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Convention Centers

SAN DIEGO MAYOR SEEKS MORE DETAILS ON CONVENTION CENTER PLAN

San Diego, Calif. — Mayor Kevin Faulconer told the Chargers he needs a lot more detail on the team's convadium plan before he can decide if it's a good deal, the *Voice of San Diego* said.

He's especially interested in seeing what the $1.8 billion building is supposed to look like.

In a letter to the team, Faulconer said he needed to see the design of the proposed stadium-convention center the Chargers want to build downtown. Without seeing the facility's design, he wrote, it's impossible to know how much the city will spend running and taking care of it and how useful it will be as expanded convention center space.

"Absent additional information about the design it is not possible to reasonably project the nature and magnitude of operation and maintenance costs, validate construction cost estimates, determine the public share of overall costs, and authenticate projections of revenue from potential events," he wrote.

His letter was accompanied by 15 pages of questions for other details of the Chargers' plan.

The Chargers two weeks ago released a plan to build a convadium next door to Petco Park by raising the city's hotel tax from 12.5 percent to 16.5 percent. The team is now collecting signatures to put the plan on November's ballot.

The plan didn't include design specifications. Faulconer is saying that's crucial to get any sense of its value to the city, which would cover over $1 billion of the convadium's total $1.8 billion cost.

Faulconer, meanwhile, planned as recently as January to ask voters in June to increase hotel taxes for a convention center expansion at its current location. That opportunity came and went, and now he's asking the Chargers for more details on their idea.

In his dispatch to Chargers owner Dean Spanos, Faulconer tried to figure out under which circumstances the city's general fund would be on the hook for unforeseen costs.

He also asked eight questions about design schematics after the plan mentioned only stadium seating capacity, square footage of convention space and compliance with the city's municipal code.

Some of those questions hit at a central dilemma facing any joint stadium-convention center facility: Where does the stadium end and the convention center begin?

For instance, Fauloner asked how much of the 385,000 square feet of convention space includes club areas, suites, lounges and meeting spaces that are typically included in stadiums. He also asked whether the facility would include a roof, and if so, how much of the playing surface itself would count as convention space.

The exhaustive list of questions also asks for details on lease terms, additional public expenditures as the facility ages, specific cost estimates, anticipated events at the facility, parking and transit, relocation of the Metropolitan Transit System's bus yard and what would happen in the event of cost overruns or construction delays.

Neither Faulconer's office nor the Chargers immediately responded to requests for comment.

CHICAGO MAYOR PROPOSES OF MCCORMICK LAKESIDE CENTER

Chicago, Ill. — Mayor Rahm Emanuel's last-ditch effort to keep the Lucas Museum of Narrative Art in Chicago comes at a cost: tearing down McCormick Place's Lakeside Center and its substantial exhibit space.

Loss of the Lakeside Center would be a blow for some of the city's trade shows, notably the biennial International Manufacturing Technology Show, the city's largest. The massive exhibition, which occupies the entire complex and is booked through 2022, can draw more than 100,000 visitors from more than 100 countries, packing hotel rooms, restaurants and taxis.

A number of major medical conferences also use Lakeside Center, including those of the American Society of Clinical Oncology and the Radiological Society of North America. The medical professionals who attend those shows tend to be big spenders who are prized by the city's hospitality industry.

"It could certainly cause a major challenge," said Steve Drew, assistant executive director of RSNA, whose annual show draws more than 55,000 attendees from around the world. The scientific assembly uses the Lakeside Center's exhibition space, meeting rooms and the Arie Crown Theater.

The latest Lucas Museum plan would replace the lost convention center capacity, but the Emanuel administration so far has not said where the new space would go, how much it would cost and who would pay for it. Emanuel spokeswoman Kelley Quinn declined to offer specifics, saying such details would be provided in next few days.

A source close to the administration said the city is looking at options tied to borrowing against future museum revenue it would generate at the current McCormick site, such as parking fees.

The Lakeside Center and the adjoining underground parking facility are built on Chicago Park District land. Under a lease that runs through 2042, the Metropolitan Pier and Exposition Authority pays rent on an escalating scale, totaling more than $48 million over the term of the lease. The new museum proposal raises the question of whether the taxpayer-supported Park District would lose that revenue stream.

It would appear difficult for the agency that governs McCormick Place to come up with more money.

Struggling financially for years, McPier already is heavily leveraged, maxing out its debt limit to launch a $650 million expansion project. McPier officials hope a second hotel and an arena to showcase DePaul University's basketball team will draw more conventions and help transform the surrounding barren section of Chicago into a vibrant entertainment district. Attendance at meetings and trade shows fell to 992,000 last year from 1.5 million in 2003 as Chicago has lost significant ground to Las Vegas and Orlando, Fla.

After years of covering costs with the help of profits from the Hyatt Regency McCormick Place and its convention business – as well as state tax revenues on Chicago-area hotel stays, rental cars and other services – the agency ran an operating deficit for six years during and after the recession. A series of legislative reforms in 2010 were passed to stabilize finances.

Further construction by McPier could require legislative changes to allow it to issue new bonds. To pay for the new Marriott, McPier not only used up the rest of the $450 million in borrowing granted by the state in 2010, but it also went even deeper into debt. Last year, the agency took out a $250 million construction loan backed by revenues from the new Marriott.

ILLINOIS BUDGET CUTS MONEY FOR INCENTIVES

Chicago, Ill. — Add the agency that runs McCormick Place to the list of state funding beneficiaries being held hostage by Illinois' ongoing budget stalemate.

Buried in the details unveiled the new proposal to replace the convention center's east building with the Lucas Museum of Narrative Art was a troubling revelation for the Metropolitan Pier and Exposition Authority: The state owes it a lot of money.

McPier, as the agency is more commonly known, gets up to $15 million each year from the state's general revenue fund that it uses to lure major events by offering them discounted rent, *Crain's Chicago Business* said.

For its 2016 shows, the agency and Choose Chicago – the city tourism bureau that actually books the shows – have committed $11.2 million in such incentives. But the state, which is mired in an ongoing battle over its 2016 budget, has not appropriated that money.

That means McPier would have an $11.2 million hole in its $153.7 million revenue projection for the year ending June 30, if the state does not provide the funding. About $56 million of that revenue is expected to come from its convention and trade show business.

It doesn't get any easier next year, as the agency has committed $13.5 million worth of incentives to clients that it is counting on the state providing.

"We may have made up some of that (revenue) over the course of the year, but we'd have a loss that we'd just ride for a little while," said McPier CEO Lori Healey.

The new Lucas Museum plan includes a provision that the state follow through on those 2016 and 2017 incentive payments and commit to the appropriations through 2023. But the chances that the debt-reliant Lucas proposal comes to fruition still appear slim, at least for now.

Healey says she wants to wean her organization off of the state incentive fund, which was established in 2009 and expanded in 2010 amid sweeping changes at the convention center to lower the cost of labor.

