

## Attachment A

Re: Overview of possible revenue sources (to meet bond obligation) and estimates on range of revenue expectations:

- **Adjacent, new convention center hotel- Residual cash flow**
  - *The Piper Jaffary presentations addressed the potential financial contribution and financing structures of an adjacent hotel on June 15<sup>th</sup> on pgs. 19 – 22 and 24 and on July 6<sup>th</sup> on pg. 6.*
  - *The projected range of annual “residual cash flow” from the hotel models as presented is \$3,691,000 to \$8,995,000.*
  - *At its meeting of July 6<sup>th</sup> the TF decided by consensus to “de-link” the hotel from the Convention Center Expansion project and to address its relationship to the project as a possible funding source versus an integral and necessary part of the project.*
  
- **Convention Center Retail- Net income**
  - *This references proposed income from a retail component of 40,000+ sf to be designed into and constructed concurrently with the convention center expansion.*
  - *In conceptual renderings presented by Tucker, Sadler, on June 2<sup>nd</sup>, their presentation calls out Ground Floor Retail on Pg. 9, references retail in the elevation on pg. 22, and shows an exterior featuring retail space on pg. 37.*
  - *In the revised conceptual renderings presented by Tucker Sadler on June 15<sup>th</sup> their presentation calls out 49,400 sf of retail on the Ground and 5<sup>th</sup> floors and references retail in the elevations on pgs. 3 and 7.*
  - *In their presentation of June 15<sup>th</sup> Piper Jaffary, proposes Projected Annual Retail Revenue of \$6,045,000 from retail operations/rent on pg. 23. Piper Jaffary revised that number in their presentation of July 6<sup>th</sup> on pg. 4 to \$4,013,000.*
  
- **Convention Center Hotel Business Improvement District Assessment- By geographic proximity to Center**
  - *One premise of a Business Improvement District (BID) is to allow similar businesses in a defined geographic area to self-assess to pay for*

*infrastructure maintenance and improvements for the mutual benefit of the group, and for the individual benefit of each member. The BID can identify benefit zones and agree to a greater assessment for those with a greater benefit. For example, hotels adjacent to the convention center could agree to pay a larger assessment because their proximity allows for a greater benefit, versus a hotel near the airport that may realize a lower level of benefit and therefore pay a lower assessment. (NOTE: This was the structure for creating the San Diego Tourism Marketing District. Because the focus was on marketing and NOT infrastructure maintenance and improvements, it was given its hybrid name to avoid any confusion or question of purpose. The TMD is fundamentally a BID.)*

- *All BID's obligate the property owner for payment, but do not preclude the recovery of the cost of the assessment through a direct pass-thru to customers or price increases.*
- *A BID of this type, for this purpose would require a majority vote of the assessed businesses (hotels) and a majority vote of the City Council. The vote of the businesses is weighted by the estimated amount of the real assessment.*
- *From Piper Jaffary presentation July 6, pg. 9 (TOT or TMD Reference)*
  - *Revenue Potential: (Assumes flat rate throughout District, no zones)*
    - *Citywide @ 1% = \$14,700,000*
    - *Citywide @ 2% = \$29,400,000*
    - *Citywide @ 3% = \$44,100,000*
    - *Downtown @ 1% = \$5,160,000*
    - *Downtown @ 2% = \$10,320,000*
    - *Downtown @ 3% = \$15,480,000*
- **Convention Center Entertainment District Assessment- All non-hotel businesses, by geographic proximity to Center**
  - *The most typical and traditional BID is property based, and includes all businesses in a Business District.*
  - *Assumes that all businesses with the district see some level of benefit from the investment of assessment revenue.*
  - *Each business type can have a separate assessment value (drycleaners different from locksmith), and that assessment is based on the property tax rate of each business. Assessment is collected with property taxes.*
  - *A BID of this type, for this purpose would require a majority vote of the assessed businesses and a majority vote of the City Council. The vote of the businesses is weighted by the estimated amount of the real assessment.*

- *No District has been defined, therefore no revenue potential has been evaluated.*
- **Convention Center Restaurant Business Improvement District Assessment - By geographic proximity to Center**
  - *See Convention Center Hotel Business Improvement District above, item # 3.*
  - *In order to avoid conflict with state law over the taxation of alcoholic beverages, assessment could be property based or calculated on gross sales or gross food sales.*
  - *Assuming that 60% of all sales are food sales, and therefore assuming that 60% of the projections by Piper Jaffray on pg. 9 of their July 6<sup>th</sup> presentation:*
    - *Downtown Gross Food Sales Assessment .5% = \$ 720,000*
    - *Downtown Gross Food Sales Assessment 1% = \$1,440,000*
- **Convention Center Parking District (BID)- By geographic proximity**
  - *Several jurisdictions presented in the Piper Jaffray presentations of July 6<sup>th</sup> refer to a parking component of the available revenue stream.*
  - *For San Diego, this would require a hybrid of the traditional BID model to provide for greater revenue capture within the parking district and a program of shared revenue with the City. Or,*
  - *An alternative could be a parking district consisting of only parking contractors/businesses that can self-assess and pass that assessment on to their customers.*
  - *A third option for capturing a contribution from parking revenues could be the inclusion of the parking companies in any Entertainment District proposal.*
- **Convention Center Taxi District**
  - *Drop-off/Pick-up Surcharge – A special fee paid for the privilege of Convention Center drop-off or pick-up. No \$ analysis provided.*
  - *Airport Taxi Surcharge – Any taxi into or out of the airport pays an additional fee: (Piper Jaffray July 6, pg. 8 & 10)*
    - *Airport Taxi \$1 per trip = \$1,500,000*
    - *Airport Taxi \$3 per trip = \$4,500,000*
    - *Airport Taxi \$5 per trip = \$7,500,000*

- **Rental Car Surcharge**
  - *Piper Jaffray July 6, pg. 8 & 10*
    - *Rental Car Surcharge \$1 per rental = \$1,150,000*
    - *Rental Car Surcharge \$5 per rental = \$5,750,000*
    - *Rental Car Surcharge \$10 per rental = \$11,500,000*
  
- **Convention Center Service Contractor Fee**
  - *Piper Jaffray June 15, pg. 15*
  - *New Orleans*
    - *Convention Center service contractor fee of 2.0 percent of gross sales in the Center.*
  
- **Incremental Convention Center Parking Fees - 100% of all above 2007 baseline**
  - *An increase in Convention Center business will potentially increase demand for Convention Center and adjacent Port owned parking. Establish a revenue baseline before expansion and then dedicate any incremental increase in parking revenue to off-set expansion costs.*
  
- **Contribution of land and other concessions from Unified Port of San Diego**
  - *Piper Jaffray July 6, pg. 4*
    - *Convention Center Construction Cost Estimate*
      - *Owner Soft costs including land = \$86,258,000 (partial?)*
  - *Other Concessions*
    - *As negotiated*