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SIGNIFICANT MILESTONES IN THE MAKING OF THE RALEIGH CONVENTION CENTER

Today marks the dawning of a new era in Raleigh with the opening of the Raleigh Convention Center for business.

The process began in January 2002, when the Raleigh City Council and the Wake County Board of Commissioners (WCBOC) approved to spend up to \$30,000 each to fund a feasibility study and needs assessment of a new or expanded convention center.

KPMG was hired to conduct the study. On Aug. 5, 2002, the consulting firm outlined the results of its "Market and Financial Analysis for Additional Convention Center Space in Raleigh, North Carolina" to a joint meeting of the Raleigh City Council and the WCBOC.

The major conclusions of the study were that larger and more lucrative conventions were being forced to bypass Raleigh because of the inadequate size and configuration of the existing Raleigh Convention and Conference Center (RCCC).

On Sept. 9, 2003, the City's and County's elected officials meet to further study and evaluate a new convention center and headquarters hotel. It approved a citizens' committee to make recommendations to the officials regarding a conceptual plan, programmatic uses of the facilities, work with the City's Livable Streets partnership (the group updating the City's downtown plan) on suitable sites, propose a business plan and, involve and keep the public informed of the process.

On April 2, 2003, the Convention Center Steering Committee unanimously endorsed what it had designated as Site B, the area bounded by Salisbury, Cabarrus, Lenoir and McDowell streets for a new convention center. The site's selling points were:

- It positions the headquarters hotel on the western portion of the plot that was then occupied by the RCCC (facing Fayetteville Street);

- It has the largest percentage of land owned by the City of Raleigh;
- It has the fewest owners;
- It has owners that have expressed willingness to sell their property; and,
- It does not require the closing of any streets.

At the same meeting the committee also approved a basic facility model and financing plan for the new convention center.

The approved facility model for Phase I of the proposed project offered a facility totaling 506,000 square feet to include an enclosed loading dock. The hotel would have 450 rooms and cover 390,000 square feet.

The committee's analysis found that there is capacity in the existing source of the City/County food and beverage and room tax, to fund the project at \$200 million. The estimated cost of Phase I of the center is about \$183 million in 2005 construction dollars.

It took two votes of the City Council to approve the schematic design for the convention center on Oct. 14, 2004. The first ballot failed 4-4. The second ballot was approved 5-3 when Council Member Thomas Crowder was assured that concerns he had about the roofline would be addressed in the design process. The WCBOC approved the schematic design on the first vote.

On Nov. 22, 2004, the City Council and the WCBOC voted to amend an interlocal agreement that set public funding for the new convention center and headquarters hotel at \$212 million.

Under the amendment, \$192 million went toward construction of the convention center. The remaining \$20 million provided for construction of public use spaces in the four-star Marriott headquarters hotel. Revenue from the hotel/motel and prepared food tax was used to finance the \$212 million.

John Muter was front and center representing the convention center project's construction-manager-at-risk, Skansa/Barnhill on the April 6, 2005 groundbreaking ceremony.

On Feb. 2, 2006, the City Council and WCBOC approved a 12 percent increase in the cost of the new convention center, boosting the bottom line to \$215,538,000. To fund this increase, the officials amended the interlocal agreement to accommodate directing some of the needed additional \$23.5 million from the prepared food and beverage and hotel/motel tax to the project. The increase came in three parts: \$15.5 million for cost of work increases; \$3.5 million in additional scope; and \$4.5 million to replenish contingencies. The

elected officials agreed to draw the additional funding from: projected increased interest earnings on the convention center bonds proceeds -- \$13 million; withdrawals from the fund balance -- \$10 million; and increased sales tax savings of \$538,000.

The design and construction team explained to the elected officials that cost impacts associated to fuel costs; Portland cement shortages; cost increases due to Hurricanes Katrina and Rita; and competition for subcontractors made the price hikes unavoidable.

The project's ultimate bottom line, \$221,921,936, was approved Dec. 18, 2006. The City Council voted 5-3 to approve, with Tommy Craven, Philip Isley and Russ Stephenson being the dissenters. The WCBOC voted 5-2 to approve, with Paul Coble and Tony Gurley objecting.

To fund the increase, the officials amended the interlocal agreement to accommodate directing the additional \$6,383,136 from the prepared food and beverage and hotel/motel tax to the project. The \$6.38 million came in two parts: \$3,383,136 for buy-back items; and \$3 million to replenish contingencies. The buy-back items included: \$185,760 for skylights in the entry area; \$156,400 for canopies at the Cabarrus Street entrance; \$936,000 for stone flooring in the lobby; \$228,000 for moveable partitions in the exhibit hall; and \$1,814,976 for kitchen equipment.

Again, the construction team pointed to global escalations in market conditions that include the effects of natural disasters, the hike in petroleum products and the local construction boom with University of North Carolina bond projects, school construction, and the \$500,000,000 Raleigh-Durham International Airport's Terminal C project.

PROUD ACCOMPLISHMENTS

Wayne Baker, the City's construction administrator, is most proud to have completed this project with more than 1.850 million man hours of work done without injury.

Mr. Baker also beams with pride in having accomplished the project on time and on budget.

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