



ECONOMIC AND FISCAL IMPACT ANALYSIS

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# Broward County Convention Center

BROWARD COUNTY, FLORIDA



**SUBMITTED TO:**

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**PREPARED BY:**

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March 11, 2014

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Mr. Carlos Puentes  
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Re: Broward County Convention Center  
Ft. Lauderdale, Florida

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Mumbai  
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Singapore

Dear Mr. Puentes:

Pursuant to your request, we herewith submit our Economic and Fiscal Impact Analysis of the Broward County Convention Center in Ft. Lauderdale, Florida.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

It has been a pleasure working with you. Please let us know if we can provide any additional services.

Sincerely,  
HVS Convention, Sports & Entertainment  
Facilities Consulting

Thomas A Hazinski  
Managing Director

Alex Moon  
Analyst



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# 1. Introduction and Executive Summary

## Nature of the Assignment

Broward County, Florida engaged HVS Convention, Sports & Entertainment Facilities Consulting (“HVS”) to conduct an Economic and Fiscal Impact Analysis of the Broward County Convention Center (“BCCC”) in Broward County, Florida. The purpose of the study is to estimate the increase in economic spending in Fort Lauderdale and Broward County from a BCCC expansion.

## Needs Assessment and Market Study

In 2013, HVS completed a Needs Assessment and Market Study of the BCCC. The report developed a plan to expand the BCCC and potentially introduce a new adjacent headquarters hotel. It included a survey analysis in which HVS found that event planners considered event space availability important but gave Broward County low marks on the criterion. Research of other nationally competitive markets showed the BCCC currently underperforming with respect to event demand, but that the area offers an attractive destination. HVS recommended that management expand the BCCC to increase its event space capacity by almost 100,000 square feet with future plans to expand the exhibit hall.

The Needs Assessment and Market Study recommended the expansion of function spaces as shown in the figure below.

**FIGURE 1-1  
RECOMMENDED EXPANSION**

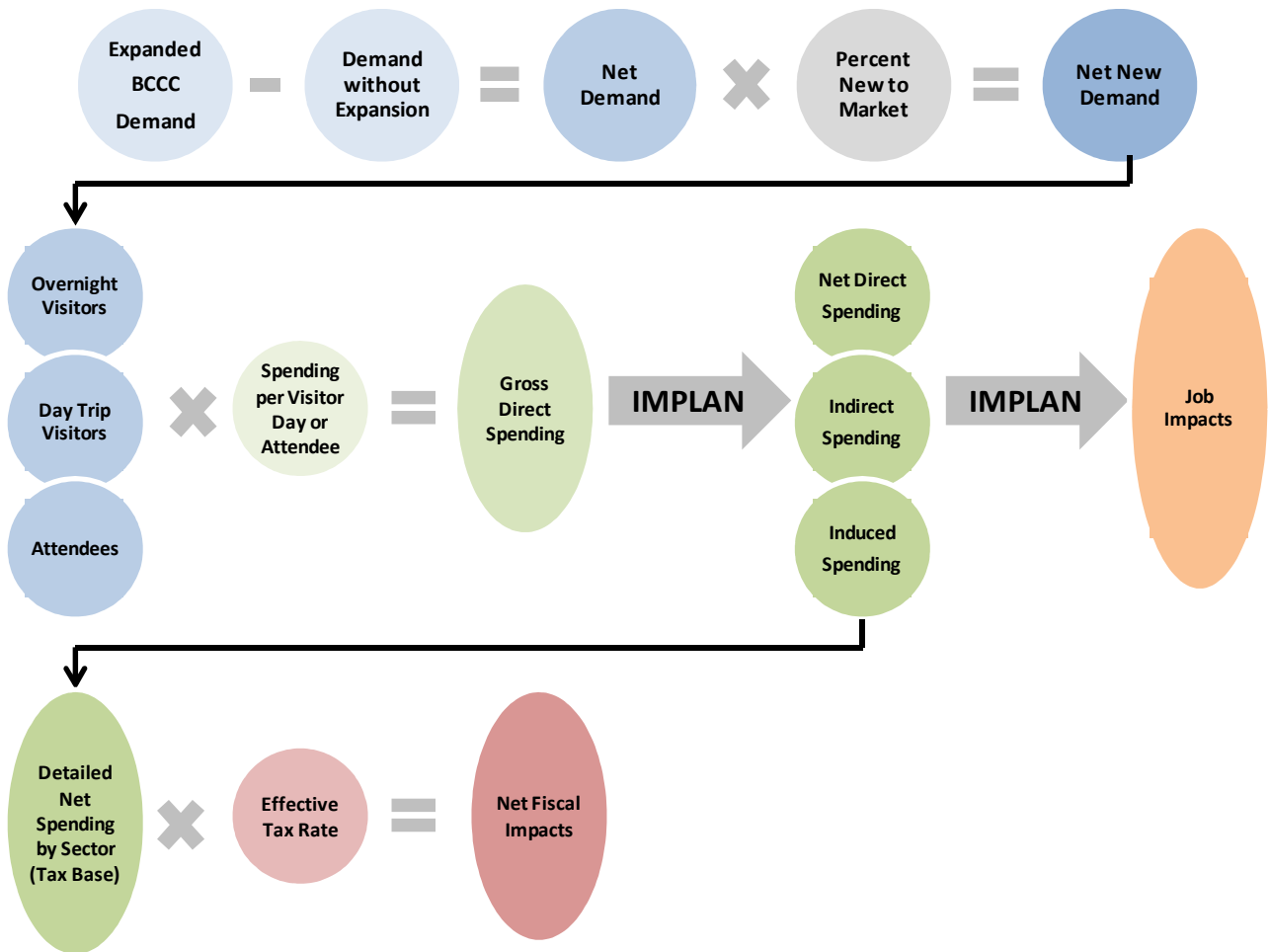
Function Space	Existing BCCC		Expanded BCCC	
	Size (SF)	Divisions	Size (SF)	Divisions
Exhibit Space	199,526	4	199,526	4
Multi-purpose Space	-		70,000	8
Ballroom Space	52,248	12	67,248	15
Meeting Space	46,282	31	73,282	46

HVS also recommended improved use of the waterfront with the goal of creating more visibility and destination appeal for the BCCC. Please see the Needs Assessment and Market Study for further explanation of program recommendations and event demand forecasts.

**Economic Impact  
Methodology**

To estimate the economic impact of the proposed expansion, HVS followed the methodology outlined in the figure below.

**FIGURE 1-2  
Economic and Fiscal Impact Analysis Process**



Using historical event demand and attendance levels, HVS estimated future event demand with a BCCC expansion and event demand without an expansion. The difference represents net demand added by the expansion. HVS estimated demand for overnight visitors, daytrip visitors, and attendees to the BCCC. The percent of demand that comes from outside the market area (net new demand) has associated spending that would be new to Ft. Lauderdale and Broward County.

