



News

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Music City Megabox

What the convention center studies tell us about cost and siting

by **Christine Kreyling**

"Convention centers are supposed to revive cities by bringing in revenue from out-of-town visitors and creating local jobs. But the more gargantuan they become, the less happily they fit into the places they are intended to benefit," writes architecture critic Paul Goldberger in a recent issue of *New Yorker*. "Putting one of these megaliths into the heart of the city is like trying to dock the Queen Mary in the local marina."

Tourism advocates are trying to convince Metro officials to build Nashville's own Queen Mary—the Music City Center (MCC)—and dock it somewhere downtown. They want a new convention center with 375,000 square feet of exhibit space and 1.2 million square feet of gross space, including meeting and ballrooms. This translates to a 15-acre footprint—by way of comparison, the Gaylord Entertainment Center (GEC) occupies seven acres—on a site with adjacent expansion space. The estimated price tag is \$455 million, which would make it the largest single capital project in Nashville history. The GEC cost \$150 million(ish), and LP Field came in at \$290 million.

The existing Nashville Convention Center, which opened in 1987, has an exhibit hall of 118,700 square feet, and total gross space of 178,800 square feet. So a new center would represent a considerable increase. That growth is sorely needed, claims the Music City Center Committee, a support group that presented a why-where-and-how plan in February. The current center is losing out to other cities with larger and more up-to-date exhibit space, they say, and tourism is Nashville's second largest industry, after health care, and is crucial to a sales-tax-based government revenue stream and local jobs. In its report, the committee scripts a "state-of-the-art convention center" that "meets market demand for 15 years" and has "enough land to ensure adequate expansion for an additional 10 years after that."

Mayor Bill Purcell's response to the committee's report was to request two additional studies. One, by the University of Tennessee's Center for Business and Economic Research, analyzes the funding plan. The other, by the Nashville Civic Design Center (NCDC), considers design issues and several locations, including the MCC Committee's recommendation: SoBro on the blocks bounded by Fifth and Eighth avenues, Demonbreun Street and the extension of Gateway Boulevard.

Backers of a new center are treating the two studies, released in mid-September, in addition to Purcell's encouragement to seek enabling legislation for the funding package, as vindication. (To be fair, Purcell is tepid at best on the proposal but is not standing in the way of its forward momentum.) Now the hype swings into full gear. The Music City Center Committee has morphed into the Music City Center Coalition—a private 501(c)(4) that pays for the PR and consultants greasing the skids for a new center. The Coalition is staging an Oct. 16 rally in the parking lot south of the GEC where they want to build the convention center. It's NFL Yes! all over again.

The two reports, however, raise new questions. What's the total cost to the city of this new convention center? What could be the impact on future development in SoBro if a center is built there? And is a spanking new big box the best way—or are there better ways—to grow downtown?

The Music City Center Committee's funding package puts most of the onus on tourists: 30-year bonds would be paid primarily by a dedicated 2 percent share of the hotel/motel tax, an increase in that tax and, finally, a \$2 surcharge per room/per night on all hotels and motels in the county. Of the bonded debt, \$90 million would be placed in a reserve fund whose interest could be used to cover operational deficits. "We've been doing this for 20 years," says Ron Samuels, the chair of the committee's funding group. The current convention center "usually runs a deficit; covering these is built into the debt service." He explains that tax revenue estimates are "very conservative" because they're based on "current levels of visitation" by tourists and not on any increase a new center might bring.

The UT report, whose primary author is business center director Bill Fox, agrees that "a modern downtown convention center would generate significant economic activity" and "result in additional sales tax revenues that are not linked to payment of debt service or operating deficits." The UT report also agrees that the funding plan should, over the long haul, cover the debt service. But Fox warns that "the funding is not without risk because it depends on a successful" new center.

The primary challenge to success, according to Fox, is an "extremely competitive national convention center market" in which "recent increases in convention center space across the nation have exceeded growth in demand." In a 2005 Brookings Institution report, author Heywood Sanders describes an "arms race" among cities to expand existing convention centers and build new ones, to construct headquarter hotels and offer deep discounts to trade shows to maintain a competitive edge.

