



2011 Annual Report
Washington State Convention Center
Public Facilities District
January 1, 2011 - December 31, 2011

A Message from King County Executive Dow Constantine



The Washington State Convention Center completed its transition from a state agency to a county-chartered public facilities district in July 2010. This is the first annual report under the new governance structure.

As King County Executive, I believe the most important part of this transition is a renewed potential for Convention Center growth. Now is the time to pursue needed expansion of this facility, and I will continue to press this issue until the job is done.

A larger Convention Center will bring new visitors, stimulate spending throughout our region, and create construction jobs and ongoing employment for workers in the hospitality industry. Each year that this expansion is delayed means a quarter of a billion dollars in new, direct spending that is going instead to our competitors around the country. Convention groups have made it clear: They want to visit Seattle, King County, and Washington State. We simply need to make it possible for them to do so.

All the necessary pieces are moving into place. Operating as a public facilities district ensures greater local control over the hotel/motel tax funds that are collected to support the Convention Center and guarantees that revenues generated in King County are spent here.

The construction bid environment is the best it has been in years, and we are seeing the lowest interest rates ever. Just as earlier phases of the Convention Center brought critically needed improvements to infrastructure, expansion would enable new hotels, restaurants, retail and attractions to serve an additional 130,000 new visiting convention delegates each year.

While we explore the potential for future growth, the Convention Center continues to provide civic and financial benefits far greater than originally envisioned more than three decades ago. On behalf of the residents of King County, I congratulate the board of directors and staff of the Washington State Convention Center on their transition to a public facilities district and the completion of yet another successful year.

Sincerely,

Dow Constantine
King County Executive

The State of the Convention Center

Washington State Convention Center (WSCC) began its first full year of operations as a public facilities district (PFD) in January 2011. The PFD is responsible for the management, operations, capital improvements and financial success of the organization. This change in governance greatly increases the ability of WSCC to be the statewide economic impact catalyst it was designed to be at its inception nearly twenty-five years ago.

As the economy made a slow and steady recovery, the convention and trade show industry also continued to gain strength. Increased event activity, larger attendance at events, higher overall convention spending and excellent expense management by staff helped WSCC to again generate positive economic benefits. This year, for the first time, WSCC changed its accounting methods to include building depreciation as an expense item. To more accurately assess our core business performance, we have removed the depreciation expense from the final figures. After adjusting for depreciation, WSCC ended 2011 with an operating surplus of \$615,602. Another positive sign is reflected in the total spending by national convention delegates, which increased to \$281,618,882 – the highest level since 2007.

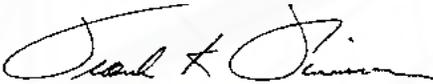
WSCC is currently in the second year of a three-year, \$21 million capital plan to keep the facility in first class condition. New carpeting, paint and wall treatments were added in 2011. Future improvements include remodeled restrooms, new digital signage and improved wayfinding throughout the building. Exterior enhancements will include streetscape redesign and an improved pedestrian experience along Pike Street and 8th Avenue. These upgrades are important to ensure our facility continues to exceed the expectations and experiences of our customers, both inside and outside WSCC. Details of this major capital improvement project can be found on page 11.

Our industry increasingly values green businesses, and WSCC continues to be a leader in conservation and sustainable meetings. Our efforts include making compostable food service items standard, providing recycling and composting stations throughout the facility and installing efficient lighting and plumbing fixtures. This leadership was recognized in 2011 with WSCC being named the Best Green Event Venue in Washington and by inclusion on the Washington Green 50 list. Please see page 7 for information on these awards and WSCC community outreach initiatives.

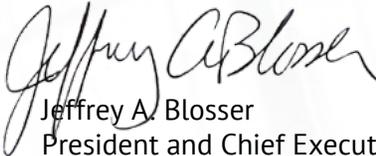
All of us at WSCC were saddened by the death of former governor and WSCC board member, Albert D. Rosellini in October. In November, John Christison retired as WSCC president after 22 years of outstanding service. A tribute to these men who served WSCC so well is on page 12.

