

MINUTES

Monday, July 6, 2009
San Diego Convention Center
4-6 p.m.

Present:

Co-chairs: Stephen Cushman, Cheryl Kendrick

Task Force Members: Susie Baumann, Pete Garcia, Lorena Gonzalez, Bob Nelson, Vincent Mudd, Bill Sauls, Diane Takvorian, Lani Lutar, Fred Maas, Mike McDowell, Richard Bartell, Gordon Boerner, Patrick Duffy

Absent:

Task Force Members: Mark Steele, Bill Evans

MCTF Staff Present: Cynthia Olmstead

1. **Call to Order:** Co-chair Cushman, 4:05 p.m.

2. **Non-agenda public comment:**

- Don Wood: Questions for Task force (please see public comment letters for Mr. Wood's questions to Task Force)

3. **Action Item: Approval of minutes from June 15, 2009**

- Approval by all Task Force members present at June 15 meeting

4. **Discussion**

- a. All past questions will be addressed in future meetings
- b. Review meeting schedule
 - Suggestion by Task Force member to discuss parking reimbursement at the Convention Center meetings.
 - Suggestion to move July 21 meeting to a new location

5. **Presentations**

**A. San Diego Convention Center Phase III Expansion:
Art Castro, Tucker Sadler Architects**

- Modifications have been made in the renderings on the Hilton (south) side of the Convention Center on the 5th Avenue Landing site.
- Space in Hall H has been increased
- A total reduction of 150,000 sq. ft. in space
- A net reduction of approximately 20,000 sq. ft. of total exhibit space
- A total cost savings of \$107,874,000 would result from the modifications
- Addressed that truck staging would take place off-site

**B. Convention Center Expansion and Hotel Projects
James Sult, Piper Jaffray**

- Discussed modifications in cost/financing:
 - \$72.6 million reduction in building cost for Convention Center expansion
 - \$3.4 million addition in pedestrian bridge cost
 - \$69.2 million reduction in total cost of Convention Center expansion
 - \$2.02 million reduction in annual retail revenue
 - \$35.2 million reduction in hotel project building cost
 - \$3.2 million reduction in net annual funding requirement for Convention Center expansion
 - \$5.3 million addition in projected residual cash flow of hotel project
 - \$7 million reduction in funding requirements
- Follow-up to June 15 questions/ requests:
 - Rationale for Convention Center expansion
 - Rationale depends upon different factors
 - It is a public bond issue
 - Depends on who is paying for the project
 - A measurement of benefits is important
 - Value of naming rights
 - Naming rights on a convention center have been done before in other cities (ie. Cincinnati and Milwaukee) for an average revenue of \$5 million/year
 - Ratings/ debt structure
 - Requires a cost/benefit analysis
 - Sensitivity Analysis
 - Substantial amount of sensitivity analysis was done when working on the expansion and the hotel project

6. Task Force member discussion/questions:

- Suggestion to perform research on how restaurant taxes are imposed in other cities
- Suggestion to address a cost/benefit analysis for the people who would pay
- Suggestion to provide an analysis of other recently expanded facilities, highlighting on what funding sources/costs were initially suggested and what the final outcome actually was once it opened.
- Suggestion to de-link the hotel to the funding/cost of the Convention Center
- Recommendation to have a larger list of possible revenue sources
- Suggestion to have a full transcript of upcoming meetings

7. Future discussion questions:

Task Force members Vince Mudd, Lorena Gonzalez and Mike McDowell will be working on formatting a discussion process for the remainder of meetings

- Recommended discussion topics for future meetings include:
 - Mission and charge of the mayor
 - Demonstrated need
 - Feasibility of expansion
 - Jobs
 - Financing options



- Public access
- September 2009 due date
- What happens if we don't expand?
- Negative impacts?
- Provide additional revenue sources and who benefits the most
- Performance metrics
 - Provide past performance of previous expansions
- Be clear on the direct specific benefits to the city and San Diego
- Provide comparative of proposed rates (TOT, TMD) of other cities and legal issues associated with the revenue sources (both sides of the issue)
- Provide information from other cities that have imposed suggested taxes
- Provide evaluation of funding options
- What is the nexus, cost/benefit to businesses?
- Does Convention Center revenue change as a result of expansion on an "operational basis"?
 - What would be the operating revenue?
- Suggestion of de-linking hotel revenue from consideration
- Consider impact of hotel on environmental regulations

7. Public Comment:

- Andy Fichthorn, Sea World General Manager
 - Addressed concerns on increasing Sea World tickets to help fund expansion