

George L. Smith II
Georgia World Congress Center



Annual Report
Fiscal Year 1986-87

TABLE OF CONTENTS

	Page
Director's Report	2
Financial Analysis	4
Statement of Income and Expenditures	5
Rental and Exhibit Utility Services Income	6
Food Services Income	7
State of Georgia Economics Benefit Summary	8
Economic Impact of Georgia World Congress Center — Fiscal Year 1986-87 Five Year Summary of Economic Impact	10
Event Attendance	11
Staffing	13
Labor Force Analysis and Affirmative Action	15
GWCC Authority Board of Governors/Legislative Overview Committee	16

EXHIBITS

A. State of Georgia Economic Benefits Graph	8
B. GWCC Sales Graph	12
C. GWCC Functional Flow Chart	14

Director's Report

Georgia, our capital city Atlanta and the Georgia World Congress Center are riding a crest of popularity as a meeting destination. In an unprecedented first time bid for a major political convention, the city and state, utilizing the Omni/GWCC Complex, were chosen to host the 1988 Democratic National Convention. The Omni Coliseum will serve as the main convention floor with the World Congress Center housing media, security, corporate and party operations as well as caucus activities and special functions.

Atlanta also became the number one Trade Show site in the United States in 1986/87. For the first time in modern record keeping, Atlanta surpassed Chicago as the most popular site for the nation's largest shows according to the 13th Annual Edition of TRADESHOW 200, published by the primary news organ monitoring the exhibition industry—Trade Show Week. Atlanta led the pack by capturing 26 of the nation's top 200 shows; New York took second place hosting 24 shows; and Chicago, the traditional front runner, slipped into third place capturing 22 major exhibitions.

When the GWCC opened in 1976, Atlanta jumped into fourth place hosting 10 of the largest events versus that year's leader, Chicago, with three and a half times as many shows. By 1984, with expansion nearing completion, the city had climbed to second trailing the leader by only one event.

The World Congress Center hosted eight of the nation's top 50 shows: Newspaper Publishers Association Operations Management Conference and Exposition (9); National Recreation Vehicle Trade Show (10); International Woodworking Machinery & Furniture Supply Fair—USA (18); Comdex/Spring (21); Bobbin Show/American Apparel Manufacturers Association Convention (28); Automotive Parts and Accessories Show (35); Atlanta Marine Trades Expo (37); and International Educational Poultry Trade Show (44).

The expanded Georgia World Congress Center was also rated "Best Managed" facility in the nation by show managers surveyed for November's cover story in Meetings and Conventions magazine. Of the eleven facility-related categories, the Congress Center ranked number one in seven categories. When asked which facility was most attractive and had the best number, size and quality of meeting rooms, the GWCC was the top choice of show managers. The Congress Center was also chosen as the number one convention center for: best food service; best quality, cost and availability of labor; best audiovisual equipment and sound systems; and best video conferencing capabilities.

Coupled with this welcomed recognition, attendance and resulting economic impact of Georgia World Congress Center activity set yet another record. During the past fiscal year, 1,343,821 persons attended events in the World Congress Center. Of this total, 598,062 were out-of-town visitors who spent over **\$315 million** creating a **\$689 million** economic impact and generating over **\$35 million** in new tax revenues.

Future space reservations appear strong, averaging 96% of practical maximum occupancy over the next five years and 88% overall for the next decade. (See chart on page 12.)

However, more needs to be accomplished in the future. A study, authorized by the 1986 General Assembly and jointly conducted by Laventhol and Horwath and GA/Partners Incorporated, confirmed additional exhibition facilities are needed by the early 1990s. According to the study, the GWCC is currently the most well-utilized major convention center in the United States and consequences of not expanding "would likely erode" the Center's competitive position. The study further projects a highly attractive return on investment for the state and anticipates a profitable operation for the World Congress Center.

The addition of two contiguous exhibit halls providing 300,000 square feet, bringing the facility's total exhibit footage to 940,000 square feet, would allow the Center to meet the growing needs of meeting planners, as well as increased scheduling of multiple events. Expansion would also allow Atlanta to sustain its prominent image as a convention and trade show destination.

The market analysis indicates space is needed for early 1990s to avoid losing shows requiring more space than is now available. Delegate and exhibitor spending attributable

to expansion is estimated at \$234 million in 1991 rising to over \$410 million by the year 2000. Tax revenues from expansion should total \$14.7 million in 1991, progressing to \$25.8 million by the end of the decade.

The coming years will indeed be crucial to the future well-being of the Georgia World Congress Center and to Georgia's second largest industry—the hospitality industry.

Dan Graveline



Georgia World Congress Center employees gather to pose for a commemorative 10th Anniversary picture in December 1986.