As we look ahead, we believe that the improving economy, our incomparable service, significant upgrades to the facility, smart fiscal management, and the beauty of Seattle as a destination positions WSCC well in 2012 and beyond.

Sincerely,



Frank K. Finneran
Chairman, Board of Directors



Jeffrey A. Blosser
President and Chief Executive Officer



Financial Highlights

FISCAL YEAR	2011 ^A	2010 Stub ^B	2010 ^C
Operating Revenues	\$ 34,443,770 ^D	\$ 11,857,337	\$ 22,026,248
Operating Expenses	\$ (33,828,168) ^D	\$ (11,692,692)	\$ (21,882,040)
Operating Income (Gain)	\$ 615,602 ^D	\$ 164,645	\$ 144,208

NUMBER OF EVENTS

National/International	36	17	29
Local/Regional	376	231	394
Total	412	248	423

EVENT ATTENDANCE

National/International	147,345	48,917	85,456
Local/Regional	272,968	111,000	304,826
Total	420,313	159,917	390,282

ECONOMIC BENEFITS

Delegate Spending ^E	\$281,618,882	\$ 86,483,395	\$ 148,723,966
Sales Tax from Delegate Spending ^E	\$ 18,305,227	\$ 5,720,221	\$ 8,799,366
Benefit to Local Institutions	\$ 11,014,680	\$ 3,886,394	\$ 4,071,257

FOOTNOTES

A - Public facilities district 2011 fiscal year, January 1, 2011 - December 31, 2011.

B - Six month transition period, using the state's accounting methods, between the end of the state agency fiscal year (June 30, 2010) and the start of the public facilities district fiscal year (January 1, 2011).

C - State agency 2010 fiscal year, July 1, 2009 through June 30, 2010; as reported in the 2010 WSCC annual report.

D - Transition to the public facilities district has resulted in changes to accounting methods and the reporting of operating revenues and expenses. Data reported prior to fiscal 2011 will not be revised to reflect these new accounting methods. As of fiscal 2011, food service revenues and expenses are reported as gross figures rather than net as in prior years. Building depreciation was also added as an expense item for the first time in fiscal 2011. To more accurately assess WSCC operational performance, depreciation has been removed from these figures.

E - National and international events only.

FACTS

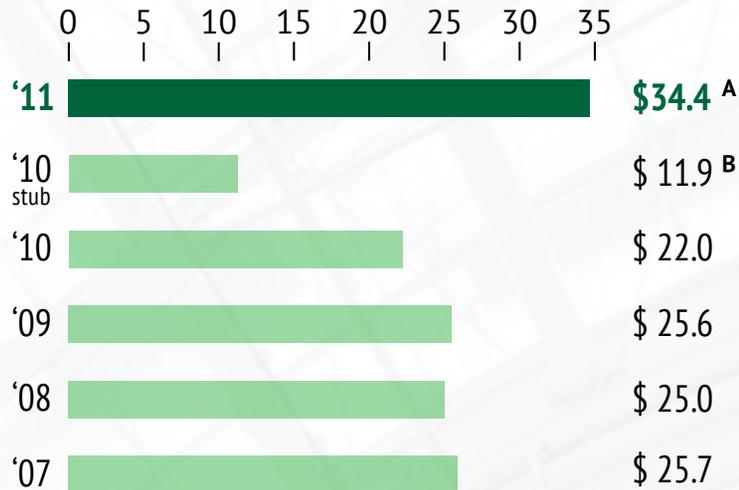
Spending by out-of-state delegates attending events at the Washington State Convention Center since its opening in 1988 has reached **\$4.2 billion.**

In fiscal 2011, spending by out-of-state delegates added an average of **\$771,559 per day** to Washington's economy.

