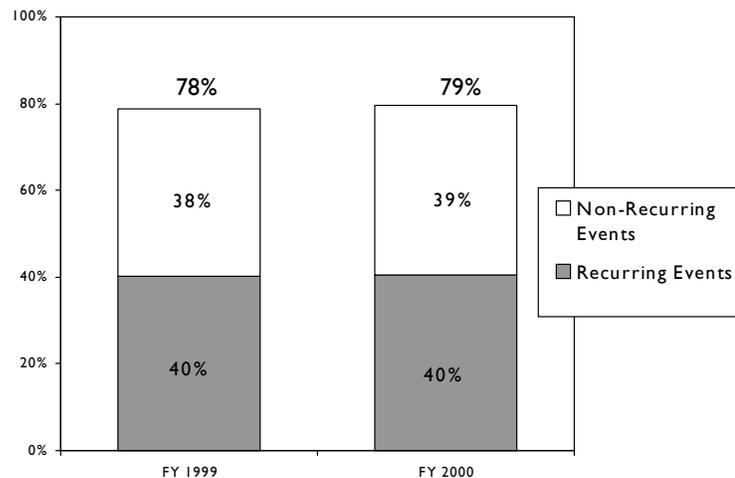
Note: Figures based on total square footage utilized. Total square feet per exhibit area was reduced by 30 percent to better reflect total space availability.
Source: Facility Management, 2001



As shown in the previous exhibit, exhibit space occupancy varies somewhat by hall for the Miami Beach Convention Center. Specifically, Hall A has experienced the least usage over the past two years, with occupancy percentages nearing 60 percent during both years. Hall C, on the other hand, has achieved occupancy percentages nearing 90 percent, or full capacity, during the period. Overall, exhibit space occupancy levels for the entire facility have been 78 and 79 percent for FY 1999 and FY 2000, respectively. These occupancy levels indicate that the facility has not yet reached maximum capacity levels (defined as between 90 and 95 percent), but is operating well above minimum desirable occupancy levels.

Exhibit II-5 below presents overall exhibit space square footage occupancy for FY 1999 and FY 2000 for the Miami Beach Convention Center. The data is segmented into two groups: those that hold events on a recurring basis and those that do not.

Exhibit II-5
Overall Exhibit Space Square Footage Occupancy FY 1999 and
FY 2000 - Miami Beach Convention Center

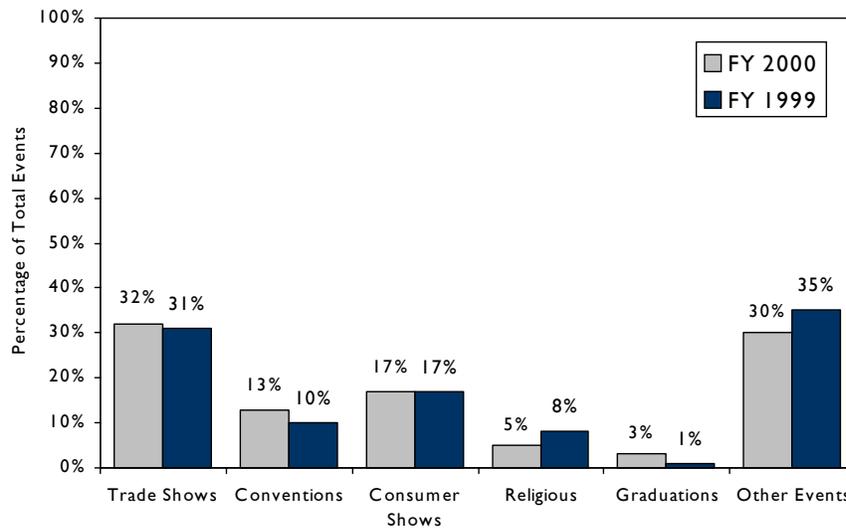


Source: Facility Management, 2001

Approximately half of the square footage occupancy generated at the MBCC is derived through recurring events. These events typically consist of public/consumer show events and certain trade events. Many of these events tend to draw a larger portion of their attendees from the local market area rather than from out-of-town relative to traditional conventions. Examples of these events include Art Miami, Original Miami Beach Antique Show, Fine Jewelry Show and the South Florida Auto Show.

The historical mix of events held at the MBCC over the past two years has been summarized by event type in Exhibit II-6 below.

Exhibit II-6
Historical Mix of Events
Miami Beach Convention Center

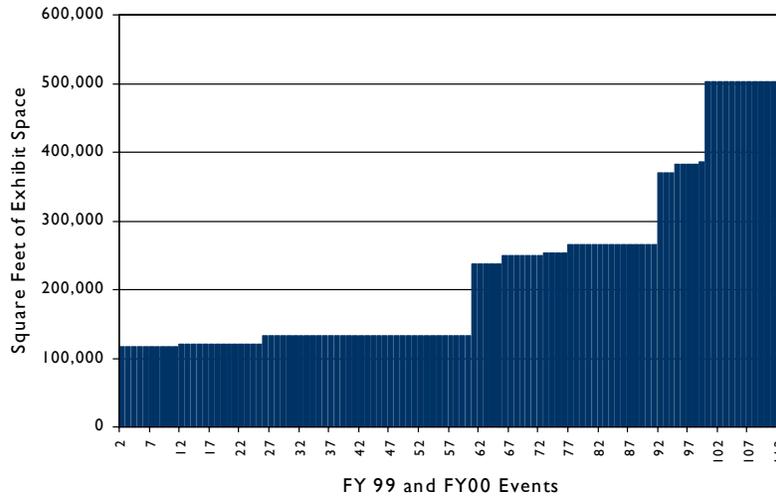


Source: Facility Management, 2001

As presented, trade shows and conventions have comprised between 41 and 45 percent of the event activity at the MBCC. Consumer shows and other miscellaneous events comprise the other two largest event type categories at approximately 17 and 33 percent, respectively.

Exhibit II-7 presents a summary of the distribution of historical MBCC events in terms of square footage occupied.

**Exhibit II-7
Event Distribution by Size
Miami Beach Convention Center**



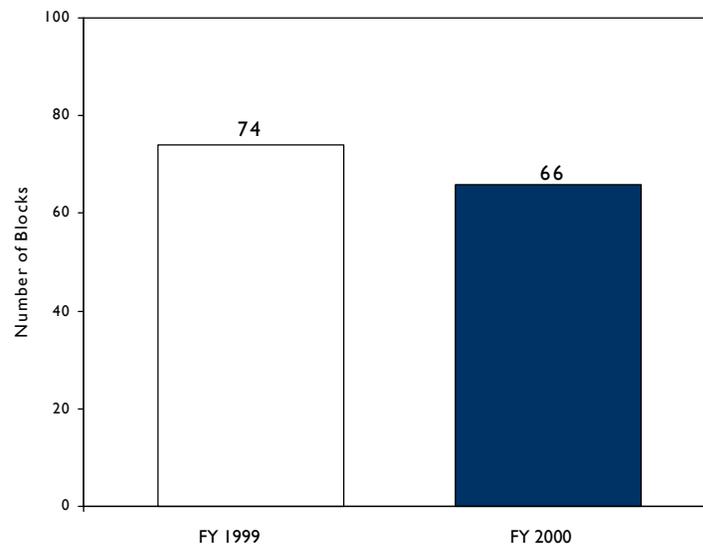
Note: Data reflects FY 1999 and 2000 events.
Source: Facility Management, 2001

Over 50 percent of all events using exhibit space at the Center require 125,000 square feet or less. Conversely, nearly 20 percent of the events at the Center require over 300,000 square feet of exhibit space. This data indicates that the Center caters to a wide variety of event sizes, and that the smaller events (under 125,000 square feet of exhibit space) play a critical role in supporting the facility occupancy. Many of these smaller events are accommodated concurrently with other events at the Center.



In addition to occupancy, it is useful to evaluate the number of times during a year that the center could offer sizable amounts of exhibit space (125,000 square feet) for a period of at least seven days (the least amount of time required for a typical convention/tradeshow event). Exhibits II-8 through II-10 present the number of seven-day or greater marketable blocks for one, two, and four halls of the Miami Beach Convention Center. Exhibit II-8 below details the number of marketable blocks of seven or more days for at least one of the MBCC's exhibit halls.

Exhibit II-8
Number of Seven-Day or Greater Marketable Blocks (1 hall)
Miami Beach Convention Center

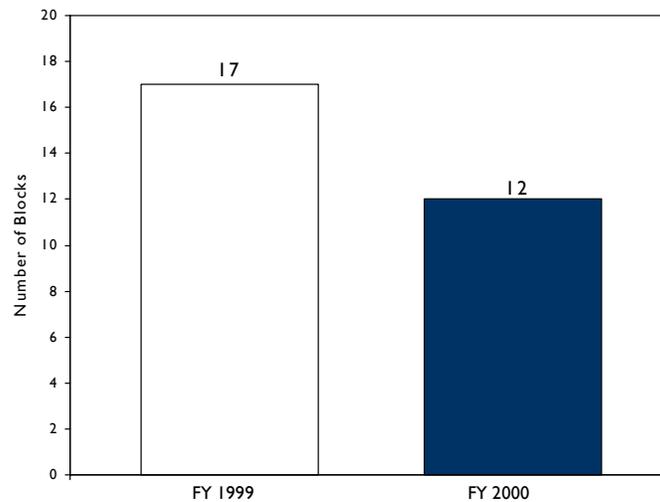


Source: Facility Management, 2001

As shown, over the two-year period, the number of marketable one-hall blocks decreased from 74 to 66, representing nearly an 11 percent decline. The existing MBCC is not operating at full capacity and, as a result, there are available blocks of space that could accommodate added event levels. Based on current operating levels, there are 66 seven-day open blocks of space of approximately 125,000 square feet over a 12-month period. In other words, the Center could theoretically accommodate an additional 66 seven-day events of 125,000 square feet of space or less.

Exhibit II-9 below presents the number of seven-day or greater marketable blocks spanning two halls at the Miami Beach Convention Center.

Exhibit II-9
Number of Seven-Day or Greater Marketable Blocks (2 halls)
Miami Beach Convention Center

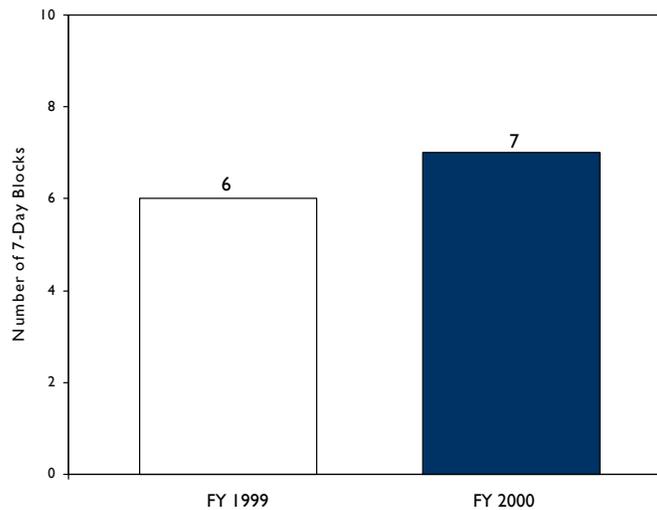


Source: Facility Management, 2001

There are 12 open seven-day blocks of space with at least 250,000 square feet of space. While it would be highly unlikely that all of this capacity could be filled due to seasonality patterns and event booking inefficiencies, this data clearly indicates that the Center could accommodate additional event levels. The number of seven-day or greater marketable event blocks of at least 250,000 square feet at the Center decreased over the two-year period from 17 to 12. This represents nearly a 30 percent decline from FY 1999 to FY 2000.

Exhibit II-10 below presents the number of seven-day or greater marketable blocks for all four of the Miami Beach Convention Center's exhibit halls, or the entire amount of prime exhibit space offered.

Exhibit II-10
Number of Seven-Day or Greater Marketable Blocks (4 halls)
Miami Beach Convention Center



Source: Facility Management, 2001

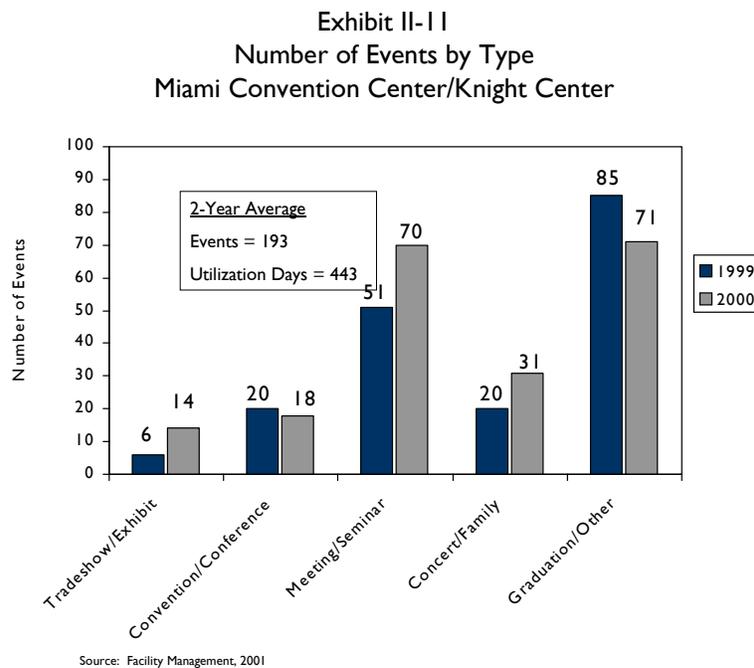
As illustrated above, in FY 1999 there were six occasions where the entire exhibit space, 500,000 square feet, was unoccupied for a period of seven or more days. This number increased slightly to seven during FY 2000.

The Miami Convention Center / Knight Center

Located downtown, the Miami Convention Center/Knight Center is a three-story complex offering the 5,000-fixed-seat James L. Knight Center auditorium, two smaller fixed-seat auditorium/lecture halls, 28,000 square feet of exhibit space, and meeting space. The public portion of the Center is attached to the 612-room Hyatt Regency Hotel, which incorporates a 12,000-square foot carpeted grand ballroom and 12,000 square feet of meeting space. The facility hosts a wide variety of small local and non-local meetings, conferences and other public and private functions. The Knight Center auditorium represents the least utilized space component in the complex, typically hosting special events such as graduations, concerts and seminars.

Three entities control various areas of the complex: the City of Miami through Global Spectrum operates the James L. Knight Center auditorium as well as some meeting and banquet space, the attached Hyatt Hotel operates their own ballroom and adjacent meeting space, while the University of Miami controls meeting rooms on the third floor of the complex. Over the past two years, the City's portion of the complex (Knight Center and Riverfront Hall) has hosted an average of nearly 200 events comprising over 400 utilization days.

Exhibit II-11 below presents the number of events by type hosted by the public sector comprising the Miami Convention Center / Knight Center for FY 1999 and FY 2000

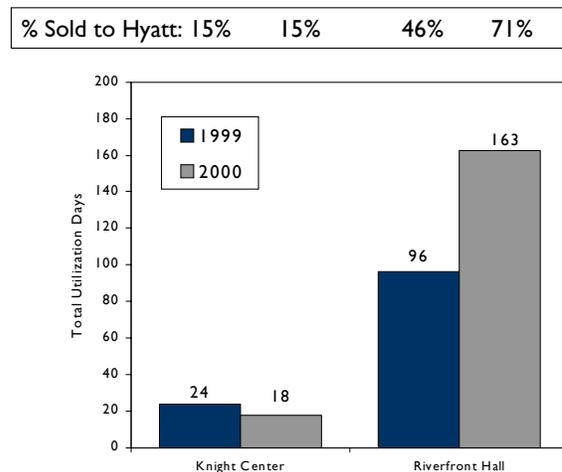


In 2000, the public space accommodated 14 exhibit/trade show events, 18 conventions/conferences, 70 meetings/seminars, 31 concert/family shows and 71 graduation/other events. Overall, utilization is up slightly in 2000 from 1999 levels.

As presented on the previous page, taking an average of FY 1999 and FY 2000 figures, the MCC/Knight Center hosts approximately 193 events annually, generating 443 total utilization days. Graduations and other events comprise the greatest number of events (by type), representing nearly 35 percent of total events hosted. Meetings and seminars rank a close second, with 70 being hosted in FY 2000. In fact, the number of meetings and seminars hosted at the Center represents the largest increase in event type, rising by 19 events or nearly a 37 percent increase from FY 1999 to FY 2000. The number of concerts and family events also increased over the period, from 20 to 31.

The Hyatt often rents space controlled by the City and the university to accommodate events that require more space than offered in their ballroom and meeting areas. Exhibit II-12 below illustrates Knight Center and Riverfront Hall utilization in addition to the percentage of usage derived from Hyatt-based events.

Exhibit II-12
Utilization by Hall and Hyatt Use of Space
Miami Convention Center/Knight Center



Source: Facility Management, 2001

As shown in the exhibit, it is estimated that an average of one half of the City's Riverfront Hall usage and 15 percent of the Knight Center's usage is derived from the Hyatt's rental of the respective spaces. The Knight Center auditorium represents the least utilized space component in the complex, typically hosting special events such as graduations, concerts and seminars. However, the typical set-up and tear-down time for Knight Center Auditorium events can be significant, increasing the overall utilization of the space.

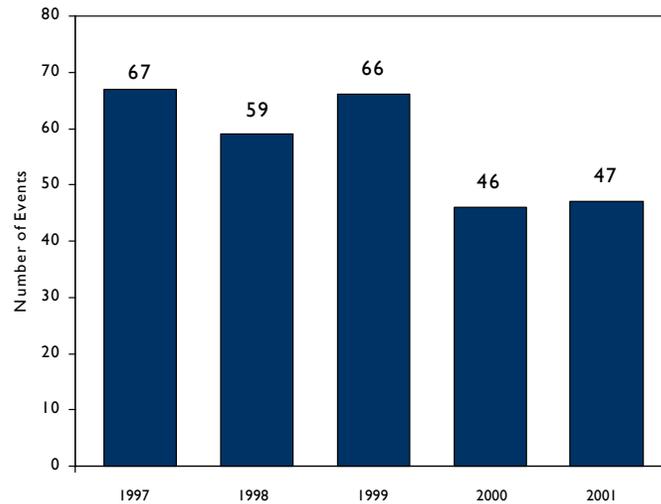
The Coconut Grove Convention Center

The Coconut Grove Convention Center (CGCC) is an exhibition facility offering approximately 150,000 square feet of flat floor space in several halls, created from a renovated airplane hanger. The facility offers space suitable for public shows and other large flat floor events. However, the space offerings (including the lack of breakout meeting and banquet space), configuration and finish do not represent that of state-of-the-industry convention centers.

The majority of events hosted at the CGCC have been public/consumer shows drawing attendees from the local area. Only a few of the CGCC's events generate a significant number of room nights. Over the past five years, the number of public show event days as a percentage of total facility event days has increased each year to the current 2001 level of 72 percent.

Exhibit II-13 on the following page presents the total number of events hosted by year for the Coconut Grove Convention Center between 1997 and 2001.

Exhibit II-13
Total Events Hosted by Year
Coconut Grove Convention Center

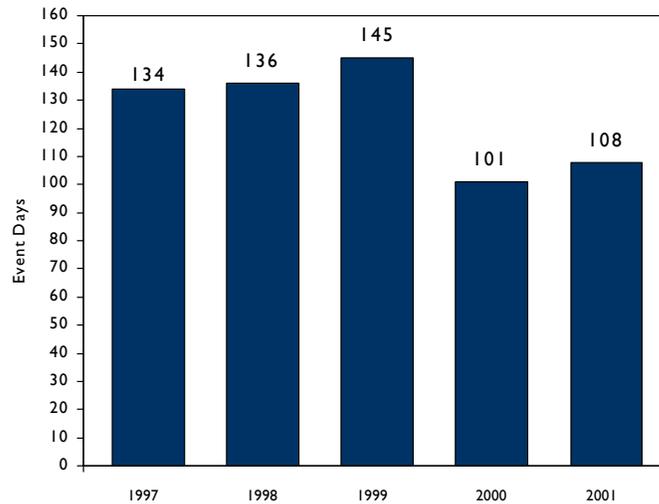


Source: Facility Management, 2001

As shown, overall activity at the CGCC has declined over the past five years from 67 total events hosted in 1997 to a projected 47 in 2001, a level consistent with data for 2000. This represents nearly a 30 percent decrease in total events hosted over the period. Following 1999, the number of events hosted by the facility dropped considerably and has yet to recover to prior levels. Overall bookings are down, due in part to concerns on the part of the event planners about the future of the facility.

Exhibit II-14 on the following page presents the total event days from 1997 to 2001 for the Coconut Grove Convention Center.

Exhibit II-14
Total Event Days – Coconut Grove Convention Center

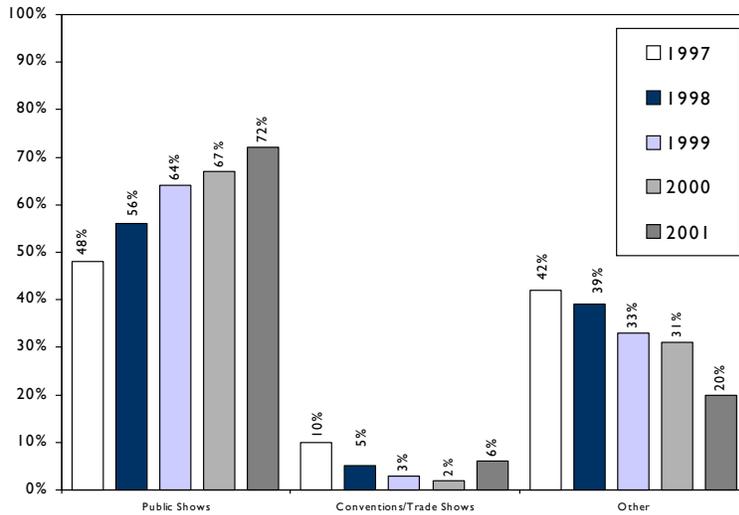


Source: Facility Management, 2001

As shown, the facility experienced a decline in total event days (approximately 30 percent) following 1999, corresponding to a similar decline in events hosted. However, projected 2001 figures represent an increase over 2000 activity. In sum, the CGCC typically hosts up to 70 events per year comprising between 100 and 145 event days per year.

The events hosted at the Coconut Grove Convention Center from 1997 to 2001 were broken down by event-type and further analyzed. The results of these findings are presented on the following page in Exhibit II-15.

**Exhibit II-15
Total Event Days
Coconut Grove Convention Center**



Source: Facility Management, 2001

As shown above, public shows have historically comprised the largest percentage of total events hosted by the CGCC, increasing steadily each of the past five years. It is estimated that 72 percent of 2001 events will be public show events. This compares to 48 percent in 1997. Other miscellaneous events such as concerts, festivals, exams and private parties make up the second largest group of events hosted and have steadily declined over each of the past five years. Conventions and trade shows represent the smallest event category, totaling just six percent of total activity expected in 2001.

Overall, utilization is up slightly in 2000 from 1999 levels. Additional emphasis is presently being placed on concert and other performance events to increase utilization. This reflects the increased focus of the CGCC on locally-driven entertainment and exhibit-type events.

Miami Beach Fontainebleau Hilton Resort and Towers

This 1,206-room full-service resort features a total of 190,000 square feet of total sellable space (which can be divided into 40 separate rooms), 76,800 square feet of which is prime exhibit space. A number of improvements to the facility's convention and meeting facilities are currently underway. The facility presently offers the Destination's largest dedicated ballroom at just over 31,000 square feet.

Typical events hosted include a wide variety of both local and non-local events, such as association conventions and conferences, corporate events, receptions, private banquets and other such activity.

Radisson Mart Plaza Hotel and Convention Center

This facility is equipped with 24,160 square feet of meeting space, a 9,600-square foot ballroom, 16 hospitality suites and 128,000 square feet of carpeted exhibit space, all in addition to 334 total guestrooms. The facility offers 165,000 square feet of total sellable space. Located near the airport, the facility offers extensive permanent exhibit space in certain areas of the facility, as well as plentiful parking.

Typical events include state association conventions, SMERF (social, military, educational, religious, fraternal) events, public shows and other miscellaneous events.

III. ANALYSIS OF DESTINATION MARKET CONDITIONS

The conditions in the Destination in terms of convention and visitor amenities and resources can influence the ability to attract and support a broad base of convention and meeting event activity. A community's hospitality infrastructure in terms of hotels, restaurants, entertainment and other such factors contributes heavily to the potential success of convention and meeting facilities. As part of this analysis, we have measured the performance of the Destination with respect to selected key measures, and assessed the performance of the Destination relative to comparable and competitive markets in both the region and across the country. Comparable markets reviewed consist of: Anaheim, Atlanta, Atlantic City, Boston, Dallas, Denver, Houston, Kansas City, Los Angeles, Minneapolis, New Orleans, Orlando, San Antonio, San Diego, San Francisco and Washington, DC.

