



MEMORANDUM

To: Mayor and City Council
Via: Rolin McPhee, City Manager
From: Shawn Hara, Director of Community Destinations
Date: July 21, 2022
Subject: Proposed Fee Changes for Longview Convention Complex

City staff are proposing an update to the fee structure for the Longview Convention Complex, which includes the Maude Cobb Convention Center, Longview Rodeo Arena, Longview Exhibit Center, and the Large and Small Agricultural Pavilions.

Revenue Sources: The Longview Convention Complex is funded by a mixture of hotel occupancy tax revenue (currently approx. 75%) and rental revenue (currently approx. 25%).

Inflation: Facility rental rates at the Convention Complex have not increased since 2011, and equipment rental rates have not increased since 2015. According to CPI data, inflation rose approximately 15% from 2011 to 2020, and an additional 13% since 2020, resulting in an overall inflation of approximately 29% since 2011.

Rate Adjustment Approach: Rates were reviewed in terms of total rental rate, rate per square foot, capacity, quality, labor, and marked demand for the facility. Additionally, an effort was made to standardize the rate structure. The proposed rate structure attempts to raise most rates between 10%-25% to recapture some of the inflationary loss. However, some facility rental rates (notably Exhibit Building and Agricultural Pavilions) appeared to be more significantly underpriced or out of line with other rates, so larger percentage increases are proposed for those facilities.

Convention Complex staff hosted a meeting to review proposed rates with staff from the Convention and Visitors Bureau, a user group representative, and a representative from a local venue.

Delayed Impact: If the proposed rates were to be approved, most events would not experience an increase in costs for their event next year since they are already booked at existing pricing. Most events are booked a full a year in advance, and their rates would be honored from the time of booking. This would give event hosts that ability to prepare for impact of cost increases. New bookings would be charged new prices.

Rate Structure: The current rate structure includes a regular rate, a premium rate for ticketed events, and a discounted rate for nonprofit entities. However, the current pricing structure had some inconsistent variations between the pricing types, so a standardized approach is proposed. For instance, in some areas of the complex, the nonprofit discount was 33%, while other areas of the facility were as high as a 58% discount. Likewise, ticketed events were not priced at a standardized premium per facility. The proposed rate structure sets the regular rates as the standard, and uses a formulaic approach for the rest of the rates.

- Regular Event Rate = X
- Ticketed Event Rate = 1.5 X (50% premium)
- Nonprofit Event Rate = 0.67 X (33% discount)
- Partial Day = approximately 75% Full Day Rental

Due to the previous variations in price structure, this standardized system does result in some proposed increases being outside of the targeted 10 – 25% range. Likewise, some aspects of the facility were significantly underpriced compared to market rates, and thus larger increases were proposed.

Cost per Square Foot Comparisons: City staff compared fees at similar facilities in other cities as well as private facilities in the local area. However, this is a far from perfect comparison tool. Facilities vary greatly in terms of size, quality, purpose, and rate methodology, so it is difficult to compare facility rates as purely apples to apples. For instance, some facilities include tables and chairs, charge premium rates for weekends, per hour rates, percentage of ticket sales, food and beverage charges, or have additional fees for service.