Financial Highlights

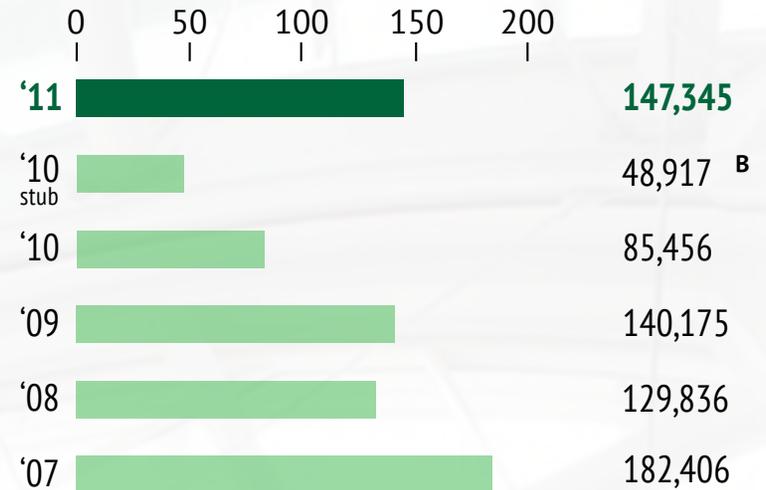
Operating Revenues

(dollars in millions)



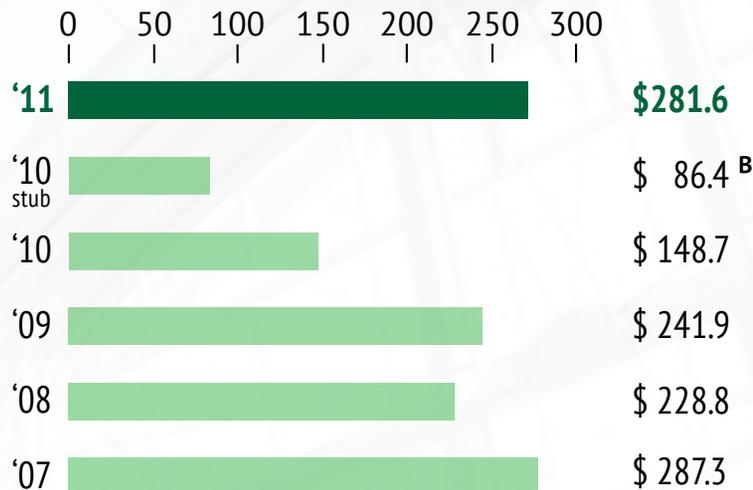
Event Attendance

(national and international delegates - in thousands)



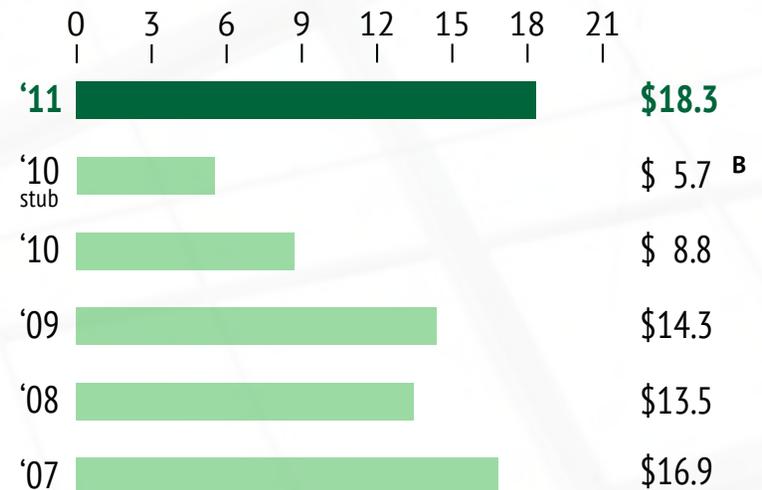
Estimated Delegate Spending

(from national and international delegates - dollars in millions)



Estimated State Sales Tax Receipts

(from national and international delegate spending - dollars in millions)



A - Transition to the public facilities district has resulted in changes to accounting methods and the reporting of operating revenues and expenses. Data reported prior to fiscal 2011 will not be revised to reflect these new accounting methods.

