Baltimore Convention and Tourism Redevelopment and Operating Authority

Prepared by Just Economy
On behalf of the Task Force

Table of Contents

Executive Summary:

The Baltimore Convention and Tourism Redevelopment and Operating Authority (BCTROA) Task Force, established by law on July 1, 2024, was charged with studying and making "recommendations concerning the membership, purpose, and function of an entity or strategy to govern the renovation, revitalization, financing, and ongoing maintenance and management of a certain Baltimore Convention site and certain surrounding areas."[1] In short, the work of BCTROA Task Force was focused largely on the entity or strategy to govern and direct Baltimore City Convention Center activities, construed broadly. Membership in the BCTROA Task Force was set by statute, and the BCTROA Task Force represented a broad and diverse cross-section of affiliated interests.

The BCTROA Task Force began its work in earnest in August 2024 and convened regular meetings, sought advice from industry experts, and heard from convention center managers and Destination Marketing Organization (DMO) leaders across the country, with a specific focus on comparable markets. After several months of information gathering, the Task Force broke into committees to further study discrete elements of the question posed to the Task Force in more depth.

The recommendations that follow are the consensus recommendations of the Task Force.

In brief, the BCTROA Task Force recommends the following. These three recommendations are integrally related, and no single recommendation can stand alone. One without the other two or two without the other one should be considered a half measure and will drastically limit the future of convention center business and tourism in the state.

1. *Governance*: Establishment of a Joint Authority to govern Convention Center and Tourism Board operations, effectively merging Visit Baltimore and the Baltimore Convention Center under a new governance model. Specific recommendations regarding membership and other considerations are below.
2. *Ownership and Improvements Financing*: State and City partnership on Convention Center improvements such that the Mayor and City Council of Baltimore City retain ownership of the Baltimore City Convention Center, and, in exchange for primarily or exclusively State-bonded improvements, the State of Maryland would receive a lienholder interest while the debt is outstanding.
3. *Operational Sustainability*: The Mayor and City Council of Baltimore City establish a direct revenue stream to the Authority that allows the Authority to meet its annual operating and capital needs.

These recommendations are discussed in depth in the pages that follow.

Baltimore Convention and Tourism Redevelopment and Operating Authority Task Force

[1] Baltimore Convention and Tourism Redevelopment and Operating Authority Task Force, Senate Bill 896. (2023). https://mgaleg.maryland.gov/2024RS/chapters_noln/Ch_635_sb0896E.pdf.

Membership list

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Chair, Baltimore Convention and Tourism Board
Vice President, External Affairs at University of Maryland Medical System

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Background:

Occupying roughly five downtown blocks, the Baltimore Convention Center (BCC) is a critical asset and economic engine for Downtown, for Baltimore City, and for the State of Maryland. Every year, the BCC brings hundreds of thousands of event- and convention-goers to Baltimore's hotels, restaurants, retail shops, cultural institutions, and so much more, generating more than $225m in direct, indirect, and induced spending, and supporting more than 1,600 jobs in the state. Visit Baltimore, responsible for sales of large-scale meetings and events, analyzed return on investment for all Visit Baltimore sales and marketing, which indicate an average of more than 20 to 1 return on Visit Baltimore expenditures in terms of direct spending, and an average $1.11 in local tax impact for every dollar spent (not inclusive of pandemic-strained FY20 and FY21).[2]

Over the past 10 years, tightening budgets, a global pandemic, a deteriorating Harborplace, the rise of hybrid and remote work, and more have led to structural issues with how the BCC is maintained and the amount of capital improvement that can be done. In short, the BCC has declined physically and precipitously in the last decade as critical infrastructure reaches the end of its useful life and repairs and replacement is deferred and accumulating. This puts a constant strain on the BCC operations and threatens the ability of the BCC to host the types of conventions and events that bring those visitors and dollars into the city and the state.

Critically, this Task Force recognizes the statewide impact that the BCC has. Nearly $60m of the BCC's economic impact is outside of Baltimore City, through the BCC's impact on BWI, auto rentals, hospitality in the surrounding counties, and through more than $12m in annual state tax revenue.

This Task Force, and the recommendations that follow, seeks to provide the framework for recapturing the lost opportunity and restoring the BCC as a top tier convention destination. And this Task Force recognizes this work is not done in a vacuum. Major investments in downtown Baltimore, such as the Harborplace redevelopment and the Downtown RISE 10-Year Vision create tremendous opportunity to leverage investment to draw tourism, conventions, and events, and the massive economic opportunity that brings.

Governance:

Tourism in Baltimore City is overseen primarily by Visit Baltimore and the Baltimore City Convention Center. While the two entities work closely to accomplish their shared mission—to bring tourism revenue into the City of Baltimore and the State of Maryland

[2] Tourism Economics. (2022). Analysis of Destination Marketing in Baltimore.

through convention and meeting business—they have separate governance structures and funding streams.

Baltimore Convention Center: Background & Challenges

The BCC is owned and operated by the City of Baltimore. It includes 300,000 square feet of contiguous exhibition space, approximately 85,000 square feet of meeting space (50 meeting rooms), and a multifunctional 36,672-square-foot ballroom. In all, the Convention Center encompasses 1,650,000 square feet of space. The facility currently hosts over 100 events per year and welcomes more than 400,000 attendees. The BCC is managed and operated by a team of Baltimore City employees. The BCC has an operating budget of ~$22m per year, and an operating deficit of ~$11m per year that is resolved through a mix of city and state general funds.

Common challenges with respect to city department management industry-wide, including in Baltimore, include:

- Difficulties in matching center staffing positions with broader City classifications. This leads to challenges in hiring experienced staff at pay scales reflective of industry conditions. Centers in this situation, including the BCC, often compensate by carrying excess staff, which leads to higher overall operating costs.
- Procurement and purchasing requirements that do not align with the needs of a large national convention center. This causes delays in acquiring needed equipment and services unique to a convention center.
- Lack of necessary repair and maintenance funding. City-run convention centers typically compete with other important city priorities for funding. This creates significant deferred maintenance conditions, sometimes running over $100 million at large convention centers nationally. The BCC is negatively impacted by this situation with substantially outdated systems, back of house, pre-function and other spaces. As of this writing, the BCC has $110-$120 million in deferred maintenance accruing, the vast majority of which is for critical infrastructure.
- Lack of specialized industry oversight in favor of a line of reporting directly to a jurisdiction’s chief executive, which is common in city-operated centers. While BCC management is advised by members of the Baltimore Convention and Tourism Board, there is little direct oversight of important repair/maintenance, staffing, strategic planning or other critical aspects of the business. In short, Visit Baltimore is largely responsible for booking conventions and large events at a center over which it has very limited control, and the physical condition of which it cannot improve.