HVS used estimates of the amounts of spending per visitor or attendee to estimate gross direct spending or income imported into the market. Gross direct spending provides the inputs into the IMPLAN model of the local area economy. IMPLAN then generates estimates of total net spending. Spending falls into three categories: net direct spending, indirect spending, and induced spending. Many refer to indirect and induced impacts as multiplier effects. The sum of direct, indirect, and induced spending estimates make up the total estimated spending impact of the BCCC's operations. HVS used the IMPLAN model to estimate the increase in employment associated with the total net spending.

To estimate fiscal impacts, HVS identified the sources of net new spending that would generate tax revenues. The detailed outputs of the IMPLAN model quantify the tax base for each tax. We applied the appropriate effective tax rate to the estimate of spending to generate fiscal impact estimates.

HVS Convention, Sports & Entertainment staff collected and analyzed all information contained in this report. HVS sought out reliable sources and deemed information obtained from third parties to be accurate.

### **Event Demand Analysis**

HVS assumes that all recommendations in the prior Needs Assessment and Market Study would be complete by October 1, 2017. We assume that event demand would stabilize four years after completion, in fiscal year 2020-21. The figure below shows the difference in event demand and attendance for the BCCC in a stabilized year for the non-expansion and expansion scenarios. The table below provides the forecast by type of event.

**FIGURE 1-3  
DEMAND PROJECTION IN A STABILIZED YEAR**

	No Expansion	Expansion	Change
<b>Events</b>			
Conventions	6	20	14
Tradeshows	20	23	3
Consumer Shows	13	18	5
Meetings	64	65	1
Conferences	-	20	20
Banquets	31	35	4
Sports	9	9	-
Other	26	26	-
<b>Total</b>	<b>169</b>	<b>216</b>	<b>47</b>
<b>Total Attendance</b>			
Conventions	13,200	44,000	30,800
Tradeshows	22,000	25,300	3,300
Consumer Shows	58,370	81,000	22,630
Meetings	19,840	20,150	310
Conferences	-	11,000	11,000
Banquets	15,190	19,600	4,410
Sports	19,800	19,800	-
Other	26,000	26,000	-
<b>Total</b>	<b>170,000</b>	<b>250,000</b>	<b>80,000</b>

In the expansion scenario, the BCCC would increase its attendance through significantly more conventions and conferences. HVS forecasts that in a stabilized year, a BCCC expansion would increase its total attendance by almost 50 percent.

### Economic Impact

HVS calculated economic impacts by comparing total spending with a BCCC expansion to total spending with no expansion. See the figure below for the increased net spending in Ft. Lauderdale and Broward County in a stabilized year.

**FIGURE 1-4  
NET SPENDING IMPACTS (\$ MILLIONS)**

	Ft. Lauderdale	Broward County
<b>Spending Estimates</b>		
Direct	\$55.1	\$52.7
Indirect	\$15.1	\$14.7
Induced	\$12.3	\$15.7
<b>Total</b>	<b>\$82.5</b>	<b>\$83.0</b>
<b>Job Estimates</b>		
Direct	533	505
Indirect	101	103
Induced	85	114
<b>Total</b>	<b>720</b>	<b>721</b>

In a stabilized year, Ft. Lauderdale and Broward County could expect a net spending impact of over \$80 million. Almost two-thirds of the spending would come from delegate overnight spending. HVS estimates that Ft. Lauderdale and Broward County would create approximately 720 full-time equivalent jobs respectively.

Based on a multi-year economic impact model, HVS calculated the net present value of increased spending over the first 20 years after expansion. See the figure below.

**FIGURE 1-5  
PRESENT VALUE OF NET SPENDING**

	\$ Millions
Ft. Lauderdale	\$1,069
Broward County	\$1,075
*Stated in constant 2013 dollars.	

### Fiscal Impacts

Net direct, induced, and indirect spending serves as the basis for estimating fiscal impacts. HVS identified applicable taxes in Ft. Lauderdale, Broward County, and State of Florida that would generate new revenue. The figure below summarizes the estimated fiscal impact for a stabilized year.



**FIGURE 1-6  
 FISCAL REVENUES FROM PROJECT\***

	2020/21
Ft. Lauderdale	\$257,000
Broward County	\$1,273,000
State of Florida	\$4,275,000
*Stated in 2013 Dollars	

**Conclusion**

The BCCC’s event and attendance numbers have recently declined, but with an expansion, the BCCC could increase the number of events and attendance. HVS provides forecasts of event demand for both non-expansion and expansion scenarios. The difference in demand between these two forecasts formed the basis for our economic and fiscal impact analysis. Throughout the next 20 years, the area could experience an increase of approximately 1.1 billion dollars in net direct, indirect, and induced spending.

## 2. Event Demand Forecasts

Event demand forecasts provide the foundation for the economic impact analysis. In April 2013, HVS published a “Needs Assessment and Market Study” for the Broward County Convention Center (“BCCC”) which forecast event demand for an expanded BCCC. This impact study relies on the demand forecasts in the prior study and compares them to an alternative scenario in which the BCCC is not expanded. We based demand forecasts for the no expansion scenario on historical trends in the number of events and attendance for each type of event. The difference between these two scenarios serves as the starting point for the economic and fiscal impact analysis. For a complete understanding of the demand forecasts for an expanded BCCC, the reader should refer to the HVS Needs Assessment and Market Study.

HVS assumes that all recommendations in the Needs Assessment and Market Study report are completed by October 1, 2017. Since historical convention center data are reported on a fiscal year, HVS projections also follow the fiscal year. HVS estimates that event demand would stabilize in the fourth year of operation—fiscal year 2020-21. For the purpose of this analysis, event demand projections include those which would take place in both the renovated and the existing meeting and convention spaces at the BCCC.

### Event Types

HVS classified events in the following categories.

- Conventions -- involve associations, government, and SMERFE organizations that register attendees for multi-day events. Facility setup includes breakout, banquet, and exhibit space set-up and may include plenary sessions. Typically, conventions function as an event for attendants to exchange information.
- Tradeshows -- provide a means for wholesalers and retailers to transact business with industry buyers. Like conventions, tradeshows offer a forum for exchanging industry ideas. To differentiate conventions from tradeshows, HVS assumes that only corporations and enterprises can sponsor and produce tradeshows. Similar to conventions, tradeshows require registered attendees. While they also require exhibit space set-up, they sometimes only require banquet, plenary, and/or breakout space set-up.