But she is also confident that McPier won't need the state subsidies in a few years. She's banking on revenue growth created by a new Marriott Marquis hotel and 10,000-seat arena next door that are slated to come online next year to help that effort.

That's why another trade-off in the Lucas proposal would be that the state could end its incentive fund obligation starting in 2024.

"We're generating more revenue on the balance of our campus . . . and believe me, my team is focused on not giving that space away like they have been historically," Healey said. "We want to encourage the shows to come, but we don't want to unnecessarily provide incentives if we don't need to."

McPier is not the first convention and tourism industry victim of the protracted budget impasse in Springfield.

Choose Chicago cut 28 people – about a quarter of its staff – last year after the state held back $7.2 million in state hotel tax funding because of the budget showdown. The state eventually appropriated the funds, but not before the tourism bureau cut short an ad campaign and closed several offices overseas.

LOS ANGELES SEES 30 PERCENT INCREASE IN BOOKINGS

Los Angeles, Calif. — The Los Angeles Convention Center has booked 30 major conventions for 2016, a 30 percent increase over last year and a new record for big multi-day gatherings at the city facility, the *Los Angeles Times* reported.

The conventions this year include a celebration of comic books and movies, a gathering of experts on allergies and a conference of builders of environmentally friendly structures. The new events are expected to boost the center's annual attendance 22 percent this year, convention representatives said.

The surge in convention bookings comes two years after the city turned over management of the convention center to a division of AEG, the entertainment group that owns and operates the adjacent Staples Center and L.A. Live. The 30 big conventions are expected to generate $7.5 million in rental fees, up from about $5.5 million in 2015.

In addition to the 30 multi-day conventions that require booking several hotels, the convention holds nearly 300 other events, including smaller consumer shows, meetings and special events.

AEG officials attribute the increase in bookings to improved efforts to work with the Los Angeles Tourism and Convention Board, which books the multi-day events. AEG books most of the smaller events.

"This partnership continues to evolve as the teams work in tandem to develop business for the convention center while driving revenue to the city of Los Angeles," said Brad Gessner, general manager for the convention center.

Los Angeles County has been breaking tourism records for five years in a row, with a record 45.5 million visitors estimated for 2015.

Convention center officials could not estimate the spending that will be generated by the 30 multi-day conventions this year, but one of those gatherings, WonderCon – the festival of comics, movies and pop culture that was held in March – drew about 55,000 visitors and generated about $36 million in spending, according to AEG officials.

Overall bookings, attendance and spending may increase in future years because city officials are considering proposals to upgrade and expand the 870,000-square-foot convention facility to 1.3 million square feet, including 60,000 square feet of ballroom space. A modernization plan, according to tourism officials, should make it easier to attract the kind of large conventions that typically go to cities such as Anaheim or Las Vegas.

LAS VEGAS TO TAKE BIDS ON CONVENTION CENTER FOOD VENDOR

Las Vegas, Nev. — One of the Las Vegas Convention and Visitors Authority's most lucrative contracts comes up for bid later this year and the authority's board has made it clear that prospective bidders shouldn't try to influence their decision, the *Las Vegas Review-Journal* said.

A request for proposals for food services at LVCVA properties, which include the Las Vegas Convention Center and Cashman Center, was published. The deadline for bid submissions is June 15 at 2 p.m., and the board expects to award a contract in September.

Aramark Sports and Entertainment Service LLC currently holds the contract, which expires Dec. 31.

The value of the contract varies from year to year, depending on the number of conventions and their attendance, but in the 2015 fiscal year, gross sales for food and beverage totaled $21 million, netting the LVCVA $6.3 million in commissions. Gross sales generally range from $20 million to $25 million a year.

The authority is contracted to receive about 32 percent of gross sales under the current contract.

But the next contract is expected to be a little different and bidders may offer creative ways to split revenue with the authority.

"There's actually a lot of excitement about the upcoming contract because we're hoping the convention center can provide a more upscale food experience for guests," said Rana Lacer, the authority's chief financial officer.

The bid process is expected to be highly competitive and vendors have made inquiries to board members and the LVCVA staff about their expectations.

For that reason, the board is emphasizing the imposition of a "quiet period" for board members and the staff to talk about the bid process. Quiet periods are routine, but because of the high stakes of the contract it was decided to emphasize the rules for the request and Lacer outlined them at a recent LVCVA board meeting. She said vendors or their representatives are prohibited from communicating with board or staff members.

Under terms of the authority's quiet period, a prospective vendor could only make an inquiry of the LVCVA purchasing agent. Any inquiry and the response from the purchasing agent would then be forwarded to all prospective bidders.

The quiet period will conclude as soon as the final bid selection is posted on the board agenda, which is expected in early September.

The food service contract is proposed for a seven-year term, subject to negotiation.

Lacer said the authority would solicit percentage bids, flat rates or a hybrid of those. The key new element would be proposals that would upgrade food offerings. Currently, Aramark provides a variety of food items, mostly easy-to-deliver fast food at several preparation stations throughout the convention center and Cashman. The bid also includes the concession stands at Cashman Field for Las Vegas 51s games.

GROWTH OF BALTIMORE CENTER NOT A PRESSING ISSUE

Baltimore, Md. — Expanding the Baltimore Convention Center continues to be on hold.

State and city officials had eyed $3 million in funding as part of Gov. Larry Hogan's supplemental budget during this year's General Assembly. But as the session wrapped up, the funding was not in place, the *Baltimore Business Journal* said.

Karen Glenn Hood, a spokeswoman for the Maryland Department of Commerce, said a formal ask was never made to Hogan to put the funding into one of his three supplemental budgets. She did not comment on why that was, instead deferring comment to officials closer to the convention center.

Tom Noonan, CEO of Visit Baltimore and a longtime advocate for a larger convention center, said in a statement that he has “nothing to add to the conversation at this time” regarding what the next steps toward an expansion might be. Noonan did say he was “disappointed” that funding for the study wasn’t approved during this legislative session.

Visit Baltimore could not be reached for additional comment. Peggy Daidakis, executive director of the convention center, could not be reached.

Maryland’s Secretary of Commerce Mike Gill discussed the idea of expanding the 37-year-old convention center in March, saying that a new study would allow engineers and architects to figure out the scope of such a project. Gill said a $600 million expansion could double the floor space of the convention center. A new hotel could also be part of the project.

Gill said the interested parties are having “ongoing conversations” about what the next steps for a study are, but couldn’t talk in specifics.

“There’s always a timing factor in a lot of things,” he said of the study not being funded this legislative session. “The legislative session kind of arrives quickly and goes out quickly, and you need to have all your strategies in place. Outside of that, I don’t know.”

Now, parties involved will either have to wait until next year’s session to seek approval once again, or look for an alternative source of funding.