The issues described above can be categorized as limitations to the ability of the BCC to operate nimbly and efficiently as a business in a highly competitive industry. The BCC competes with centers in markets such as Charlotte, Cleveland, Detroit, Pittsburgh and other eastern region venues that are governed under a non-profit authority model to allow for better funded and more business-oriented approaches.

Visit Baltimore

Visit Baltimore, the DMO for the City of Baltimore, is established as a 501(c)6 like virtually all peer organizations nationwide. Visit Baltimore is responsible for marketing the City of Baltimore as a tourism destination, especially for meetings and conventions. The organization is managed by a highly experienced industry expert, reporting to a board of directors appointed by the Mayor. With a general operating budget of ~$9 million per year, and more than 50 staff, Visit Baltimore is governed by a Board of Directors, the Baltimore Convention and Tourism Board, that includes elected officials, industry representatives, government partners, related nonprofits, and other local leaders. Visit Baltimore is primarily funded through tourism revenue, with over 90% of its annual revenue coming from Hotel Occupancy Tax.[3] Visit Baltimore also administers the Tourism Improvement District (TID) and the funds that flow through it on behalf of the District Management Committee (DMC). The DMC is a 9-member board made up of hotel general managers. The DMC serves alongside the Baltimore Convention and Tourism Board and appoints its own directors pursuant to DMC bylaws.

Important observations with respect to the current Visit Baltimore governance structure are summarized below.

- The 35-member Baltimore Convention and Tourism Board Visit Baltimore is entirely appointed by the Mayor, except for 5 ex-officio members, which is not typical of major market DMOs across the country.
- Board members at Visit Baltimore currently serve with no term limits. None of the comparable DMOs reviewed operate in this manner, and instead implement term limits of varying number and duration, typically not more than three, three-year terms.
- The Baltimore Convention and Tourism Board has generally been passive, and even the Executive Committee has been inactive prior to the current Board leadership. This is not an uncommon condition nationwide at DMOs with many members.

[3] Visit Baltimore Annual Report, FY24, available at *https://viewer.joomag.com/visit-baltimore-annual-report-fy24-2024/0257298001729624017.*

- The Tourism Improvement District for Baltimore is governed by hotel industry representatives. These representatives have a focus on resource allocation that is not always synergistic to the sales and marketing initiatives of Visit Baltimore.

Facilities:

Capital Maintenance:

Fundamentally, the challenges described in each building section below are the net result of a long-term underfunding of BCC's capital improvements budget. Annually, the capital improvements budget has hovered around $400,000, split between the city and the state. In the last 10 years, BCC has received additional appropriations of $3.89 million in Department of Planning CIP Funding (given in two awards- 2013 and 2015 for specific projects) and $6.3 in FY22 City General Fund Surplus Supplemental (received in FY23 specifically for elevators). According to BCC leadership, this chronic underfunding has left a deferred maintenance need of $110-$120 million.

East Building

Opened in 1979, the East Building was the original footprint of the BCC. Every critical system in the East Building was installed in 1979. This includes HVAC, plumbing, electrical, fire/life safety, and escalators. Carpets were replaced in roughly 2010. The main terrace was installed in 2009. The East Building received an FFE refresh in 2009/2010. In 2020, the Mayor requested the Maryland Stadium Authority (MSA) to evaluate a renovation/ modernization effort that would align with market conditions. As part of that evaluation, MSA engaged Ayers Saint Gross to conduct a Property Condition Report (PCR). Conducted in accordance with industry standards, the PCR identified most systems as in poor condition, including the HVAC, Electrical, Plumbing and Fire Protection, Roof, Convenance (elevators/escalators), and IT/security. Poor condition is defined as "*Requires renewal. Significant repairs required. Excessive wear and tear clearly visible. Obsolete. System not fully functional as intended. Repair parts not easily obtainable. Does not meet all codes.*"[4]

West Building

In 1997, the BCC was expanded with the addition of the West Building. The current state of the West Building is reflective of a structure that has received regular reactive maintenance but has not received significant capital investment. Systems are functioning between 60-70% of original capacity, are aged and at the end of life. There are regular impacts from failures, breakdowns, or interruptions that are caused by lack

[4] Ayers Saint Gross. (2021). Baltimore Convention Center Renovation/Expansion Property Condition Assessment.

of investment. Plumbing is most affected by age and failure, followed by HVAC which is operating at a reduced capacity with higher frequency breakdowns. The roof is aged and at end of life but is still functional with minor leaking. Electrical and kitchen equipment is functional but requiring increased levels of maintenance. Finishes and lighting are serviceable but show their age and wear/tear. In 2023/2024 three freight elevators have begun being rebuilt, but there are significant needs with the remaining conveyance equipment on the west side.

Overall, the state of the BCC's East and West Buildings presents not only current but future challenges. As noted in the September 2021 Renovation/Modernization Analysis Update to MSA:

> *The convention and meeting business is a very competitive industry. As direct competitors continue to improve their convention center and/or overall destination package, Baltimore will fall further behind in terms of its competitive positioning. Market research, including feedback from stakeholders and user groups as well as changes to the competitive landscape, suggests that remaining status quo will likely result in a steady decrease in event activity, particularly relative to convention, tradeshow and large meeting business. While some of these events may choose to use other facilities in the State like the Gaylord National Resort and Convention Center, many will likely leave the State for other destinations such as Washington, D.C., Philadelphia, Boston and Nashville. As such, a decline in event activity would also likely yield a decrease in operating revenue, an increase in operating loss and less economic and fiscal impacts to local and State governments.*[5]

Economic Impact:

The Economic Impact of the BCC is estimated annually in a report to the Maryland Stadium Authority. For FY23, the most recent year available, 104 events with more than 405,000 attendees were hosted at the BCC, breaking down as follows[6]:

[5] Maryland Stadium Authority. (2021). Renovation/Modernization Analysis Update – Baltimore Convention Center.

[6] Maryland Stadium Authority. (2023). Economic and Fiscal Impact Analysis of the Baltimore Convention Center Fiscal Year 2023. *https://dlslibrary.state.md.us/publications/Exec/MSA/EC10-625(a)(2)(i)_2023.pdf*.

Summary of Utilization at the BCC - FY 2023					
Event Type	Number of Events	Total Use Days	Total Attendance	Attendee Days	Average Attendance Per Event
Conventions & Tradeshows	20	124	92,077	245,326	4,604
Meetings	49	122	52,382	104,764	1,069
Food Functions	4	7	17,500	17,500	4,375
Public Events	18	68	145,875	145,875	8,104
Sporting Events	12	39	97,726	195,452	8,144
Other	1	41	0	0	0
TOTAL	104	401	405,560	708,917	

Note: Total use days include event days and move-in/move-out days.