- Conferences -- require a mix of banquet and breakout space set-up with occasional assembly space, but do not require any exhibit set-up. Any organization type can hold a conference, but it always requires registered attendees.
- Consumer Shows -- public, ticketed events featuring the exhibitions of merchandise for sale or display. Exhibition companies produce consumer shows, as they provide a means of product distribution and advertising. They only require exhibit space set-up.
- Banquets -- only require a banquet set-up for food and beverage meal service. Any organization type can also produce these events, and they either hold the event privately or require guests to register.
- Meetings -- only require breakout space set-up. Like conferences, any organization type can produce a meeting. But unlike conferences, they are private invitation-only events. Meetings generate limited food and beverage revenue from coffee breaks or lunch service in the meeting room.
- Sports/Amateur Sports -- require only a production set-up. Sports enterprises always organize the set of public or registered attendees to sporting events. Some sporting events have both a registered and public aspect to the event over the span of a few days.
- Other events include local-oriented facility rentals such as exams, charity events, radio/television broadcasts, and other civic uses.

### Historical Demand

The BCCC provided HVS with a summary of the number of events and corresponding total attendance that occurred at the facility from fiscal year 2002-03 through 2011-12. The following figures present the number of events and attendee day history at the BCCC for the past 10 fiscal years. The following attendance figures indicate attendee-days by event type. A single convention attendee who attends a three-day convention would count as three attendee-days.

**FIGURE 2-1  
NUMBER OF EVENTS IN LAST 10 FISCAL YEARS**

Event Type	2002-03	2011-12
Conventions	15	8
Trade Shows	26	24
Consumer Shows	20	13
Meetings	77	69
Banquets	51	36
Sports	10	9
Other	40	47
<b>TOTAL</b>	<b>239</b>	<b>206</b>

Source: BCCC

**FIGURE 2-2  
ATTENDEE DAYS IN LAST 10 FISCAL YEARS**

Event Type	2002-03	2011-12
Conventions	29,900	97,610
Trade Shows	45,703	53,283
Consumer Shows	142,162	85,134
Meetings	29,352	33,675
Banquets	31,591	16,338
Sports	16,550	32,735
Other	39,631	49,102
<b>TOTAL</b>	<b>334,889</b>	<b>367,877</b>

Source: BCCC

The demand profile for the BCCC consists of a variety of exhibit-based and other group functions. Over half of the attendees at the BCCC participated in an exhibit event – a convention, trade show, or consumer show. Other events such as stand-alone meetings, banquets, exams, workshops, and training sessions make up roughly 30 percent of attendees.

Following a peak in fiscal year 2008, the number of conventions at the BCCC has declined but attendance at trade shows has never been higher. While the total

attendance at the BCCC has increased in recent years, the number of total events has declined.

### **Demand Projections**

HVS's analysis of historical BCCC demand suggests that the proposed BCCC expansion and adjacent headquarters hotel should allow Broward County to significantly expand utilization by national corporations and associations, state associations, local corporations, and other groups. HVS's prior study with an analysis of comparable and competitive venues and in-depth survey breakdown corroborates an existing opportunity for expansion and growth. The expansion should allow the venue to increase utilization by its existing client base and attract a greater share of larger conventions, conferences, and meetings. In developing demand projections, HVS took into account the following key considerations.

- The removal of the security perimeter prior to completion of the BCCC expansion,
- The facility's need to continue accommodating several major annual events, including sports competitions, trade shows, and conventions, and
- The loss of the annual ARVO convention and associated impact on average attendance and room night generation.

HVS projects the following demand for the expanded BCCC. HVS based demand projections on the completion of the renovation and expansion in October 2017. HVS estimates that incremental event demand would ramp up following the completion of the renovation and stabilize in four years - fiscal year 2020-21. The figure below breaks out event and attendance by type of event. Unlike the historical data on attendee days, the figure below presents average and total attendance.

**FIGURE 2-3**  
**SUMMARY OF DEMAND PROJECTIONS WITH EXPANSION**

	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Events</b>					
Conventions	13	15	18	20	20
Tradeshows	23	23	23	23	23
Consumer Shows	18	18	18	18	18
Meetings	65	65	65	65	65
Conferences	13	15	18	20	20
Banquets	35	35	35	35	35
Sports	9	9	9	9	9
Other	26	26	26	26	26
<b>Total</b>	<b>202</b>	<b>206</b>	<b>212</b>	<b>216</b>	<b>216</b>
<b>Average Attendance</b>					
Conventions	2,200	2,200	2,200	2,200	2,200
Tradeshows	1,100	1,100	1,100	1,100	1,100
Consumer Shows	4,500	4,500	4,500	4,500	4,500
Meetings	310	310	310	310	310
Conferences	550	550	550	550	550
Banquets	560	560	560	560	560
Sports	2,200	2,200	2,200	2,200	2,200
Other	1,000	1,000	1,000	1,000	1,000
<b>Total Attendance</b>					
Conventions	28,600	33,000	39,600	44,000	44,000
Tradeshows	25,300	25,300	25,300	25,300	25,300
Consumer Shows	81,000	81,000	81,000	81,000	81,000
Meetings	20,150	20,150	20,150	20,150	20,150
Conferences	7,150	8,250	9,900	11,000	11,000
Banquets	19,600	19,600	19,600	19,600	19,600
Sports	19,800	19,800	19,800	19,800	19,800
Other	26,000	26,000	26,000	26,000	26,000
<b>Total</b>	<b>230,000</b>	<b>230,000</b>	<b>240,000</b>	<b>250,000</b>	<b>250,000</b>

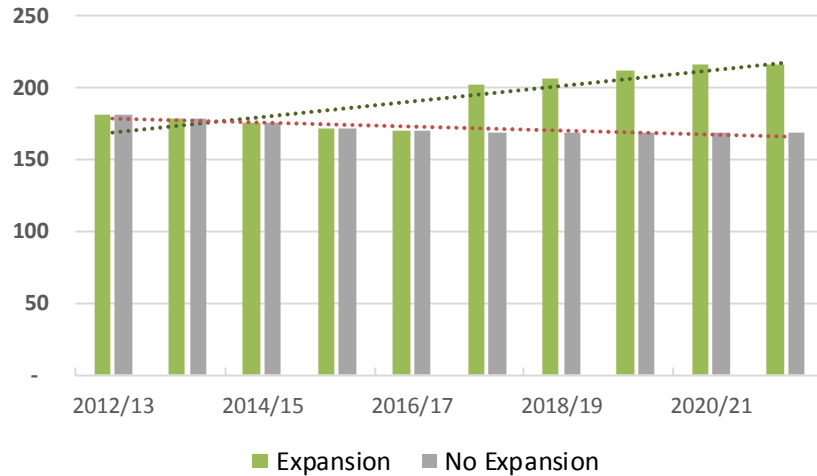
The following figure compares the event projection for an expanded BCCC to a scenario in which expansion does not occur.