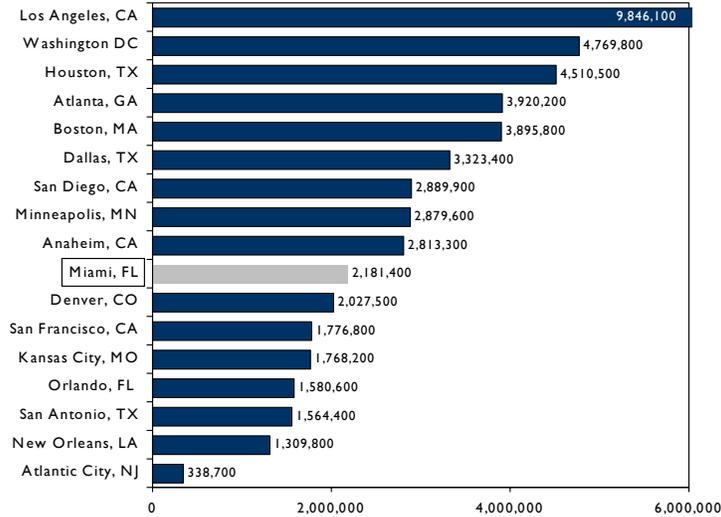
The analysis of existing Destination local market conditions addresses the following areas:

- Regional demographic characteristics
- Corporate inventory
- Existing hotel characteristics
- Visitor related statistics
- Air access
- Overnight visitors
- Conclusions

Regional Demographics Characteristics

The strength of the local market in terms of socioeconomic attributes can provide an indication as to the ability of a community to accommodate large numbers of convention, conference and meeting attendees. Exhibit III-1 on the following page provides a comparison of the metro area population of competitive and comparable markets reviewed.

Exhibit III-I Comparison of Metro Area Population



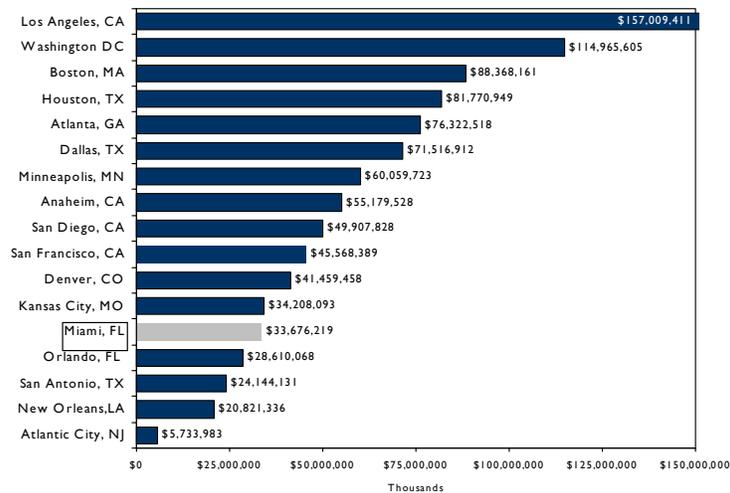
Source: Sales and Marketing Management, 2001.

As shown, based on the data analyzed, Los Angeles, California has the highest population of the competitive and comparable markets with a Metropolitan Statistical Area (MSA) population of approximately 9.8 million. Atlantic City, New Jersey has the lowest metropolitan area population, consisting of approximately 338,700 people. Overall, Miami ranks toward the middle of the market set in terms of metropolitan area population, with approximately 2.2 million. Although not directly correlative, the population base of a market can be an indication of the overall level and breadth of visitor amenities in the community such as hotels, air access, transportation, restaurants and entertainment. In addition, larger communities typically have a larger base of potential attendees for certain local events such as public shows, corporate meetings and other such events.



The Destination has an approximate total effective buying income (EBI) of \$33.7 billion. EBI, also known as disposable after-tax income, is defined as personal income less personal tax and non-tax payments. Since EBI measures the actual amount of money available in a given area, it serves as a gauge of the economic health of the population of an area and an indicator of market quality and the ability to buy in an area. Exhibit III-2 details comparative EBI statistics on a MSA level.

Exhibit III-2
Comparison of Total Effective Buying Income (EBI)

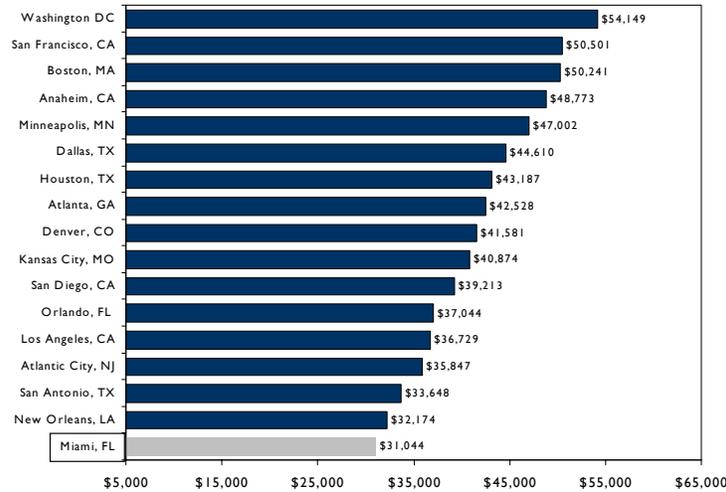


Note: Figures correspond to each markets' metropolitan statistical area (MSA)
Source: Sales and Marketing Management, 2000.



Exhibit III-3 presents the median effective buying income for each of the selected competitive and comparable communities.

Exhibit III-3
Comparison of Median Effective Buying Income (EBI)



Source: Sales and Marketing Management, 2000.

Miami ranks last in terms of median household EBI, with just over \$31,000. Washington D.C. tops the list, with approximately \$54,149 per family. Of the cities reviewed, the average competitive/comparable community possesses a median EBI of approximately \$41,700.

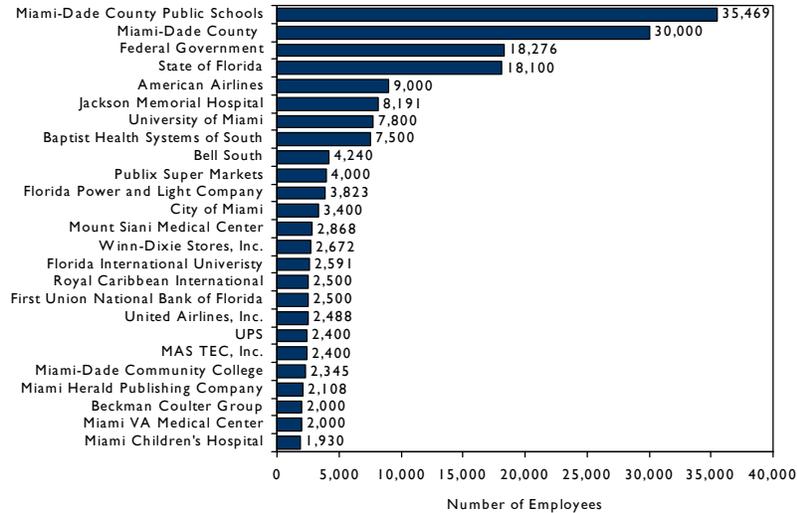
Corporate Inventory

The breadth and characteristics of the inventory of local corporations and employers provide an indication of general potential for corporate meeting activity in a given market. Often, the major employers in a local market are a key source of facility usage with regard to corporate meetings, banquets and other similar uses, which are important in maintaining the utilization and financial viability of convention facilities.



Exhibit III-4 below details the largest 25 employers in the Destination.

**Exhibit III-4
Top 25 Employers in the Destination**

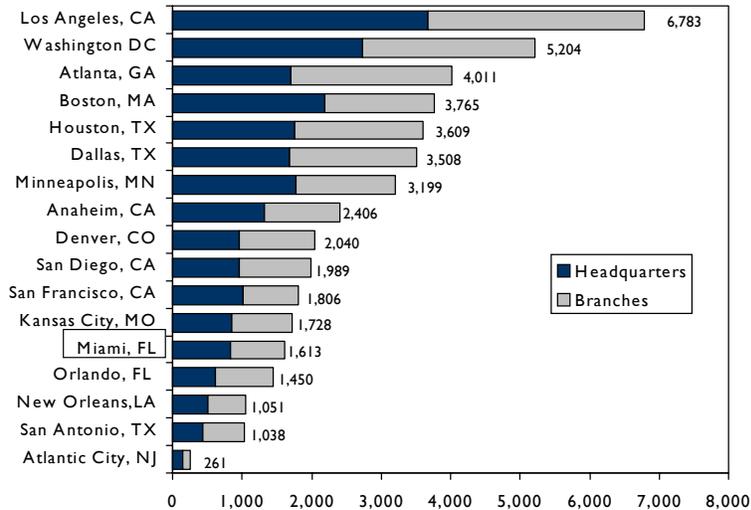


Source: Miami Beacon Council

As presented, the largest employer in the Destination is the Miami-Dade County Public Schools, employing over 35,000 people. Other large employers include Miami-Dade County, the Federal Government and the State of Florida. American Airlines is the largest private company, with approximately 9,000 employees.

Exhibit III-5 on the following page compares the number of companies with 100 or more employees on a metropolitan statistical area level among competitive and comparable convention markets. Medium to large-sized companies such as these generally represent important markets for convention and meeting facility use in local markets.

**Exhibit III-5
Number of Companies with 100 or more Employees**



Source: Dun and Bradstreet Marketplace data, 2001

As shown in the exhibit, the approximate 1,613 companies with 100 or more employees in Miami ranks towards the bottom of the regional competitive/comparable set of communities reviewed. Washington D.C. ranks first, with approximately 5,204 companies with 100 or more employees. Ranking last is Atlantic City, New Jersey, with approximately 261 such companies. Miami's mix of headquarters to branch companies is consistent with the typical market reviewed.



Existing Hotel Characteristics

The number of hotels in the local market is an important factor with respect to the overall viability of area convention facilities. If the number of convention-quality hotels in the area is limited, the ability to accommodate mid to large-sized event room block requirements could be impacted. The hotel room inventory is a very important determinant in the selection of a convention facility and destination. Exhibit III-6 provides a summary of the largest hotel properties in and around the Destination.

Exhibit III-6
Primary Hotel Properties in the Destination

<u>Name</u>	<u>Number of Rooms</u>	<u>Location</u>
Fontainebleau Hilton Resort and Towers	1,206	Miami Beach
Loews Miami Beach	800	Miami Beach
Doral Golf Resort and Spa	693	Airport
Hotel Inter Continental Miami	639	Downtown
Hyatt Regency Miami	612	Downtown
Biscayne Bay Marriott Hotel and Marina	603	Downtown
Sheraton Biscane Bay	598	Downtown
Roney Palace Resort and Spa	585	Miami Beach
Wyndham Miami - Biscane Bay	528	Downtown
Hilton Miami Airport and Towers	500	Airport
Radisson Deauville Resort	480	Miami Beach
Wyndham Miami Beach Resort	424	Miami Beach
Royal Palm Crowne Plaza Resort	422	Miami Beach
Wyndham Miami Airport	408	Airport
Ritz Carlton - South Beach	375	Miami Beach
Miami Airport Marriott	365	Airport
Holiday Inn South Beach Resort	355	Miami Beach
Ramada Plaza Marco Polo Beach Resort	350	Miami Beach
Eden Roc Renaissance Resort and Spa	349	Miami Beach
The Shore Club	325	Miami Beach

Source: Greater Miami Convention & Visitors Bureau

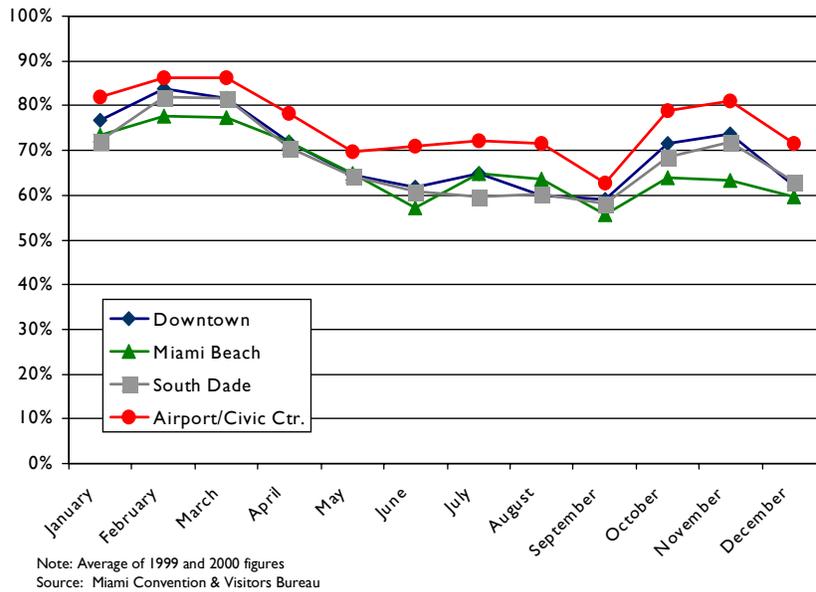
As presented by the exhibit, there is a wide range of hotel offerings throughout the Destination. The Fontainebleau Hilton Resort and Towers offers the largest number of sleeping rooms at one property with 1,206 rooms. An analysis of the hotel inventory in greater Miami indicates both growing supply and demand. Community-wide, it is estimated that there are approximately 49,000 hotel rooms in the greater Miami market. Once a major limitation, the convention-quality hotel room base near the Miami Beach Convention Center has improved in recent years, with further improvements planned. This serves as a marketing advantage for Miami since, as many national and regional association event planners will typically only consider spreading

their hotel room blocks among a limited number of nearby hotel properties. Additional market demand and comparable community hotel data is presented later in this report.

Visitor Related Statistics

Exhibit III-7 presents monthly hotel occupancy by sub-region for the Destination. The regions reviewed include downtown Miami, Miami Beach, South Dade and airport/civic center.

Exhibit III-7
Destination Area Hotels
Monthly Occupancy By Region

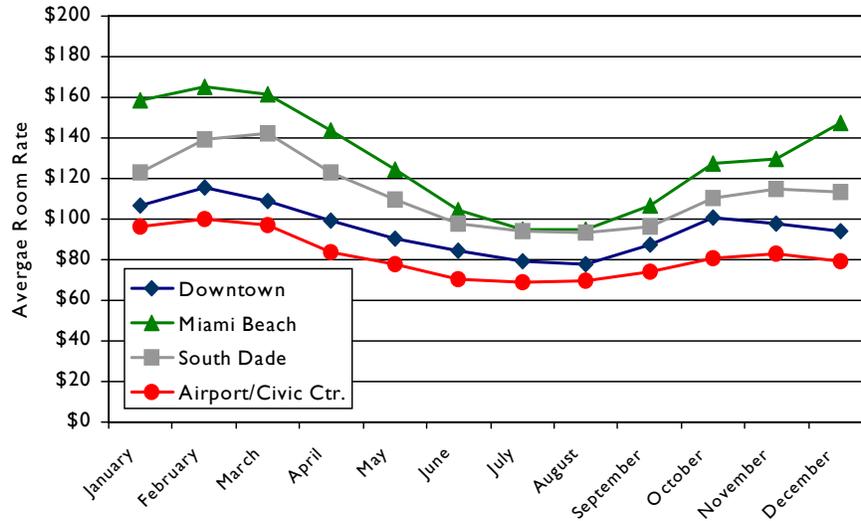


As presented, hotel occupancy data illustrates strong occupancy levels in the spring and fall months (between 70 and 85 percent), with the airport/civic center region consistently possessing the highest occupancy rates (approaching 90 percent in winter and spring months). Hotel occupancy tends to be lowest during the summer months, dropping below 60 percent in some areas.



Exhibit III-8 presents average hotel room rate information, again segmented into the same regions.

Exhibit III-8
Destination Area Hotels
Average Room Rate (2000)



Source: Miami Convention & Visitors Bureau

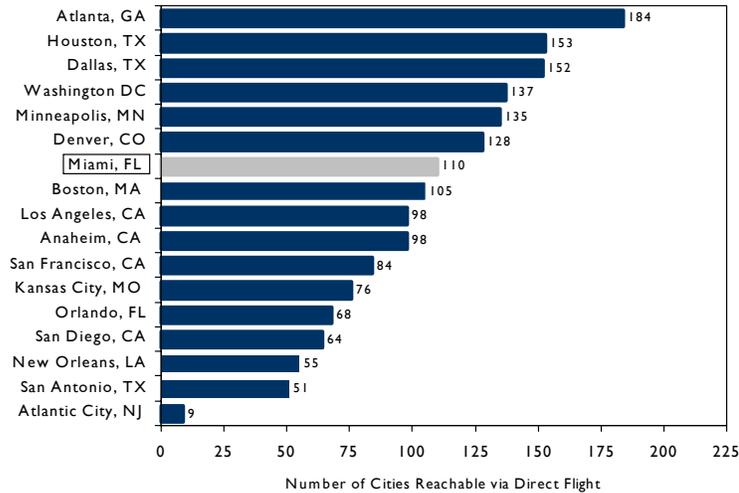
As detailed in the exhibit, the average room rate corresponds directly with the demand indicated in Exhibit III-7. There is a fairly significant variance in rates based upon region and season. Based on 2000 data, typical rates fluctuated from a high of slightly over \$160 (for Miami Beach hotel facilities) during winter months, to a low of approximately \$70 to \$95 per night during the summer (for airport/civic center hotel facilities).

Air Access

A city's accessibility for a convention's delegates and exhibitors via commercial airlines is a key factor for association and corporate planners in their consideration of a community to host an event, particularly for regional and national events. The number of cities reachable by direct flight is a good measure of the relative air access. Exhibit III-9 on the following page displays the number of cities with direct flights to competitive/comparable markets.



Exhibit III-9
Comparison of Cities Reachable by Non-Stop Flight
Competitive and Comparable Set



Source: Official Airline Guide, 2001.

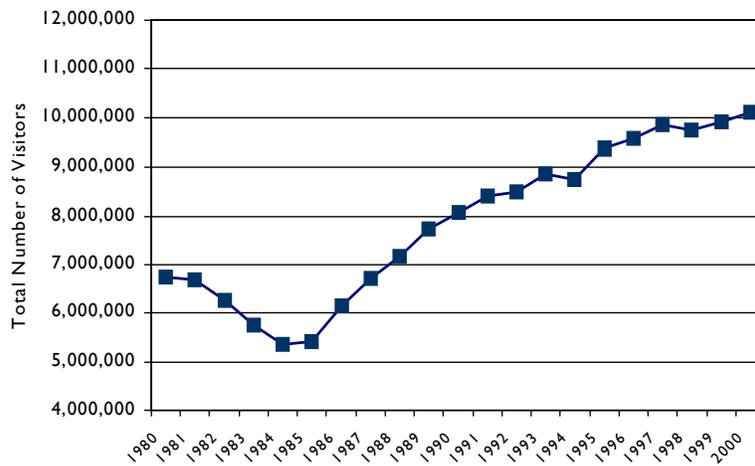
Atlanta, Georgia offers the most cities reachable via direct flight, with approximately 184. Ranking last is Atlantic City, New Jersey. Miami can currently be reached by 110 cities via non-stop flight, ranking in the upper tier of the 17 primary competitive and comparable markets reviewed. This serves as a marketing advantage when attracting events with a significant non-local attendee base.

In April 2001, it is estimated that there were 1.5 million arrivals at Miami International. This amount is down slightly from April of the previous year, reflecting a slight decrease in international travelers.

Overnight Visitors

Exhibit III-10 below graphs the total number of overnight visitors for the Destination from 1980 through 2000.

Exhibit III-10
Total Number of Overnight Visitors
1980 to 2000



Source: Greater Miami Convention & Visitors Bureau

Based on estimates provided by the Bureau, the Greater Miami and Beaches accommodated more than 10 million overnight visitors in 2000. Over the past 20 years, this figure has steadily grown from a low of approximately 5.4 million visitors in 1984.

Conclusions

Based on the analysis performed with regard to local market conditions, key strengths and weaknesses of the Destination as it relates to its status as a major convention and meeting market are summarized below:

Strengths:

- Attractive Climate - Relative to other event destinations across the country, the Destination maintains tropical weather throughout much of the year. This allows the community to be considered year round as an event destination.
- Costal Location - Given the Destination's oceanfront location, there are numerous world-renowned beaches and resorts in the area. Specifically, South Beach and its associated amenities is an important asset for the entire Destination.
- Existing Resort/Tourist Destination Amenities – The Destination offers a large amount of entertainment options and unique tourist amenities (i.e., beaches, entertainment, nightlife, ocean activities, etc.).
- Rapidly Developing Hotel Base - the Destination offers an increasing assortment of convention-quality hotels and resorts, with development/improvement occurring in both the downtown and Miami Beach areas.
- Proximity to Major International Airport - Miami International Airport offers a large number of daily flights. This plays an important factor in the community's potential future success as a convention destination in accommodating large influxes of tourists and non-local event attendees.
- Proximity to Latin America Markets - Due to the Destination's proximity to Latin America and large Latino population composition, unique opportunities exist with respect to attracting Latin America-based events and event attendees.

Weaknesses:

- Mix/Quantity of Hotel Inventory Within Close Walking Distance of MBCC - Historically, the hotel package near the MBCC has not been ideally suited as headquarter hotel properties. However, recent renovations and improvements of specific nearby properties have improved the nature of the proximate convention-quality base.

- High Number of Existing/Planned Competitive Venues in the Region - In addition to the fairly significant amount of convention, meeting and event facilities in the Destination, proximate Florida markets (i.e., Palm Beach, Ft. Lauderdale, Orlando, Tampa, etc.) have existing and planned facilities that serve as competition for Destination publicly owned event facilities.
- Geographic Periphery in the U.S. – Located at the southern tip of Florida and the United States, the Destination is sometimes viewed by certain national, regional and state event planners as located too far from their respective delegate bases.
- Ingress/Egress Difficulties With Primary Convention Facility on the Beach - Due to the nature of the MBCC's location and site situation in Miami Beach, certain accessibility and parking issues sometimes are perceived negatively.
- Negative Perceptions by Some Groups with Regard to Crime - A small portion of respondents to state surveys conducted cited potential concerns with perceptions of crime in certain areas of the Destination.
- Relatively Low Corporate Base Compared to Major Competitive Markets - The local corporate base is a key source of facility usage in a community. Although there are approximately 1,600 corporations with 100 or more employees in the Destination, this number is relatively low compared to that of similar-sized communities.

IV. COMPETITIVE AND COMPARABLE FACILITIES ANALYSIS

This chapter provides a review of the various physical characteristics and resources of competitive and comparable facilities and communities. The information detailed will assist in the identification and analysis of the convention, conference, public and trade show facilities that would likely provide primary competition or are comparable to potential expanded, redesigned, or new Destination convention facilities. Numerous factors are considered by association and corporate event planners in determining the ability of a community to attract convention, conference and public and trade show business. These factors include:

- Exhibit space
- Meeting/ballroom space
- Total sellable space
- Hotel room availability
- Hotel room tax rates
- Convention and visitors bureau annual budgets

There has been a significant amount of development within the convention facilities industry throughout the region and around the country. For the most part, this development is in response to continued growth in the events industry, and the continued pursuit of significant economic impact in exchange for facility investments. It is therefore critical to assess the convention, trade and meetings facility conditions within the Destination against those in comparable and competitive regions.

To better reflect the diversity of facilities in the Destination, we have divided the competitive and comparable set has been divided into two components: (1) primary facilities which represent the major center located within each destination and (2) secondary convention facilities that are in operation in various competitive and comparable markets. Primary convention facilities would be either competitive or comparable with the Miami Beach Convention Center. Secondary convention facilities would be either competitive or comparable with the Coconut Grove Convention Center and the Miami Convention Center / Knight Center.

Primary Convention Facilities

In an effort to compare the Destination's market and primary convention center (the Miami Beach Convention Center) to similar markets and facilities, a set of 16

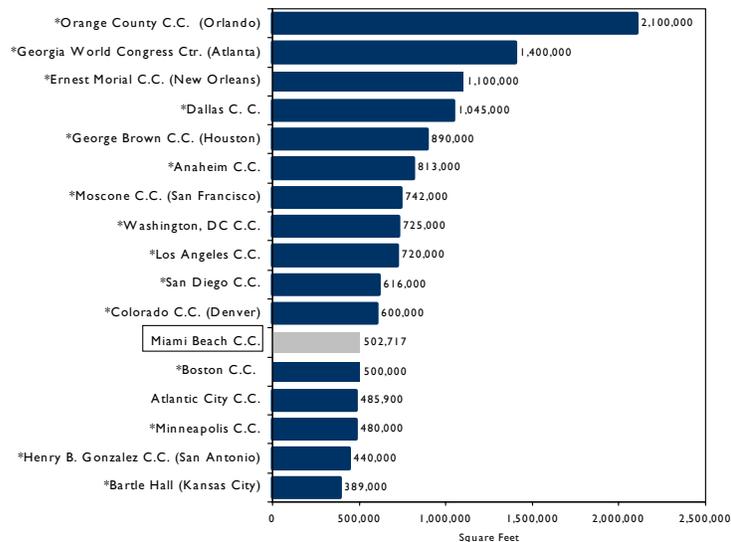
comparable and competitive markets and facilities has been assembled. These facilities include:

- | | |
|---|--------------------------------------|
| Anaheim Convention Center | Los Angeles Convention Center |
| Atlantic City Convention Center | Miami Beach Convention Center |
| Bartle Hall Conv. Ctr. (Kansas City) | Minneapolis Convention Center |
| Boston Convention Center | Morial Conv. Ctr. (New Orleans) |
| Colorado Convention Center | Moscone Conv. Ctr. (San Francisco) |
| Dallas Convention Center | Orange County Conv. Ctr. (Orlando) |
| George R. Brown Conv. Ctr. (Houston) | San Diego Convention Center |
| Georgia World Congress Ctr. (Atlanta) | Washington, DC Convention Center |
| Henry Gonzalez Conv. Ctr. (San Antonio) | |

Exhibit Space

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 that is column-free or with minimal columns, has high ceilings, utility grids and other such amenities. Gross space refers to the total area that can be used for exhibits, and often includes surrounding areas such as lobbies, meeting space, ballrooms and other such space. Exhibit IV-1 shows the amount of prime square footage available among the set of 16 large competitive and comparable facilities reviewed.