These events generated an estimated $17 million in combined city and state tax revenue, in addition to more than $225 million in direct, indirect, and induced spending. Importantly, pre-pandemic economic impact shows the potential of convention business in Downtown Baltimore.[7] Though FY23 numbers show growth over the previous year, recovery continues, and the true potential economic impact should consider pre-pandemic activity.

BCC Renovation/Modernization Comparative Economic Analysis						
Category	FY17	FY18	FY19	FY20	FY22	FY23
Usage/Event Activity						
Number of Events	122	141	114	80	78	104
Total Attendance	513,715	473,114	489,063	346,971	281,411	405,560
Economic Impacts - City of Baltimore						
Direct Spending	$336,124,000	$255,123,000	$270,135,000	$197,600,000	$106,840,000	$121,810,000
Indirect & Induced Spending	$154,925,000	113,278,000	125,525,000	91,700,000	40,020,000	46,640,000
Total Spending	$491,049,000	$368,401,000	$395,660,000	$289,300,000	$146,860,000	$168,450,000
Total Jobs	4,220	3,470	3,410	2,500	1,300	1,200
Total Earnings	$214,300,000	$163,603,000	$190,548,000	$139,700,000	$66,690,000	$67,780,000
Economic Impacts - State of Maryland						
Direct Spending	$351,721,000	$267,297,000	$284,948,000	$208,400,000	$119,440,000	$134,160,000
Indirect & Induced Spending	$265,038,000	$199,094,000	$222,266,000	$162,600,000	$85,430,000	$91,320,000
Total Spending	$616,759,000	$466,391,000	$507,214,000	$371,000,000	$204,870,000	$225,480,000
Total Jobs	5,550	4,500	4,380	3,200	1,800	1,600
Total Earnings	$230,506,000	$176,281,000	$203,650,000	$149,000,000	$85,000,000	$82,480,000
Tax Revenues						
City of Baltimore	$16,134,000	$12,203,000	$12,633,000	$9,300,000	$3,600,000	$4,700,000
State of Maryland	$33,376,000	$26,118,000	$29,552,000	$21,900,000	$11,100,000	$12,300,000
Total	$49,510,000	$38,321,000	$42,185,000	$31,200,000	$14,700,000	$17,000,000

*Note: State and local amounts are not additive. No reporting was done for FY21. FY20-FY22 were significantly impacted by COVID.

The economic impact above is at risk. If the BCC continues to deteriorate, as noted in the September 2021 Renovation/Modernization Analysis Update to MSA, BCC will see a decline in events and conventions and the economic impact—spending in hotels, restaurants, retail, and travel—will suffer significantly.

This “cost of doing nothing” is more than just a decline in tourism revenue. A Renovation/Modernization effort, as articulated in 2021 by an MSA study, would cost

[7] Maryland Stadium Authority. (2017-2023). *Combined* Economic and Fiscal Impact Analysis of the Baltimore Convention Center Fiscal Year 2017-2023.

between $594-$746 million in 2021 dollars, depending on whether it includes the addition of 100k sq/ft of flex space.[8] Based on that and subsequent MSA Economic Analyses and research, the Task Force can extrapolate a comparison between the Renovation/Modernization considered in the 2021 report and a "do nothing" scenario. The economic impact of a renovation/modernization scenario is significant; across all metrics, as indicated below, the city and state see more than 70% increases in spending, tax revenues, jobs, and wages.

BCC Renovation/Modernization Comparative Economic Analysis				
Category		Do Nothing Scenario	Renovation/ Modernization	% Increase
Usage/Event Activity				
	Number of Events	88	132	50.0%
	Event Days	254	436	71.7%
	Total Attendance	317,600	570,500	79.6%
Economic Impacts - City of Baltimore				
	Direct Spending	$164,400,000	$282,200,000	71.7%
	Indirect & Induced Spending	$61,700,000	107,600,000	74.4%
	Total Spending	$226,100,000	$389,800,000	72.4%
	Total Jobs	1,800	3,100	72.2%
	Total Earnings	$98,400,000	$167,700,000	70.4%
Economic Impacts - State of Maryland				
	Direct Spending	$184,800,000	$319,100,000	72.7%
	Indirect & Induced Spending	$133,000,000	$230,600,000	73.4%
	Total Spending	$317,800,000	$549,700,000	73.0%
	Total Jobs	2,500	4,300	72.0%
	Total Earnings	$124,900,000	$213,200,000	70.7%
Tax Revenues				
	City of Baltimore	$5,500,000	$10,200,000	85.5%
	State of Maryland	$17,800,000	$31,600,000	77.5%
	Total	$23,300,000	$41,800,000	79.4%

Models in Comparable Markets

As part of its research, the Task Force engaged and researched DMO and/or convention center structures in the following markets:

[8] Maryland Stadium Authority. (2021). Renovation/Modernization Analysis Update – Baltimore Convention Center.

BALTIMORE CONVENTION CENTER & DMO GOVERNANCE STUDY - CASE STUDY MARKETS

Market	Center	Governance	Destination Marketing Organization
Baltimore	Baltimore Convention Center	City	Visit Baltimore
Charlotte	Charlotte Convention Center	Authority	Visit Charlotte (under Authority)
Columbus	Columbus Convention Center	Authority	Experience Columbus
Denver	Colorado Convention Center	City with Private Management	Visit Denver
Detroit	Huntington Place Convention Center	Authority	Visit Detroit
Indianapolis	Indianna Convention Center	Authority	Visit Indy
Minneapolis	Minneapolis Convention Center	City	Meet Minneapolis
Nashville	Nashville Convention Center	Authority	Nashville Convention & Visitors Corporation
New Orleans	Morial New Orleans Convention Center	Authority	Visit New Orleans
Seattle	Seattle Convention Center	Authority	Visit Seattle

All DMOs reviewed are operated as non-profit corporations. Convention center governance is provided in various ways, including direct city control or through an authority. Day-to-day center operations are provided either by a direct hire of the governing entity, or by a private firm contracted by the governing entity to manage the center. In Baltimore, the current model provides for City of Baltimore governance with a direct city employee hired to manage convention center operations.

Critical elements to a successful convention center and DMO operation are summarized below. These are explored in detail below.

- Funding
- Center Financial Operations
- Board Governance
- Board Membership

Funding

The ability to adequately fund maintenance and capital improvements for a convention center is critical to maintaining a competitive position in the industry, to maximizing operating revenue through innovative investments, and limiting operating costs by preventing significant day-to-day expenditures to maintain a deteriorating building.