**FIGURE 2-4**  
**DEMAND PROJECTION IN A STABILIZED YEAR**

	No Expansion	Expansion	Change
<b>Events</b>			
Conventions	6	20	14
Tradeshows	20	23	3
Consumer Shows	13	18	5
Meetings	64	65	1
Conferences	-	20	20
Banquets	31	35	4
Sports	9	9	-
Other	26	26	-
<b>Total</b>	<b>169</b>	<b>216</b>	<b>47</b>
<b>Average Attendance</b>			
Conventions	2,200	2,200	-
Tradeshows	1,100	1,100	-
Consumer Shows	4,490	4,500	10
Meetings	310	310	-
Conferences	-	550	550
Banquets	490	560	70
Sports	2,200	2,200	-
Other	1,000	1,000	-
<b>Total Attendance</b>			
Conventions	13,200	44,000	30,800
Tradeshows	22,000	25,300	3,300
Consumer Shows	58,370	81,000	22,630
Meetings	19,840	20,150	310
Conferences	-	11,000	11,000
Banquets	15,190	19,600	4,410
Sports	19,800	19,800	-
Other	26,000	26,000	-
<b>Total</b>	<b>170,000</b>	<b>250,000</b>	<b>80,000</b>

The following graph also shows projected differences in the number of events between an expanded BCCC and the existing BCCC.

**FIGURE 2-5  
ESTIMATED NUMBER OF EVENTS**

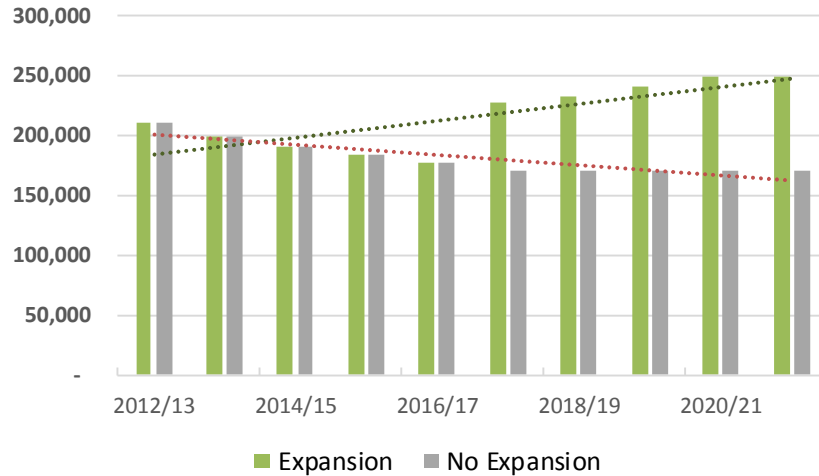


HVS projects that the BCCC would increase its total number of events by almost 30% in a stabilized year with the proposed expansion, with the majority of the events as conferences and conventions. In a stabilized year, the expanded BCCC could expect approximately 47 more events than without expansion.

The following graph shows projected differences in annual attendance between an expanded BCCC and the existing BCCC.



**FIGURE 2-6  
ESTIMATED ATTENDANCE**



HVS projects that the BCCC would increase its total attendance by almost 50% in a stabilized year with the proposed expansion. Without any expansion, HVS expects approximately 25% decrease in attendance by fiscal year 2020-21. In a stabilized year of demand, the BCCC could see up to 80,000 more attendees.

**Hotel Induced Demand**

The project includes the development of a 750-room headquarters hotel property that developers would construct concurrently with the BCCC expansion. In the Needs Assessment and Market Analysis, HVS assessed the current hotel room night demand and average daily room rates in a set of complete hotels properties. HVS forecast new hotel room night demand induced by the hotel apart from demand induced by the expanded BCCC. This new demand comes in the form of commercial, leisure, and in-house group demand as shown in the figure below.

**FIGURE 2-7  
HOTEL INDUCED DEMAND**

Market Segment	2017	2018	2019	2020	2021
Meeting and Group	1,500	6,000	6,000	6,000	6,000
Leisure	1,800	7,200	7,200	7,200	7,200
Commercial	600	2,400	2,400	2,400	2,400
<b>Total</b>	<b>3,900</b>	<b>15,600</b>	<b>15,600</b>	<b>15,600</b>	<b>15,600</b>



### **Interpretation of Demand Estimates**

HVS intends for demand projections to show the expected levels of event numbers and attendance. Projections show smooth growth over time. However, event demand and booking cycles do not always run smoothly. Unpredictable local and national economic factors can affect the level of group business. Event demand often moves in cycles based on rotation patterns and market conditions. Therefore, HVS recommends interpreting the demand projections as a mid-point of a range of possible outcomes and over a multi-year period, rather than relying on projections for any one specific year.

### 3. Economic Impact

Based on the demand projections presented in this report, HVS identified the new spending that would occur in the local economy due to the proposed renovation and expansion of the Broward County Convention Center (“BCCC”). HVS estimated the amounts of income and employment that new visitors, event organizers, and exhibitors would generate in Ft. Lauderdale and Broward County.

#### Direct, Indirect, and Induced Spending

Spending falls into three categories:

- **Direct spending** includes the new spending of event attendees and organizers. For example, an attendee’s expenditure on a restaurant meal is a direct spending impact. Direct spending includes only new spending that originates from outside Ft. Lauderdale and Broward County. Spending by attendees who live within the market area is a transfer of income from one sector of the area’s economy to another; therefore, this analysis does not count spending by local residents as a new economic impact.
- **Indirect spending** follows from the business spending resulting from the initial direct spending. For example, an event attendee’s direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that remain within Ft. Lauderdale and Broward County count as indirect impacts.
- **Induced spending** represents the change in local consumption due to the personal spending by employees whose incomes change from direct and indirect spending. For example, a waiter at a local restaurant may have more personal income as a result of an event attendee dining at the restaurant. The amount of the increased income that the waiter spends in the local economy is an induced impact.

To generate direct spending estimates, HVS applied assumptions about the amounts of new spending generated by BCCC events. HVS used the IMPLAN input-output model of the local economy to estimate indirect and induced spending. The sum of direct, indirect, and induced spending estimates make up the total estimated spending impact of the proposed renovation and expansion of the BCCC.

Some refer to indirect and induced impacts as multiplier effects. The relationship between direct spending and the multiplier effects vary based upon the specific size and characteristics of a local area’s economy.

