

Feasibility Analysis of a Potential Convention Center in Lake County, Indiana

July 9, 2018



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Mr. Bill Hanna
President & CEO
Northwest Indiana Regional Development Authority
9800 Connecticut Drive
Crown Point, Indiana 46307

Dear Mr. Hanna:

Conventions, Sports & Leisure International (CSL), with assistance from Sycamore Advisors, has completed a report related to a feasibility analysis for a potential Convention Center in Lake County, Indiana. The study was commissioned by the Northwest Indiana Regional Development Authority (NWIRDA), with participation by the 19 municipalities within Lake County. The attached report presents our research, analysis and findings and is intended to assist the NWIRDA and other project stakeholders in evaluating the viability of facility development.

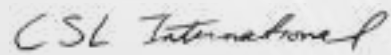
The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, data provided by study stakeholders, surveys of potential facility users, discussions with industry participants and analysis of competitive/comparable facilities and communities. The sources of information, the methods employed, and the basis of significant estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

The findings presented herein are based on analysis of present and near-term conditions in the Lake County area as well as existing interest levels by the potential base of users for a convention center project. Any significant future changes in the characteristics of the local community, such as change in population, corporate inventory, competitive inventory and visitor amenities/attractions, could materially impact the key market conclusions developed as a part of this study. As in all studies of this type, the estimated results are based on competent and efficient management of the potential facility and assume that no significant changes in the event markets or assumed immediate and local area market conditions will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct.

The report has been structured to provide study stakeholders with a foundation of research to provide decision makers with the information necessary to evaluate issues related to potential future decisions concerning the proposed development of a Convention Center and should not be used for any other purpose. This report, its findings or references to CSL may not be included or reproduced in any public offering statement or other financing document.

We sincerely appreciate the assistance and cooperation we have been provided in the compilation of this report and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,



CSL International

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Conventions, Sports & Leisure International (CSL), with the assistance of Sycamore Advisors, was retained by the Northwest Indiana Regional Development Authority (NWIRDA), with participation by the 19 municipalities within Lake County, to conduct a feasibility study associated with a potential convention center.

The attached report presents our research, analysis and findings and is intended to assist the NWIRDA and other project stakeholders in evaluating the viability of facility development. The full report should be reviewed in its entirety to gain an understanding of the study's methods, limitations and implications.

INTRODUCTION & METHODS

With the recent closures of the Star Plaza Theatre and the Radisson Hotel and Conference Center in Merrillville, many within the community believe that Lake County now lacks the proper facilities to accommodate high economic impact event activity, including conventions, conferences and tradeshow of all sizes. This loss of share in the regional event marketplace represents the impetus for this study, and an important study objective is to investigate whether a Lake County convention center could recapture lost business, while also attracting new economic impact generating events to Lake County.

The feasibility study contracted for this engagement consists of a detailed set of research and analysis designed to generate informed conclusions regarding a potential convention center in Lake County as to market demand, building program, event and market performance levels, order-of-magnitude construction costs, financial operations, economic impacts and funding.

The study process consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

1. Experience garnered through more than 1,000 convention, event and hospitality facility planning and benchmarking projects throughout the country.
2. Local market visits at the outset of the project, including community and facility tours, and discussions with study stakeholders.
3. In-person and telephone interviews, meetings and focus groups with nearly 100 local Lake County area individuals including NWIRDA representatives, County government, South Shore Convention and Visitors Authority, representatives from each of the 19 communities within Lake County, local hoteliers and business leaders; and, other visitor industry and community stakeholders.
4. Benchmarking research and analysis of facility data and interviews conducted with 33 competitive/regional and 18 comparable convention center facilities.
5. Completed telephone interviews with over 120 potential users of a convention center in Lake County, representing nearly 1,700 rotating events.

EXECUTIVE SUMMARY

MARKET DEMAND

A detailed set of research and analysis was conducted for this study to form conclusions about market demand and opportunities for a potential convention center in Lake County. Based on interviews of meeting/event planners, which includes corporate/independent meeting planners, state/regional association and SMERF (social, military, educational, religious, fraternal) event planners, and key past users of the Radisson Hotel at Star Plaza, we have made the following observations and preliminary recommendations:

- Given Lake County's local market characteristics and the event profiles of other comparable convention facilities in similar markets, it is believed that the primary non-local event markets for a convention center in Lake County would be events hosted by state and regional groups, in addition to corporate and other types of event activity from the Chicago/Northwest Indiana greater metropolitan area and throughout the state of Indiana. This demand represents an opportunity to enhance and diversify demand for hotel room nights, inject new spending into the region and introduce Lake County to a wide array of event attendees unfamiliar with the area.
- Overall, survey results suggest that the level of unmet demand from rotating state and regional convention and conference markets is moderate to strong. Existing convention and event facilities in Lake County are unable to accommodate the majority of state/regional markets that are interested in the Lake County destination.
- With the loss of the both the Star Plaza and the Radisson Hotel at Star Plaza, significant local demand exists for an event space that could accommodate a number of civic gatherings and local consumer shows, as well as small meetings, banquets, and receptions. These and other events have been forced to look for space at venues outside of Lake County or within sub-optimal event venues within Lake County.
- Based on survey results and experience with past projects, demand would suggest an opportunity for 55,000 to 75,000 square feet of sellable space with a 35,000 to 45,000 contiguous exhibition hall. For optimal market capture, the Center would need to be attached to a 225- to 275-room hotel property (assuming a 70 percent committable room block rate from the hotel for convention center events) and be in close proximity to approximately 400 to 450 committable hotel rooms.
- Should White Lodging develop any new hotel & conference center product to replace the closed Radisson Hotel, the market opportunity for a potential convention center may be impacted. The impact of such a development could either be favorable or unfavorable for a potential Lake County convention center project, depending on a variety of factors/issues.
- Key challenges of the Lake County destination (and a primary reason for non-local event planners' disinterest) include its non-centralized location (within the state) and the number of event planning groups are primarily oriented in and around the Indianapolis metropolitan area.
- Based on responses of interested event organizers, it will be important to position a potential convention center in Lake County with strong highway/ transportation access, and near restaurants and nightlife options.

EXECUTIVE SUMMARY

SPACE PROGRAM & CONSTRUCTION COSTS

The market supportable program represents a convention center facility that would be optimized in terms of size and finish to address the majority of Lake County and Northwest Indiana’s measured market demand and to maximize economic impacts.

Based on the analyses, key aspects of a market supportable facility program for a potential Lake County convention center are presented to the immediate right.

The exhibit to the far right presents a visual representation of how the assumed convention center program would align with the typical product requirements and preferences of variety event types. Convention center space, such as that suggested for a Lake County project, is typically the most versatile facility product in the event industry—hosting a wide diversity of event types and customer/attendee bases.

The analysis suggests that hypothetical development costs (hard, soft and site costs) for a new convention center in Lake County could approximate \$58.0 million.

1. CONVENTION CENTER SPACE (70,000 SF sellable, approx. 145,000 GSF)

A. Exhibit Hall:

- 40,000 SF subdividable, column-free, concrete floor
- 30 to 35-foot ceiling height, utility floor grids, state-of-the-industry loading/access

B. Ballroom:

- 17,000 SF subdividable, column-free, carpeted, upscale
- 25 to 30-foot ceiling height

C. Breakout Meeting Rooms:

- 13,000 SF of breakout meeting space, subdividable, carpeted, upscale space

2. OTHER REQUIREMENTS




- Headquarters Hotel: attached/adjacent 225-room or larger full-service hotel with national brand
- Primary Supporting Hotel Rooms: 400 or more quality hotel rooms within walking distance
- Secondary Supporting Hotel Rooms: 700 or more quality hotel rooms within ½ mile

Alignment of Facility with Event Types

Flat Floor / Business-Focused	
Conventions (with exhibits)	Strong alignment with facility
Conventions (without exhibits)	Moderate alignment with facility
Tradeshows	Moderate alignment with facility
Public/Consumer Shows	Moderate alignment with facility
Conferences	Moderate alignment with facility
Meetings	Moderate alignment with facility
Banquets	Moderate alignment with facility
Receptions	Moderate alignment with facility
Meetings	Moderate alignment with facility
Civic meetings/assemblies	Moderate alignment with facility

Entertainment / Spectator-Focused	
Concerts (touring)	Moderate alignment with facility
Concerts (local/community)	Moderate alignment with facility
Family Shows	Moderate alignment with facility
Ice Shows	Moderate alignment with facility
Boxing/MMA	Moderate alignment with facility
Professional/Minor League Sports (tenant)	Moderate alignment with facility
Professional/Minor League Sports (exhibitions)	Moderate alignment with facility
Rodeos	Moderate alignment with facility
Tractor Pulls / Motocross	Moderate alignment with facility
Broadway/Musicals	Moderate alignment with facility
Theatricals/Plays	Moderate alignment with facility
Opera	Moderate alignment with facility
Ballet / Dance Productions	Moderate alignment with facility

Entertainment/Leisure / Participant-Focused	
Basketball tournaments, camps/clinics	Moderate alignment with facility
Volleyball tournaments, camps/clinics	Moderate alignment with facility
Gymnastic meets, camps/clinics	Moderate alignment with facility
Wrestling meets, camps/clinics	Moderate alignment with facility
Cheer/dance competitions, camps	Moderate alignment with facility
Futsal tournaments, clinics	Moderate alignment with facility
Table tennis tournaments	Moderate alignment with facility
Indoor soccer tournaments, camps/clinics	Moderate alignment with facility
Pickleball tournaments, camps/clinics	Moderate alignment with facility
Open recreation	Moderate alignment with facility
Civic events	Moderate alignment with facility
Festivals/fairs	Moderate alignment with facility
Graduations/commencements	Moderate alignment with facility
Cultural/heritage events	Moderate alignment with facility

Legend:
 Strong alignment with facility = 
 Moderate alignment with facility = 
 Weak alignment with facility = 

EXECUTIVE SUMMARY

SITE ANALYSIS

As important as size and configuration, the location and site of a convention center can have a significant impact on the facility's operational success and its ability to generate new visitation and associated economic impact in a host community. An assessment of potential site/locations within Lake County was conducted to determine what general areas might be best suited as a host site/location for a convention center in Lake County.

For a convention center project, proximity to quality hotel inventory is the single most important factor. Without a sizeable, quality hotel property that is attached or adjacent, a convention center will be extremely limited in its ability to attract non-local conventions and tradeshow. Without this type of hotel support, the convention center will function more as a "local" venue, such as a community center or civic center. Given the nature of the Lake County destination and its lack of a traditional downtown central business district (offering a pedestrian-friendly environment with walkable restaurants, bars, nightlife, entertainment, retail with character, etc.), the importance of planning for mixed-use development in a larger district containing the convention center will likely be greater with any Lake County site.

Throughout the study process, with the assistance of the Study Committee and through the research and community outreach process, a large number of site/location ideas were forwarded to the project team. It was apparent that the large number of possible sites/locations that were initially cataloged were widely varied in terms of their suitability and strengths as a host site for any potential convention center project. In fact, many of them were considered to have one or more fatal flaws that should remove them from consideration. As such, a first step in the analysis was to establish a set of Qualifying Criteria to remove from the final analysis prospective site/locations possessing fatal flaws or important weaknesses. In order to advance to the final site analysis step, each of cataloged site/location ideas must have passed or met each of the Qualifying Criteria. Fundamentally, the Qualifying Criteria limited consideration of sites/locations to the northern half of the Lake County and those in or near established areas of commerce. Based on industry best practices and our experience with projects throughout the country, this is logical and appropriate, given the significantly higher concentration of visitor amenities (including the ability to leverage multiple proximate hotel properties), population base (in-county and regional), and transportation accessibility in north County relative to south County.

Of the nine sites that qualified for the final round, the following five ranked as the strongest potential sites/locations for a convention center in Lake County: former Radisson/Star Plaza site, Century Mall, Hobart Silverstone, Kennedy Ave & I-94, and Majestic Star Casino. The specific location, characteristics, and strengths/weaknesses of these sites, along with the other four site finalists, are detailed within the full report.

The five highest ranked sites could offer the greatest combination of strengths and smallest impactful weaknesses among the site/location finalists. All five possess good accessibility, visibility, location proximity to population bases and/or visitor industry amenities, and ancillary economic development opportunities. The former Radisson/Star Plaza site, in particular, would benefit from the addition of multiple hotel products (including a mix of full-service and focused-service properties) being planned by White Lodging in adjacent/proximate parcels.

EXECUTIVE SUMMARY

ESTIMATES OF PERFORMANCE AND COST/BENEFIT

An analysis was conducted to estimate potential utilization and costs/benefits associated with a convention center in Lake County. Initially, based on the results of the market demand and building program analyses, modeling and analysis was performed to generate performance estimates for a potential convention center. Performance estimates for a potential convention center have been presented over a 20-year projection period. A stabilized year of operation is assumed to occur by the fifth full year of convention center operation. All dollar figures are represented in terms of 2018 dollars.

The development and operation of a potential convention center in Lake County would be expected to generate quantitative benefits to Lake County and its residents. Based on the analysis, key annual and 20-year cumulative utilization and cost/benefit metric estimates include those indicated to the right. The quantified economic impact estimates represent spending that is estimated to be “new” to Lake County as generated by the construction and operation of a potential convention center. The new Lake County spending is generated through the construction period and then from in-facility spending and out-of-facility spending by non-local convention center attendees

In addition to the quantifiable benefits associated with a potential convention center in Lake County, there are a number of likely new benefits that cannot be quantified. In fact, these qualitative benefits tend to be a critical factor in the consideration of public and private investment in facilities of this nature. These include issues pertaining to quality of life (through attracting events that would not otherwise travel to Lake County, as well as hosting civic, entertainment and private events), ancillary economic development facilitation, employment opportunities, community pride, and other such items.

The quantitative impact figures do not include economic impact that could be generated by other facility elements at the greater site (such as potential new hotel, restaurant, retail, residential and other such elements that could be developed in addition to the convention center itself). Some of the quantified economic impacts associated with convention center attendance would be quantitatively captured by some of these potential other facilities, but substantial additional economic impact could be generated by any additional mixed-use elements that are developed at, or near, the site. The net effect of a calculation of quantified economic impact could hypothetically be several times greater in magnitude (depending on the level of investment and development that is ultimately realized at, or near, the site).

Key Performance Estimates	Stabilized Year 1	20-Year Total
Events	273	5,291
Event Days	363	6,985
Utilization Days	485	9,306
Operating Revenue	\$1,888,822	\$36,363,528
Operating Expenses	\$2,334,421	\$46,037,400
Hotel Room Nights	47,549	894,310
Direct Spending	\$19,499,604	\$394,287,668
Total Economic Output	\$32,289,307	\$653,718,859
Personal Income (Earnings)	\$11,001,523	\$222,644,112
Employment (full & part-time jobs) (1)	449	761
Tax Revenue (2)	\$2,222,010	\$44,341,695

(1) 20-year Employment estimate represents the peak year during the period.

(2) Tax Revenue includes 5% County Innkeepers Tax, 1.5% County Income Tax, and 7% State Sales Tax.

EXECUTIVE SUMMARY

FUNDING ANALYSIS

An analysis was conducted for the purpose of summarizing various public and private sector funding opportunities that could represent possible sources of funding to develop a potential convention center in Lake County and meet any on-going operating requirements and capital reserves. The funding analysis presented herein is not intended to be an exhaustive review of all potential sources, but rather a review of the most likely funding sources that may be available specific to this project.

While there are multiple revenue sources which could potentially be used to help support capital expenditures related to a convention center in Lake County, realistically, two revenue streams likely are the most feasible: (1) a Food & Beverage Tax; and (2) existing TIF revenues (assuming the final site is in a TIF District). The analysis used to arrive at these two revenue streams (1) excluded property taxes as a primary source of security; (2) excluded public sector revenues (such as water and sewer fees) restricted to other uses; and (3) assessed the relative ease in creating or accessing the revenue stream and a lack of prior claims to the revenue streams.

(1) Food & Beverage Tax. Under existing law, Lake County's fiscal body may authorize a 1% Food and Beverage Tax by ordinance without additional legislation from the Indiana General Assembly. Once the tax is adopted, *"The entire amount received from the taxes imposed by a county under this chapter shall be paid monthly by the treasurer of state to the treasurer of the Northwest Indiana Regional Development Authority."* Funds must be deposited in the 'development authority fund' and may be used for legally authorized purposes, including economic development projects in Lake County. LSA's 2018 fiscal impact statement for HB 1099 (which did not pass this session) included Food & Beverage Tax revenue projections for each county in Indiana, based on the collections of the current counties and municipalities that impose the tax. For Lake County, LSA estimated \$9.4 million in revenues for calendar year 2019 and \$9.8 million in 2020. It should be noted that if Lake County implements the Food & Beverage Tax and desires to use those revenues to secure a bond issue, bondholders and rating agencies may require a backup source of funding, at least until the County has several years of actual revenues from this source.

(2) Existing TIF Revenues. There are currently 54 different Tax Increment Financing districts within Lake County. For calendar year 2015, the most recent year for which data is available online, the Indiana Department of Local Governments reported revenues of \$66.47 million from all 54 TIF districts, based on an incremental assessed value of \$1.657 billion. Individual TIF district revenues vary widely, with eight districts reporting no revenues in 2015 while the Whiting Allocation Area reported \$15.46 million and two districts in Hobart reported revenues of over \$4 million each. If the site selected is in an existing TIF district that has capacity (i.e., available revenues), those revenues could become available for this project.

Other options considered include the County's Economic Development Tax (\$27.7 million county-wide in 2017; Lake County allocation was \$8.5 million, but these revenues are currently dedicated to existing projects); an increase in the Innkeeper's Tax, with allocation of the new revenues to this project (this would require approval of the Indiana General Assembly); and the creation of a Community Revitalization and Enhancement District, where Lake County could capture the incremental growth in state sales tax and income tax in the area and use it for the convention center project if the site meets the statutory criteria.

1. INTRODUCTION



1. INTRODUCTION: Project Background

Conventions, Sports & Leisure International (CSL), with the assistance of Sycamore Advisors, was retained by the Northwest Indiana Regional Development Authority (NWIRDA) to conduct a feasibility study associated with a potential convention center in Lake County, Indiana. With the recent closures of the Star Plaza Theatre and the Radisson Hotel and Conference Center in Merrillville, many within the community believe that Lake County now lacks the proper facilities to accommodate high economic impact event activity, including conventions, conferences and tradeshows of all sizes. This loss of share in the regional event marketplace represents the impetus for this study, and an important study objective is to investigate whether a Lake County convention center could recapture lost business, while also attracting new economic impact generating events to Lake County.

The study process consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

1. Experience garnered through more than 1,000 convention, event and hospitality facility planning and benchmarking projects throughout the country.
2. Local market visits at the outset of the project, including community and facility tours, and discussions with study stakeholders.
3. In-person and telephone interviews, meetings and focus groups with nearly 100 local Lake County area individuals including NWIRDA representatives, County government, South Shore Convention and Visitors Authority, representatives from each of the 19 communities within Lake County, local hoteliers and business leaders; and, other visitor industry and community stakeholders.
4. Benchmarking research and analysis of facility data and interviews conducted with 33 competitive/regional and 18 comparable convention center facilities.
5. Completed telephone interviews with over 120 potential users of a convention center in Lake County, representing nearly 1,700 rotating events.



1. INTRODUCTION: Scope of Work

The feasibility study contracted for this engagement consists of a detailed set of research and analysis designed to generate informed conclusions regarding a potential convention center as to market demand, building program, event and market performance levels, order-of-magnitude construction costs, financial operations, economic impacts and funding.

An outline of the scope of work is provided below.

PHASE 1: ANALYSIS OF MARKET DEMAND

1. Site visit, tours, meetings
2. Local market conditions
3. Competition analysis
4. Comparable analysis
5. Industry characteristics and trends
6. Potential user telephone surveys
7. Indicated building program

PHASE 2: ANALYSIS OF SITE, COST/BENEFIT & FUNDING

1. Program refinement and development options
2. Event/use levels analysis
3. Site/location analysis
4. Preliminary construction cost and financial operations analysis
5. Economic impact analysis
6. Funding analysis
7. Preparation of report



1. INTRODUCTION: Acknowledgements

CSL would like to thank the following individuals and organizations for their participation in this study effort:

CONVENTION CENTER STUDY STEERING COMMITTEE:

B.R. Lane - Resolute Consulting
Bill Hanna - Northwest Indiana Regional Development Authority
Bill Sheldrake - Policy Analytics, LLC
Chris White - The Times Media Co.
Daniel Dernulc - Lake County Council
Dewey Pearman - Construction Advancement Foundation of Northwest Indiana
Erika Dahl - South Shore Convention and Visitors Authority
Heather Ennis - Northwest Indiana Forum
Katie Holderby - South Shore Convention and Visitors Authority
Leah Konrady - One Region
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Randy Palmateer - NW Indiana Building & Construction Trades Council
Sherri Ziller - Northwest Indiana Regional Development Authority
Speros A. Batistatos - South Shore Convention and Visitors Authority
Ted Bilski - Lake County Council
Tom Keon - Purdue University Northwest
Ty Warner - Northwestern Indiana Regional Planning Commission



1. INTRODUCTION: Acknowledgements

CSL would like to thank the following individuals and organizations for their participation in this study effort:

COMMUNITY STAKEHOLDER PARTICIPATION:

Aemish Patel - Best Western NWI Inn
Africa Tarver - Planning & Development, City of Hammond
Amy Gross - Cedar Lake
Andrea Pearman - Diversified Marketing
Andrew Kyres - First Financial Bank
Anthony Schlueter - City of Crown Point
Ben Bochnowski - Peoples Bank
Bill Laird - Town of Merrillville
Bob Novick - City of Lake Station
Brian L. Poland - City of Hammond
Bruce Spires - Town of Merrillville
Cal Bellamy - Krieg Devault
Chancellor William Lowe - Indiana University Northwest
Chris Kaemerer - Ramencon Convention
Chuck Hughes - Gary Chamber of Commerce
Commissioner Jerry Tippy - Lake County
Councilmember Christine Cid - Lake County
Councilmember Eldon Strong - Lake County
Councilmember Elsie Brown-Franklin - Lake County
Councilmember Shawn Pettit - Town of Merrillville
Dan Botich - SEH Inc.
Dan Klein - Former Mayor, Crown Point
Dan Nita - Horseshoe Casino
Dan Vicari - Gary-Chicago International Airport
Danielle Sparavalo - South Shore Convention and Visitors Authority
Dave Rayn - Lakeshore Chamber of Commerce
Dave Schafer - Town of Munster

Deann Patena - Fair Oak Farms
Denarie Kane - City of Hobart
Deno Yiankes - White Lodging
Donald Babcock - NIPSCO
Dustin Anderson - Town Manager, Town of Munster
Ed Mamrila - Vision Hospitality
Greg Vitale - Munster Parks and Recreation Department
Gus Olympidis - Family Express Corp.
Harley Snyder - HSC
Harry Vande Velde - South Shore Leadership
Jeff Good - Good Hospitality, Porter County Commissioner
Jeff Strack - Strack & Van Til
Jill Murr - Town of Cedar Lake
Jim Lefrense - Majestic Star Casino
John Cain - South Shore Arts
John Diederich - Peoples Bank
John Mengel - ArcelorMittal
Justin Mount - Chief of Staff, Senator Donnelly
Karen Lauerman - Lake County Economic Alliance
Kathy Degiulo-Fox - Town of Highland
Kay Nelson - NWI Forum
Kevin Smith - Smith Sersie Law Firm
Larry Fabina - ArcelorMittal
Luke Weinman - South Shore Convention and Visitors Authority
Lynn Eplawy - Gary Jet Center
Mark Heintz - Hammond Civic Center
Mark Lopez - Chief of Staff - Congressman Visclosky

Mark McLaughlin - City of Hammond
Matt Reardon - MCR Partners
Matt Saltanovitz - Indiana Economic Development Commission
Mayor Dave Uran - City of Crown Point
Mayor Joe Stahura - City of Whiting
Mayor Brian Snedecor - City of Hobart
Mayor Karen Freeman Wilson - City of Gary
Megan Menacher - South Shore Convention and Visitors Authority
Michael Flannery - Purdue University Northwest
Mike Hrinyo - City of Whiting
Mike Noland - NICTD
Milton Reed - City of East Chicago
Paul Labovitz - Indiana Dunes National Lakeshore
Phil Taillon - City of Hammond
President Randy Niemeyer - Cedar Lake Town Council
President Richard Hardaway - Merrillville Town Council
President Rick Ryfa - Griffith Town Council
Representative Earl Harris
Rick Flutka - South Shore Convention and Visitors Authority
Rinzer Williams - Genesis Convention Center
Rodney Philipine - Majestic Star Casino
Scott Olthoff - CORE Construction
State Representative Julie Olthoff
Sue Reed - Crossroads Chamber of Commerce
Tom DeGiulio - Town Manager, Town of Dyer
Tom Keilman - BP
Tom Vanderwood - Town of Munster

2. LOCAL & REGIONAL ANALYSIS




2. LOCAL & REGIONAL: Key Market Demographics

The exhibit below illustrates the location of Lake County and its proximity to nearby markets. Additionally, the exhibit demonstrates the markets and land area captured within 30-, 90- and 180-minute estimated driving distances from the former Star Plaza Theatre site in Merrillville (this site was selected due to its central location within the County). These distances will be utilized throughout the report for analyzing and comparing demographic and socioeconomic variables.