Other jurisdictions fund their convention center and DMO operations through a combination of the following:

- Hotel tax revenue (city-wide or within a specific district)
- Restaurant or prepared food tax
- Mixed drink tax
- Liquor tax
- Amusement or ticket tax
- Car rental tax
- Parking fee tax or revenue

- General sales tax
- Tax on gaming revenue on a local or state-wide basis
- Cigarette tax

These taxes and fees can be assessed on a city or county-wide basis, or within specific districts (often in the vicinity of a convention center). In some cases, tax increment districts are created to capture only the incremental tax revenue collected within a particular district.

In many cases, revenue that is collected by or allocated to a venue authority is most effective in ensuring adequate center capital repair and investment. *For example, the New Orleans Exhibition Hall Authority receives more than $70 million per year from citywide hotel tax and food and beverage tax revenues to be used for debt service, capital repairs and operations.* For centers operated directly by a municipality, major capital repair and maintenance is often funded from discretionary annual appropriations. It is very common, as in the case of the BCC, for a significant schedule of deferred maintenance to be accrued, in some large market convention centers exceeding $100 million. To remedy that, successful jurisdictions incorporate sufficient special revenue streams to prevent the accrual of deferred maintenance and allow for long-term budgeting and planning. Revenue sources for a DMO are largely based on some form of hotel tax collection.

Notably, the Minneapolis Convention Center provides one example of a city-controlled center that enjoys robust capital repair and investment funding. This unique situation arose as part of the funding of the NFL US Bank Stadium and provides as much as $18 million in revenue annually derived from an agreed-on schedule of payments made from restaurant, entertainment, mixed drink and other tax revenue collected within a downtown district.

See *Appendix I* for more on revenue streams across jurisdictions.

Center Financial Operations

Revenue and expense line items for most convention centers are similar. In some cases, significant parking revenue can be generated to support center operations, and in some cases, various services can be provided in-house (food and beverage, electrical services, audio/visual and technology). This can increase revenues (and associated expenses), require a significant increase in staffing, and in some cases may not provide a justifiable return on investment.

The net financial operating performance of centers reviewed (excluding parking revenue) is summarized below. Reviewed centers include those in Columbus, Detroit, Minneapolis, Seattle, Denver, and Charlotte.

Source: Comparable facility management, 2023.

As shown, the average operating deficit among comparable centers reviewed (pre-Covid) is approximately $3 million, significantly lower than that generated at the BCC pre-Covid. As noted previously in this summary, factors contributing to this include added costs to operate a deteriorating building space and infrastructure, and the need to retain high staff levels to balance challenges in hiring qualified staff in appropriately designated positions at industry-competitive wages.

Importantly, these deficits must be viewed in context. Jurisdictions cover these deficits because of the substantial economic impact that convention centers afford.

Board Governance

Many convention centers and virtually all major market DMOs are governed by a non-profit authority. In addition, some centers, including the BCC, are governed as part of a municipal structure. The Task Force conducted case study research to inform its recommendations. Key observations from that case study outreach are summarized below.

<u>Convention Center</u>

The authority model for center governance provides for close coordination between the center general manager and authority board members specifically focused on key aspects of center strategic development and operations. Center management in New Orleans, Indianapolis, Columbus, Nashville and other markets benefit from governing boards of generally 9 to 13 members, often appointed by elected officials, that can bring outside expertise to key center functions.

Centers governed by a municipality often rely on a mayor or the chief executive body to provide direction, which introduces limited industry knowledge, and significantly challenges elected leaders who need to address a very wide set of challenges associated with city governance. For example, management at the Minneapolis Convention Center has spent many years attempting to align center staffing needs with typical city personnel categories. In Denver (as well as Los Angeles and several other markets), a city department head is designated to oversee the center general manager. This creates an additional layer of bureaucracy and still does not effectively introduce the level of industry expertise to the governance structure that can be achieved in an authority model.

In addition, when there is a change in key elected positions, there can also be a learning curve with newly appointed staff assigned to oversee the convention center department.

DMO

All DMO organizations reviewed as part of this study utilize a nominating committee of the Board to appoint new members. The nominating committee is often made up of current and past board chairs, other board members, and sometimes elected officials or their representatives. The approach in Baltimore involving exclusively Mayoral appointees is unusual.

Board Membership

Board membership at center authorities and DMOs varies considerably. Center authority boards tend to have fewer members generally appointed by elected officials. DMO boards are typically larger, reflective of the diversity of the hospitality industry.

Center and DMO Board Membership		
Market	Center	DMO
Baltimore	No formal board. DMO board serves as an advisory entity.	38 members appointed by Mayor.
Charlotte	13 members, 4 appointed by Mayor and 9 appointed by City Council. **Executive authority in Charlotte is vested in Council.	(Same Board as Center)
Columbus	11 members appointed by County (6 members), City Mayor (3) and Surrounding Communities (2)	34 members (29 voting plus ex-officio)
Denver	Center reports to Mayor	39 members, 15 on Executive

		Committee
Detroit	5 members, 1 each appointed by Governor, Mayor and 3 Counties	n/a
Indianapolis	9 members appointed by Mayor (5 members), Governor (2), City Council (1) and Surrounding Communities (1)	42 members, including ex-officio
Las Vegas	14 members, 2 by County Commissioners, 1 from each of 4 incorporated cities in the county; 6 additional appointed by those appointees. ** LV executive authority is vested in County Commissioners.	(Same Board as Center)
Minneapolis	Center reports to Mayor	36 members
Nashville	12 members appointed by Mayor (9 members), and State officers (3)	22 members
New Orleans	13 members, 10 appointed by Governor, 3 by Mayor	29 members including 8 ex-officio
Seattle	9 members appointed by Mayor (3 members), County (3), and Governor (3)	22 members plus 9 advisory members

Center authority boards generally include 9 to 13 members and are typically appointed by multiple public sector entities. Due to their funding by state, county, and city taxes, representatives from each of these governmental layers are often granted one or more Board nominations. In Nashville, state legislation created the Convention Center Authority and state officers elect three Board members, while the City's Mayor nominates the remaining nine members. Nominating officials from the public sector often must address specific industry positions with their selections. In Seattle, for example, one of both the Governor's and Mayor's nominees must be from the hotel industry, while one of the County's nominees must represent a local union. This ensures the inclusion of industry-relevant expertise on the governing Boards. Importantly, jurisdictions with strong Mayor systems tend to have Mayoral appointees, while municipalities without strong Mayors, or which vest their executive function in a board of County Commissioners or similar, vest their appointment authority in those bodies (e.g., Charlotte and Las Vegas). Appointment authority is strongly tied to aligning executive priorities (at the state and/or local levels) with convention center and DMO governance. Additionally, significant financial support also corresponds with governance; in New

Orleans, for example, Louisiana collects certain taxes within city limits to fund their convention center.