Exhibit IV-1
Comparison of Prime Exhibit Space
Primary Convention Facilities



* Includes planned/new space
Source: Interviews with facility management, 2001.

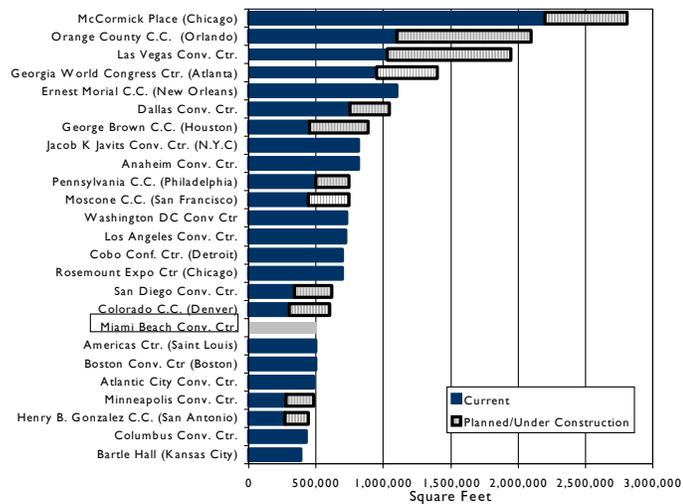


The level of prime exhibit space is broadly distributed among the centers, ranging from a high of 2.1 million square feet at the Orange County Convention Center in Orlando to 389,000 square feet at the Bartle Hall Convention Complex in Kansas City. The 502,717 square feet of exhibit space incorporated at the Miami Beach Convention Center ranks near the top of the second tier of competitive and comparable facilities reviewed. The average prime exhibit space at competitive and comparable facilities either currently available or being planned is approximately 800,000 square feet, a number influenced by the very large amount of space offered at the largest few facilities.

As presented, 15 of the facilities reviewed have recently expanded or are currently planning facility expansion. The largest expansion is occurring at the Orange County Convention Center in Orlando, Florida. The facility is adding an additional 1.2 million square feet of exhibit and meeting space. The purpose of the expansion is to enable the facility to accommodate simultaneous large events.

For broader comparison purposes, Exhibit IV-2 presents the prime exhibit space offered at the largest 25 convention centers in the United States.

Exhibit IV-2
Comparison of Prime Exhibit Space -
Largest 25 Convention Centers



Source: Tradeshow Week's Major Exhibit Hall Directory, 2001.

As the exhibit shows, the current Miami Beach Convention Center ranks in the lower tier of the top 25 convention centers nationwide in terms of exhibit space, with 500,000



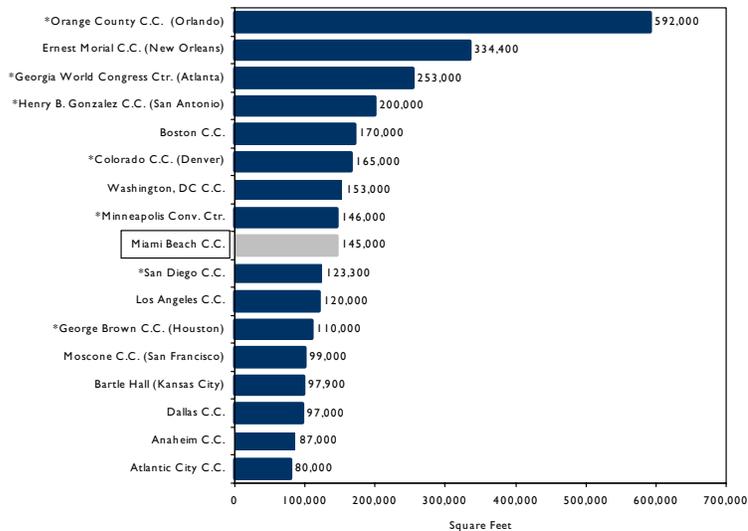
square feet. The McCormick Place in Chicago offers the most prime exhibit space, with approximately 2.8 million square feet. The Bartle Hall Convention Complex in the Kansas City Convention Center offers the least such space, with approximately 389,000 square feet. Fifteen of the largest 25 convention centers are either presently expanding or planning major expansions to their facility.

Meeting and Ballroom/General Session Space

Sufficient modern meeting and ballroom/general session space is very important in attracting and accommodating events in the convention, conference and meetings industry. Event organizers see it as an important factor in their selection of host cities. Meeting space is typically highly flexible (sub-divisible) with high-end acoustics, event technology and separate service corridor access.

Exhibit IV-3 compares the square feet of convention center meeting space offered at the primary competitive and comparable facilities.

Exhibit IV-3
Comparison of Meeting Space
Primary Convention Facilities



* Includes planned space
Source: Interviews with facility management, 2001.

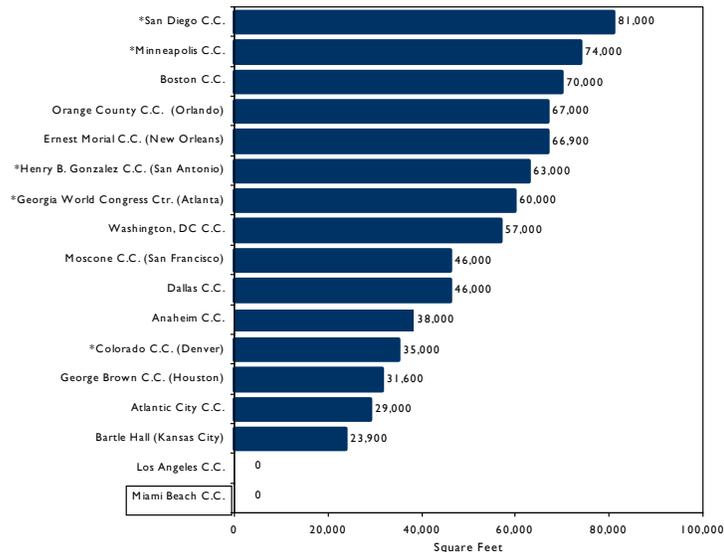


As presented in the exhibit, the amount of meeting space offered in competitive and comparable facilities ranges from approximately 80,000 square feet in Atlantic City, New Jersey to 592,000 square feet in Orlando, Florida. The 145,000 square feet incorporated at the Miami Beach Convention Center ranks at the middle of the facility set, corresponding closely with the exhibit space ranking.

Ballroom/general session space is also an important characteristic that event planners review when selecting a potential facility. Planners have increasingly placed a premium on such space in their selection of host cities. In general, traditional ballroom/general session space is desirable in that it tends to keep event delegates in the convention center during large assembly and food function periods. Further, adjacent hotel ballrooms may be occupied with unrelated events that may prevent their use by convention center events. Development of dedicated, state-of-the-art ballroom/general session space has taken place in many recently-built centers, while many older centers do not offer dedicated ballroom/general session space.

Exhibit IV-4 below compares the square footage of convention center ballroom/general session space among the primary competitive and comparable facility set.

Exhibit IV-4
Comparison of Ballroom/General Session Space
Primary Convention Facilities



* Includes planned space
 Source: Interviews with facility management, 2001.



The San Diego Convention Center offers the largest amount of dedicated ballroom/general session square footage among all the facilities reviewed at approximately 81,000 square feet. The amount of ballroom/general session space offered at the competitive and comparable primary convention facilities reviewed varies widely, averaging just over 46,000 square feet.

As the MBCC presently lacks dedicated ballroom/general session space, large assemblies and food functions are often held in the facility's exhibit halls in addition to its meeting space. Relative to other state-of-the-industry convention centers, the MBCC's lack of a dedicated space to accommodate general assemblies and food functions places it at a competitive disadvantage. As will be shown in a subsequent chapter, the vast majority of convention planners prefer or require dedicated ballroom and general session space.

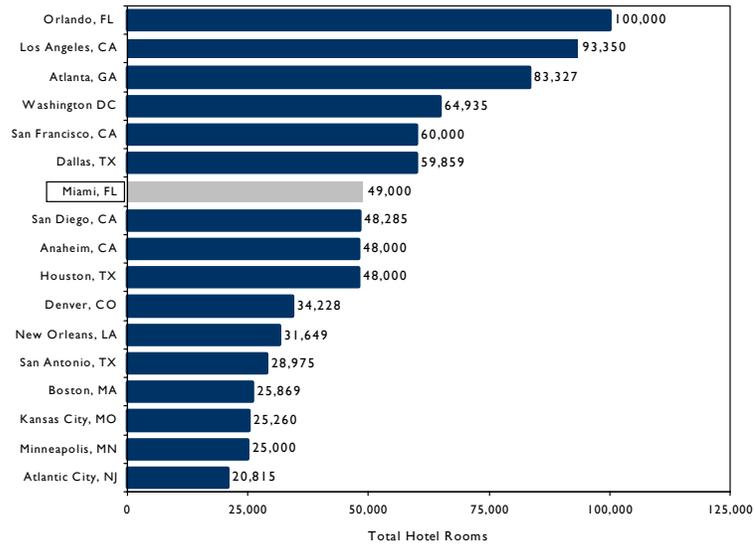
Hotel Characteristics

The availability of hotel rooms to serve the requirements of the convention industry is a critical factor in the success of a public assembly facility. The inventory of hotel rooms in a community is measured in many different ways including:

- total inventory of rooms;
- inventory of convention-quality rooms;
- inventory of committable rooms (rooms that hotels will commit for an event);
- rooms within walking distance;
- headquarters hotel rooms; and
- other such measures.

For purposes of this analysis, the total inventory of rooms within each of the competitive and comparable markets and the hotel rooms at headquarters hotel(s) has been assembled. Exhibit IV-5 on the following page details the range of total available hotel rooms in each of the markets.

Exhibit IV-5 Comparison of Total Hotel Rooms Primary Convention Markets



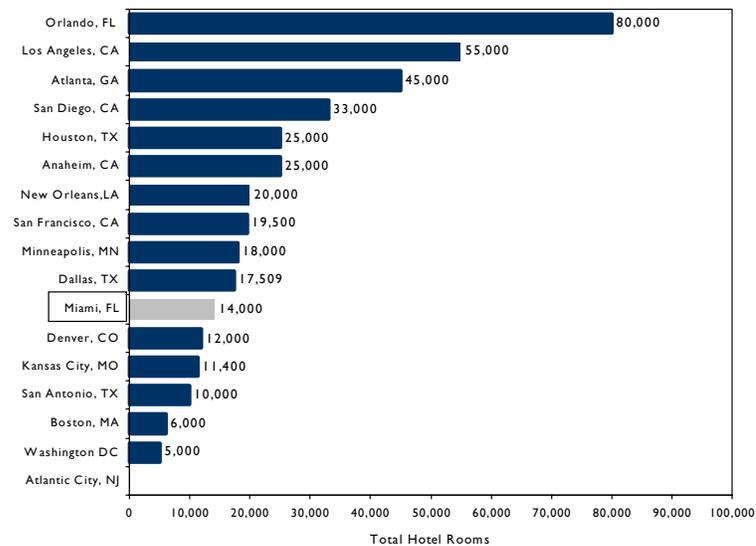
Source: Interviews with Convention and Visitors Bureaus.

As shown in the exhibit, there is a wide range in the number of hotel rooms in the markets reviewed, with Orlando, Florida offering the greatest hotel inventory at approximately 100,000 total rooms market-wide. The approximate 49,000 total hotel rooms available in the Destination ranks approximately at the middle of the competitive/comparable set. Atlantic City, New Jersey ranks last, offering just under 21,000 rooms.

An important aspect in attracting convention, conference and trade show events is the availability of *committable convention-quality* hotel rooms in the local market and, specifically, those close to the center. In general, the industry market share gained by a facility cannot expand beyond the capacity of the hotel base.

Exhibit IV-6 below presents the total committable hotel rooms in the community for the same selected group of cities.

Exhibit IV-6
Total Committable Hotel Rooms in Community
Primary Convention Markets



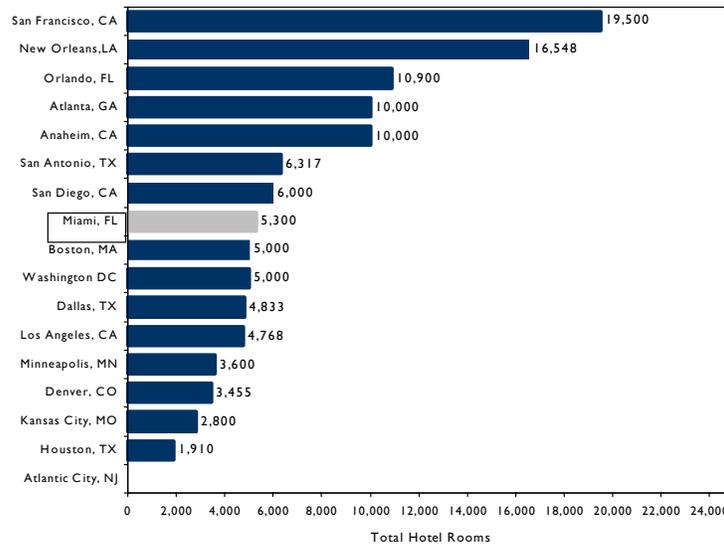
Source: Interviews with Convention and Visitors Bureaus.

As shown, there is significant variance among the communities reviewed. Once again, Orlando, Florida ranks first, offering a total of 80,000 committable rooms. The average number of committable rooms for those cities reviewed is approximately 25,000. This compares to the approximate 14,000 committable rooms found in Miami.



Exhibit IV-7 below further segments the previous data into total committable hotel rooms *within one mile* of the convention center.

Exhibit IV-7
Committable Hotel Rooms Within One Mile of Convention Center
Primary Convention Markets

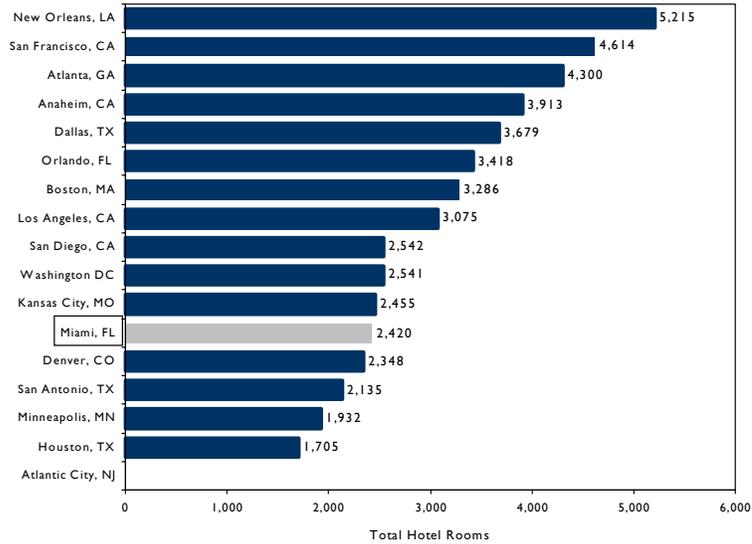


Source: Interviews with Convention and Visitors Bureaus.

As shown, San Francisco, California ranks first among the comparable/competitive set, with approximately 19,500 committable rooms within a mile of the Moscone Convention Center. The average of those markets reviewed is approximately 7,200. This compares to the 5,300 committable rooms found within one mile of the Miami Beach Convention Center, which ranks toward the middle of the comparable/competitive set. Although there are a considerable number of hotel rooms within the immediate area of the MBCC, the large number of properties required to assemble a large block works to a disadvantage for the CVB in booking major events.

Exhibit IV-8 on the following page illustrates the total number of hotel rooms of the three largest hotels within one mile of each market's primary convention center.

Exhibit IV-8
Total Hotel Rooms of Three Largest Hotels
Within One Mile of Convention Center -
Primary Convention Markets



Source: Interviews with Convention and Visitors Bureaus.

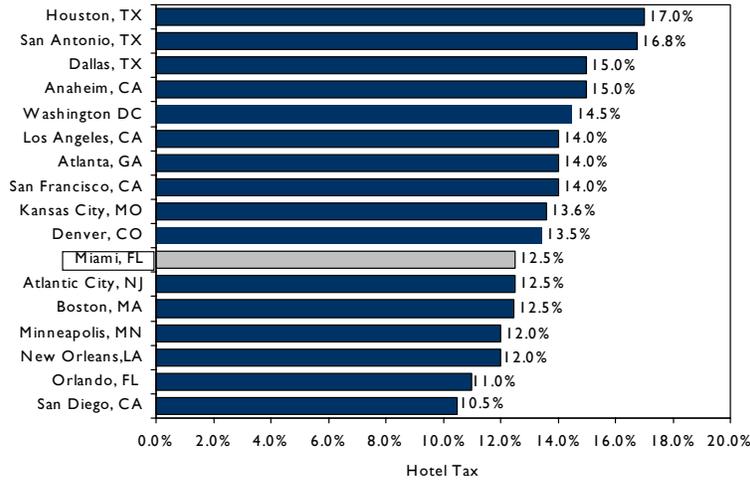
The three largest hotels near the Miami Beach Convention Center offer a total of approximately 2,400 rooms. New Orleans, Louisiana offers more than twice as many such rooms, with over 5,200. The average market reviewed offers approximately 3,100 hotel rooms at the three largest hotels near its primary convention facility.

Hotel Room Tax Rate

In addition to hotel room availability, the total tax charged on hotel rooms is a factor that association meeting planners can consider when making their site selection. A location with taxes on rooms that are considerably higher than competitive and comparable cities can negatively impact the likelihood of the selection of the particular location. Exhibit IV-9 on the following page provides a summary of hotel room tax rates among the primary competitive and comparable markets reviewed.



**Exhibit IV-9
Comparison of Hotel Tax Rates -
Primary Convention Markets**



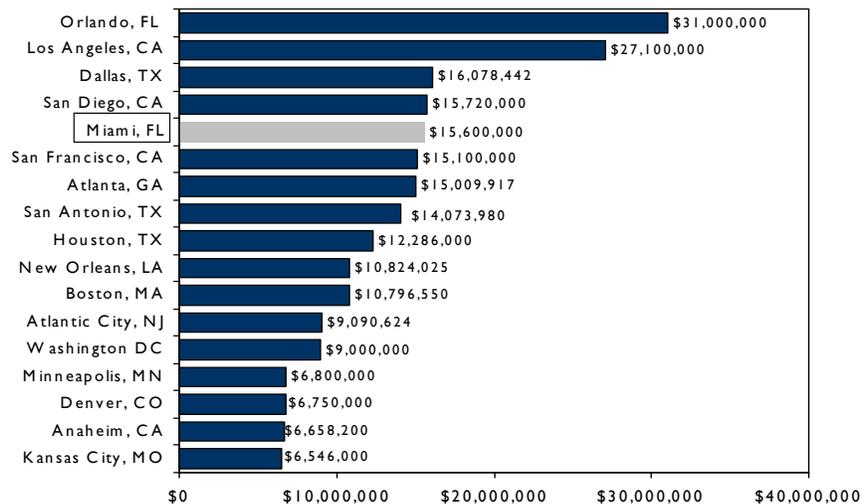
Source: Interviews with Convention and Visitors Bureaus, 2001.

Of the competitive and comparable markets reviewed, Miami Beach (as well as downtown Miami) possesses a total effective hotel tax rate of 12.5 percent, ranking below the 13.5 percent average of the competitive and comparable markets reviewed. Houston, Texas has the highest hotel tax rate, currently at 17 percent. The lowest such rate of the cities analyzed is 10.5 percent, charged in San Diego, California.

Convention and Visitors Bureau Annual Budgets

Exhibit IV-10 below presents a summary of the annual convention & visitors bureau (CVB) budgets for the comparable communities reviewed.

Exhibit IV-10
Comparison of Convention and Visitors Bureau
Annual Budgets - Primary Convention Markets



Source: Interviews with Convention and Visitors Bureaus, 2001.

As shown, the CVB expenditures in Miami are at the high end of the reviewed set at approximately \$15.6 million per annum, and are reflective of the importance of tourism and convention activity to the South Florida economy. CVB expenditures in Orlando, Florida are presently the highest at approximately \$31 million. Kansas City, Missouri has the smallest annual budget of the competitive and comparable set reviewed, with approximately \$6.5 million. In many cases, Bureau marketing expenditures have been increased to assist in the marketing and sales effort associated with early year marketing of new/improved convention facilities.

Secondary Convention Facilities

In effort to make comparisons between Miami's smaller convention facilities (the Miami Beach Convention Center / Knight Center and the Coconut Grove Convention Center), a second set of 19 comparable and competitive facilities has been assembled.

Nineteen secondary convention facilities were reviewed for this study including:

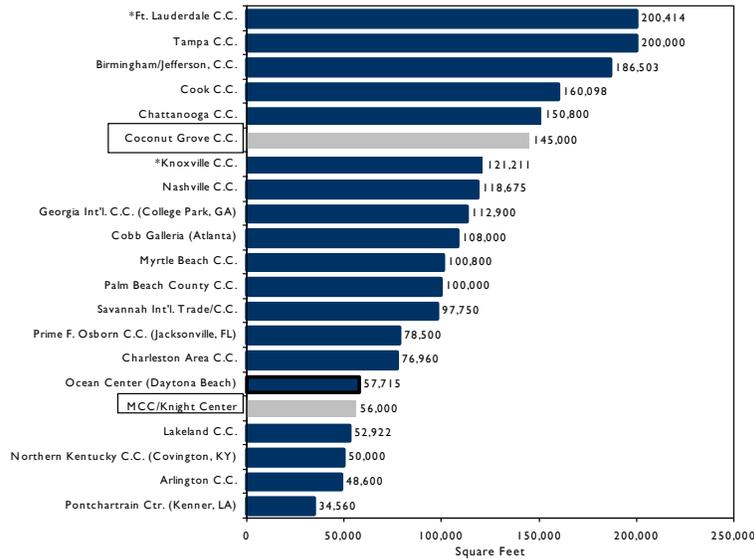
Arlington Convention Center	Myrtle Beach Convention Center
Birmingham/Jefferson C.C.	Nashville Convention Center
Charleston Area Convention Center	Northern Kentucky C.C. (Covington, KY)
Chattanooga Convention Center	Ocean Center (Daytona Beach)
Cobb Galleria (Atlanta)	Palm Beach County Convention Center
Memphis-Cook County C.C.	Pontchartrain Ctr. (Kenner, LA)
Ft. Lauderdale Convention Center	Prime F. Osborn C.C. (Jacksonville, FL)
Georgia Int'l. C.C. (College Park, GA)	Savannah Int'l. Trade/C.C.
Knoxville Convention Center	Tampa Convention Center
Lakeland Convention Center	

Five of the secondary convention facilities reviewed, as well as the Coconut Grove Convention Center and the MCC, are located within markets that already possess a primary convention facility. These are the Arlington Convention Center, Cobb Galleria, Georgia International Convention Center, Northern Kentucky Convention Center and the Pontchartrain Center.

Exhibit Space

Exhibit IV-11 on the following page shows the amount of prime square footage available among the set of 21 small competitive and comparable markets/facilities (including the MCC/Knight Center and the CGCC).

Exhibit IV-11
Comparison of Prime Exhibit Space –
Secondary Convention Facilities



* Includes planned space.
 Source: Interviews with facility management, 2001.

The level of prime exhibit space is broadly distributed among the centers, ranging from a high of just over 200,000 square feet in Fort Lauderdale, Florida to approximately 35,000 square feet at the Pontchartrain Center in Kenner, Louisiana. The average prime exhibit space at competitive and comparable facilities either currently available or being planned is approximately 107,000. The 145,000 square feet of exhibit space incorporated at the Coconut Grove Convention Center ranks toward the top of the reviewed competitive and comparable facilities. However, as previously indicated, the space offered at Coconut Grove is generally not consistent with traditional state-of-the-industry convention centers. The MCC/Knight Center offers 56,000 square feet of such space, ranking it in the lower half of the facilities reviewed.

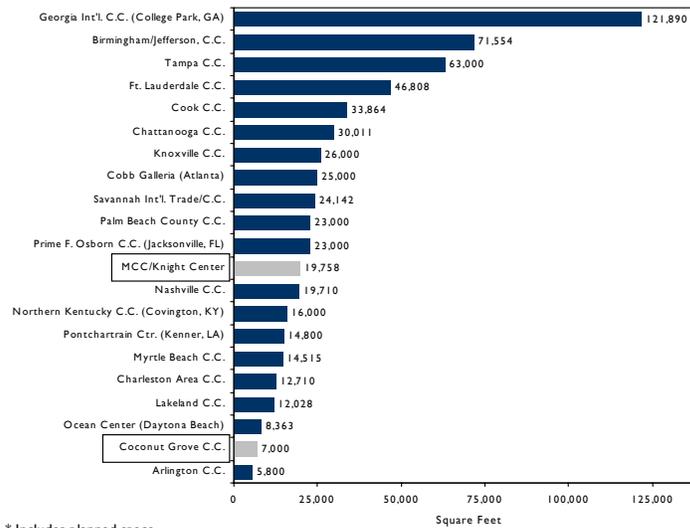
The two facilities in the Atlanta area draw from a significant corporate base (approximately 2.5 times larger than Miami's base). These centers average 110,000 square feet of exhibit space. The other three facilities that are located in markets with a primary convention facility have an exhibit space average of approximately 44,000 square feet.