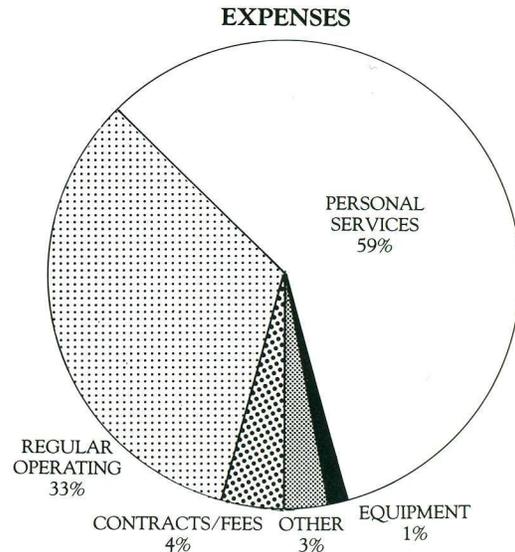
Financial Analysis

Fiscal year 1986/87 was a year with an abnormally high number of professional and educational conventions, but fewer heavy industrial shows than the previous year. Even though these events do not typically generate the same income level as do industrial shows, FY 86/87 was an excellent year financially. The World Congress Center required no **state appropriation** for operations and realized a net profit of \$250,131 for the year.

Self-generated income was \$11,029,658, which was within one percent of last year's income. Rental income was up 3% over last year and accounted for 47% of all self-generated funds. Exhibit utility services generated 24% of all revenues with food service contributing 13%, parking adding 2% and hotel/motel taxes contributing 8%. "Miscellaneous" items which produced revenues for the GWCC included contract labor, telephone service and space rental for visitor services located in the entrance concourse.

Non-operating revenues are a direct correlation with non-operating expenditures. The World Congress Center acts as a "conduit" for hotel/motel tax funds allocated to the Atlanta Convention and Visitors Bureau. With an attendance increase from FY 85/86, ACVB's allocation of hotel/motel taxes rose slightly over last year and totaled over two million dollars.

Under Special Projects, state funds were received primarily for costs associated with development of the Northwest Georgia Con-



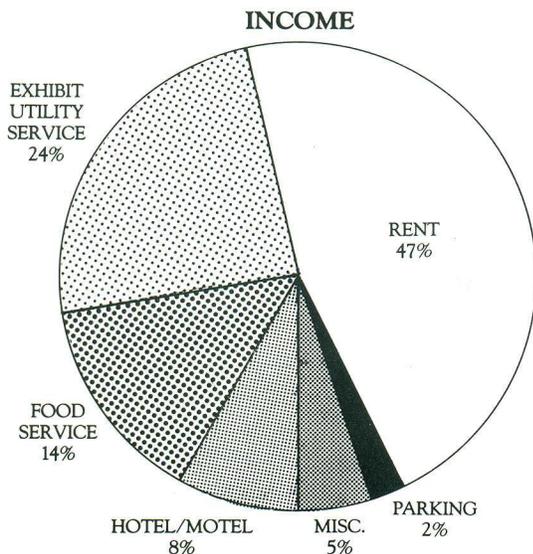
vention and Trade Center in Dalton, a GWCC expansion feasibility study and the State's efforts toward attracting a national political convention in 1988.

Overall operating expenses increased, but were in line with budget projections. The amount expended for personal services during FY 86/87 accounted for 59% of all operating expenditures, as compared with 61% for the previous year.

Regular operating expenses rose slightly over last year, as anticipated to retrofit spaces in the original facility with completed expansion facilities. Utility and insurance costs, which constitute 66% of regular operating expenses, were virtually as projected. During FY 86/87, the World Congress Center implemented an electrical management program with Georgia Power Company. This cooperative effort aided in keeping electrical bills slightly under budget.

The GWCC experienced unusually high expenditures in the equipment category, as a long range program was initiated to replace operating equipment in the original facility. Contractual fees included expenses for escalator/elevator repairs, trash removal and landscaping. "Other" expenses account for 3% of all operating expenses and include computer costs, computer supplies and repairs, as well as printing costs, travel and telecommunication expense.

In addition to aforementioned special projects, the GWCC constructed a fuel station to handle on-site service contractor needs and improved the efficiency of the heating system in the original exhibit halls.