The committee structure for most DMO boards involves an Executive Committee, typically made up of 7 to 11 members, supported by a larger overall board including members from the hospitality industry, event planners and contractors, economic development executives, airport executives, community business leaders and elected officials. Executives at DMOs reviewed cite benefits of broad hospitality, business and political involvement with the board including the ability to use board members as ambassadors for the visitor industry, and the ability to solicit perspectives from a membership that reflects the very multifaceted efforts required for effective destination and sales marketing.

In Charlotte, among others, the DMO and convention center are governed under a joint authority, the Charlotte Regional Visitors Authority (CRVA). This does not eliminate diverging opinions regarding pricing and discounting, but discussions with respect to these issues are held under common organizational structure. Importantly, it allows for a unified approach and single point of governance for strategic planning, capital planning, and resource allocation.

For additional details on how two jurisdictions determine board makeup, see *Appendix II*.

Center & DMO Interaction

In most cases nationally, convention center and DMO governance is provided by separate legal entities. This is the case with most of the markets reviewed.

The close coordination between two separate entities is critical to maximizing a competitive position for a center. The DMO will largely be responsible for booking high-impact conventions and tradeshows into the center, while center staff typically book shorter-term, more local business. Center staff will also control the rental rate structure and will typically approve discounts commensurate with the economic impact, center revenue and other elements of a particular event.

The balance between offering center discounts to attract high impact events and working to secure center operating revenue necessary to minimize operating subsidies requires very close communication between DMO and center leadership. In successful models, including those that involve center authorities or municipal control, the agreed-on booking policies, pricing and discounting is combined with professional flexibility to address unique circumstance that will often arise with respect to booking important events.

Communication between DMO and center management in Baltimore City is generally effective.

Recommendations of the BCTROA Task Force:

After reviewing a variety of comparable models, interviewing and engaging industry experts, and consulting amongst Task Force membership, the BCTROA Task Force recommends the following framework for advancing tourism in Baltimore City and in the State of Maryland by extension. These three recommendations should be taken together, as all three are required and integrally connected to the long-term viability of large-scale convention business in the state.

1. Governance: Establishment of a Joint Authority to govern Convention Center and Tourism Board operations, effectively merging Visit Baltimore and the Baltimore Convention Center under a new governance model. Specific recommendations regarding membership and other considerations are below.
2. Ownership and Improvements Financing: State and City partnership on Convention Center improvements such that the Mayor and City Council of Baltimore City retain ownership of the Baltimore City Convention Center, and, in exchange for primarily or exclusively State-bonded improvements, the State of Maryland would receive a lienholder interest while the debt is outstanding.
3. Operational Sustainability: The Mayor and City Council of Baltimore City establish a direct revenue stream to the Authority that allows the Authority to meet its annual operating and capital needs.

Governance:

The BCTROA Task Force was charged with, among other things, consideration of "*the establishment of an entity or strategy to govern and redevelop, revitalize, construct, design, manage, finance, and operate certain State and local real property assets while promoting the Baltimore Convention site and the immediate surrounding area.*" Further, "*The Task Force shall consider and make recommendations of at least one option that does not include a public–private partnership, and that is not the status quo.*"

The Task Force recommends the establishment of a Joint Authority to govern Convention Center and Tourism Board operations, effectively merging Visit Baltimore and the Baltimore Convention Center under a new governance model. A joint authority provides several critical advantages:

- Long-term planning and stability
  - The long-term future of tourism in Baltimore City must be governed stably. Changes in Mayoral Administrations and City Council priorities hamstring the BCC's ability to chart a long-term course. A

Joint Board of Directors with staggered tenure and the right composition provides long-term stability and the ability to plan and execute over a longer time horizon than a Mayoral term.
    - Long-term financial planning and budgeting is critical. Without dedicated revenue streams to close the operating deficit, and without sufficient capital dollars, budgeting for the BCC is an annual event, rather than one that considers the next 5-10 years.
- Operational agility
    - Agility and speed to market is critical and enhances the capacity to capture more business for the benefit of the Convention Center, tourism, and the larger economy in Baltimore City.
    - Managing tourism assets successfully is fundamentally different than managing a city workforce; constraining the BCC with city processes like procurement and hiring creates both delay and waste.
- Executive expertise
    - Tourism industry and convention center business oversight by industry experts, experienced leaders in the field, and critical partners supports an aligned long-term vision based in best practice, rather than being a political or policy consideration.
- Unified vision
    - Today, Visit Baltimore is responsible for selling conventions and large events at a space over which they have only limited influence. A Joint Authority enables tourism in Baltimore to align under a strategic and authoritative vision and then build to that vision.
- Shared resources
    - The BCC currently is subject to Baltimore City Department of Human Resources, Baltimore City Office of Budget and Management, Baltimore City Department of General Services, and other agency- and Mayor's Office-led operational functions. Visit Baltimore additionally has its own internal operational functions. Merging the two entities reduces administrative burden and aligns core strategic operations across BCC and Visit Baltimore.

A Joint Authority should include:

- A unified Joint Authority (Center and Visit Baltimore) Board of Directors consisting of 15 members appointed by elected officials and industry associations, serving a finite number of terms. This number allows diversity of voice and experience, industry expertise, and appointees from a variety of critical elected stakeholders.

- A mechanism to appoint a portion of board membership from specific key industries, particularly the hospitality sector and labor.
  - A Joint Authority for Baltimore's DMO and BCC should include representatives appointed by the Mayor, the Governor, and the General Assembly. The BCTROA Task Force membership requirements serve as a strong foundation to build the right Board of Directors and Advisor Board (see below).
- An Advisory Board that includes a broad cross-section of relevant local expertise and advises the voting members of the unified Board of Directors and the executives it hires is important. Case study research indicates that including this type of broad perspective creates important buy-in from the community on key tourism initiatives and creates a set of valuable convention and visitor industry ambassadors. This broader representation should be accomplished in two ways:
  - A structure that introduces important local perspectives including representatives from BWI Airport, economic development leadership (Downtown Partnership of Baltimore, for example), professional sports franchise representation, Port of Baltimore representation, Restaurant Association representation, metro transit, arts and cultural organizations and other relevant organizations. Members should be added to reflect major issues facing the convention and visitor industry. For example, construction executives could be added as the BCC expansion is planned and developed, or members with legal or finance backgrounds could advise on bond issuances and revenue issues.
  - The advisory board should meet on a schedule separate from the Board of Directors (potentially quarterly), with occasional overlapping meetings with the Directors. To maintain advisory board member interest and participation, it will be important to create a mission and goals for the organization.

