

Convention Center Talking Points

September 20, 2018

Markets and feasibility analysis was conducted by HVS Convention, Sports and Entertainment Facilities Consulting

Need for a new Convention Center:

- The HVS study found that Buffalo is not fulfilling its potential in the convention industry, and that **the current BNCC is functionally obsolete**
- The BNCC is the oldest Convention Center in the U.S. that has not been fully renovated (40 years old) and **has fatal flaws limiting its future**
- The current BNCC is smaller, and offers less flexibility and function space, than Convention Centers in peer cities like Pittsburgh, Cleveland, Milwaukee, Richmond, Grand Rapids, Niagara Falls (Ont.), Hartford, and Providence.
- Continued maintenance and improvement of current BNCC will require investing millions of dollars to maintain an **unsatisfactory status quo**

HVS study building program recommendations:

- An exhibit hall of 120 – 150,000 square feet (this would more than double the current size)
- A flexible, multi-purpose ballroom of 30 – 40,000 square feet (triple the current ballroom)
- Improved meeting spaces of 30 – 45,000 square feet (adds nearly 20,000 ft. to current size)
- More divisible and flexible function space to allow for simultaneous events
- The current **BNCC HAS FATAL FLAWS**. It cannot be expanded/renovated at its current site in a way that would satisfy the above recommendations
- HVS also recommends the development of additional downtown hotel rooms such that the number of adjacent, attached rooms is at least 700

Economic Impact of a new Convention Center:

- HVS study estimates that a re-developed BNCC would host between 184 – 191 annual events (compared to 142 annual events in the existing facility); would attract between 425,000 – 480,000 attendees (compared to 287,700 current attendees); and would generate 57,000 – 65,000 room nights annually (compared to 27,400 current annual room nights).
- New direct spending in the local economy due to the redeveloped BNCC would be between \$31.4 million - \$34.5 million annually, with Erie County realizing an approximately additional \$1.5 million annually in sales and bed taxes
- A redeveloped BNCC would support 186 – 206 permanent full-time jobs
- Over 25 years, new BNCC-related spending in Erie County could range from \$480 million - \$520 million

Site Suitability/Selection:

- Using 30 evaluation criteria including size, accessibility, visibility, proximity to amenities, and more, HVS explored the suitability of 7 site options within downtown Buffalo
- 2 site options were found to be most suitable for redeveloped BNCC, namely a central downtown site and a site closer to the waterfront. The current site is also listed
- Site Options:
 1. **Existing BNCC site:** the footprint of the existing BNCC was examined and fatal flaws emerged

2. **Expanded BNCC site:** comprised of existing BNCC site, the city block south of West Huron Street, North of West Mohawk Street and between South Elmwood Avenue and Delaware Avenue and a portion of the adjacent Statler Hotel footprint (*Preliminary Cost Estimate: \$350M-\$429M*)*
3. **HSBC Lot site:** site south of Scott Street, North of Perry Street and between Washington Street and Michigan Avenue (*Preliminary Cost Estimate: \$329M-\$368M*)*

***Costs include estimated construction and soft costs (land acquisition, design, engineering, etc.)**

What about a new football stadium?

- A downtown football stadium was not part of this initial study but a possible new stadium will be accounted for if/when appropriate
- The lease with Bills and County has another five years on it (expires July 31, 2023) and currently both the Bills and County are happy with the stadium and the improvements that have been made over the past five years
- The County, State and Bills have put a tremendous amount of funds into upgrading the current stadium over the past five years and will continue to do so through the life of the lease (**\$170M total over life of lease**)
 - 2013: \$130M (\$40.6M from County)
 - 2013-2022: Additional \$40M (\$14.8M from County)
- When appropriate, the County, Bills and State will sit down to discuss all options, including possible construction of a new stadium and the option of continued renovations to New Era Field
- Currently, the convention center and stadium are two separate projects, each with their own timelines

What if nothing is done?

- Substantial investment will be needed to maintain an **unsatisfactory status quo**
- Buffalo would lose more convention business to other destinations in the years to come
- The Buffalo Niagara Convention Center reported over **750 pieces of lost business** between 2013 and 2018, a number that would continue to grow
- A less-visited center would have a chilling effect on the progress downtown has made in recent years, sending fewer customers to nearby hotels, restaurants, breweries and attractions.

What are next steps?

- Intergovernmental cooperation is critical to successful redevelopment
- A 90-day public comment period will inform next steps
- A public meeting will also be held for more input
- Based on feedback from the public, customers, key stakeholders, and government partners, Erie County will begin exploring the feasibility of one or more sites, as well as possible funding models

BUFFALO NIAGARA CONVENTION CENTER STUDY RELEASE

September 20, 2018

Erie County engaged HVS Convention, Sports & Entertainment (HVS) to conduct a market and feasibility analysis related to the potential redevelopment of the Buffalo Niagara Convention Center (BNCC).



HVS has a team of more than 300 professionals located in over 50 offices throughout the world who specialize in all types of hospitality assets, including hotels, restaurants, casinos, shared ownership lodging, mixed-use developments, and golf courses as well as convention, sports, and entertainment facilities. Specific to convention centers, the HVS portfolio includes Music City Center in Nashville, Tennessee;

Washington State Convention Center in Seattle, Washington; San Diego Convention Center in California; and Albany Capital Center in upstate New York.

KEY FINDINGS

- The Buffalo-Niagara region is not fulfilling its potential in the convention industry.
- Due to its physical constraints, the BNCC is “functionally obsolete” and does not have the capacity to attract most state, regional, and national convention events that would otherwise rotate to Buffalo.

COMPARABLE AND COMPETITIVE VENUES

- When compared to regional markets, the existing BNCC event function spaces are below average in size and offer less flexibility to event planners.