Convention Venue Comparison (daily rate)	Price (Current → Proposed)	\$/SF (Current → Proposed)
Maude Cobb Full Hall & Rooms (Facility only, Class I Rate)	\$1,500 → \$1,700	\$0.045 → \$0.051
Longview Exhibit Center All Sections (Facility Only, Class I Rate)	\$825 → \$1,000	\$0.033 → \$0.041
Abilene Exhibit Hall	\$850	\$0.043
Waco Chisholm Hall	\$1,600	\$0.049
Abilene Convention Center (entire building)	\$3,100	\$0.052
Waco McLennan Hall	\$800	\$0.053
Tyler Harvey Hall (*Entire old facility, Demolished Now)	\$1,500	\$0.054
Carthage Civic Center Main Hall (includes table and chairs)	\$1200	\$0.076
Amarillo South Exhibit Hall	\$1,520	\$0.057
Beaumont Civic Center (Whole Hall)	\$2,000	\$0.068
Killeen Civic Center (Entire Building)	\$4,356	\$0.069
Waco Brazos Ballroom	\$1,000	\$0.072
Amarillo North Exhibit Hall	\$1,900	\$0.077
Lubbock Banquet Hall	\$1,100	\$0.078
Lubbock Exhibit Hall	\$1,750	\$0.044
Henderson Civic Hall (includes tables and chairs)	\$775	\$0.086
Bossier City Convention Center (includes tables and chairs)	\$3,150	\$0.102
New Braunfels Exhibit Hall (includes tables and chairs)	\$1,600	\$0.136
Grand Prairie Ruthie Jackson Center (entire facility)	\$4,000	\$0.194
Garland Atrium	\$1,900	\$0.302

A local venue comparison was also conducted. However, there are not any local venues that compare similarly in terms of available square footage. Also, most local venues include tables and chairs. Also, some require food and beverage to be purchased through the property, or require a food buyout fee.

Local Venue Comparison (daily rate)	Estimated Cost
Holiday Inn Infinity Center (7,200 sf)	\$3,200 + \$6,500 minimum Food and Beverage or \$1,500 Buyout fee
Hilton Garden Inn (300 capacity)	\$3,000
Courtyard Bordeaux + Sapphire Room (2,050 sf)	\$845
The Reserve (300 capacity)	\$4,000
Belgium House (100 people)	\$5,600
Chateau de la Vie (primarily outdoor venue)	\$2,800

Nonprofit Discount Comparison: The majority of events at the complex are hosted by qualifying non-profit organizations and thus receive the discounted rate. The proposed rate structure provides a 33% discount for nonprofits off facility rentals; however, it is worth noting that Longview has a very generous discount as compared to other public facilities. Several cities did not offer a non-profit discount at all, but of those that provided a discount the most common were between 10-20% off the regular rates.

Equipment Changes: Currently, Class I events are charged equipment per event day, and Class II (nonprofit) events are only charged once per event. As such, if a nonprofit hosts a multi-day event, they receive a significant discount on equipment rentals as compared to a Class I multi-day event. We are proposing to provide Class I events with a 33% discount on equipment rentals for every day beyond the first day. We are also proposing adding a 25% equipment reset fee on Class II (nonprofit) if they choose to have the equipment reset during an event. Additionally, we are proposing to increase rates on several equipment pieces. A small sample is listed below to show prices compared to local vendors.

Sample Equipment Comparison	Current Price	Proposed	A-1 Rental <i>*Plus tax/delivery</i>
Tables	\$4	\$5	\$8*
Chairs	\$1	\$1	\$1 - 1.50*
Staging	\$10	\$15	\$25*

Security: Longview Convention Complex policy requires many events (especially any that include alcohol) to have security on site during the event. This security is provided by Longview Police as part of the rental contract at a rate of \$40 per hour. However, the actual cost of police security varies based on tenure of the officer working the event, and it is usually \$60+ per hour including salary and benefit costs. The difference is covered by the Longview Convention Complex operational budget. We are proposing to increase the security rate to \$50 per hour to help recoup a larger portion of the actual event security costs.

Impact to Sample Events: The proposed rate increases would create additional expense for facility renters. Every event is different, has different needs, and uses different rooms and equipment, so the impact will not be equal among all renters.