To these ends, the Task Force recommends the following two-part structure:

1. A Board of Directors
   a. Charged with governance, this 15-member panel would be comprised of the following:
      i. The Mayor or their designee;
      ii. A designee of the Governor (must be Central Maryland resident or represent a business that operates in Central Maryland);

iii. A representative of a related organized labor group appointed by the Governor;
iv. A designee of the Senate President (must be Central Maryland resident or represent a business that operates in Central Maryland);
v. A designee of the Speaker of the House (must be Central Maryland resident or represent a business that operates in central Maryland);
vi. A representative of the hotel industry in Baltimore City, appointed by the Maryland Hotel Lodging Association;
vii. A representative from the restaurant industry in Baltimore City, appointed by the Restaurant Association of Maryland;
viii. 5 members of the business community in the Central Business District, at least one of whom has a legal background, at least one of whom has a finance background, at least one of whom represents a major sports team, at least one of whom is a developer, appointed by the Mayor.
ix. 3 at-large members appointed by the Board of Directors

b. This Joint Authority Board must be empowered to, and should be expected to:
   i. determine the character of any renovation, revitalization, or development projects relating to the Baltimore Convention site and work with relevant stakeholders on the future of the immediate surrounding area;
   ii. enter into any agreements, leases, partnerships, or contracts necessary to renovate, revitalize, maintain, and manage the Baltimore Convention site and any other contiguous or nearby real property that it identifies and over which it obtains site control;
   iii. analyze and provide recommendations to the Mayor and City Council of Baltimore, and the Governor, and the Maryland General Assembly regarding sustainability funding streams and renovation/ modernization funding streams (as discussed below);
   iv. fix and collect rates, rentals, fees, and charges for services required to successfully operate the Baltimore Convention site or any other Authority-owned real property assets;
   v. establish rules and regulations for the use of the Baltimore Convention site or any other Authority-owned real property assets; and
   vi. direct and oversee the day-to-day operations of a major market convention center and DMO.

2. A Board of Advisors

a. Charged with bringing broad and industry perspectives to the Joint Authority, keeping the Joint Authority apprised of industry trends and best practice, and serving as a forum for guiding the joint authority, this 23–31-member panel would be comprised of a broad cross-section of government, tourism and cultural entities, community leaders, and anchor institutions. The Task Force recommends including the following:
    i. County Executives (or their designees) from the surrounding 5 counties;
    ii. DMC Board Members;
    iii. Neighborhood Association Presidents who represent residents living within 0.5 miles from the BCC;
    iv. Representatives from The National Aquarium, The Reginald F. Lewis Museum; University of Maryland Baltimore, the University of Maryland Medical System, and the Maryland Stadium Authority.

Additional Recommendations:

In addition to the Task Force's recommendation on Governance, the Task Force believes the following recommendations on ownership and improvements financing, and operational sustainability are critical to the long-term success of convention business in Baltimore City, along with the creation of a Joint Authority.

Ownership and Improvements Financing:

The Task Force strongly recommends state and city partnership on Convention Center improvements such that the Mayor and City Council of Baltimore City retain ownership of the Baltimore City Convention Center, and, in exchange for primarily or exclusively State-bonded improvements, the State of Maryland would receive a lienholder interest while the debt is outstanding. There is precedent for this arrangement. In 2018, the Maryland Economic Development Corporation (MEDCO) entered into a 50-year lease with the City of Baltimore for three parking garages and issued bonds for capital improvement and to fund initial investment in the Neighborhood Impact Investment Fund. MEDCO's interest in the properties expires when the debt obligation is paid. Similarly, MEDCO is issuing bonds on a Baltimore City Mayor's Office of Employment Development office project in an effort to support larger revitalization, the general terms of which are similar.

The Task Force believes all parties (State of Maryland, City of Baltimore, Maryland General Assembly, and other stakeholders) will find this to be the only workable path forward.

Operational Sustainability:

The Task Force recommends the Mayor and City Council of Baltimore City establish a direct revenue stream (or streams) to the Authority that allows the Authority to meet its annual operating and capital needs. A new set of funding sources will have to be identified to support a new Authority (either BCC-focused or a unified model), helping to fund operations, maintenance capital improvements and potentially debt service. As with past major convention center investments, it is likely that the MSA will contribute to debt service for BCC expansion. These revenues could be committed to the new Authority to also provide for BCC capital repair and replacement funding.

Under a unified Board model, the revenue streams currently committed to Visit Baltimore would be commingled with the added revenue streams dedicated to the new Authority for BCC operations, maintenance, and potentially debt service.

The Task Force considered the potential viability of a range of revenue streams that fund comparable convention centers across the country. Among these, the most viable and impactful are below; the Task Force strongly recommends creating and dedicating these to operations and debt service for a renovated/ modernized BCC:

1. City Prepared Food Tax. Currently preempted by state law, but with precedent for amendment for the Ocean City Convention Center, prepared food revenue citywide is estimated to be ~$800 million. A 3% citywide tax with an additional 2% in the Central Business District would generate between $24-$30 million annually. The Task Force found this to be a compelling option. A prepared food tax, especially one dedicated to a public asset like the convention center, is an investment in the city's ability to attract more events, visitors, and economic activity, all of which directly drives patrons to local restaurants. Importantly, Baltimore City currently has the 4th lowest combined tax on food (general sales tax plus additional prepared food tax) of the 50 most populous cities in the U.S..[9]
2. $2 million annual Convention Center Naming Rights. This is roughly in line with other convention centers that use this tool. The Task Force believes this is a viable option if considered as part of a larger funding package.
3. Incremental Occupancy Tax and TID surcharge revenue. In FY2023, hotel tax revenue in Baltimore City eclipsed $30 million. Projecting the incremental

[9] Higgs, M. (2024, August 29). *Meals taxes across the nation*. Tax Foundation. https://taxfoundation.org/blog/meal-taxes-prepared-food-restaurant/

revenue of hotel occupancy tax and TID surcharge is largely predicated on the scale of renovation/modernization. For comparison, Nashville built a new convention center that opened in 2013. In the 10 years that followed, their hotel tax revenue collected grew from ~$45 million/year to more than $134 million/year. Although that reflected a new build, the Task Force believes that a significant increase in occupancy tax and TID surcharge will result from renovation/modernization and that incremental revenue should be dedicated to BCC uses, and recommends that the Joint Authority consult with the Maryland Hotel Lodging Association to further analyze this possibility.

More study is needed to determine the exact projected revenue from these sources, and the Joint Authority will have to do the hard work to confirm these numbers and work with state and city government to implement these solutions, but the right mix of these three potential options would provide for operational sustainability and a significant city portion of debt service on bonds issued for improvements.

For more on the Task Force's analysis of potential revenue streams, see *Appendix III*.

Acknowledgements:

Conventions, Sports, and Leisure International (CSL) is an international leader in tourism management. CSL was retained to evaluate the current conditions of the Baltimore City Convention Center and Tourism Board, and to compare those conditions to national benchmarks. The Task Force is grateful for CSL's contributions to this report.