B - Six month transition period, using the state's accounting methods, between the end of the state agency fiscal year (June 30, 2010) and the start of the public facilities district fiscal year (January 1, 2011).



147,345 national and international convention delegates spent nearly \$282 million in 2011.

After 23 years of operation, the total cost of WSCC to the citizens of our state remains \$0. WSCC has paid dividends to residents in all areas of Washington by its contribution of sales taxes from delegate spending and through other economic and civic benefits.

WSCC continues to be a major contributor to the economic well-being of the state. The significant spending by thousands of delegates who come to Washington to attend meetings and conventions provides hundreds of millions of dollars in direct economic impact each year. Hundreds of people are employed by WSCC and its in-house contractors, and thousands more work in the hotels, restaurants, retail stores and travel-related businesses that serve the convention and visitor industries. Additional jobs are also created for the people who provide the supplies necessary to operate these businesses.

Since opening for business in 1988, the benefit of WSCC operations on tax receipts to local government, schools and arts and culture organizations has exceeded \$148 million. These beneficiaries include:

King County	\$ 64,672,517
City of Seattle	46,383,828
Seattle School District	8,274,525
Regional Transit Authority	15,915,860
Arts and Culture Organizations	7,577,784
Other Property Tax Uses	5,675,097
Total	\$ 148,499,611

WSCC has spurred numerous other building and revitalization projects in the area that surrounds the center. Nordstrom has credited the 2001 expansion of the WSCC and its influx of visitors as being a key factor in the decision to maintain its flagship store and national headquarters in downtown Seattle. The decision to create the Pacific Place shopping center was also triggered by the WSCC expansion. These two major developments have helped to build an economic base for sustained growth in the downtown core. Today we see hotels, restaurants, shops, office towers, and high-rise condominiums and apartments occupying street frontage that was once vacant or underutilized.

Washington's Self-Sustaining Enterprise: A Five-Year Report Card

- In the last five years (fiscal 2007-2011), WSCC welcomed 734,135 out-of-state guests who spent an estimated \$1.275 billion on lodging, meals, retail purchases and entertainment during their visits to Washington. This spending sent an average of \$775,570 each day directly into the state's economy.
- Sales taxes generated on spending by out-of-state convention guests during this five-year period reached \$77.6 million, effectively reducing the amount of taxes that would otherwise have to be collected from resident taxpayers.
- During that same period the WSCC facilitated a total of 2,829 events overall, attracting some 2.28 million guests.
- To guarantee that the dates they require will be available, numerous associations have already confirmed and contracted event space at WSCC through the year 2020.
- Since 2007, Seattle's Convention and Visitors Bureau estimates 196 convention bookings (worth nearly \$1.2 billion in economic impact) were lost due to the inadequate size of the current facility or from the lack of available dates.
- WSCC's 205,700 square feet of exhibition space no longer meets the needs of an increasing number of associations that would otherwise hold meetings in Seattle. WSCC is the smallest of all of its west coast competitors. With increasing frequency, associations with an attendee base that has grown larger than WSCC's current capacity are bypassing Seattle for more competitive destinations.
- The proposed expansion of the WSCC would create additional economic benefits. These include increased delegate spending, the ability to capture convention business currently lost due to the lack of available dates and space, the creation of thousands of new jobs – both construction and permanent, and the improvement of the city's tax base through the addition of new hotel properties and increased tourism-related spending.