Statement of Income and Expenditures

<u>INCOME:</u>	<u>FY 1985-86</u>	<u>FY 1986-87</u>
Rent	5,042,274	5,215,994
Exhibit Utility Services	2,805,339	2,628,009
Food Service (MGR)	2,020,188	1,485,834
Parking	175,280	240,428
Hotel/Motel Tax (GWCC)	895,916	931,271
Miscellaneous	<u>209,051</u>	<u>528,122</u>
SUB-TOTAL	\$11,148,048	\$11,029,658
State of Georgia	638,243	—0—
Hotel/Motel Tax (ACVB)	2,090,471	2,172,965
Special Projects	<u>228,830</u>	<u>191,833</u>
TOTAL	<u><u>\$14,105,592</u></u>	<u><u>\$13,394,456</u></u>
<u>EXPENDITURES:</u>		
Personal Services	\$ 5,859,370	\$ 6,404,264
Regular Operating	2,986,605	3,527,657
Equipment	59,467	123,299
Contracts/Fees	326,960	448,892
Other	<u>450,636</u>	<u>299,756</u>
SUB-TOTAL	\$ 9,683,038	\$10,803,868
Special Projects	393,239	167,492
Hotel/Motel Tax (ACVB)	2,090,471	2,172,965
Transfer To Reserve Funds	<u>\$ 1,348,906</u>	<u>\$ —0—</u>
TOTAL	<u><u>\$13,515,654</u></u>	<u><u>\$13,144,325</u></u>
NET PROFIT	<u><u>\$ 589,938</u></u>	<u><u>\$ 250,131</u></u>

Rental and Exhibit Utility Services Income

The expanded Georgia World Congress Center currently has 640,000 square feet of exhibit space capable of accommodating one mammoth exposition or up to six separate smaller shows. Exhibition space is most frequently used for trade show and convention exhibits, although it also houses public expositions, a variety of general sessions and banquets too large for the ballroom.

During 1986/87, exhibit hall rental accounted for 84% of all rental revenue and increased 6% over the previous year. With exhibit halls booked virtually to capacity, there is very little opportunity to increase this sector of rental income through new business until additional expansion facilities can be developed.

The World Congress Center also offers 72 meeting rooms for groups ranging from 20 to 4,500 people. All are equipped with in-room lighting, sound and technical sys-

tems. Predominantly these rooms are used in conjunction with exhibit hall events for seminars, receptions and show offices.

Special facilities such as the ballroom, corporate conference center and auditorium, as well as meeting rooms not reserved for major shows, are rented to local associations and businesses as well as corporate clients. During 1986/87, the GWCC hosted literally hundreds of independent seminars, conferences, sales meetings, training sessions, exams, banquets, receptions, fashion shows and special events in various meeting facilities.

Meeting room rental for the past year accounted for 12% of all rental income and significantly exceeded original budget projections. Miscellaneous rent, representing 4% of rental income, was generated from equipment rental as well as permanent displays in Georgia Hall and fees for guest service areas.

	<u>FY 1985-86</u>	<u>FY 1986-87</u>
Exhibit Hall Rent	\$ 4,163,956	\$ 4,400,567
Meeting Rooms/Ballroom		
Auditorium/Conference Center	683,022	611,970
Miscellaneous Rent	<u>195,296</u>	<u>203,457</u>
TOTAL RENT	<u><u>\$ 5,042,274</u></u>	<u><u>\$ 5,215,994</u></u>

Utility Services Income

Providing electrical service, gas, compressed air, water, steam and drains to exhibitors continues to be a most rewarding operation, representing almost one quarter of all self-generated revenues. Significantly, a NET INCOME of 73% was realized last year through the utility services operation.

In addition to generating income, providing in-house utility service has proven

extremely helpful in maintaining a reputation as a facility free from labor problems and exorbitant charges to exhibitors.

Today, providing in-house utility service is fast becoming an industry standard, rather than the exception of a decade ago when the Congress Center first opened and initiated the providing of this service utilizing internal resources.

	<u>FY 1985-86</u>	<u>FY 1986-87</u>
GROSS INCOME	\$2,805,339	\$2,628,009
EXPENSE		
Labor	\$ 545,082	\$ 539,665
Materials & Supplies	<u>126,240</u>	<u>167,899</u>
TOTAL EXPENSE	<u><u>\$ 671,322</u></u>	<u><u>\$ 707,564</u></u>
NET PROFIT	<u><u>\$2,134,017</u></u>	<u><u>\$1,920,445</u></u>

Food Services Income

GWCC Food Services, operated by MGR, Inc., provide all food and beverage service in the World Congress Center. In addition to the elegant full-service Terraces Restaurant, over a dozen permanent facilities and countless portable buffets, bars and concession stands are available for major events. MGR specializes in receptions, banquets and special events for groups ranging from 20 to 3,000 persons.

