

## **SAN DIEGO CONVENTION CENTER EXPANSION**

### **Summary**

The San Diego Convention Center generates significant economic benefit to the greater San Diego region by hosting international and national conventions and trade shows in a world-class facility. It offers 615,701 square feet of exhibit space and has hosted over 1000 conventions and trade shows and more than 3,000 community and local events since its opening in 1989. In January 2009, Mayor Sanders formed the Mayor's Citizen Task Force on the Convention Center Project to evaluate and recommend the necessary steps required to ensure San Diego's ability to retain and enhance its current market position in the convention and meeting industry. Based on the findings of the Convention Center Project, the economic benefits of an expanded facility are significant and will enable San Diego to better compete for more conventions and trade shows.

### **Economic Impact Overview**

Since opening in 1989 the Convention Center has attracted more than 17 million visitors, generated an access of \$20 billion in regional economic impact, \$400 million in tax revenues, and 12.5 million hotel room nights and hosted more than 4,700 events. The Convention Center has contributed \$20.9 billion to the regional economy and more than \$400 million in tax revenue making it one of San Diego's most important economic engines. The chart below provides a snapshot of the year end fiscal accomplishments the Convention Center generated in FY11, as well as the additional benefits an expansion could generate for San Diego.

#### **Economics impacts generated FY 2011**

Includes convention meetings and other events

<b>Category</b>	
Economic Impact	\$1.4 B
Direct Delegate Spending	\$596.2 M
Transient Occupancy Tax Revenue (TOT)	\$19.5 M
Sales Tax Revenue	\$1.1 M
Jobs Generated by Events	12,500

#### **Additional Economic Benefits of Expansion**

<b>Category</b>	
Economic Impact	\$698 M
Direct Delegate Spending	\$372 M
Transient Occupancy Tax Revenue (TOT)	\$12.7 M
Sales Tax Revenue*	\$0.8 M
Jobs Generated by Events	6,885

\*Source: San Diego Convention Center Corporation, AECOM

## Keeping San Diego Competitive

Currently, the San Diego convention center is ranked 24<sup>th</sup> according to size out of more than 450 convention facilities in North America. Its top competitors for convention business are Anaheim, San Francisco, Las Vegas, Denver, New Orleans, Chicago, Orlando, Atlanta and Washington, D.C.

Expansion of the convention center is necessary because conventions are attracting more attendees and the demand for larger facilities is becoming greater. As an example, San Diego almost lost the city's largest annual convention, Comic-Con International, to Anaheim and Los Angeles because those competitors offer more space, which translates into more attendees and more revenues. Comic-Con's economic impact is more than \$160 million. The Healthcare Information and Management Systems Society convention, a very lucrative medical convention per delegate, has already been lost to competitor cities.

A survey conducted by the Watkins Research Group, shows that San Diego is one of the most desirable destinations in North America for business meetings. San Diego has a competitive advantage in attracting customers with its beautiful landscape and many attractions outside the convention center. More space would ensure the retention of conventions like Comic-Con, attract other large conventions and allow the convention center to simultaneously host mid-sized conventions. This would improve San Diego rank for conventions in North America.

Aside of holding conventions and attracted new ones, other project objectives are:

- **Improve San Diego's tax revenue** – Expansion of the convention center will reduce the burden of local tax payers and help pay for important city services like police and fire protection, park and beach maintenance, etc.
- **Enhance San Diego's waterfront, parks & public amenities** – Expansion would create one of the largest green belts in downtown San Diego and create a new urban playground for residents and visitors and decrease traffic along Convention Way.
- **Promote environmentally sustainable development**-Innovative design and efficiency aspects of the expansion will promote environmental sustainability.

## Project Financing

Local hoteliers approved a new hotel fee to fund the convention center project. The fee is expected to generate more than \$30 million a year, and is the key to financing the bulk of the \$520 million expansion which is expected to be completed in early 2016. Revenue generated by the new levy would help cover up to \$575 million in 30-year bonds for the center's expansion. The Port of San Diego is contributing \$3 million a year over 20 years, and the city is being asked to cover \$3.5 million annually over 30 years.