Event	Organizer	Type	Venue	Days Rented		2022	Proposed	Change	%
Bourbon & Bowties	Longview WOW	II	Maude Cobb All	4	Facility	\$ 2,175.00	\$ 2,495.75	\$ 312.50	14.37%
					Equipment	\$ 2,130.00	\$ 2,493.00	\$ 363.00	17.04%
					Fees	\$ 200.00	\$ 300.00	\$ 100.00	50.00%
					Security	\$ 460.00	\$ 575.00	\$ 115.00	25.00%
					Totals	\$ 4,965.00	\$ 5,863.75	\$ 898.75	18.10%
Gun & Knife Show	Classic Arms Productions	I	Maude Cobb Main	3	Facility	\$ 4,750.00	\$ 5,062.50	\$ 312.50	6.58%
					Equipment	\$ 2,598.00	\$ 2,251.18	\$(346.82)	-13.35%
					Security	\$ 2,480.00	\$ 3,125.00	\$ 645.00	26.01%
					RV spots	\$ 80.00	\$ 100.00	\$ 20.00	25.00%
					Totals	\$ 9,828.00	10,538.68	\$ 710.68	7.23%
Gun & Knife Show	Classic Arms Productions	I	Exhibit Center All	3	Facility	\$ 2,750.00	\$ 3,750.00	\$ 1,000.00	36.36%
					Equipment	\$ 2,382.00	\$ 2,458.24	\$ 76.24	3.20%
					Fees	\$ 75.00		\$(75.00)	-100.00%
					Security	\$ 2,480.00	\$ 3,100.00	\$ 620.00	25.00%
					RV spots	\$ 100.00	\$ 125.00	\$ 25.00	25.00%
					Totals	\$ 7,787.00	\$ 9,433.24	1,646.24	21.14%
Quinceanera	Private	I	Maude Cobb Main +1	1	Facility	\$ 1,390.00	\$ 1,560.00	\$ 170.00	12.23%
					Equipment	\$ 1,319.00	\$ 1,487.00	\$ 168.00	12.74%
					Fees	\$ 700.00	\$ 1,000.00	\$ 300.00	42.86%
					Security	\$ 1,520.00	\$ 1,900.00	\$ 380.00	25.00%
					Totals	\$ 4,929.00	\$ 5,947.00	1,018.00	20.65%
Baby Shower	Private	I	Eitelman Room MC	1	Facility	\$ 375.00	\$ 400.00	\$ 25.00	6.67%
					Equipment	\$ 72.00	\$ 80.00	\$ 8.00	11.11%
					Totals	\$ 447.00	\$ 480.00	\$ 33.00	7.38%

Event	Organizer	Type	Venue	Days Rented		2022	Proposed	Change	%
Zonta Antique Show	Zonta Club of Greater East Texas	II	Maude Cobb +3	5	Facility	\$ 4,105.00	\$ 4,492.35	\$ 387.35	9.44%
					Equipment	\$ 448.00	\$ 919.00	\$ 471.00	105.13%
					Security	\$ 2,600.00	\$ 3,250.00	\$ 650.00	25.00%
					Totals	\$ 7,153.00	\$ 8,661.35	1,508.35	21.09%
ArkLaTex Tattoo Expo	Vanish Germ Solutions	I	Maude Cobb Main	4	Facility	\$ 6,650.00	\$ 7,087.50	\$ 437.50	6.58%
					Equipment	\$ 5,255.00	\$ 4,512.00	\$ (743.00)	-14.14%
					Security	\$ 3,780.00	\$ 4,725.00	\$ 945.00	25.00%
					Totals	\$ 15,685.00	\$ 16,324.50	\$ 639.50	4.08%
Mobberly Garage Sale	Mobberly Baptist Church	II	Exhibit Center Various	11	Facility	\$ 4,227.50	\$ 5,070.00	\$ 842.50	19.93%
					Equipment	\$ 1,339.00	\$ 1,584.00	\$ 245.00	18.30%
					Fees	\$ 200.00	\$ 200.00	\$ -	0.00%
					Security	\$ 640.00	\$ 800.00	\$ 160.00	25.00%
					Totals	\$ 6,406.50	\$ 7,654.00	1,247.50	19.47%
Trade Days Monthly	Longview Jaycees	II	Exhibit Center A&B	3	Facility	\$ 912.50	\$ 1,340.00	\$ 427.50	46.85%
					Equipment	\$ 324.00	\$ 332.00	\$ 8.00	2.47%
					Totals	\$ 1,236.50	\$ 1,672.00	\$ 435.50	35.22%