Noonan has said that 30 percent of citywide conventions – those requiring at least 1,200 hotel rooms on its peak night – interested in coming to Baltimore end up choosing another city because the convention center is too small or already booked.

The Convention Center currently has 300,000 square feet of exhibit space, and the expansion plan would increase that space to 600,000 square feet. The building opened in 1979 as one of the premier convention spaces in the country, but its stature has fallen over time with upgrades coming to larger facilities in cities such as Philadelphia, Washington, D.C., and Atlanta.

LEXINGTON GETS STATE FUNDING FOR CENTER EXPANSION

Lexington, Ky. — When the state legislature gave final approval for $60 million in state funding for expansion and renovation of the Lexington convention center, that was just one more step toward the day the work begins, the *Lexington Herald-Leader* said.

Much more needs to be done before construction can begin on the $250 million project, which will include a new 100,000-square-foot exhibit hall and additional meeting space. The construction is scheduled to start in spring 2017.

The Democratic-controlled House and Republican-controlled Senate also passed separate legislation that would allow Fayette County to increase its hotel and motel tax by 2.5 percentage points for a total of 9.5 percent.

The state’s financial support was key to getting the long-awaited expansion off the ground, convention center officials said.

Tops on the to-do list is the Urban County Council’s approval of $10 million in city bond money for the project and the passage of the hotel and motel tax increase. Mayor Jim Gray recommended $10 million in his budget, but the council must still give final approval. The council unanimously approved a resolution earlier this year backing the hotel tax increase and tentatively agreed to set aside $10 million for the expansion.

In addition to the $70 million in state and local money, $171 million will have to be borrowed for the project. If approved, the increase in the hotel tax will pay the debt on the $60 million in state funding and the $171 million in borrowing.

"We have a lot of things that we will have to do simultaneously," said Brent Rice, chairman of the Lexington Center Corp. board. "But we want to put this on the fast track."

Lexington Center oversees Rupp Arena, the convention center and the Lexington Opera House.

In 2014, Lexington Center and Gray pushed for a $350 million expansion of both Rupp and the convention center. But those plans were put on hold after the group failed to get state legislative support for the project and the city and the University of Kentucky, Rupp's main tenant, could not agree on the extent of the project. Some members of the hospitality community and the Urban County Council also had questions about the project.

Rice said this year the group had the support of the business, tourism and hospitality sectors and local government.

"It truly was a team effort," Rice said.

Bill Owen, CEO and president of Rupp Arena, said Lexington Center will have to re-engage the original design team of NBBJ and EOP Architects to make changes to the design. NBBJ teamed with Lexington-based EOP on the $350 million design that included an expansion of Rupp Arena and the moving of the convention center. Rupp Arena is not included in the $250 million renovation. Lexington Center is in the midst of a $15 million technology upgrade in the arena.

The remaining funds will come from an assortment of places, including some of Lexington Center's reserve fund.

Lexington Center Corp. must also start the process of getting private banks to issue the $171 million in private bonds, a process that will take several months, Owen said.

The city must agree to the $10 million and the hotel tax increase before the state will release the $60 million, Owen said.

Councilman Kevin Stinnett is chairman of the Urban County Council's Budget, Finance and Economic Development Committee and is a member of the Lexington Center's board. Stinnett said the council is just starting its review of Gray's budget proposal and has not had extensive discussion on the $10 million bond issue. The council has until June 30 to pass the one-year budget that begins July 1.

Stinnett said although many council members support the convention center overhaul, "I think some council members will want to hear more details."

Vice Mayor Steve Kay agreed.

"I can't speak for the council, but there have been no objections to the project as outlined," Kay said. "And I have not heard any concerns about the bonding of the $10 million, or the city's direct contribution."

Owen said the plan has been to keep the convention center open during the construction. But operational issues will have to be addressed.

Rice said the Lexington Center board will meet to begin discussions on design and start the process to obtain financing for the $171 million in bonds.

If the council approves the hotel tax increase and the $10 million, construction will likely begin in the spring of 2017. Construction will likely take 24 to 34 months to complete, convention officials have said.

Three different consultants over the past several decades have recommended expanding the convention center so it can remain competitive with other cities and keep current convention center business. The convention center recently lost a coal-related conference because of lack of space.

"We are in our 40th year of operations," Owen said. "We are taking steps right now to expand our facility for another 40 years."

The last time the convention center expanded in 2004, private money followed the public investment. Two downtown Lexington hotels were remodeled after the 2004 expansion.

"Last time it was between $25 and $30 million in private investment," Owen said. "It will be interesting to see what type of private investment this expansion will create."

LAS CRUCES MOVES TOWARD JOINT SOUND STAGE/CONVENTION CENTER

Las Cruces, N.M. — City councilors took the first step toward building a shared film sound stage and Las Cruces Convention Center expansion, the *Las Cruces Sun-News* said.

They voted 7-0 to OK a two-phased plan that calls for using $5 million – $4 million in city funds and $1 million in state appropriations – to build a convention center expansion that would include an exhibit hall that could double as a sound stage, where movies and TV shows could be filmed indoors. City staff said a second phase of the plan would entail constructing a standalone film sound stage, using another $5 million in city funds, at a location that hasn't been decided.

Garza told councilors the vote was to approve a plan for the convention center expansion, but further votes, such as approvals of bid awards, will come later. The project would allow the city to build the full "footprint" of the convention center originally envisioned, but later scaled back.

The city owns the convention center, but contracts out the operations to a private company.

Public Works Director Loretta Reyes said told councilors the city has the $5 million for a sound stage and convention center, but faces deadlines on spending the funds. The state funds must be spent by summer 2018. The city funds stem from bonds issued by the city on the Hold Harmless Gross Receipts Tax dollars, which also have a time limit, she said.

The approval green lights city staff to begin work on the project, expected to add about 25,000 square feet to the 55,000 square-foot convention center, Reyes said. Architectural design and other planning must be done. She estimated it could take about 12 to 18 months to break ground. Other elements of the expansion include building more "breakout" rooms for smaller group meetings, a parking lot expansion and a new south-facing entrance.

Some councilors initially expressed reservations about the proposal put forward by City Manager Robert Garza, citing concerns that the sound stage could be overshadowed.

Councilor Jack Eakman said he was concerned about requiring the convention center and film production companies to share the same exhibit hall, given they have different missions. Because of that, extra considerations will have to be made, he said.

"It's like trying to put a bear and a lion in the same cage together, in my opinion," he said.

Mayor Ken Miyagishima responded, saying that who will get priority will be determined by who books and pays for the space.

Mayor Pro Tem Greg Smith introduced a resolution that added language to the resolution laying out the plan that would require the eventual sound stage to be built to film-industry standards to the degree possible within the city's budget. The resolution passed 7-0.

Councilor Ceil Levatino said she supported Smith's amendment because it would help ensure the exhibit hall and sound stage proposals are built to meet the film industry's needs. She said she doesn't think the two will have to share the space for long before the need for a standalone film studio becomes apparent.

