

Rebuilding Convention Industry

(Last of a four-part series)

In a recent convention center feasibility study prepared for the City and County of Santa Cruz, the Santa Cruz Convention and Visitors Bureau listed some of the problems facing the area in rebuilding the convention industry. The report also suggests how some of these problems can be overcome with the creation of a new center.

First, the bureau looked at the potential impact of the proposed convention center. The recommendation to take immediate steps to construct the first phase of a center reflects a desire by the bureau membership to solve a number of problems currently facing the local economy.

One problem is the high vacancy factor in transient facilities, especially during the "off season." At present 1500 better units have an average occupancy of 40 per cent, well below the accepted level of 60 to 70 per cent. The low occupancy contributes to a number of economic and social problems including management problems, high rates during peak periods, acceptance of undesirable tenants, poor land usage, lack of adult entertainment and many more.

With completion of the proposed center it is estimated in the report that the new facility could attract close to 50,000 new convention delegates. The majority would stay in existing motel facilities and increase the total level of occupancy to 60 per cent, a 50 per cent increase in gross business and a higher percentage increase in terms of net profits.

Another problem defined in the report is the high unemployment level in Santa Cruz County. Much unemployment can be traced to seasonal fluctuation in the local service in-

dustry, particularly restaurants, service stations, motel/hotels and other firms dealing with the public. This unemployment includes many unskilled workers who have no other opportunities for employment.

The bureau's study indicates the new center could generate \$3,997,500 in new wages. In an application to the federal government for financial assistance to construct the center, the Santa Cruz Area Chamber of Commerce reported that some 500 new jobs would be available with completion of the project and close to 1400 new job opportunities created. The secondary jobs would be created when convention money begins its 10-cycled trip around the county.

During the 1920s and '30s, when Santa Cruz was a strong name in the convention industry, local investment in recreation surpassed all state averages. The reasons for lack of private investment are the seasonality and the inability to attract large conventions. This in turn has even resulted in Santa Cruz losing the small convention groups and recreation business to areas with up-to-date facilities.

The bureau's feasibility report suggests that "public investment brings private investment." In all of the communities surveyed, construction of a convention center has attracted not only new motel/hotel facilities, but investments by existing facilities in remodeling buildings or increasing sizes. The new investments varied directly with the ease of obtaining reasonably priced properties and the general environmental surroundings of the convention center.

An immediate increase in city and county sales tax by some \$30,000 is predicted with new convention expenditures. The figure does not include the visitors expenditures at the Lighthouse Point retail development. Also, property tax income will increase.

The decision to place the Santa Cruz convention potential at approximately 50,000 delegates a year was reached after comparing Santa Cruz' goals to achievements of other convention communities in Northern California. With the exception of San Francisco and Fresno, the convention facilities will mean that Santa Cruz will have a somewhat better "convention package" than other convention communities in Northern California.

Since conventions in Northern California are usually northern-based groups who hold their meetings north of Fresno or statewide groups which meet

in Northern California every other year, Santa Cruz need be concerned only with competition in the north.

Secondary markets include West Coast regional, national and international conventions. Although Santa Cruz occasionally will receive one of these conventions, the markets will not be lucrative for some time due to the widened scope of competition.

San Jose, Santa Rosa and Stockton are limited in the number of rooms available for delegates, and, like Santa Cruz, they have declined steadily in state competition. With the new convention center it is not likely that Santa Cruz would face an insurmountable challenge from them.

Oakland, because of the lack of both public and private facilities, has found its share of the market declining. Oakland should maintain its present state level with its new sport and exhibit arenas and if it expands its airport convention facilities.

Monterey, historically a rival to Santa Cruz, looms as a major convention capital for Northern California. Several charming hotels, following the lead of Holiday Inns, are slated for construction in the Monterey-Carmel area in the near future. Additional rooms undoubtedly will build pressure for a convention center and quickly establish the peninsula as a major convention spot. It would seem that completion of a center by either of the rival communities would delay the feasibility of a center by the other area.

Sacramento, because it is the State Capitol, will continue to be a strong competitor. Sacramento hopes to complete a new center complex in the early '70s and it is likely that the city will regain its position at the second largest convention town in Northern California.

Fresno and San Francisco have all the ingredients for successful convention cities. They can be expected to expand their market in the years to come. This does not mean, however, that groups meeting there will not consider Santa Cruz. Many statewide groups are finding San Francisco too expensive. The San Francisco Bureau tends not to solicit the smaller conventions. The bureau leaves this area to the San Francisco hotel industry.

Weather is the big drawback in Fresno. Despite its central location, it offers little in the way of recreation or sightseeing for the delegate or his family.

South Lake Tahoe and Reno also must be considered able competitors, however, their as-

sets and liabilities seem to support the belief that Santa Cruz can sustain a convention business of 50,000 delegates a year after suitable promotion, public facilities and expanded private investments.

The local bureau suggests that the area has many fine advantages for holding conventions here: Prices, centralized facilities, climate, recreation, sightseeing, relaxing setting and UCSC, which should attract many academic conventions.

Transportation, particularly for air-oriented conventions, often has been listed as a major stumbling block to attracting some statewide, West Coast, national and international groups to Santa Cruz. It certainly must be included on the list of factors limiting the market, but certainly does not eliminate Santa Cruz as a contender.

While some groups rank air transportation as a must, large number of groups meet in areas located much farther away from an international facility than Santa Cruz.

For the near future the local bureau is depending on growth of the San Jose Airport. The major problem is low cost ground transportation between here and San Jose.

With adequate ground transportation the bureau estimates that the convention delegate could leave Los Angeles International Airport by jet and be in Santa Cruz in one hour and forty-five minutes. The bureau also noted that three major air carriers already serve Southern California from San Jose and that the Civil Aeronautics Board recently approved five more major carriers to operate direct flights from San Jose to New York, Chicago, Dallas and Honolulu and other cities. The major carriers have indicated that they should be operating in two or three years.

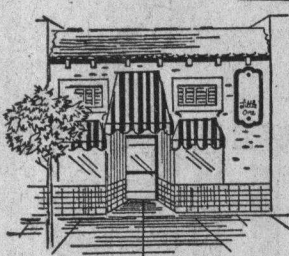
Third level carriers probably will be the final answer for Santa Cruz' air problems. Many of these businesses have sprung up in California and are making profits serving communities like Santa Cruz. The county already has two airports that third level carriers can operate from. They will come when there is a market for profit.

Lack of headquarter facilities, evening activities and the community image, all of which are rapidly changing, are other disadvantages listed by the bureau.

Money is needed to put Santa Cruz on a competitive basis with other cities and counties bidding for conventions.

Iranian women voted for the first time in Iran's history on September 17, 1963.

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