A larger, state-of-the-art facility would sharpen Nashville's competitive edge, and supporters seem sanguine that a new center would grow the local tourism industry. "We're in the business of getting people to come and leave their money here," says attorney Tom Lee, former chairman of the Convention Center Commission. "If we want to stay in the downtown convention business—and that's a choice to make or not—you need two things: a certain kind of building and a community people want to go to. People want to come to Nashville because it's affordable, safe and fun. We've got a good brand."

City officials should only make the decision for or against reinforcing that brand with a new center, the UT report urges, after they've had a chance to crunch all the numbers. And, as

the report points out, “the direct costs of building the MCC do not reflect the probable total cost to Nashville.”

For starters, the total doesn’t include any subsidy for a new 800- to 1,000-room convention hotel or for 1,000 spaces of structured parking (estimated cost for the parking alone: \$16.8 million), both of which are crucial. The MCC Committee report alludes to “some public assistance” for the hotel and “minimal public participation—probably in the form of Tax Increment Financing” (TIF) for the parking. Samuels confirms that he expects TIF—which the Metro Development and Housing Agency (MDHA) can supply in its redevelopment districts—will be part of the hotel and parking packages. “That’s standard to accompany private financing” for downtown development, Samuels says. “We didn’t include it in our funding for the \$455 million because it’s not part of the bonded debt.”

TIF may be “standard.” But if MDHA supplies it for hotel and parking, that will depart from the agency’s current policy to subsidize only residential development and could reduce the amount of TIF available for other projects. Because MDHA uses TIF only for private developments that generate property taxes, potential shortfalls it can’t cover include land acquisition and infrastructure, both of which are issues if the new center lands in SoBro. The MCC Committee has estimated land costs for this site at \$20 million to \$25 million. The word in commercial real estate circles is that current asking prices in the area are \$60 per square foot, for a total tab of approximately \$39.2 million.

The cost of relocating the NES substation at Sixth Avenue and Demonbreun could take a large chunk of the \$69 million contingency fee the MCC Committee has set aside for construction cost overruns. In the estimated construction budget, the relocation is estimated at \$1 million. Paul Allen, vice president of engineering for NES, says that figure is “really low.” Allen doesn’t know how the estimate was derived because “they didn’t talk to us. That’s the biggest substation in downtown, and it would be very expensive and time consuming to move it,” he says. His cost guess: “\$20 million to \$40 million.”

These sums aren’t insurmountable, but Fox urges Metro officials to make a “decision for or against the new MCC...with full information about the total cost of the project.”

Except for a brief detour in 2004, when a study by something called the Coalition of Convention Excellence found the former site of the trash-burning thermal plant to be ideal, the backers of a new center have always wanted to be immediately south of the GEC. “It’s not complicated,” says Tom Lee. “That’s the best location because it’s closest to the most amenities—the GEC, Country Music Hall of Fame, Lower Broad and Second Avenue—and the most hotels. Trade show planners say proximity to hotels is crucial.”

Boosters of a new center are treating the Civic Design Center report, whose principal author is design director T.K. Davis, as settling the location question once and for all in favor of SoBro. But many members of the local planning and design community—few of whom would speak on the record because of fear of alienating future commissions—don’t see the report as a slam-dunk.

“What T.K. is telling the city is that we have two very good site options,” says one designer. “And he ranks SoBro as ‘very strong,’ only with a lot of conditions. If those conditions aren’t met—say they’re too expensive—the strength evaporates.”

Wherever a new convention center goes, the design center calls for it to be a green building designed for a long life span. A public art program would enable it to serve as a cultural and commercial destination. The design center also strongly recommends a facility that contributes to the evolution of downtown as a mixed-use neighborhood. That means maintaining the existing street grid to disperse rather than concentrate traffic, and fostering a pedestrian-friendly streetscape. Parking should be concealed from the street and truck service accommodated within the block of the building.

The design center subjected six sites to a “SWOT” analysis—strengths, weaknesses, opportunities and threats—to evaluate each location’s ability to meet the urban design criteria. Davis also considered proximity to existing downtown hotels, restaurants and attractions as well as relative land costs and adjacent expansion possibilities. By this matrix, the SoBro site was classified as “very strong,” and Gulch North as “strong.” Let’s play right to our strengths.

Placing a convention center on the SoBro site would be great for conventioners because they’re in the heart of the city. And it’s fine for nearby hotels and other businesses geared to tourists. In the design center’s proximity survey, SoBro ranks first in closeness to entertainment and cultural venues as well as dining. One threat, the design center’s report notes, is “potentially limited expansion options” because of the possibility of surrounding redevelopment.