Meeting/Ballroom Space

Exhibit IV-12 below compares the square feet of convention center meeting space offered at the secondary set of competitive and comparable facilities.

Exhibit IV-12
Comparison of Meeting Space –
Secondary Convention Facilities



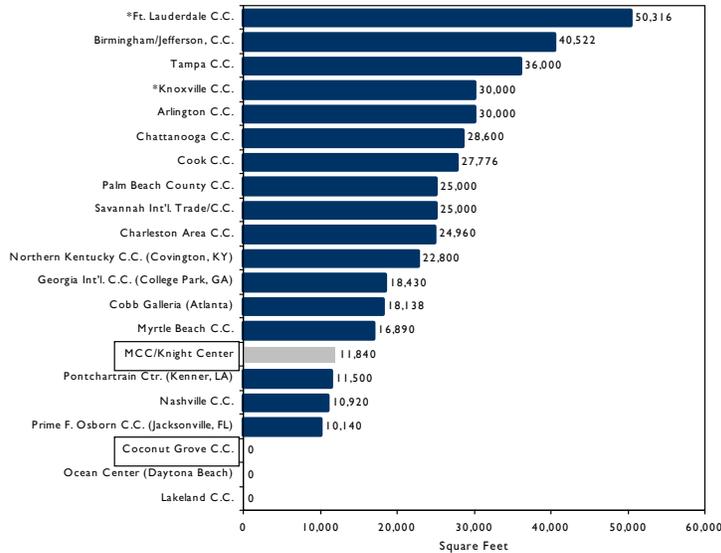
* Includes planned space.
Source: Interviews with facility management, 2001.

As presented in the exhibit, the amount of meeting space offered in the secondary competitive and comparable facilities ranges from approximately 122,000 square feet at the Georgia International Convention Center in College Park, Georgia, to 5,800 square feet in Arlington, Texas, with the average facility offering approximately 29,000 square feet of exhibit space. This compares to the 19,700 square feet incorporated at the MCC/Knight Center and 7,000 square feet at the Coconut Grove Convention Center, both ranking in the lower tier of the facility set.



Exhibit IV-13 below compares the square footage of convention center ballroom space among the secondary competitive and comparable facility set.

Exhibit IV-13
Comparison of Ballroom Space –
Secondary Convention Facilities

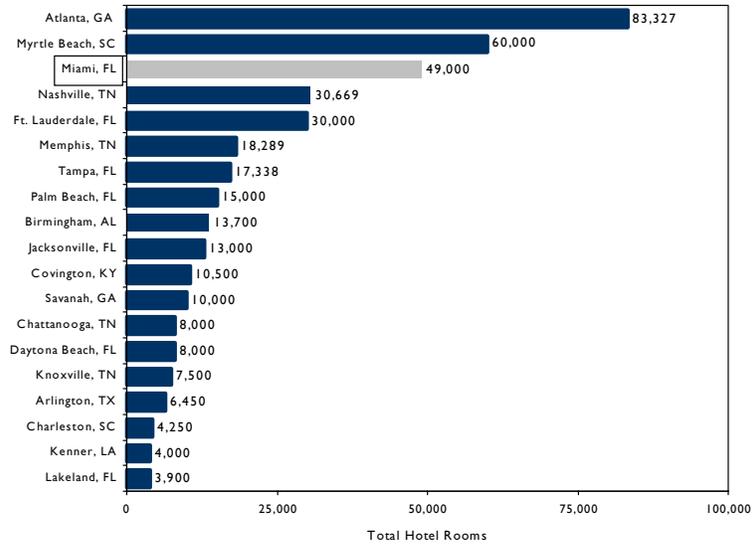


* Includes planned space.
Source: Interviews with facility management, 2001.

The Fort Lauderdale Convention Center offers the largest amount of dedicated ballroom square footage among all the facilities reviewed at approximately 50,000 square feet. The MCC/Knight Center offers nearly 12,000 square feet of ballroom space, while the Coconut Grove Convention Center currently does not integrate any dedicated ballroom space (along with two other facilities). The average facility reviewed offers approximately 24,000 square feet of dedicated ballroom space.

Exhibit IV-14 details the range of total available hotel rooms in each of the analyzed markets.

Exhibit IV-14
Available Hotel Rooms –
Secondary Convention Markets

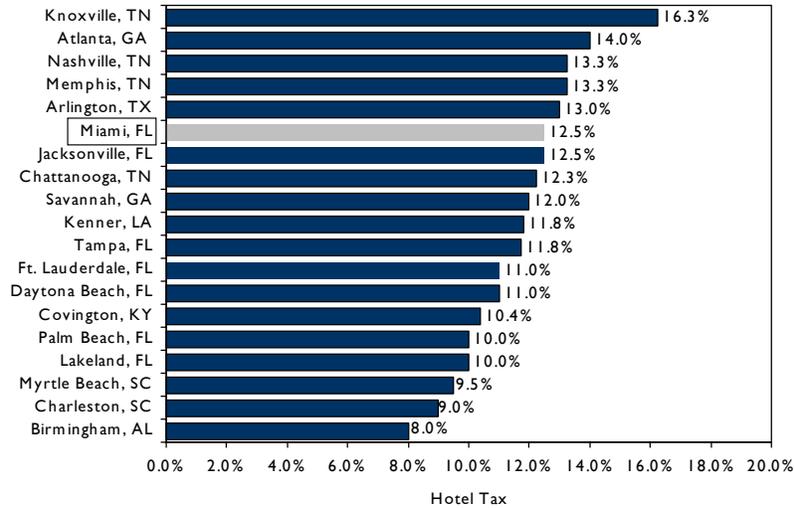


Source: Interviews with Convention and Visitors Bureaus, 2001.

As shown in the exhibit, there is a wide range in the number of hotel rooms in the markets reviewed, with Atlanta, Georgia offering the greatest hotel inventory at approximately 83,000 rooms. The approximate 49,000 total hotel rooms available in Miami ranks third among the secondary competitive/comparable set. Ranking last is Lakeland, Florida, offering just 3,900 rooms. The average number of rooms offered is approximately 20,700.

Exhibit IV-15 below provides a summary of hotel room tax rates among the secondary competitive and comparable markets reviewed.

Exhibit IV-15
Comparison of Hotel Tax Rates –
Secondary Convention Markets



Source: Interviews with Convention and Visitors Bureaus, 2001.

Of the competitive and comparable markets reviewed, downtown Miami possesses a total effective hotel tax rate of 12.5 percent, ranking above the average competitive and comparable markets reviewed, which approximates 11.7 percent. Knoxville, Tennessee has the highest hotel tax rate, currently at 16.3 percent. The lowest such rate of the cities analyzed is eight percent, charged in Birmingham, Alabama.



V. CONVENTION DESTINATION ANALYSIS

Offering a well-balanced inventory of centers that accommodate the smallest meeting up to major convention/trade events is important for generating significant economic impact and in serving the public facility needs of a community. Within the Destination, and in the various comparable communities, there are a variety of public and private facilities that cater to the convention, trade and meetings event market. The purpose of this section is to evaluate whether or not there are event segments that cannot be accommodated by the existing public and private event facilities within the Destination.

An evaluation of the inventory of convention, trade and meeting facilities can provide an indication as to any “gaps” in the facility inventory within the Destination. Specific markets evaluated include:

- Orlando, Florida
- San Francisco, California
- San Diego, California
- Atlanta, Georgia
- Minneapolis, Minnesota
- Denver, Colorado
- New Orleans, Louisiana
- Miami, Florida

Specific findings developed from this inventory analysis are presented below:

Orlando, Florida

Orlando facilities with 70,000 or more square feet of *total sellable* space (exhibit, meeting and ballroom) have been identified and are presented below.

<u>Facility</u>	<u>Total Sellable Square Feet</u>
1 Orange County Convention Center	2,759,000
2 Opryland Hotel Florida	400,000
3 Walt Disney World Swan & Dolphin	250,000
4 Renaissance Orlando Resort & Sea World	185,000
5 Orlando World Center	160,000
6 Rosen Centre	106,000
7 Disney's Coronado Springs Resort	95,000
8 Wyndham Palace Resort	90,000
9 Orlando Marriott Downtown	85,000
10 Disney's Contemporary Resort	76,000

As shown, the Orlando area possesses a total of 10 convention facilities with more than 70,000 square feet of total sellable space. The Orange County Convention Center offers the most such space, with 2.8 million total sellable square feet. The planned Opryland Hotel Florida ranks second, offering 400,000 square feet of total sellable space.

Facilities with more than 50,000 square feet of *contiguous* space are presented in the chart below.

<u>Facility</u>	<u>Largest Contiguous Space</u>
1 Orange County Convention Center	1,100,000
2 Opryland Hotel Florida	179,500
3 Disney's Coronado Springs Resort	60,000
4 Walt Disney World Swan & Dolphin	55,000
5 Orlando World Center	51,000

As presented in the above chart, the Orlando area possesses five facilities offering more than 50,000 square feet of contiguous space. The Orange County Convention Center offers the most such space, with 1.1 million square feet.

Exhibit V-I presents a summary of the inventory of convention facilities in Orlando's proximate region.

**Exhibit V-I
Inventory of Convention Facilities
in Proximate Region - Orlando, FL**



- Primary Convention Center is the Orange County Convention Center
- Three Major Convention Centers in Market Within 80 Miles

<u>Facility</u>	<u>Exhibit Space</u>
Orange County CC*	2,100,000 sq. ft.
Tampa CC	200,000 sq. ft.
Lakeland Center	<u>83,000 sq. ft.</u>
Total Exhibit Space	2,383,000 sq. ft.

80 Mile Radius

* Includes planned space

Note: Facilities include prime exhibit space convention centers with 75,000 sq. ft. or more

As shown, there are three major convention centers within an 80-mile radius of Orlando: the Orange County Convention Center, Tampa Convention Center, and the Lakeland Center. These facilities offer a total of approximately 2.4 million square feet of total cumulative exhibit space.

San Francisco, California

San Francisco facilities with 70,000 or more square feet of *total sellable* space (exhibit, meeting and ballroom) have been identified and are presented below.

<u>Facility</u>	<u>Total Sellable Square Feet</u>
1 Moscone Convention Center	887,000
2 Concourse Exhibition Center	125,000
3 Cow Palace	307,000
4 Hilton San Francisco	160,000
5 San Mateo County Expo	195,000
6 San Francisco Marriott Downtown	96,000

As shown, the San Francisco area possesses a total of six convention facilities with more than 70,000 square feet of total sellable space. The Moscone Convention Center offers the most such space, with 887,000 square feet of total sellable space. The Concourse Exhibition Center ranks second, offering 125,000 square feet of total sellable space.

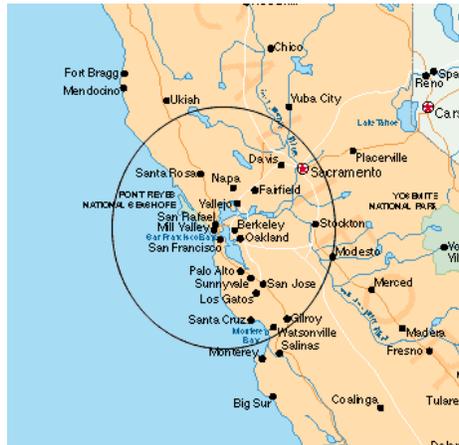
Facilities with more than 50,000 square feet of *contiguous* space are presented in the chart below.

<u>Facility</u>	<u>Largest Contiguous Space</u>
1 Moscone Convention Center	243,000
2 Concourse Exhibition Center	125,000
3 San Mateo County Expo Center	105,000
4 Cow Palace	62,000

As presented above, the San Francisco area possesses four facilities offering more than 50,000 square feet of contiguous space. The Moscone Convention Center offers the most such space, with 243,000 square feet. The Cow Palace offers the least amount of contiguous space, with 62,000 square feet.

Exhibit V-2 presents a summary of the inventory of convention facilities in San Francisco's proximate region.

Exhibit V-2
Inventory of Convention Facilities
in Proximate Region - San Francisco, CA



80 Mile Radius

- Primary Convention Center is the Moscone Convention Center
- Four Major Convention Centers in Market Within 80 Miles

<u>Facility</u>	<u>Exhibit Space</u>
Moscone CC	742,000 sq. ft.
San Jose CC	143,000 sq. ft.
Sacramento CC	134,000 sq. ft.
Santa Clara CC	100,000 sq. ft.
Total Exhibit Space	1,119,000 sq. ft.

Note: Facilities include prime exhibit space convention centers with 75,000 sq. ft. or more

As shown, there are four major convention centers within an 80-mile radius of San Francisco: the Moscone Convention Center, San Jose Convention Center, Sacramento Convention Center and the Santa Clara Convention Center. These facilities offer a total of approximately 1.1 million square feet of total cumulative exhibit space.



San Diego, California

San Diego facilities with 70,000 or more square feet of *total sellable* space (exhibit, meeting and ballroom) have been identified and are presented below.

<u>Facility</u>	<u>Total Sellable Square Feet</u>
1 San Diego Convention Center	820,000
2 Town and Country Resort & Convention Center	122,000
3 San Diego Sports Arena	112,000
4 San Diego Marriott Hotel and Marina	83,000

The San Diego area possesses a total of four convention facilities with more than 70,000 square feet of total sellable space, two of which are public. The San Diego Convention Center offers the most such space, with 820,000 square feet of total sellable space. The Town and Country Resort and Convention Center ranks second, offering 122,000 square feet of total sellable space.

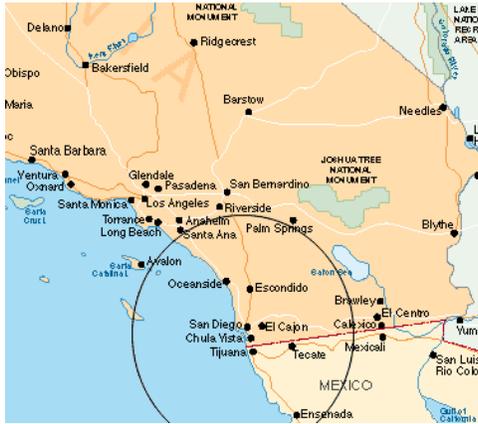
Facilities with more than 50,000 square feet of *contiguous* space are presented in the chart below.

<u>Facility</u>	<u>Largest Contiguous Space</u>
1 San Diego Convention Center	526,000
2 San Diego Sports Arena	112,000

As presented above, the San Diego area possesses two facilities offering more than 50,000 square feet of contiguous space. The San Diego Convention Center offers the most such space, with 526,000 square feet.

Exhibit V-3 presents a summary of the inventory of convention facilities in San Diego's proximate region.

Exhibit V-3
Inventory of Convention Facilities
in Proximate Region - San Diego, CA



- Primary Convention Center is the San Diego Convention Center
- One Major Convention Center in Market Within 80 Miles

<u>Facility</u>	<u>Exhibit Space</u>
San Diego CC	616,000 sq. ft.

- Anaheim CC, Los Angeles CC, Long Beach CC and Palm Springs CC are all located within 100 miles of San Diego

Note: Facilities include prime exhibit space convention centers with 75,000 sq. ft. or more

As shown, there is only one convention center within an 80-mile radius of San Diego, the San Diego Convention Center, which offers a total of approximately 616,000 square feet of total cumulative exhibit space. However, there are four convention centers within 100 miles of San Diego, the Anaheim Convention Center, Los Angeles Convention Center, Long Beach Convention Center and the Palm Springs Convention Center.

Atlanta, Georgia

Atlanta facilities with 70,000 or more square feet of *total sellable* space (exhibit, meeting and ballroom) have been identified and are presented below.

<u>Facility</u>	<u>Total Sellable Square Feet</u>
1 Georgia World Congress Center	1,713,000
2 Atlanta Expo Center	366,000
3 Hyatt Regency Atlanta	224,000
4 Cobb Galleria	166,000
5 Atlanta Marriott Marquis	161,000
6 North Atlanta Trade Center	126,000
7 Georgia Dome	108,000
8 Hilton Atlanta	104,000

As shown, the Atlanta area possesses a total of eight convention facilities with more than 70,000 square feet of total sellable space. The Georgia World Congress Center offers the most such space, with 1.7 million square feet of total sellable space. The Atlanta Expo Center ranks second, offering 366,000 square feet of total sellable space.

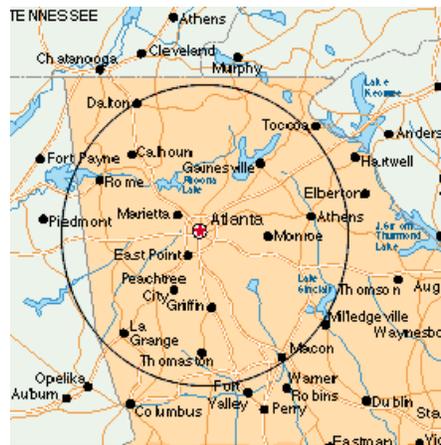
Facilities with more than 50,000 square feet of *contiguous* space are presented in the chart below.

<u>Facility</u>	<u>Largest Contiguous Space</u>
1 Georgia World Congress Center	608,000
2 Atlanta Expo Center	205,000
3 Cobb Galleria	144,000
4 North Atlanta Trade Center	120,000
5 Georgia Dome	108,000

As presented above, the Atlanta area possesses five facilities offering more than 50,000 square feet of contiguous space. The Georgia World Congress Center offers the most such space, with 608,000 square feet.

Exhibit V-4 presents a summary of the inventory of convention facilities in Atlanta's proximate region.

Exhibit V-4
Inventory of Convention Facilities
in Proximate Region - Atlanta, GA



80 Mile Radius

- Primary Convention Center is the Georgia World Congress Center
- Three Major Convention Centers in Market Within 80 Miles

<u>Facility</u>	<u>Exhibit Space</u>
Georgia World CC	1,400,000 sq. ft.
Cobb Galleria	144,000 sq. ft.
Georgia Int'l CC	<u>112,000 sq. ft.</u>
Total Exhibit Space	1,656,000 sq. ft.

Note: Facilities include prime exhibit space convention centers with 75,000 sq. ft. or more

As shown, there are three major convention centers within an 80-mile radius of Atlanta: the Georgia World Congress Center, Cobb Galleria, and the Georgia International Convention Center. These facilities offer a total of approximately 1.7 million square feet of total cumulative exhibit space.

Minneapolis/St. Paul, Minnesota

Minneapolis/St. Paul facilities with 70,000 or more square feet of *total sellable* space (exhibit, meeting and ballroom) have been identified and are presented below.

<u>Facility</u>	<u>Total Sellable Square Feet</u>
1 Minneapolis Convention Center	716,000
2 St. Paul RiverCentre	199,000
3 Hyatt Regency Minneapolis	70,000

As shown, the Minneapolis/St. Paul area possesses a total of three convention facilities with more than 70,000 square feet of total sellable space. The Minneapolis Convention Center, currently undergoing expansion, offers the most such space, with 716,000 planned square feet of total sellable space. The St. Paul RiverCentre ranks second, offering 199,000 square feet of total sellable space.

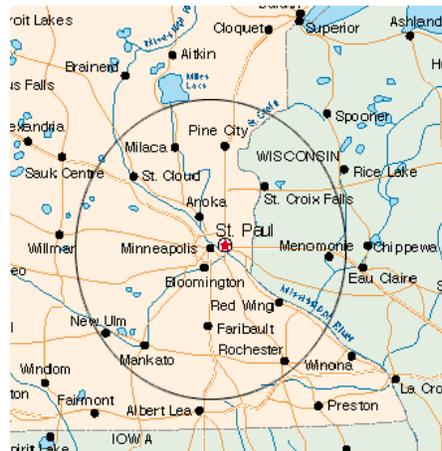
Facilities with more than 50,000 square feet of *contiguous* space are presented below.

<u>Facility</u>	<u>Largest Contiguous Space</u>
1 Minneapolis Convention Center	377,000
2 St. Paul RiverCentre	99,000

As presented above, the Minneapolis/St. Paul area possesses two facilities offering more than 50,000 square feet of contiguous space. The Minneapolis Convention Center offers the most such space, totaling 377,000 square feet.

Exhibit V-5 presents a summary of the inventory of convention facilities in Minneapolis/St. Paul's proximate region.

Exhibit V-5
Inventory of Convention Facilities
in Proximate Region - Minneapolis, MN



80 Mile Radius

- Primary Convention Center is the Minneapolis Convention Center
- Two Major Convention Centers in Market Within 80 Miles

<u>Facility</u>	<u>Exhibit Space</u>
Minneapolis CC	480,000 sq. ft.
RiverCentre	<u>99,000 sq. ft.</u>
Total Exhibit Space	579,000 sq. ft.

Note: Facilities include prime exhibit space convention centers with 75,000 sq. ft. or more

As shown, there are two major convention centers within an 80-mile radius of Minneapolis/St. Paul: the Minneapolis Convention Center and the RiverCentre. These facilities offer a total of approximately 579,000 square feet of total cumulative exhibit space.

Denver, Colorado

Denver area facilities with 70,000 or more square feet of *total sellable* space (exhibit, meeting and ballroom) have been identified.

<u>Facility</u>	<u>Total Sellable Square Feet</u>
1 National Western Complex	600,000
2 Colorado Convention Center	385,000
3 Denver Merchandise Mart	214,000
4 Adam's Mark Denver	109,000

As shown, the Denver area possesses a total of four convention facilities with more than 70,000 square feet of total sellable space. The National Western Complex offers the most such space, with 600,000 square feet of total sellable space. The Colorado Convention Center ranks second, offering 385,000 square feet of total sellable space.

Facilities with more than 50,000 square feet of *contiguous* space are presented in the chart below.

<u>Facility</u>	<u>Largest Contiguous Space</u>
1 Colorado Convention Center	288,000
2 National Western Complex	130,000
3 Denver Merchandise Mart	90,000

As presented above, the Denver area possesses three facilities offering more than 50,000 square feet of contiguous space. The Colorado Convention Center offers the most such space, with 288,000 square feet.

Exhibit V-6 presents a summary of the inventory of convention facilities in Denver's proximate region.

Exhibit V-6
Inventory of Convention Facilities
in Proximate Region - Denver, CO



80 Mile Radius

- Primary Convention Center is the Colorado Convention Center
- One Major Convention Center in Market Within 80 Miles

<u>Facility</u>	<u>Exhibit Space</u>
Colorado CC	600,000 sq. ft.

Note: Facilities include prime exhibit space convention centers with 75,000 sq. ft. or more

As shown, there is one major convention center within an 80-mile radius of Denver, the Colorado Convention Center, which offers approximately 600,000 square feet of total cumulative exhibit space.

New Orleans, Louisiana

New Orleans facilities with 70,000 or more square feet of *total sellable* space (exhibit, meeting and ballroom) have been identified and are presented below.

<u>Facility</u>	<u>Total Sellable Square Feet</u>
1 Ernest N. Morial Convention Center	1,501,000
2 Louisiana Superdome	166,000
3 New Orleans Marriott	114,000
4 Hilton New Orleans Riverside	114,000
5 Sheraton New Orleans	107,000
6 Hyatt Regency New Orleans	86,000

As shown, the New Orleans area possesses a total of six convention facilities with more than 70,000 square feet of total sellable space. The Ernest N. Morial Convention Center offers the most such space, with 1.5 million square feet of total sellable space. The Louisiana Superdome ranks second, offering 166,000 total sellable square feet.

Facilities with more than 50,000 square feet of *contiguous* space are presented in the chart below.

<u>Facility</u>	<u>Largest Contiguous Space</u>
1 Ernest N. Morial Convention Center	1,100,000
2 Louisiana Superdome	166,000

As presented, the New Orleans area possesses two facilities offering more than 50,000 square feet of contiguous space. The Ernest N. Morial Convention Center offers the most such space, with 1.1 million square feet. The Louisiana Superdome incorporates a total of 166,000 square feet of contiguous space.

Exhibit V-7 presents a summary of the inventory of convention facilities in New Orleans's proximate region.

Exhibit V-7
Inventory of Convention Facilities
in Proximate Region - New Orleans, LA



80 Mile Radius

- Primary Convention Center is the Ernest N. Morial Convention Center
- One Major Convention Center in Market Within 80 Miles

<u>Facility</u>	<u>Exhibit Space</u>
Ernest N. Morial CC	1,100,000 sq. ft.

Note: Facilities include prime exhibit space convention centers with 75,000 sq. ft. or more

As shown, there is one major convention center within an 80-mile radius of New Orleans, the Ernest N. Morial Convention Center, which offers a total of approximately 1.1 million square feet of total cumulative exhibit space.

Miami, Florida

First, Destination facilities with 70,000 or more square feet of *total sellable* space (exhibit, meeting and ballroom) have been identified and are listed below.

<u>Facility</u>	<u>Total Sellable Square Feet</u>
1 Miami Beach Convention Center	625,000
2 Fontainebleau Hilton Resort and Towers	188,000
3 Coconut Grove Convention Center	152,000
4 Radisson Mart Plaza Hotel and Radisson Centre	140,000
5 Doral Golf Resort and Spa	100,000
6 Hyatt Regency Miami	100,000
7 Miami Convention Center	87,000
8 Loews Miami Beach	85,000
9 The Biltmore Hotel	76,000
10 Radisson Deauville Resort	75,000
11 Sheraton Bal Harbour Beach Resort	73,000

As shown, there are 11 facilities (public or private) in the greater Miami and Beaches area that offer 70,000 square feet or more of sellable space. These include the large centers and hotels referenced in the preceding pages, plus the Doral Resort, Miami Hyatt, the Loews, the Biltmore and the Radisson Deauville Resort. Among comparable convention markets, Orlando houses 10 such facilities, while Atlanta houses eight. No other destination offers more than six.