Neighboring the northeast portion of Illinois, much of Lake County is less than an hour's drive away from downtown Chicago. The County is located at the confluence of three major interstates (65, 90 and 94) and less than three hours away from major population centers such as Detroit to the east, Indianapolis to the south, Milwaukee to the north and St. Louis to the west.

As shown, the estimated 2018 population within a 30-minute drive of the former Star Plaza Theatre site is approximately 707,000, which is an estimated 4.6 percent increase over the 2000 population within that radius. This increase, as well as the population growth in markets captured by 90- and 180-minute radii, is less than the estimated 11.0 percent increase throughout the state of Indiana and the 16.4 percent increase throughout the U.S.



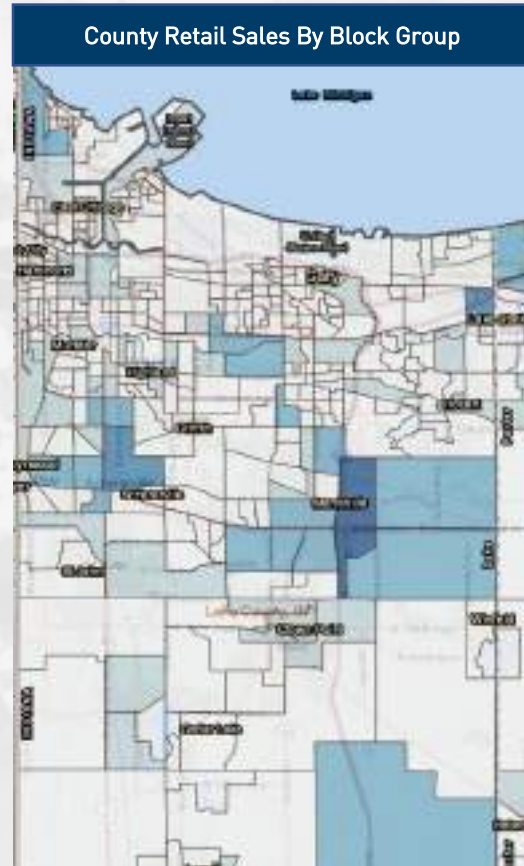
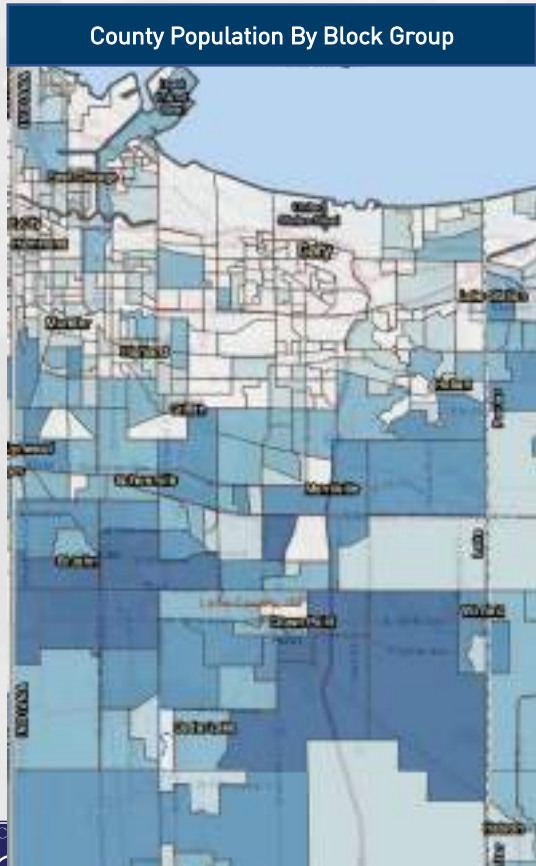
Market	Distance from Lake County*	Drive Time	Market Population	Demographic Variable	Lake County	30-minute	90-minute	180-minute	State of Indiana	U.S.
Chicago, IL	42 mi.	0:50	9,551,000	Population (2000)	484,564	676,294	8,100,025	19,206,852	6,080,485	281,421,906
South Bend, IN	71 mi.	1:15	320,100	Population (2010)	496,005	701,821	8,223,198	20,092,955	6,483,802	308,745,538
Indianapolis, IN	142 mi.	2:10	1,988,800	Population (2018 est.)	495,069	707,224	8,411,350	20,641,723	6,746,689	327,514,334
Milwaukee, WI	140 mi.	2:10	1,575,800	% Change (2000-2018)	2.2%	4.6%	3.8%	7.5%	11.0%	16.4%
Grand Rapids, MI	154 mi.	2:20	1,038,600	Population (2022 est.)	491,870	708,732	8,526,330	21,028,709	6,932,143	341,323,594
Fort Wayne, IN	123 mi.	2:30	429,800	% Change (2018-2022)	-0.6%	0.2%	1.4%	1.9%	2.7%	4.2%
Madison, WI	190 mi.	3:05	641,400	Avg. Household Inc. (2018 est.)	\$ 67,913	\$ 71,041	\$ 83,341	\$ 80,321	\$ 68,971	\$ 80,675
Cincinnati, OH	254 mi.	3:50	2,157,700	Avg. Household Inc. (2022 est.)	\$ 76,226	\$ 79,744	\$ 94,289	\$ 90,742	\$ 78,326	\$ 91,585
Louisville, KY	255 mi.	3:55	1,278,400	% Change (2018-2022)	12.2%	12.3%	13.1%	13.0%	13.6%	13.5%
Detroit, MI	257 mi.	3:55	4,302,000	Median Age (2018, in years)	38.8	39.0	36.8	37.5	38.1	38.2
St. Louis, MO	308 mi.	4:35	2,811,600	Businesses (2018 est.)	14,769	21,515	286,053	699,265	215,008	11,611,226
Evansville, IN	266 mi.	4:40	315,700	Employees (2018 est.)	203,368	277,700	4,256,951	10,475,195	3,247,434	152,829,200
Columbus, OH	315 mi.	4:50	2,021,600	Employee/Residential Population Ratio	0.41:1	0.39:1	0.51:1	0.51:1	0.48:1	0.47:1

Source: Google Maps, ESRI, 2018.

2. LOCAL & REGIONAL: Key Market Demographics

As shown in the heat maps below, the population within Lake County is generally dispersed throughout its land area, and retail trade sales are strong in select pockets located in Merrillville, Schererville, Hobart and East Chicago. It should be noted, however, that certain block groups within the County have a sizable difference in the land area covered, providing somewhat deceiving population and retail sales density indications.

When looking at the six most likely cities to host a potential Convention Center, shown in the exhibit to the right, it is important to note that the cities of Gary and Hammond currently possess the greatest population centers within the county, with nearly 75,400 and 78,400 residents, respectively. However, both communities have experienced population declines since 2000, a trend that is expected to continue into the year 2022. Crown Point has experienced substantial population growth since 2000 (39.2 percent) and is the only community that is estimated to grow by 2022.



Demographic Variable	Crown Point	East Chicago	Gary	Hammond	Hobart	Merrillville
Population (2000)	21,705	32,414	102,746	83,048	25,537	30,533
Population (2010)	27,827	29,698	80,294	80,830	29,059	35,246
Population (2018 est.)	30,211	28,951	75,383	78,394	28,694	36,305
<i>% Change (2000-2018)</i>	<i>39.2%</i>	<i>-10.7%</i>	<i>-26.6%</i>	<i>-5.6%</i>	<i>12.4%</i>	<i>18.9%</i>
Population (2022 est.)	30,650	28,337	73,044	76,644	28,273	36,211
<i>% Change (2018-2022)</i>	<i>1.5%</i>	<i>-2.1%</i>	<i>-3.1%</i>	<i>-2.2%</i>	<i>-1.5%</i>	<i>-0.3%</i>
Avg. Household Inc. (2018 est.)	\$ 90,177	\$ 41,021	\$ 41,933	\$ 50,079	\$ 66,445	\$ 62,055
Avg. Household Inc. (2022 est.)	\$ 102,158	\$ 45,178	\$ 45,711	\$ 56,041	\$ 75,056	\$ 68,878
<i>% Change (2017-2022)</i>	<i>13.3%</i>	<i>10.1%</i>	<i>9.0%</i>	<i>11.9%</i>	<i>13.0%</i>	<i>11.0%</i>
Median Age (2018, in years)	41.4	32.2	38.0	34.6	39.8	38.0
Businesses (2018 est.)	1,235	687	1,780	1,801	1,163	1,915
Employees (2018 est.)	17,755	14,617	25,134	31,447	16,115	25,835
Employee/Residential Population Ratio	0.59:1	0.50:1	0.33:1	0.40:1	0.56:1	0.71:1

Source: Google Maps, ESRI, 2018.

2. LOCAL & REGIONAL: Largest Area Employers

The breadth and characteristics of the inventory of corporations and employers can provide an indication of the general potential for corporate meeting activity within the Lake County market. Often, the major employers and industries in a local market are an important source of facility usage with regard to corporate meetings, banquets and other similar uses, all of which are important to maintain the utilization and financial viability of a convention center. Indirectly, the size of a local corporate base also tends to be correlated with the level and breadth of supporting community amenities (i.e., hotels, restaurants, transportation infrastructure, etc.), which are relevant when considering non-local events. Listed below are some of the largest employers and the top twelve industries with the most employees in Lake County. Most of the major employers fall within the top four industries of health care and social assistance, manufacturing, retail trade, and accommodation and food services.

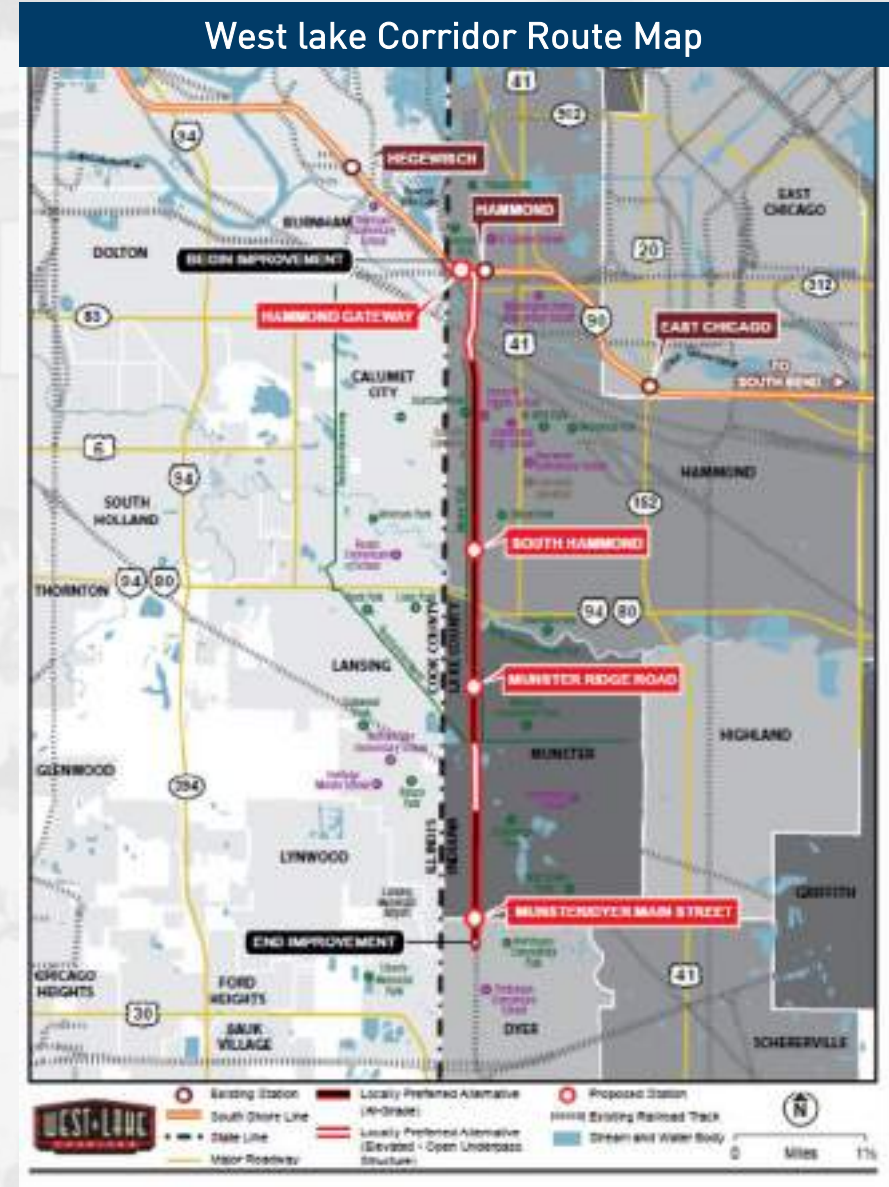
Major Employers in Lake County	City	Industry	Employees
Franciscan St Margaret Health	Hammond	Health Care and Social Assistance	30,199
Franciscan St Margaret Health	Dyer	Manufacturing	24,875
Community Hospital	Munster	Retail Trade	22,872
Horseshoe Hammond	Hammond	Accommodation and Food Services	16,244
Methodist Hospital Northlake	Gary	Educational Services	14,922
Ameristar Casino Hotel East	East Chicago	Construction	10,692
Majestic Star Casino & Hotel	Gary	Waste Management and Remediation	8,749
Franciscan St Anthony Health	Crown Point	Public Administration	7,693
US Steel Corporation	Gary	Transportation and Warehousing	6,927
ArcelorMittal	East Chicago	Other Services (excluding Public Administration)	6,325
		Wholesale Trade	6,234
		Arts, Entertainment, and Recreation	5,912

Source: STATS Indiana, Indiana Department of Workforce Development, Lake County Indiana Economic Alliance, 2018. U.S. Census Bureau, Center for Economic Studies, 2015.

2. LOCAL & REGIONAL: Rail Developments

The Northern Indiana Commuter Transportation District's (NICTD) West Lake Corridor project is a proposed nine-mile extension of the existing South Shore Line (SSL) which would effectively connect Dyer, Indiana to downtown Chicago. The new train would run from Hammond to Dyer with four stations along the route: Hammond Gateway Station, South Hammond Station, Munster Ridge Road Station, and Munster/Dyer Main Street Station. The capital cost of the project stands at \$665.3 million, half of which will be funded by RDA, State and local funds totaling \$332.7 million. The NICTD applied for a Federal Transit Authority Core Capacity Full Funding Grant Agreement for the rest of the cost. To the right is a map of the proposed double-line track showing how the West Lake Corridor would connect to the SSL.

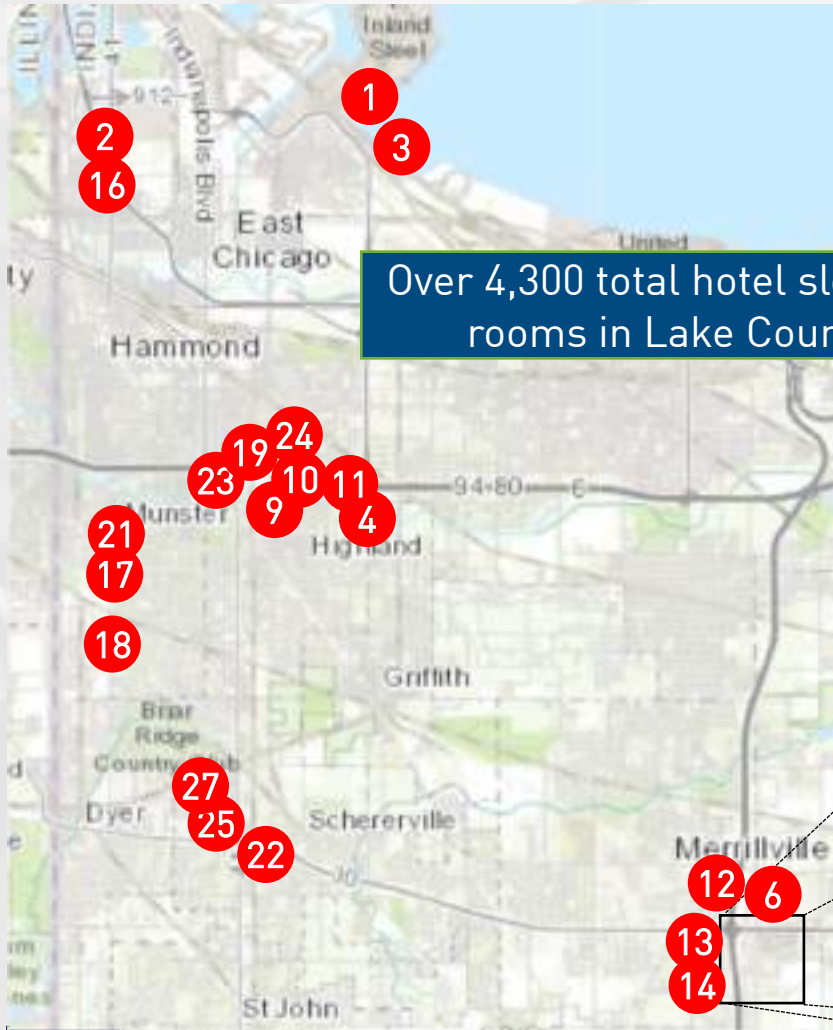
In addition, the eastward line that connects Gary to Michigan City will be converted from a single track to a double track line that will improve the flow of passengers between Downtown Chicago and Michigan City. Below is map of the SSL's double track that outlines the beginning and end of the proposed construction. Both projects are being reviewed for federal funding, and plan to be completed within the next five years.



Source: Northern Indiana Commuter Transportation District (NICTD) & South Shore Line (SSL), 2018.

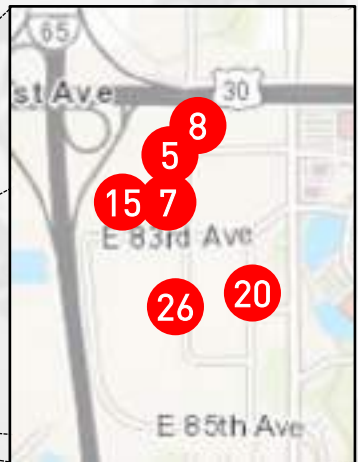
2. LOCAL & REGIONAL: Lake County Hotel Inventory

As shown, there are 27 hotel properties throughout Lake County that offer at least 80 sleeping rooms. Many of these are situated near heavily frequented roadways, including 12 hotels located near the confluence of Highway 30 and Interstate 65 (some are not illustrated because they offer less than 80 rooms). Ameristar East Chicago represents the market's largest single property, offering nearly 290 sleeping rooms, and it is estimated that there are just over 4,300 total sleeping rooms in the County.

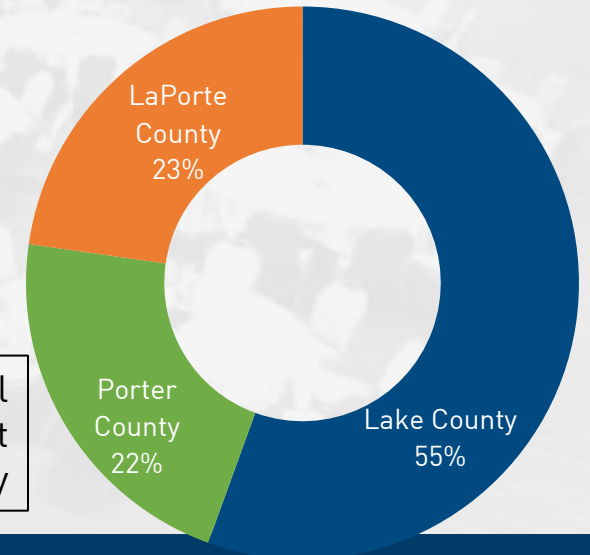


Over 4,300 total hotel sleeping rooms in Lake County

1	Ameristar East Chicago	290	15	Extended Stay America Merrillville	105
2	Econo Lodge Hammond	161	16	Ramada Inn Hammond	100
3	Majestic Star Casino & Hotel	150	17	Homewood Suites Munster	99
4	Motel 6 Hammond Chicago Area	132	18	Springhill Suites Munster	99
5	Americas Best Value Inn Merrillville	129	19	Fairfield Inn & Suites Hammond	94
6	Hilton Garden Inn Merrillville	124	20	Home2 Suites Merrillville	91
7	Motel 6 Merrillville	124	21	Hampton Inn & Suites Munster	91
8	La Quinta Inn Merrillville	121	22	Hampton Inn & Suites Schererville	89
9	Hampton Inn & Suites Hammond	117	23	Comfort Inn Hammond	86
10	Holiday Inn Express Hammond	116	24	Courtyard by Marriott Hammond	85
11	Best Western Northwest Indiana Inn	112	25	Holiday Inn Express Schererville	82
12	Clarion Inn Merrillville	112	26	Staybridge Suites Merrillville	81
13	Fairfield Inn & Suites Merrillville	112	27	Staybridge Suites Schererville	81
14	Red Roof Inn Merrillville	108			



Breakdown of 7,500 hotel rooms in Northwest Indiana by County



Source: South Shore Convention and Visitors Authority, 2018.

2. LOCAL & REGIONAL: Lake County Event Facilities

There are currently seven primary event facilities within Lake County that could possibly compete for segments of group business with a potential Convention Center facility. However, each facility features limitations that negatively impact their ability to host a diverse profile of group business, and none offer more than 25,000 square feet of total sellable space which limits the ability to accommodate events with significant economic impact. The exhibit below ranks the event facilities in Lake County by total sellable space and highlights the event space and challenges of each.



- 1 Genesis Convention Center (Gary)**
 Seven thousand-seat arena offering 24,500 square feet of flat floor space and six ancillary meeting and banquet rooms offering a total of 17,200 square feet of space. The Center serves primarily as an arena facility and is in need of significant capital repairs and improvements.
- 2 Avalon Manor (Merrillville)**
 Banquet facility offering approximately 16,500 square feet of meeting and banquet space. The Avalon has received a portion of business that was dispersed with the closing of the Merrillville Madison. However, the Avalon lacks significant breakout meeting space and an onsite hotel property, and A/V set-up can also be difficult.
- 3 Horseshoe Casino Hammond**
 The Venue, a multi-purpose space for performances and gatherings, includes 14,900 square feet of contiguous space. The Casino's Steakhouse Ballroom offers 2,400 square feet of event space. The Venue is primarily a concert facility, and there is no onsite hotel.
- 4 The Patrician (Schererville)**
 Facility featuring a 10,000-square foot banquet hall and 14,500 square feet of sellable event space. The facility lacks significant breakout meeting space and an onsite hotel property.
- 5 Halls of St. George (Schererville)**
 Banquet facility offering 13,600 square feet of event space throughout four rooms. The facility lacks significant breakout meeting space and an onsite hotel property.
- 6 Ramada Hotel and Conference Center (Hammond)**
 Offers an 8,000-square foot ballroom in addition to three breakout meeting rooms totaling 1,400 square feet. The Ramada is a select service property, and lacks significant contiguous space.
- 7 Ameristar East Chicago**
 Houses a 5,400-square foot conference room that can be separated into two equally sized rooms. The property lacks overall event space.
- Former site of the Radisson in Merrillville**

Source: SCVA website, 2018.

2. LOCAL & REGIONAL: Radisson Hotel at Star Plaza (Closed 2016)



FACILITY: Radisson Hotel at Star Plaza (Now Closed)

City, State: Merrillville, Indiana

Owner: White Hospitality

Operator: White Hospitality

Facility Specs:

Total Sellable Space:	24,700 sf
Ballroom Space:	12,200 sf
Meeting Space:	12,500 sf
Largest Contiguous Space:	12,200 sf
HQ Hotel Rooms:	330

Notes:

- Opened in 1969, the Radisson Hotel at Star Plaza served as Northwest Indiana's primary event and conference facility for 48 years until its demolition in early 2017.
- The Hotel's largest ballroom could accommodate approximately 1,000 delegates for assemblies, and approximately 600 to 700 for banquets.
- The facility was located at the intersection of I-65 and U.S. 30 and adjacent to the now demolished Star Plaza Theater. The hotel, the Theater, nearby restaurants, and various colleges and businesses helped stimulate the local economy and were instrumental in transforming the area around it into a retail and hospitality corridor.
- The site's owner is now considering options to redevelop the area and potentially add a new hotel property, indoor and outdoor event space, and mixed-used commercial development.
- Former management report that the venue primarily hosted low-rated SMERF and state association groups. More regional and corporate groups were often seeking larger and/or higher scale hotel brands.
- Primary competitors to the Radisson (per former sales personnel) included the Grand Wayne Convention Center, Indianapolis convention hotels, the Century Center, and the Blue Chip Casino.