Dan Williams, interim vice president for grip, light and sound with IATSE Local 480, a union of film industry technicians in New Mexico, was among film industry supporters who applauded the council's vote. A shared film studio and exhibit hall at least will give a physical manifestation to an idea that's existed for years to build a film studio, he said.

"It's a step in the right direction," he said. "Of course, our end goal is to have a standalone studio."

Williams said having the jointly used space will bolster the film industry's argument that a standalone facility is needed because it will show a demand for the studio space.

"When people go to work and there are going to be projects for the city to see, it will be a huge thing," he said.

Demand for indoor filming space has been on the rise in New Mexico. According to the New Mexico Film Office, there were eight TV productions filming in the state, meaning every studio in Albuquerque and Santa Fe are or were full, the *Albuquerque Journal* reported.

Film Office Director Nick Maniatis said this is the first time so many shows have been in New Mexico at once, bringing unprecedented money to the state, according to the Associated Press.

"What's happening now is the fruits of our labor," Maniatis said. "There's a lot of hard work from the studios, the unions and the film office that has gone into making this happen."

In terms of planning for a Las Cruces sound stage, Williams said important aspects will be to restrict outside sound and natural light. There should also be enough space to build portions of homes for productions inside. Another possible feature could include a curved wall to allow for a green screen.

Reyes and Garza said the two-part plan calls for a standalone film stage, but also allows added time for a film industry business plan to be developed, as well as for other planning decisions to be finalized. Garza said $5 million funding for the standalone stage will stem from the city's Hold Harmless Gross Receipts Tax funds, which is a tax hike imposed by councilors in 2014.

The City Council encumbered about 25 percent of those expected tax revenues to repay bonds issued last fall for a variety of projects. But 75 percent of the expected revenue remains undesignated – the source of the $5 million that would go to the standalone sound stage, according to Garza.

Conference Centers

ARKANSAS DROPS PLANS FOR CONFERENCE CENTER

Fayetteville, Ark. — The University of Arkansas at Fayetteville has dropped plans to build a hotel and conference center on campus, the *Arkansas Democrat-Gazette* said.

"Directing resources to a hotel simply isn't a priority," UA spokesman Mark Rushing said in an email.

Chancellor Joseph Steinmetz made the decision a couple of weeks ago, Rushing wrote, adding that the university is in the middle of an academic planning process that will be used in deciding how to allocate resources.

"This is consuming our attention presently," Rushing wrote.

Arkansas Business was the first to report that plans had been halted. The proposed hotel, near buildings that are part of the Sam M. Walton College of Business, would have served the college's growing executive education program and hosted university-related events.

Estimates put the project cost in a range from $30 million to $38 million, according to Rushing.

In August – before Steinmetz arrived Jan. 1 as UA's top leader – a design presentation for UA System trustees outlined a hillside hotel with six levels and 120 or 128 rooms.

Questions at that time involved financing, with a projected $6 million to have come from UA fundraising and most of the cost picked up through either a commercial loan or bond issue. Earlier, UA leaders had talked about using federal tax credits to help pay for the project. But awards through the New Markets Tax Credit Program, intended to help low-income areas, are highly competitive. Tax credits for the project never materialized.

To explore the hotel's feasibility, UA had formed a partnership with FLIK International Corp. to manage the property and with Acquest Realty Advisors Inc. to serve as a developer.

Scott Davis, chief executive officer for FLIK Hospitality Group, said he could not speak for UA as to why they have decided not to move forward with the project.

"I think we'll stay in communication, and if things change at the university, we've put together a strong proposal that they could use down the road," Davis said. FLIK had been set to invest $4 million.

UA has a smaller hotel on campus, the Inn at Carnall Hall, which has about 50 rooms. Other universities, including Arkansas State University in Jonesboro, have moved forward with plans to build hotels on campus.

ASU's approximately $45 million project calls for a 205-bed Embassy Suites hotel to be built with a 40,000-square-foot convention center.

Davis said he continues to see interest in universities building on-site hotels, especially when they have strong aspirations for executive education programs.

"I think that universities, as they continue to grow and expand their mission, it's a natural business component of what they do," Davis said of adding hotels.

Matt Waller, interim dean for UA's Walton College, said UA's executive education programs face competition from schools such as Michigan State University and Penn State University that have such facilities.

Waller has helped lead a push at UA to sign up more businesses in executive education, with Lowell-based J.B. Hunt Transport Services Inc. one major client.

He said UA will continue to work with smaller groups on campus.

Walton College is also developing more online executive education programs, he said, though most learners still go to the campus.

But faculty members also sometimes visit work sites to teach employees, Waller said.

"If we had the facility, we would be encouraging them to come here," Waller said. "But since we don't, we're just going to have to go to their sites more often."

When asked, Rushing said the decision to drop the hotel plan had nothing to do with an estimated $160 million proposal to renovate Donald W. Reynolds Razorback Stadium. The stadium project, which has yet to be approved by UA System trustees, would be funded with approximately $40 million in private funds and a $120 million bond issue.

Hotels

580-KEY HOTEL PLANNED FOR ANAHEIM

Anaheim, Calif. — A lounge overlooking the Disneyland Resort, two signature restaurants, swimming pools, valet parking – these are the features of a new eight-story luxury hotel planned for Anaheim, the *Orange County Register* said.

The Planning Commission unanimously green-lighted a conditional use permit for the hotel across the street from Disneyland. The City Council will vote on the project May 17.

Good Hope International, an affiliate of Wincome Group, wants to build the $208 million, 580-room hotel, with 50,000 square feet of meeting space on the site of one of its existing properties, The Anaheim Plaza Hotel & Suites. The Anaheim Plaza at Harbor and Disney Way is directly across the street from Disney California Adventure.

“Everything will be top of the line,” said Paul Sanford, asset manager for the Wincome Group. “The rooms and the bathroom will be luxurious.”

The 1700 S. Harbor Blvd. project is the third luxury hotel planned in Anaheim since the city adopted an incentive program to encourage the development of four-diamond quality hotels. Disneyland Hotel and Disney’s Grand Californian Hotel & Spa are the only hotels in the city that meet AAA’s four-diamond rating.

Under the program, luxury hotel builders apply for an incentive that allows the developer to receive a 70 percent return on Transient Occupancy Tax collected at the property over 20 years. The city would then collect 100 percent of the taxes after the agreement expires.

The city projects the 1700 S. Harbor Blvd. project would generate about $80 million in 20 years, double the amount of bed taxes officials believe Anaheim would receive from The Anaheim Plaza as it is now.

“The Anaheim Resort is incredibly important for the entire city,” said John Woodhead, Anaheim’s director of community development. “What’s good for the resort is good for the community in general. We are able to generate more taxes for the city.”