## Sources of Direct Spending

HVS identified four sources of new direct spending impact:

- **Overnight Guests:** Visitors to Ft. Lauderdale and Broward County who require overnight lodging, including convention delegates, meeting attendees, and attendees at other BCCC events. Overnight delegate spending includes the spending on hotel catering by exhibitors and event organizers in addition to the personal spending of individual guests.
- **Daytrip Attendees:** Visitors to the BCCC who do not require paid lodging. In most markets, day-trippers typically spend money on meals, shopping, local transportation, recreation and entertainment, and other goods and services while in town.
- **Event Organizers:** Individuals, associations, or other organizations that plan, sponsor, organize, and coordinate events that take place at BCCC facilities. In addition to facility spending, event organizers also spend on lodging, meals, local transportation, facility rentals, equipment rentals, and other goods and services required to plan and organize a successful event.
- **Exhibitors:** Individuals or companies that rent exhibition space, typically from event organizers, to display information or products at events. In addition to spending at the facility, exhibitors purchase lodging, meals, local transportation, vendor services, meeting room rentals, equipment rentals, and other goods and services.

Estimation of new spending of each of these sources involves three sets of assumptions: 1) the number of new visitors to the market, 2) the geographic location of their spending, and 3) the amounts typically spent by each of the sources.

## New Visitors

HVS estimated the percentage of each visitor type that would come from outside the market rather than from the local area. The spending estimates only include new visitor spending because non-residents import income, whereas residents transfer income already in the market area.

- **Overnight Guests** – HVS assumes that 90% of overnight guests are new to Ft. Lauderdale and Broward County. Some overnight guests may stay with friends and family or outside the market.
- **Day Trips** – Estimates are based on the percentage of the Miami MSA population residing outside of Ft. Lauderdale and Broward County respectively.
- **Exhibitor/Organizer spending on Attendees/Delegates** – HVS based estimates on the percentage of attendees by events organized and

exhibited by companies that would otherwise not hold or participate in an event in the city.

The product of the visitor forecasts and the percent of demand new to the market yields an estimate of the sources of impact shown in the table below. That is:

$$\textit{Total Overnight Guests} \times \textit{Percent New} = \textit{New Overnight Stays}$$

$$\textit{Total Day Trips} \times \textit{Percent New} = \textit{New Day Trips}$$

$$\textit{Total Delegate Days} \times \textit{Percent New} = \textit{New Delegate Days}$$

The figure below shows the number of new visitors to Ft. Lauderdale and Broward County that generate new spending.

**FIGURE 3-1**  
**SOURCES OF SPENDING IMPACTS**

Event Type	Overnight Visitor Days	Day Trips	Convention Delegate Days*
<b>Ft. Lauderdale</b>			
Conventions	71,280	17,377	135,080
Tradeshows	5,940	1,802	9,900
Consumer Shows	3,055	19,049	22,630
Meetings	2,971	372	0
Conferences	15,246	13,213	0
Banquets	992	3,440	0
Hotel Induced Demand			
Meeting and Group	6,000	0	0
Leisure	7,200	0	0
Commercial	2,400	0	0
<b>Total</b>	<b>115,085</b>	<b>55,253</b>	<b>167,610</b>
<b>Broward County</b>			
Conventions	71,280	12,221	135,080
Tradeshows	5,940	1,267	9,900
Consumer Shows	3,055	13,397	22,630
Meetings	2,971	262	0
Conferences	15,246	9,293	0
Banquets	992	2,419	0
Hotel Induced Demand			
Meeting and Group	6,000	0	0
Leisure	7,200	0	0
Commercial	2,400	0	0
<b>Total</b>	<b>115,085</b>	<b>38,859</b>	<b>167,610</b>

\*Used to estimate organizer and exhibitor spending.

### Spending Parameters

Delegates, attendees, event organizers, and exhibitors spend locally on lodging, meals, local transportation, facility rentals, vendor services, meeting room rentals, equipment rentals, and other goods and services.

To estimate average spending in other categories, HVS evaluated data from three visitor data source surveys. First, the 2004 Destination Marketing Association International (“DMAI”) survey (the most recent one available) focuses on spending by convention and tradeshow participants. Second, the 2011 Corporate Travel Index (“CTI”) survey focuses on visitor spending in the top 100 business destinations in the country. HVS used the CTI survey to index the national results