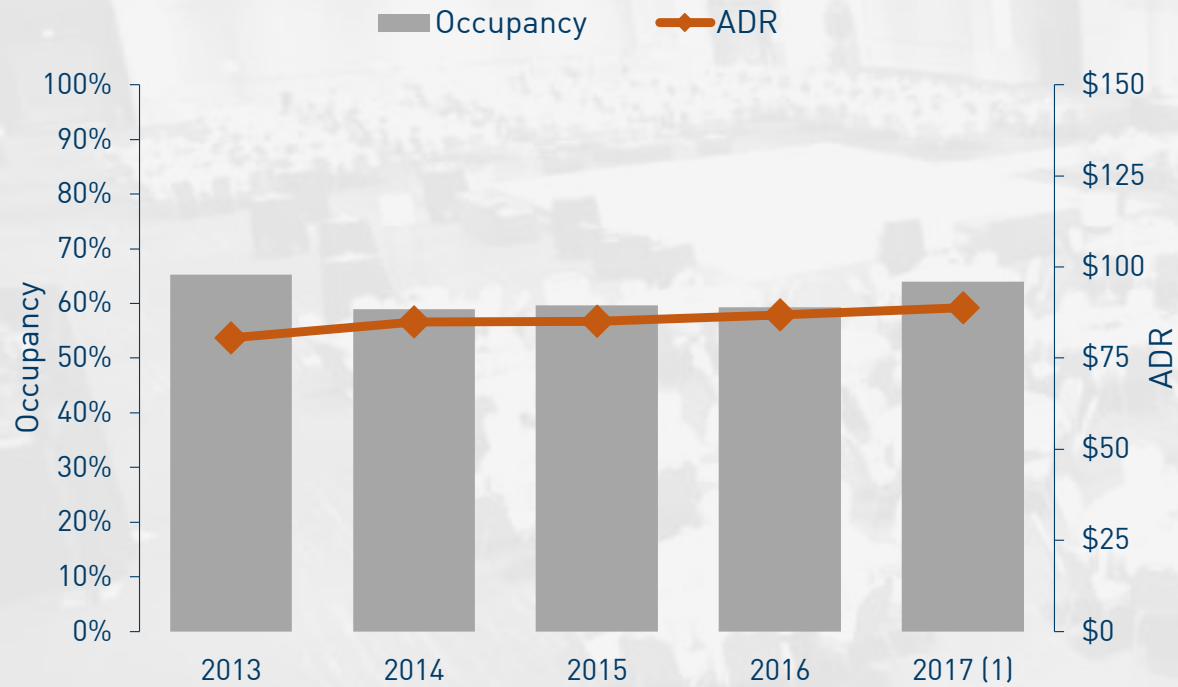
Source: Facility Management, 2018.

2. LOCAL & REGIONAL: Area Hotel Performance

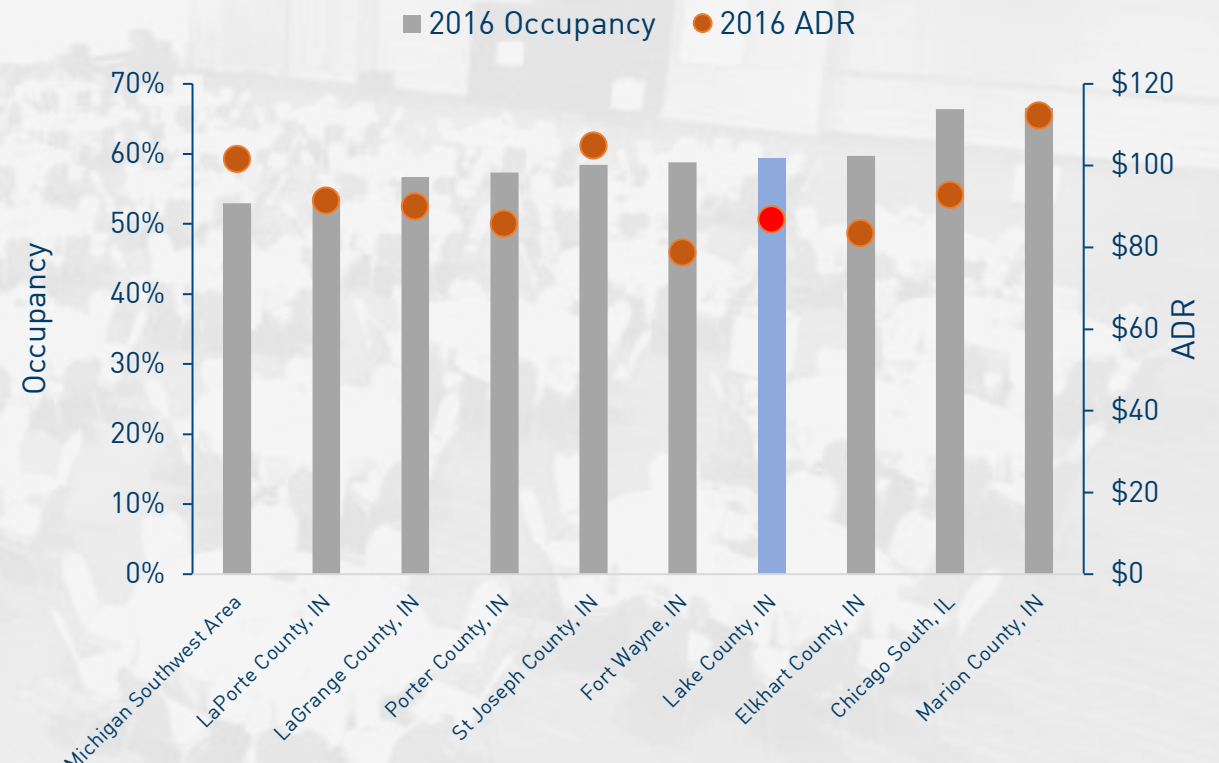
Based on data collected and provided by Smith Travel Research and the SSCVA, the average annual occupancy in Lake County hotels has ranged from a high of approximately 65 percent in 2013 to a low of just under 59 percent in 2014. The average daily rate hotel room rate (ADR) has moderately increased from approximately \$81 to nearly \$89 over this time period.

Further, the exhibit to the right highlights Lake County's hotel performance relative to competitive markets throughout the state and region. As shown, Lake County ranks relatively favorably relative to its peers. More populated areas such as Chicago South and Marion County run significantly higher hotel occupancies than Lake County and other similarly sized communities.

Lake County Hotel Industry Statistics



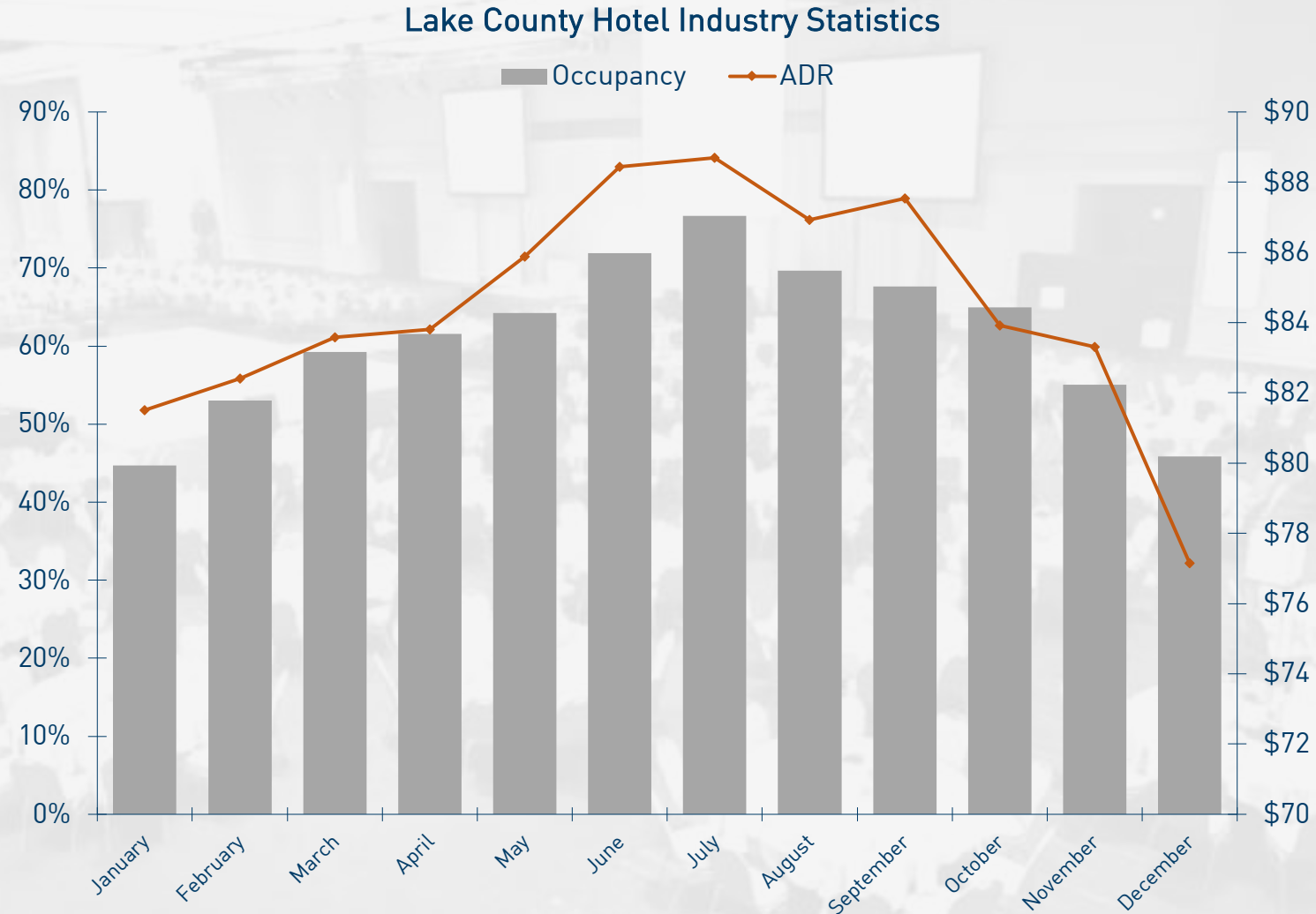
Comparison of Hotel Industry Statistics (Sorted by Hotel Occupancy)



(1) - Includes data through September of 2017.
Source: SCVA, 2018.

2. LOCAL & REGIONAL: Avg. Hotel Occ. & ADR by Month

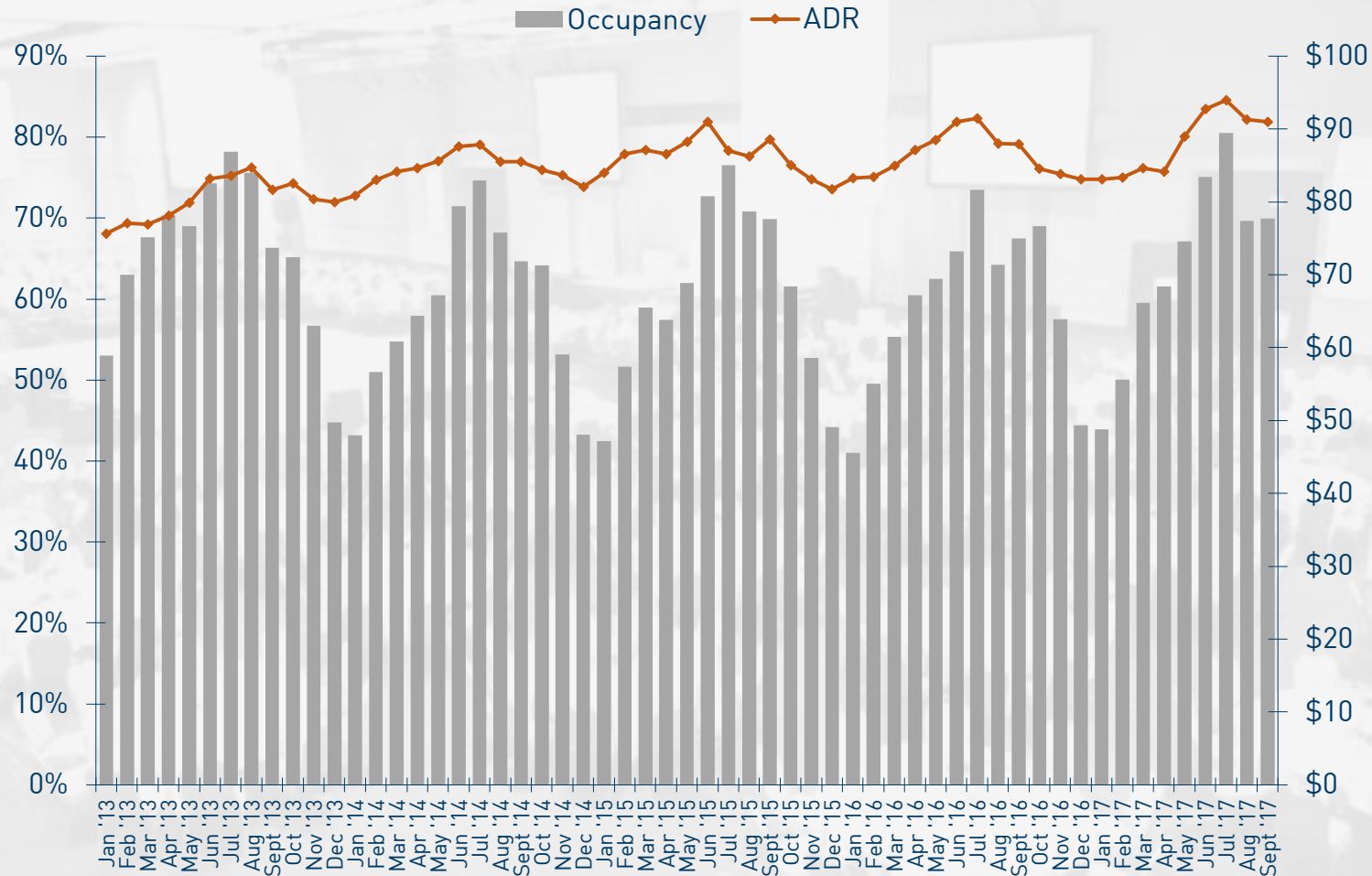
It is also interesting to note the seasonal patterns associated with hotel occupancy and average daily hotel room rates. A summary of the average hotel occupancy rates and ADR during the five-year time span between 2013 and 2017 is presented in the exhibit below. As shown, the Lake County market experiences its peak season during the summer months and significantly declines during the fall and winter months.



Source: STR Reports, 2018.

2. LOCAL & REGIONAL: Hotel Occ. & ADR by Month

As shown, a similar peak-and-valley pattern has occurred each year since 2013, with occupancy and rates peaking during the period between the beginning of May and the end of September. Occupancy rates and ADR tend to be at their lowest from November through January.



Note: Reports for December of 2015 and April of 2017 not available, so averages for these months in other years were used.
Source: STR Reports, 2018.

2. LOCAL & REGIONAL: Chicago Metro Area Facilities

Given the nearby proximity of Lake County to Chicago and the greater marketplace, a review was conducted of key convention, conference and meeting facilities that could pose some level of competition to a potential new convention center in Lake County.

Detailed research was conducted to inventory competitive conference facilities within 60 miles of the proposed Lake County convention center. The exhibit to the right presents a summary of the competitive facilities offering greater than 10,000 square feet of contiguous event space, sorted alphabetically by facility name.

Total sellable space is comprised of rentable exhibit, meeting, ballroom and multipurpose flat floor event space, but does not include any common area spaces such as pre function or lobby space, or back-of-house and other support spaces.

Competitive Convention/Conference Facilities (Sorted Alphabetically)

Name	Total Sellable Sq. Ft.	Largest Contiguous Space Sq. Ft.	Miles from Lake County, IN
Chicago Marriott Downtown Magnificent Mile	61,200	19,200	43.1
Crowne Plaza Chicago O'Hare Hotel and Conference Center	37,900	23,300	57.1
Donald E. Stephens Convention Center	861,100	567,000	56.1
Fairmont Chicago, Millennium Park	46,900	16,000	43.2
Hilton Chicago	208,100	40,100	40.7
Hilton Chicago/Oak Brook Hills Resort and Conference Center	30,900	13,400	54.8
Holiday Inn North Shore (Skokie)	14,500	11,700	53.9
Hyatt Regency Chicago	186,700	70,000	43.1
Hyatt Regency O'Hare	84,800	26,800	56.1
Marriott Marquis Chicago	86,400	24,800	40.1
McCormick Place and Lakeside Center	2,463,100	840,000	38.7
Navy Pier	232,100	170,100	42.1
Palmer House Hilton	94,400	16,900	42.6
Pheasant Run Resort	66,000	38,300	73.8
Radisson Blu Aqua Hotel, Chicago	21,600	12,000	43.1
Renaissance Schaumburg Convention Center Hotel	142,400	97,200	68.2
Sheraton Grand Chicago	93,900	35,100	42.1
Swissotel Chicago	47,000	14,000	43.2
The Westin Hotel at O'Hare	46,100	11,700	56.6
The Westin Lombard Yorktown Center	37,100	17,900	56.3
Tinley Park Convention Center	70,200	39,900	32.9

Source: Chicago, Meeting Professionals Guide, facility websites, 2018.

2. LOCAL & REGIONAL: Chicago Metro Area Facilities

The exhibit to the right presents a summary of the competitive facilities offering greater than 10,000 square feet of contiguous event space, sorted by square footage of total sellable space. The median of the facilities' total sellable space is 70,200 square feet. The average total sellable space among the facilities is 84,600 square feet, but this does not include clear outliers such as the McCormick Place and Lakeside Center and the Donald E. Stephens Convention Center.

As shown, beyond the market's primary convention center (McCormick Place and Lakeside Center), there are a variety of exhibition, conference and meeting facilities offered throughout the greater metropolitan area—many integrated as a part of hotels. The amount of competition in the Chicago market is significant and could impede on the ability for a potential new convention center in Lake County to attract event business.

Competitive Convention/Conference Facilities (Sorted by Total Sellable Space)

Name	Total Sellable Sq. Ft.	Largest Contiguous Space Sq. Ft.	Miles from Lake County, IN
McCormick Place and Lakeside Center	2,463,100	840,000	38.7
Donald E. Stephens Convention Center	861,100	567,000	56.1
Navy Pier	232,100	170,100	42.1
Hilton Chicago	208,100	40,100	40.7
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Swissotel Chicago	47,000	14,000	43.2
Fairmont Chicago, Millennium Park	46,900	16,000	43.2
The Westin Hotel at O'Hare	46,100	11,700	56.6
Crowne Plaza Chicago O'Hare Hotel and Conference Center	37,900	23,300	57.1
The Westin Lombard Yorktown Center	37,100	17,900	56.3
Hilton Chicago/Oak Brook Hills Resort and Conference Center	30,900	13,400	54.8
Radisson Blu Aqua Hotel, Chicago	21,600	12,000	43.1
Holiday Inn North Shore (Skokie)	14,500	11,700	53.9

Source: Chicago, Meeting Professionals Guide, facility websites, 2018.

2. LOCAL & REGIONAL: Chicago Metro Area Facilities

The exhibit to the right presents a summary of the competitive facilities offering greater than 10,000 square feet of contiguous event space, sorted in descending order by the amount of contiguous square footage in each respective facility's largest rentable space.

The median size of the facilities' largest contiguous space is 24,800 square feet, whereas the average size of the facilities' largest contiguous space is 36,800 square feet. The average does not include outliers like the McCormick Place and Lakeside Center and the Donald E. Stephens Convention Center.

Competitive Convention/Conference Facilities (Sorted by Square Feet of Largest Contiguous Room)

Name	Total Sellable Sq. Ft.	Largest Contiguous Space Sq. Ft.	Miles from Lake County, IN
McCormick Place and Lakeside Center	2,463,100	840,000	38.7
Donald E. Stephens Convention Center	861,100	567,000	56.1
Navy Pier	232,100	170,100	42.1
Renaissance Schaumburg Convention Center Hotel	142,400	97,200	68.2
Hyatt Regency Chicago	186,700	70,000	43.1
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Holiday Inn North Shore (Skokie)	14,500	11,700	53.9

Source: Chicago, Meeting Professionals Guide, facility websites, 2018.

2. LOCAL & REGIONAL: Chicago Metro Area Facilities

The exhibit to the right presents a summary of the competitive facilities offering greater than 10,000 square feet of contiguous event space, sorted in ascending order by the driving distance in miles from the location of Lake County's previous primary convention/conference product (the former Radisson Hotel in Merrillville).

Most of the competitive facility inventory resides within 30 to 60 miles of Lake County.

This level of potential competition is considered significant; however, the Lake County destination brand is significantly differentiated from other nearby communities and destinations and also offers much more favorable hotel, facility rental and sales tax rates for planners/attendees, which would be expected to mitigate certain aspects of competition.

Competitive Convention/Conference Facilities (Sorted by Distance)

Name	Total Sellable Sq. Ft.	Largest Contiguous Space Sq. Ft.	Miles from Lake County, IN
Tinley Park Convention Center	70,200	39,900	32.9
McCormick Place and Lakeside Center	2,463,100	840,000	38.7
Marriott Marquis Chicago	86,400	24,800	40.1
Hilton Chicago	208,100	40,100	40.7
Navy Pier	232,100	170,100	42.1
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Source: Chicago, Meeting Professionals Guide, facility websites, 2018.

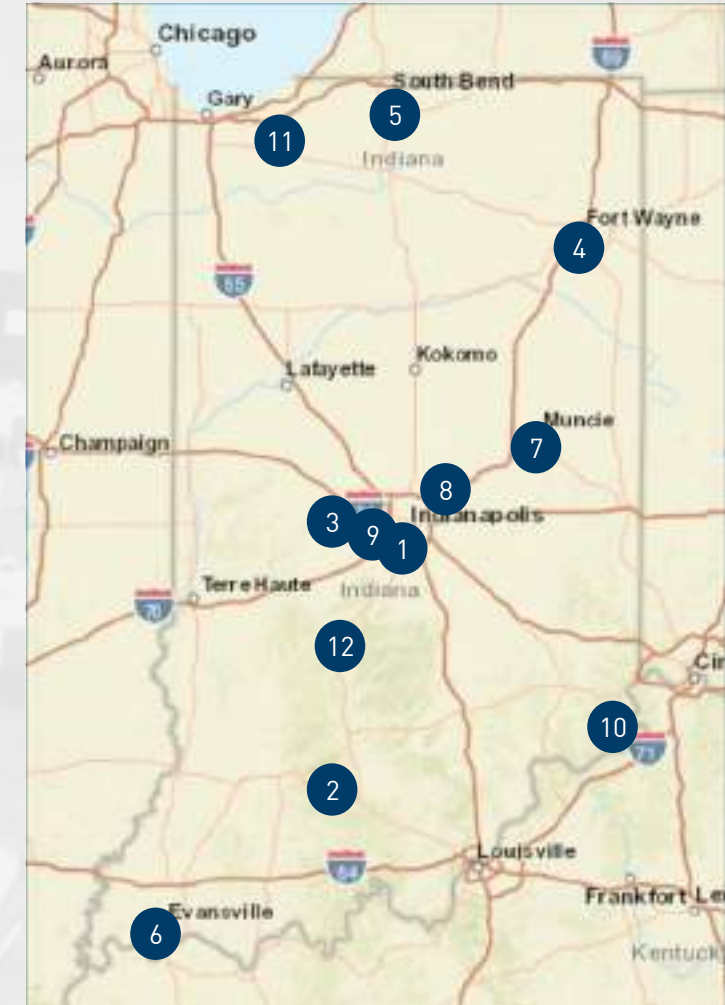
2. LOCAL & REGIONAL: Statewide Convention Facilities

Twelve convention facilities throughout the region were identified that fall within the competitive spectrum for various rotating convention, conference, banquet, meeting, corporate, tradeshow, public/consumer show, and other such events. A significant portion of the facilities below are convention centers and therefore offer significant amounts of high-finish ballroom and meeting space. Several major cities in Indiana have some type of convention center.

Key	Facility	City, State	Total Sellable Sq. Ft.	Largest Contiguous Sq. Ft.	Distance To Lake County Miles
1	Indiana Convention Center & Lucas Oil Stadium	Indianapolis, IN	789,600	558,000	143
2	French Lick Resort Casino	French Lick, IN	103,300	31,600	242
3	JW Marriott Indianapolis	Indianapolis, IN	102,300	40,000	143
4	Grand Wayne Convention Center	Fort Wayne, IN	76,300	48,700	123
5	Century Center	South Bend, IN	70,800	24,500	66
6	Old National Events Plaza	Evansville, IN	61,700	36,300	267
7	Horizon Convention Center	Muncie, IN	41,500	23,400	170
8	Indianapolis Marriot East	Indianapolis, IN	41,400	11,500	149
9	Indianapolis Marriott Downtown	Indianapolis, IN	39,000	21,000	143
10	Belterra Casino Resort	Florence, IN	32,600	12,800	260
11	Blue Chip Casino	Michigan City, IN	25,100	12,000	32
12	Monroe County Convention Center	Bloomington, IN	20,800	12,200	183
AVERAGE			117,000	69,300	160
AVERAGE (1)			55,900	24,900	162

1: Facilities' average excluding Indiana Convention Center & Lucas Oil Stadium

Source: Facility management, 2018.



