



SOUTHERN NEVADA _____
Tourism Infrastructure Committee

Alternatives Analysis

Las Vegas Convention Center Expansion & Renovation Proposal

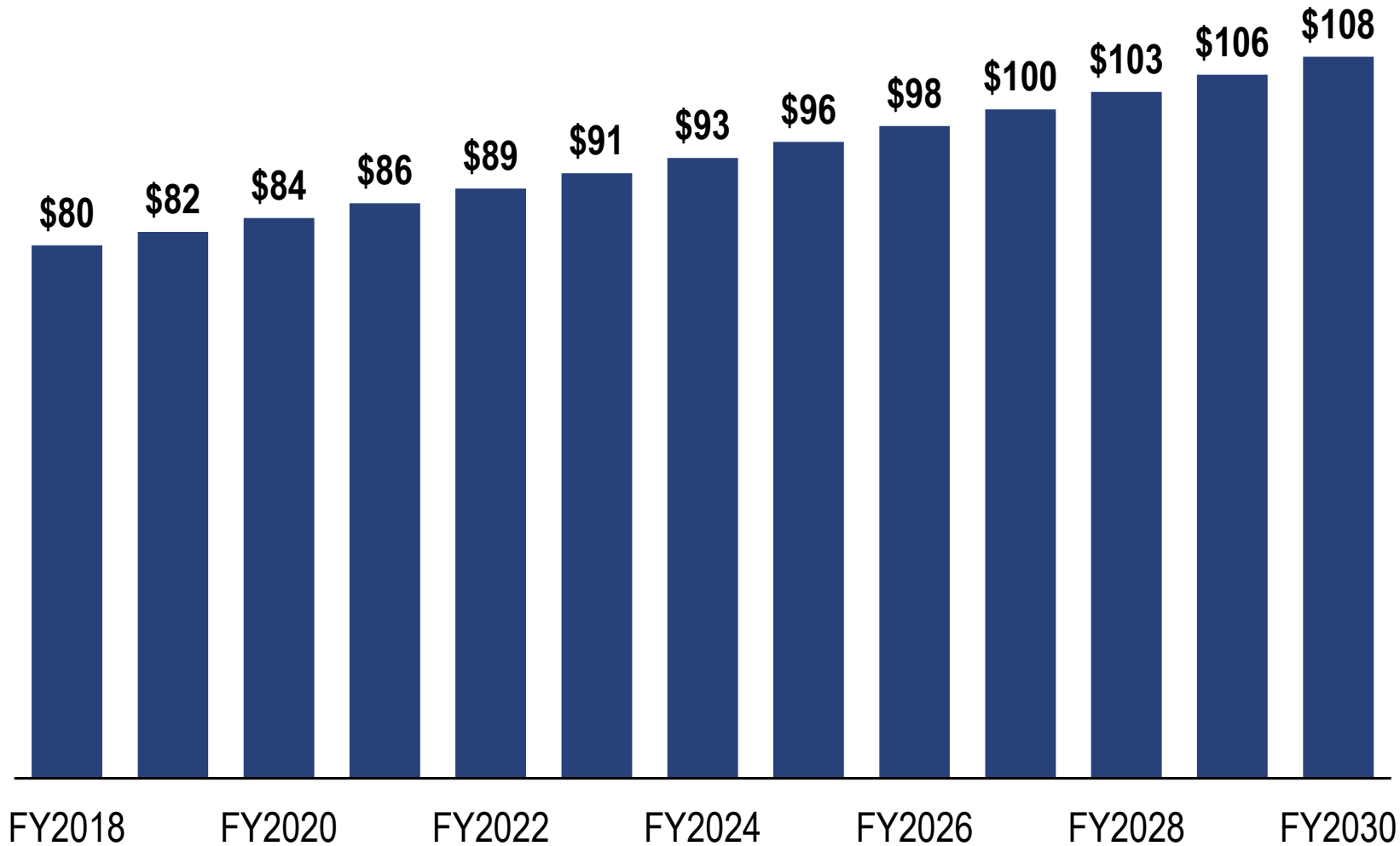
- The Las Vegas Convention and Visitors Authority (LVCVA) has proposed a \$1.4 billion expansion and renovation program for the Las Vegas Convention Center.
- As requested, the LVCVA provided a financial model that detailed its current operations and its plans for the expansion and renovation of the Las Vegas Convention Center through 2030.
- SNTIC staff was asked to review the model and was then provided with a set of alternative assumptions to determine their potential impact on available revenues and expected capital outlays and operating expenditures.
- Public agencies, such as the LVCVA, are rightly conservative in their budgeting and forecasting process. The objective of this exercise was to make reasonable modifications to key assumptions to determine the extent to which they affected the identified funding shortfall.



Las Vegas Convention Center Expansion & Renovation Proposal

Phase II and III | Baseline Program Funding Shortfall

(\$ in millions)