During FY 1986/87, MGR generated income at 9% above initial projections to record its second best year to date. Following last year's phenomenal mix of shows and special events such as the Coca-Cola Centennial, MGR succeeded in compensating for a more routine schedule by increased smaller meeting

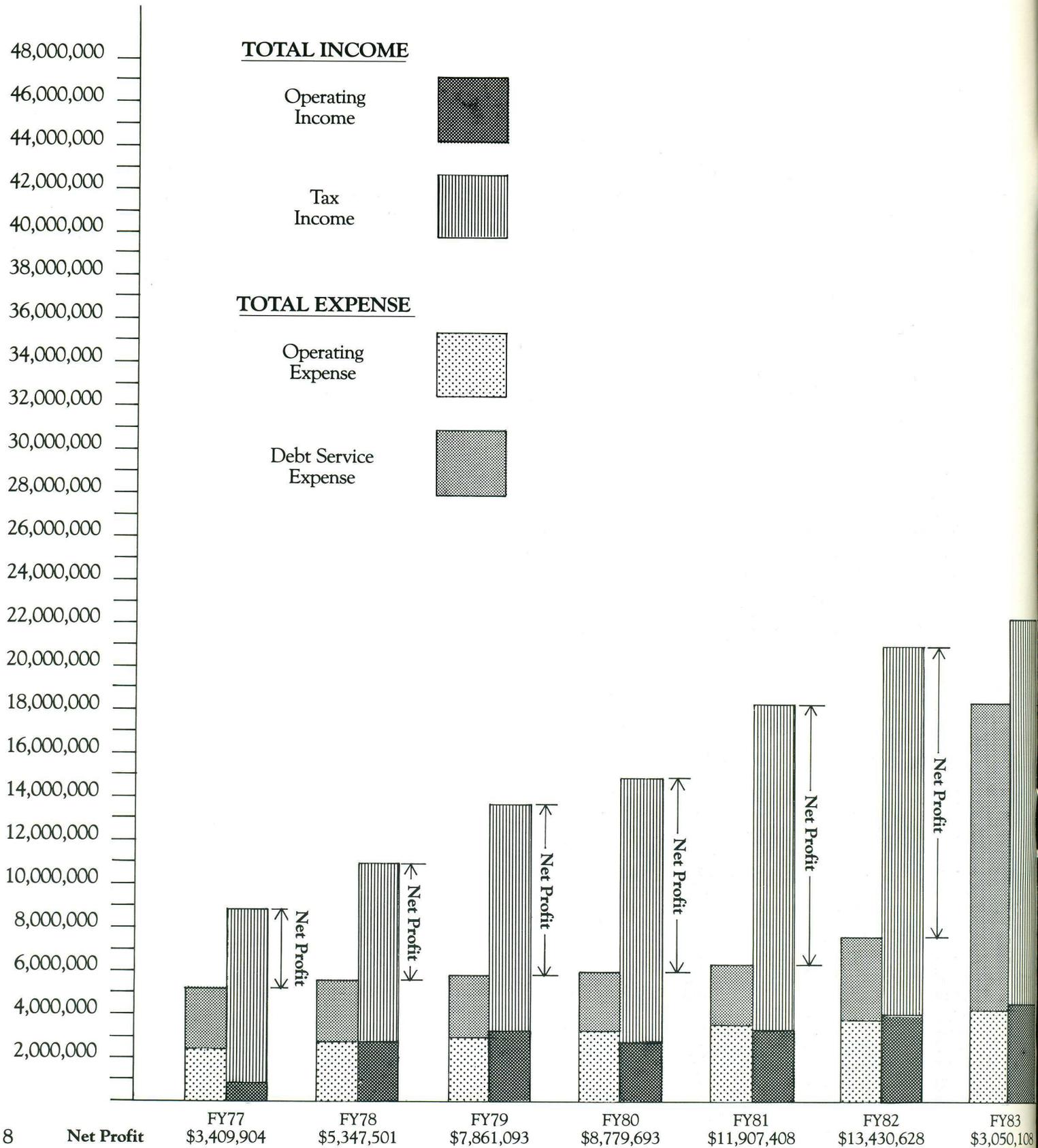
sales and by aggressively marketing service to exhibitors as well as show management.

The World Congress Center also received invaluable recognition during the past year for food service excellence. Show managers responding to the Meetings and Convention magazine survey selected the Center's food service by a greater proportion than any other category for best overall service and quality.

Figures shown here are operational and do not reflect year-end adjustments to reserve accounts as do figures in the Statement of Income and Expenditures.