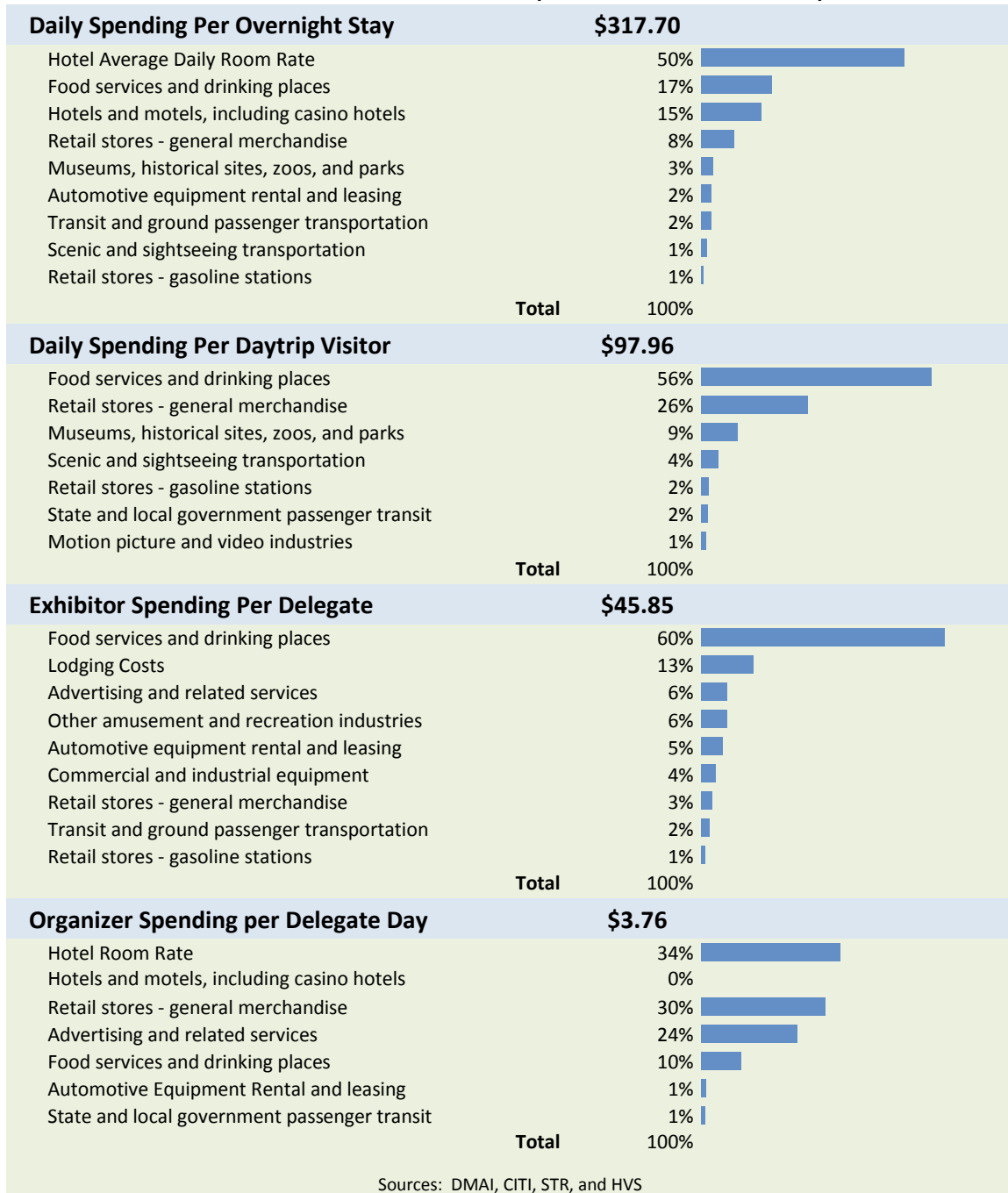


contained in the DMAI survey so that they more accurately reflect the probable level of spending. Numbers are adjusted to reflect inflation using the government released year-to-year changes in the Consumer Price Index (“CPI”).

The “Daily Spending Parameters” include the daily spending by individual overnight delegates, day-trippers, event organizers, and exhibitors. Daily spending parameters exclude spending that occurs within the venue. We based estimates of facility related spending revenues that the BCCC receives from visitors, organizers, and exhibitors. Adjusted DMAI data provides estimates of exhibitor and organizer spending per attendee day. Facility revenue estimates include event organizer and exhibitor spending on facility rental, facility services, and event food and beverage. The figure below states all daily spending parameters in 2013 dollars.

**FIGURE 3-2**

**DAILY SPENDING PARAMETERS (STATED IN 2013 DOLLARS)**





## Facility Revenue from Outside Spending

Event organizers and exhibitors create additional spending impacts through spending at the BCCC through facility rentals, the purchase of event food and beverage services, and other spending at the venue. Using operating revenue histories, HVS estimated future spending by exhibitors and event organizers at the BCCC including:

**Facility Rental**—Facility rental revenue includes the revenue the BCCC receives from clients that reserve one or more function areas in the District. Despite having published rates, facilities typically charge rental fees based on negotiated daily rental fees. Not all events incur a facility rental fee. A facility may waive the space rental charges if the event meets a certain minimum of food and beverage charges.

**Food and Beverage**—Most events that use the BCCC's convention center's function space would also arrange for food service for their attendees during their events. This food service includes catering, which can range from coffee breaks associated with a meeting to a full dinner associated with a convention or banquet. Consumer shows, theatre performances, and arena events may generate concession revenue. Most conventions and conferences generate demand for multiple meals during the course of these multi-day events. Meetings and banquets generally include a single meal or refreshment services. Events like conventions and tradeshow typically spend the most per attendee.

**Event Services**—Event Services include the fees charged to tenants for services that could include business services, audio-visual rental and technical assistance, information technology set-up and take down of function spaces, cleaning services, security services, electricity and other utilities, commissions from decorators, and other services provided by third-party contractors at events. Banquets and other upscale events often require elaborate decorating services. Almost all events require cleaning services; cleaning of common areas may be complimentary for most events, while cleaning services offered to individual exhibitors can represent a significant source of revenue. Service charges vary by type of event. Some of these services may be included in the rental charges for using the facility, but others will be add-on service charges.

**Other Revenue**—Other revenue could include damages billed to tenants, special fees or dues, interest income, and certain non-recurring income. Other revenue may also include daily parking charges for spaces in convention center lots.

The following figure shows estimated organizer and exhibitor spending at the venue for a stabilized year.

**FIGURE 3-3  
ESTIMATED SPENDING AT THE BCCC**

SPENDING CATEGORY	Stabilized Year in 2013 Dollars
Facility Rental	\$2,145,000
Food & Beverage (Gross)	3,340,000
Event Services (Gross)	1,793,000
Event Labor	1,080,000
Parking (Net)	24,000
<b>Total</b>	<b>\$8,382,000</b>

Source: HVS and based on historical BCCC revenue

**Gross Direct Spending**

HVS applied the previous sources of spending impacts and spending parameters to estimate gross direct spending for a stabilized year. See the figure below.

**FIGURE 3-4  
GROSS DIRECT SPENDING FOR A STABILIZED YEAR\***

Ft. Lauderdale				
<b>Direct overnight visitor spending</b>	= 115,085 overnight visitors	x \$317.7	=	\$36.6 M
<b>Direct day trip spending</b>	= 55,253 daytrip visitors	x \$97.96	=	\$5.4
<b>Exhibitor Spending</b>	= 167,610 attendees	x \$45.85	=	\$7.7
<b>Organizer Spending</b>	= 167,610 attendees	x \$3.76	=	\$0.6
				<b>Venue Spending = \$8.4</b>
				<b>Total Gross Direct Spending = \$58.7 M</b>
Broward County				
<b>Direct overnight visitor spending</b>	= 115,085 overnight visitors	x \$317.7	=	\$36.6 M
<b>Direct day trip spending</b>	= 38,859 daytrip visitors	x \$97.96	=	\$3.8
<b>Exhibitor Spending</b>	= 167,610 attendees	x \$45.85	=	\$7.7
<b>Organizer Spending</b>	= 167,610 attendees	x \$3.76	=	\$0.6
				<b>Venue Spending = \$8.4</b>
				<b>Total Gross Direct Spending = \$57.1 M</b>

\*For the stabilized year of 2020/21 and stated in 2013 dollars.  
Sources: DMAI, CITI, STR, and HVS

The figure below shows the annual gross direct spending generated by the renovation and expansion of the BCCC over a five-year period beginning in the first year of operation.