2. LOCAL & REGIONAL: Conclusions

Important aspects of the Lake County and Northwest Indiana destination and its existing and planned competitive facilities as they relate to the potential opportunity for developing a new convention center include:

- Lake County, Indiana is situated at the border of Indiana and Illinois. It is within close driving distance to the Chicago Metro Area, where more than 9.5 million people live, as well as Chicago's two international airports. Additionally, the area is within a four-hour driving distance of other major metropolitan areas such as Indianapolis, (IN), Milwaukee, (WI), Cincinnati, (OH), and Louisville, (KY).
- There are approximately 4,300 sleeping rooms within Lake County, which accounts for approximately 55 percent of Northwest Indiana's inventory of 7,500 rooms. The County's most significant concentration of properties is located at the intersection of I-65 and Hwy-30, and the 290-room Ameristar East Chicago is currently the County's largest property.
- Lake County hotel demand experiences its peak season during the summer months and significantly declines during the fall and winter months. A convention center product could positively impact spring and fall months, both of which are shoulder periods in market. Lake County hotel properties have maintained relatively stable occupancy and average daily rate (ADR) levels.
- The healthcare, service and steel industries remain as prominent drivers in Lake County's economy. According to GIS analysis (provided by Esri), the retail industry generates its highest sales in select pockets located in Merrillville, Schererville, Hobart and East Chicago.
- The West Lake Corridor project represents a significant opportunity to attract residents, employees and businesses from the Chicago and greater Illinois markets to the Northwest Indiana region. Commuter rail extension projects represent significant opportunity to continue to grow and diversify Lake County's economy. Future population, corporate and economic growth attributed to this project could provide further support for a potential convention center product.
- The closing of the Radisson Hotel at the Star Plaza has left a void in the Northwest Indiana and Lake County marketplace in terms of convention/conference facility product. There are now currently seven event facilities within Lake County with flat floor event space that could potential pose limited competition for certain small events with a potential convention center facility. However, each facility features limitations that negatively impact their ability to host a diverse profile of group business, and none offer more than 25,000 square feet of total sellable space which limits the ability to accommodate events with significant economic impact.
- There are a variety of exhibition, conference and meeting facilities offered throughout the Chicago/Northwest Indiana greater metro area—many integrated as a part of hotels. The amount of competition in the Chicago market is significant, but Lake County's hotel and facility rental costs could serve as a competitive advantage over Chicago-based prices. Twelve convention facilities throughout the state of Indiana were identified that fall within the competitive spectrum for various event activity. In general, there are limited sizeable convention facility products in north Indiana, with the Century Center in South Bend representing the only facility in the northern third of the state that offers a single room greater than 20,000 square feet.

3. COMPARABLE ANALYSIS



3. COMPARABLE ANALYSIS: Convention Facilities

Certain inferences can be made by reviewing comparable convention facilities operating in markets throughout the country of a similar size and/or geographic positioning to Lake County. The facilities reviewed were selected based on their characteristics, total space offered and the size and location of the markets in which they are located. The exhibit below presents a summary of the 18 selected comparable convention center facilities and markets analyzed, sorted by largest contiguous space. As shown, the sellable space inventories range from the 145,200 square feet featured at the Renaissance Schaumburg Hotel and Convention Center to the 26,400 square feet housed within the Sugar Land Conference Center in Sugar Land, TX. In all, the facilities analyzed average 69,400 square feet of total sellable space and 40,600 square feet of largest contiguous space. There is also an average of 780 hotel sleeping rooms within 1/2-mile of the reviewed facilities.

Facility	Market	Exhibit SF	Meeting SF	Multipurp./ Ballroom SF	Total SF	Largest Contiguous SF	HQ Hotel Rooms	Hotel Rooms within 1/2-Mile
Renaissance Schaumburg Hotel & Convention Center	Schaumburg, IL	97,200	8,200	39,800	145,200	97,200	500	1,167
Ontario Convention Center	Ontario, CA	69,300	26,100	19,600	115,000	69,300	1,257	2,279
Overland Park Convention Center	Overland Park, KS	58,500	14,100	25,000	97,600	58,500	412	1,232
Tinley Park Convention Center	Tinley Park, IL	58,100	5,300	18,700	82,100	58,100	192	641
Infinite Energy Forum	Duluth, GA	50,000	12,800	21,600	84,400	50,000	156	421
Greater Tacoma Convention & Trade Center	Tacoma, WA	49,500	12,400	13,400	75,300	49,500	162	645
Arlington Convention Center	Arlington, TX	48,600	8,500	30,000	87,100	48,600	311	770
Grand Wayne Convention Center	Fort Wayne, IN	0	17,500	58,400	75,900	48,500	496	496
Northern Kentucky Convention Center	Covington, KY	46,200	13,300	22,800	82,300	46,200	547	1,334
Old National Events Plaza	Evansville, IN	36,300	12,100	14,600	63,000	36,300	241	241
St. Charles Convention Center	St. Charles, MO	27,600	7,000	22,200	56,800	35,700	296	574
Mid-America Center	Council Bluffs, IA	24,500	5,300	18,500	48,300	24,500	286	692
Sharonville Convention Center	Sharonville, OH	20,500	24,200	14,100	58,800	20,500	512	1,058
Blue Water Convention Center	Port Huron, MI	0	4,500	25,500	30,000	20,000	149	149
Utah Valley Convention Center	Provo, UT	19,600	10,000	16,900	46,500	19,600	329	338
Davis Conference Center	Layton, UT	18,400	2,700	22,400	43,500	18,400	147	918
Sugar Land Marriott Town Square	Sugar Land, TX	0	10,900	15,500	26,400	15,500	300	649
Vancouver Conference Center	Vancouver, WA	0	8,500	21,900	30,400	14,100	226	381
Average		41,600	11,300	23,400	69,400	40,600	360	780

Note: Facilities sorted by largest contiguous space.
Source: Facility management, 2018.



3. COMPARABLE ANALYSIS: Demographics

The table below compares the population, average household income, and corporate base present within the 30-minute drive time, 90-minute drive time and 180-minute drive time of the venues in the 19 identified markets. Markets are sorted by their 90-minute drive time metrics.

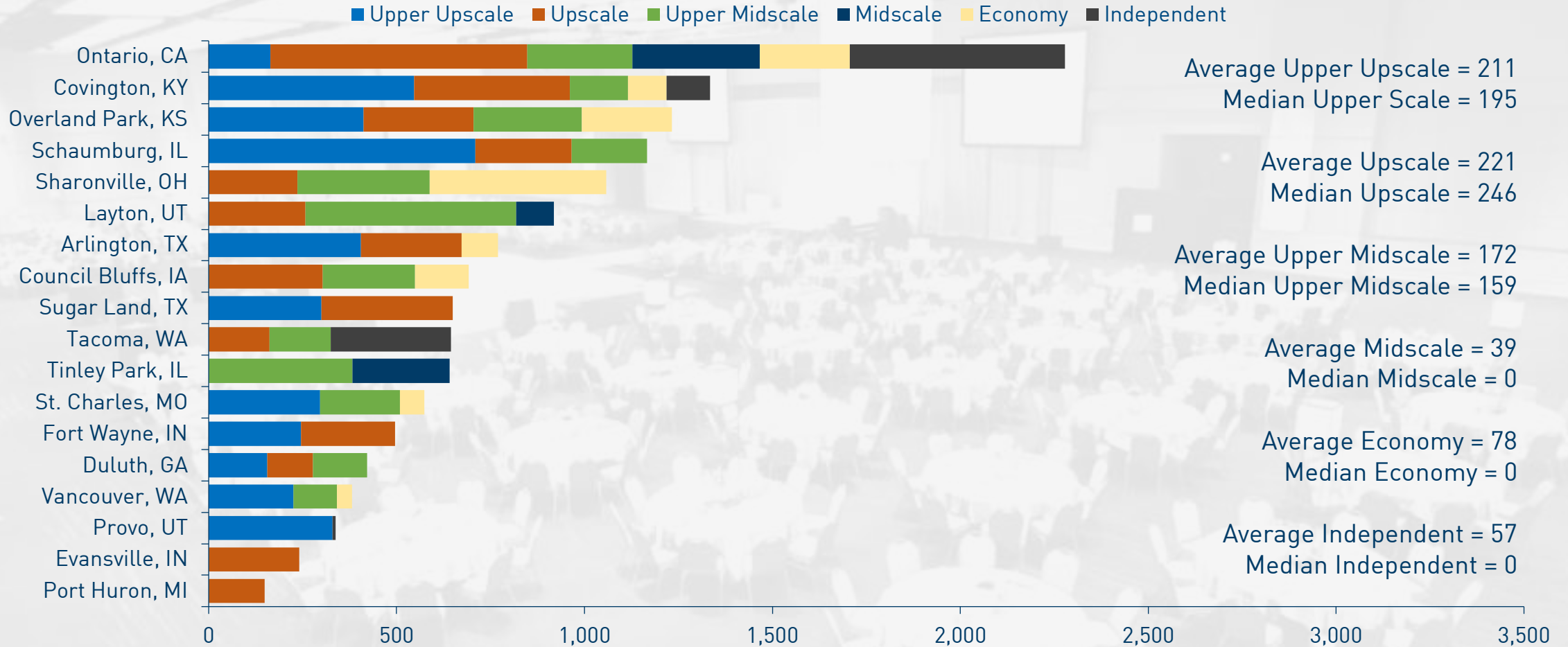
POPULATION					AVG. HOUSEHOLD INCOME					CORPORATE BASE				
Market	County	30-minute	90-minute	180-minute	Market	County	30-minute	90-minute	180-minute	Market	County	30-minute	90-minute	180-minute
Ontario, CA	2,153,382	2,626,837	17,875,128	23,359,171	Tacoma, WA	\$80,089	\$81,908	\$98,890	\$91,598	Ontario, CA	54,056	75,338	602,924	782,925
Schaumburg, IL	5,313,828	2,078,009	10,794,416	16,859,113	Ontario, CA	\$78,051	\$85,164	\$92,342	\$93,127	Schaumburg, IL	180,774	87,322	369,054	587,705
Tinley Park, IL	5,313,828	1,649,127	9,660,052	20,177,006	Sugar Land, TX	\$124,465	\$105,724	\$91,983	\$84,892	Tinley Park, IL	180,774	47,474	336,083	700,794
Lake County, IN	495,069	707,224	8,411,350	20,641,723	Tinley Park, IL	\$86,287	\$77,842	\$91,153	\$81,438	Lake County, IN	14,769	21,515	286,053	699,265
Arlington, TX	2,009,543	3,129,014	7,697,877	11,687,712	Schaumburg, IL	\$86,287	\$104,487	\$89,262	\$83,539	Arlington, TX	61,773	118,935	247,039	374,945
Sugar Land, TX	762,890	2,204,227	7,087,224	12,440,265	Arlington, TX	\$84,872	\$81,922	\$88,438	\$81,601	Duluth, GA	31,331	73,365	241,450	472,170
Duluth, GA	911,881	1,723,522	6,555,348	13,260,083	Provo, UT	\$83,511	\$85,305	\$85,612	\$82,898	Sugar Land, TX	16,723	82,358	224,221	395,779
Port Huron, MI	160,304	131,820	4,504,551	8,990,820	Layton, UT	\$93,954	\$81,846	\$85,107	\$80,771	Tacoma, WA	1,375	38,802	165,338	297,832
Tacoma, WA	41,652	1,132,058	4,358,685	7,904,407	Lake County, IN	\$67,913	\$71,041	\$83,341	\$80,321	Port Huron, MI	5,239	4,561	150,096	302,017
Covington, KY	167,765	1,264,640	4,089,930	13,536,254	Vancouver, WA	\$85,339	\$84,888	\$83,096	\$83,513	Covington, KY	4,500	47,938	137,360	436,865
Sharonville, OH	824,286	1,420,524	3,968,008	13,984,142	Duluth, GA	\$84,348	\$95,163	\$81,949	\$72,184	Sharonville, OH	32,720	53,038	128,754	452,581
St. Charles, MO	396,448	1,473,716	3,114,691	6,553,511	St. Charles, MO	\$93,397	\$87,069	\$78,778	\$71,375	Vancouver, WA	15,217	67,104	114,503	243,924
Vancouver, WA	470,604	1,563,428	3,090,271	6,584,531	Overland Park, KS	\$106,634	\$82,652	\$77,705	\$70,721	St. Charles, MO	10,684	56,764	107,239	235,582
Overland Park, KS	594,874	1,501,544	2,826,876	5,945,537	Council Bluffs, IA	\$68,233	\$79,303	\$77,223	\$74,987	Overland Park, KS	22,252	55,060	98,351	216,332
Layton, UT	349,839	692,698	2,697,916	3,328,048	Covington, KY	\$75,661	\$77,139	\$75,048	\$70,588	Layton, UT	8,080	20,350	78,362	102,122
Provo, UT	602,610	615,501	2,551,477	2,997,313	Port Huron, MI	\$65,275	\$64,912	\$74,767	\$72,610	Provo, UT	14,770	16,207	74,504	89,430
Fort Wayne, IN	375,621	423,345	1,928,933	17,726,886	Sharonville, OH	\$76,265	\$78,925	\$73,224	\$70,719	Fort Wayne, IN	12,499	14,459	65,263	579,016
Council Bluffs, IA	95,284	806,541	1,502,253	5,355,894	Fort Wayne, IN	\$69,380	\$68,990	\$64,049	\$70,725	Council Bluffs, IA	3,048	27,325	56,220	206,881
Evansville, IN	184,584	296,774	993,617	9,143,281	Evansville, IN	\$63,008	\$67,688	\$61,660	\$68,316	Evansville, IN	6,887	10,279	33,683	310,133
Average	1,151,600	1,374,100	5,294,300	11,101,900	Average	\$83,600	\$81,000	\$81,400	\$77,900	Average	36,800	49,800	179,500	377,100
Rank (Out of 19)	10	14	4	2	Rank (Out of 19)	17	16	9	10	Rank (Out of 19)	11	14	4	3

Source: Esri, 2018.



2. COMPARABLE ANALYSIS: ½ Mile Hotel Rooms By Chain Scale

Next, we assessed the downtown hotel rooms through segmenting by hotel classification type. Smith Travel Research (STR) utilizes “chain scale segments” to categorize branded hotels into seven different groups based on the actual average room rates. The seven different categories include “Luxury”, “Upper Upscale”, “Upscale”, “Upper Midscale”, “Midscale”, “Economy”, and “Independent”. The exhibit below summarizes the comprehensive collection of the hotel inventory within ½-mile of each market’s convention facility.



Source: CVBs, Google Earth, 2018.

3. COMPARABLE ANALYSIS: Market/Facility Ratios – Extrapolation

The exhibit below presents a market and facility ratio analysis for the Lake County market, using the average ratio of exhibit, meeting, ballroom, largest contiguous space and total sellable space each to population of 30-, 90- and 180-minute drives surrounding the comparable markets reviewed. As it is also useful to utilize other visitor industry-related metrics to gain an understanding of the potential supportable program of event space within the Lake County market, we have also included a ratio analysis utilizing the average number of rooms within one-half mile and the headquarter hotel inventory among the comparable facilities and markets.

Based on the extrapolation, a Convention Center in Lake County could potentially support approximately 162,200 square feet of sellable event space, based on the population within 90 minutes of the former site of the Radisson at Star Plaza in Lake County. However, a facility of this size would also require nearly 800 headquarter hotel rooms and over 1,600 hotel rooms within ½-mile of the potential facility.

Population-Based Extrapolations

	County	30 Minutes	90 Minutes	180 Minutes
Exhibit Space to Population	77,100	24,300	88,400	89,900
Meeting Space to Population	20,200	9,200	28,200	24,500
Ballroom Space to Population	<u>37,900</u>	<u>24,200</u>	<u>60,400</u>	<u>55,500</u>
Sellable Space to Population	122,300	53,700	162,200	155,000
Largest Contiguous Space to Population	73,200	31,600	91,800	85,900
Headquarters Hotel Rooms to Population	471	281	798	751
Hotels within 1/2 Mile to Population	1,269	482	1,639	1,772

Corporate-Based Extrapolations

	County	30 Minutes	90 Minutes	180 Minutes
Exhibit Space to Corporate Base	72,400	21,600	88,000	89,100
Meeting Space to Corporate Base	18,900	8,100	28,300	24,700
Ballroom Space to Corporate Base	<u>36,400</u>	<u>21,500</u>	<u>60,800</u>	<u>56,000</u>
Sellable Space to Corporate Base	115,600	47,600	162,400	155,000
Largest Contiguous Space to Corporate Base	68,800	27,900	91,500	85,200
Headquarters Hotel Rooms to Corporate Base	458	251	810	763
Hotels within 1/2 Mile to Corporate Base	1,243	432	1,652	1,783

3. COMPARABLE ANALYSIS: Tinley Park Convention Center



FACILITY:	Tinley Park Convention Center	
City, State:	Tinley Park, Illinois	
Owner:	Village of Tinley Park	
Operator:	MID-CON Hospitality	
Facility Specs:	Exhibit Space:	58,100 sf
	Meeting Space:	5,300 sf
	Ballroom Space:	18,700 sf
	Largest Contiguous Space:	58,100 sf
	HQ Hotel Rooms:	192
	Hotel Rooms Within ½ Mile:	641

Notes:

- Built in 2000 along I-80 and I-355, the Tinley Park Convention Center has hosted an array of local, state, regional, and (since its expansion) national events.
- The Village of Tinley Park built the original convention center in 2000 for \$10 million in bonds repaid with money from the village's Oak Park Avenue tax increment financing district, which captures a share of the property tax revenues from downtown Tinley Park and the convention center and hotel area.
- Money from a two percent hotel tax increase and the TIF pay the debt service for a recent \$22 million expansion of the Center, as well as payments for maintenance and capital improvements to the building.
- A 2008 agreement established that MID-CON Hospitality would operate and manage the convention center on behalf of the Village. The new agreement called for the Village to pay the hotel operator a "Facility Maintenance Cost Sharing" payment of \$675,000 in two equal installments each year over the ten-year agreement. That payment along with annual capital improvement expenditures of up to \$185,000 that the Village supports brings the total the Village has paid the hotel operator to \$5,572,500 as of April 30th, 2017.
- A recent report indicates that the Center's event mix is comprised of approximately 49 percent corporate business, 25 percent SMERF, 8 percent association, and 7 percent weddings, 5 percent consumer shows, and 6 percent "other".

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Schaumburg Convention Center



FACILITY:	Renaissance Schaumburg Hotel and Convention Center	
City, State:	Schaumburg, Illinois	
Owner:	Village of Schaumburg	
Operator:	Renaissance Hotels	
Facility Specs:	Exhibit Space:	97,200 sf
	Meeting Space:	8,200 sf
	Ballroom Space:	39,800 sf
	Largest Contiguous Space:	97,200 sf
	HQ Hotel Rooms:	500
	Hotel Rooms Within 1/2 Mile:	1,167



- Notes:**
- Opened in July of 2006 to attract visitors to Schaumburg and support and enhance the local economy, the Schaumburg Convention Center features nearly 100,000 square feet of concrete floor exhibit space, 40,000 square feet of carpeted multipurpose space and 8,200 square feet of breakout meeting space distributed throughout 12 meeting rooms.
 - After the Village purchased the land, construction of the \$156 million facility began in 2004. To repay the debt sold for the project, the Village has allocated approximately \$6.9 million on an annual basis using a mix of funds collected from a five percent amusement tax, a two percent hotel tax and a 0.45 percent food and beverage tax.
 - Renaissance Hotels manages the Village-owned Convention Center for management fee that has ranged from approximately \$1.4 million to \$1.6 million per year.
 - The Center hosted a total of 85 events and 200,000 attendees in 2017. This generated approximately 74,300 total hotel room nights and building occupancy of 64 percent.
 - Including operations of the attached hotel and restaurant, the Renaissance Schaumburg Hotel and Convention Center generated an \$5.2 million profit in 2016. The Center itself generated \$19.1 million in revenue.

3. COMPARABLE ANALYSIS: Grand Wayne Convention Center



FACILITY:	Grand Wayne Convention Center	
City, State:	Fort Wayne, Indiana	
Owner:	Allen County Capital Improvement Board	
Operator:	Allen County Capital Improvement Board	
Facility Specs:	Exhibit Space:	48,500 sf
	Meeting Space:	17,500 sf
	Ballroom Space:	10,000 sf
	Largest Contiguous Space:	48,500 sf
	HQ Hotel Rooms:	496
	Hotel Rooms Within ½ Mile:	496



Notes:

- Construction for the Grand Wayne Convention Center was finished in November 1985 with a total price tag of \$12 million. The Fort Wayne-Allen County Convention and Tourism Authority issued bonds to pay for the center, debt that the organization paid off fifteen years ahead of schedule amidst criticism for the initial issuing of the bonds.
- A \$30 million expansion, completed in 2005, was funded by three-quarters of a 7 percent hotel tax. A tax increment financing district established for the area has paid for the needed infrastructure improvements.
- The 2005 expansion of Fort Wayne's downtown Grand Wayne Convention Center became the linchpin for a downtown development project that includes a minor league baseball stadium, a 900-space parking garage and a 250-room Courtyard by Marriot.
- The Center is subsidized by the local Innkeepers tax, which provided over \$3.7 million in funds in 2016.
- Officials report that the Center hosted 316 events in 2016 and generated approximately 23,000 hotel room nights.



Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Old National Events Plaza

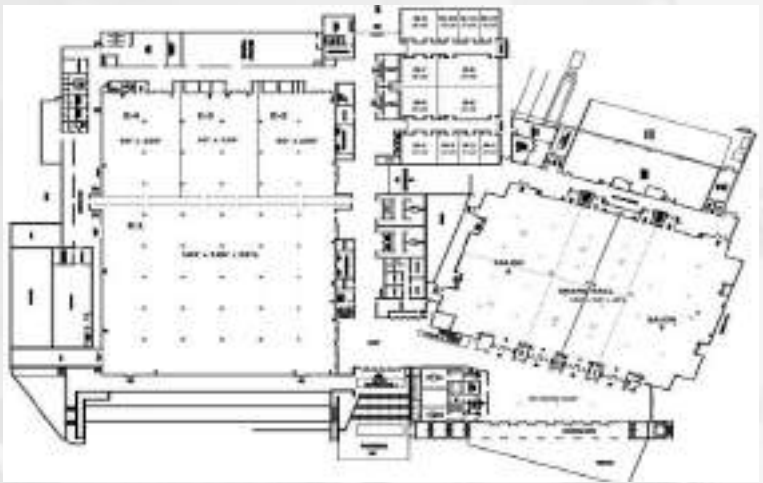


FACILITY:	Old National Events Plaza	
City, State:	Evansville, Indiana	
Owner:	Vanderburgh County	
Operator:	SMG	
Facility Specs:	Exhibit Space:	36,300 sf
	Meeting Space:	12,100 sf
	Ballroom Space:	14,600 sf
	Largest Contiguous Space:	36,300 sf
	HQ Hotel Rooms:	241
	Hotel Rooms Within ½ Mile:	241

- Notes:**
- Located in downtown Evansville, the Old National Event Plaza offers 63,000 square feet of sellable space with an additional 2,500 seat auditorium.
 - The project was partially funded by the creation of a downtown TIF district, and one quarter of a local eight percent hotel tax.
 - Owned by Vanderburgh County, who tasks SMG with managing the Plaza.
 - As part of a downtown convention hotel project, Old National Bank won naming rights of the facility in 2013 and paid two installments of \$175,000 in 2014 and 2015.

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Arlington Convention Center



FACILITY:	Arlington Convention Center	
City, State:	Arlington, Texas	
Owner:	City of Arlington	
Operator:	City of Arlington	
Facility Specs:	Exhibit Space:	48,600 sf
	Meeting Space:	8,500 sf
	Ballroom Space:	30,000 sf
	Largest Contiguous Space:	48,600 sf
	HQ Hotel Rooms:	311
	Hotel Rooms Within 1/2 Mile:	770

- Notes:**
- Opened in 1985.
 - Arlington is located midway between Dallas and Fort Worth, with the Convention Center situated in the heart of the Entertainment District among the Rangers Ballpark, AT&T Stadium and Six Flags.
 - Request for Proposal of Development of a Headquarters Hotel and Expansion was issued in November 2014 by the City of Arlington. Development scope includes a 1,000-room full-service hotel, additional meeting, ballroom, exhibit and break-out space within the convention center as well as development of supportable retail, restaurant, entertainment and parking facilities around the center
 - Hosted an average of 165 events in the past 3 years of operations with an average of approximately \$3.7M in annual event revenue.

3. COMPARABLE ANALYSIS: Blue Water Convention Center



FACILITY:	Blue Water Convention Center	
City, State:	Port Huron, Michigan	
Owner:	St. Clair County	
Operator:	SMG	
Facility Specs:	Exhibit Space:	0 sf
	Meeting Space:	4,500 sf
	Ballroom Space:	25,500 sf
	Largest Contiguous Space:	20,000 sf
	HQ Hotel Rooms:	149
	Hotel Rooms Within ½ Mile:	149

- Notes:**
- The Blue Water Area Convention and Visitor Bureau's offices will also be housed within the Center.
 - The public-private development project also included a \$10.5 million renovation of the Thomas Edison Inn, which reopened as a 149-room DoubleTree Headquarter Hotel in August 2013. The hotel includes a restaurant that services the Convention Center's catering needs.
 - The development project also includes a new \$4 million privately funded culinary institute that plans to partner with the Blue Water Convention Center.
 - The St. Clair County Board of Commissioners issued \$9 million in bonds to fund construction for the Center.
 - The Center is managed by SMG, a Pennsylvania-based professional management company.