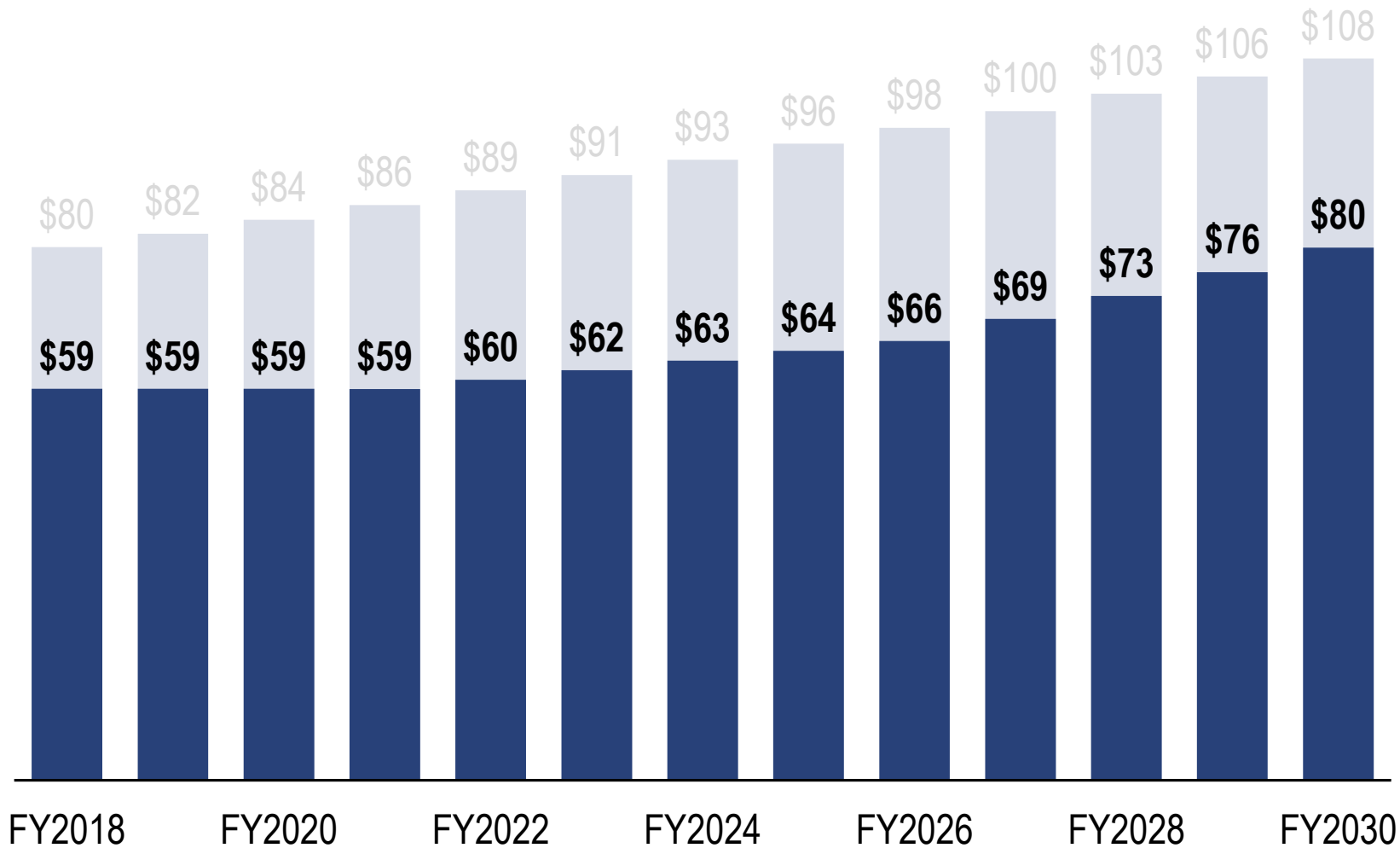
The Original Model Required Approximately \$1.22B in supplemental funding between 2018 and 2030.

Source: LVCVA Funding Model, Condensed B

Las Vegas Convention Center Expansion & Renovation Proposal

Phase II and III | Modeled Program Funding Shortfall

(\$ in millions)



Modification #1 Modifying Room Tax Revenue Projections

Assumptions:

FY16: 10.5%

FY17-FY20: 3.0% to 3.5%

FY21-FY25: stays at 3.0%

FY26-FY30: 3.0% to 2.5%

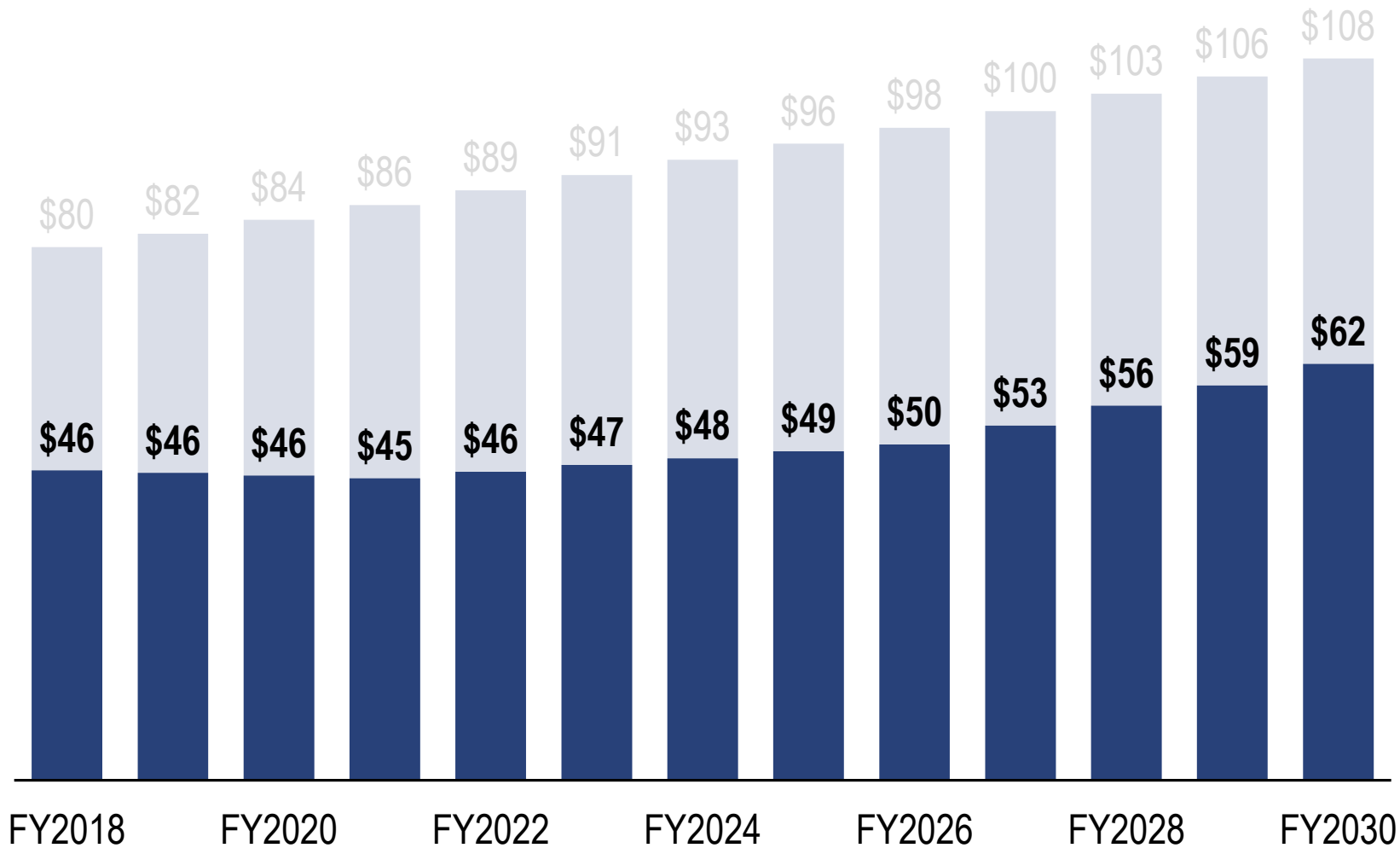
Source: SNTIC Convention Center Model, Version 21