<u>INCOME:</u>	<u>FY 1985-86</u>	<u>FY 1986-87</u>
Food Sales	\$5,485,256	\$5,377,456
Beverage Sales	1,154,084	963,253
Miscellaneous	<u>116,301</u>	<u>103,898</u>
TOTAL INCOME	<u>\$6,755,641</u>	<u>\$6,444,607</u>
 <u>EXPENDITURES:</u>		
Cost of Sales (Product)	\$1,642,301	\$1,678,410
Wages, Salaries, & Related	1,773,409	2,079,235
Other Operating Expense	<u>1,045,192</u>	<u>1,022,529</u>
TOTAL EXPENSE	<u>\$4,460,902</u>	<u>\$4,780,174</u>
 <u>NET INCOME</u>	 <u>\$2,294,739</u>	 <u>\$1,664,433</u>
 <u>DIVISION OF NET INCOME</u>		
MGR, Inc.	\$ 254,474	\$ 174,665
Georgia World Congress Center	<u>2,040,265</u>	<u>1,489,768</u>
	<u>\$2,294,739</u>	<u>\$1,664,433</u>

State of Georgia Economic Benefits Summary



In essence, the Georgia World Congress Center is in the business of "importing" dollars. Our primary objective is to host national and international trade shows and conventions attracting delegates and exhibitors who contribute to the local economy by spending new money. This audience spends money for lodging, food, transportation, entertainment, shopping and other services during their stay in Georgia. In addition to generating literally hundreds of millions of dollars each year, convention and exhibition activity supports thousands of jobs in private businesses within the hospitality industry.

This exhibit goes beyond operational figures to include the State of Georgia's annual investment and tax benefits resulting from World Congress Center activity. Only through understanding this very real net profit or loss from the State's "ownership perspective," can one fully understand the significance of World Congress Center activities.