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Davis Conf. Center & Hilton Garden Inn



FACILITY:	Davis Conf. Center & Hilton Garden Inn	
City, State:	Layton, Utah	
Owner:	Davis County	
Operator:	Western State Lodging	
Facility Specs:	Exhibit Space:	18,400 sf
	Meeting Space:	2,700 sf
	Ballroom Space:	22,400 sf
	Largest Contiguous Space:	18,400 sf
	HQ Hotel Rooms:	147
	Hotel Rooms Within ½ Mile:	920

Notes:

- Just three years following the Center’s 2004 opening, the County broke ground for an expansion that nearly doubled the Center’s size. In May 2008, the Center opened a new 18,400-square foot exhibit hall and an additional 7,000-square foot junior ballroom, which have the ability to open into each other.
- Following the expansion, the facility offers 18,400 square feet of exhibit space, 22,400 square feet of ballroom space and 2,700 square feet of meeting space. Total sellable space is 43,400.
- The Davis Center is attached to the Hilton Garden Inn which offers 145 sleeping rooms, and additional outdoor event space, including the Solstice Courtyard and Cirrus Atrium.
- The Conference Center is owned by Davis County, but operated by Western States Lodging, which also owns and operates the attached Hilton Garden Inn. A public/private partnership was established to make the Conference Center and hotel a reality.
- Since its opening, the Davis Conference Center has hosted an average of 600-700 events per year. Government-related events make up approximately 32% of all events.
- Typical organizations that hold events at the Davis Conference Center include: Utah State Office of Education Conference, Evergreens and Things, Boy Scouts of America Auction, F-16 Commanders Conference, Layton Christian Academy, Shipley Associates Sales Retreats, US Foods, Pfizer, Avalanche International Karate Tournament, Utah State Insurance and America Online Conference.

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Greater Tacoma Convention & Trade Center

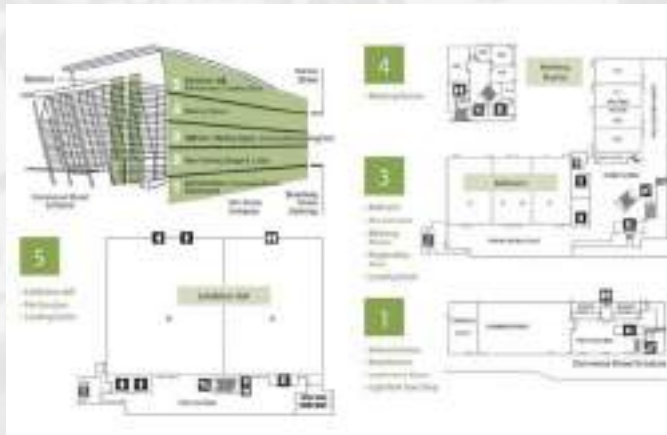


FACILITY:	Greater Tacoma Convention & Trade Center	
City, State:	Tacoma, Washington	
Owner:	City of Tacoma	
Operator:	City of Tacoma	
Facility Specs:	Exhibit Space:	49,500 sf
	Meeting Space:	12,400 sf
	Ballroom Space:	13,400 sf
	Largest Contiguous Space:	49,500 sf
	HQ Hotel Rooms:	162
	Hotel Rooms Within ½ Mile:	645



Notes:

- Opened in 2004, the Greater Tacoma Convention and Trade Center is located in downtown Tacoma, accessible via Interstate 705, and is located 20 miles south of the Seattle-Tacoma International Airport.
- There are two hotels within one block of the GTCTC—the 320-room full-service Hotel Murano (formerly the Tacoma Sheraton) and the 162-room Courtyard by Marriott.
- The approximate 50,000-square foot exhibit hall reflects a state-of-the-industry design—column-free, with subdivisibility via a moveable air wall and independent loading in the rear and public access in the front.
- In recent years of operations, the Center has averaged a \$2.4 million operating deficit.
- The Center features 400 on-site parking spaces.



Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Overland Park Convention Center



FACILITY:	Overland Park Convention Center	
City, State:	Overland Park, Kansas	
Owner:	City of Overland Park	
Operator:	Global Spectrum	
Facility Specs:	Exhibit Space:	58,500 sf
	Meeting Space:	14,100 sf
	Ballroom Space:	25,000 sf
	Largest Contiguous Space:	58,500 sf
	HQ Hotel Rooms:	412
	Hotel Rooms Within ½ Mile:	1,232

- Notes:**
- The Center opened in 2002 at a cost of \$46.5 million
 - In 2003 the 412-room Sheraton Overland Park Hotel, was completed. The hotel is connected to the Center and provides an additional 18,000 square feet of ballroom space and 3,700 square feet of meeting space.
 - The Convention Center hosts approximately 450 events annually, approximately 60 percent of which are meetings and seminars.
 - In a recent year of operations, revenue for the Center was estimated at \$4.76 million, while operating expenses totaled \$4.40 million. As a result, the Center ended the year with an operating profit of approximately \$360,000, or \$3.70 per sellable square foot of space.



3. COMPARABLE ANALYSIS: Utah Valley Convention Center



FACILITY:	Utah Valley Convention Center	
City, State:	Provo, Utah	
Owner:	Utah County	
Operator:	Spectra	
Facility Specs:	Exhibit Space:	19,600 sf
	Meeting Space:	10,000 sf
	Ballroom Space:	16,900 sf
	Largest Contiguous Space:	19,600 sf
	HQ Hotel Rooms:	329
	Hotel Rooms Within ½ Mile:	338

- Notes:**
- Opened May 2012.
 - The \$41 million building is LEED certified and offers complimentary Wi-Fi services as well as on-site catering, electric and A/V services.
 - A 330-room Marriott Hotel is located adjacent to the Center, offering over 22,000 square feet of additional event space.
 - In 2013, the Center's first operating year, 233 events were held with nearly 110,000 total attendees. This included 15 major conventions that brought in a total of \$450,000 in revenue and \$2.5 million in economic impact.
 - Meetings are the most commonly hosted events at the Center, accounting for 49 percent of all events in 2013.
 - December was the Center's highest grossing month in 2013 due to the large number of corporate holiday banquets hosted. These parties resulted in \$300,000 of revenue for the Center.
 - Total gross revenue for 2013 was nearly \$2.9 million, and the Center finished the year with a net loss of \$77,000.

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Vancouver Conference Center



FACILITY: Vancouver Conference Center
City, State: Vancouver, Washington
Owner: Downtown Redevelopment Authority (DRA)
Operator: Downtown Redevelopment Authority (DRA)
Facility Specs:

Exhibit Space:	0 sf
Meeting Space:	8,500 sf
Ballroom Space:	21,900 sf
Largest Contiguous Space:	14,100 sf
HQ Hotel Rooms:	226
Hotel Rooms Within 1/2 Mile:	381



Notes:

- The Vancouver Conference Center and Hilton Vancouver Washington is a multi-functional facility that opened in June 2005 across from Esther Short Park.
- The facility is part of redevelopment and revitalization efforts of the City of Vancouver that began in the early 2000s with the construction of numerous condominium structures surrounding Esther Short Park and around the Uptown Village neighborhood . These include future development of a new library, Marriott hotel and approximately 250 additional condominiums.
- The City of Vancouver and Clark County estimated that they were losing approximately \$500 to \$950 million in retail and entertainment dollars annually to other communities. Therefore, they decided to construct the 226-room Hotel and Center as one vehicle to drive new visitation to the community.
- Approximately \$64.1 million in tax-exempt revenue bonds are the primary funding source for the project. It is estimated that the DRA bonds will be repaid through revenues generated through gross operating revenues of the Center, proceeds from special taxes due to the Center, proceeds of a lodging tax, and investment earnings on amounts in certain funds established under the Indenture.

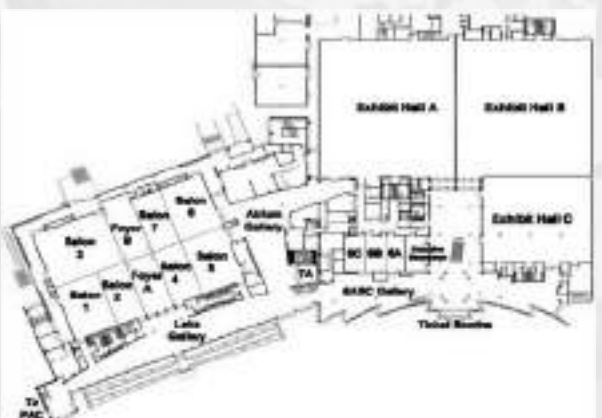
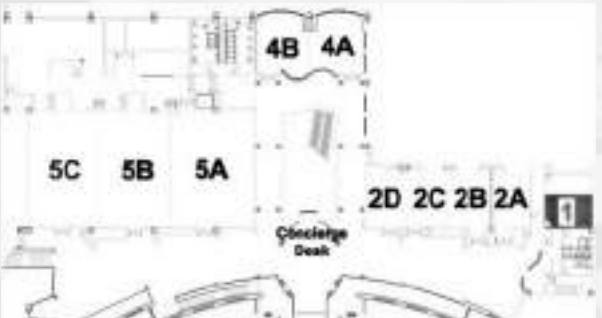


Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Infinite Energy Forum



FACILITY:	Infinite Energy Forum	
City, State:	Duluth, Georgia	
Owner:	Gwinnett County	
Operator:	AEG	
Facility Specs:	Exhibit Space:	50,000 sf
	Meeting Space:	12,800 sf
	Ballroom Space:	21,600 sf
	Largest Contiguous Space:	50,000 sf
	Arena:	13,000 seats
	Performing Arts:	708 seats
	HQ Hotel Rooms:	156
	Hotel Rooms Within ½ Mile:	421



Notes:

- Located approximately 30 miles northeast of Atlanta in Duluth, Georgia. Due to its distance from a major metropolitan market relative, CSL conducted in-depth interviews with facility and Gwinnett CVB officials to learn about operational and historical nuances of the facility, and to understand what the future vision is for the Forum.
- Gwinnett Civic and Cultural Center opened originally in 1992 and changed its name to the Gwinnett Center after the Arena and Ballroom opened in 2003 at a total cost of \$91M, 100% publicly funded. The funds for these repayments consist of a significant portion of countywide hotel tax collection revenues (approximately 70 percent of the annual hotel tax collections contribute toward the debt service).
- In 2015, the facility's name was again changed to Infinite Energy Forum. The naming rights agreement entails \$18 million to be paid by Infinite Energy to Gwinnett County over 20 years.
- Over several recent years of operations, the Forum has averaged approximately 380 events, 550 event days and 222,000 total attendees. Meetings make up nearly 50 percent of the total number of events, while larger events such as convention/tradeshows and public/consumer shows make up six and 11 percent of events, respectively.

3. COMPARABLE ANALYSIS: Mid-America Center



FACILITY:	Mid-America Center	
City, State:	Council Bluffs, Iowa	
Owner:	City of Council Bluffs	
Operator:	Caesars Entertainment	
Facility Specs:	Exhibit Space:	24,500 sf
	Meeting Space:	5,300 sf
	Ballroom Space:	18,500 sf
	Largest Contiguous Space:	24,500 sf
	Arena:	9,000 seats
	HQ Hotel Rooms:	286
	Hotel Rooms Within 1/2 Mile:	692



- Notes:**
- Opened in 2002 at a total cost of \$75M (51% publicly funded, 49% privately funded).
 - Includes concert venue with fixed seating for 7,000, and a total capacity of 9,000.
 - Caesars Entertainment subsidizes annual operating losses with revenues gained from their nearby Horseshoe Casino.
 - Held approximately 280 events with total attendance of 221,900 in a recent year of operations.
 - Total gross revenue of \$1,637,968 and \$2,435,766 in expenses in a recent year of operations with a total net loss of \$915,517.

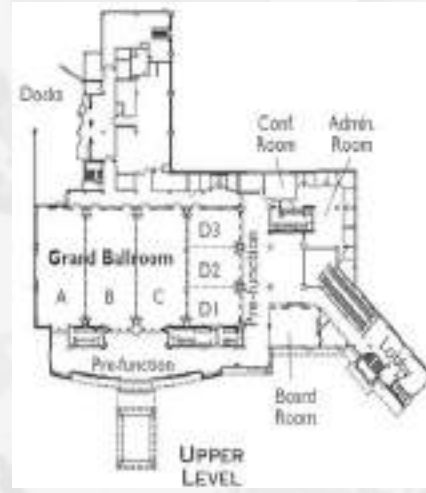


Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: St. Charles Convention Center



FACILITY: St. Charles Convention Center
City, State: St. Charles, Missouri
Owner: Saint Charles County Convention and Sports Facilities Authority and the City of Saint Charles
Operator: Global Spectrum
Facility Specs: Exhibit Space: 27,600 sf
 Meeting Space: 7,000 sf
 Ballroom Space: 22,200 sf
 Largest Contiguous Space: 35,700 sf
 HQ Hotel Rooms: 296
 Hotel Rooms Within 1/2 Mile: 574



Notes:

- The Saint Charles Convention Center is a \$35 million multi-functional facility that opened in April 2005.
- In a recent year, the Center hosted 463 events and attracted 190,000 people, generating approximately 20,000 room nights. Specifically, the Center hosted 10 conventions, 25 tradeshow, 19 consumer shows, 98 banquets, 287 meetings and 24 miscellaneous events.
- There are over 2,100 hotel rooms in the greater St. Charles area. Major properties include a 296-room Embassy Suites Hotel that is attached to the Center.
- The \$36 million Hotel and Convention Center unite sales and marketing staff to centralize promotions of both facilities.
- Largely viewed as a result of the Center's success, approval for a \$55 million tax increment financing subsidy was recently approved to fund a \$385 million economic development project to be located a few blocks from the Center. This complex is to include an 18-floor residential tower, several condominium buildings with lower-floor shops and restaurants and offices, a 10 to 14-story hotel, a movie theater and an outdoor ice rink.



Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Sharonville Convention Center



FACILITY:	Sharonville Convention Center	
City, State:	Sharonville, Ohio	
Owner:	Hamilton County	
Operator:	City of Sharonville / Spectra	
Facility Specs:	Exhibit Space:	20,500 sf
	Meeting Space:	24,200 sf
	Ballroom Space:	14,100 sf
	Largest Contiguous Space:	20,500 sf
	HQ Hotel Rooms:	512
	Hotel Rooms Within ½ Mile:	1,058



- Notes:**
- Opened in 1994.
 - Located approximately 15 miles north of downtown Cincinnati near the intersection of I-75 and I-275, the Sharonville Convention Center is northern Cincinnati's primary convention, conference and event facility.
 - Sharonville's location, less than 20 miles north of downtown Cincinnati, offers a complementary sub-destination that appeals to a variety of convention and meeting groups interested in affordability and convenience.
 - The Sharonville Convention Center hosted 58 events in 2016, and averaged 59 events each year between 2013 and 2016.
 - In 2016, the convention center's total operating revenues were \$1,756,000 with total operating expenses of \$1,796,094.



Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Ontario Convention Center



FACILITY:	Ontario Convention Center	
City, State:	Ontario, California	
Owner:	City of Ontario	
Operator:	SMG	
Facility Specs:	Exhibit Space:	69,300 sf
	Meeting Space:	26,100 sf
	Ballroom Space:	19,600 sf
	Largest Contiguous Space:	69,300 sf
	HQ Hotel Rooms:	1,257
	Hotel Rooms Within ½ Mile:	2,279



Notes:

- The Ontario Convention Center is located between the LA/Ontario International Airport and Interstate 10. There are 11 hotels within three blocks of the convention center totaling approximately 2,100 guestrooms. While there is a significant inventory of hotel rooms, many of these rooms are located in limited service hotels, rather than full service properties.
- Expansion plans for the convention center were developed by HMC Architects that adds more exhibit space to the south end of the convention center as well as more meeting and ballroom space. The expansion would include 70% sellable space with the rest as storage, circulation, and exiting space.
- The City of Ontario resumed operations of the Ontario International Airport in late 2016 and is expanding non-stop flights to Austin, San Antonio, Denver and Chicago and international flights to China. The airport has also solidified advertising sponsorships totaling \$350,000 annually and \$7.6 million over ten years. Along with that funding, the airport was also given a \$6.3 million grant by the Federal Aviation Administration's Airport Improvement Program to repair the intersection of two taxiways.
- Historic Ontario Downtown Euclid Avenue is planning a modernization project to redevelop Downtown Ontario in 2018. Six hotel properties totaling 650 hotel rooms within 10 miles of the convention center and the Plemante Project which includes the Element Hotel, restaurants, and other entertainment businesses are all a part of the modernization plan that will take two to three years to complete.



Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Northern Kentucky Convention Center



FACILITY:	Northern Kentucky Convention Center	
City, State:	Covington, Kentucky	
Owner:	Commonwealth of Kentucky	
Operator:	Northern Kentucky Convention Center Corporation	
Facility Specs:	Exhibit Space:	46,200 sf
	Meeting Space:	13,300 sf
	Ballroom Space:	22,800 sf
	Largest Contiguous Space:	46,200 sf
	HQ Hotel Rooms:	547
	Hotel Rooms Within ½ Mile:	1,334



- Notes:**
- Situated in the middle of a growing business and entertainment district, the Northern Kentucky Convention Center opened in 1998.
 - Boone County voters approved a one percent hotel tax increase in 2017 to support an expansion of the Center, which is estimated to generate between \$1.2 million and \$1.5 million annually
 - The Northern Kentucky Convention Center's total departmental revenues for fiscal year 2016-2017 as of June 2017 were \$3,911,448 while total departmental expenses were \$2,969,263.
 - Management estimates that the Center generates approximately 37,000 hotel room nights per year.
 - Facility management recently added a 5,500-square foot training center and auditorium to help the community attract a large medical device and research company.

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Sugar Land Marriott Town Square



FACILITY:	Sugar Land Marriott Town Square	
City, State:	Sugar Land, Texas	
Owner:	City of Sugar Land	
Operator:	Crestline Hotel	
Facility Specs:	Exhibit Space:	0 sf
	Meeting Space:	11,100 sf
	Ballroom Space:	15,500 sf
	Largest Contiguous Space:	15,500 sf
	HQ Hotel Rooms:	547
	Hotel Rooms Within ½ Mile:	1,334

- Notes:**
- The Sugar Land Marriot Conference Center opened in 2003 and features 300 guest rooms and a 600 stall parking garage.
 - The Center and parking garage is the prominent component of Sugar Land Town Square, a 32-acre pedestrian-oriented, master-developed, main-street city center and business district that also includes restaurants, retail, entertainment, office space, condominiums, among other amenities.
 - Total project costs for the Center were approximately \$54.8 million funded through a public-private partnership. The City's \$19.3 million portion of the funding was generated by \$10 million in certificates of obligation, funded by a local hotel occupancy tax, \$1 million generated by a 0.25 cent sales tax targeted toward economic and community development programs and another \$8.3 million of issued debt that is to be paid back by continued collections of the aforementioned sales tax. The remaining \$35.5 million was privately funded.
 - Crestline Hotels was contracted by the City to manage and operate the Center and hotel for a term of 20 years and receives a base mgmt. fee of three percent of gross hotel and Center revenues as well as an incentive fee equal to 15 percent of annual operating profit.

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Comparable Facility Events

COMPARISON OF EVENT AND ATTENDANCE LEVELS

CSL also conducted an extensive benchmarking analysis of the operational performances of several of the compared venues. This consisted of comparing the events levels, types of event activity, operational revenues/expenses and operational profit/loss associated with each of the facilities. Based on requests for confidentiality that are commonly made by facilities providing this type of data, the names of the facilities/cities have not been specifically attributed to the data that are listed.

Total Events										
By Event Type	Facility A	Facility B	Facility C	Facility D	Facility E	Facility F	Facility G	Facility H	Facility I	Averages
Conventions/Tradeshows	41	74	34	40	19	17	48	--	22	37
Public/Consumer Shows	24	6	35	29	13	16	52	--	48	28
Banquets	65	201	81	35	53	0	65	--	57	70
Meetings	176	303	112	46	135	78	183	--	159	149
Other	23	24	26	18	25	90	168	--	62	55
Total	329	608	288	168	245	201	516	95	348	311

Total Attendance										
By Event Type	Facility A	Facility B	Facility C	Facility D	Facility E	Facility F	Facility G	Facility H	Facility I	Averages
Conventions/Tradeshows	66,753	--	89,870	74,659	24,994	23,360	--	--	35,620	52,543
Public Shows	95,098	--	138,177	93,992	23,487	29,000	--	--	102,000	80,292
Banquets	26,104	--	40,668	9,312	13,407	0	--	--	18,735	18,038
Meetings	37,845	--	52,067	15,393	40,135	44,813	--	--	22,095	35,391
Other	39,937	--	51,757	133,814	19,655	70,355	--	--	34,431	58,325
Total	265,737	--	372,539	327,170	121,678	167,528	241,514	--	212,881	244,150

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Comparable Facility Operations

In terms of financial performance, on average, convention facilities operate at a loss of approximately \$699,700, with average revenues at \$2.4 million and expenses at \$3.2 million. The convention centers reviewed also average a coverage ratio of 79 percent.

COMPARISON OF FINANCIAL OPERATIONS

Facility	Operating Revenue	Operating Expense	Net Operating Income/(Loss)	Net Operating Inc./ (Loss) per SF Tot. Sel. Space	Coverage Ratio	Rev. per SF of Tot. Sel. Space	Exp. per SF of Tot. Sel. Space
Facility A	\$4,514,555	\$5,559,044	(1,044,488)	(21.14)	81.2%	\$91.39	\$112.53
Facility B	\$1,327,785	\$1,756,371	(428,586)	(6.75)	75.6%	\$20.91	\$27.66
Facility C	\$1,908,691	\$2,183,512	(274,821)	(8.30)	87.4%	\$57.66	\$65.97
Facility D	\$2,546,412	\$2,182,612	363,800	17.00	116.7%	\$118.99	\$101.99
Facility E	\$1,379,358	\$1,853,542	(474,184)	(17.12)	74.4%	\$49.80	\$66.91
Facility F	\$4,440,396	\$6,232,657	(1,792,261)	(15.58)	71.2%	\$38.61	\$54.20
Facility G	\$2,574,420	\$2,504,725	69,695	1.50	102.8%	\$55.36	\$53.87
Facility H	\$874,661	\$1,626,607	(751,946)	(35.64)	53.8%	\$41.45	\$77.09
Facility I	\$635,552	\$1,070,849	(435,297)	(18.60)	59.4%	\$27.16	\$45.76
Facility J	\$2,893,856	\$2,585,052	308,804	12.71	111.9%	\$119.09	\$106.38
Facility K	\$1,940,934	\$3,814,200	(1,873,266)	(14.17)	50.9%	\$14.68	\$28.85
Facility L	\$239,235	\$1,278,990	(1,039,755)	(57.76)	18.7%	\$13.29	\$71.05
Facility M	\$5,678,457	\$5,325,913	352,544	6.21	106.6%	\$99.97	\$93.77
Facility N	\$2,292,268	\$2,341,268	(49,000)	(1.03)	97.9%	\$47.96	\$48.98
Facility O	\$1,125,833	\$1,634,113	(508,280)	(22.20)	68.9%	\$49.16	\$71.36
Facility P	\$4,656,669	\$7,368,760	(2,712,091)	(43.12)	63.2%	\$74.03	\$117.15
Facility Q	\$4,426,206	\$5,215,646	(789,440)	(4.67)	84.9%	\$26.16	\$30.83
Facility R	\$631,765	\$704,743	(72,979)	(3.48)	89.6%	\$30.08	\$33.56
Facility S	\$1,623,145	\$2,261,735	(638,590)	(19.18)	71.8%	\$48.74	\$67.92
Facility T	\$2,756,581	\$3,751,441	(994,860)	(9.41)	73.5%	\$26.08	\$35.49
Facility U	\$1,342,453	\$3,450,102	(2,107,649)	(26.44)	38.9%	\$16.84	\$43.29
Facility V	\$511,480	\$7,368,760	(1,194,580)	(27.46)	30.0%	\$11.76	\$39.22
Facility W	\$1,554,304	\$5,215,646	(2,104,208)	(27.72)	42.5%	\$20.48	\$48.20
Facility X	\$1,756,000	\$704,743	(40,094)	(0.68)	97.8%	\$29.86	\$30.55
Facility Y	\$2,259,727	\$2,261,735	(749,897)	(9.11)	75.1%	\$27.46	\$36.57
Facility Z	\$6,778,369	\$3,751,441	790,039	8.09	113.2%	\$69.45	\$61.36
Average	\$2,410,400	\$3,230,900	(699,700)	(11.94)	79.0%	\$46.05	\$57.99
Median	\$1,908,700	\$2,341,300	(573,400)	(9.11)	75.1%	\$38.61	\$53.87

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Comparable Facility Operations

COMPARISON OF FINANCIAL OPERATIONS (1 of 2)

	Facility A	Facility B	Facility C	Facility D	Facility E	Facility F	Facility G	Facility H	Facility I	Facility J	Facility K	Facility L	Facility M	Facility N
Operating Revenues														
Facility rent	\$760,234	\$641,889	\$343,124	\$912,946	\$594,232	\$1,911,005	\$478,350	\$410,888	\$206,447	\$676,530	\$722,301	\$121,369	\$1,223,581	\$958,034
Food service (net)	\$2,576,424	\$277,593	\$1,194,306	\$1,248,398	\$700,726	\$1,733,000	\$1,522,641	\$575,365	\$265,036	\$1,597,491	\$1,091,534	\$41,994	\$2,988,446	\$1,206,217
Contract service/other	\$1,177,897	\$408,303	\$371,261	\$385,068	\$84,400	\$796,391	\$573,429	(\$111,592)	\$164,069	\$619,835	\$127,099	\$75,872	\$1,466,430	\$128,017
Total Operating Revenues	\$4,514,555	\$1,327,785	\$1,908,691	\$2,546,412	\$1,379,358	\$4,440,396	\$2,574,420	\$874,661	\$635,552	\$2,893,856	\$1,940,934	\$239,235	\$5,678,457	\$2,292,268
Operating Expenses:														
Salaries and benefits	\$3,045,252	\$1,052,983	\$1,410,302	\$1,193,231	\$1,090,662	\$3,156,174	\$1,362,516	\$647,770	\$578,441	\$1,360,065	\$1,681,424	\$608,917	\$3,073,840	\$1,008,024
Contract labor	\$78,739	\$0	\$0	\$120,000	\$5,902	\$313,036	\$157,600	\$0	\$134,150	\$102,540	\$187,004	\$54,646	\$370,628	\$225,117
Utilities	\$512,393	\$295,223	\$0	\$173,048	\$254,533	\$657,797	\$157,954	\$0	\$95,522	\$195,898	\$694,453	\$161,012	\$139,013	\$195,347
Repair & maintenance	\$0	\$115,573	\$0	\$89,632	\$86,130	\$377,992	\$140,897	\$0	\$84,597	\$85,599	\$358,159	\$137,480	\$152,517	\$99,359
General & administrative	\$759,250	\$112,992	\$46,039	\$420,265	\$323,478	\$1,308,447	\$7,994	\$0	\$128,004	\$0	\$262,927	\$90,422	\$2,393	\$297,489
Supplies	\$1,163,409	\$92,852	\$0	\$141,181	\$53,921	\$310,273	\$283,093	\$0	\$17,443	\$42,950	\$90,422	\$11,551	\$495,015	\$30,602
Insurance	\$0	\$86,748	\$0	\$45,255	\$36,276	\$108,938	\$44,400	\$0	\$32,692	\$0	\$88,480	\$214,963	\$149,325	\$29,584
Other	\$0	\$0	\$727,171	\$0	\$2,640	\$0	\$350,271	\$978,837	\$0	\$798,000	\$451,331	\$0	\$943,182	\$455,746
Total Operating Expenses	\$5,559,044	\$1,756,371	\$2,183,512	\$2,182,612	\$1,853,542	\$6,232,657	\$2,504,725	\$1,626,607	\$1,070,849	\$2,585,052	\$3,814,200	\$1,278,990	\$5,325,913	\$2,341,268
Net Operating Profit/(Loss)	(\$1,044,488)	(\$428,586)	(\$274,821)	\$363,800	(\$474,184)	(\$1,792,261)	\$69,695	(\$751,946)	(\$435,297)	\$308,804	(\$1,873,266)	(\$1,039,755)	\$352,544	(\$49,000)

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Comparable Facility Operations

Facility rent is on average the largest component of facility revenue while salaries and benefits is the largest expense.