Las Vegas Convention Center Expansion & Renovation Proposal

Phase II and III | Modeled Program Funding Shortfall

(\$ in millions)



Source: SNTIC Convention Center Model, Version 21

Modification #2

LVCVA Contribution to the Project

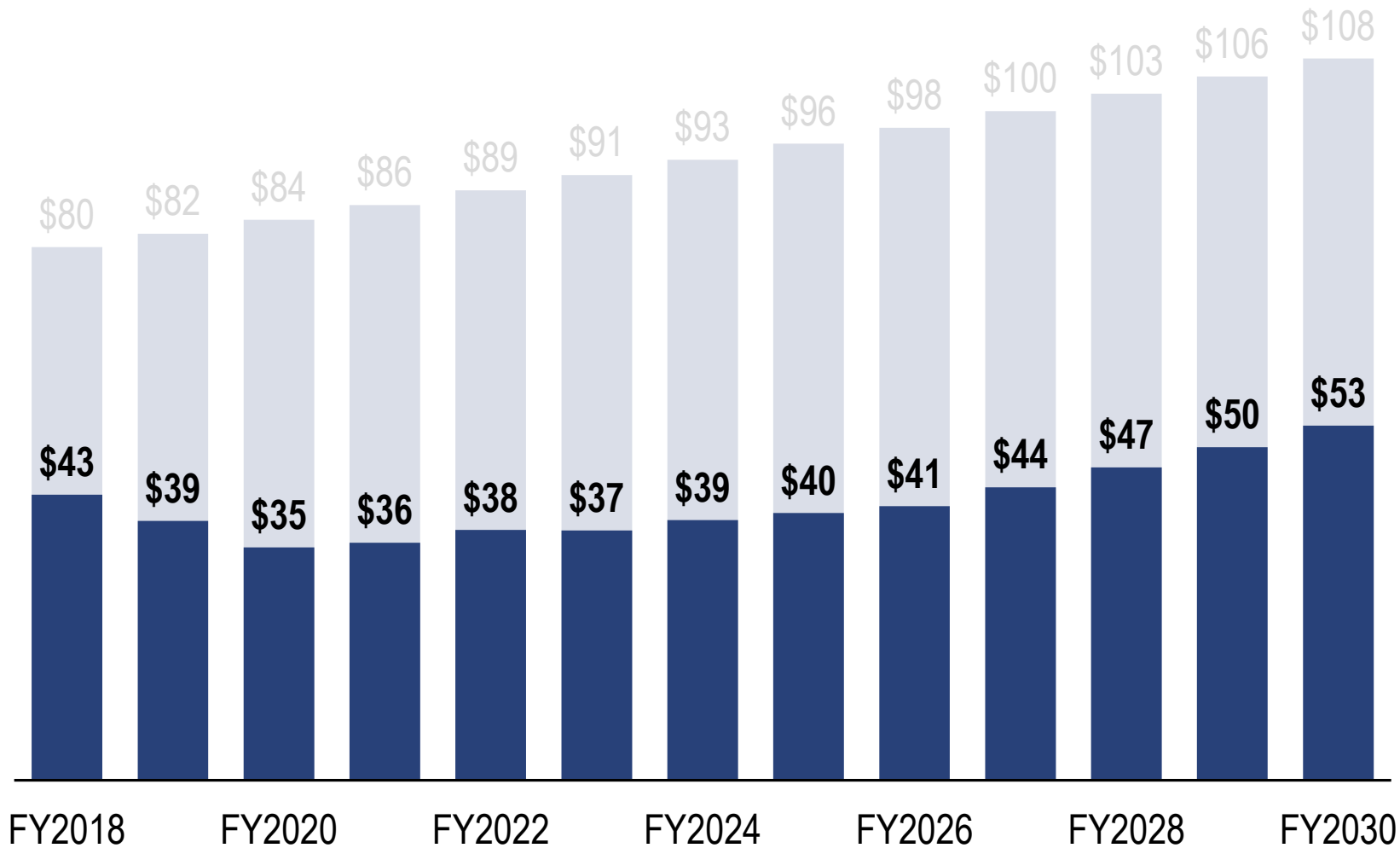
Assumptions:

\$12M in LVCVA operating revenues shifted to capital programs in FY2017

Las Vegas Convention Center Expansion & Renovation Proposal

Phase II and III | Modeled Program Funding Shortfall

(\$ in millions)