**FIGURE 3-5  
GROSS DIRECT SPENDING\* BY SOURCE**

	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Ft. Lauderdale</b>					
Delegate Overnight Spending	20,582,000	27,803,000	33,059,000	36,563,000	36,563,000
Daily Delegate Spending	4,109,000	4,481,000	5,040,000	5,413,000	5,413,000
Exhibitor Spending	4,860,000	5,667,000	6,877,000	7,684,000	7,684,000
Organizer Spending	398,000	465,000	564,000	630,000	630,000
Facility Revenue	5,343,000	6,212,000	7,514,000	8,382,000	8,382,000
<b>Total</b>	<b>35,292,000</b>	<b>44,628,000</b>	<b>53,054,000</b>	<b>58,672,000</b>	<b>58,672,000</b>
<b>Broward County</b>					
Delegate Overnight Spending	20,582,000	27,803,000	33,059,000	36,563,000	36,563,000
Daily Delegate Spending	2,890,000	3,152,000	3,545,000	3,807,000	3,807,000
Exhibitor Spending	4,860,000	5,667,000	6,877,000	7,684,000	7,684,000
Organizer Spending	398,000	465,000	564,000	630,000	630,000
Facility Revenue	5,343,000	6,212,000	7,514,000	8,382,000	8,382,000
<b>Total</b>	<b>34,073,000</b>	<b>43,299,000</b>	<b>51,559,000</b>	<b>57,066,000</b>	<b>57,066,000</b>

\*Stated in constant 2013 dollars.

### IMPLAN Impact Modeling

HVS uses the IMPLAN input-output model to estimate indirect and induced spending and employment impacts. IMPLAN is a nationally recognized model developed at the University of Minnesota and commonly used to estimate economic impacts. An input-output model generally describes the commodities and income that normally flow through the various sectors of a given economy. The indirect and induced spending and employment effects represent the estimated changes in the flow of income, goods, and services caused by the estimated direct spending. The IMPLAN model accounts for the specific characteristics of the local area economy and estimates the share of indirect and induced spending that it would retain.

HVS categorized new direct expenditures into spending categories that we provide inputs into the IMPLAN model. Specifically, the IMPLAN model relies on spending categories defined by the U.S. Census according to the NAICS. Because the spending data from the spending surveys used by HVS do not match the NAICS spending categories, HVS translates the spending categories into the NAICS spending categories that most closely match.

### Annual Net Direct Spending

Not all of the gross direct spending counts as an economic impact because some of the spending does not generate income within the market areas. HVS adjusts gross direct spending to account for income that leaks out of the local economy by estimating retail margins and local purchase percentages. As a result, the realized direct spending (“net direct spending”) is lower than the gross direct spending in the market area.

### **Retail Margins**

Spending at retailers creates a smaller economic impact compared to spending in other industries. Retailers add value equal to the margin or price increase of the good above the original price paid to obtain the good. The IMPLAN model is product based, so HVS uses IMPLAN margin numbers to account for the discrepancy between retail purchaser prices and producer prices.

### **Local Purchase Percentage**

To accurately measure spending impacts, HVS counts spending on products and services located in the market area. Some of the direct spending demand in the Ft. Lauderdale and Broward County market area cannot be accommodated. For example, an event organizer may need to buy novelty items for all attendees, but find that the market area does not produce these items. This effect occurs for direct, indirect, and induced spending. HVS uses the IMPLAN SAM model values to track the percentage of a good purchased within the market area.

### **Indirect and Induced Spending**

The relationship between direct spending and the multiplier effects can vary based on the specific size and characteristics of a local area's economy. HVS enters the gross direct spending estimate into the IMPLAN input output model of the local economy to estimate the net direct, indirect and induced spending. HVS obtained the most recent available data from IMPLAN for Ft. Lauderdale and Broward County.

The following figures present the output of the IMPLAN model—the net new direct, indirect, and induced economic impacts and that are attributable to the proposed renovation and expansion of the BCCC. HVS also used IMPLAN to estimate the jobs created based on the direct, indirect, and induced spending estimates.

### **Annual Net Spending Impacts**

The figure below shows the annual net direct, indirect and induced spending generated for Ft. Lauderdale and Broward County.

**FIGURE 3-6**  
**NET DIRECT, INDIRECT, AND INDUCED SPENDING**

	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Ft. Lauderdale</b>					
Net Direct	34,953,000	40,717,000	49,363,000	55,126,000	55,126,000
Indirect	9,573,000	11,152,000	13,520,000	15,098,000	15,098,000
Induced	7,813,000	9,101,000	11,034,000	12,322,000	12,322,000
<b>Total Ft. Lauderdale</b>	<b>52,339,000</b>	<b>60,970,000</b>	<b>73,917,000</b>	<b>82,546,000</b>	<b>82,546,000</b>
<b>Broward County</b>					
Net Direct	33,181,000	38,744,000	47,089,000	52,653,000	52,653,000
Indirect	9,278,000	10,834,000	13,167,000	14,723,000	14,723,000
Induced	9,865,000	11,519,000	14,000,000	15,654,000	15,654,000
<b>Total Broward County</b>	<b>52,324,000</b>	<b>61,097,000</b>	<b>74,256,000</b>	<b>83,030,000</b>	<b>83,030,000</b>

\*Stated in constant 2013 dollars.

**Present Value of Net Spending**

The proposed capital investment in the renovation and expansion of the BCCC would likely be repaid over a 20- to 30-year period that coincides with the useful life of the asset. As a point of comparison with the capital investment, HVS calculated the present value of the net spending that it would generate over a 20-year period. We assumed a 5% discount rate that approximates weighted cost of public sector capital. The figure below shows the present value of spending for Ft. Lauderdale and Broward County.

**FIGURE 3-7**  
**PRESENT VALUE OF NET SPENDING**

	\$ Millions
Ft. Lauderdale	\$1,069
Broward County	\$1,075

\*Stated in constant 2013 dollars.

Over a 20-year period, the present value of net spending impact exceeds one billion dollars. The amounts of impact should be compared to the potential capital investment in the project.

**Employment Impacts**

HVS calculated the full-time equivalent jobs supported by the spending in each economic sector. The figure below summarizes the results.

**FIGURE 3-8**  
**LOCAL NET DIRECT, INDIRECT, AND INDUCED JOB CREATION**

	2017/18	2018/19	2019/20	2020/21	2021/22
Broward County					
Net Direct	326	408	456	505	505
Indirect	66	83	93	103	103
Induced	73	92	103	114	114
<b>Total Broward County</b>	<b>465</b>	<b>582</b>	<b>651</b>	<b>721</b>	<b>721</b>

By a stabilized year of operation, the project would support approximately 720 permanent full-time equivalent jobs.

**Fiscal Impacts**

Fiscal impacts represent the public sector share of the economic impacts from tax collections on new spending. The previously discussed spending estimates provide a basis for estimating potential tax revenue, as Ft. Lauderdale and Broward County will collect some of the spending through taxation.

The IMPLAN analysis results in direct, indirect, and induced spending classified into hundreds of detailed spending categories. HVS evaluated each of these spending categories to determine which taxes would apply to each type of spending output. HVS then used the appropriate tax rates to estimate the amount of tax revenue.