Jacob Lawrence



Nancy Mee



Guy Anderson



Mark Tobey



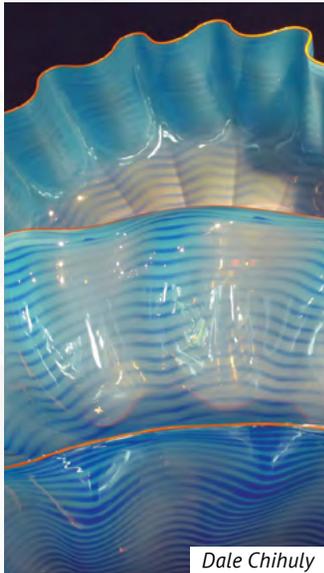
James Lee Hansen



Alden Mason



Eustace Ziegler



Dale Chihuly



Margaret Tomkins



Richard Gilkey



Kenneth Callahan



Paul Horiuchi

Details from several works by renowned Northwest artists on display in the Galleria.

Convention Center Operations - Outreach

Adding economic vitality to the state is not the only role of WSCC. Civic benefits had been provided for the people of Washington even before WSCC held its first event in 1988. This important mandate continues to be fulfilled primarily through extending opportunities, such as the hiring of employees and suppliers, as well as offering numerous outreach activities for convention guests and stakeholders.

WSCC is committed to serving Washington's outstanding food and beverage products, which provides financial benefits for farmers, ranchers, fishermen, growers, brewers and winemakers around the entire state. A comprehensive list of Washington food and beverage products purchased in 2011 is featured on this page. For the past 12 years, WSCC and ARAMARK have partnered with FareStart, a culinary job training and placement program for homeless and disadvantaged individuals. On June 9, Executive Chef José Chavez worked with their students to prepare a three-course dinner for over 200 diners at the FareStart restaurant.

WSCC has long been acknowledged for being on the cutting edge of sustainable operations, and this recognition continued in 2011 with two major awards. *Northwest Meetings + Events magazine* selected WSCC as the Best Green Event Venue in Washington. This award cited extensive use of local food products, energy efficiency, and the comprehensive recycling and composting programs. *Seattle Business magazine* also honored WSCC with its Washington's Green 50 award for 2011.

A substantial portion of the waste generated by WSCC is being diverted from the King County trash stream to be recycled or composted. In 2011, events at WSCC generated some 875 tons of waste, of which only 306 tons of trash was sent to the landfill – a 65 percent diversion rate. To keep this rate high, bins for recyclable and compostable materials are placed in all meeting rooms and throughout the public areas. Diversion totals for 2011 included:

- 124 tons of cardboard
- 128 tons of mixed recycling (plastic, aluminum, glass)
- 317 tons of compost (food scraps, food-soiled paper, yard waste)

More than 100 works of art are on free public display daily around the Galleria, and several rotating art shows are also presented annually in partnership with area arts organizations. Exhibition highlights this year included *Forecast: Communicating Weather and Climate*, presented by the American Meteorological Society in conjunction with their annual meeting. Works from Seattle Metals Guild, the Korean American Artists Association of Washington, *PS5 – Five Puget Sound Printmakers*, *Sky on Water* and *Ice Stories*.

Washington State Food and Beverage Products Purchased in 2011

Produce	Totals
Apples, assorted	604 cases
Asparagus	1,068 cases
Beets	31 cases
Berries, assorted	9,997 pounds
Carrots	1,904 pounds
Green Beans	587 cases
Lettuce	331 cases
Mushrooms, assorted	586 cases
Onions, assorted	228 cases
Onions, julienne	1,002 pounds
Pears, assorted	86 cases
Potatoes	254 cases
Potatoes, processed	28,140 pounds
Raspberries	128 cases
Salad, spring mix	1,713 cases
Snap Peas	23 cases
Sprouts, assorted	140 cases
Squash	6,839 pounds
Tomatoes	79 pounds
Vegetables, processed	15,658 pounds
Meats/Poultry/Seafood	Totals
Beef	10,797 pounds
Chicken	21,095 pounds
Halibut	1,317 pounds
Salmon	8,623 pounds
Dairy	Totals
Butter	12,374 pounds
Cheese	610 pounds
Cream, Half & Half and Milk	8,003 gallons
Yogurt	3,430 cases
Alcoholic Beverages	Totals
Beer	15,544 bottles
Wine	7,054 bottles
Juices/Ciders	Totals
Apple Cider	220 gallons
Apple Juice, bottled	1,082 gallons



The scrambled egg burrito with salsa is a popular item on the Wild Rye Café Bakery breakfast menu.