Source: SNTIC Convention Center Model, Version 21

Modification #3

Adjustments to Interest Rate Assumptions

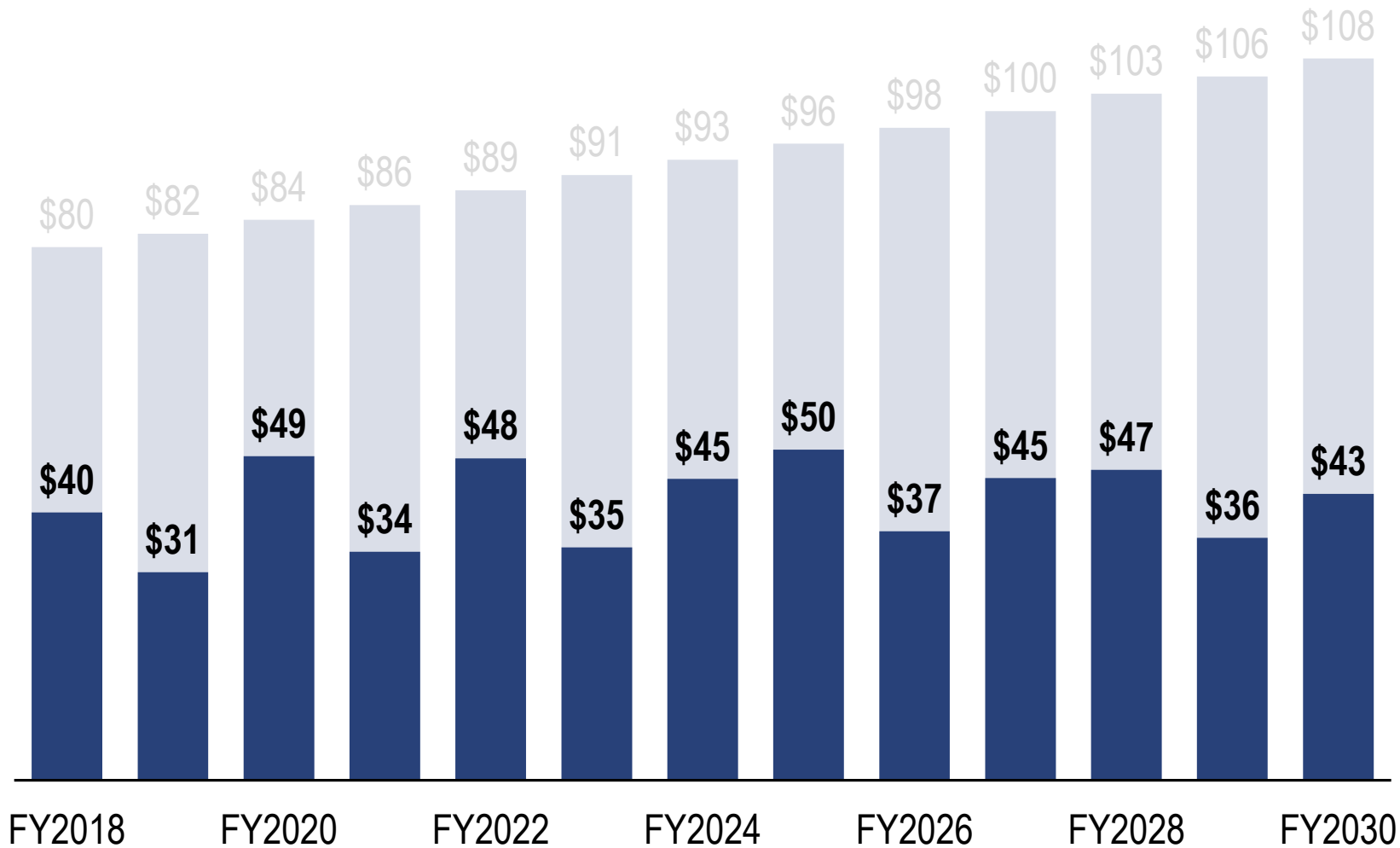
Assumptions:

- Series 2017: 5.00% to 3.75%
- Series 2019: 5.25% to 4.75%
- Series 2021: 5.50% to 5.00%

Las Vegas Convention Center Expansion & Renovation Proposal

Phase II and III | Modeled Program Funding Shortfall

(\$ in millions)



Modification #4

Various Minor Adjustments

Assumptions:

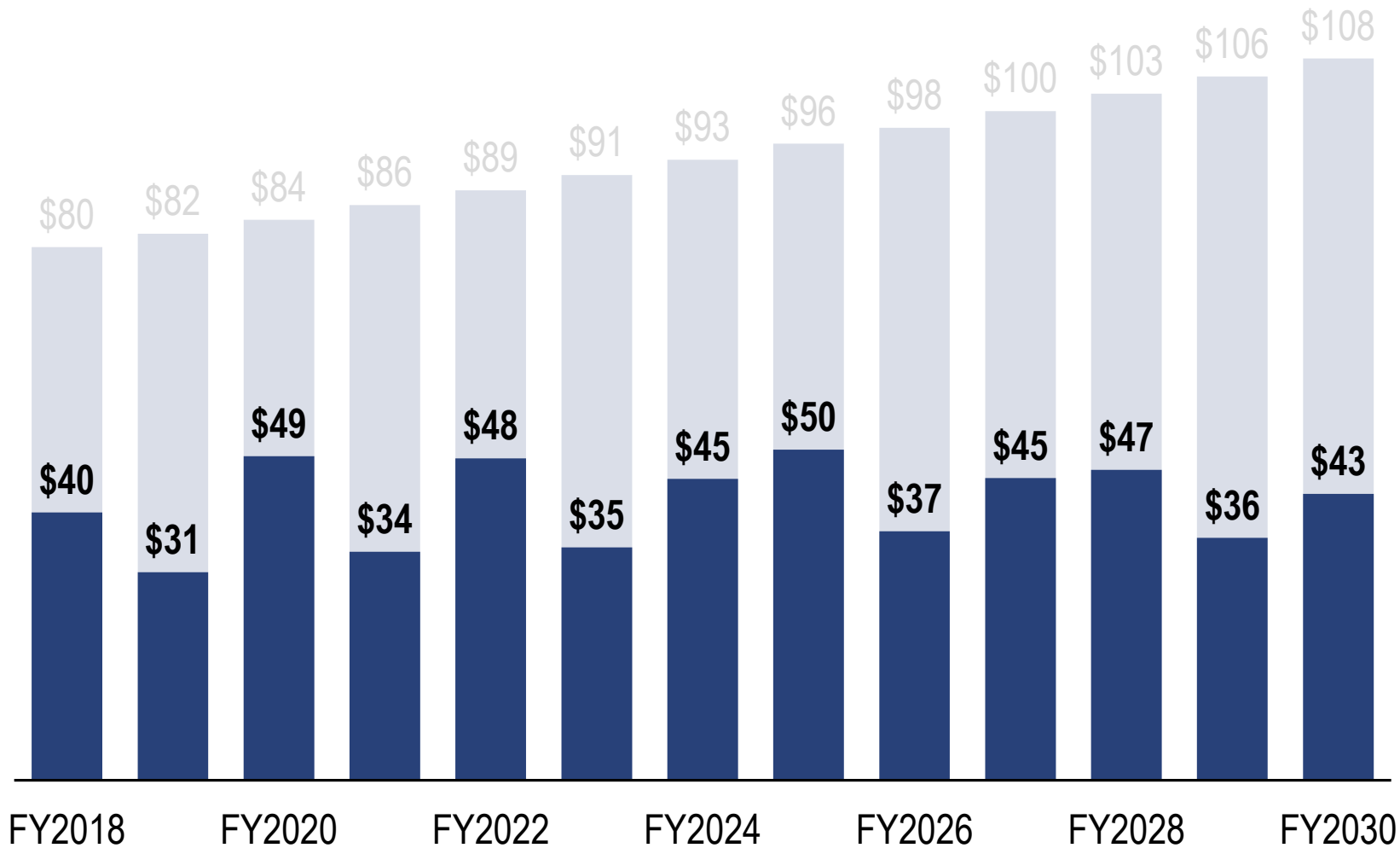
Various adjustments to revenues, expenditures and ending fund balances