COMPARISON OF FINANCIAL OPERATIONS (2 of 2)

	Facility O	Facility P	Facility Q	Facility R	Facility S	Facility T	Facility U	Facility V	Facility W	Facility X	Facility Y	Facility Z	Average
Operating Revenues													
Facility rent	\$312,100	\$1,247,611	\$957,230	\$44,751	\$685,043	\$1,316,881	\$736,891	\$862,451	\$969,792	\$970,848	\$847,895	\$1,910,247	\$800,872
Food service (net)	\$595,692	\$1,661,827	\$657,411	\$14,614	\$1,240,639	\$266,052	\$568,278	(\$350,970)	\$549,095	\$484,805	\$0	\$2,651,165	\$975,299
Contract service/other	\$218,041	\$1,747,231	\$2,811,566	\$572,399	(\$302,537)	\$1,173,648	\$37,284	\$0	\$35,417	\$300,347	\$1,411,832	\$2,216,957	\$634,179
Total Operating Revenues	\$1,125,833	\$4,656,669	\$4,426,206	\$631,765	\$1,623,145	\$2,756,581	\$1,342,453	\$511,480	\$1,554,304	\$1,756,000	\$2,259,727	\$6,778,369	\$2,410,350
Operating Expenses:													
Salaries and benefits	\$1,143,022	\$4,874,827	\$1,874,874	\$265,993	\$1,005,694	\$1,844,171	\$1,717,793	\$0	\$2,053,542	\$1,062,268	\$1,687,610	\$2,414,083	\$1,585,134
Contract labor	\$50,365	\$0	\$1,963,907	\$0	\$373,480	\$253,565	\$329,413	\$0	\$0	\$281,795	\$429,081	\$677,282	\$234,933
Utilities	\$149,393	\$587,729	\$649,489	\$37,019	\$182,347	\$597,975	\$0	\$255,901	\$542,894	\$92,569	\$333,045	\$747,605	\$296,468
Repair & maintenance General & administrative	\$32,601	\$537,346	\$148,556	\$15,869	\$52,425	\$629,567	\$91,111	\$237,835	\$337,282	\$102,185	\$76,740	\$286,787	\$164,471
Supplies	\$59,106	\$487,835	\$103,784	\$11,672	\$61,195	\$0	\$395,152	\$1,796	\$159,321	\$48,902	\$118,344	\$233,414	\$169,740
Insurance	\$0	\$0	\$55,072	\$73,134	\$22,190	\$0	\$0	\$34,613	\$88,881	\$159,593	\$40,361	\$78,199	\$53,412
Other	\$186,626	\$640,095	\$110,885	\$199,609	\$1,850	\$0	\$224,919	\$103,765	\$55,391	\$26,632	\$49,302	\$67,893	\$245,159
Total Operating Expenses	\$1,634,113	\$7,368,760	\$5,215,646	\$704,743	\$2,261,735	\$3,751,441	\$3,450,102	\$1,706,060	\$3,658,512	\$1,796,094	\$3,009,624	\$5,988,330	\$3,110,019
Net Operating Profit/(Loss)	(\$508,280)	(\$2,712,091)	(\$789,440)	(\$72,979)	(\$638,590)	(\$994,860)	(\$2,107,649)	(\$1,194,580)	(\$2,104,208)	(\$40,094)	(\$749,897)	\$790,039	(\$699,669)

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Comparable Facility Operations

COMPARISON OF PER SF FINANCIAL OPERATIONS (1 of 2)

	Facility A	Facility B	Facility C	Facility D	Facility E	Facility F	Facility G	Facility H	Facility I	Facility J	Facility K	Facility L	Facility M	Facility N
Operating Revenues														
Facility rent	\$15.39	\$10.11	\$10.37	\$42.66	\$21.45	\$16.62	\$10.29	\$19.47	\$8.82	\$27.84	\$5.46	\$6.74	\$21.54	\$20.04
Food service (net)	\$52.15	\$4.37	\$36.08	\$58.34	\$25.30	\$15.07	\$32.74	\$27.27	\$11.33	\$65.74	\$8.26	\$2.33	\$52.61	\$25.23
Contract service/other	\$23.84	\$6.43	\$11.22	\$17.99	\$3.05	\$6.93	\$12.33	(\$5.29)	\$7.01	\$25.51	\$0.96	\$4.22	\$25.82	\$2.68
Total Operating Revenues	\$91.39	\$20.91	\$57.66	\$118.99	\$49.80	\$38.61	\$55.36	\$41.45	\$27.16	\$119.09	\$14.68	\$13.29	\$99.97	\$47.96
Operating Expenses:														
Salaries and benefits	\$61.64	\$16.58	\$42.61	\$55.76	\$39.37	\$27.44	\$29.30	\$30.70	\$24.72	\$55.97	\$12.72	\$33.83	\$54.12	\$21.09
Contract labor	\$1.59	\$0.00	\$0.00	\$5.61	\$0.21	\$2.72	\$3.39	\$0.00	\$5.73	\$4.22	\$1.41	\$3.04	\$6.53	\$4.71
Utilities	\$10.37	\$4.65	\$0.00	\$8.09	\$9.19	\$5.72	\$3.40	\$0.00	\$4.08	\$8.06	\$5.25	\$8.95	\$2.45	\$4.09
Repair & maintenance	\$0.00	\$1.82	\$0.00	\$4.19	\$3.11	\$3.29	\$3.03	\$0.00	\$3.62	\$3.52	\$2.71	\$7.64	\$2.69	\$2.08
General & administrative	\$15.37	\$1.78	\$1.39	\$19.64	\$11.68	\$11.38	\$0.17	\$0.00	\$5.47	\$0.00	\$1.99	\$5.02	\$0.04	\$6.22
Supplies	\$23.55	\$1.46	\$0.00	\$6.60	\$1.95	\$2.70	\$6.09	\$0.00	\$0.75	\$1.77	\$0.68	\$0.64	\$8.72	\$0.64
Insurance	\$0.00	\$1.37	\$0.00	\$2.11	\$1.31	\$0.95	\$0.95	\$0.00	\$1.40	\$0.00	\$0.67	\$11.94	\$2.63	\$0.62
Other	\$0.00	\$0.00	\$21.97	\$0.00	\$0.10	\$0.00	\$7.53	\$46.39	\$0.00	\$32.84	\$3.41	\$0.00	\$16.61	\$9.53
Total Operating Expenses	\$112.53	\$27.66	\$65.97	\$101.99	\$66.91	\$54.20	\$53.87	\$77.09	\$45.76	\$106.38	\$28.85	\$71.05	\$93.77	\$48.98
Net Operating Profit/(Loss)	(\$21.14)	(\$6.75)	(\$8.30)	\$17.00	(\$17.12)	(\$15.58)	\$1.50	(\$35.64)	(\$18.60)	\$12.71	(\$14.17)	(\$57.76)	\$6.21	(\$1.03)

Source: Facility Management, 2018.

3. COMPARABLE ANALYSIS: Comparable Facility Operations

COMPARISON OF PER SF FINANCIAL OPERATIONS (2 of 2)

	Facility O	Facility P	Facility Q	Facility R	Facility S	Facility T	Facility U	Facility V	Facility W	Facility X	Facility Y	Facility Z	Average
Operating Revenues													
Facility rent	\$13.63	\$19.83	\$5.66	\$2.13	\$20.57	\$12.46	\$9.25	\$19.83	\$12.76	\$16.51	\$10.30	\$19.57	\$15.38
Food service (net)	\$26.01	\$26.42	\$3.89	\$0.70	\$37.26	\$2.52	\$7.13	(\$8.07)	\$7.22	\$8.24	\$0.00	\$27.16	\$20.79
Contract service/other	\$9.52	\$27.78	\$16.62	\$27.26	(\$9.09)	\$11.10	\$0.47	\$0.00	\$0.47	\$5.11	\$17.15	\$22.71	\$10.35
Total Operating Revenues	\$49.16	\$74.03	\$26.16	\$30.08	\$48.74	\$26.08	\$16.84	\$11.76	\$20.45	\$29.86	\$27.46	\$69.45	\$46.53
Operating Expenses:													
Salaries and benefits	\$49.91	\$77.50	\$11.08	\$12.67	\$30.20	\$17.45	\$21.55	\$0.00	\$27.02	\$18.07	\$20.51	\$24.73	\$30.33
Contract labor	\$2.20	\$0.00	\$11.61	\$0.00	\$11.22	\$2.40	\$4.13	\$0.00	\$0.00	\$4.79	\$5.21	\$6.94	\$3.50
Utilities	\$6.52	\$9.34	\$3.84	\$1.76	\$5.48	\$5.66	\$0.00	\$5.88	\$7.14	\$1.57	\$4.05	\$7.66	\$4.93
Repair & maintenance	\$1.42	\$8.54	\$0.88	\$0.76	\$1.57	\$5.96	\$1.14	\$5.47	\$4.44	\$1.74	\$0.93	\$2.94	\$2.72
General & administrative	\$0.57	\$3.83	\$1.83	\$4.83	\$16.89	\$4.03	\$8.68	\$24.65	\$5.54	\$0.38	\$3.34	\$15.20	\$6.30
Supplies	\$2.58	\$7.76	\$0.61	\$0.56	\$1.84	\$0.00	\$4.96	\$0.04	\$2.10	\$0.83	\$1.44	\$2.39	\$3.02
Insurance	\$0.00	\$0.00	\$0.33	\$3.48	\$0.67	\$0.00	\$0.00	\$0.80	\$1.17	\$2.71	\$0.49	\$0.80	\$1.27
Other	\$8.15	\$10.18	\$0.66	\$9.51	\$0.06	\$0.00	\$2.82	\$2.39	\$0.73	\$0.45	\$0.60	\$0.70	\$6.62
Total Operating Expenses	\$71.36	\$117.15	\$30.83	\$33.56	\$67.92	\$35.49	\$43.29	\$39.22	\$48.14	\$30.55	\$36.57	\$61.36	\$58.70
Net Operating Profit/(Loss)	(\$22.20)	(\$43.12)	(\$4.67)	(\$3.48)	(\$19.18)	(\$9.41)	(\$26.44)	(\$27.46)	(\$27.69)	(\$0.68)	(\$9.11)	\$8.09	(\$12.17)

3. COMPARABLE ANALYSIS: Conclusions

Certain inferences can be made by reviewing comparable convention facilities operating in markets throughout the country of a similar size and/or geographic positioning to Lake County. The facilities reviewed were selected based on their characteristics, total space offered and the size and location of the markets in which they are located. Considering the analysis conducted of the various physical characteristics and operations of the comparable facilities and communities, the following conclusions can be made:

- Lake County ranks near the top among the comparable markets identified that offer convention center space in terms of population and corporate base with an estimated 90- and 180-minute drive.
- Approximately two-thirds of comparable markets identified offer at least 500 sleeping rooms within ½-mile of the event facility at “Upper Upscale” and “Upscale” properties.
- Based on the population and corporate base within 90 minutes of comparable market facilities, a potential new convention center in Lake County could offer over 160,000 square feet of sellable event space, including nearly 92,000 square feet within its largest contiguous room, and would require approximately 800 rooms within an attached or nearby headquarters hotel property.
- On average, facilities in comparable market host 311 annual events, attracting nearly 244,200 attendees. The majority of events tend to be smaller, single-day meetings, while the majority of attendees participate in public/consumer shows (80,300 attendees), conventions/tradeshows (52,500 attendees) or other events (58,300 attendees).
- The average convention facility analyzed operates at a loss of nearly \$700,000, annually, with average revenues approximating \$2.4 million and expenses approximating \$3.2 million, annually. This equates to an estimated coverage ratio of 79 percent, on average. On a per square foot of sellable space basis, the identified convention centers in comparable markets average a loss of approximately \$12.17.

4. INDUSTRY TRENDS



4. INDUSTRY TRENDS: Overview

The market success of an event facility can be partially attributed to the characteristics of the industry as a whole. In order to assess the strength of the market with regard to event activity that could utilize a new Lake County Convention Center in the future, it is important to evaluate the industry trends from a national and regional perspective. Broad industry changes, characterized by—sometimes significant—retraction and expansion in event demand and attendance/participation characteristics have taken place within the industry over the past decade.

Additionally, the “state-of-the-industry” in terms of the physical product aesthetics and functionality of convention center facilities has continued to advance year-over-year in cities throughout the country. Event planners increasingly prefer, and oftentimes demand, the modern, spacious aesthetics and optimized, advanced functionality and efficiency of newer facility designs and programs. Beyond attracting higher numbers of groups, visitors and economic impact, modern convention facilities often offer significant advancements in operating efficiencies and enhanced revenue generation opportunities, as compared to previous generations of facilities.

Beyond broad variation in the physical facility products offered, there are a multitude of differences in structure/approach to operating mission, policies, procedures, sales and marketing, funding, financial/economic performance goals, and other such items.

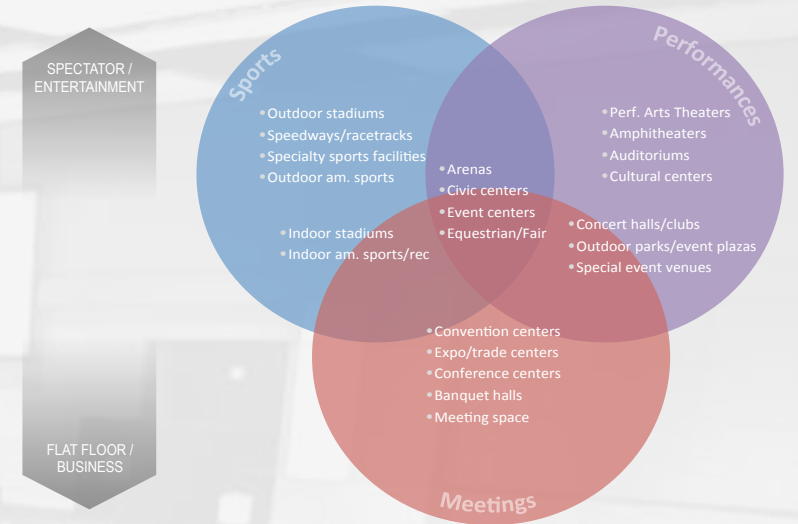


4. INDUSTRY TRENDS: Facility Needs & Preferences

It is often useful to consider events as those residing in one of three general categories: sports, performances, and meetings. Facilities that normally accommodate these event types tend to overlap somewhat, as certain event facilities can accommodate events in multiple categories.

The exhibit to the right illustrates how specific types of industry-typical event facilities fit within this framework of events. As shown, event facilities situated near the top of the diagram tend to be facilities that are more spectator/entertainment event-oriented, while those facilities located near the bottom of the diagram tend to be those that do not integrate fixed seating and are instead flat floor venues that focus on conventions, meetings, tradeshow and other such events.

While facilities employ varying degrees of flexibility and multipurpose space, allowing them to technically accommodate events from all three general categories (for instance, arenas and civic centers), any event facility will possess attributes that will allow it to better compete/serve certain event types, while being less competitive/efficient/effective in other segments.



As shown in the exhibit to the left, different types of events can have very different preferences and requirements with regard to facility characteristics. For example, conventions typically place premiums on high quality finish of event space (including carpeted space), adjacent/proximate full-service hotel rooms and other visitor amenities (i.e., restaurants, retail, entertainment, etc.) in close walking distance, while sporting events typically focus on large seating capacities and plentiful parking.

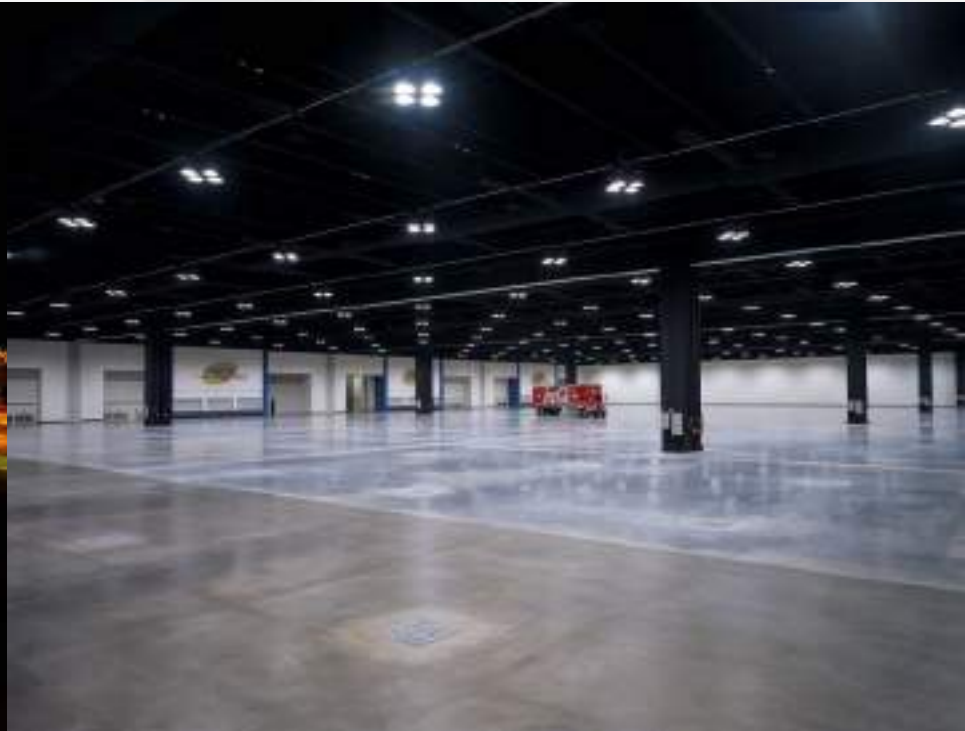
This discussion begins to lay the groundwork for some important issues that will likely affect the types of events that may be attracted to an event facility. The type, level of finish, configuration, and amenities of the space offered in any potential facility will play a strong role in determining the ability of the facility to attract and accommodate certain types of events. Ultimately, this information also implies that industry best practices dictate that event facilities cannot, and should not, be “everything to everyone”. The following two pages show images of modern convention facility design and emphasis on destination-building and greater sites.

	High Quality Finish	Exhibit/Lg. Event Facility	Upscale Banquet Hall	Breakout Rooms	Spectator Seating	Parking	Nearby Hotels	Secondary Facilities	Nearby Visitor Amenities
Conventions	HIGH	HIGH	HIGH	HIGH	LOW	MED	HIGH	LOW	HIGH
Conferences	HIGH	MED	HIGH	HIGH	LOW	MED	HIGH	LOW	HIGH
Meetings	HIGH	LOW	MED	HIGH	LOW	LOW	LOW	LOW	MED
Banquets/Receptions	HIGH	LOW	HIGH	MED	LOW	MED	LOW	LOW	MED
Tradeshows	MED	HIGH	LOW	LOW	LOW	HIGH	MED	LOW	HIGH
Consumer/Public Shows	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	LOW	MED
Agricultural Shows	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	HIGH	LOW
Equestrian Events	LOW	HIGH	LOW	LOW	MED	HIGH	LOW	HIGH	LOW
Rodeos	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	MED	LOW
Tractor pulls	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	MED	LOW
Sporting Events	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	LOW	LOW
Concerts	LOW	MED	LOW	LOW	HIGH	HIGH	LOW	LOW	MED
Festivals	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	LOW	LOW

4. INDUSTRY TRENDS: Destination & Amenity Preferences



4. INDUSTRY TRENDS: Convention/Meeting Industry



4. INDUSTRY TRENDS: Convention/Meeting Industry

According to a PricewaterhouseCoopers study, just over 1.8 million meetings are held annually, attracting a total of just under 225 million meeting participants. Corporate/business meetings made up the largest portion of this meeting activity, encompassing 50 percent of all meetings, with conventions/conferences/congresses following behind at 27 percent.

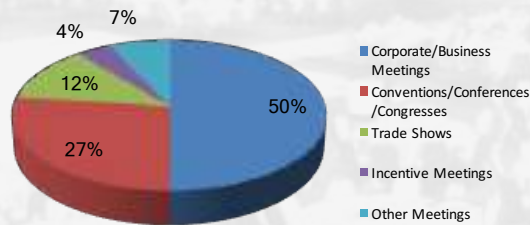
Direct spending levels resulting from these meetings approximate \$280 million, that is directly attributable to meeting activity. Spending on accommodations and food and beverage resulted in just under \$70 million of total direct spending, making up a majority of the \$130 million of direct spending on travel and tourism commodities. Also of note, money spent on meeting planning and production resulted in a total of \$107 million of direct spending.