HVS applied these nominal tax rates to a detailed breakdown of spending and income categories that result from direct, indirect, and induced spending through operation of the BCCC. HVS then estimated the potential annual revenue from each tax source as shown in the following figures.

**FIGURE 3-9**  
**Fiscal Impacts for Ft. Lauderdale in 2013 Dollars**

Tax Category	Tax Base	Nominal Tax Rate	Effective Tax Rate	Estimated Tax Revenue
Redistributed State Sales Tax	74,518,478	0.05%	0.05%	\$34,000
Communications	734,505	5.22%	5.22%	\$38,000
Electricity	1,113,419	16.00%	16.00%	\$178,000
Natural Gas	34,052	16.00%	16.00%	\$5,000
Water/Sewer	9,547	16.00%	16.00%	\$2,000
			<b>Total</b>	<b>\$257,000</b>

Sources: City of Ft. Lauderdale, IMPLAN, ESRI, and HVS

Five tax sources would generate approximately \$0.3 million in annual tax revenue to Ft. Lauderdale in a stabilized year of operation.

**FIGURE 3-10**  
**Fiscal Impacts for Broward County in 2013 Dollars**

Tax Category	Tax Base	Effective Tax Rate	Estimated Tax Revenue
Redistributed State Sales Tax	74,942,886	0.15%	\$112,000
Transient Lodging Tax	23,215,720	5.00%	\$1,161,000
<b>Total</b>			<b>\$1,273,000</b>

Sources: Broward County, IMPLAN, ESRI, and HVS

Two tax sources would generate approximately \$1.3 million in annual tax revenue to Broward County in a stabilized year of operation.

**FIGURE 3-11**  
**Fiscal Impacts for the State of Florida in 2013 Dollars**

Tax Category	Tax Base	Effective Tax Rate	Estimated Tax Revenue
State Sales & Use Tax	\$74,942,886	5.50%	\$4,122,000
Auto Fuel	55,618	7.46%	\$4,000
Communications	1,301,790	9.17%	\$119,000
Electricity	1,187,207	2.50%	\$30,000
<b>Total</b>			<b>\$4,275,000</b>

Sources: Florida Department of Revenue, IMPLAN, and HVS

Four tax sources would generate approximately \$4.3 million in annual tax revenue to the State of Florida in a stabilized year of operation.

The following figure shows recurring annual fiscal impacts over a five-year period.

**FIGURE 3-12**  
**ESTIMATED FISCAL IMPACTS IN 2013 DOLLARS**

	2017/18	2018/19	2019/20	2020/21	2021/22
Ft. Lauderdale	\$155,000	\$195,000	\$232,000	\$257,000	\$257,000
Broward County	\$760,000	\$966,000	\$1,150,000	\$1,273,000	\$1,273,000
State of Florida	\$2,552,000	\$3,244,000	\$3,862,000	\$4,275,000	\$4,275,000

See the figure below for the estimated present value of fiscal impacts over 20 years of the expansion project.

**FIGURE 3-13  
PRESENT VALUE OF FISCAL IMPACTS\***

	\$ Millions
State of Florida	\$70.6
Broward County	\$21.0
Ft. Lauderdale	\$4.2
*20 years of tax revenue discounted at 5%	

**Construction  
Employment Impacts**

Broward County provided HVS with construction cost estimates of a 750-room hotel, an expanded BCCC, a 500-space parking garage, and overall site work. The figure below shows the total construction costs of each structure.

**FIGURE 3-14  
TOTAL COSTS OF BCCC AND HOTEL**

PROJECT	COST*
750 Room Hotel	\$ 261,184,000
Convention Center Expansion	84,638,000
Parking Garage	28,788,000
Site Work	57,423,000
<b>Total</b>	<b>\$ 432,033,000</b>
*Stated in 2013 dollars	
Source: Broward County Public Works Department	

In addition, HVS obtained a breakdown of the costs. The figure below shows the costs used to calculate the employment impacts.

**FIGURE 3-15  
TOTAL COSTS OF BCCC AND HOTEL BY CATEGORY**

SPENDING CATEGORY	SPENDING*
Design/Preconstruction	\$ 31,495,000
Construction Guaranteed Maximum Price	298,103,000
Other Construction/Permits	36,961,000
FF & E / Public Art / Relocation	51,095,000
County Project Staffing & Equipment	3,200,000
Owner Construction Project Management	11,179,000
<b>Total Estimate</b>	<b>\$ 432,033,000</b>
*Stated in 2013 dollars	
Source: Broward County Public Works Department	



HVS used the IMPLAN model to estimate the direct, indirect, and induced impacts of all construction work. See the figure below.

**FIGURE 3-16**  
**CONSTRUCTION JOB CREATION**

<b>Broward County</b>	
Direct	2,246
Indirect	682
Induced	760
<b>Total Broward County</b>	<b>3,688</b>

Source: IMPLAN

HVS estimates that the 432 million dollars in total construction and development spending would generate almost 3,700 temporary full-time equivalent jobs during the construction period. Approximately 60% of these jobs represent direct construction work. The jobs in this analysis would not last permanently.

These economic and fiscal impact estimates are subject to the assumptions and limiting conditions described throughout the report. Numerous assumptions about future events and circumstances form the basis for these estimates. Although we consider these assumptions reasonable, we cannot provide assurances that the project will achieve the forecasted results. Actual events and circumstances are likely to differ from the assumptions in this report and some of those differences may be material. The readers should consider these estimates as a mid-point in a range or potential outcomes.

## 4. Statement of Assumptions and Limiting Conditions

1. This report is to be used in whole and not in part.
2. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
3. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the proposed subject property.
4. The proposed facility is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including a liquor license where appropriate), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.
5. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
6. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
7. We take no responsibility for any events or circumstances that take place subsequent to the date of our report.
8. The quality of a facility's on-site management has a direct effect on a property's economic performance. The demand and financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
9. The impact analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the venue's management.

10. We do not warrant that our estimates will be attained, but they have been developed on the basis of information obtained during the course of our market research and are intended to reflect reasonable expectations.
11. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.
12. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
13. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
14. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of this organization, as employees, rather than as individuals.
15. This report is set forth as an impact study of the proposed subject project; this is not an appraisal report.

## 5. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
1. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
2. we have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved;
3. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
4. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
5. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
6. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
7. Thomas A Hazinski personally inspected the property described in this report; Alex Moon participated in the analysis and reviewed the findings, but did not personally inspect the property;
8. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;
9. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and



Convention, Sports & Entertainment  
Facilities Consulting  
Chicago, Illinois

A handwritten signature in black ink that reads "Thomas Hazinski".

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Thomas A Hazinski  
Managing Director

A handwritten signature in blue ink that reads "Alex Moon".

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Alex Moon  
Analyst