Source: SNTIC Convention Center Model, Version 21

Las Vegas Convention Center Expansion & Renovation Proposal

Phase II and III | Modeled Program Funding Shortfall

(\$ in millions)

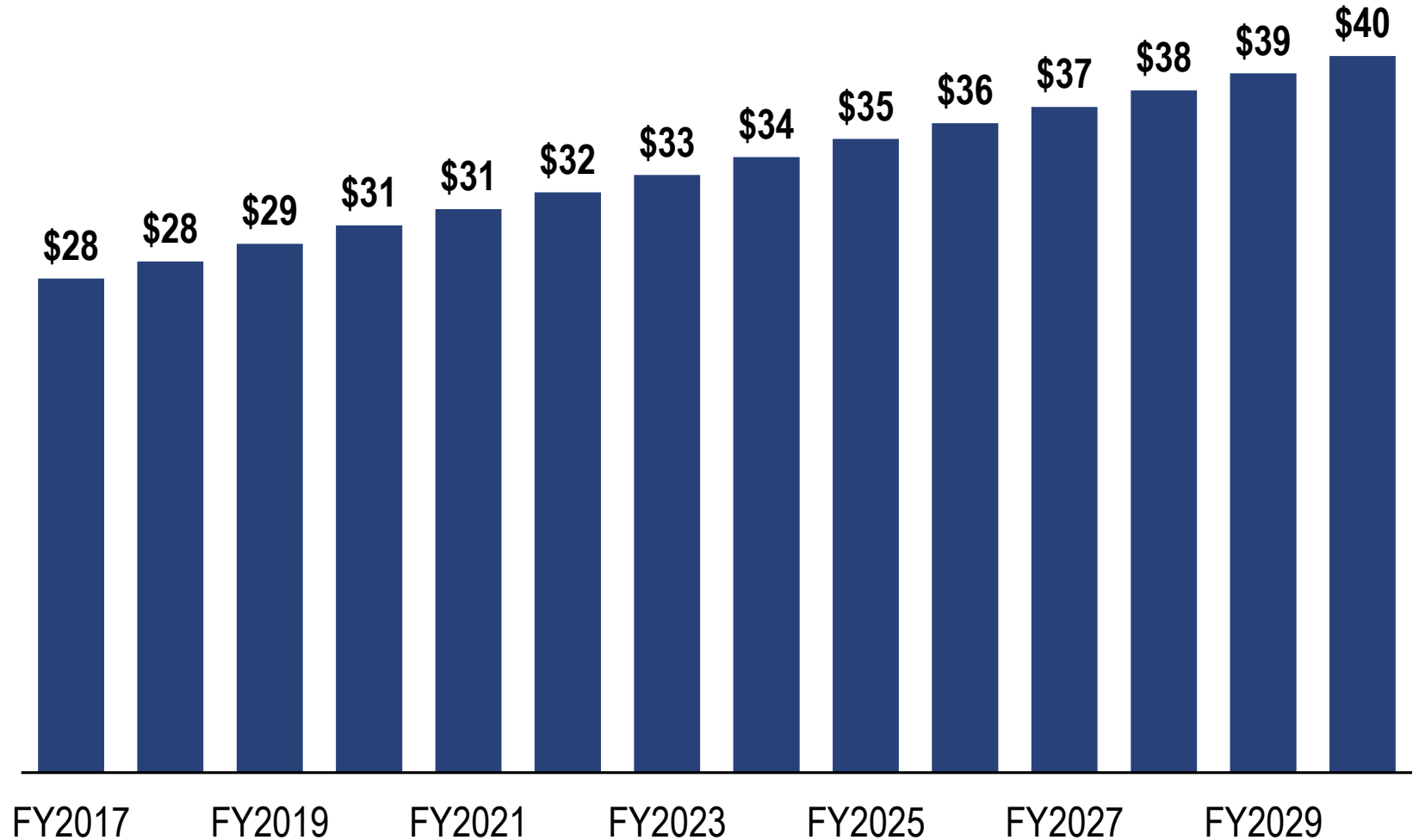


Result
**Funding Shortfall
Reduced from
\$1.2B to \$543M**

Source: SNTIC Convention Center Model, Version 21

Funding #1
**Cap the Local
Government Room
Tax Collection
Allowance at \$25M
Annually**

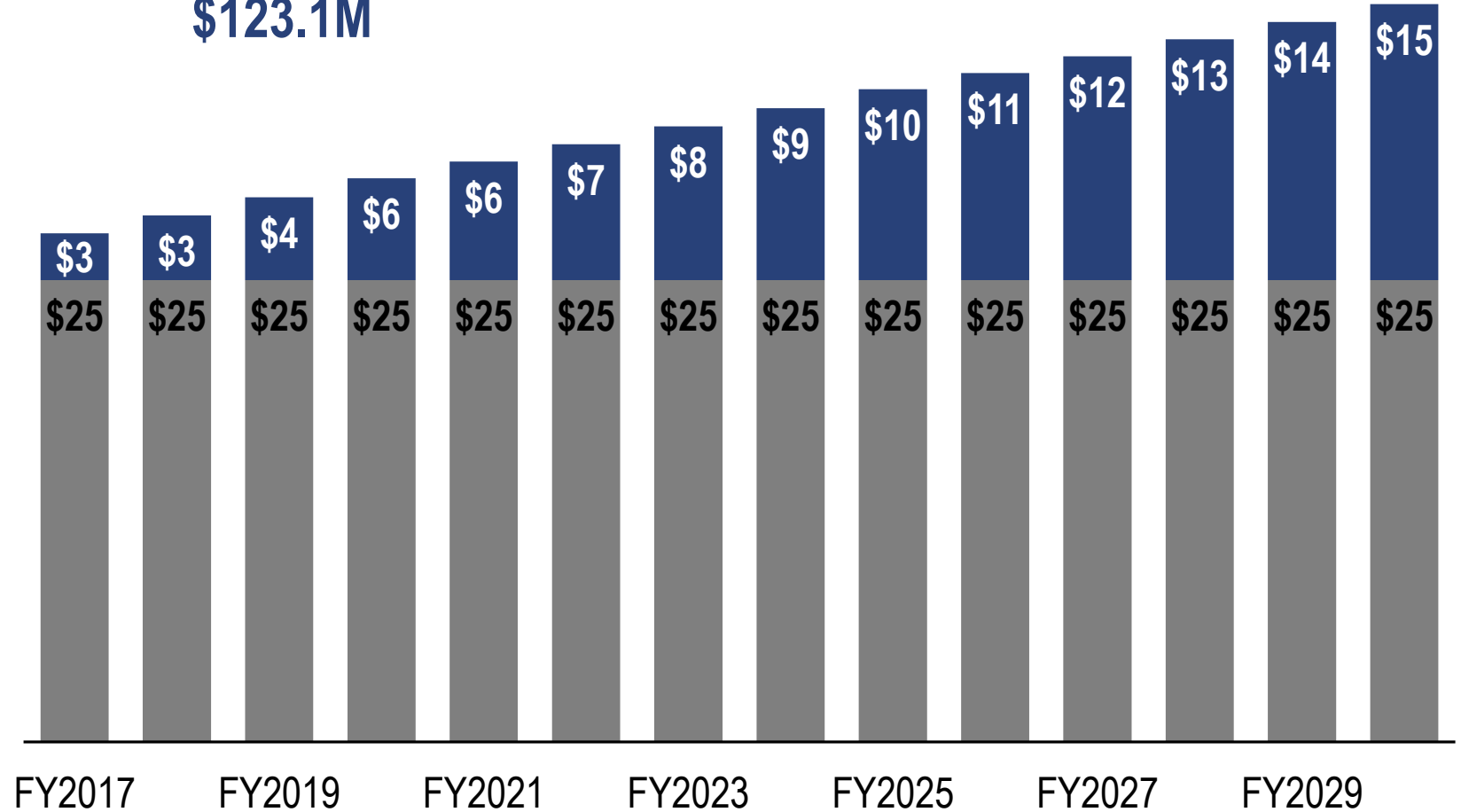
Las Vegas Convention Center Expansion & Renovation Proposal
Room Tax Collection Allowance Projection
(\$ in millions)



