What makes a city great? What sets a city apart from others in attracting new industry, new growth, civic pride, and robust economic development? We have found over and over that the magnet that draws business and tourism is most often found in the heart of the city, its convention center. Although the travel industry, like so many other facets of an economy, is vulnerable to the economic cycles that periodically impact the nation, it is vital for a city to be able to constantly attract conventions, association meetings, exhibitions, leaders of industry, and tourism in general.

Certainly, being located in an inviting climate and an accessible part of a region and the nation is important to a city’s success. So, too, is having modern infrastructure and attractions, such as museums, performing arts centers, sports, and entertainment activities to enhance the allure for business associations, as well as the casual traveler. Keep in mind also that the first introduction to a city for prospective business leaders who might decide to relocate headquarters or establish regional offices in your city may be their experience when they attend a conference or convention at your convention center.

When reviewing the top reasons for choosing a particular event location, the factors most likely to attract visitors include:

- Availability of Suitable Hotels
- Affordability of Destination
- Safety and Security of Destination
- Ease of Transportation
- Transportation Costs
- Distance Traveled by Attendees
- Clean and Unspoiled Environment
- Climate
- Availability of Recreational Facilities
- Sightseeing, Cultural Events, Attractions
- Mandated by By-Laws
- Glamorous, Popular Image of Location

**Top Factors in Choosing an Event Location**

Source: 2006 Meetings Market Report, Meetings and Conventions Magazine
location, group planning experts determined some years ago that second only to a city having a modern convention center with the available meeting space needed by its group, is the number of quality hotel rooms attached or adjacent to the convention center. If your city has no modern and attached or adjacent headquarters hotel with “room blocks” available for a majority of convention delegates, planners are likely to select another city that offers that critical combination. This is supported by numerous exit interviews of groups that cite the lack of a dedicated onsite hotel as the reason they selected one convention destination over another.

Approximately 50 cities have successfully built, expanded, or modernized their convention centers and developed connected headquarters hotels over the past decade, and about half of them have used private/public partnerships to accomplish those developments. Surprisingly, about another 50 cities have tried and failed to develop the headquarters hotels so essential to ensuring the success of their convention centers. Those cities that succeeded in completing their developments have several characteristics in common, just as those that have failed have very similar stories about why they are still on the outside looking in. What separates success from failure in funding this vital economic engine for a city?

First, this undertaking can be highly politicized and controversial. The public must be informed as to the benefits to the city of the development, and all-too-common disinformation campaigns by narrow interests opposing such a development should be addressed head-on. There is room for debate about the right approach for a city to take in funding, developing, operating, and maintaining the facilities given political, legal, and economic factors, but there is no denying the benefits of having competitive, modern public assembly facilities and related headquarters hotels. Those cities that have recognized this and value their ability to “sell” their city as a convention destination, know they must build and maintain their public assembly facilities, which must include a headquarters hotel, to be successful.

Tangible benefits of such a development include tens of thousands of new annual visitors, who stay two or three days in the city and spend money on hotels, transportation, dining, entertainment, and shopping. Millions of dollars in annual visitor spending creates jobs, generates substantial tax revenue, and stimulates development of related, private mixed-use development. The incremental travel-related tax revenue is more "profitable" than property taxes, due to the limited burden of visitors on city infrastructure—like police and fire departments, schools, and hospitals—when compared to community
Residents. Increased tourism-related tax revenue bolsters other revenue to operate the entire city and reduces reliance on resident property taxes.

Returns to the public from a development of this nature are real and substantial—but public investment is required to realize the benefits. Too many cities, however, have failed to recognize or have tried to deny the obvious—the substantial cost of designing and constructing a full-service, first-class headquarters hotel including all the extra meeting space required, versus the limitations on adequate revenue to pay the mortgage and provide an appropriate return to the owner. Those cities too often succumb to the “best sounding” solution—the promise of little to no public financial support asked by developers, who hope to be selected and to amend their low-budget targets by asking the city for more money once plans and pricing show the real costs. The loss of time associated with a failed procurement alone hurts the city immeasurably when conventions are lost for three, five, or ten years. But the loss of confidence in civic leadership can be even more devastating through dashed community hopes and aspirations and broken promises to develop those facilities.

Two recent examples of public/private partnerships that have been boons to their cities are the Overton Hotel and Conference Center in Lubbock, Texas, and the Durham Performing Arts Center in downtown Durham, North Carolina. The Overton in Lubbock is that city’s first full-service, first-class conference hotel, situated across University Boulevard from Texas Tech University. It not only serves as Lubbock’s modern conference center, but is also the teaching facility for one of Texas Tech’s restaurant hotel investment management classes. The project financing included grants funded by foundations supporting Texas Tech, a Lubbock city bond issue, plus equity and debt raised by the private development team.

Since the Overton Hotel and Conference Center opened in August 2009, Lubbock has been able to attract associations that have either never hosted an event in Lubbock, or have not done so in many years. Examples of these groups are the Texas Apartment Association, the Texas Payroll Conference, and the Texas Hospital Association. In Fiscal Year 2010-2011, 17 of the top 20 room night-producing events hosted in Lubbock used the Overton Hotel and Conference Center as their headquarters facility. The Overton Hotel and Conference Center has allowed the Visit Lubbock staff to provide decision-makers with more options in facility space and facility features. Lubbock is also seeing an increase in repeat business from groups that experienced the first-class service provided by the Overton staff.

Similarly, the Durham Performing Arts Center, or DPAC, is a public/private partnership in which the capital necessary to finance the facility included Durham city bonds amortized by revenue from a portion of citywide hotel occupancy taxes, a grant from Duke University, and naming rights. Theater operations and promotion of events and talent are handled by a private sector theater operator. Profits are shared between the operator and the city, with the operator guaranteeing a minimum number of annual events and no operating loss risk for the city. This award-winning touring Broadway Theater was ranked number 9 in attendance among U.S. theaters by Pollstar in 2010, and number 4 in 2011, and generates $28 million in annual economic impact to the City of Durham.

Financing public assembly facilities and related hotels is an activity that mayors and city councils, even city managers, may undertake only once in their public lives. The costs of designing and building these facilities are significant, and the economics of operating and paying for these facilities is complex to grasp. Hence the need for private/public partnerships and the selection of well-qualified developers, consultants, and other specialists to help lead the city in understanding these facilities and their financial structures and to help ensure their successful completion.

We are aware of a number of Texas cities that are wisely taking these steps in considering or planning public assembly facilities and headquarters hotels, following the example of cities like Lubbock and Durham. ★

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