APPENDIX I:
Comparative Convention Centers and DMO Funding Sources

Funding Source	Facility and Market: Charlotte Convention Center, Charlotte, North Carolina	Greater Columbus Convention Center, Columbus, Ohio	Indiana Convention Center, Indianapolis, Indiana
Lodging/ Hospitality/ Hotel Tax			9% County Innkeepers Tax: Convention Center debt service.
Occupancy Tax	3% City Occupancy Tax and 1% City Prepared Food and Beverage Tax: Convention Center debt service, convention marketing, Convention Center operations, and capital improvements, BOA Stadium debt service, and BOA Stadium maintenance and repairs. 3% City Occupancy Tax: General tourism marketing, Spectrum Center debt service, Bojangles operations, BB&T Ballpark operations, allocation to County and cities and towns. 2% City Occupancy Tax: NASCAR Hall of Fame debt service and capital repairs and maintenance.	4% County Hotel Tax and 0.9% City Hotel Tax: Convention Center debt service, operations, capital expenditures.	
Restaurant/ Dining/ Food & Beverage Tax			2% County Food and Beverage Tax: Facility operations, capital expenditures, and debt service. 1% Regional County Food and Beverage Tax: Facility operations, capital expenditures, and debt service.
Admissions/ Ticketed Event/ Entertainment Tax			10% Admissions Tax (ticketed events): Facility operations, capital expenditures, and debt service.
Special Area Tax			Professional Sports Development Area Tax: State sales tax, state and City income tax, and County food and beverage tax generated at CIB-controlled facilities are turned back to the CIB. These funds are used for Lucas Oil Stadium debt service payments and future Indiana Convention Center debt service payments.
Auto Rental/ Contracted Vehicle Tax	1.5% Auto Rental Tax: Spectrum Center debt service, Bojangles operations, BB&T Ballpark operations.		6% Auto Rental Tax: Facility operations, capital expenditures, and debt service.
Sin/ Casino/ Cigarette/ Liquor Tax		Casino Tax: Nationwide Arena debt service and operations; receives 32% of City/County's share of casino tax revenue; state of Ohio has 33% tax on gross casino revenues.	Indiana Cigarette Tax: Board receives flat payment of $350,000 each year from state-collected Cigarette Tax. Pays for Facility operations, capital expenditures, and debt service.
Service Tax			
General Funds			
Parking Revenue	Parking Revenue: The Center generated approximately $890,000 in parking revenue in the pre-Covid year of 2019. Parking revenue at each CRVA-controlled facility is used to fund facility operations.	Parking Revenue: The Convention Center generated approximately $5.7 million in parking revenue in the pre-Covid year of 2019. Parking revenue is used to fund facility operations.	Parking Revenue: CIB-controlled lots generated approximately $820,000 in revenue in 2022. Parking revenue is used to fund facility operations.
Naming Rights Revenue			
Notes			

Funding Source	Facility and Market		
	Huntington Place Detroit, Michigan	Colorado Convention Center Denver, Colorado	Minneapolis Convention Center Minneapolis, MN
Lodging/ Hospitality/ Hotel Tax	Tri-County Accommodations Tax (1.5% to 6.0% depending on property size and County): Huntington Place debt service, operations, and capital improvements.	1.75% Hotel Tax: Convention Center expansion debt service. Originally set to expire in 2023 but extended indefinitely to fund the recent Center expansion.	3% City Lodging Tax: Convention Center debt service, operations, and capital improvements.
Occupancy Tax			
Restaurant/ Dining/ Food & Beverage Tax			3% Downtown Restaurant Tax: Convention Center debt service, operations, and capital improvements.
Admissions/ Ticketed Event/ Entertainment Tax		10% Admissions Tax (ticketed events): The Arts and Venues Department maintains a $2.5 million reserve fund through a portion of the County-wide Admissions Tax.	3% Downtown Entertainment Tax: Convention Center debt service, operations, and capital improvements.
Special Area Tax			0.5% Downtown Sales Tax: Convention Center debt service, operations, and capital improvements.
Auto Rental/ Contracted Vehicle Tax		1.75% Car Rental Tax: Convention Center expansion debt service. Originally set to expire in 2023 but extended indefinitely to fund the recent Center expansion.	
Sin/ Casino/ Cigarette/ Liquor Tax	4% Statewide Liquor Tax: Huntington Place debt service, operations, and capital improvements.		3% Downtown Liquor Tax: Convention Center debt service, operations, and capital improvements.
Service Tax			
General Funds	$15.0m Transfer from State Health and Safety Fund: Huntington Place debt service, operations, and capital improvements.	City's General Fund: Center operating deficit funded through allocation from the General Fund.	
Parking Revenue	Parking Revenue: Huntington Place generated just over $5.1 million in parking revenue in 2022. Parking revenue is used to fund facility operations.	Parking Revenue: The Center generated approximately $1.3 million in parking revenue in the pre-Covid year of 2019. Parking revenue is used to fund facility operations.	
Naming Rights Revenue	Naming Rights: Huntington naming rights provides $1.5 million in revenue per year, which goes toward facility operations.		
Notes			Note: 1/3 of revenue collection above is given to city general budget, the rest is split between Convention Center, Meet Minneapolis, U.S. Bank Stadium debt service, and Target Center renovation debt service.

Funding Source	Music City Center Nashville, Tennessee	New Orleans Ernest N. Morial Convention Center New Orleans, Louisiana	Washington State Convention Center Seattle, Washington
	Facility and Market		
Lodging/ Hospitality/ Hotel Tax		RTA Tax (1% hotel/motel tax collected by Regional Transit Authority, portion of which goes to Exhibition Hall Authority): Convention Center operations, capital expenditures and debt service.	9% City Lodging Tax: Convention Center operations, capital improvements and debt service. 2.8% County Lodging Tax (for properties outside Seattle limits): Convention Center operations, capital improvements and debt service.
Occupancy Tax	3% City Occupancy Tax: Convention Center operations, capital expenditures and debt service. $2.00 City Occupancy Tax: Convention Center operations, capital expenditures and debt service.	3% City Occupancy Tax: Convention Center operations, capital improvements and debt service. $0.50 to $2.00 City Occupancy Tax (dependent on hotel room counts): Convention Center operations, capital improvements and debt service.	
Restaurant/ Dining/ Food & Beverage Tax		0.5% to 0.75% City Restaurant Tax (dependent on gross sales of businesses): Convention Center operations, capital expenditures and debt service.	
Admissions/ Ticketed Event/ Entertainment Tax		$1.00 New Orleans Parish Tour Fees (tax on guided tours in Parish): Convention Center operations, capital expenditures and debt service.	
Special Area Tax	Campus Sales Tax (sales tax revenue generated by Music City Center and convention hotels): Convention Center operations, capital expenditures and debt service.		
Auto Rental/ Contracted Vehicle Tax	$2.00 Contracted Vehicle Tax: Convention Center operations, capital expenditures and debt service. 1% Rental Vehicle Tax: Convention Center operations, capital expenditures and debt service.		
Sin/ Casino/ Cigarette/ Liquor Tax			
Service Tax		2% Parish Service Contractors Tax (tax on convention center labor/services): Convention Center operations, capital expenditures and debt service.	
General Funds			
Parking Revenue	Parking Revenue: The Center generates approximately $6.5 million in parking revenue. Parking revenue is used to fund facility operations.		Parking Revenue: The Center generated approximately $3.9 million in parking revenue in the pre-Covid year of 2019. Parking revenue is used to fund facility operations.
Naming Rights Revenue			
Notes			