Funding #1
**Cap the Local
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Annually**

Las Vegas Convention Center Expansion & Renovation Proposal
Room Tax Collection Allowance Projection
(\$ in millions)

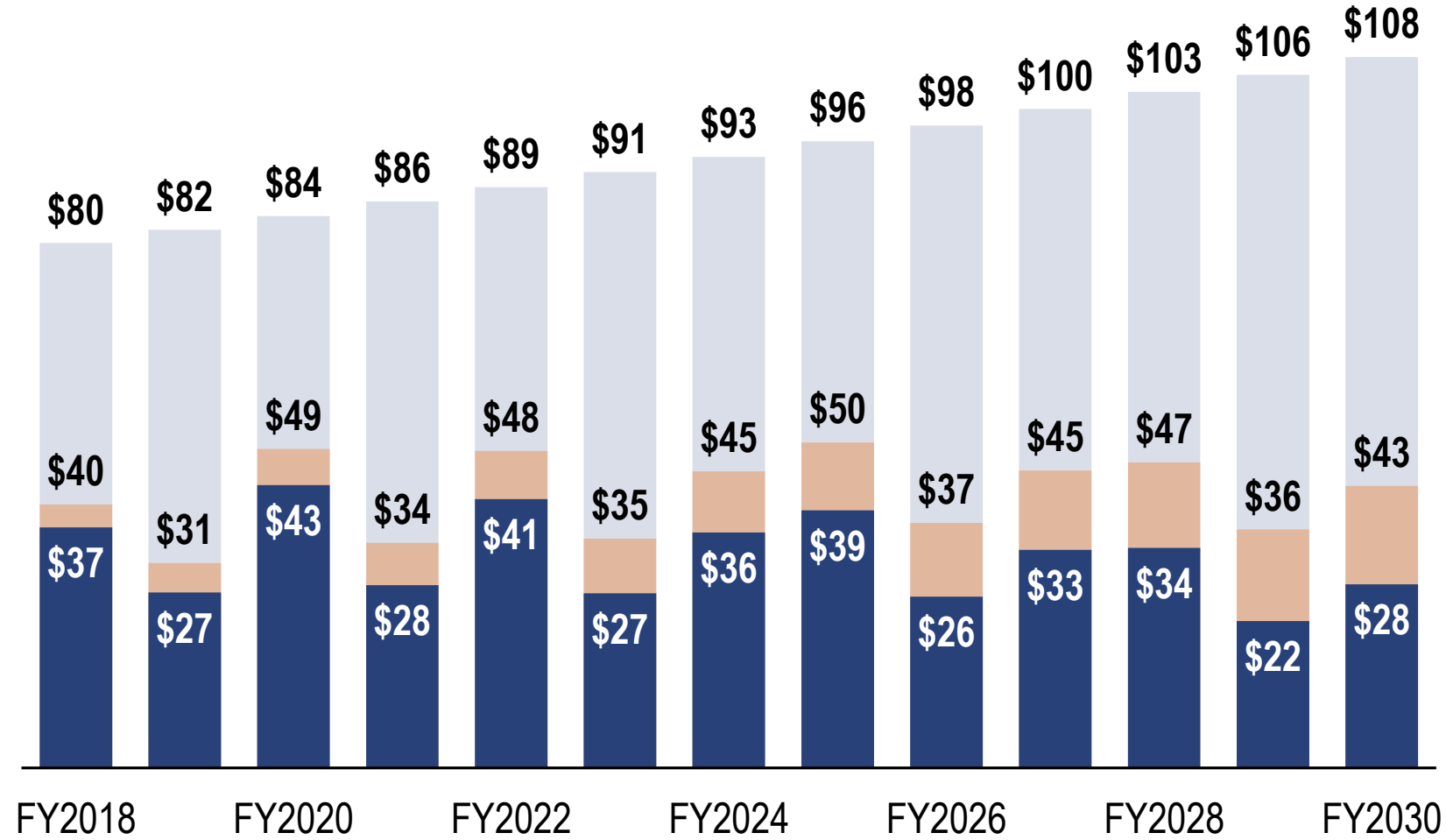
**Total Increment:
\$123.1M**



Collection Allowance Cap Reduces Funding Gap from \$543M to \$420M

Las Vegas Convention Center Expansion & Renovation Proposal

Phase II and III | Funding Shortfall After Collection Allowance Cap
(\$ in millions)