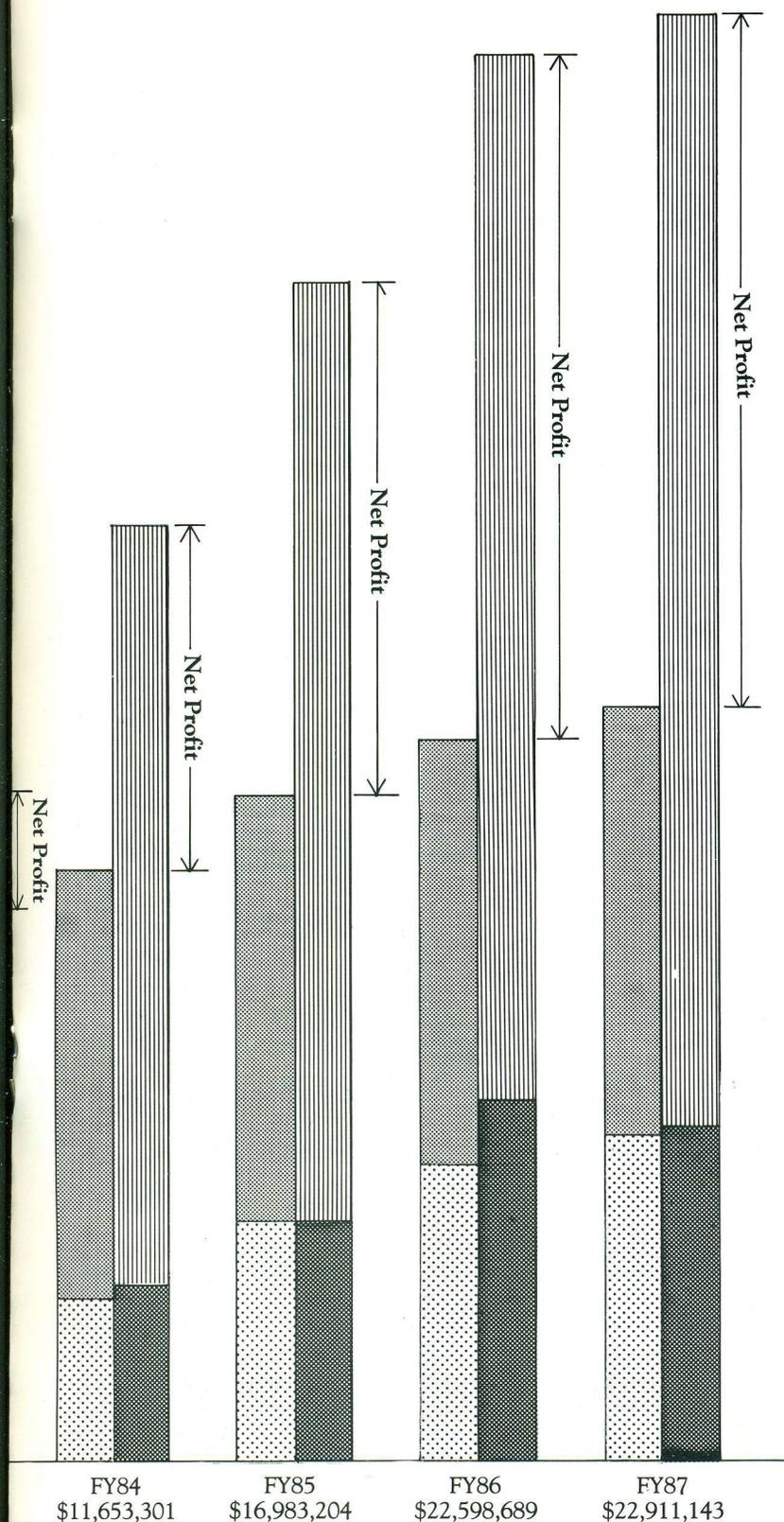


EXHIBIT A

Economic Impact of the Georgia World Congress Center Fiscal Year 1987

CATEGORY	WORLD CONGRESS CENTER ACTIVITY "NEW DOLLAR IMPACT"	SECONDARY IMPACT	TOTAL ECONOMIC IMPACT
Personal Income	\$ 77,573,785	\$176,112,829	\$253,686,614
Retail Sales	337,481,243	97,823,489	435,304,732
TOTAL DOLLARS	\$415,055,028	\$273,936,318	\$688,991,346
Employment	5,427	8,857	14,284
TAXES:			
Retail Sales	\$ 16,874,062	\$ 4,893,674	\$ 21,767,736
Concessions	278,087	—	278,087
Hotel/Motel	6,208,471	—	6,208,471
Personal Income	1,647,667	3,892,094	5,539,761
Corporate Income	359,167	873,520	1,232,687
TOTAL TAXES	\$ 25,367,454	\$ 9,659,288	\$ 35,026,742

Five Year Summary

ECONOMIC IMPACT	<u>FY 1982-83</u>	<u>FY 1983-84</u>	<u>FY 1984-85</u>	<u>FY 1985-86</u>	<u>FY 1986-87</u>
"New Dollars" Generated	\$255,439,887	\$298,946,340	\$367,703,998	\$412,069,680	\$415,055,028
Total Impact of New Dollars	424,137,931	496,377,790	610,544,682	684,035,669	688,991,346
TAX REVENUES					
Georgia State Taxes	14,737,312	20,774,190	25,552,254	28,611,699	28,818,271
Atlanta Hotel/Motel Tax	3,088,279	4,517,340	5,556,328	5,972,774	6,208,471
Total Tax Revenue	\$ 17,825,591	\$ 25,291,530	\$ 31,108,582	\$ 34,584,473	\$ 35,026,742

Event Attendance



The Super Show, sponsored by Sporting Goods Manufacturer's Association, is comprised of 12 separate sports products shows. The event attracted over 63,000 manufacturers, buyers and sellers from across the nation and over 82 countries around the world.

After hosting 59 major trade shows and conventions, 10 public expositions and over 450 food functions and small meetings, pedestrian activity through the Congress Center rose steadily during 1986/87. Of the total 1,343,821 Congress Center visitors, 598,062 were registered as out-of-town guests.

Some events recording over 18,000 in attendance were The Super Show, sponsored by Sporting Goods Manufacturer's Association; COMDEX; Bobbin Show/AAMA Convention; Automotive Parts and Accessories Show; Church of God; International Automotive Aftermarket Show; International Woodworking Machinery and Furniture Supply Fair - USA; World Educational Congress for Laundering and Drycleaning; International Poultry Trade Show; and Multi-Housing World and Kitchen/Bath Industry Show.

Major consumer and public shows consisting of camping and outdoor, automobile, boat and home shows along with the annual Atlanta Area Council Boy Scouts Show and the Atlanta Fantasy Fair, also attracted record attendance numbers.

	<u>FY 1982-83</u>	<u>FY 1983-84</u>	<u>FY 1984-85</u>	<u>FY 1985-86</u>	<u>FY 1986-87</u>
ATTENDANCE	794,557	827,320	1,066,641	1,091,708	1,343,821
"OUT OF TOWN" ATTENDANCE	360,717	423,180	520,300	593,740	598,062
TOTAL DAILY ATTENDANCE	11,966,887	2,202,655	2,757,616	3,021,363	3,287,522

"TOTAL DAILY ATTENDANCE" is calculated at 4.25 visits per out-of-town attendee plus one visit for area residents attending seminars or public shows.