In 2013, the council awarded a $158 million room tax subsidy to help another group of developers to build two luxury hotels at the GardenWalk. The JW Marriott was approved by the Planning Commission earlier this year and construction is slated to start at the end of the year. There are currently no updates for the second luxury hotel on that property.

The 1700 S. Harbor Blvd. hotel is the first of two planned luxury hotel developments for Wincome in the city. The developer previously filed plans with the city to build a $225 million, 634-room luxury hotel to replace another of its existing properties, The Anabella Hotel, adjacent to the Anaheim Convention Center.

"We feel Anaheim has lacked these kinds of hotels in this market," Sanford said.

300-ROOM HOTEL PLANNED AT MINNEAPOLIS AIRPORT

Minneapolis, Minn. — St. Paul International Airport's main entrance will soon have a new look and feel, the *Star Tribune* said.

Graves Hospitality, a Minneapolis-based developer, begins construction this summer on a 12-story, 300-room hotel that will be the first thing passengers arriving by car encounter on the way in to the airport. The company announced InterContinental Hotel and Resorts will be the hotel's brand.

In addition to becoming the first hotel at the airport, the building will connect to Terminal 1 via a new skyway and a new security checkpoint, requiring close coordination between the developer and the Metropolitan Airports Commission.

The roads will be reconfigured with the inbound lanes passing by the hotel on one side and the outbound lanes flanking the other. A separate exit lane on the inbound side will be created for hotel traffic so that it doesn't clog passenger drop-off and pickup zones.

The total project will cost $115 million. Graves will pay nearly $90 million for the hotel portion, which will become its flagship property, while the airport will cover the road and skyway costs that total about $25 million.

The Federal Aviation Administration has approved construction.

Under a 75-year ground lease agreement, Graves will own and operate the hotel while paying rent to the airport commission.

The developer plans to begin construction in early July and has set an aggressive and "expedited" timeline for the project with the hopes of opening by Super Bowl 2018, hosted in Minneapolis. It'll be a close finish, company President Ben Graves said.

"With a project of this scale, the gestation period is quite long," he said. "We aren't doing this hotel for the Super Bowl. We have a 75-year horizon. But it would be icing on the cake. It will be within weeks."

Logistics for the new U.S. Transportation Security Administration (TSA) checkpoint have yet to be worked out, said Pat Hogan, spokesman for the Metropolitan Airports Commission.

"They've set up security checkpoints at other airport hotels around the country, so we expect they would here as well," Hogan said. "TSA typically pays for that, but we still need to sit down with Graves and the TSA together to figure out exactly what that is going to look like."

Graves said the checkpoint will be on the hotel end of the skyway where guests will be able to quickly pass through security and go directly to their gate.

While Graves has not yet signed InterContinental, the two entities have finalized a term sheet for the agreement. InterContinental was founded by Pan American World Airways in 1946.

This hotel is the latest pet project for Graves. The developer is best known locally for Graves 601 Hotel, located across from Target Center, that is now Loews Minneapolis Hotel.

Graves wants to create a hotel that nods to Minnesota values and products and meets the expectations of world travelers. "It's going to be very sophisticated," he said. "You will feel like you are in Minnesota, but it will live up to being a truly international hotel."

The original plans called for a nine-story hotel, but it rose to 12 stories with the addition of a penthouse level and a venue called Observation Bar, which will have floor-to-ceiling windows offering views over the airport, rivers and both downtowns.

Two large suites will have 16-foot ceilings, which Graves said will make them the nicest hotel rooms in Minnesota. Day passes will be available for the spa, catering to travelers with long layovers.

There will be about 25,000 square feet of conference and meeting space. Graves is also partnering with local brands to create art installations. For instance, Red Wing Shoes is designing a leather-clad statement wall behind the reception desk.

Graves Hospitality has a reputation for developing high-end hotels, such as the Hotel Williamsburg, which was the first full-service, 64-room hotel in Williamsburg, a hip neighborhood in Brooklyn, N.Y.

The company sold it for $33 million, the most ever per room for a hotel in Brooklyn.

The developer, which also builds bars and residential projects, is most active in the Upper Midwest region. PCL Construction and RSP Architects are project partners.

FOUR BID FOR CONVENTION HOTEL ON SAVANNAH'S HUTCHINSON ISLAND

Savannah, S.C. — Four major firms have submitted bids to develop a convention hotel on Hutchinson Island, according to Sherrie Spinks, general manager of the Savannah International Trade and Convention Center, who, according to the *Savannah Morning News*, gave an update on the request for qualifications to the trade center authority.

HAAD/Arcadd Inc., Capella Hotel Group and Songy Highroads submitted proposals along with CWT Savannah Holdings, the joint venture that owns the Westin Savannah Harbor Golf Resort and Spa, which is currently for sale.

Some of the proposals are hundreds of pages long and will be reviewed by board authority chairman Mark Smith and a newly formed review committee.

Smith declined to comment on a specific timeline for the process, but said he was anxious to resolve the issue this year.

"That's one of my goals this year, to select a developer or secure the expansion of the Westin," Smith told the board. "Either way, we still get more rooms on the island."

The committee, which consists of Smith; David Allman, vice chairman of the Georgia World Congress Center board, which manages the operation of the local trade center; Frank Poe, executive director of the GWCC; Ted Kleisner; and Dave Neises. The committee will have an initial conference call to begin discussions on the firms' qualifications.

Last June, the trade center board hired Bill Moeckel of Moeckel & Co., a real estate investment and advisory services company specializing in the hospitality industry, as a consultant and the firm will serve as an advisor in reviewing the hotel submissions, Smith said.

"If we deem them qualified, we'll ask for a proposal. I'm told that one of this respondents has the ability to build a hotel out-of-pocket," Smith said.

The request for qualifications to build a 300- to 500-room convention hotel was sent to more than 1,000 developers in February. The deadline for submitting qualifications was March 24.

The site of the hotel would be on Parcel 7 on the island – also known as Trade Center Landing – on the other side of the trade center from the Westin Savannah Harbor Resort.

For at least five years, the trade center authority has commissioned feasibility studies and engaged consultants to look at the financing and economic development potential of a major convention hotel project on the island.

In the most recent study, begun in 2014, PKF Hospitality Research of Atlanta indicated Hutchinson Island will need at least 300 more hotel rooms if the trade center is to grow its convention business.

Smith had no additional comments on the applicants, but said he was pleased to see that CWT, a combination of CSX Realty Co., the Westin and Troon-golf, chose to participate in the bid requests.

