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MAYOR JERRY SANDERS FACT SHEET

SANDERS UNVEILS MAJOR COMPONENT OF FUNDING PROPOSAL TO EXPAND CONVENTION CENTER

Mayor Jerry Sanders today announced the first – and largest – component of a proposed financing plan for the much-needed expansion of the San Diego Convention Center – a project that is expected to create thousands of jobs, grow our economy and generate millions of dollars in revenue for city services.

The proposal, developed collaboratively by Mayor Sanders, civic leader Stephen Cushman, the Convention Center Corp. Board, and representatives from the hospitality industry, would include the establishment of a Convention Center Assessment District.

Through a Convention Center Assessment District: (CCAD)

- Hotels in the downtown area within close proximity to the Convention Center would be assessed 3 percent on each room night.
- Hotels immediately outside of downtown in areas such as Mission Bay and Mission Valley would be assessed 2 percent on each room night.
- Hotels located further out would be assessed 1 percent on each room night.
- A board of directors, comprised of stakeholders including representatives of the hospitality industry, would be created to oversee the CCAD.

“As I have said from the very beginning, the expansion of our Convention Center should be paid for by those who will benefit from it,” said Mayor Sanders. “Given that the hospitality industry stands to gain substantially, it’s only logical that they should fund a significant portion of this.”

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Under the proposed plan, the hospitality industry’s annual contribution to the debt service for the expansion would be between \$28 to \$30 million. The current estimate for hard and soft costs as well as construction /design contingencies is \$500 million plus \$50 million for unanticipated site and entitlement costs.

The original expansion was conceptually estimated to cost \$711 million, but has been redesigned to achieve greater efficiency and improve public realm spaces. The new design, which was unveiled last year, maintains the same space requirements called for in the conceptual design. Under the plan, the gross floor area of the Convention Center would be expanded by 961,187 square feet – from 1,763,876 square feet to 2,725,063 square feet.

Net Leasable Space:

	<i>Existing</i>	<i>Proposed</i>	<i>Combined</i>
Exhibit Hall	525,701	225,000	750,701
Meeting Rooms	118,700	100,100	218,800
Ballrooms	81,700	80,000	161,700
Sails Pavilion	90,000	-----	90,000
<i>Total:</i>	<i>816,101</i>	<i>405,100</i>	<i>1,221,201</i>

In 2009, Sanders created the Citizens’ Task Force on the San Diego Convention Center Project, and appointed Cushman and San Diego Convention Center Corp. Board Chair Cheryl Kendrick to co-chair the task force. The group was charged with evaluating the feasibility of expanding the Center. After conducting extensive research and holding 11 public meetings, the task force concluded that an expanded Center would attract additional and larger conventions to San Diego. Because of the limited size of the current Center, San Diego loses out on hundreds of thousands of hotel room visits, as well as the accompanying visitor spending at restaurants, shops, and visitor attractions.

After a competitive process, the San Diego Convention Center Board of Directors voted in November 2010 to approve Fentress Architects/John Portman & Associates/Civitas Inc. as the design team for the expanded Center. Their state-of-the-art design builds on the success of the iconic facility by embracing the waterfront location with a new 5-acre roof-top park while delivering an expanded facility that will help drive the regional economy, generate jobs, and build on San Diego’s reputation as a world-class convention and meeting destination.

Soon after the selection of the design team, Sanders tapped Cushman to serve as his Special Assistant in charge of crafting a financing plan. Over the past several months, discussions have taken place between the Mayor, Cushman and others to develop the plan.

“I am very appreciative of Steve’s commitment to this project,” said Sanders. “He’s dedicated a substantial amount of time and effort to make this happen for the city.”

The plan will ultimately be voted on by area hotel owners. It is not expected to require a public vote.

The expanded Convention Center is estimated to increase hotel-room nights by 657,000 each year and produce \$121 million in new hotel-room sales revenue annually. In addition, it is projected to create an additional \$16 million in hotel-tax revenues for the city each year, which can be used for city services such as police and fire.

To generate the additional funding needed to build the Center, a variety of other sources are under consideration. Sanders is hopeful that a full funding plan will be finalized later this year.

The City Council will receive an update on the project and the funding plan at its meeting on Tuesday, May 17th.

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