Number of Meetings and Participants

Number of Meetings and Participants by Meeting Type

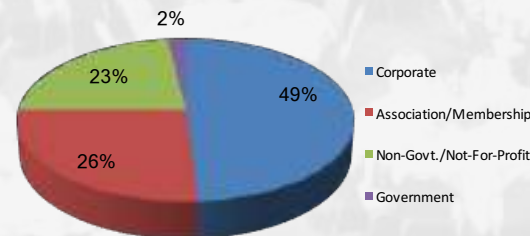
Meeting Type	Number of Meetings	Participants (in millions)
Corporate/Business Meetings	1,298,300	113,337
Conventions/Conferences/Congresses	273,700	60,960
Trade Shows	10,900	26,768
Incentive Meetings	67,700	9,172
Other Meetings	182,600	14,710
Total	1,833,200	224,947

Percentage of Participants



Number of Meetings and Participants by Host Type

Host Type	Number of Meetings	Participants (in millions)
Corporate	1,017,000	109,571
Association/Membership	315,400	59,495
Non-Govt./Not-For-Profit	432,100	51,572
Government	68,600	4,308
Total	1,833,200	224,947



Source: PWC, The Economic Significance of Meetings in the U.S. Economy, 2014

Meeting/Event Spending by Industry Sector

Commodities

Travel & Tourism Commodities

Commodities	Direct Spending (in millions)
Accommodation	\$39,315
Food and Beverage	29,832
Air Transportation	23,761
Retail	8,235
Gasoline	7,498
Recreation and Entertainment	7,034
Car Rental	6,258
Travel Services and Other Tourism Commodities	3,707
Other Transportation	2,369
Urban Transit	1,577
Rail & Water Transportation	600
Subtotal	\$130,186

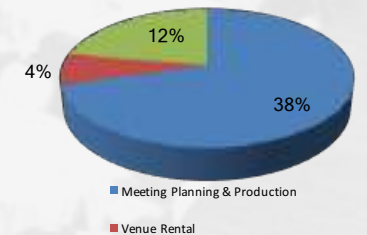
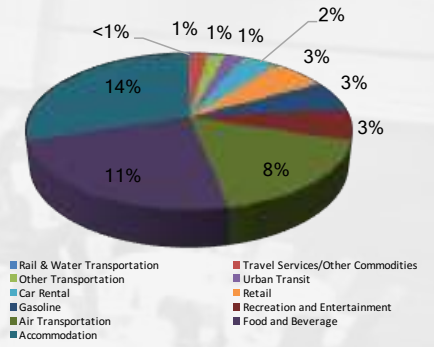
Meetings & Other Commodities

Meeting Planning & Production	\$106,658
Venue Rental	10,363
Other Meetings-related Commodities	33,195
Subtotal	\$150,216

Total Direct Spending \$280,402

Source: PWC, The Economic Significance of Meetings in the U.S. Economy, 2014

Percentage of Direct Spending



4. INDUSTRY TRENDS: Convention/Meeting Industry

The Center for Exhibition Industry Research (CEIR) is a nonprofit organization whose mission is to advance the growth, awareness and value of exhibitions in the United States. The annual CEIR Index Report is developed to provide an objective measure of the annual performance of the exhibition industry. The CEIR Index Report measures year-over-year changes in key metrics of industry performance. The industry's performance within these metrics was calculated from data provided from over 400 events. The CEIR Index Report displays and analyzes actual event-specific data and provides future forecasts. The Report's findings for a number of events and direct spending by commodity are shown below. The exhibits on the following page plot historical trend data concerning industry demand and performance by segments.

Number of Exhibition Events by Industry Sector

Industry Sector	Number of Events
Medical and Health Care	1,549
Raw Materials and Science	930
Professional Business Services	893
Communications and Information Technology	784
Education	672
Financial, Legal and Real Estate	658
Consumer Goods and Retail Trade	649
Sporting Goods, Travel and Amusement	491
Discretionary Consumer Goods and Services	472
Industrial/Heavy Machinery and Finished business Outputs	435
Transportation	413
Building, Construction, Home and Repair	386
Government	352
Food	278
Total Events	8,962

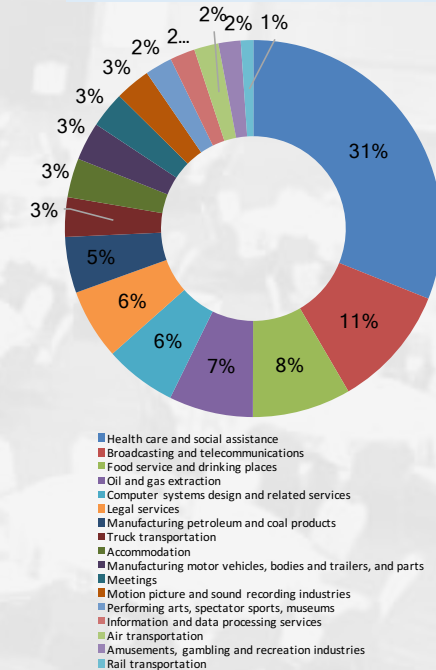
Source: Center for Exhibition Industry Research (CEIR), 2014

Direct Contribution to GDP of Select Industries

Industry	Estimated Value Added to GDP (in millions)
Health care and social assistance	\$1,157,000
Broadcasting and telecommunications	392,000
Food service and drinking places	315,000
Oil and gas extraction	269,000
Computer systems design and related services	230,000
Legal services	225,000
Manufacturing petroleum and coal products	179,000
Truck transportation	126,000
Accommodation	125,000
Manufacturing motor vehicles, bodies and trailers, and parts	122,000
Meetings	115,615
Motion picture and sound recording industries	113,000
Performing arts, spectator sports, museums	87,000
Information and data processing services	80,000
Air transportation	78,000
Amusements, gambling and recreation industries	71,000
Rail transportation	40,000

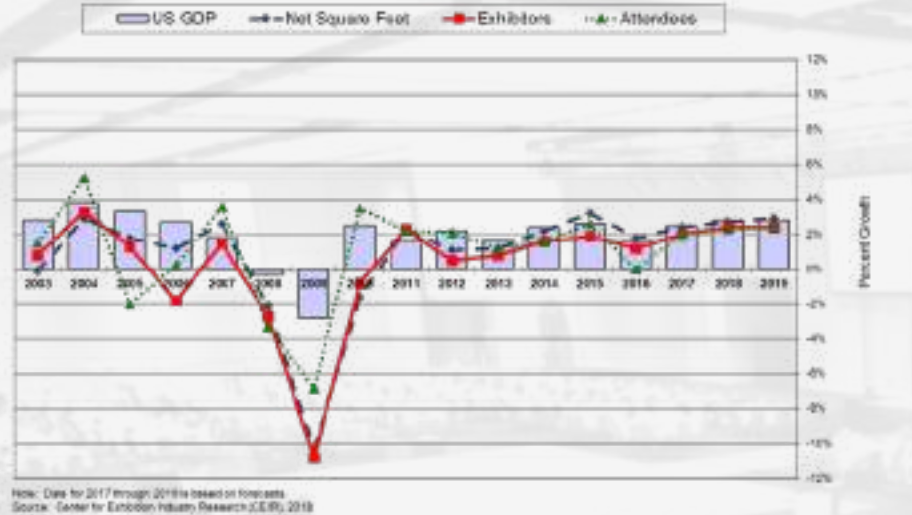
Source: PWC, The Economic Significance of Meetings in the U.S. Economy, 2014

Percentage of Value Added to GDP

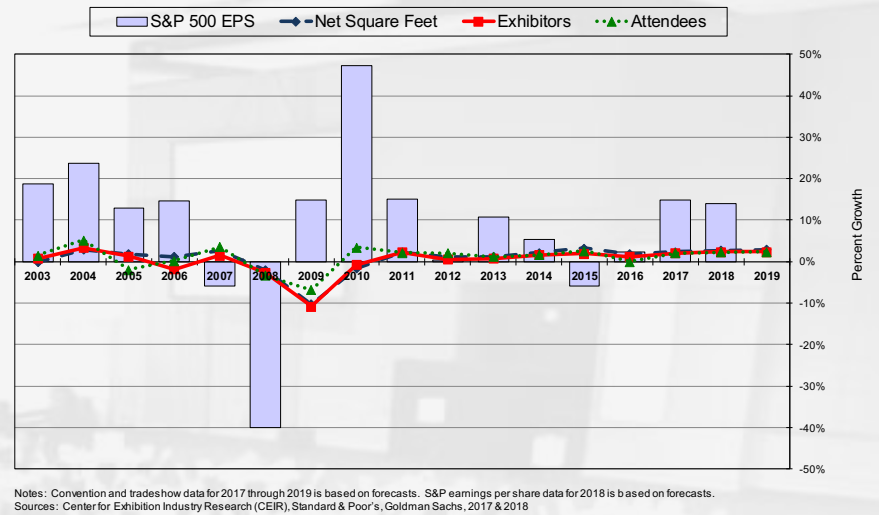


4. INDUSTRY TRENDS: Convention/Meeting Industry

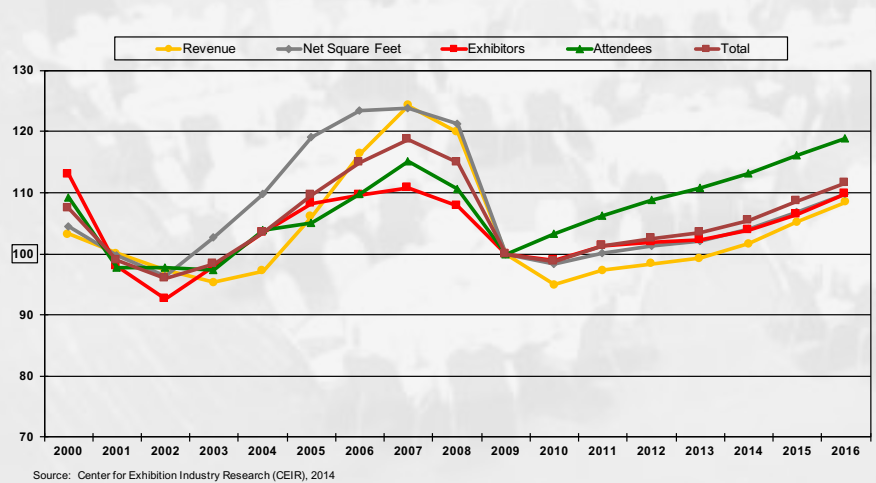
Annual Convention Demand Change vs. U.S. GDP



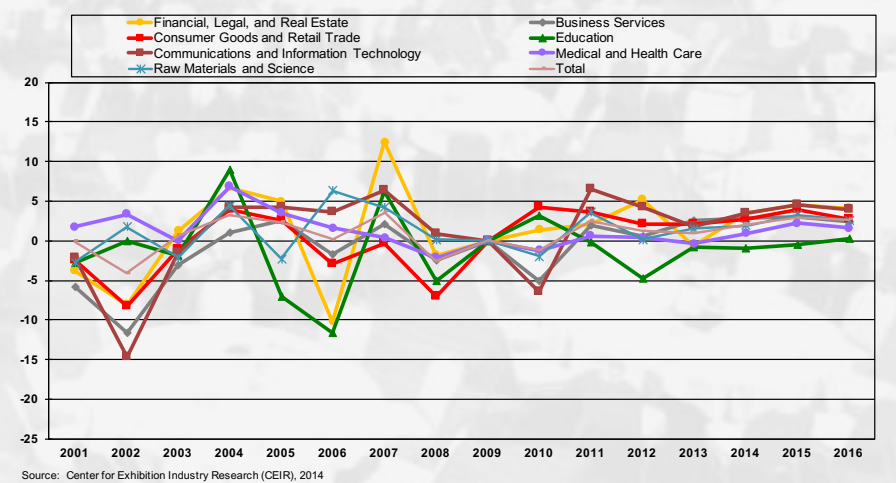
Annual Convention Demand Change vs. S&P Earnings per Share



Comparison of Overall Exhibition Industry Performance



Exhibition Industry Performance Percentage Change by Market Segment



4. INDUSTRY TRENDS: Travel Industry Trends

Since the Great Recession, the travel industry created 972,000 jobs through the middle of 2016 and expanded employment 18 percent faster than the rest of the economy.

- Travel industry wages and salaries also rose 10 percent faster than the overall private sector over the last five years.
- From 2010 to 2014, the travel industry created jobs at a faster rate than the rest of the economy in 48 states and the District of Columbia.
- Since the recovery took hold in early 2010, the travel industry has created more jobs than the entire manufacturing sector.

Investing in destination marketing and development drives broad economic growth.

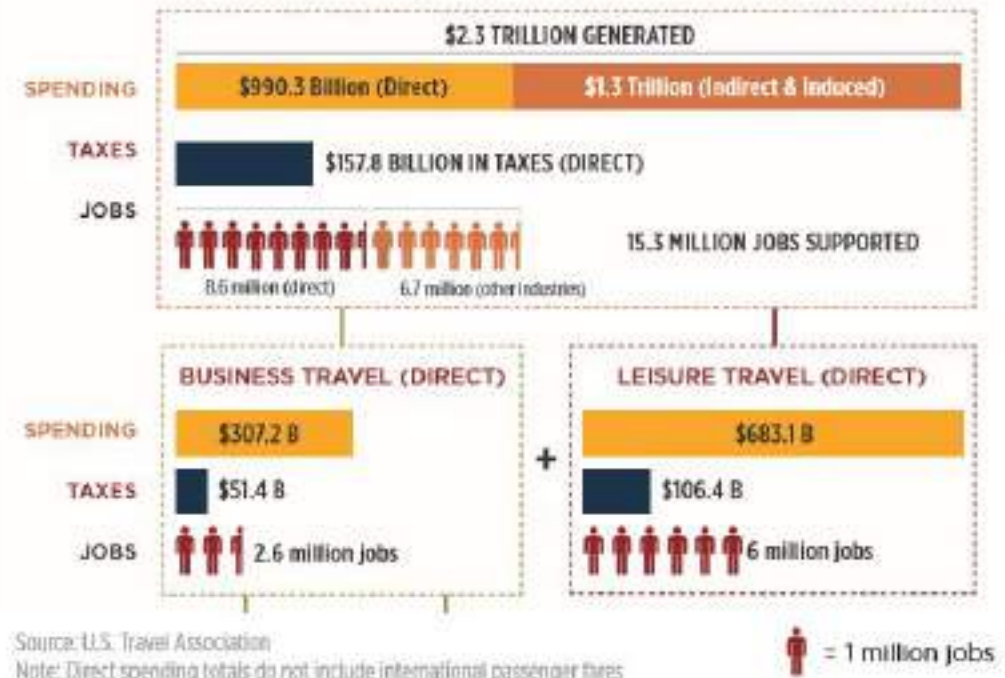
- Supporting more than 15 million Americans—one in nine private-sector jobs—the \$2.3 trillion travel industry is an economic driver and job creator.
- From 2010 to 2015, the travel industry created jobs at a faster rate than the rest of the economy in 47 states and the District of Columbia.
- In 2016, 75.6 international visitors to the U.S. generated \$246 billion in total travel exports directly supporting 1.2 million jobs.

Jobs Created Between Early 2010 Through Mid-2016

	Travel Industry	Manufacturing Industry
Jobs Added	972,000	843,000
Rate of Jobs Created	13.5%	7.4%

SOURCE: U.S. Travel Association and Bureau of Labor Statistics, 2016.

U.S. TRAVEL INDUSTRY IMPACT



Source: U.S. Travel Toolkit, 2018.

4. INDUSTRY TRENDS: Meeting Industry Trends

Meetings Sector Activity in the U.S. (2016)

- 1.9 million meetings occurred in 2016, with 251 million meeting participants.
- Meetings generated \$325 billion of direct spending, including:
 - \$167 billion to plan and produce meetings;
 - \$120 billion for meetings travel; and,
 - \$38 billion of other direct spending, such as spending by exhibitors.
- Meetings direct spending is growing, expanding 23 percent since 2009, primarily due to an expanding number of meeting participants.
- On average, \$1,294 was spent per meeting participant.
- Two-thirds of meeting spending was associated with domestic overnight meeting participants.
- Six million international meeting participants generated \$38 billion of meetings direct spending (11.5% of the sector total).
- Meetings generated 300 million hotel room nights.
- The meetings sector supported 2.5 million jobs, with \$95.6 billion of direct wages and salaries. The sector directly generated \$184.2 billion of GDP.

Meetings Volume by meeting and host type (2016)

	Meetings	Participants	Share of Participants
Total	1,887,782	251,236,000	100.0%
By meeting type			
Corporate and business meetings	1,354,651	134,110,000	53.4%
Conventions, conferences and congresses (without exhibit floor)	248,485	44,727,000	17.8%
Trade shows (including conventions, conferences and congresses with exhibit floor)	9,422	39,978,000	15.9%
Other Meetings	190,228	17,120,000	6.8%
Incentive Meetings	84,997	15,299,000	6.1%
By host type			
Corporate	1,038,280	109,019,000	43.4%
Association / membership	453,068	86,083,000	34.3%
Non-government, not-for-profit	245,412	35,745,000	14.2%
Other	75,511	10,572,000	4.2%
Government	75,511	9,816,000	3.9%

4. INDUSTRY TRENDS: Conclusions

The market success of a convention center can be partially attributed to the characteristics of the industry as a whole. Broad industry changes, characterized by—sometimes significant—retraction and expansion in convention/tradeshow event demand and attendance/participation characteristics have taken place within the industry over the past decade. The following bullets summarize CSL's findings as they relate to industry trends:

- In 2009, the U.S. economy fell into a significant recession. Metrics for 2008 illustrated deteriorating economic conditions that led to a decline in macro industry-wide demand. However, the convention and tradeshow industry has exhibited slow, but consistent recovery, along with the U.S. economy, in recent years. Metric indicators project continued moderate growth into the foreseeable future.
- With respect to the convention and tradeshow industry, however, the realized impacts on small/mid-sized and/or affordable destinations during economic downturns are normally more limited, as they tend to be more economical and drive-in regional destinations. These types of second/third-tier destinations often have lower costs of living (including lower priced hotels, restaurant meals, taxes, etc.) that become more appealing during hard economic times.
- Recognizing that the convention center facility itself is only one piece of a larger puzzle that non-local event planners tend to consider when selecting sites, more and more communities have been focusing on ways to strengthen the appeal of the proximate area surrounding the “box”. This often involves comprehensively master planning a mixed-use or entertainment district containing the convention center, whereby an attractive pedestrian-friendly environment is created to welcome convention center attendees, through offerings of restaurants, retail, nightlife, entertainment and attractions.
- According to the U.S. Travel Toolkit, since the Great Recession the travel industry created 972,000 jobs through the middle of 2016 and expanded employment 18 percent faster than the rest of the economy. Supporting more than 15 million Americans—one in nine private-sector jobs, the \$2.3 trillion travel industry is a significant economic driver and job creator.
- According to Oxford Economics, 1.9 million meetings occurred in 2016, with 251 million meeting participants. Meetings direct spending is growing, expanding 23 percent since 2009, primarily due to an expanding number of meeting participants. Approximately 53 percent of this activity consisted of corporate meetings, while conventions and tradeshow made up 17.8 percent and 15.9 percent of activity, respectively.

5. MARKET DEMAND ANALYSIS



5. MARKET DEMAND: Market Demand Analysis

The purpose of this chapter is to provide an analysis of the estimated market demand for a potential new convention center in Lake County. The overall market analysis consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

- **1,000** multipurpose convention, conference, hospitality, sports, entertainment and event facility projects throughout North America
- **2** local market visit at the outset of the project and middle of the project, including community and site tours.
- **40** in-person interviews/meetings with over Lake County individuals, including representatives from the various cities within Lake County, the South Shore Convention and Visitors Authority, representatives of key area conference/meeting and hotel facilities, potential development partners and business leaders, local facility users, and other local visitor industry stakeholders.
- **55** telephone interviews conducted with local area leadership.
- Research and analysis of local market conditions.
- Comparative analysis of socioeconomic data from competitive/regional and comparable facility markets.
- **135** completed telephone interviews with state and regional event planners representing potential rotating events, including:
 - **94** state and regional association events
 - **41** social, military, education, religious, and fraternal (SMERF) events
- **1,500** off-site events represented by interviewed independent and corporate meeting planners.

The focus of much of the remainder of this chapter is focused on quantified survey data associated with the three primary groupings of telephone surveys completed for this study: 1) local stakeholders, 2) corporate/independent meeting planners, and 3) state/regional event planners. These events would be expected to represent the logical targets for new non-local, economic impact generating activity for a potential convention center in Lake County.



5. MARKET DEMAND: Surveys – Local Stakeholders

50+

person hours spent in market

35+

person hours allocated toward telephone interviews

94

local stakeholders interviewed

19

Lake County communities represented

12

potential sites identified

Opportunity Assessment and Process

- *Extensive Consensus-Building Process:* in-person and telephone interviews with local politicians, economic development representatives, hoteliers, other visitor industry stakeholders.
- *Need for Civic Event Space:* a potential new convention facility could accommodate demand from local schools, universities, businesses and government bodies for event space.
- *Size of Lake County Community:* Lake County is the second most populated County within the state of Indiana, but lacks a true convention center facility.
- *Opportunity to Drive Attendance to Area Attractions:* a potential new Convention facility would serve as a “welcome mat” for many new visitors in the market .
- *Community/economic development engine:* by inviting professional associations and businesses to the region, a convention center would help showcase the county as a potential host site for future offices.
- *Diversify segmentation of hotel demand:* local hoteliers indicate the group market segment represents most substantial opportunity to enhance overall hotel performance in the market.
- *Opportunity to leverage value proposition:* hotel and event space rental costs are significantly lower than those found throughout much of the Chicago metropolitan area.



5. MARKET DEMAND: Surveys – Corporate Events

340 / 115

Chicago / Indiana Area MPI Chapter Members

19

completed telephone interviews

1,500+

events planned

68%

positive response

675 / 1,500

average / maximum attendance

11,000 SF / 25,000 SF

average / max contiguous hall size required to accommodate 95 percent of identified market

340 / 800

average / max number of hotel rooms required

Summary of Key Findings

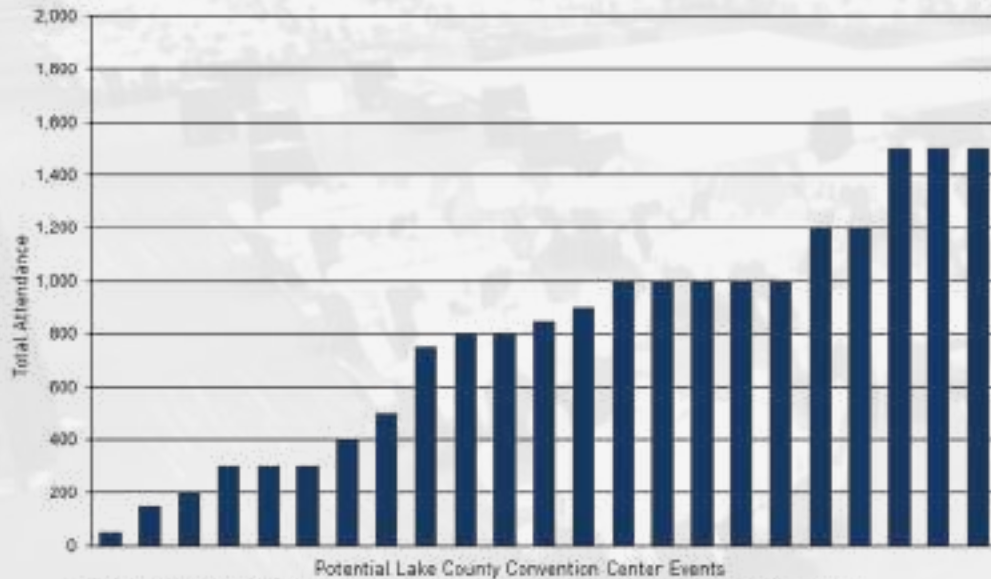
- Telephone survey of Meeting Professionals International (MPI) database of meeting planners that plan meetings in the Chicago and Indiana markets.
- Meeting planners represent large local corporations, associations, tradeshow companies, and private event planning firms.
- Events include: educational and training events, executive events, tradeshows, team-building events, company dinners/galas, annual conferences/meetings, among others.
- More significant interest shown by Chicago area planners relative to Indiana planners. Indiana market is primarily oriented around Indianapolis due to its central location.
- Completed 19 telephone interviews with planners representing more than 1,500 events.
- Approximately 68 percent of survey respondents expressed positive interest for one or more future events.
- Interested respondents could envision utilizing the proposed facility for approximately 25 events per year.
- Of those approximately 25 events, average event attendance is approximately 675.
- Interested events required an average of 11,000 square feet of contiguous event space.
- Most would need more than one concurrent space, such as an additional ballroom for meal functions or breakout meeting space but would be able to work with flexible space as long as it had solid air walls and sufficient square footage to do so.



5. MARKET DEMAND: Surveys – Corporate Events

Information was collected via the survey pertaining to the size of potential events in terms of attendance. Of those survey respondents who indicated a positive interest in potentially hosting one or more future events at a potential Lake County Convention Center, information was collected pertaining to expected total attendance levels of possible event candidates. Each bar in the graph below represents the anticipated total attendance of events that could be candidates for a new facility. While this does not illustrate exactly what type of activities each of the events will produce (e.g., banquet, conference, meeting, tradeshow, etc.), most will require a single room capable of housing all attendees during at least a portion of the event. This begins to provide context for sizing considerations for the proposed space. The smallest attendance noted through the survey was 50, while the largest was 1,500.

To provide space sizing context, based on industry norms, a 22,500-square foot room would typically be required to accommodate a 1,500-person food function, while a 15,000-square foot room could accommodate a 1,500-person assembly.



Note: Event attendance estimates based only on events at meeting planners showing a positive interest in a Lake County Convention Center.
Source: CSL Surveys, 2016.

For Negative Responses, Typical Reasons for Lack of Interest

- “We like stick to hotel meeting facilities in Downtown Chicago.”
- “We would need 1,000+ hotel rooms within close, walkable proximity of a facility.”
- “Events are primarily planned throughout Indianapolis. Lake County is a bit far away.”
- “Our group plans things around the county in resort or Tier-1 destinations.”