Appendix II:
Governance Examples

Charlotte Regional Visitor's Authority: A Joint Authority oversees both the DMO and the Convention Center, and the facility size is comparable. Charlotte's Mayor is largely ceremonial. Board membership is as follows:

- The authority shall be composed of 13 members, four appointed by the Mayor and nine appointed by the Council. Those 13 members of the authority shall represent the following categories and be appointed as follows:
- Eight at large, three appointed by the Mayor and five appointed by the Council.
- One convention hotel representative appointed by the Council.
- One limited service hotel representative appointed by the Mayor.
- One restaurant representative appointed by the Council.
- One general travel representative appointed by the Council.
- One Mecklenburg town representative who shall not be an elected official and who is jointly nominated by the towns of Cornelius. Davidson, Huntersville, Matthews, Mint Hill, and Pineville and appointed by the Council. The Council may, for good cause shown and in a timely manner, reject the individual nominated by the towns. If the Council rejects the nominee, the towns shall jointly nominate a different individual.

Las Vegas Convention and Visitors Authority: A Joint Authority operates their convention center and serves as the DMO. Clark County is governed by a 7-member County Commission. Its Authority board has 14-members and is comprised of:

(a) Two members by the board of county commissioners from their own number.
(b) Two members by the governing body of the incorporated city with the largest population in the county from their own number.
(c) One member by the governing body of the incorporated city with the second largest population in the county from their own number.
(d) One member by the governing body of the incorporated city with the third largest population in the county from their own number.
(e) One member by the governing body of the incorporated city with the smallest population in the county from their own number.
(f) One member by the governing body of one of the other incorporated cities in the county from their own number.
(g) Six members to be appointed by the members selected pursuant to paragraphs (a) to (f), inclusive, of which:

(1) Three members must be selected from a list of nominees submitted by the chamber of commerce of the incorporated city with the largest population in the county. If the nominees so listed are unsatisfactory to the members making the selection, they may, until satisfied, request additional lists of nominees. The members appointed pursuant to this subparagraph must be selected as follows:
   (I) Two members who are representatives of tourism, at least one of whom must be a representative of the resort hotel business; and
   (II) One member who is a representative of other commercial interests or interests related to tourism.

(2) Three members must be selected from a list of nominees submitted by the association of gaming establishments whose membership in the county collectively paid the most gross revenue fees to the State pursuant to NRS 463.370 in the preceding year. If the nominees so listed are unsatisfactory to the members making the selection, they may, until satisfied, request additional lists of nominees. The members selected pursuant to this subparagraph must be representatives of the resort hotel business, at least one of whom is engaged in that business in the central business district of the incorporated city with the largest population in the county.[10]

Appendix III:
BCTROA Task Force Consideration of Revenue Streams

[10] https://www.leg.state.nv.us/nrs/NRS-244A.html#NRS244ASec605

The Task Force considered the potential viability of a range of revenue streams that fund comparable convention centers across the country.

1. An additional 3% City Occupancy Tax. Currently, there is a 9.5% citywide Occupancy Tax and 2% Tourism Improvement District surcharge; an additional 3% would generate an additional ~$9.5 million annually. The Task Force determined that any increase in City Occupancy Tax would make Baltimore City tourism less competitive relative to peer cities and thus this was not viable. However, as noted above, the dramatic *incremental* increase in City Occupancy Tax revenue could be a significant source of debt service or operating dollars for the BCC.
2. 3% Auto Rental Tax. Some jurisdictions tax auto rentals to fund their convention centers. Citywide auto/bus/truck rental revenue is roughly projected to be just under $5 million. A 3% tax could generate $150,000. The Task Force determined that this amount was insufficient and would not move the needle. However, if an auto rental tax included surrounding areas, notably the Baltimore/Washington International Thurgood Marshall Airport, it could serve as a viable funding stream.
3. An additional 4% Admissions & Amusement Tax. Currently, the Baltimore City Admissions & Amusement Tax is 10%, which is high among peer cities. An additional 4% would generate ~$3.4 million annually. The Task Force determined that the strain this would put on this industry would outweigh the relatively small amount of revenue it would generate.
4. A citywide 7% Vice Tax (Cigarettes, Alcohol). This is currently preempted by state law. Total sales revenue is loosely estimated at $46 million. A 7% citywide tax would generate ~$3.2 million. The Task Force determined that this was not likely a viable option.
5. Parking Revenue. If a new convention center were to include 100,000 square feet of parking, the convention center may be able to generate approximately $750,000 annually in net profit, inclusive of both operating revenue and parking taxes, based on comparable downtown lots. The Task Force determined that the relative value of this option is largely based on the potential structure size and whether it could be included in a renovated/modernized or entirely new BCC. This should be considered as the future of the building is discussed.
6. Additional Casino Tax. The current Horseshoe Casino ground lease payment to the City is calculated at either 2.99% of the Casino's gross gaming revenue, or an alternate minimum payment amount determined by the contract, whichever is higher. The FY25 estimated payment is the minimum payment of $14 million. Of this amount, 90% is allocated to the General Fund to support the Targeted Homeowners Tax Credit and 10% is dedicated to school construction. The 90% does not cover the full tax credit outlay. Given this, the Task Force determined

that this was likely not a viable revenue stream, but more consideration should be given to whether a portion of the Casino Local Impact Fund could be allocated for this purpose.

7. City Prepared Food Tax. Currently preempted by state law, but with precedent for amendment for the Ocean City Convention Center, prepared food revenue citywide is estimated to be $800 million. A 3% citywide tax with an additional 2% in the Central Business District would generate between $24-$30 million annually. The Task Force found this to be a compelling option. A prepared food tax, especially one dedicated to a public asset like the convention center, is an investment in the city’s ability to attract more events, visitors, and economic activity, all of which directly drives patrons to local restaurants.
8. $2 million annual Convention Center Naming Rights. This is roughly in line with other convention centers that use this tool. The Task Force believes this is a viable option if considered as part of a larger funding package.