The remaining firms have completed projects around the globe and have diverse portfolios ranging from hotel development and office space to residential and commercial centers:

- Massachusetts-based HAAD/Arcadd Inc. was established in 1986 and specializes in public facility design including renovation and new construction projects. Their portfolio includes the Westin Hotel in Boston and an array of international projects in Kabul, Libya and Baghdad.
- Capella Hotel Group was established in 2002 and offers hospitality services under four profiles, Capella Hotels, Solis Hotels, Independent Hotels and Spas. The group manages properties across the globe including, The Lough Eske Castle in Ireland, Ayana Resort and Spa in Bali and The Hotel at Auburn University in Alabama.
- Songy Highroads, also based in Atlanta, which began in 2010, is a commercial real estate firm that acquires, renovates, develops, and manages real estate projects throughout the southeast. Past projects include hotels for Hilton and Marriott as well as office and residential projects.

LUX HOTEL MAY COME TO PITTSBURGH

Pittsburgh, Pa. — A luxury lifestyle hotel could end up on top of the 600-space parking garage being built at the site of the former Saks Fifth Avenue department store Downtown.

The 161-room hotel is a new wrinkle in the second phase of a development being proposed by Smithfield Oliver Partners, a partnership between Washington County-based Millcraft Investments and Downtown's McKnight Realty Partners, the *Pittsburgh Post-Gazette* said.

As originally planned, Smithfield Oliver had envisioned up to 100 residential units in a second phase to complement the garage and 30,000 square feet of street level retail space.

Under the latest proposal, the development team intends to build 62 market rate apartments in addition to the hotel. The residential units will range in size from 430-square-foot micros to 885-square-foot two bedrooms.

Pittsburgh Urban Redevelopment Authority board members are expected to vote on whether to accept the proposal and to enter into a contract with Smithfield Oliver Phase 2 Partners to sell the air rights above the garage for $2.2 million.

Lucas Piatt, Millcraft president and chief operating officer, said the hotel "improved the financial projections [for the project], took advantage of Fifth Avenue as a main entrance, creates more building amenities, more jobs and more economic impact for the region and the Smithfield Street district."

Mayor Bill Peduto had demanded that Smithfield Oliver build residential units above the parking in exchange for a $7 million loan needed to finance the garage and the infrastructure required to support what would be built above it.

The development team acquired the Saks site on Smithfield and a former Wendy's restaurant and vacant lot from the URA for $2.2 million. The URA had spent $4 million to obtain the Saks store after it closed in 2012 and additional dollars for the other parcels.

Besides the garage, the $35.5 million first phase includes retail space at ground level. Fogo de Chao, a Brazilian steakhouse, has signed a lease to occupy about a third of the 30,000 square feet.

The hotel would be the third new one in the Smithfield corridor. A 225-unit Embassy Suites recently opened in the Henry W. Oliver Building and a 155-room hotel is planned in the former Macy's department store near the Saks site.

LIMITED SERVICE HOTEL PLANNED NEAR UNIVERSITY OF BUFFALO

Buffalo, N.Y. — The growth of University at Buffalo and increased demand for both hospitality and living space is prompting another development project near the school's North Campus, the *Buffalo News* said.

Ellicott Development Co. is proposing to build a four-story limited-service hotel and up to 24 upscale rental apartments, virtually across from one of the entrances to the university campus.

Plans for the $12 million project call for a 107-room, 62,000-square-foot hotel that will be flagged with a national brand, along with two separate apartment buildings of eight to 12 units each.

The 3.08-acre property is currently owned by John R. Jakala of East Amherst, but Ellicott has it under contract. The land has several houses on it, two of which will be demolished while the third historic home at 4030 Rensch will be preserved. The plans by architectural and engineering firm Carmina Wood Morris envision 137 parking spaces, plus new landscaping, lighting and other site improvements.

The project, which is aimed at the UB market, is located across the street from Ellicott's 105-room Staybridge Suites hotel and the mixed-use University Place apartment and retail complex Bevilaqua Development LP. A People Inc. group home and a UB storage facility are also nearby, as well as other student housing and hotels. But William Paladino, CEO of Ellicott Development, said there's room for more activity.

"With UB's expansion and all the things they've got going on, it's been a good market for us," he said.

The project needs Amherst Planning Board and Zoning Board of Appeals approvals before work can begin, and Paladino said he expects that will take at least two to three months. Besides the site plan, Paladino is also seeking to rezone the property from the more intensive "research-development" category to "general business" and "multifamily residential." If approved, construction is slated to start by late summer or early fall, and to wrap up by the spring or summer of 2017.

HOTEL DEVELOPER TO EXPAND IN FAYETTEVILLE

Fayetteville, N.C. — Two brothers who own three hotels in Fayetteville are hoping to build a fourth next to their Embassy Suites, the *Fayetteville Observer* said.

Construction plans for a 121-room SpringHill Suites are in the review process required before the city of Fayetteville issues a building permit.

Manish and Naynesh Mehta had envisioned the SpringHill Suites a few years ago when they were planning the larger Embassy Suites project next door. The 165-unit Embassy Suites, which includes a conference center and about 12,000 square feet of meeting space, opened in the spring of 2012.

At the time, a representative of the project said the developers wanted to get Embassy Suites up and running before they moved ahead with any plans for SpringHill Suites.

That time apparently is now.

The Mehtas, who couldn't be reached for comment for this story, also own the nearby Holiday Inn Express and the Hilton Garden Inn.

Embassy Suites, whose units all include two rooms, and the Hilton Garden Inn are Hilton brands. SpringHill Suites is a Marriott brand.

Marriott says the brand is its largest all-suites style, offering "progressive design" aimed at "upper-moderate tier" and "next gen" business travelers.

The SpringHill Suites is one of nearly a dozen hotels with about 1,100 additional rooms planned for the Fayetteville market or being considered.

John Meroski, president of the Fayetteville Area Convention and Visitors Bureau, said developers are being drawn by local occupancy rates, which have been averaging about 65 percent, and by average daily rates.

Meroski said the hotel market has been flat over the past couple of years because of new construction and reduced defense-related travel. He said he believes a flood of new hotels is likely to hurt the overall market. If hotels start cutting rates to compete, it could cut into occupancy-tax collections.

"My experience tells me there's not enough demand to support this type of increase," he said. "Only time will tell."

Seven hotels, with a total of 744 rooms, are being built or are almost certain to be built in Cumberland County, Meroski said.

They include a Courtyard by Marriott in Spring Lake, a Homewood Suites by Hilton, a Holiday Inn in western Cumberland County, three Holiday Inn Express hotels and a Hampton Inn at exit 49 off Interstate 95.

He said four more hotels are being discussed, including the SpringHill Suites, a Candlewood Suites on Fort Bragg, a downtown hotel and a Tru by Hilton.

MARRIOTT TO OPEN LAKELAND HOTEL IN DECEMBER

Lakeland, Fla. — A new 112-room Marriott TownePlace Suites is scheduled to open in December on U.S. 98 North at the Interstate 4 junction, the *Lakeland Ledger* said.

And not a moment too soon, according to local tourism officials.

"We are driving demand beyond supply," Mark Jackson, director of tourism and sports marketing for the Central Florida Development Council Inc., said of the shortage of hotel rooms in Polk County. "We need to upgrade (existing hotels) and build new ones."