Facilities with more than 50,000 square feet of *contiguous* space are presented in the chart below.

<u>Facility</u>	<u>Largest Contiguous Space</u>
1 Miami Beach Convention Center	500,000
2 Coconut Grove Convention Center	150,000
3 Fontainebleau Hilton Resort and Towers	50,000
4 Radisson Mart Plaza	50,000

There are four facilities in the Destination that offer at least 50,000 square feet of contiguous space (the Miami Beach Convention Center, the Coconut Grove Convention Center, the Fontainebleau Hilton and the Radisson Mart Plaza). Only Atlanta and Orlando, with five such centers, house more; and only San Francisco houses as many as four, with all other destinations housing three or less.

Exhibit V-8 presents a summary of the inventory of convention facilities in the Destination's proximate region.

Exhibit V-8
Inventory of Convention Facilities
in Proximate Region - Miami, FL



80 Mile Radius

- Primary Convention Center is the Miami Beach Convention Center
- Three Major Convention Centers in Market Within 80 Miles

<u>Facility</u>	<u>Exhibit Space</u>
Miami Beach CC	503,000 sq. ft.
Ft. Lauderdale CC	200,000 sq. ft.
Palm Beach Cty. CC	<u>100,000 sq. ft.</u>
Total Exhibit Space	803,000 sq. ft.

Note: Facilities include prime exhibit space convention centers with 75,000 sq. ft. or more

As shown, there are three major convention centers within an 80-mile radius of Miami: the Miami Beach Convention Center, Fort Lauderdale Convention Center, and the Palm Beach Convention Center. These facilities offer a total of approximately 803,000 square feet of total cumulative exhibit space.

This analysis provides one indication that there is no current or significant shortfall or gap in the inventory of space offered within the Destination. This is not to say, however, that significant modifications and enhancements to the Destination facility inventory are not supportable. Additional analysis, as summarized in the remainder of this report, will offer critical insight into other facets of the need for exhibit, meeting and ballroom space within the Destination.

VI. ANALYSIS OF PRIMARY MARKET RESEARCH RESULTS

To form a basis for the market analysis, detailed surveys were completed with meeting planners representing several key event segments that have or would potentially utilize facilities within the Destination. This data provides a basis for event utilization and provides detailed facility and amenity characteristics of those events that represent potential usage of Destination facilities. Individual telephone interviews were completed with representatives of national, regional and state associations as well as corporations with major rotating events.

This chapter consists of the following sections:

- Research Methods
- Analysis of National and Regional Association Event Potential
- Analysis of State Association Event Potential
- Analysis of Corporate Event Potential

Research Methods

The survey samples of national, regional and state associations and organizations were selected through information contained in the CINET (Convention Industry NETWORK) database provided by the IACVB (International Association of Convention & Visitors Bureaus) and other industry periodicals including State Associations of the United States.

The sources used to evaluate and quantify the population of events are widely used within the industry and have been used for numerous convention center consulting studies throughout the country. The surveys were conducted to assess the likelihood that event planners would hold an event in the Destination, and to generate information regarding the characteristics and space needs of individual events.

This survey-based technique provides a detailed understanding of potential user needs, their willingness to utilize Destination facilities, as well as overall perceptions of the Destination as a potential host community for their event. In addition to this survey-based technique, the market analysis has been supplemented with data from previous studies, operating results from comparable and competitive facilities and our review of the local market conditions and hotel infrastructure.

Analysis of National and Regional Association Event Potential

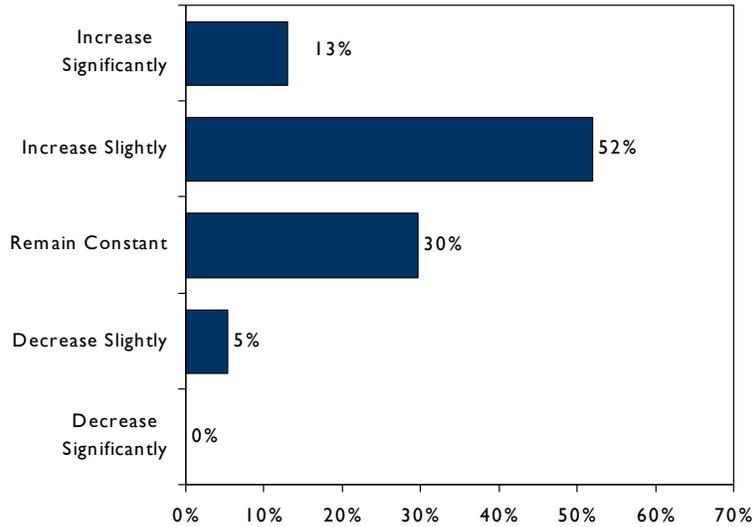
National and regional associations are membership-based organizations that typically have annual conventions that rotate among various cities throughout the country. In particular, it is estimated that as many as 7,000 national and regional associations exist, a large portion of which have rotating annual events. A sample of associations with medium to large-sized events was surveyed via telephone. Only events with at least 25,000 gross square feet of exhibit space, and at least a potential to rotate to South Florida were included in the sample.

The events identified through the national and regional association surveys were analyzed in terms of potential for being held in the Destination and in terms of attributes unique to the event. Some organizers responded negatively to holding events in the Destination. Reasons stated for a lack of interest in using existing or potential Destination convention facilities include: their organization's preference of a more centrally-located facility, preference for hotel facilities, lack of members in the area, and specific rotation policies.

The survey results produced information on the likelihood of national and regional association meeting planners rotating their event to the Destination, as well as specific event characteristics of those events that represent the potential event markets.

In order to identify industry growth, surveyed national and regional association meeting planners were questioned on the anticipated impact on exhibit space for their event over the next five years. These results are summarized on the following page in Exhibit VI-1.

Exhibit VI-I
Anticipated Impact on Exhibit Space Requirements in Five Years
National and Regional Associations

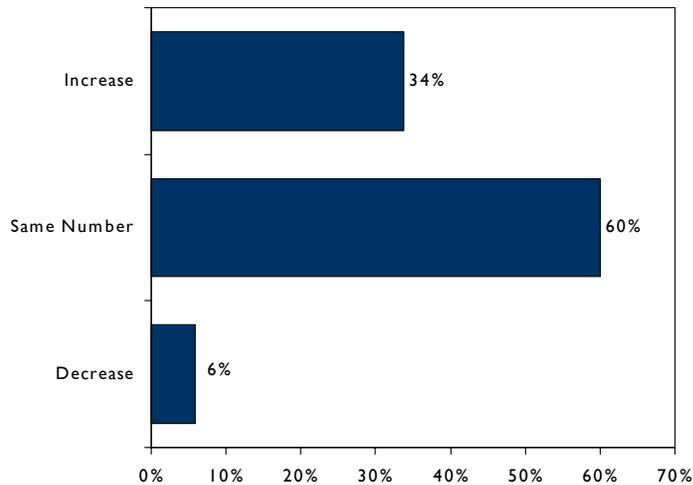


Source: CSL Association Survey, 2001.

As shown, the vast majority of national and regional association event planners expect their event size to either remain constant or increase in the coming five years. Fifty-two percent of those surveyed expect a slight increase over the period, 13 percent predict a significant increase, 30 percent foresee no change, while just five percent expect a slight decrease. Importantly, none of those questioned forecast a significant decrease in the amount of space required for their event five years from now.

National and regional association event planners were also asked to predict the change in terms of number of events hosted by their group over the next five years. Exhibit VI-2 on the following page presents the results.

Exhibit VI-2
Change in Number of Events Hosted in Five Years
National and Regional Associations



Source: CSL Association Survey, 2001.

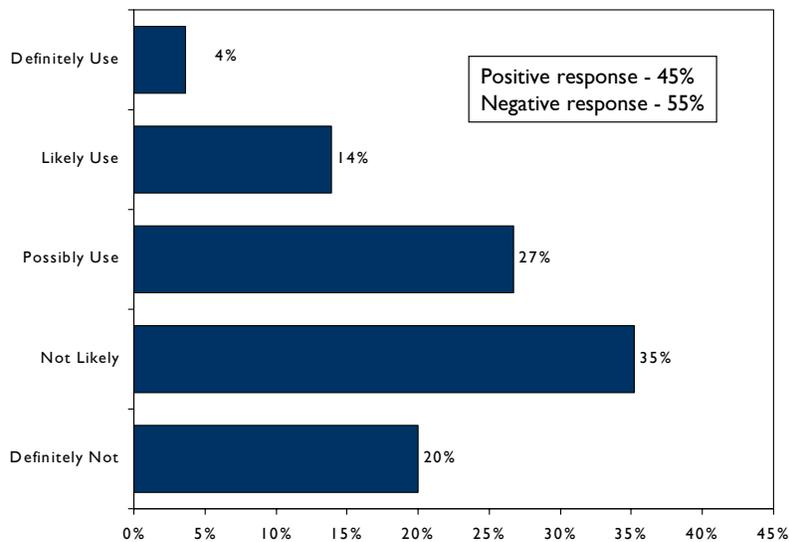
As shown, 34 percent of respondents expect an increase in the number of events hosted by their association in the next five years. Sixty percent expect no change in terms of number of events hosted, while an additional six percent predict the number of events hosted by their association to decrease five years from now.

The data collected throughout this chapter, including Exhibit VI-1 and VI-2, was collected prior to September 11, 2001. The events of that day will have both a short and long term impact on the strengths and characteristics of the industry. Limited research conducted since September 11 indicates two sets of opinions among event planners. Many foresee few long-term event and attendance impacts, with potential increases in facility security arrangements. Other take a wait-and-see attitude, and while not pessimistic, haven't had an event recently that would give them an indication of the impacts. Further research in mid-2002 is suggested to more fully gauge the impacts of the September 11 events.

Results Related to an Interest in Existing/Potential Destination Convention Facilities

National and regional association respondents were asked to indicate the likelihood of their organization using Destination convention facilities, assuming they met the needs of their event. Responses related to national and regional associations surveyed are presented in Exhibit VI-3 on the following page.

Exhibit VI-3
Likelihood of Using Destination Convention Facilities
National and Regional Associations



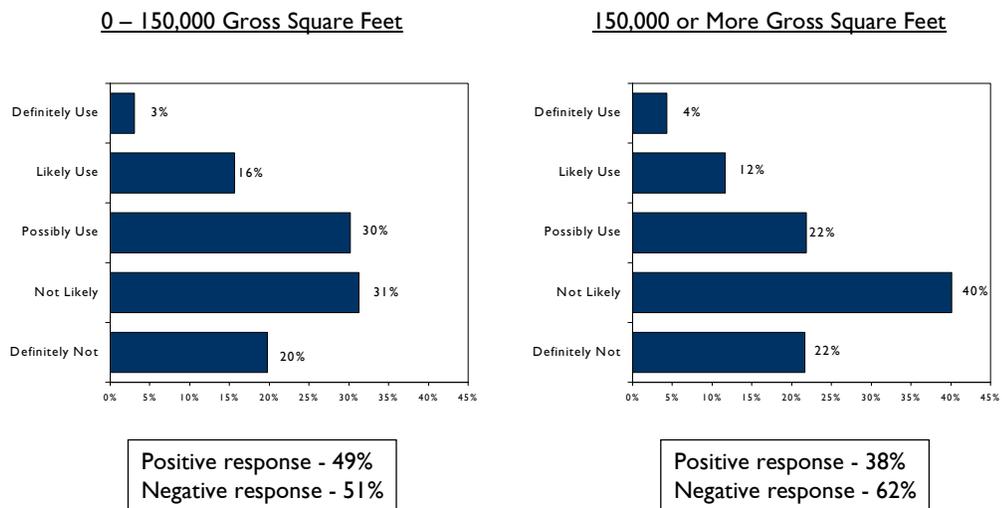
Source: CSL Association Survey, 2001.

Based on survey results, the positive response percentage (“definitely use”, “likely use” and “possibly use”) by national and regional associations with an annual event approximates 45 percent. Of this positive response, four and 14 percent of respondents indicated that their group would “definitely use” and “likely use” Destination convention facilities, assuming the building met their needs of their event. This overall positive response rate is similar to that of comparably-sized destinations across the country. The population of national and regional events represented by this sample is significant (over 1,400), representing a substantial base from which to attract medium and large rotating events. The overall population of national/regional associations is estimated at 7,000, further highlighting the significant base of event activity to market to. Based on a review of historical operations, Miami has hosted numerous national and regional association conventions each year. National and regional

association survey data indicates that future potential exists to increase this market share.

This data was further segmented based on size of the event, specifically whether the event requires more or less than 150,000 gross square feet of exhibit space. The findings are presented in Exhibit VI-4 on the following page.

Exhibit VI-4
Likelihood of Using Destination Facilities
National and Regional Associations



Source: CSL Association Survey, 2001.

As presented above, the positive response rate decreases with increased space requirements. Forty-nine percent of events requiring zero to 150,000 gross square feet of exhibit space responded positively to potentially holding their event in the Destination. However, this figure drops to 38 percent for events requiring 150,001 or more gross square feet of exhibit space. The largest single discrepancy between the two groups lies in those “not likely” to hold an event in the Destination. For those requiring up to 150,000 gross square feet of exhibit space, 31 percent of those surveyed would “not likely” hold their event in the Destination. This compares to the 40 percent of those requiring more than 150,000 square feet who would “not likely” utilize Destination facilities.



This data is indicative of the still-developing nature of the Destination in terms of rotating association and corporate events, particularly larger events. While significant progress has been made to establish the Destination for conventions and trade shows, it will take time for the event planner population to place the Destination on a level with an Orlando, Atlanta or New Orleans. Given the significant increase in visitors to the area, the world-class natural attractions, significant development in the hotel inventory, and an atmosphere for entertainment, it is likely that the profile of the Destination among meeting planners will continue to improve.

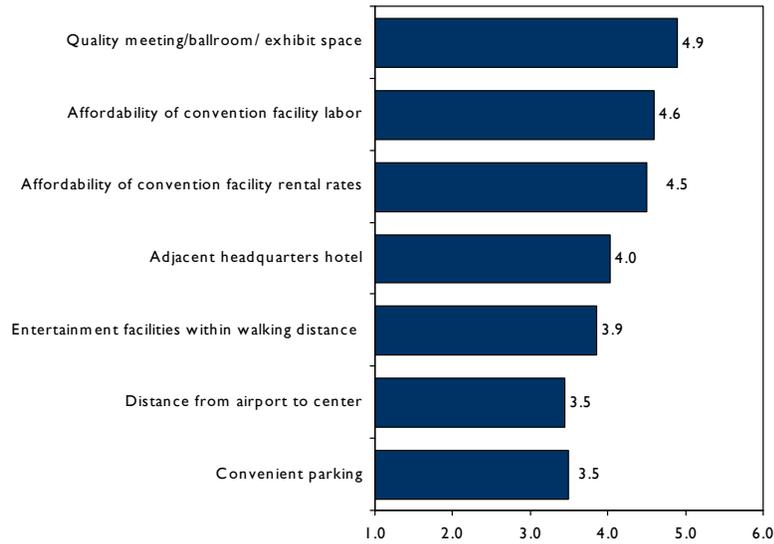
Reasons for Not Considering the Destination

Event planners who indicated that they would not likely utilize Destination convention facilities were asked to expand on reasons for this response. Based on survey results, stated reasons for not likely rotating to the Destination for a future event varied among respondents. There are a variety of reasons given as to why the Destination would not be considered. The most cited reasons include:

- “Hotel facilities are a better fit for our event.”
- “Our association prefers West Coast cities.”
- “Our rotational pattern does not include the Miami area.”
- “Las Vegas is the only city we go to for our annual event.”
- “The Miami market would not be very attractive for our delegates.”
- “We prefer a facility in the north as our annual event is during the summer.”

To understand the importance of specific facility and market-related characteristics, respondents were asked to rate various facility characteristics based on their importance to their group’s event. The scale ranged from one through six, with one being least important and six representing major concerns and/or requirements. Exhibit VI-5 on the following page summarizes the results.

Exhibit VI-5
Respondent Ranking of Convention Center Requirements
National and Regional Associations



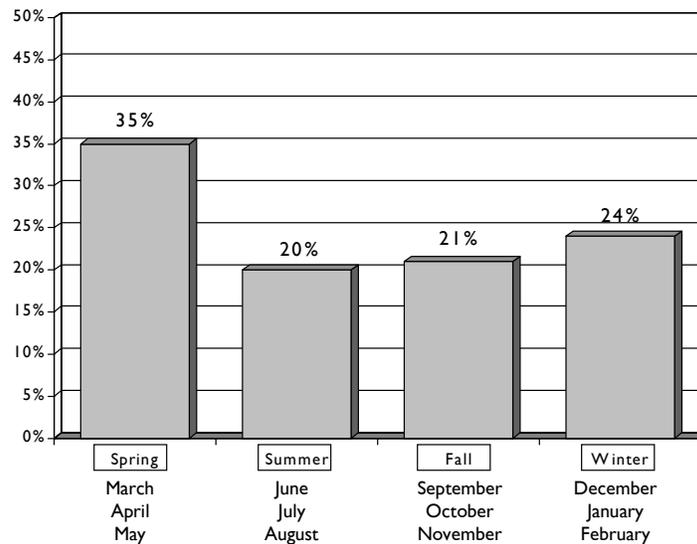
Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

The quality of available space, the affordability of labor and the affordability of facility rental rates were the most cited concerns by national/regional association event planners. Conversely, the distance from the airport to the center, as well as convenient parking are the least important requirements considered in the process of selecting an appropriate host facility.

Seasonal Preference

Rotating events typically have specific preferences and/or requirements regarding the months in which their event can occur. Likewise, associations typically employ a particular rotational policy that allows the event to return to a specific location only after a certain period of time. Exhibit VI-6 presents the seasonality patterns for those national and regional association events that represent the potential demand for the Destination's convention market.

Exhibit VI-6
Convention/Trade Show Seasonality
National and Regional Associations



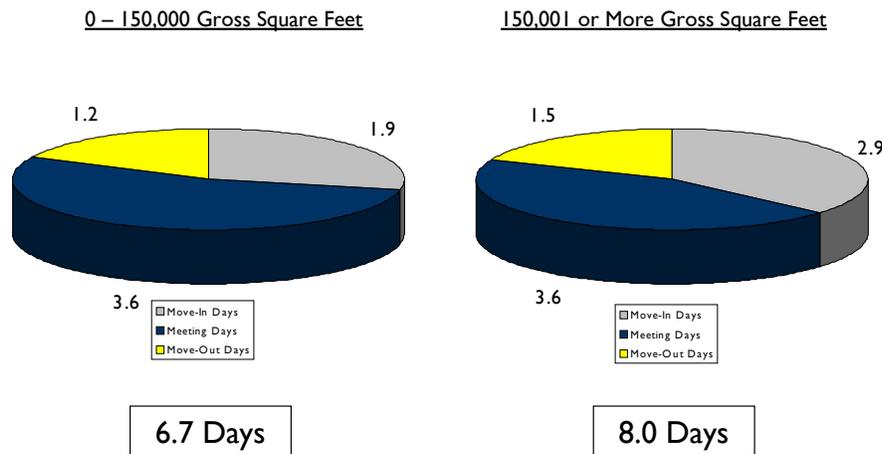
Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

In terms of seasonality, the national and regional association events representing the potential market demand for Destination facilities follow a relatively standard pattern. Seasonal preferences for national and regional associations with an interest in the Destination peak in the spring and winter months, at 35 and 24 percent, respectively, while the weakest demand occurs during summer and fall at 20 and 21 percent, respectively. As presented earlier, occupancy at the MBCC is at its highest during the fall and winter months. Spring occupancy at the MBCC has historically been low, with an assortment of open dates that could be filled by national/regional associations.

Utilization Days

The utilization day estimates reflect the total use of the center including move-in, event and move-out days. This information is important in estimating the overall utilization of a center. The event day total measures the amount of time that delegates are actually at an event, and is important in estimating facility economic impact. Exhibit VI-7 below details the number of utilization days by national and regional associations. Once again, the data is segmented based on the amount of total exhibit space required for the event.

Exhibit VI-7
Average Number of Utilization Days
National and Regional Associations



Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

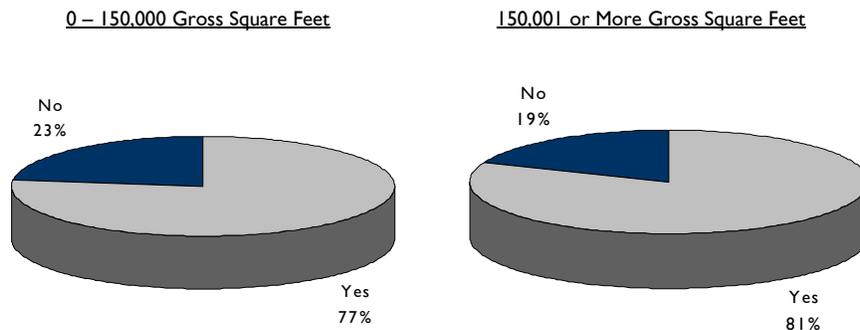
The average national and regional association event requiring less than 150,000 gross square feet of exhibit space utilizes a facility for approximately 6.7 days. Of that total, 1.2 days are for the move-out period, while 1.9 days represent move-in days. For those events requiring more than 150,000 gross square feet of exhibit space, the average facility utilization increases to approximately 8.0 total utilization days, of which 2.9 are move-in days and 1.5 are move-out days. For both event segments, actual meeting/event days approximates 3.6.

Hotel and Shuttling Requirements

As discussed throughout this report, one of the most important aspects in attracting conventions and trade shows is the availability of committable convention-quality hotel rooms. The convention and trade show market share captured in any community cannot expand beyond what the area hotels can accommodate. Since many associations have specific requirements related to a headquarters hotel located adjacent or in close proximity to a convention facility, survey respondents were questioned regarding their group's specific headquarters hotel requirements.

Exhibit VI-8 presents a summary of these results.

Exhibit VI-8
Requirement of a Headquarters Hotel Proximate
to the Convention Center
National and Regional Associations



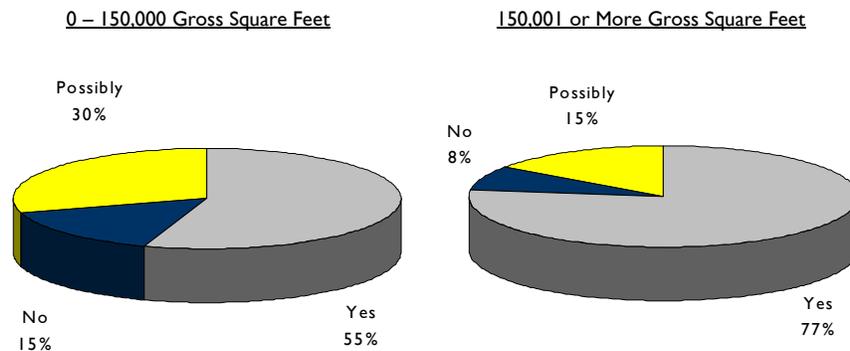
Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

For events requiring less than 150,000 gross square feet of exhibit space, 77 percent of interested national and regional association respondents indicated that they require a headquarters hotel proximate to the center. This figure increases slightly to 81 percent as exhibit space needs increase to more than 150,000 gross square feet of exhibit space. Although the presence of a headquarters hotel property is significant, having several large convention-quality hotels is also important, as national and regional associations are often willing to use multiple properties. The development of the Loews, along with the Fontainebleau, represent primary headquarter hotel properties for the MBCC.

There are several properties that could serve a headquarters function for any future downtown facility.

Surveys were also conducted to determine the interest level regarding shuttling to transport delegates from hotels to the convention center. These results are summarized in Exhibit VI-9.

Exhibit VI-9
Consideration of Delegate Shuttling
National and Regional Associations

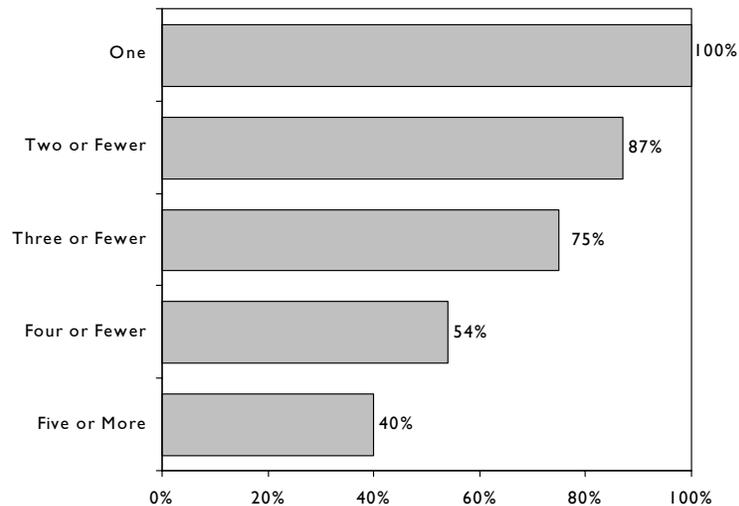


Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As shown, 77 percent of interested national and regional association respondents with gross square foot requirements in excess of 150,000 gross square feet of exhibit space indicated that they would consider utilizing hotel-to-center shuttling. An additional 15 percent would “possibly” utilize the service. Smaller events, typically with lower attendance levels, are generally less likely to shuttle delegates. Data specific to the Destination confirms this. For smaller events, those requiring less than 150,000 gross square feet of exhibit space, only 55 percent would consider shuttling and 30 percent would “possibly” do so.