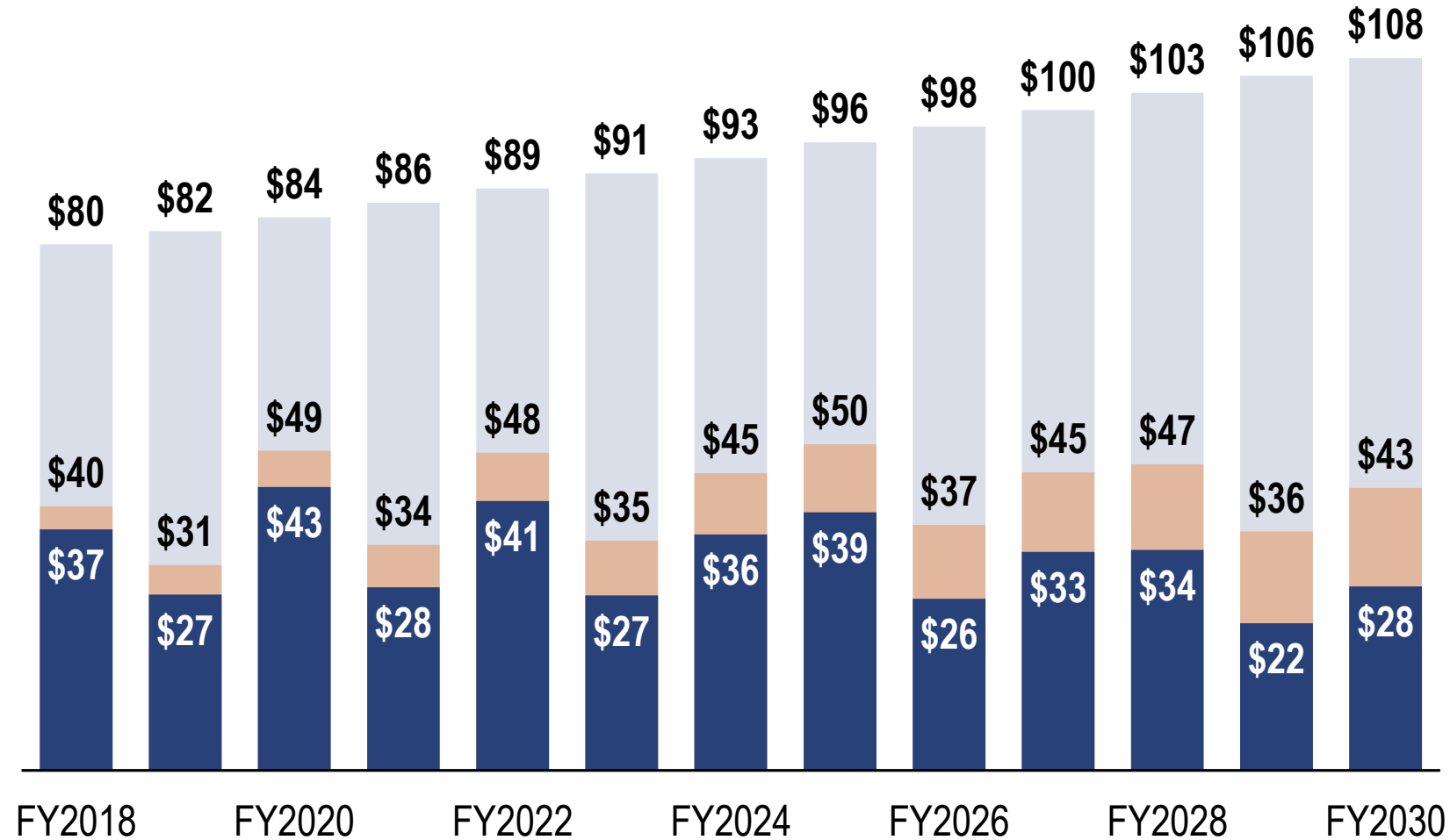


Source: SNTIC Convention Center Model, Version 21

Remaining Funding Shortfall: \$420M

Las Vegas Convention Center Expansion & Renovation Proposal

Phase II and III | Funding Shortfall After Collection Allowance Cap
(\$ in millions)



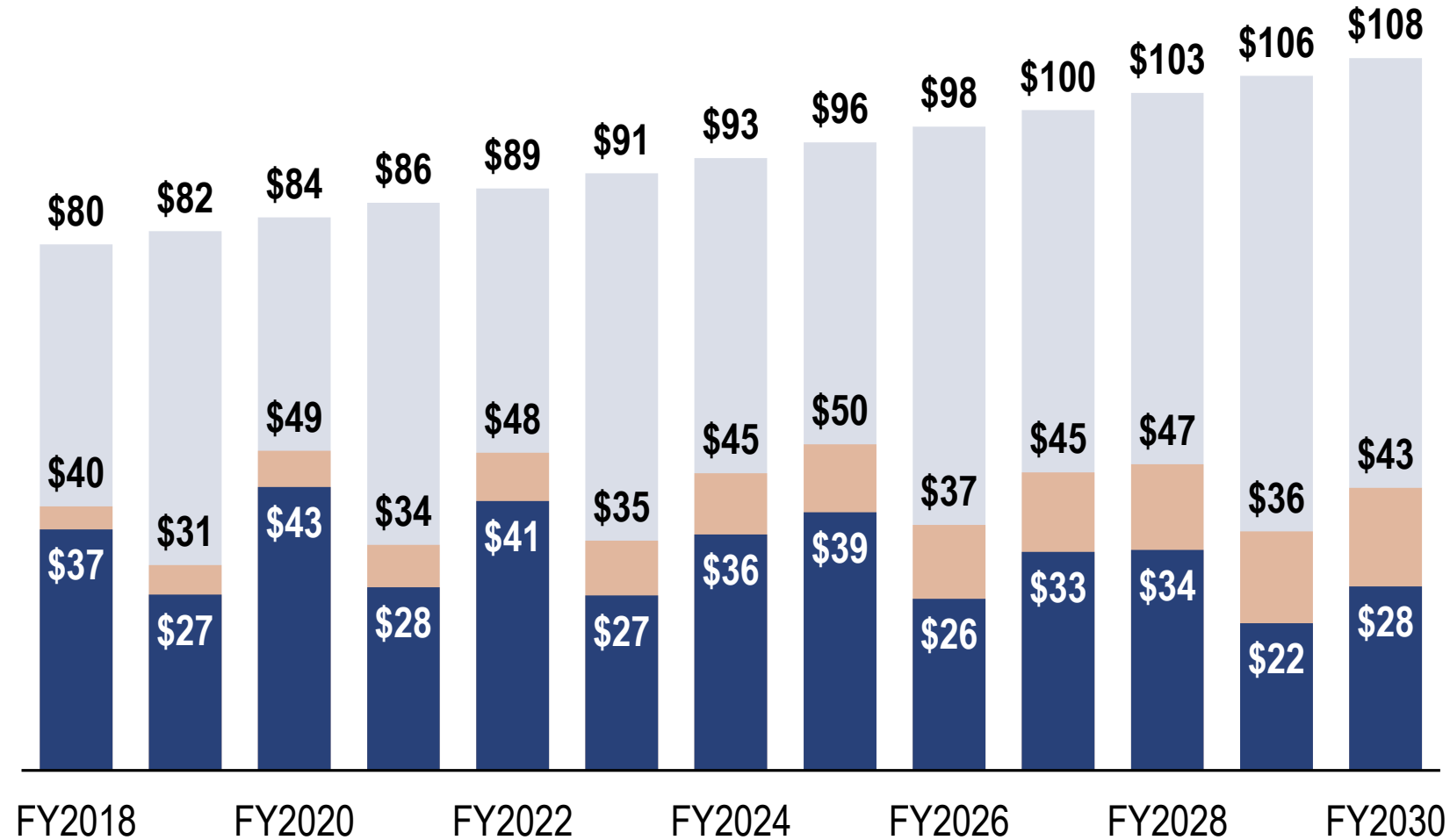
Source: SNTIC Convention Center Model, Version 21



