



Report to the Legislature

State of Hawai‘i

Regular Session of 2008

Expenditure Report
Hawai‘i Convention Center
FY 2007 - 2008
In response to Act 213, SLH 2007

Prepared by:

Hawai‘i Tourism Authority
December 7, 2007

This expenditure report is prepared pursuant to Section 6, Act 213, Session Laws of Hawai'i 2007, which approved an additional \$1,000,000 to the Hawai'i Tourism Authority (HTA) for expenditures related for the Hawai'i Convention Center. The HTA was required to submit a report to the legislature which included:

- A list of additional events for the convention center that were accepted because of the additional funding;
- A detailed list of expenditures that resulted from these additional events;
- The amount of revenue generated as a result of these additional events; and
- A detailed plan for future revenue enhancements.

**Hawaii Convention Center
Convention Center and Food & Beverage
Fiscal Year Ending June 30, 2008**

Response to Section 6:

Associations typically select their meeting location from four to ten years prior to their meeting, whereas, Corporate and International clients typically select their meeting location from one to three years prior to their event. As events are booked so far in advance, budgets are based upon limited information available. As events draw nearer to their actual dates, generally three to six months prior, more conclusive information is obtained resulting in adjustments to the budget.

The events (1) listed below have and will significantly increase business at the Center over projected budgets.

The \$1 million reserve has allowed the Center to meet these unanticipated business needs which increase related expenses (2) and has enabled the Center to increase its rent and food & beverage revenues by over \$1.4 million (3), the lowest in the Center's history, and contribute positively towards the Center's bottom line. Without a contingent reserve for unanticipated business, the Center cannot operate properly and service the needs of its clients.

Access to the \$1 million reserve has provided the Center the opportunity to have its most financially successful year. The net operating loss for the fiscal year ending June 30, 2008 is forecast to \$2,240,033, the lowest in the Center's history, and over \$1 million better than planned. The Center needs this kind of flexibility in its appropriation ceiling, and HTA has recommended \$2-3 million per year.

	(1) Addition/ Increase	(3) Month	(3) Rent	(2) Expenses	(3) Revenue	(2) COGS	(2) F&B	Net
IEEE Electromagnetic Compatibility Society	Increase	Jul-07	\$ -	\$ -	\$ 25,000	\$ 15,300	\$ -	\$ 9,700
National Association of Federal Credit Unions	Increase	Jul-07	-	-	117,000	71,604	-	45,396
15th Annual Hawai'i Conservation Conference	Increase	Jul-07	-	-	56,000	34,272	-	21,728
National Medical Association	Increase	Aug-07	14,500	-	-	-	-	-
Toyota Dealer Meeting	Increase	Sep-07	14,100	-	311,000	190,332	-	120,668
Kioritz Corp	Addition	Nov-07	3,800	-	30,000	18,360	-	11,640
KTC	Addition	Dec-07	300	-	93,000	56,916	-	36,084
Manulife	Addition	Mar-08	3,300	-	36,000	22,032	-	13,968
Cisco Systems Partner Summit	Increase	Apr-08	-	-	645,000	394,740	-	250,260
Society for Pediatric Research Annual Meeting	Increase	May-08	-	-	56,000	34,272	-	21,728
Oldies Soccer Closing Awards	Addition	May-08	-	-	42,000	25,704	-	16,296
Electricity				200,000				
Total			\$ 36,000	\$ 200,000	\$ 1,411,000	\$ 863,532	\$ -	\$ 547,468

(4) The Center is proactive in its efforts to enhance revenues. We continue to work to secure short-term and in the year for the year bookings in the corporate, international and local markets. In addition, we continue our efforts to exceed the projected attendance of Hawai'i meetings through attendance building efforts. The Center has used the traditional method of promoting the Hawai'i meeting at the annual meeting one and/or two years prior to the meeting. In 2004, the Center expanded its attendance building efforts by promoting the meetings to Japan and Korea related organizations. In 2007, to reach a broader market, the Center introduced a new and unique product, multi-lingual microsites designed to provide delegates access to agendas and messages, information about the Center, and the ability to make reservations from break-out meetings to housing information, ultimately providing for ease of use and generating increased international attendance. These programs provided four additional events and increased seven events revenue significantly.