Convention Center Operations - Departmental Reports

Please note that the change in governance to the public facilities district required revisions to long-standing accounting procedures, including how operating revenues and expenses are reported. Because of these revisions, we have not provided comparisons with financial results from prior years.

BUILDING RENT Total rent revenues were \$4,441,649 in 2011. As the economy continued to improve, the number of national “city-wide” conventions grew from 29 in 2010, to 36 this year. Attendance at these events increased by 61,889 to 147,345 – the highest number of attendees since 2007. From July 4 through 8, over 13,000 Lions Club International members from 118 countries attended their annual convention, which was among the largest events ever held at WSCC. The Lions required 40 official convention hotels and over 100 shuttle buses to accommodate attendees. Other major city-wide events included the American Pharmacists Association, American Political Science Association, PAX Prime 2011, and Microsoft TechReady 12 and 13. SuperComputing 2011 featured an impressive array of the latest scientific and technical innovations from around the world, including the construction of the world’s largest supercomputer in Exhibition Hall 4F. The Progressive International Motorcycle Show returned to WSCC for the first time since 1999.

RETAIL RENT Around the WSCC campus are 19 restaurants and businesses providing a wide variety of services to convention attendees, adjacent office towers and local residents. Revenues from these leases reached \$600,766 in 2011. Notable changes included the closing of Sensé Salon; Seattle Shirt Company and Pike Street Promotions consolidated operations into one location; and Wild Rye Café Bakery opened for business at The Conference Center in April. Operated by ARAMARK for WSCC, Wild Rye features house-baked breads and pastries, as well as hearty sandwiches, soups and salads.

PARKING Revenue from the two WSCC parking garages came in at \$3,794,496. The main garage continues to boast a steady occupancy rate and maintains a waiting list for assigned parking applicants. The popularity of consumer shows such as the Northwest Flower & Garden Show, Seattle Wedding Show and Emerald City ComiCon draw large regional audiences that often fill the garages to capacity.

FACILITY SERVICES WSCC contracts with three independent vendors to provide in-house technical services for meeting and trade show clients. These services include audio visual (Audio Visual Factory); connectivity Internet and telecommunications (Convention Communication Provisioners, Inc.); and electrical services (Edlen Electrical Exhibition Services). Revenues from facility services were \$1,874,392 in fiscal 2011.

FOOD SERVICE Food service revenues of \$15,097,453 were reported in fiscal 2011. ARAMARK, the exclusive food service provider since the facility opened in 1988, continues to work closely with WSCC personnel to provide the highest-quality products and services to clients. Their award-winning programs to reduce waste and to purchase and serve locally sourced, sustainable food and beverage items continue to be very popular.

WSCC is the first banquet and meeting facility with an all-Pro Chef certified culinary team. The Pro Chef Certification program was created by the Culinary Institute of America and the American Culinary Federation to provide hands-on skill validation, recognize professional achievement, and provide knowledge and credentials to advance the culinary experience to clients. An example of their skills was featured in July when Chefs José Chavez, Mayra Melka-Baldwin and Brooks Magnuson competed against some of Seattle’s best restaurants at FareStart’s Guest Chef at the Waterfront event. WSCC won Best Entrée, Best Overall and achieved a tie for the People’s Choice award.