GWCC Sales Graph

ABSOLUTE
MAXIMUM
BOOKINGS
1095

PRACTICAL
MAXIMUM
BOOKINGS
813



Original Exhibit Halls
Expansion Exhibit Halls

EXPLANATORY NOTES
(1) "Exhibit Hall Days": 365 days x 3 exhibition halls = 1,095 potential "exhibit hall days" available per year.
(2) "Practical maximum bookings." Based upon Exhibit Hall Days in full year less deductions for major national holidays, weak seasonal periods in July, August and December, plus three days per month for scheduling gaps between major shows.

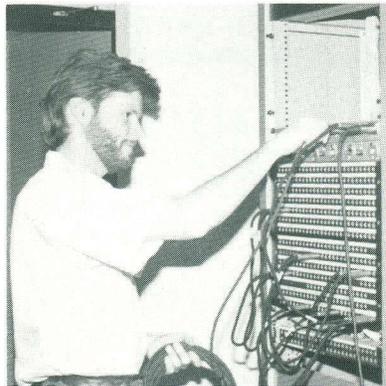
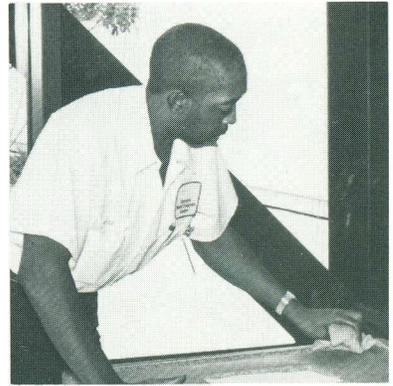
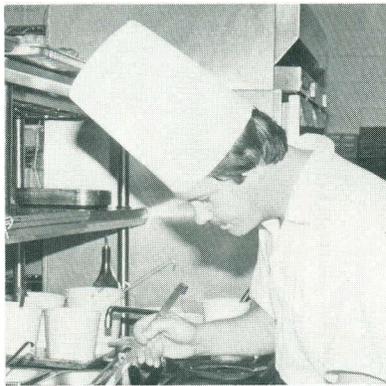
Staffing

As of June 30, 1987 the Georgia World Congress Center had 232 authorized full-time positions, of which 222 were filled, leaving 10 positions to reach maximum allocation. In addition, the Congress Center utilized 122,246 hours of part-time labor, equivalent to approximately 59 full-time personnel at 40 hours per week.

Keeping good employees has always been important to the World Congress Center. In the past several years, our Human Resources Department has made great progress in addressing career development programs which will prove beneficial to all employees. Extensive on-the-job training is provided for all entry-level positions, and supervisory training and counseling is offered for persons with management responsibility. During the

past fiscal year, a series of skills development programs were also conducted at all levels. These programs were designed to upgrade supervisory skills, enhance communication between departments and renew the entire organization's spirit of teamwork.

Through common objectives and individual fulfillment, the GWCC staff has successfully worked together over the last decade to attain the highest respect from our clients and counterparts. In December, 24 GWCC and MGR Food Service employees received ten-year service awards, while 16 received five-year awards. With the commitment of our current employees, we anticipate presenting many more awards in future years.

