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May 11, 2006

MEMORANDUM

TO: Pam Brown, Chair, Destination Development Committee
Gail Jackson, Vice Chair, Destination Development Committee
Ted Olson, Chair, Convention Center Committee

FR: Maura Allen Gast, FCDME

RE: Visitor-Oriented Development Studies – Overview

CC: ICVB Board of Directors
Mayor Herbert Gears
Irving City Council
David Leininger, Chief Financial Officer

As you've already guessed by the sheer heft of this book, there is a lot of information here. The last six months have not passed by idly, since you recommended award of the contracts for a series of visitor-oriented development studies.

As you are well aware, there is a LOT going on in Irving right now. Between our dogged pursuit of the Bush Presidential Library, the Site 00 development, the proposed entertainment district, the redevelopment of the Texas Stadium area, the aggressive recovery of Irving's hospitality industry – and those are just the projects that have generated the most attention. The timing is truly unique – and we appear to be on the edge of a convergence of potentially great significance.

When we began these studies, we committed to several things. One, to openly re-assess the original convention center plan as it was proposed – including size, scope, program and location. Two, to take a fresh look at alternative meeting facilities for Irving to consider – independent but not necessarily exclusive of the original plan. And three, a commitment to look at a picture broader than just meeting facilities as a means to motivate more visitor revenues to our community.

Much has changed since we conducted the original facility studies in 1999. The market has changed dramatically, and there has been an explosion of new product not only in Dallas/Fort Worth but around the country. Many of you may remember the report issued by the Brookings Institution in early 2005 (another copy is included in Tab 7, under Background Information), which essentially took to task cities around the country for exacerbating issues relative to a (perceived) glut of meeting space. While there was much about the study that was "select" in the circumstances it chose to evaluate, there was something to be said in author Heywood Sanders' lecture to community leaders to give more thoughtful consideration to future efforts for development, construction or expansion of meeting facilities. Your



decision to openly re-evaluate the original project, with a willingness to walk away if it no longer made good business sense, was a very important one.

At the same time, we went into this effort with a desire to “do more,” to look for ways to not only “move the needle,” but to move the *right* needles. Business is extraordinarily strong in Irving once again – to the point that it is poised to surpass the unprecedented positive levels we saw in 2000. But with business as strong as it is, and with our historic strength as a corporate travel destination, we have limited ability, if any, to move any needles mid-week. Which means our best options for making a difference will be in identifying opportunities to generate new and incremental business on the weekends.

Because of Irving’s mid-week identity, however, and the high-rated values of a corporate destination, we also want to figure out how to build on that for the weekends, but with higher-rated business, whether it is from discretionary travel dollars or organizational ones that match the pattern. The lowest hanging fruit might be family travel, or youth sporting events – and while Irving certainly has facilities that position it well for the latter, we really have not been built for the former, nor is our rate structure the most welcoming to many of these groups.

And that doesn’t have to be a bad thing. We are a corporate destination, first and foremost, and that has been this city’s bread and butter for a very long time. It is a sustenance that has paid off very well, although it has proven risky when the economy takes a downward turn, as business cycles will do. But because of that infrastructure, we are able to better sustain those downturns, manage them, and prepare for the recovery that eventually will come.

Staff recently concluded the first phase of a Sports Market Assessment (with the expertise of Event Partners Inc.). Opportunities have been identified that have the potential to be higher-rated, weekend-oriented and mostly overlooked by the marketplace. Many of those opportunities would be accommodated by existing facilities, but others could be accommodated if a facility was built with their needs incorporated.

You will see in the assessments of the various meetings facilities that, regardless of the structure ultimately recommended, the end gain remains relatively constant. From a staff perspective, then, we look at the incremental boost and come back around to the “needle” question – if the gain is in the range of 55,000 room nights annually, how do we structure that gain so that it has greatest impact? What do we build, or otherwise support, that will specifically drive weekend visitation? How do we take those 55,000 room nights and design a project, or series of projects that compact those into 10-12 weekends a year? Consider – if average weekend occupancy in Irving is in the 50s and 60s, the ability to strategically push those numbers closer to the upper 60s, or even the 70s, would be significant, even with a baseline of a dozen weekends’ worth of high volume impact.

That’s where the concept of “convergence” comes in. When you review the PWC report, supplement it with the CH Johnson report, and then look at what is happening in and around Irving, the pieces really do begin to fit together in a potentially substantial way.

Friday’s joint committee meeting will give you the opportunity to hear directly from the consultants the highlights of the studies included here. David Leininger will review the Hotel Occupancy Tax projections, as well as the bonding capacity they represent. My recommendation to you for next steps will be for further and deeper study on the concept of the Multi-Purpose Facility. Until we have a decision on the Bush Presidential Library, I would not recommend a more specific course of action, as too many factors are tied to that outcome. The timing needed for further study will also allow the entertainment district developers the time they need to secure their preliminary financing commitments.

I look forward to seeing you on Friday, May 19.