Although a headquarters hotel may be required, associations with a larger membership base may also utilize additional hotel properties in order to achieve their room blocks. Exhibit VI-10 presents a summary of the number of hotels that national and regional associations are willing to use.

Exhibit VI-10
Number of Hotels Willing to Use
National and Regional Associations



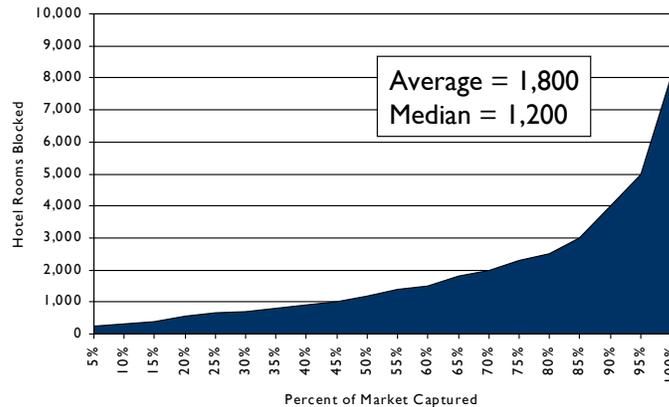
Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

In terms of assembling hotel room blocks, 87 percent of national and regional associations with a positive interest in the Destination are willing to use a maximum of two hotel properties. Seventy-five percent of the market would use three properties or less, with approximately 54 percent willing to use up to four properties. A relatively small segment of the market, 40 percent, would consider using five or more properties.

This data indicates that simply adding properties to assemble a large room block is not a viable option, and may indicate a competitive disadvantage in marketing the Destination. Significant cooperation from major area hotels is needed to generate large room blocks from as few hotels as possible.

Exhibit VI-I I below presents a summary of hotel room demand for national and regional associations with a positive interest in the Destination.

Exhibit VI-I I
Summary of Hotel Room Demand –
National and Regional Associations



Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As presented above, the average national and regional association with a positive interest in the Destination requires approximately 1,800 total convention-quality hotel rooms. Further, to capture 50 percent of the Destination’s potential market, 1,200 total committable rooms would be necessary. However, for 90 percent of the market to be captured, approximately 4,000 committable rooms would be required.

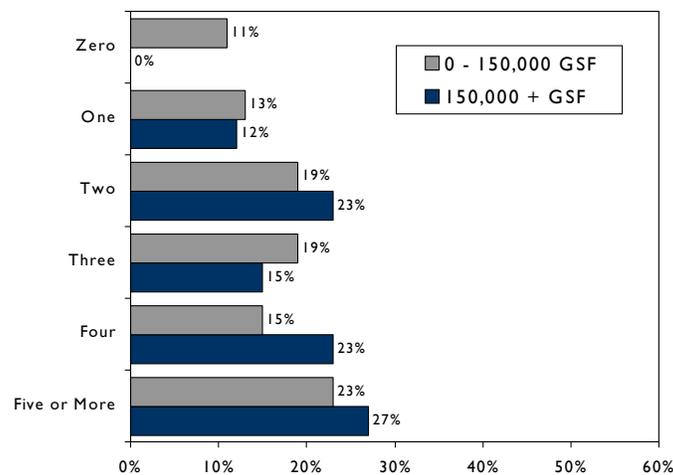
The typical largest room block that can be assembled for the MBCC approximates 5,000 to 6,000 rooms. This indicates that a single large event, or multiple smaller events could be accommodated. However, multiple large events are difficult to accommodate, even if space at the Center is available. This will have an impact on the level of facility development that is supportable in the Destination.

Traditional hotel room demand in the Destination is highest during the spring and fall months. With 35 percent of association events taking place in spring, it may be difficult to assemble the necessary room block to accommodate large events during these periods.

Ballroom Space

Information regarding other event characteristics and requirements was also obtained from those national and regional association respondents indicating a positive interest in Destination convention facilities. This data includes the number of times a ballroom is utilized. Exhibit VI-12 presents a summary of survey results.

Exhibit VI-12
Number of Times a Ballroom is Utilized
National and Regional Associations



Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

National and regional associations with a positive interest in the Destination were also questioned regarding their use of ballroom facilities. For events requiring more than 150,000 gross square feet of exhibit space, all respondents indicated that they utilize a ballroom at least once during their event. Approximately 27 percent typically utilize a ballroom five or more times during their event and 23 percent occupy the space four times. For events requiring less than 150,000 gross square feet of exhibit space, only 23 percent typically utilize a ballroom five or more times, while 15 percent utilize it four times. Furthermore, of this smaller tier of events, 11 percent typically do not utilize a ballroom at all during course of their event.

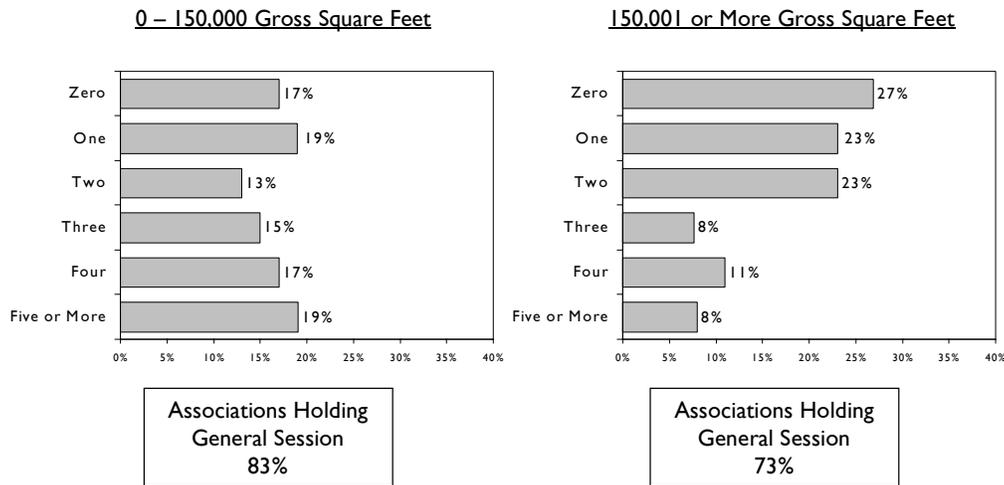
This data clearly indicates the importance of food function space for any center, and highlights the competitive disadvantage for the MBCC which has no dedicated food

function space. Any future development in the downtown area also should include a dedicated space for food functions.

General Sessions

In attempt to further gauge space requirements for national and regional association events, respondents were questioned as to the number of general sessions their group generally holds during the course of their event. The results are summarized in Exhibit VI-13.

**Exhibit VI-13
Number of General Sessions Held
National and Regional Associations**



Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

For national and regional associations requiring less than 150,000 gross square feet of exhibit space, 83 percent typically hold general sessions during the course of their event. This compares to 73 percent for those requiring in excess of 150,000 square feet of exhibit space. The largest single difference between the two market sets lies in those holding five or more general sessions throughout their event. Nineteen percent of national and regional associations requiring less than 150,000 gross square feet of exhibit typically hold five or more general sessions, while just eight percent of those requiring



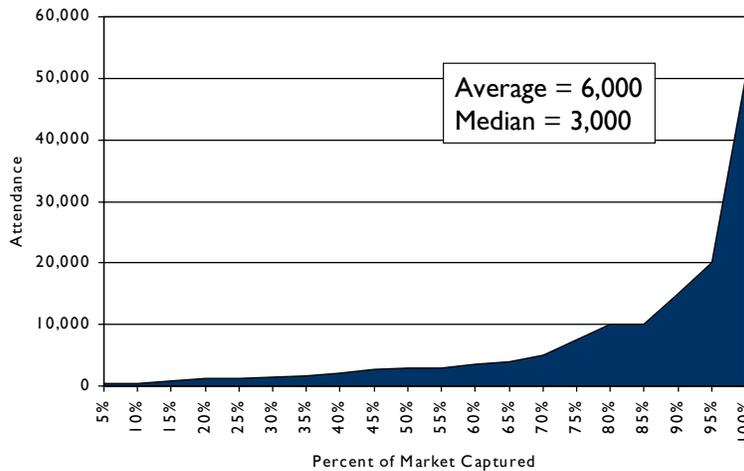
more than 150,000 gross square feet of exhibit space hold a general session five or more times during their event.

The need to hold general sessions during the course of an event is significant. Such functions are currently accommodated on the exhibit floor of the MBCC adding to the cost and inconvenience of using the Center. In addition, the need for exhibit space in housing general sessions and food functions reduces the ability to sell to larger and multiple smaller events.

Average Delegate Attendance

Event planners were asked to estimate the average delegate attendance levels for their events. These figures exclude spouses and guests of the event’s delegates. Responses are summarized in Exhibit VI-14.

Exhibit VI-14
Summary of Delegate Attendance
National and Regional Associations



Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

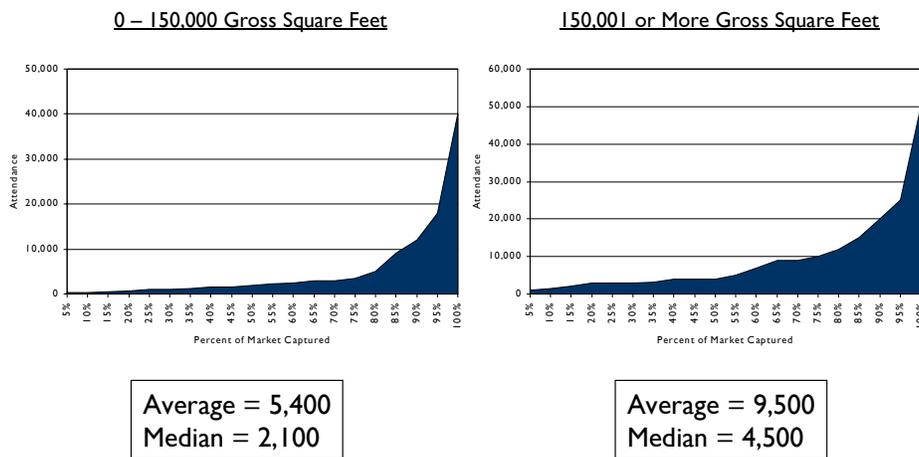
As shown in the exhibit, the average national and regional association event with a positive interest in the Destination generates a delegate attendance of approximately 6,000. Fifty percent of the Destination’s potential national and regional association market consists of events with 3,000 delegates or fewer. Likewise, 90 percent of the



potential national and regional association market consists of events with 15,000 or fewer delegates.

Exhibit VI-15 presents results to the same question, however results are split based on space requirements.

Exhibit VI-15
Summary of Delegate Attendance
National and Regional Associations



Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As shown, results vary significantly based on square footage requirements. The average event requiring less than 150,000 gross square feet of exhibit space attracts approximately 5,400 delegates, compared to approximately 9,500 delegates for those associations occupying more than 150,000 gross square feet of exhibit space. Fifty percent of the market consists of approximately 2,000 attendees for the smaller market group, as compared to 4,000 for the larger group. Likewise, 90 percent of the market consists of 12,000 delegates for events requiring less than 150,000 gross square feet of exhibit space, compared to 20,000 delegates for association events occupying more than 150,000 gross square feet of exhibit space.

This data tends to explain the tendency of the MBCC towards smaller events. As the attendance and associated room block increases (average of 9,500 attendees for larger events) the marketability of the area hotel inventory decreases. While the volume of rooms can be assembled, the number of smaller properties needed is substantial. A



significant increase in events for the MBCC will likely require an additional major hotel property. Finally, increases in large event activity at the MBCC will eventually open the market for smaller events to a Downtown center.

Facility Space Needs

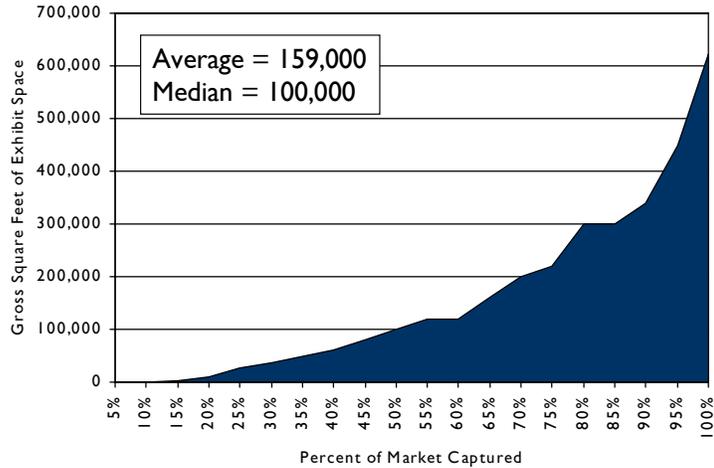
The market-supportable building components focusing on exhibit, meeting and ballroom space has also been summarized. These represent the primary sellable spaces in a center around which support areas such as lobby, circulation, storage, office and other areas are provided. Each of the sellable space totals is summarized on the pages that follow.

When a convention facility is ultimately sized, it is typically preferable to maximize the percentage of the potential market that is accommodated. Due to the large amount of incremental space often necessary to capture the highest percentiles of market demand (i.e., 90 through 100 percent), the 90th percentile is often used for facility sizing purposes. In this case, the facility might be sized as such to accommodate national and regional association events with a delegate attendance of up to 15,000. In many cases, the 90th percentile allows for the capture of a majority of market demand, while preventing a case where a large amount of space is created for the purpose of accommodating a few additional events, thereby resulting in low overall facility utilization levels on a per square footage basis.

Exhibit Space

In analyzing potential exhibition space size parameters, it is necessary to evaluate the needs of national and regional association event planners. Exhibit VI-16 on the following page illustrates the level of exhibition space that is needed to accommodate various percentiles of the national and regional convention and tradeshow market.

Exhibit VI-16
Summary of Exhibit Space Demand
National and Regional Associations



Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

For national and regional events, approximately 100,000 square feet of exhibit space will accommodate 50 percent of the Destination’s national and regional association market. At 340,000 square feet of exhibit space, approximately 90 percent of the national and regional association market is accommodated. The existing 500,000 square feet of exhibit space accommodates approximately 95 percent of the Destination’s national/regional market.

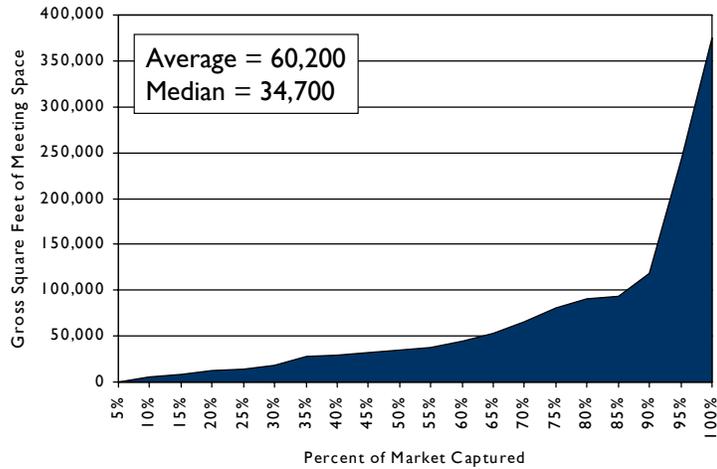
Meeting Space

Meeting space is a significant portion of a “complete” convention center. Because meeting room space can be used for many different purposes, actual square footage requirements can vary considerably. To estimate square footage levels, the space required to accommodate various percentages of potential market demand was considered.

Exhibit VI-17 on the following page reflects the percentage of potential market demand for conventions and trade shows that could be accommodated at various square footage levels of meeting space for national and regional association events.



Exhibit VI-17
 Summary of Meeting Space Demand
 National and Regional Associations



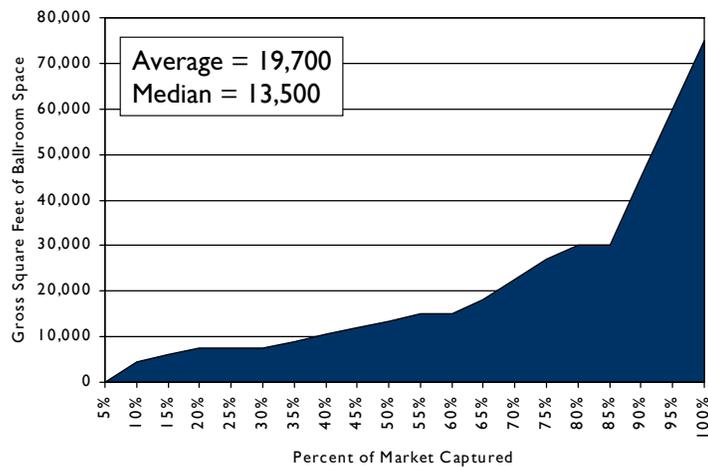
Note: Of those respondents with a positive interest in the Destination
 Source: CSL Association Survey, 2001.

The average national/regional association requires approximately 60,000 square feet of meeting space. In order to accommodate 50 percent of national and regional association event market, approximately 34,700 square feet of meeting space would be required. The current 125,000 square feet of meeting space at the Miami Beach Convention Center can accommodate 90 percent of the national and regional association market.

Ballroom/General Session Space

Exhibit VI-18 reflects the percentage of potential market demand for convention and trade shows that could be accommodated at various square footage levels of ballroom/general session space for national and regional association events.

Exhibit VI-18
Summary of Ballroom/General Session Space Demand
National and Regional Associations



Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As presented above, the average national and regional association requires approximately 19,700 square feet of ballroom/general session space. Approximately 22,500 square feet of ballroom/general session space would be required to accommodate 70 percent of the national and regional association market. Approximately 95 percent of the market can be accommodated with 60,000 square feet of ballroom/general session space. Only five percent of national and regional associations do not require ballroom/general session space.

The current Miami Beach Convention Center does not offer any ballroom/general session space. Historically events hosted at the facility have used either meeting or exhibit space. Although the Miami Beach Convention Center can accommodate a high percentage of national and regional associations in terms of exhibit and meeting space needs, when taking into consideration ballroom/general session space requirements, the percentage of associations the Center can accommodate effectively decreases.

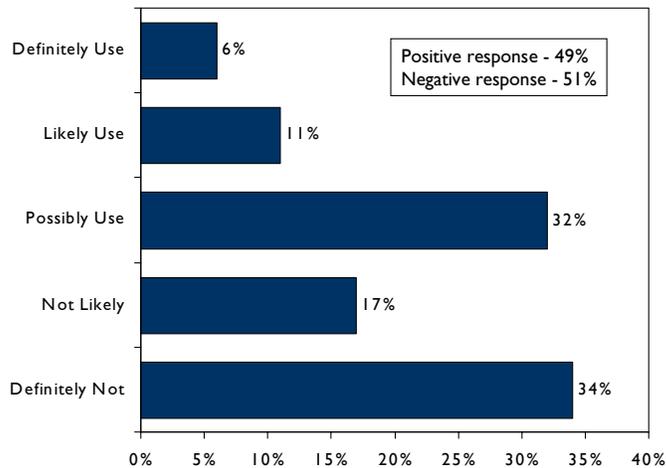
Analysis of State Association Event Potential

The Destination has historically hosted a number of state association events in its various facilities. The following section represents survey data with regard to potential state association users of Destination convention facilities.

Results Related to an Interest in Destination Convention Facilities

State association respondents were asked to indicate the likelihood of their organization using Destination convention facilities, assuming the facility met the needs of their event. Responses related to the state associations surveyed are presented in Exhibit VI-19 below.

Exhibit VI-19
Likelihood of Using Destination Convention Facilities
State Associations



Source: CSL Association Survey, 2001.

Based on survey results, the positive response percentage (“definitely use”, “likely use” and “possibly use”) by state associations with an annual event approximates 49 percent. Of this positive response, six and 11 percent of respondents indicated that their group would “definitely use” and “likely use” Destination convention facilities assuming a building met their needs of their event, respectively. It is also important to recognize that an additional 34 percent stated that they would “definitely not” consider using Destination convention facilities.

Reasons for Not Considering the Destination

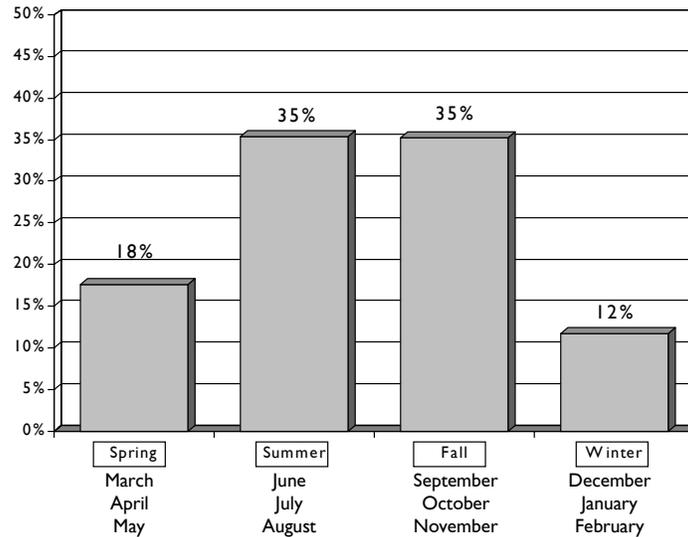
State association event planners who indicated that they would not likely utilize Destination convention facilities were asked to expand on reasons for this response. Based on survey results, the most cited reasons include:

- “Our association prefers a meeting facility that is more centrally located within the state.”
- “Due to the smaller size of our association, our association nearly always utilizes hotel meeting facilities.”
- “Our association only rotates between Jacksonville and Orlando.”
- “A convention center is not appropriate for our small association.”
- “Our annual conference is held at the Ritz Carlton every year.”
- “The overall perception of Miami has made it difficult for our event to attract attendees.”

Seasonal Preference

As previously discussed, annual events typically have specific preferences and/or requirements regarding the months in which their event can occur. Likewise, state associations typically employ a particular rotational policy. Exhibit VI-20 on the following page presents the seasonality patterns for those state events that represent the potential market demand for Destination convention facilities.

Exhibit VI-20
Convention/Trade Show Seasonality
State Associations



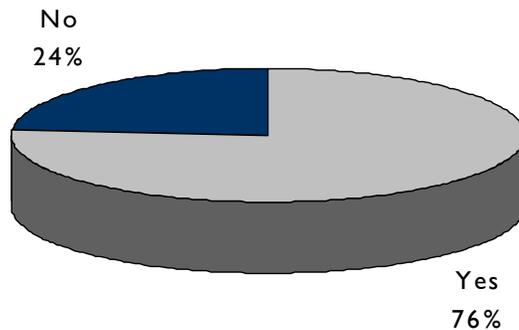
Note: Of those respondents with a positive interest in Miami
Source: CSL Association Survey, 2001

As shown, seasonality of the Destination’s state association market differs from that of the national and regional association market. Survey results indicate that events are most often held in summer and fall months, with spring and winter months experiencing less usage. Many of the state association respondents interviewed prefer the summer and fall months because of the less expensive hotel rates throughout Florida. The seasonality of national and regional associations and state associations fit well together, limiting a clustering of respective event dates.

Hotel and Shuttling Requirements

As previously discussed, one of the most important aspects in attracting conventions and trade shows is the ability to meet event planner's hotel requirements. Similar to national and regional associations, state association event planners were asked whether or not a headquarters hotel is required. These findings are summarized in Exhibit VI-21.

Exhibit VI-21
Requirement of a Headquarters Hotel Directly
Adjacent to the Convention Center - State Associations

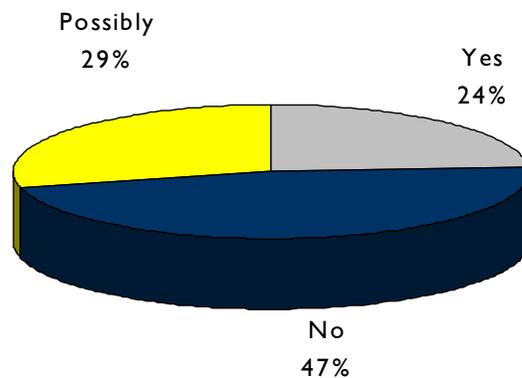


Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

Approximately 76 percent of state association survey respondents with a positive interest in the Destination indicated that their group's primary event requires a headquarters hotel directly adjacent to the convention facility. This figure is similar to that of national and regional association respondents.

In addition, event planners were also asked whether or not they would consider using a shuttle to transport delegates from hotels to the convention center if their hotel room block could not be met with adjacent hotels. Exhibit VI-22 on the following page presents a summary of these results.

Exhibit VI-22
Consideration of Delegate Shuttling - State Associations

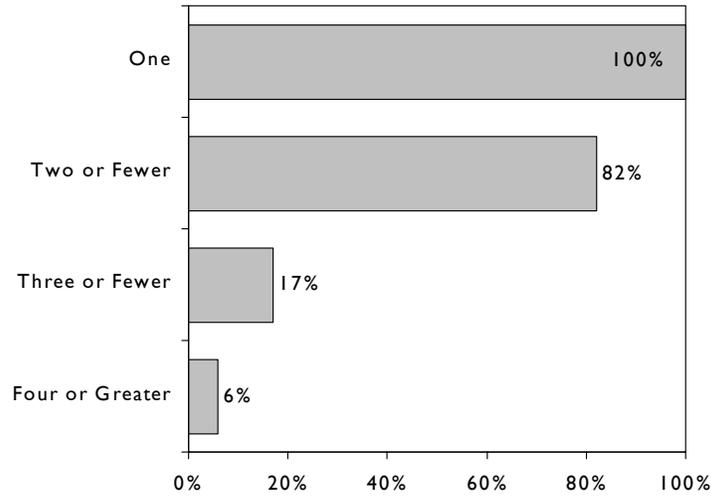


Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

Due to the smaller nature of most state events, many events can fit their entire room blocks in to one hotel property. As such, a greater percentage would not consider shuttling its delegates between hotels and the event facility. Specifically, 47 percent of those surveyed would not consider utilizing such a service. Approximately 24 percent of those surveyed would use a shuttle if offered, with an additional 29 percent indicating they would “possibly” use such a service.