Lakeland hasn't seen a new hotel since 2009 when the Holiday Inn Express & Suites opened, said Jackie Johnson, senior vice president in the Convention & Visitors Bureau at the Lakeland Area Chamber of Commerce.

The bureau has had trouble recently finding enough rooms for several large events, she said.

"We've really noticed that in the past couple years," Johnson said.

Johnson cited the vocational schools competition Skills USA, which drew more than 2,000 people to the city for three days in April 2015 and returns later this month.

"We had problems getting rooms," she said.

The problem should ease slightly with the opening of the Marriott and a new Holiday Inn Express in the same area by June, Johnson said. Both hotels are planned for the area.

The Marriott TownePlace is an extended stay hotel catering to business people and tourists, said Stan Jones, director of development for InterMountain Management LLC of Monroe, La., which owns or manages about 50 hotels in the United States with another 30 properties under development.

The TownePlace has studio and one- and two-bedroom suites that include a full kitchen, he said.

In December, InterMountain opened a Fairfield Inn and Suites, also in the Marriott chain, in the Westshore area of Tampa and has a Fairfield scheduled to open in Kissimmee in June, he said. The company is also building another TownePlace in Lake Buena Vista to open next year and another that opened in 2014.

Tourism is not the only factor that attracts InterMountain to Florida, Jones said.

"We look for markets that have a healthy mix of business demand," he said. "In our opinion, relying on a single segment of the market is not a good idea."

Lakeland was also attractive because of its health facilities, such as Lakeland Regional Health, Jones said.

Johnson and Jackson agreed local hotel demand is coming from many segments, including business, health and tourism travel. They agreed Polk hotels and motels need infrastructure updates to meet the modern traveler's demand.

Almost 70 percent of Polk's hotel properties were built before 1999, Jackson said.

Lakeland has 15 properties more than 35 years old, Johnson said, and only 11 hotels and motels have been built since 2000.

"Part of the problem is aging hotels combined with a significant increase in demand," Jackson said.

The market is beginning to respond with new hotels in development in Lakeland, Winter Haven and Auburndale, he said.

There are proposals to build two new hotels in South Lakeland, Johnson added.

HOTELS OFFERING BREAKS TO THOSE WHO BOOK DIRECTLY

Tampa, Fla. — Hotels are getting more aggressive in their fight to get travelers to book reservations directly with them instead of through online travel agencies such as Expedia and Priceline, the *Tampa Tribune* said.

Hyatt Hotels Corp. became the latest chain to offer guests a discount for booking a room directly on its own website. Members of its Gold Passport loyalty program can save up to 10 percent at hotels in the U.S., Canada and Australia.

The move follows similar campaigns by Hilton Worldwide, Marriott International and Starwood Hotels & Resorts Worldwide.

Hotel companies have a tortured relationship with online travel booking sites. They rely on the sites to bring travelers to their properties and fill rooms. But companies like Expedia and Priceline charge commissions of 15 percent or higher. The hotel chains would rather keep that money themselves.

"It costs them less and it gives them a better chance to create a business relationship," said Henry Harteveldt, of travel consultancy Atmosphere Research Group. "They get our email information and a chance to win our ongoing preference."

Harteveldt noted that fewer than one in four hotel guests belong to a loyalty program.

Expedia said online travel agencies help travelers discover new hotels and offer efficiency.

"The vast majority of travelers coming through our sites are new, brand-agnostic and incremental to the chain's existing loyal customers," said Cyril Ranque, president of lodging partner services for the Expedia Group. "To ask a consumer to search multiple sites for the best price sets the industry back 20 years."

As chains bring hundreds of independent hotels into their booking systems, they are trying to prove their own worth and justify their own management or franchise fees. Part of that process means trying to retrain guests to do less price comparison. The idea is that one hotel company's website should be your only stop when looking for a room, whether in a boxy convention property or a boutique hotel.

Hilton launched a marketing campaign in February called "Stop Clicking Around" promoting its own discount for loyalty members – also up to 10 percent – as well as free WiFi. Starwood offers the same discounts. (Hyatt offers free WiFi to all guests worldwide, regardless of how they book.)

Travelers should note that sometimes a discount for being a senior or AAA member is greater than the hotel's member rate. But not always.

When Marriott launched its member-only rates in March, its global marketing officer, Karin Timpone, said the rates were to reward loyalty.

"We also want to help dispel the myth that other travel websites offer better rates for our hotels. The simple fact is that you will find the lowest rates across our portfolio when you join Marriott Rewards and book direct," Timpone said at the time.

At the time of its campaign launch, Hilton's chief marketing officer, Geraldine Calpin, provided a similar explanation: "Our customers don't need to worry about sorting through a dizzying array of websites, enduring hundreds of clicks and wasting hours of time."

The Rest of the News

BOSTON MAY BAN UBER, LYFT FROM CONVENTION CENTER

Boston, Mass. — Thousands of out-of-town convention-goers have gotten used to calling an Uber car from the Boston Convention & Exhibition Center to take them to a hotel, restaurant or back to the airport, the *Boston Globe* said.

But new legislation could soon ban ride-hailing vehicles from picking up passengers there, a move that officials say could make it one of just a few major convention centers across the country with such restrictions.

As the Massachusetts Legislature seeks to regulate the companies, the House has approved a bill that introduces a five-year ban on Uber and Lyft picking up customers at convention center properties – and extending the current ban on many types of pickups at Logan International Airport. Convention center officials say they were blindsided by the proposal and are now pushing for the proposed ban to be eliminated in a future version of the bill when it is considered by the Senate.

"[Our customers] are taking the ride-sharing companies, and if you take that away, then our business will suffer," said James Folk, director of transportation at the Massachusetts Convention Center Authority. "We're trying to get as many people here for economic stimulus and everything else, and if we lose that, we're going to lose customers."

The pushback from the convention center authority underscores the political tensions that local officials must navigate as they seek to create rules for a now ubiquitous but still unregulated industry.

Convention center authorities said they want to continue their existing relationship with the traditional taxi industry, whose business still dwarfs companies such as Uber and Lyft on its properties.

But Folk said passing a ban on Uber and Lyft would make the Boston Convention & Exhibition Center and Hynes Convention Center less appealing for big industry groups shopping for conference locations and hurt local residents who flock to the convention center in South Boston for crowded events, including those on the Lawn on D.

Uber and Lyft vehicles currently are able to pick up customers from the convention center properties, but patrons still wait in lengthy lines for taxis during busy conferences, according to officials. One ride-hailing firm, which Folk declined to name, estimated that its drivers provided about 15,000 trips from the convention center properties during 2015.

"There's more than enough business to go around," he said.