These award-winning chefs exceed expectations by creating uniquely regional dishes with the freshest ingredients provided by local farmers. In-season fruits and vegetables come from Northwest growers. The beef is from grain-fed cattle, fish from sustainable sources, and chicken from free-range farms. Breads and pastries are baked in-house daily using flour obtained from no-till farms in eastern Washington, and over 95 percent of the wines served are from this state’s outstanding wineries. Receptions are offered featuring wine bars, tastings led by wine makers, and special menu/wine pairings. This commitment has earned WSCC the Washington Wine Restaurant Award of Distinction four times – the only meeting and event facility to be so honored.



The East Lobby was refurbished in December 2011, as part of a three year, \$21 million program.

Convention Center Operations - Capital Projects

In September 2011, WSCC began a \$21 million refurbishment of the facility that includes an upgrade to finishes, furnishings and signage. The initial phase was completed by the end of December, with all of the exhibit halls, meeting rooms, ballrooms and pre-function spaces receiving new paint, wall coverings and carpet. The remainder of the interior projects will be completed in multiple phases throughout 2012 and 2013.

A warm palette of colors has been chosen to create an inviting environment for visitors that connects them to the beauty of the Pacific Northwest. Carpet patterns, especially designed for WSCC, define spaces and assist guests in wayfinding. Wood and stone finishes will be combined with classic and elegant features, including fireplaces in executive meeting spaces.

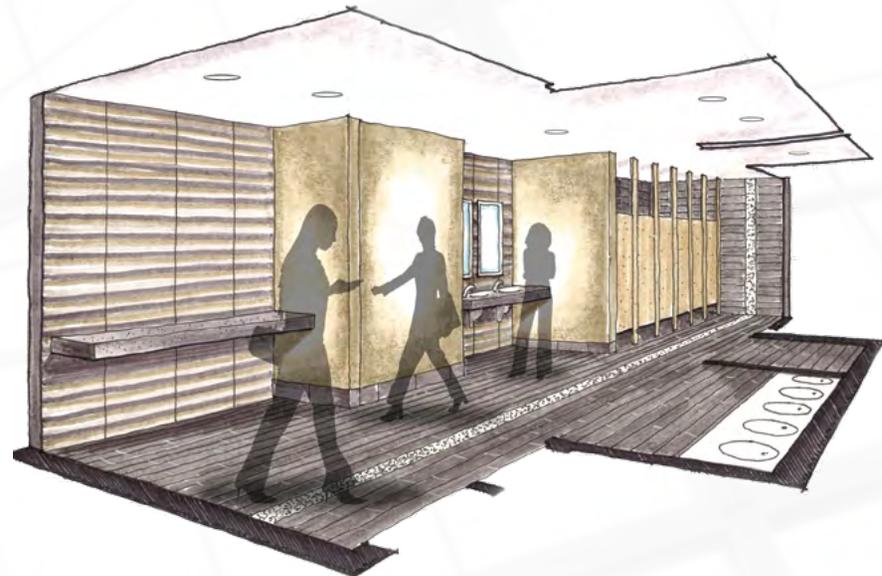
The upgrades incorporate sustainable materials, such as carpet and wall coverings made with recycled materials, long-life toxin-free porcelain tile, Greenguard and NFS-certified solid surfacing material, and low VOC paints, paneling and trim. Over 95 percent of the replaced carpet materials have been recycled, which diverted some 225,000 pounds of waste from the landfill. Similar finishes and design elements used in The Conference Center, a LEED certified meeting facility that opened within the WSCC campus in 2010, have proven to be extremely popular with guests.

Future interior renovations include improvements to public spaces and new digital meeting room and directional signage. All of the facility's restrooms will be completely updated with new tile, countertops, backlit mirrors, and energy-efficient plumbing fixtures. The remaining work will be scheduled between major events to have the least possible impact on clients.

The streetscapes surrounding WSCC will also see changes to better define the convention center campus. Enhancements along Pike Street will include new sidewalk finishes, stone planters filled with native species, improved lighting and updated exterior signage. The tunnel over 8th Avenue will also receive new lighting and ceiling treatments. Exterior work is scheduled for completion by mid-2013.



Room 601 will be converted to an elegant executive meeting space.