Although a headquarters hotel is typically required, some associations with a larger membership base may need to utilize additional hotel properties in order to achieve their room blocks. Exhibit VI-23 on the following page presents a summary of the number of hotels that state associations are willing to use.

Exhibit VI-23
Number of Hotels Willing to Use
State Associations



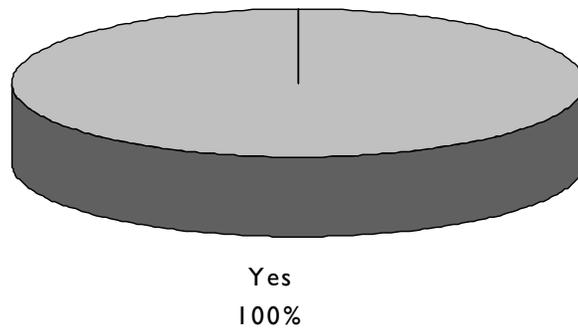
Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As indicated above, in terms of assembling room blocks, 82 percent would be willing to use one or two properties. Going to three properties results in a significant drop in marketability, with only 17 percent of the market accepting a three property block.

Requirement of a Ballroom/General Session Space

Information regarding other event characteristics and requirements was also obtained from those state association respondents indicating a positive interest in Destination convention facilities. This data includes the requirement of a dedicated ballroom/general session hall. Exhibit VI-24 below presents a summary of survey results.

Exhibit VI-24
Requirement of a Dedicated Ballroom/General Session Space
State Associations

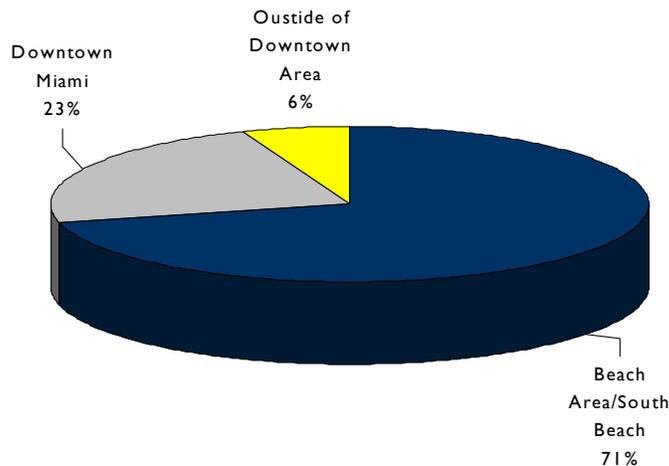


Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

Based on survey results, 100 percent of state association event planners surveyed required a dedicated ballroom/general session space for their event. As stated earlier, the current Miami Beach Convention Center and Coconut Grove Convention Center currently offer no dedicated ballroom/general session space. However, the Miami Convention Center/Knight Center offers approximately 12,000 square feet.

State association event planners were also questioned as to their preference of location of their event within the Destination. This data is presented in Exhibit VI-25.

Exhibit VI-25
Type of Location Preferred - State Associations



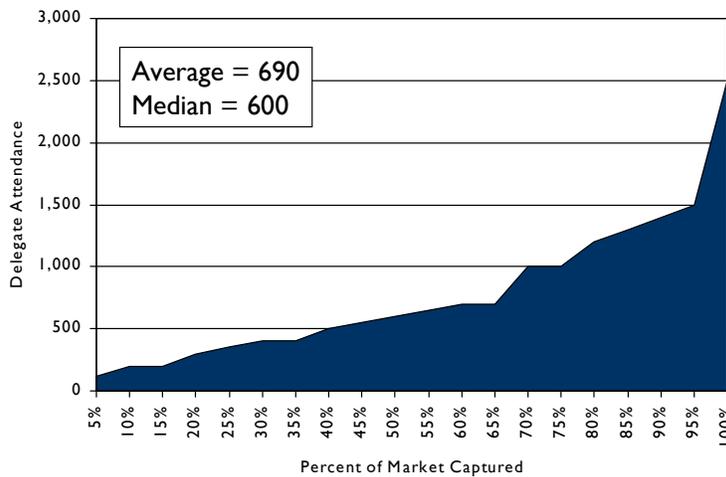
Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As presented in the exhibit, 71 percent of state associations with a positive interest in the Destination prefer a location in the Miami Beach/South Beach area. Twenty three percent prefer a downtown Miami location. A much smaller segment of the potential market, six percent, would prefer their event be hosted outside of the downtown area, a location similar to that of the Coconut Grove Convention Center.

Average Delegate Attendance

Event planners were asked to estimate the average delegate attendance levels for their events. These figures exclude spouses and guests of the event's delegates. Responses are summarized in Exhibit VI-26.

Exhibit VI-26
Summary of Delegate Attendance
State Associations



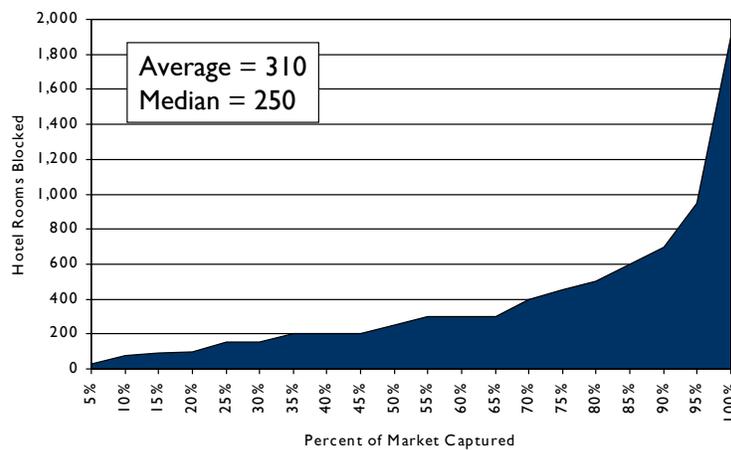
Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As shown in the exhibit, the average state association event with a positive interest in the Destination generates a delegate attendance of approximately 690. Fifty percent of the Destination's potential state association market consists of events with 600 delegates or fewer. Likewise, 90 percent of the potential state association market consists of events with 1,400 or fewer delegates.

Hotel Room Demand

State association event planners were asked to estimate the average hotel room demand in terms of rooms occupied on the peak night of their event. Responses are summarized in Exhibit VI-27.

Exhibit VI-27
Summary of Hotel Room Demand
State Associations



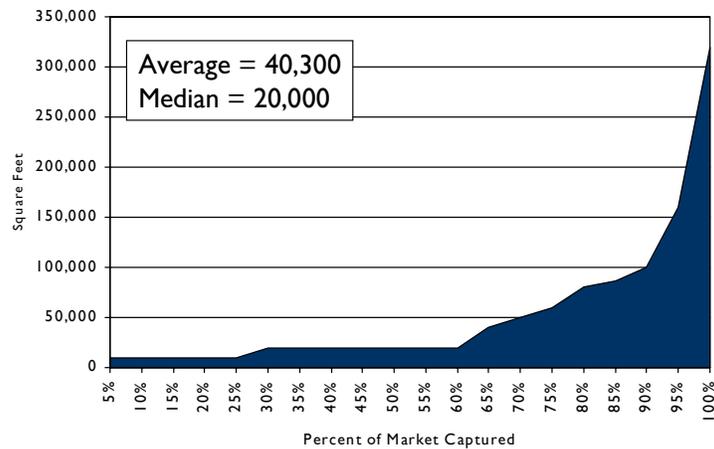
Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As shown in the exhibit, the average state association event with a positive interest in the Destination generates approximately 310 hotel rooms on its peak night. Fifty percent of the Destination's potential state association market consists of events utilizing, 250 hotel rooms or fewer. Likewise, 90 percent of the potential state association market consists of events occupying 700 or fewer rooms. This data indicates that virtually all of the state event market could be accommodated in downtown Miami or at the MBCC from a room block perspective.

Exhibit Space Demand

To further gauge space requirements, event planners were asked to estimate the average exhibit space levels for their events. Responses are summarized in Exhibit VI-28.

Exhibit VI-28
Summary of Exhibit Space Demand
State Associations



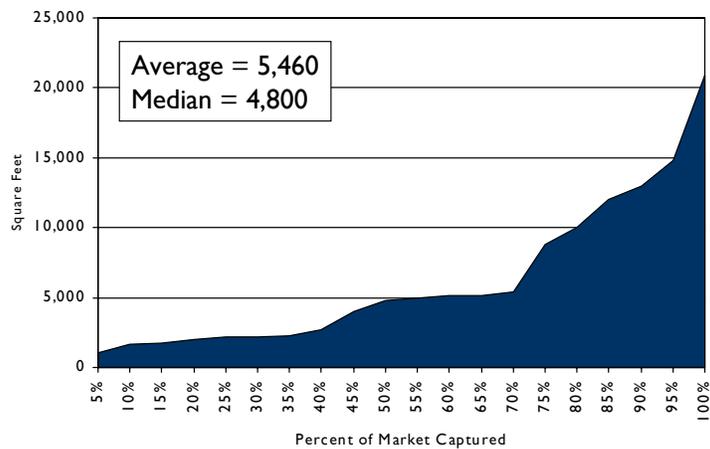
Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As shown in the exhibit, the average state association event with a positive interest in the Destination generates usage of approximately 40,300 square feet of exhibit space. Fifty percent of the Destination's potential state association market consists of events utilizing 20,000 square feet or fewer of prime exhibit space. Likewise, 90 percent of the potential state association market consists of events occupying 100,000 or fewer square feet of exhibit space.

Meeting Space Demand

Event planners were also asked to estimate the average meeting space levels for their events. As shown in Exhibit VI-29, the average state association event with a positive interest in the Destination utilizes approximately 5,500 square feet of meeting space. Fifty percent of the Destination's potential state association market consists of events requiring 4,800 or fewer square feet of meeting space. Furthermore, 90 percent of the potential state association market consists of events occupying approximately 13,000 square feet of meeting space.

Exhibit VI-29
Summary of Meeting Space Demand
State Associations

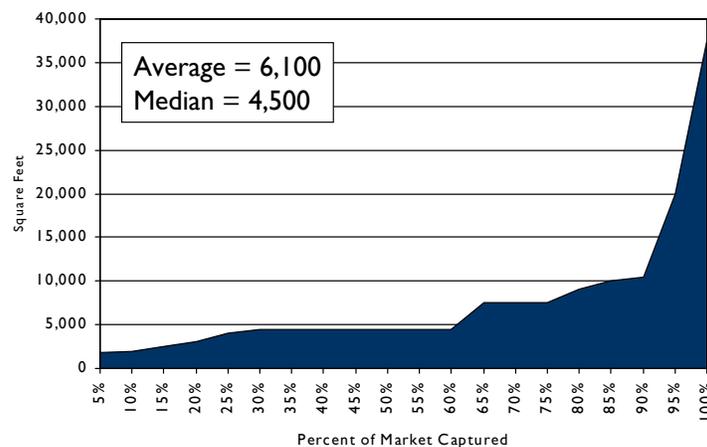


Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

Ballroom Space Demand

Event planners were also asked to estimate the average amount of ballroom space used for their events. Responses are summarized in Exhibit VI-30.

Exhibit VI-30
Summary of Ballroom Space Demand
State Associations



Note: Of those respondents with a positive interest in the Destination
Source: CSL Association Survey, 2001.

As shown in the exhibit, the average state association event with a positive interest in the Destination generates usage of approximately 6,100 square feet of ballroom space. Fifty percent of the Destination's potential state association market consists of events utilizing 4,500 or less square feet of ballroom space. Likewise, 90 percent of the potential state association market for Miami consists of events making use of 10,500 or fewer square feet of ballroom space.

Analysis of Corporate Event Potential

The corporate event segment is very diverse, comprising events ranging from very small local corporate meetings to extremely large conventions such as the citywide Microsoft event held in Miami and Miami Beach in July 2001. Over the past decade, the number of off-site corporate events has increased dramatically industry wide. It is estimated that more than 800,000 off-site corporate meetings are held in the U.S. each year, encompassing nearly 50 million attendees. Approximately 50 percent of all meetings have 50 or fewer attendees, while nearly 90 percent has fewer than 500 attendees.

Much of the corporate event activity is typically hosted by hotel meeting facilities in cities and resort destinations. Existing Destination meeting and conference facilities can accommodate the vast majority of all corporate event demand.

Very large conventions/conferences/tradeshows (such as the recent citywide Microsoft convention held in the Miami area in July 2001) represent a relatively small portion of the overall corporate event market, however the segment has been experiencing strong growth in recent years. These types of events can provide significant room night generation and economic impacts for host communities, similar to large association and trade events. However, given recent economic conditions, the number of off-site corporate meetings and events held nationwide and/or event budgets are expected to decrease, with corresponding decreases in attendance. Within 12 to 24 months, growth in event and attendance activity is expected to resume.

To evaluate the market demand for Miami facilities by large, rotating corporate events, telephone interviews were conducted with event planners representing corporations with large events.

Based on survey results, characteristics of large national and regional rotating corporate events tend to resemble those of national and regional association conventions and conferences. Specifically, seasonality patterns peak in the spring and fall months, while facility needs are generally consistent or slightly greater than association groups in terms of exhibit, meeting and ballroom use. In terms of interest in using Destination facilities, corporate respondents interviewed expressed a higher interest overall than the set of national and regional associations interviewed. Specifically, the positive response percentage (“definitely use”, “likely use”, and “possibly use”) indicated by corporate respondents was 62 percent (versus 45 percent for similar association respondents).

Based on survey results, the average large scale national/regional corporate convention approximates 3,000 attendees and requires 170,000 square feet of exhibit space, 60,000 square feet of meeting space, 30,000 square feet of ballroom space and more than 2,000 hotel rooms. The MBCC is well positioned to maintain and expand its position in the large corporate event market. Downtown event facilities are also well positioned to accommodate this event segment, particularly those events with more limited space needs.

VII. FUTURE FACILITY DEVELOPMENT IMPLICATIONS

The analysis previously presented incorporates surveys of several hundred event planners, reviews of the existing Destination convention and meeting facility operations, analysis of comparable facilities and communities, and a compilation of significant industry trend data. Taken as a whole, this data is designed to provide the Bureau with direction as it plans potential future convention facility development within the Destination.

Our findings have been structured into three sections to address each of the facilities focused on as part of this study. These findings are presented below.

Miami Beach Convention Center

Re-Statement of Key Findings

- The Miami Beach Convention Center achieves moderate annual occupancy and has not yet reached maximum capacity levels.
- Over 50 percent of all events using exhibit space at the Center require 125,000 square feet or less.
- On an annual basis, there are 66 seven-day open blocks of space of approximately 125,000 square feet. In other words, the Center could theoretically accommodate an additional 66 seven-day events of 125,000 square feet of space or less.
- As the center presently lacks dedicated ballroom space, food functions have increasingly been held in the facility's exhibit halls in addition to its meeting space.
- Analysis of seven comparable/competitive markets indicates that there is no current or significant shortfall or gap in the inventory of space offered within the Destination. This is not to say that significant modifications and enhancements are not supportable.
- Telephone surveys of over 170 event planners were conducted to assess the perceptions of the Destination as an event site. Positive responses are characterized as moderate, indicating a potential association event base to draw from of 700 to 800.
- Survey results from planners of major corporate events indicate a somewhat higher response rate. Attendance levels and space needs for this segment are also higher than typical association events. While the corporate market is very sensitive to changes in the economy, it has grown significantly over the past

five years, and represents a major potential source of added events for the Destination.

Facility Development Recommendations

- Occupancy levels at the Center, combined with the survey response rates and the significant competition from Orlando, Atlanta and New Orleans appear to preclude the market supportable addition of exhibit space.
- The development of a 50,000-square foot multi-purpose general assembly/banquet hall would increase the marketability of the Center, and should be pursued. Such space should be focused on supporting the large exhibit space users in the Center, and should not be used to accommodate stand-alone events that the area hotels could accommodate.
- Assuming industry average space ratios and per unit cost data, the hard construction costs for such space could approximate \$20 to \$25 million in today's dollars.

Miami Convention Center / Knight Center

Re-Statement of Key Findings

- Over the past two years, the City's portion of the complex (Knight Center and Riverfront Hall) has hosted an average of nearly 200 events comprising over 400 utilization days.
- Roughly half of the City's Riverfront Hall usage is derived from Hyatt's rental of the space.
- The Knight Center auditorium represents the least utilized space component in the complex, typically hosting special events such as graduations, concerts and seminars.
- The downtown inventory of hotels is significant and of a very high quality. Recent investment in hotel facilities supports the viability of the downtown as a visitor destination.
- Of the 19 secondary convention facilities reviewed for this study, the average amount of total sellable space incorporated is approximately 158,000 square feet. The 88,000 square feet at the Knight Center complex is at the lower tier of the secondary facility set.
- The large majority of corporate events held nationwide require limited exhibit space and can fit in existing facilities within downtown.
- The corporate base from which a downtown Miami center could draw ranks in the lower half of the comparable communities reviewed.

- The new center in West Palm Beach, the Miami Beach Center, the Broward County Convention Center and numerous large hotel properties represent significant competition to any new downtown facility.
- Market survey data indicates that smaller events (under 150,000 square feet of exhibit space) are slightly more likely to consider the Destination as compared to larger events. However, even for smaller events, the positive response rate (approximately 50 percent) is moderate. This suggests that there would be insufficient event demand to support an additional facility in the Destination, and is indicative of the still-developing nature of the Destination in terms of attracting rotating association and corporate events.
- Given the significant increase in visitors to the area, the world-class natural attractions and a developing downtown hotel/visitor atmosphere, it is likely that, among meeting planners, the profile of the Destination and the downtown area will continue to improve.

Facility Development Recommendations

- A new downtown convention center of up to 150,000 square feet of exhibit space with additional meeting and ballroom space would not likely reach occupancy levels necessary to support the facility.
- However, the significant planned development downtown, recent investment in the hotel industry and the potential to enhance the presence of the Destination in the convention industry indicate that long range planning (five to seven years) should include the potential development of a downtown center.
- This time frame will provide some indication as to the impact of the West Palm Beach and Broward County facilities, and will allow for a maturing of the lucrative and expanding, though highly volatile, corporate event market.
- While it is not certain that such a center would be supportable within this timeframe, it would be unwise not to identify and potentially acquire prospective sites so that future center development is not precluded.
- In the short-term, various upgrades to the Knight Center complex should be considered. These include:
 - ✓ Upgrading the finish in the public areas. This includes improved floor covering.
 - ✓ Upgrading finish in the meeting and exhibit space. This includes improved wall treatment, floor coverings and potentially lighting.
 - ✓ Updating the exterior of the facility.
 - ✓ Enhancing technology throughout the Center. This may include high-speed Internet access and upgraded audio/visual capabilities.
 - ✓ Potential re-use or reconfiguration of the Knight Center auditorium. Its use is very limited and may be suitable for other functions.

- These improvements would enable the facility to improve its competitive position within the small meeting, banquet and conference event market.
- The costs for such improvements are difficult to quantify, but could be significant. Architectural assistance should be secured to provide more detailed programming and cost data for the facility.

Coconut Grove Convention Center

Re-Statement of Key Findings

- The CGCC typically hosts between 45 and 70 events per year comprising between 100 and 145 event days per year.
- The majority of events hosted at the Center have been public/consumer shows, typically drawing attendees from the local area and generating limited room nights.
- Over the past five years, the number of public show event days as a percentage of total facility event days has increased each year to the current 2001 level of 72 percent.
- Overall bookings are down, due in part to concerns on the part of the event planners about the future of the facility.
- Additional emphasis is being placed on concert and other performance events to increase utilization. This reflects the increased focus of the Center on locally-driven entertainment and exhibit-type events.

Facility Development Recommendations

- The inventory of public and private convention and trade show facilities within the Destination is significant, and precludes the market support for converting the Center into a traditional convention facility.
- There is an opportunity to continue and expand the focus of the Center on community and entertainment events. This would involve transforming the concept of the facility into a “festival hall”.
- The concept is to maximize the ability of the Center to address an important community function through the following types of renovations:
 - ✓ Creating a more-defined front entry and pre-function space.
 - ✓ Reconfiguration the variety of exhibit halls into a more usable format. This may result in a slight reduction of the space.
 - ✓ Creating a more “open to the outside” atmosphere by including glass openings that can be maneuvered to create an open-air environment.
 - ✓ Improving the power and data access within the center.

- The resulting facility will be designed to accommodate consumer events, music and entertainment events, festivals, banquets, receptions, open-air markets and other such events.
- The costs for such renovations are difficult to estimate before architectural and programming studies are prepared. However, based on average per unit construction cost data, costs for the project could range from \$10 to \$20 million.

VIII. FINANCIAL AND ECONOMIC IMPACT ANALYSIS

The purpose of this chapter is to provide an analysis of the potential operating results and economic impacts that could be generated by Destination facility development based on key assumptions and estimates. The assumptions presented herein are used to preliminarily estimate facility operating revenues and expenses and associated economic impacts based on projected event and attendance utilization.

This analysis is designed to assist project representatives in assessing the financial and economic effects of market supportable Destination facility development, and cannot be considered to be a presentation of expected future results. Accordingly, the analysis of potential financial operating results and economic impacts may not be useful for other purposes. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant. Because events and circumstances frequently do not occur as expected, there usually will be differences between estimated and actual results, and these differences may be material.

Estimated financial operations and economic impacts of an expanded Miami Beach Convention Center are based on the completion of a 50,000 square foot multi-purpose general assembly/banquet hall (as outlined in the previous chapter), historical Center operations, delegate spending industry averages and anticipated incremental event activity associated with the new space. Estimated financial operations and economic impacts for a potential downtown Miami convention center are based on historical Destination facility operations, the continued development of the downtown area and hotel inventory, comparable facilities operations and industry trend data.

Financial Operations

As with all new/expanded convention facilities, an initial startup period is assumed before event levels are anticipated to stabilize. As such, financial operating estimates prepared in this section reflect a stabilized year of operation deflated to 2001 dollars. In addition, the analysis has been developed to reflect “net” operations. For instance, reimbursed event expenses and associated event revenues are not shown, rather they are assumed to “pass through” the financial operating estimates developed herein. As in all studies of this type, the estimated results are based on continued competent and efficient facility management and historical operating data and assume that no significant changes in the various event markets will occur beyond those set forth in this report.

The primary sources of operating revenue for the Miami Beach Convention Center and a potential downtown Miami convention center include building rent, food service, contract service and other revenue. As previously stated, the revenue estimates are based on the market demand as presented in previous chapters and on historical facility operations and comparable facility data.

The primary sources of operating expenses for the Miami Beach Convention Center and a potential downtown Miami convention center include salaries and benefits, repairs and maintenance, utilities, general and administrative, materials and supplies and other miscellaneous expenses. The estimated operating expenses are based on historical operating expenses of Destination facilities, comparable facilities and industry standards. Specifically, historical Destination facilities and comparable facility operating expense data was analyzed on a per square footage basis.

Based on the assumptions detailed within this chapter as well as the estimated event and attendance characteristics, Exhibit VIII-1 and VIII-2 present summaries of the net financial incremental effect of the Miami Beach Convention Center and the financial operating results for a potential downtown Miami convention center.

Exhibit VIII-1
Estimated Incremental Financial Operating Results for an Expanded MBCC
(stabilized year in 2001 dollars)

	<u>1998/1999</u>	<u>1999/2000</u>	<u>Incremental</u>
Operating Revenues	\$6,966,000	\$7,813,000	\$600,000 - \$800,000
Operating Expenses	<u>\$6,963,000</u>	<u>\$7,951,000</u>	<u>\$400,000 - \$500,000</u>
Net Operating Profit (Loss)	<u>\$3,000</u>	<u>(\$138,000)</u>	<u>(\$100,000 - \$400,000)</u>

As shown, the operation of an expanded MBCC is estimated to realize an incremental operating loss of approximately \$100,000 to \$400,000 per annum in a stabilized year of operation (in 2001 dollars).

Exhibit VIII-2
 Estimated Financial Operating Results for a
 Downtown Convention Center
 (stabilized year in 2001 dollars)

	<u>Low</u>	<u>High</u>
Hypothetical Revenues	\$2,500,000	\$3,000,000
Hypothetical Expenses	\$3,500,000	\$4,000,000
Net Operating Loss	(\$500,000)	(\$1,500,000)

The operation of a potential downtown Miami convention center is estimated to realize an operating loss of approximately \$500,000 to \$1,500,000 per annum in a stabilized year of operation (in 2001 dollars). It is important to note that the fact that the center is estimated to operate at an annual loss in this range is consistent with the results of other similarly-sized facilities throughout the country. As with most stand-alone convention center projects, the viability of a project is often evaluated based on the operating results of the facility combined with the economic and fiscal impacts generated by the project.