Name of Venue	Location	Total Function Space
David L. Lawrence Convention Center	Pittsburgh, PA	423,046
Huntington Convention Center of Cleveland	Cleveland, OH	318,225
Wisconsin Center	Milwaukee, WI	265,841

Greater Richmond Convention Center	Richmond, VA	256,059
DeVos Place	Grand Rapids, MI	234,000
Scotiabank Convention Centre	Niagara Falls, ON	218,096
Connecticut Convention Center	Hartford, CT	203,030
Rhode Island Convention Center	Providence, RI	133,988
Buffalo Niagara Convention Center	Buffalo, NY	102,869
Valley Forge Convention Center	King of Prussia, PA	89,843

BUILDING PROGRAM RECOMMENDATIONS

- The recommended building program would approximately double the current BNCC function space within a state-of-the-art development. It would also allow the BNCC to handle more simultaneous events by offering more divisible function space.

Function Space	Existing BNCC	Recommended BNCC
<i>Floor Areas (SF)</i>		
Exhibit Space	64,410	120,000 - 150,000
Ballroom Space	12,367	30,000 - 40,000
Meeting Space	26,092	30,000 - 45,000
Total	102,869	180,000 - 235,000
<i>Divisions</i>		
Exhibit Space	2	4
Ballroom Space	1	6
Meeting Space	20	40
Total	23	50

- Since the redeveloped BNCC would be a new demand generator, HVS recommends the development of additional hotel rooms such that the number of adjacent, attached rooms is at least 700.

DEMAND PROJECTIONS

- Based on historical trends, the BNCC typically hosts between 140 and 150 events each year. Annual attendance ranges from 250,000 - 300,000, with public consumer shows

providing the highest percentage of attendees. The BNCC generates approximately 28,000 room nights on an annual basis.

- It is estimated that a redeveloped BNCC could potentially:
 - Host between 184 and 191 annual events;
 - Attract 425,000 - 480,000 attendees each year; and
 - Generate 57,000 to 65,000 room nights annually.



ECONOMIC IMPACT POTENTIAL

- *Quantitative benefits*
 - In a stabilized year of operation:
 - New direct spending in the local Erie County economy due to the proposed redevelopment of the BNCC could potentially be \$31.4 million - \$34.5 million;
 - The redeveloped BNCC could potentially support 186 - 206 permanent full-time equivalent jobs in Erie County; and
 - Erie County could potentially collect an additional \$1.22 million - \$1.34 million in taxes on new spending.
- *Qualitative benefits*
 - A redeveloped, first-class BNCC could:
 - Showcase the strengths of Buffalo as a destination;
 - Be a catalyst for the redevelopment of the surrounding neighborhood. With the BNCC as a prominent anchor, collateral lodging, retail, dining, and entertainment development would provide a strong boost to downtown renewal;
 - Enhance ongoing efforts to revitalize Buffalo's downtown and enliven the neighborhood beyond regular working hours;
 - Attract leaders from a wide range of industries to the Buffalo market and offer the opportunity to build relationships;
 - Be an important consideration for corporations looking to relocate to Erie County; and

- Encourage first-time convention delegates to return to the area with their spouses and families.

SITE SUITABILITY

- The suitability of a site for the development of a convention center is an important consideration affecting the economic viability of a facility and its ultimate marketability.
- The existing BNCC cannot be expanded and renovated within the limits of its current site in a way that would satisfy even the minimum building program recommendations. Fatal flaws associated with the current site include:
 - A site that is too small for the expanded building program;
 - Limited ability to host simultaneous events;
 - If expansion were to occur, a tall, complicated and relatively dysfunctional vertical building;
 - An inadequate height of ground level spaces; and
 - The inability to maintain operations during construction.
 - Additional deficiencies include aging building systems and infrastructure, inadequate support spaces and circulation (both internal and external), and a “bunker” aesthetic that fails to achieve goals for transparency, natural light, street-friendliness, and human scale.
- HVS explored the suitability of seven site options within downtown Buffalo for the potential redevelopment of the BNCC. A set of 30 evaluation criteria was used to assess their relative strengths and weaknesses. Criteria included size, accessibility, visibility, and proximity to other amenities to name a few. The site analysis concluded that none of the site options fully satisfy all evaluation criteria.
- This process identified the two site options that would likely be most suitable for a redeveloped BNCC – a central downtown site and a site closer to the waterfront. Concept-level designs and preliminary construction cost estimates were developed for both site options – each of which has advantages and disadvantages as the new or expanded BNCC.
- Final site selection would depend on evaluating multiple factors beyond this study, including: (i) negotiations with landowners, (ii) specific legal and financial requirements, and (iii) environmental and geologic investigations.



FUTURE CONSIDERATIONS

- Failure to expand or replace the BNCC - a “do nothing” approach - involves significant costs and risks to the County if it intends to maintain a viable convention center operation.
 - Building mechanical systems are well past their useful life and without replacement are likely to fail within the next few years.
 - As the BNCC ages, capital maintenance requirements will increase while utilization of the building decreases.
 - Convention events with the ability to move to competing venues are likely to do so as they outgrow the BNCC.
 - Substantial reinvestment will be necessary to maintain the unsatisfactory status quo.
- HVS recommends that Erie County work with its governmental partners to explore options for financing, ownership, and operations of a redeveloped BNCC.



MARKET AND FEASIBILITY ANALYSIS

Cover Letter
Executive Summary
Full Report
Appendix A
Appendix B
Appendix C

COMMENTS

We want to hear from you!

A 90-day comment period will be open through **December 19, 2018**. Comments

received during the comment period will be included in a *Public Comment Summary* that will help to inform future decisions regarding the BNCC.