But taxi industry supporters say that restrictions on ride-hailing companies are the only way to keep some of its drivers in business. Since the arrival of companies such as Uber and Lyft, taxi drivers have seen a big drop in revenue: From January to June of 2015, for example, taxi ridership in Boston dropped 22 percent compared with the year before.

Donna Blythe-Shaw, who represents a union of taxi workers, said that her industry doesn't believe that Uber and Lyft have a right to the fares or passengers they can currently pick up at the convention center. The taxi industry, which helped finance the convention center when it was built, needs more protection, she said.

"We've already lost our hailing business, and the regular business that we've been depending on" from regular contracts with private businesses, she said. "They need that exclusivity at the convention center and the airport."

Representative Michael Moran, a Brighton Democrat who supports the proposed bans and voted in favor of the bill, said the restrictions are necessary to temporarily help protect the small banks that helped finance taxi medallions that are now declining in value.

"We owe the medallion industry a little better effort than just saying, 'Sorry, there's new technology, and you're out of luck,' " said Moran.

Like Blythe-Shaw, Moran pointed out that the sale of taxi medallions raised money that helped finance the convention center. "I love the convention center, but they wouldn't be in that building if the taxi financing didn't help put it together," he said.

The bill passed by the House built off of a version that Governor Charlie Baker had filed. Baker's version did not include restrictions for convention center properties or Logan.

Representatives from both Uber and Lyft protested the House's version of the bill last month, criticizing the proposed restrictions. Chelsea Wilson, a spokeswoman for Lyft, said that the bill "limits consumer choice, restricts competition, and doesn't serve the best interests of the state."

If the Legislature approves the five-year bans for the airport and convention center, Massachusetts would be bucking a trend across the country – and in a way that convention center officials worry would make the city look unattractive to visitors.

Most airports have long had strict regulations about what kind of vehicles can solicit rides from people leaving the airport, which meant Uber and Lyft were often banned from airports from the start. But in recent years, major airports have turned a corner as the services have become more popular: Now, Los Angeles International Airport, San Francisco International Airport, and O'Hare Airport in Chicago are among the major hubs that allow Uber and Lyft to pick up from their properties, and Logan is one of the few major airports that still ban ride-for-hire firms.

The proposed five-year ban from Logan wouldn't necessarily change Massport's current practices.

Right now, Uber is able to dispatch some of its cars to the airport through its UberBlack and UberSUV services, which include livery cars that are registered with the Boston Police Department's Hackney Carriage unit and pay for commercial insurance.

That still excludes the vast majority of Uber vehicles that most customers take: The service that most are familiar with is UberX, the lowest-cost version that is largely made up of drivers who use their personal vehicles and have not purchased commercial insurance or registered with the police department. (Some livery drivers, however, have chosen to charge UberX prices, which are significantly less expensive than UberBlack and UberSUV prices.)

Jennifer Mehigan, a spokeswoman for Massport, said the agency is not opposed to companies such as Uber and Lyft.

"We are waiting to see what is finalized on Beacon Hill and are hopeful there will be a resolution soon," she wrote in an e-mail.

On the convention center side, Folk said several agencies in other states are working with Uber and Lyft to accommodate ride-for-hire firms in some way, rather than banning the vehicles altogether. Officials said they have also heard concerns that nearby properties, such as the Westin Boston Waterfront hotel that sits adjacent to the center, could be affected by the ban.

MYRTLE BEACH WANTS TO FURTHER CAPITALIZE ON SPORTS TOURISM

Myrtle Beach, S.C. — Sports tourism is growing in Myrtle Beach. So are the costs to sustain it. But city leaders appear to be split on whether or not to start taxing its golden goose to keep the growing industry sustainable, the *Myrtle Beach Sun-News* said.

Sports tourism brought in $2,140,530 in tax collections of hospitality fees, tourism development fees and local accommodations taxes in 2013. In 2015, it brought in $2,980,696 – a growth of 39 percent.

"If we didn't have those October storms, we would be up $900,000. That's phenomenal growth in two years," assistant city manager Fox Simons told Myrtle Beach City Council members at a budget retreat at the Wampee Conference Center in Pinopolis.

In its first three years, the industry has funneled nearly $8 million into the city's coffers, but this year city leaders gave about $1.2 million in hotel tax revenue to sports tourism to keep it going.

"A $1.2 million transfer from the local accommodations tax is not sustainable long-term so we have to look at different options to try and raise some revenue … and mitigate that subsidy," Simons said.

City staff looked at passing fees on to those who use the field to make the industry more self-supporting in a proposed budget for the next fiscal year. But council members were split on the idea.

"We don't want to nickel and dime people if the model can be improved by couching these debts," said Councilman Phil Render.

Mayor pro tem Mike Lowder said that the charges would be felt by the families currently drawn to the city to play ball.

Councilman Wayne Gray, however, said the city's fields are predominantly being rented by for-profit promoters and they would bear the charges, not the families.

"I think we've been more forgiving and accommodating as we've expanded into this business model than most of our competitors," Gray said.

He said it would be helpful to know the detailed efforts of other comparable sports tourism markets to make sure the city stays competitive.

The financial plan proposes charging athletic participation fees and admission fees and upping field rental fees to promoters that bring in groups that do not stay in hotels. Non-local teams that do stay in Myrtle Beach hotels will be offered a $50 rebate in rental fees.

A $3 take on each admission fee was proposed to bring fields like those at Grand Park in The Market Common in line with the fees charged at the Myrtle Beach Sports Center.

But Mayor John Rhodes said the city might see some blow-back if they start charging admission and athletic fees in places where they never charged before, noting the sports center opened with charges in place.

“I don’t want us to put ourselves in a situation where we’re pricing ourselves out of the market,” Rhodes said.

Simons said he agreed, adding that the process won’t be easy and it will involve education and communication, but the opportunity is out there to make the industry more self-supporting.

“We have to find a way to recoup some of the investments we’ve made in these areas,” said city manager John Pedersen.

Myrtle Beach Area Chamber of Commerce president and CEO Brad Dean said he could understand why fees are being discussed.

“As we evolve into more of a national sports tourism destination, fees structures will naturally change,” Dean said by phone Thursday night on his way back to the Grand Strand after a week in Columbia.

“Without speaking to any one facility or any one type of group, Myrtle Beach and surrounding communities have greatly enhanced sports recreation without enhancing sports fees,” he said.

But to keep Myrtle Beach’s level of service in tune with its demand as a leading sports tourism destination, Dean said he could understand how fees would be addressed as part of the equation. Small fees likely wouldn’t knock the city off of its competitive totem pole, he added.

Lowder said he doesn’t want to scare families away.

“I don’t want it to get to the point where we’re making it too expensive for folks to bring their children or grandchildren here to play ball so let’s take a look at this thing,” he said during the budget discussion in Pinopolis.

Council members agreed they wanted to see what comparable cities were charging in regards to their sports tourism activities before making any decisions.

City manager John Pedersen said they would bring more information back to the board.