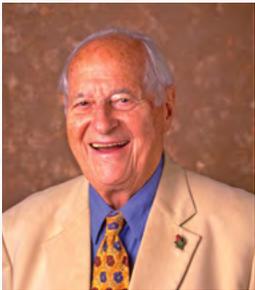
All WSCC restrooms will be renovated using sustainable materials.

Convention Center Transitions



John Christison directed the successful operation of WSCC as its president and chief operating officer for more than two decades until his retirement in November 2011. He assumed this role in January 1990, and led the growth of the center through the completion of three major construction projects, and began the process for future expansion. John established policies which have enabled WSCC to become an award-winning model in sustainability and in the use and promotion of Washington's food and beverage products. He was a leader in the successful effort to transition WSCC from a state nonprofit corporation to a public facilities district, allowing greater flexibility in its operations and retention of its reserves. He also worked as an instructor to the meetings industry, sharing his experience with others around the world. On his retirement, John received numerous accolades from his industry peers and government leaders, including official proclamations from Seattle Mayor Mike McGinn; King County Executive Dow Constantine; and Washington Governor Christine Gregoire; with each proclaiming Tuesday, October 25, 2011 as "John Christison Day" throughout their jurisdictions.

Following an extensive national search, John was succeeded as president by Jeffrey A. Blosser, who was then serving as executive director of the Oregon Convention Center (OCC) in Portland. Jeff had served in this role since 1989, where he provided leadership and strategic direction for that state's largest convention facility. He has long been an advocate of green meetings and led OCC's efforts to become the first convention center to receive LEED-EB (existing building) certification in 2005. Jeff received a bachelor's degree in business management and a master's of education degree in sports administration and facility management from Ohio University. He has served on numerous industry and community boards.



Former Washington governor and WSCC board member, Albert D. Rosellini died on October 10, 2011, at the age of 101. During a political career that spanned 40 years, Rosellini was an activist leader who worked to reform the state's prisons and mental health facilities, expand the state highway system, create the University of Washington Medical School and Dental School, and build a second floating bridge across Lake Washington.

Governor Al, as he was known to his friends, served on the WSCC board of directors from 1992 to 2005. Former WSCC President John Christison remembered him as "An active board member who was extremely helpful with the legislative process. The governor always provided wise council and strong support during his 13 years as a director. He will be missed."

Washington State Convention Center Public Facilities District financial statements and independent auditors' report for fiscal 2011 is available on the WSCC website at www.wsccl.com.

To request a printed copy of the financial statements, please contact WSCC Public Relations at 206.694.5000.

Report Design and Coordination

Brian Baum, Public Relations Specialist

Photography

Jetta Productions - Cover, inside front cover, pages 1 (upper), 4, 10 and backgrounds; Jules Frazier - Pages 1 (lower), 12 (upper) and inside back cover (lower); Brian Baum - Page 6 (all); E. J. Armstrong - Page 8; EHS Design - Page 11 (both); WSCC Archives - Page 12 (lower); Benjamin Winters - inside back cover (upper).

WSCC Board of Directors and Executive Staff



Washington State Convention Center - Board of Directors

FROM LEFT TO RIGHT:

Karen Wong
Rick S. Bender (standing)
J. Terry McLaughlin
Deryl Brown-Archie - Vice Chair
Frank K. Finneran - Chairman
Susana Gonzalez-Murillo
Jerome L. Hillis
Harry G. Sladich (standing)
Robert J. Flowers



Washington State Convention Center - Executive Staff

FROM LEFT TO RIGHT:

Ron Yorita - Director of Operations
Chip Firth - Director of Finance and Administration
and Chief Financial Officer
Krista Daniel - Director of Event Services
Jeffrey A. Blosser - President and Chief Executive Officer
Linda Willanger - Vice President of Administration
and Assistant General Manager
Ed Barnes - Vice President of Operations
Michael McQuade - Director of Sales and Marketing



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