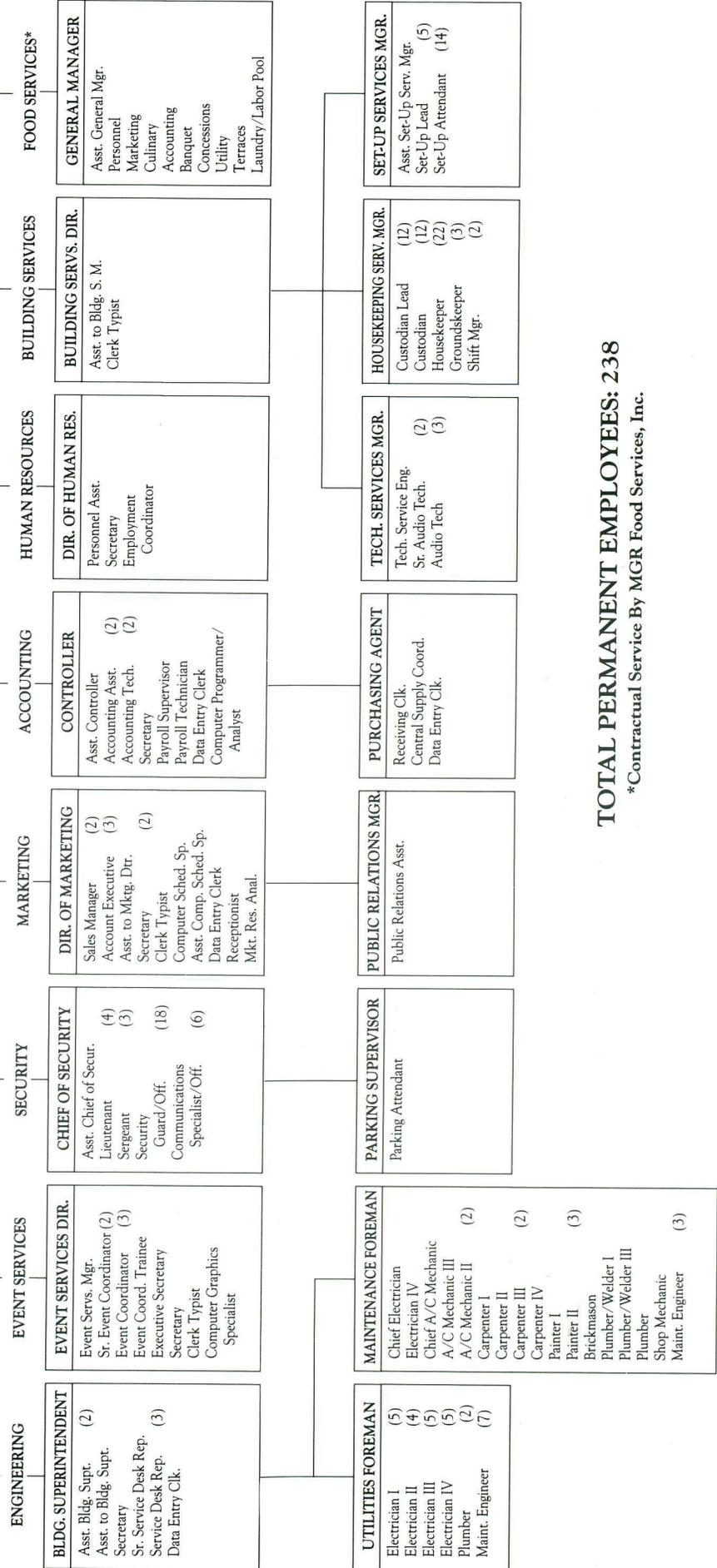


Georgia World Congress Center Functional Flow Chart

GEORGIA WORLD CONGRESS CENTER AUTHORITY

ADMINISTRATION

EXECUTIVE DIRECTOR
Assistant Director
Assistant Director-Administration (2)
Executive Secretary (2)
Secretary
Information Coordinator
Tourism Information Coordinator



TOTAL PERMANENT EMPLOYEES: 238

*Contractual Service By MGR Food Services, Inc.

Labor Force Analysis and Affirmative Action

ANALYSIS OF CURRENT GEORGIA WORLD CONGRESS CENTER WORK FORCE

	<u>MALE</u>		<u>FEMALE</u>	
	<u>CAUCASIAN</u>	<u>MINORITY</u>	<u>CAUCASIAN</u>	<u>MINORITY</u>
Number	73	86	35	28
Percentage	33%	38%	16%	13%

The long-range goal of the World Congress Center's Affirmative Action Program is to achieve parity with the Metropolitan Atlanta Area Labor Force in each occupational category and at various levels within each category.

ANALYSIS OF METROPOLITAN ATLANTA AREA WORK FORCE

	<u>MALE</u>		<u>FEMALE</u>	
	<u>CAUCASIAN</u>	<u>MINORITY</u>	<u>CAUCASIAN</u>	<u>MINORITY</u>
Number	513,252	129,057	381,423	133,921
Percentage	44.3%	11.1%	33%	11.6%

Source: Labor Resource Information
State Department of Labor

The Georgia World Congress Center's work force is divided into six occupational categories which are defined by the Federal Equal Employment Opportunity Commission as follows:

- Officials and Administrators
- Professionals
- Protective Services
- Office and Clerical
- Skilled Craft
- Building Services Maintenance

Georgia World Congress Center Authority



Pictured above are members of the Georgia World Congress Center Authority. Front row (L-R) John E. Aderhold, chairman; Jim Livingston, vice chairman; Joe W. Robinson, secretary; Emily-May Richards, treasurer. Back row (L-R) Don Sands, Perry Hudson, Jack Cole, Luke Morgan and I. Owen Funderburg.

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President
Rayloc
Atlanta, Georgia

James S. Livingston, Vice Chairman
Chief Executive Officer
The Central Bank
Swainsboro, Georgia

Joseph W. Robinson, Sr., Secretary
President
J.W. Robinson & Associates, Inc.
Atlanta, Georgia

Emily May Richards, Treasurer
President
The Richards Group, P.C.
Atlanta, Georgia

I. Owen Funderburg
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Atlanta, Georgia

Perry Hudson
State Senator, Retired
Hapeville, Georgia

Luke H. Morgan
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ITT Rayonier
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