**Remaining
Funding Shortfall:
\$420M**

**Projected Taxable
Room Revenue:
\$90.9B**

Las Vegas Convention Center Expansion & Renovation Proposal
Phase II and III | Funding Shortfall After Collection Allowance Cap
(\$ in millions)



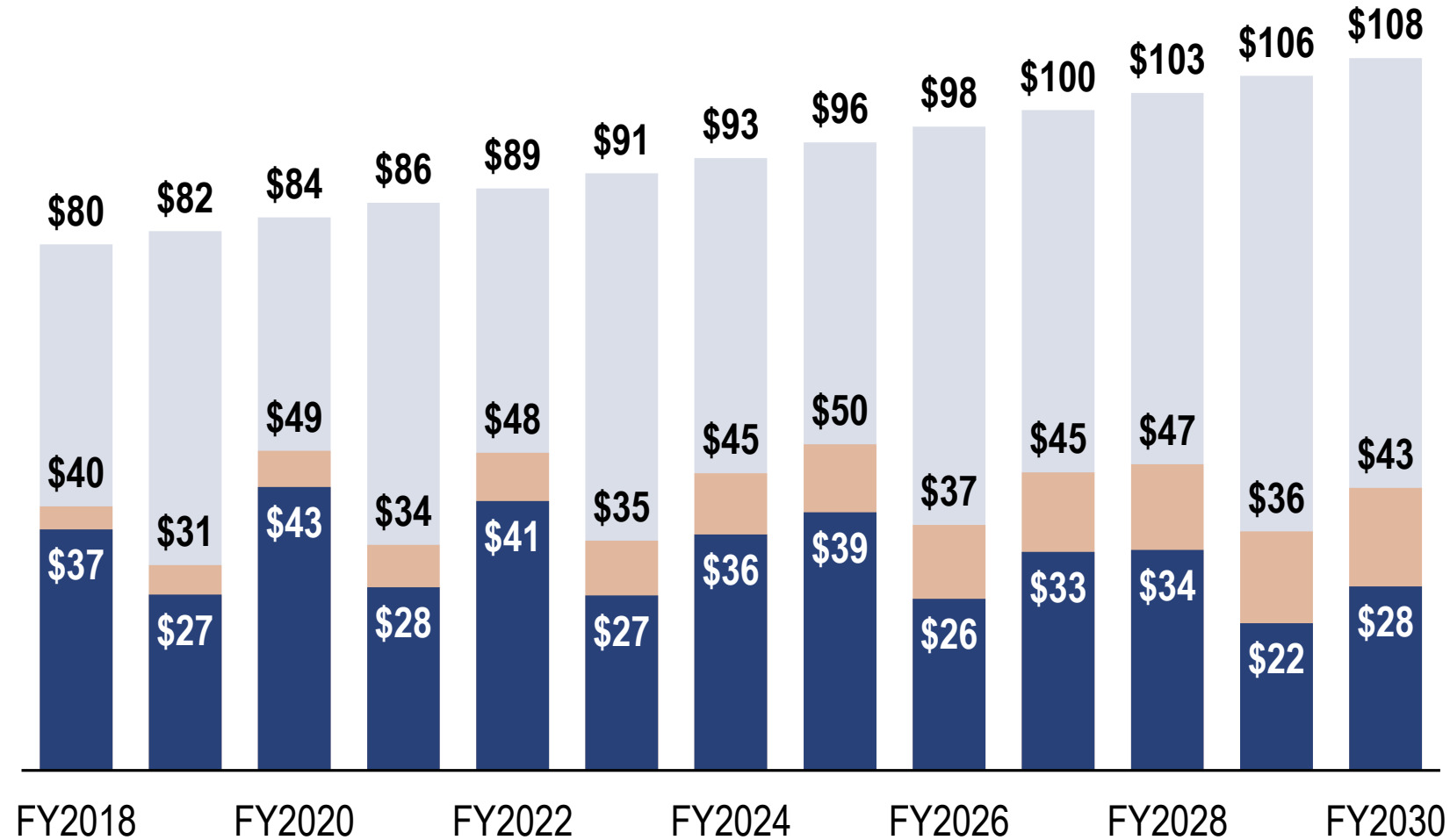
Source: SNTIC Convention Center Model, Version 21

**Remaining
Funding Shortfall:
\$420M**

**Projected Taxable
Room Revenue:
\$90.9B**

**Required Room
Tax Increment:
0.462%**

Las Vegas Convention Center Expansion & Renovation Proposal
Phase II and III | Funding Shortfall After Collection Allowance Cap
(\$ in millions)



Source: SNTIC Convention Center Model, Version 21

Conclusions

- Adjustments/refinements may be required to fine tune the model; however, it would appear that a 0.5% to 0.6% increase in the room tax rate and a collection allowance cap of \$25 million would fund the Phase II expansion and the Phase III renovations as proposed by the LVCVA
- Direction is requested from the Committee relative to further refinements, alternative strategies and/or to take the next steps to develop this strategy into a formal recommendation





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