Economic Impacts

The impact of a convention facility is maximized when out-of-town attendees spend money in a community while attending a facility event. This spending by out-of-town attendees represents new money to the community hosting the event. This new money then creates multiplier effects as the initial spending is circulated throughout the local economy. The characteristics of these effects are generally discussed in terms of their direct, indirect and induced effects on the area economy. These terms are further defined as:

- **Direct effects** consist principally of initial purchases made by delegates or attendees at an event who have arrived from out-of-town. This spending typically takes place in local hotels, restaurants, retail establishments and other such businesses. An example of direct spending is when an out-of-town event attendee pays a local hotel for overnight lodging accommodations.
- **Indirect effects** consist of the re-spending of the initial or direct expenditures. An example of indirect spending is when a hotel uses the direct spending dollars received from out-of-town event attendees to pay the hotel's housekeeping staff. The hotel's housekeeping staff then spends their personal



income in local grocery stores, retail establishments and other local businesses for various products and services.

- **Induced effects** consist of the positive changes in employment, earnings and tax collections generated by changes in population associated with the direct and indirect expenditures.

The respending of dollars in an economy is estimated by utilizing economic multipliers and applying them to the amount of direct, or initial spending. The "multiplier" effect is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc., a private economic modeling company. The IMPLAN system utilizes an input-output matrix with specific data for multipliers based on regional business patterns from across the country. Financial information for the matrix of multipliers is collected from various sources which include, but are not limited to, the U.S. Department of Labor as well as state sales and tax reports. The system utilizes this data to determine the economic independence of specific geographic regions as well as the interdependence which exists between industries in those regions. The systems provide total industry output, personal earnings and employment data for approximately 520 industry groups.

For purposes of this analysis, results of the economic impact analyses are measured in terms of the following categories:

- **Total output** represents the total direct, indirect and induced spending effects generated by the project. This calculation measures the total dollar change in output that occurs in the local economy for each dollar of output delivered to final demand.
- **Personal earnings** represents the wages and salaries earned by employees of businesses associated with or impacted by the project. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.
- **Employment** represents the number of full and part-time jobs. The employment multiplier measures the total change in the number of jobs in the local economy for each additional \$1.0 million of output delivered to final demand.

The initial spending of new dollars into an economy begins a series in which the dollars are cycled through the economy. The respending of the dollars is estimated by utilizing the economic multipliers discussed above and applying them to the amount of direct, or initial, spending. The multiplier illustrates that spending in a defined economy will lead to additional spending until that dollar has completed its cycle through leakage. Leakage represents the portion of a dollar spent in areas outside the designated economy such as the taxes paid on purchases of goods and services.

Convention Center Annual Impacts

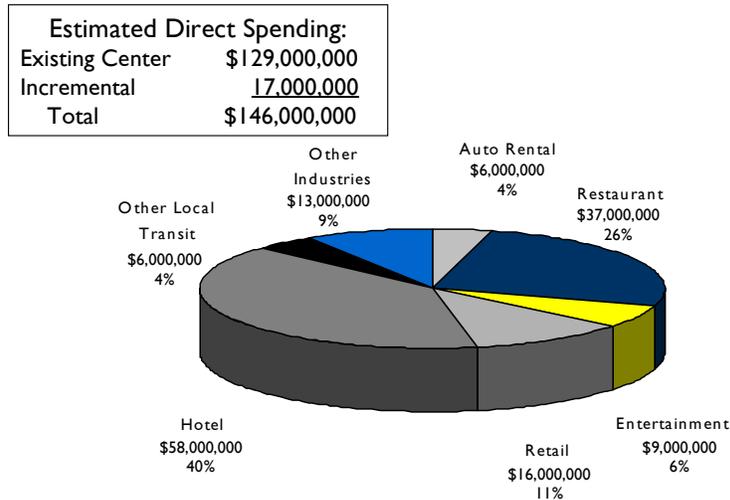
One of the primary sources of direct spending involves attracting event attendees from outside the local area to make purchases in area hotels, restaurants and retail establishments. Events attracting attendance largely from the greater Miami and Beaches area, including most public/consumer shows, some local corporate meetings, and other such local events generally represent a displacement of spending. Specifically, these local attendees would likely have made expenditures within the local area in some other manner had the event not been held.

The analysis of direct spending related to convention center activity begins with estimating the number of event attendees that could be attracted to convention facilities in the Destination.

Estimates of per-day spending by out-of-town delegates and exhibitors are based on the results of the International Association of Convention and Visitors Bureaus (IACVB) Convention Income Survey. The survey collected data concerning event related expenditures by delegates, exhibitors, associations and convention service contractors. The results of this survey have been adjusted to 2001 dollars and for cost of living levels in the greater Miami and Beaches area. The estimates of average daily spending on a per delegate basis were applied to estimates of potential future event activity at an expanded Miami Beach Convention Center and a potential downtown Miami convention center based on the results of the overall market analysis. Adjustments were applied to estimated attendance levels for potential future event activity at each facility to segregate estimated levels of potential out-of-town event attendance.

Exhibit VIII-3 on the following page presents the direct spending associated with the operations of an expanded Miami Beach Convention Center. As presented in the exhibit, estimated total annual direct spending associated with the Miami Beach Convention Center with a new 50,000 square foot ballroom/general session hall is approximately \$146 million for a stabilized year of operations in 2001 dollars, \$17 million of which is incremental.

Exhibit VIII-3
Estimated Annual Direct Spending Upon Stabilization of Operations
Expanded Miami Beach Convention Center (in 2001 Dollars)



As the direct spending flows throughout the local and state economy, additional rounds of spending, employment and earnings are generated. The total impact generated is estimated by applying specific industry multipliers to the initial expenditure to account for the total economic impact of the re-spending activity. The application of the multipliers involves calculating the product of the estimated amount of direct spending and the multiplier.

The total estimated direct expenditures generate effects on the economy that extend beyond the initial expenditures (approximately \$146 million). Exhibit VIII-4 on the following page summarizes the overall economic effects associated with estimated levels of potential event activity at an expanded Miami Beach Convention Center based on the application of the IMPLAN multipliers.

Exhibit VIII-4
 Estimated Annual Economic Impacts
 Upon Stabilization of Operations (in 2001 Dollars)
 Expanded Miami Beach Convention Center

Total Direct Spending	
Existing	\$129,000,000
Incremental	<u>17,000,000</u>
Total	\$146,000,000

Total Output	Earnings	Employment
Existing \$225,000,000	Existing \$91,000,000	Existing 3,700
Incremental <u>29,000,000</u>	Incremental <u>12,000,000</u>	Incremental <u>500</u>
Total \$254,000,000	Total \$103,000,000	Total 4,200

As outlined in the exhibit, the estimated level of total economic output associated with an expanded Miami Beach Convention Center is \$254 million annually, corresponding in \$29 million in new annual incremental output. Overall, event activity could aid in supporting an additional 500 full and part-time jobs in the Miami area.



Additionally, the economic impacts associated with a potential downtown Miami convention center were estimated and are presented in Exhibit VIII-5.

Exhibit VIII-5
Estimated Annual Economic Impacts Upon Stabilization
of Operations in 2001 Dollars
Downtown Miami Center

	<u>Low</u>	<u>High</u>
Direct Spending Range	\$40,000,000	\$50,000,000
Total Output Range	\$69,000,000	\$87,000,000
Employment Range	1,200	1,400

As noted previously in this report, the event demand for a downtown center is not expected to fully materialize for several years. The impact estimates presented above are therefore based on general industry standards only. More detailed research will be needed in the future as the event demand for a downtown center develops. As presented in the Exhibit, a potential downtown Miami convention center could generate approximately \$40 to \$50 million in direct spending, \$69 to \$87 million in total output and 1,200 to 1,400 full-time and part-time jobs.

IX. FUNDING ALTERNATIVES ANALYSIS

The purpose of this chapter is to provide a summary of the sources of facility funding that have been used within the public assembly facility industry. The intent of the analysis is not to produce a financing plan for Destination facilities, but rather to evaluate the viability of specific financing vehicles, as well as public and private revenue sources that could be utilized to fund the project(s). This chapter has been divided into the following sections:

- Financing Techniques and Vehicles
- Analysis of Potential Public Revenue Sources
- Analysis of Potential Private Participation and Other Revenue Sources

Financing Techniques and Vehicles

The development and financing of public assembly facilities throughout the country in recent years has largely relied on public sector sources of funds. In many cases, a public sector entity will issue some form of bond to wholly or partially finance the construction of the facility. The annual debt service required to retire the bonds is then sourced from a general fund and/or from various tax revenues including hotel/motel, restaurant, entertainment, as well as other revenue sources such as facility-related revenues. The types of financing mechanisms typically used in funding public assembly facilities are summarized below:

General Obligation Bonds

General Obligation (G.O.) bonds are backed by a pledge of ad valorem taxes of the issuer. This pledge is generally supported by a commitment from the issuer to repay the principal and interest through whatever means may be necessary, including levying additional taxes. The advantages associated with general obligation bonds revolve around the strength of the credit. It typically results in a simple financing that lowers the cost of issuance and reduces the bond size since a debt service reserve fund is often not required. Also, the strength of the pledge provides a higher credit rating and, therefore, a lower cost of financing the project.

General obligation bond financing may be structured with a lower variable interest rate in the early years of the project with conversion to a fixed rate in later years; however, in many municipalities, enacting legislation is required. The primary disadvantage associated with general obligation indebtedness is that the bonding capacity for other capital needs is reduced. In many situations, projects financed with general obligation bonds typically need voter approval. The public may perceive a project such as a convention/conference center as less essential than improved streets, libraries, or fire and police protection, especially if it will necessitate property tax increases.

Revenue Bonds

A frequently used method of public assembly facility financing is the issuance of revenue bonds. Revenue bonds are special obligations issued by municipalities, counties and states or other political subdivisions with the authority to issue such bonds for which payment is dependent on a particular source of funds, such as revenues generated by the project or other dedicated sources of revenue, to provide the amount needed for bond repayment plus some increment to cushion bond investors from shortfalls, commonly known as “coverage”. The issuer of the bonds pledges to the bondholders the revenues generated by the project or dedicated to the project being financed. No pledge of state or local ad valorem tax revenues is required; however, other taxes may be assessed and/or pledged in whole or in part by the issuing entity, often with legislative approval, to provide funds necessary to pay off the revenue bond offering.

The major disadvantage associated with revenue bonds relates to interest rates that are typically higher than those associated with general obligation bonds. This is largely due to the fact that revenue bonds are not backed by the full faith and credit of the issuing entity. In addition, funding of a debt service reserve and other credit enhancement out of bond proceeds makes the required bond size larger with higher annual debt service payments. With variable-rate bonds, additional costs may include credit enhancements and document preparation.

Revenue bond financing, however, may be structured in such a way that payments are set at a lower level in the initial years of operation, increasing in later years. This is often advantageous in situations where the particular revenue stream or streams that are pledged to bond debt service are expected to increase annually.

Even with these disadvantages, revenue bonds are one of the most popular financing mechanism for facility development in the United States. This is primarily due to the ability to connect project funding to industries that tend to benefit from convention activity such as hotels, restaurants and other visitor industries.

Pay-As-You-Go Financing

Projects that are relatively small or that are being financed in municipalities with rapidly growing tax bases are sometimes paid for directly out of appropriated public funds as construction draw-downs are required. The great majority of facilities, however, are financed with long-term debt, typically in the 20 to 30-year range, and paid for as the facility is used and its economic benefits are realized. Another pay-as-you-go option would be the implementation of a new tax or revenue source for a limited duration such as an increase in the sales tax rate.

State Assistance

A significant number of convention center projects throughout the country have included some level of state assistance. Major facilities that have some level of state assistance include the Americas Center in St. Louis, Jacob Javits Convention Center in New York, McCormick Place in Chicago, Pennsylvania Convention Center in Philadelphia and the Portland Convention Center. Certain states such as Illinois and Iowa have specific programs established to assist in the funding of public assembly facility developments. This type of funding is usually associated with facilities that are expected to have an impact on the respective state's economy.

Tax Increment Financing (TIF)

Tax increment financing (TIF) essentially involves capturing assessed valuation growth within a specific area (i.e., a TIF district) related to a particular development. TIF often requires enactment of legislation by the State legislature. Typically, a redevelopment agency delineates a project area and declares a base year. The existing base-assessed valuation is taxed as before by each overlapping tax entity covering a portion of the project area. The additional assessed valuation, added to the tax rolls over the base, is taxed at the same rate as the base valuation. However, the tax revenues attributed to the new incremental assessed valuation are remitted to the redevelopment agency and used to pay debt service. Where utilized, TIF funds typically only comprise a portion of the necessary money to fund public assembly projects and are mostly used in conjunction with other financing mechanisms.

Certificates of Participation

Certificates of Participation (COPs) are a financing method that has been used in numerous communities across the country to finance public assembly projects. COP holders are repaid through an annual appropriation by a sponsoring governmental agency. These issues do not legally commit the governmental entity to repay the certificate holder, beyond the current year's annual appropriation, and therefore, do not typically require voter approval. Further, this type of instrument is not subject to many of the limitations and restrictions typically associated with general obligation bonds. As COPs generally offer the issuing authority less financial risk and more flexibility than other financing instruments, they tend to be more cumbersome due to the reliance of the trustee on annual appropriation while typically carrying a higher coupon rate relative to traditional general obligation bonds.

COPs could allow for the enhancement of a revenue source with a pledge to make up any revenue deficiencies from other City/County funds. This issue would be subject to annual appropriation. The certificates usually imply that some other security, such as revenue from operations or a sales tax, will be relied on as the primary source of credit worthiness.

The primary advantage associated with certificates of participation is that the obligation enhances the issue, resulting in an interest rate more favorable than a standard revenue bond issue. The disadvantage associated with COPs is that primary credit must still be established.

Private/Public Equity & Grants

Many convention facility funding packages combine private and public equity contributions. Private sources of equity can include the following types: cash equity contributions, land contributions, upfront payments such as naming rights and other sponsorships, catering/concessionaire fees, and technology and other facility build-outs. These types of specific sources of equity will be discussed in a subsequent section. Equity from local businesses, franchises and joint venture partnerships have contributed to several public assembly facility financing structures. Many municipalities across the country have participated in public assembly facility development projects through the donation of land and/or infrastructure improvements in and around the project site.

Analysis of Potential Revenue Sources

There are a variety of public sector revenue sources that have been used in the financing of public assembly facility projects. Exhibit IX-1 on the following page summarizes traditional revenue sources.

Exhibit IX-1 Traditional Revenue Sources

- Hotel/motel taxes
- Sales & use taxes
- Restaurant/food & beverage taxes
- Auto rental taxes
- Taxicab taxes/fees
- Sin taxes (alcohol, cigarette, etc.)
- Admissions/entertainment taxes
- Property sale
- State/County/City grants

The purpose of this section is to provide an understanding of existing rates, receipts and uses of the primary governmental revenue sources, and to evaluate those sources that may be used to fund expansion or new development of Destination convention facilities. There are several industries and geographic areas which could benefit directly and indirectly as a result of facility activity. For example, the hotel/motel industry is directly affected by the room nights, room revenue and other hotel spending, while the restaurant, retail and other industries also stand to benefit directly by the dollars spent by event attendees. Indirect beneficiaries of this spending may include businesses and individuals which support the industries discussed previously, in addition to the “spin-off” impacts on sales, income and employment. Geographically, these direct and indirect impacts may be realized within close proximity to the development, countywide and statewide.

Revenue sources for the City of Miami and the City of Miami Beach were evaluated. The following is a summary of selected existing and potential taxes in each City that impact the visitor industry. Exhibits IX-2 and IX-3 present the rates of primary taxes for Miami and Miami Beach, respectively.

**Exhibit IX-2
Rates of Primary Taxes - City of Miami**

	Tax Rates By Spending Type						
	Food & Beverage -		Food & Beverage -		Entertainment	Other Retail	Car Rental
	Hotels	Sold at Hotels	All Other Rest.	Entertainment			
Sales - State	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Sales - County	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
Convention Development Tax - County	3.0%	--	--	--	--	--	
Tourist Development Tax - County	2.0%	--	--	--	--	--	
Tourist Development Surtax - County	--	2.0%	--	--	--	--	
Professional Sports Facility Tax - County	1.0%	--	--	--	--	--	
Homeless/Spouse Abuse Tax - County (1)	--	--	1.0%	--	--	--	
Total Tax Rate (in Miami):	12.5%	8.5%	7.5%	6.5%	6.5%	6.5%	

(1) Tax applies to food and beverage sold in establishments having gross annual revenues greater than \$400,000 and licensed to sell alcoholic beverages.



Exhibit IX-3
Rates of Primary Taxes - City of Miami Beach

	Tax Rates By Spending Type						
	Food & Beverage -		Food & Beverage -		Entertainment	Other Retail	Car Rental
	Hotels	Sold at Hotels	All Other Rest.	All Other Rest.			
Sales - State	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Sales - County	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
Convention Development Tax - County	3.0%	--	--	--	--	--	
2% Resort Tax - City of Miami Beach	2.0%	2.0%	2.0%	--	--	--	
1% Resort Tax - City of Miami Beach	1.0%	--	--	--	--	--	
Total Tax Rate (in Miami Beach):	12.5%	8.5%	8.5%	6.5%	6.5%	6.5%	

Potential revenue sources for facility construction or expansion are detailed below.

CDT Tax Increment

The County's Convention Development Tax (CDT) of three percent is assessed in all areas of the County, except Surfside and Bal Harbour. CDT revenue generated in Dade County approximated \$24.4 million in 1998, \$27.9 million in 1999 and \$30.5 million in 2000. It may be possible to capture CDT revenue growth beyond a base year. For purposes of this analysis, we have assumed that incremental CDT revenue is captured over a base year (2001). If this amount is earmarked for debt service over a 20-year period, a tax-exempt interest rate of six percent and a coverage ratio of 1.5, approximately \$80 to \$135 million in debt could be supported.



Other Hotel Tax Revenue

The total effective hotel room tax in both Miami and Miami Beach is 12.5 percent. As mentioned earlier in this report, this rate is not onerous to the Destination for a convention destination standpoint, as it ranks toward the middle of the comparable/competitive set (which ranges from 10.5 to 17 percent). A variety of similar and differing tax components comprise the total tax in both areas. Assuming that Miami Beach's tax was increased by 0.5 percent, approximately \$1.9 million in additional revenue could be generated in the initial year, supporting approximately \$22.1 million in debt. Assuming that the tax in the remaining areas of the County was increased by 0.5 percent, approximately \$3.2 million in additional revenue could be generated in the initial year, supporting approximately \$36.4 million in debt.

Food and Beverage Tax Revenue

A two percent Resort Tax is assessed in Miami Beach on food and beverage sold at all restaurants. A two percent Tourist Development Tax is assessed in most other areas of the County on food and beverage sold in hotels, while a one percent Homeless/Spouse Abuse tax is assessed on food and beverage sold in most other restaurants. Assuming that Miami Beach's food and beverage tax was increased by 0.5 percent, approximately \$2.6 million in additional revenue could be generated in the initial year, supporting approximately \$25.0 million in debt. Assuming that the tax in the remaining areas of the County was increased by 0.5 percent, approximately \$5.6 million in additional revenue could be generated in the initial year, supporting approximately \$54.8 million in debt.

Sales Tax Revenue

The current effective sales tax rates for both Miami and Miami Beach are comprised of a 6.0 percent state tax, in addition to a 0.5 percent County tax. County sales tax revenue generated in Dade County approximated \$109.1 million in 1998, \$113.9 million in 1999 and \$123.9 million in 2000. Assuming that the sales tax rate was increased by 0.05 percent, approximately \$12.4 million in additional revenue could be generated annually, supporting approximately \$130.9 million in debt. However, a raise of the County sales tax rate would require a public referendum and is considered very unlikely.

Analysis of Potential Private Participation and Other Revenue Sources

There are several private industries in the greater Miami and Beaches area that would benefit from expansion to or development of Destination convention facilities and the attraction of additional visitors to the area. These industries include the local hotel, restaurant and retail industries. However, there are relatively few examples of existing private sector beneficiaries contributing directly to convention center project funding. Rather, the increase in visitor industry business translates into an increase in tax revenue to the public sector.

However, in recent years, several public assembly facility projects have incorporated creative partnerships with the private sector to assist in defraying facility development costs. Some potential private sector participation funding possibilities are outlined in this section. Private sector participation in the public assembly facility industry has increased significantly over the past several years. This participation has taken the form of:

- joint hotel/center development;
- naming rights;
- sponsorships;
- upfront service provider fees and facility component build-outs;
- exclusive facility use agreements; and
- private donations of capital and/or land.

Each of these opportunities for private sector participation in funding the facility should be evaluated. Given the potential costs for construction or renovation of Destination convention facilities and the annual costs to operate them, such private sector participation may be a necessary component of a successful project.

Joint Hotel/Center Development

Private sector participation is more common in situations where the private entity is a co-developer or a participant of the project. Given the significant interrelation between convention facilities and a hotel property, such private sector entities are often times hotel developers. The joint public/private sector development of convention and hotel facilities has increased nationwide over the past several years due to the substantial costs to develop and operate convention centers. Such arrangements provide the public sector with two primary benefits. First they increase the likelihood of attracting a hotel developer for the project by increasing their revenue potential. Second, they can substantially reduce the public sector capital costs for the project. These deals typically involve some form of the following components:

- private sector financing of the hotel and kitchen space, and some portion of the meeting and ballroom facilities;
- public sector financing of the exhibit space;
- public sector contribution of land;
- operation of the entire complex by the hotel operator; and
- operating agreements that provide the hotel operator a management fee and that provide operating guidelines set forth by the public sector.

Other private sector entities such as retail and restaurant establishments are also beneficiaries of convention center operations, however, generally to a lesser extent as compared to hotels. As a result, such entities have not typically participated directly in convention facility funding.

Naming Rights and Sponsorships

Naming rights and other unique sponsorships have been increasingly utilized in the public assembly industry in recent years. Naming rights agreements typically consist of a local corporation paying a fee upfront and/or over a series of consecutive years in exchange for the use of their company's name for the entire facility or various components of it. Naming rights agreements are much more prevalent with professional sports facilities than with convention and conference facilities. This is primarily attributable to typically much greater exposure potential at professional sports facilities (i.e., national broadcast coverage of events, exposure through other forms of media, millions of annual spectators, etc.).

However, a small number of convention centers have sold naming rights for the entire facility or components of it. These transactions tend to succeed to the extent target companies can identify long-term benefits. These benefits can include a revenue return, visual exposure for the sponsor, access to the attendees at the facility, sponsorship opportunities with events at the facility and other tangible benefits. The following represent noteworthy industry naming rights agreements:

- Delta Airlines recently purchased the naming rights to the soon to be expanded Cincinnati Convention Center for \$30 million.
- The Minneapolis Convention Center is presently negotiating a multi-million dollar 30-year contract with a local corporation to name the 3,400-seat auditorium within the Center.
- According to published reports, the Washington D.C. Convention Center Authority is presently undertaking a search to sell the naming rights to the new Washington Convention Center, scheduled to open in early 2003.
- Touchstone Energy entered into a 10-year naming and sponsorship agreement with the City of St. Paul to name the former St. Paul Convention Center the Touchstone Energy Center. Annual payments to the City range between \$200,000 and \$250,000.
- Midwest Express Airlines paid the City of Milwaukee \$10.5 million to name the former Wisconsin Center the Midwest Express Center over a 15-year term.

In negotiating these agreements, consideration has to be given to the image presented on the facility as a result of the naming deal, and the controls the involved public entity will have on the specific type of advertising/signage used.

Beyond naming rights, there are various categories of sponsors that convention and conference centers are presently leaning towards:

- technology and telecommunications
- facility control systems
- energy systems
- security systems
- food service

For each of these and other such areas, a highly qualified company is selected to provide the service in the center in exchange for exclusive sponsorship recognition and a percentage of the revenue generated from the service. It appears that sponsorship alone does not drive significant financial participation, rather it must be combined with a revenue stream.

Upfront Service Provider Fees and Facility Component Build-outs

Much of the recent private sector participation in public assembly facility funding has taken the form of up-front capital in exchange for guaranteed exclusive operating rights. For instance, a food service operator may contribute a portion of the costs of constructing the kitchen facilities or providing kitchen equipment in exchange for the right to provide food service in the building. For Destination convention facilities, these provider fees can also include other in-house services, such as the following:

- electrical,
- utilities/environmental control,
- Internet and communications,
- virtual meetings/satellite,
- audiovisual,
- security systems,
- entertainment, and
- other such items.

Public assembly facility projects in recent years have increasingly seen private participation in the form of build-outs of various building components. For instance, several communities have partnered with one or more telecommunications firms

whereby in exchange for various advertising and sponsorship opportunities with the project, the firms installed the telecommunications systems (i.e., fiber optic and copper-based wiring, wireless components, equipment, etc.) at their own expense. In addition, the partnering firms may also receive revenue rights as facility users use the technology. Other private sector firms have provided similar build-outs in exchange for other unique opportunities at the facility, such as an exclusive area within the center that is used as a test area or showcase for the firm's products or services.

Exclusive Facility Use Agreements

In many communities, there are several major corporations or institutions that are heavy users of the convention center. It may be possible to identify these users prior to facility development and negotiate up front funding in exchange for guaranteed use of the center during certain times of the year. Such corporations or institutions may also be involved in the actual design of the center to help ensure that their facility needs are addressed.

Private Donations of Capital and/or Land

Certain communities have succeeded in historical fundraising efforts for various public projects. In these instances, a few high profile, community-oriented wealthy individuals have provided private donations of capital and/or land to help defray public sector development costs. It is suggested that these types of opportunities be explored with regard to Destination facilities.