But the SoBro site also presents the biggest urban design challenge: how to prevent the skyscraper from imploding the city fabric. Davis does his best, but less bad isn’t the same as good.

To preserve Sixth and Seventh avenues through the site, Davis proposes elevating exhibit and banquet halls 20 feet above street level. To conceal the big-box nature of the building and create an interesting streetscape, he suggests lining the Gateway Boulevard and Fifth and Eighth avenue sides with commercial space at the sidewalk and six residential floors above. Parking would be incorporated into the structure.

But liner buildings are not a development goal, they’re a mitigation strategy—and a new center in SoBro will need lots of mitigation. “A Target with a Starbucks and a Pizza Hut out front is still a Target,” says one urban designer.

The SoBro land is prime real estate—the price alone will tell you that—but it’s questionable whether placing a new center near all the other big boxes like the GEC, the Schermerhorn and the Country Music Hall of Fame will spur ripples of redevelopment outward. Consider the logic of shopping mall planning, which puts large anchors a certain distance from each other to spur foot traffic in between, past the storefronts of smaller shops. A new center on the SoBro site is like putting Macy’s and Dillard’s at the center of a mall and expecting customers to trundle out to the ends.

“A convention center on the SoBro site isn’t going to generate development between it and the other big boxes because they’ll be so near each other,” says Michael Hayes, a developer whose family owns property in SoBro. “And I don’t see development hopping south of [a new center] past Gateway Boulevard. Even if you keep Sixth and Seventh avenues open, they’ll be

essentially long tunnels because the blocks are big. That's OK for cars, but it won't foster pedestrian activity."

Gulch North is the site recommended by the design team for *Plan of Nashville* because this placement would not disturb the street pattern, and it wouldn't need the mitigation of liner buildings for streetscaping. The convention center and hotel would open onto the Church Street viaduct, "burying" the bulk of the megabox below. Parking and truck service could be accommodated beneath the convention center.

The design center defines this Gulch location at 10th Avenue and Church Street, and utilizes air rights over the CSX lines. But a shift just west of the rail yard, to 11th Avenue and Church Street, would eliminate this potential stumbling block as well as the need to relocate an NES substation. The amount of acreage and lack of development pressure would make land costs relatively low and expansion a nonissue. The impact on all the new development in the railroad corridor would be minimal because it would be occurring past the Broadway viaduct in Gulch South.

The MCC Committee never considered Gulch North in its report, perhaps because members perceived the site as too remote. But the design center ranked the location first in proximity to existing hotels. And walkability has a lot to do with what you're walking by. A center here would provide a western anchor—the mall principle—to Church Street, which the design center describes as "the most-pedestrian friendly east/west street in the city."

Gulch North, therefore, could contribute to the evolution of downtown rather than merely exploit the status quo as in SoBro.

Some, including Metro Planning director Rick Bernhardt, feel that the site at Eighth Avenue and Lafayette Street—where the old Sears building stands—is worth further study. The design center dismissed this site, in part because of the displacement of all the homeless service providers, which would be controversial to say the least. Bernhardt admits that "the homeless is a big issue, but it could be an issue in SoBro." He notes that the Lafayette site has good expansion possibilities, "which is a big concern with SoBro. And while Lafayette is considered too remote, that's more perception than reality—it's as close to the core as lots of convention centers in other cities." Bernhardt says that it will be five to eight years before a new convention center opens. "Look at all that's happened downtown in the last eight years," he says. "We need to take the long view."

Taking the long view means not merely using a new convention center to help grow the city and not just the tourism industry. It means asking whether a new convention center is the best way to grow the city. We need more jobs downtown to get more residents downtown to get more retail downtown. We also need to redevelop the riverfront as an amenity for natives as well as tourists. "Money dedicated to a long-term project such as the convention center is necessarily unavailable for other projects that might also provide lasting value," Fox explains. "The question being asked now is whether a new convention center will best position Nashville as a desirable destination for both businesses and travelers in the coming decades."

It's a question that a rally in a parking lot is not designed to answer.

Christine Kreyling wrote and edited the text for The Plan of Nashville, but the plan itself was

produced by a design team in response to a series of public workshops.

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