Required Amenities

- Easily modifiable and flexible space
- Good lighting and décor
- Latest technology available – Wi-Fi quality, projection and sound
- Sound proof rooms
- Nightlife and a wide variety of entertainment options
- Locally sourced food offerings
- Restaurants, entertainment, retail, etc. must be within walking distance
- Ample parking for drive-in attendees

Additional Comments

- “It would be a good value proposition relative to the high hotel and facility rates in Chicago.”
- “They should consider some extensive shuttling service to and from Chicago.”
- “They could use a larger and nicer hotel and convention property in the area.”

5. MARKET DEMAND: Surveys – State/Regional Events

100+

completed telephone interviews

135

state/regional events planned

94 / 41

association / SMERF events

53%

overall positive response rate

370 / 4,000

average / maximum delegates attending

21,900 SF / 35,500 SF

contiguous / total sellable space size required to accommodate 95 percent of identified market

120 / 500

average/maximum number of hotel rooms required

Summary of Key Findings

- Survey of state/regional association and SMERF meeting planners identified from a variety of databases (Indiana Society of Association Executives, South Shore CVA, Directory Of Associations).
- Total survey sample of 720 contacts.
- Events include: state/regional meetings, summits conferences, tradeshows, conventions, banquets, and galas, among others.
- Completed 103 telephone interviews with planners representing more than 135 events.
- Approximately 53 percent of survey respondents (71 events) expressed positive interest for one or more future events.
- Of those 71 interested events, attendance averages 370 delegates and 70 exhibitors.
- More significant interest shown by SMERF event planners relative to state/regional association planners. Indiana market is primarily oriented around Indianapolis due to its central location.
- Fifty-eight percent of events feature a defined rotational pattern when choosing host sites.
- Thirty percent of interested planners envision utilizing a Lake County Convention Center once or more per year, 36 percent would host there at least every four years.
- Interested events required an average of 7,000 square feet of contiguous event space, and 95 percent of potential market share could be accommodated by 25,000 square feet of contiguous space.



5. MARKET DEMAND: Surveys – State/Regional Events

State and regional organization planners were asked to indicate the likelihood of their organization using a Lake County Convention Center, assuming it and the area's hotel inventory meets the needs of their event(s). The overall positive interest by respondents in rotating one or more events to Lake County if sufficient facility space and hotel inventory existed is 53 percent. Specifically, 11 percent indicated their group would "definitely" hold an event in Lake County, 17 percent "likely", 24 percent "possibly", 31 percent "not likely", and 16 percent "definitely not". The exhibit to the right provides more specific insight as to interest shown by planners of state/regional professional association events and planners of SMERF (Social, Military, Education, Religious and Fraternal) events. Just under half of interviewed association event planners expressed positive interest in a potential new Lake County Convention Center, while nearly two-thirds of interviewed SMERF event planners were interested.

ALL EVENTS

of Events % of Events Positive Response

Definitely	15	11%
Likely	23	17%
Possibly	33	24%
Not Likely	42	31%
Definitely Not	22	16%



ASSOCIATION EVENTS

of Events % of Events Positive Response

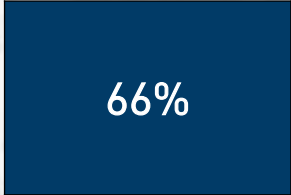
Definitely	4	4%
Likely	15	16%
Possibly	25	27%
Not Likely	32	34%
Definitely Not	18	19%



SMERF EVENTS

of Events % of Events Positive Response

Definitely	11	27%
Likely	8	20%
Possibly	8	20%
Not Likely	10	24%
Definitely Not	4	10%

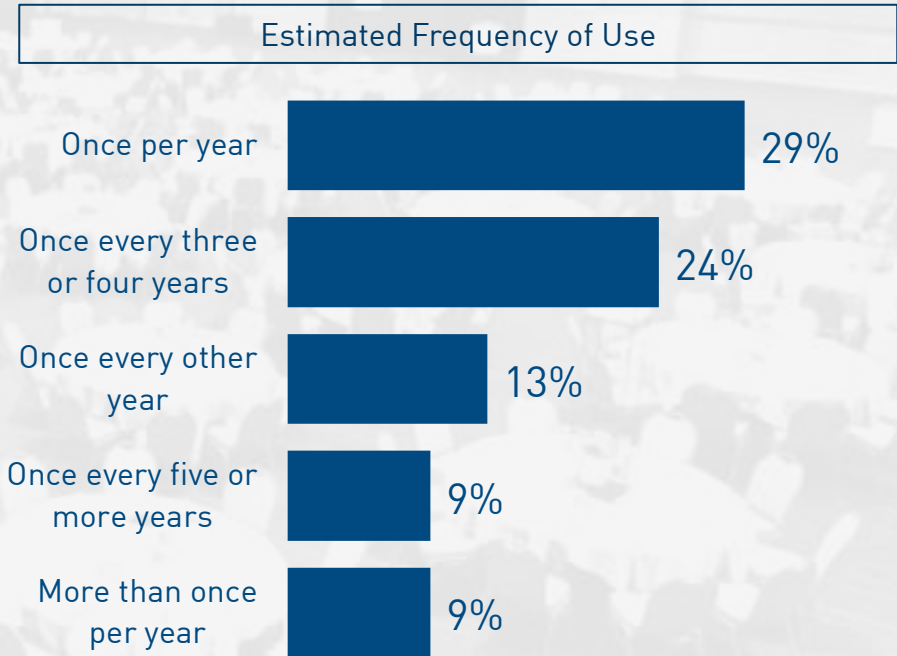


5. MARKET DEMAND: Surveys – State/Regional Events

As presented in the exhibit, Lake County’s overall positive response percentage (“definitely,” “likely,” and “possibly”) of 53 percent is higher than the average of the similar study surveys conducted. To better assess these variations, a formula was developed to consider the “strength of interest,” whereby a weighting system is applied to positive responses. Using this method, Lake County again measures above the average of all surveys included in this comparison in terms of its “strength of interest” score (2.45 versus an average survey score of 2.26 and a median score of 2.04).

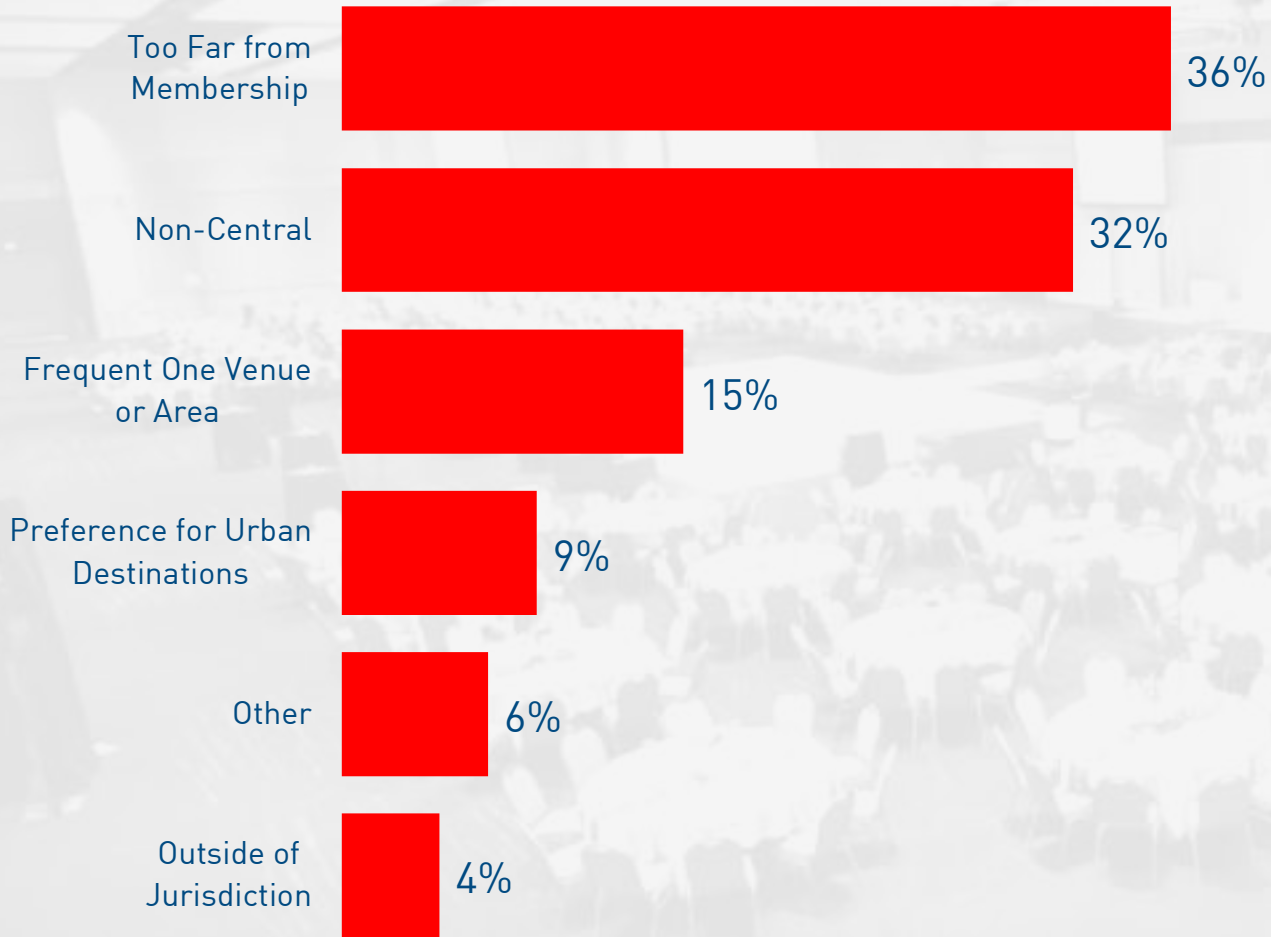
Survey respondents who expressed positive interest in a potential new Lake County Convention Center were also asked to estimate how often they believed their events would use the space. As shown below, nearly 38 percent of respondents would utilize the Center at least once per year, while 37 percent would frequent the space once every two to four years.

	Past CSL State/Reg. Telephone Surveys 61 Comparable Markets						
	ALL EVENTS	ASSOCIATION	SMERF	AVERAGE	MEDIAN	Low metric	High metric
Lake County							
Interest Levels:							
Definitely Use	11%	4%	27%	10%	10%	0%	33%
Likely Use	17%	16%	20%	13%	13%	3%	29%
Possibly Use	24%	27%	20%	28%	28%	9%	44%
Not Likely Use	31%	34%	24%	25%	25%	7%	48%
Definitely Not Use	16%	19%	10%	23%	23%	0%	48%
Positive	53%	47%	66%	52%	51%	21%	86%
Strength of Interest	2.45	1.76	4.05	2.26	2.04	0.54	4.50
*Population Basis	1.23	1.23	1.23	1.09	0.89	0.38	3.25
Demand Index	3.01	2.15	4.97	2.39	2.08	0.54	7.82



5. MARKET DEMAND: Surveys – State/Regional Events

Reasons for Not Considering Lake County

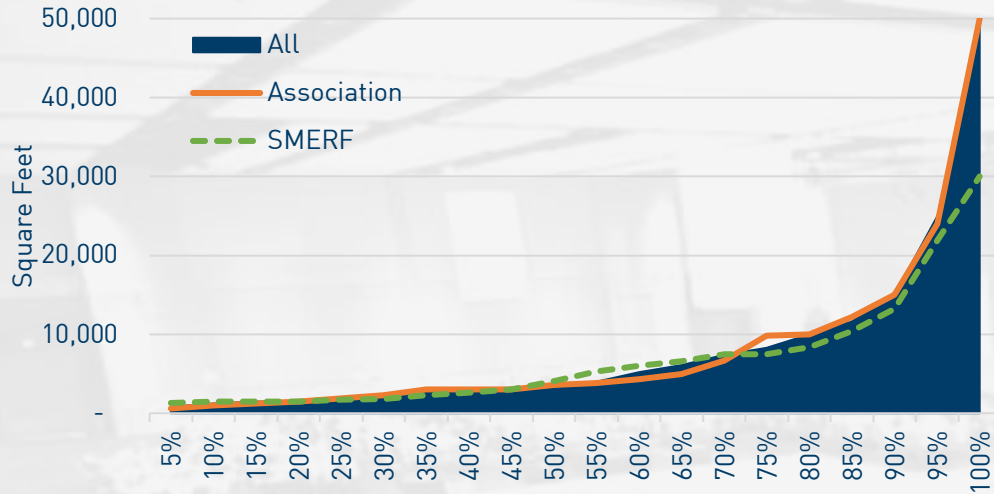


Event planners who indicated that they would not likely use a potential new convention/expo center in Lake County were asked to expand on their reasons. Based on survey results, reasons for not likely rotating to Lake County for a future event varied among respondents. A summary of the reasons for not choosing Lake County are illustrated in the adjacent exhibit.

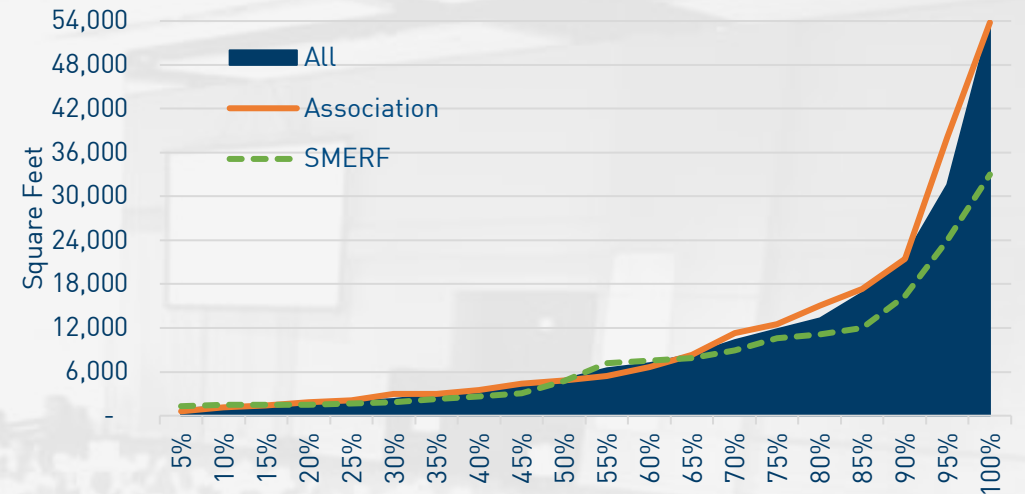
Most cited reasons for organizations having negative interest include preference for the distance between Lake County and an event's attendee base, the fact that Lake County is not in the middle of the state of Indiana, the event frequents one facility or market, and preference for more urban destinations with response rates of 36 percent, 32 percent, 15 percent and 9 percent respectively.

5. MARKET DEMAND: Surveys – State/Regional Events

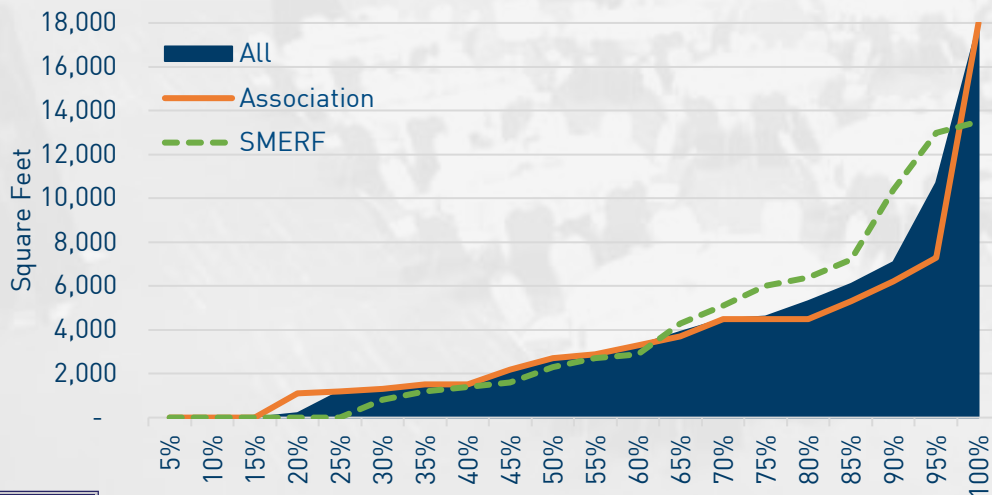
Largest Contiguous Space



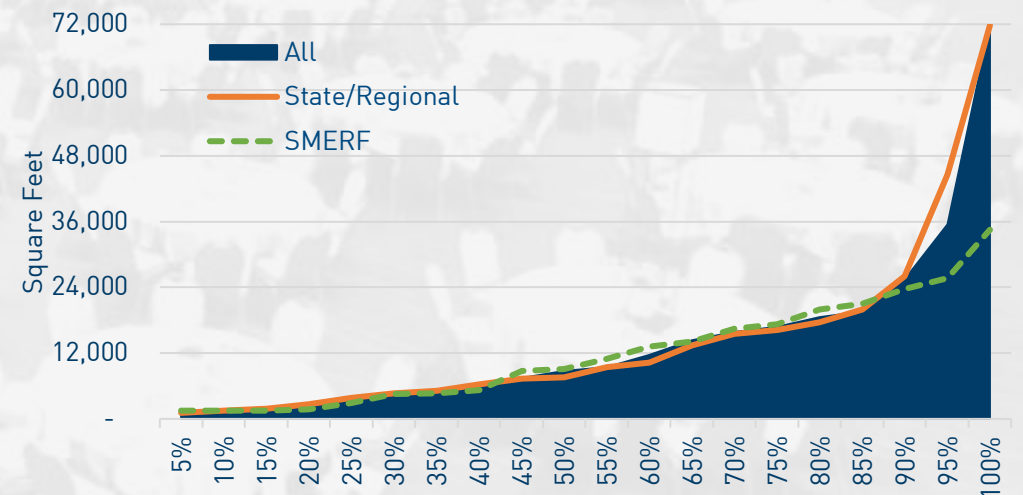
Multipurpose Space (Exhibit + Ballroom Space)



Meeting Space



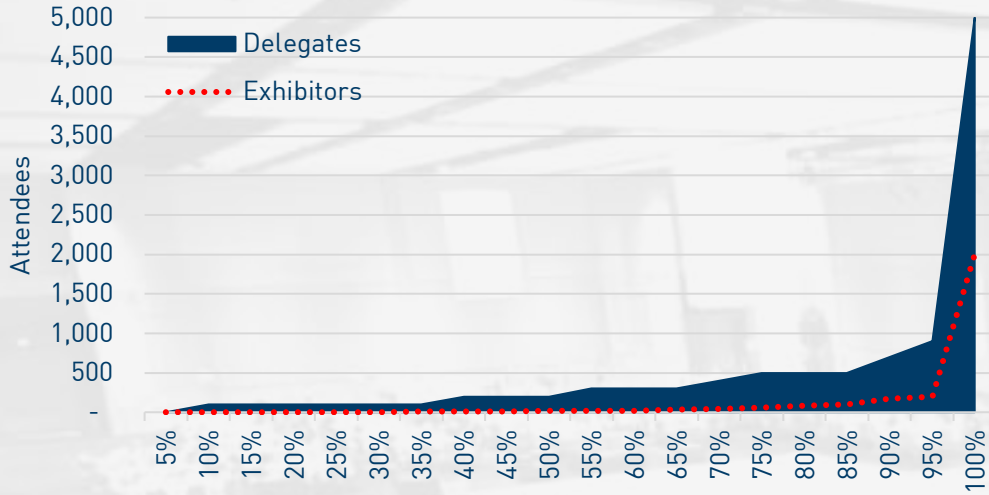
Total Sellable Space



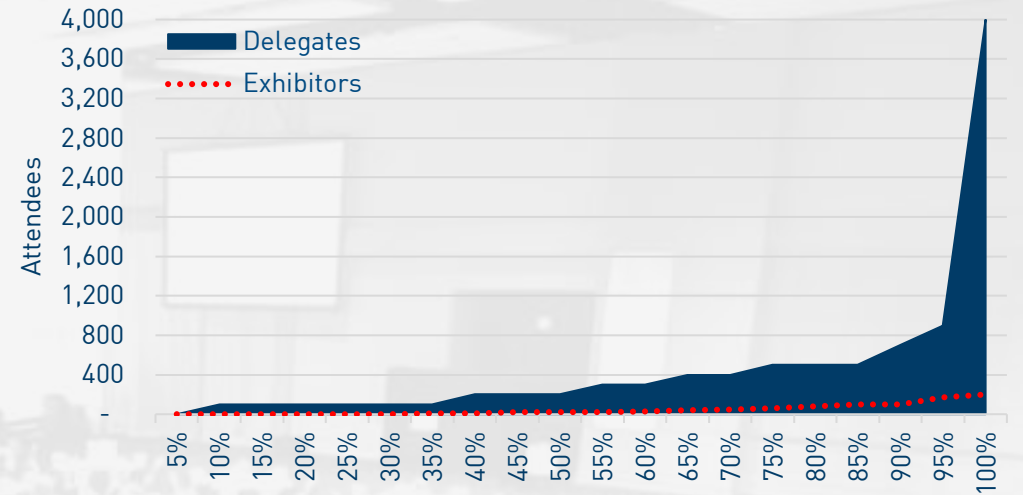
Source: CSL Surveys, 2018.

5. MARKET DEMAND: Surveys – State/Regional Events

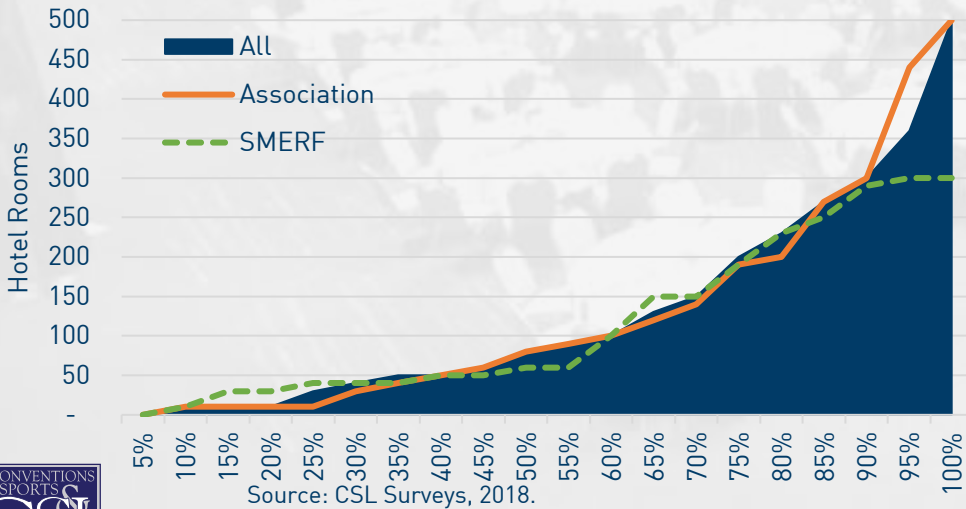
Attendance (All Respondents)



Attendance (Positive Respondents)

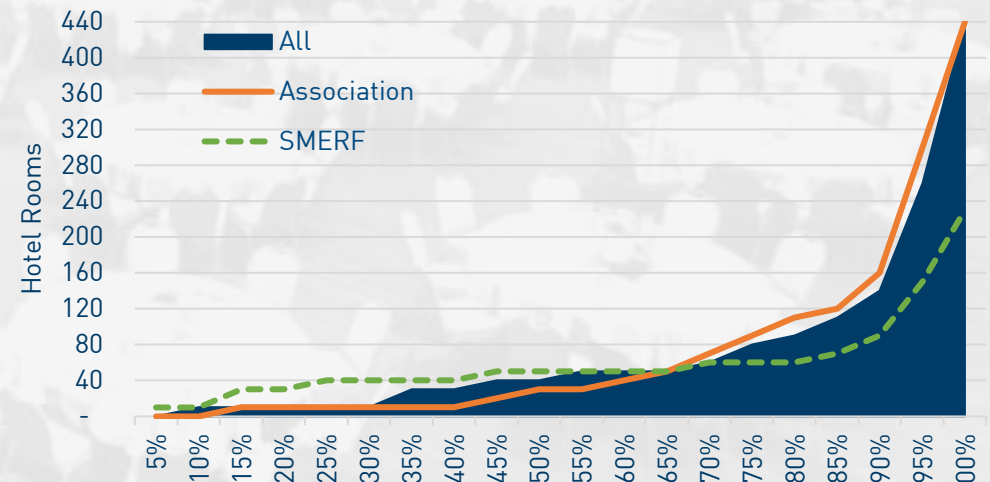


Peak Hotel Rooms



Source: CSL Surveys, 2018.

Peak Hotel Rooms within a Single Property



5. MARKET DEMAND: Surveys – State/Regional Events

As shown in the exhibit, if we were to assume that all the state and regional groups with exhibits that are interested in Lake County were willing to use a 50,000-square foot exhibit hall within a potential new convention center, this space could technically be able to accommodate 100 percent of the measured market. However, it is important to recognize that many of these groups have concurrent space needs and many require a ballroom/banquet hall for food functions and/or general assemblies.

With the loss of the Radisson, the market now lacks a traditional hotel and convention center product. Therefore, the development of such a facility that incorporates the sizing requirements below would significantly enhance Lake County’s market capture in the event industry.

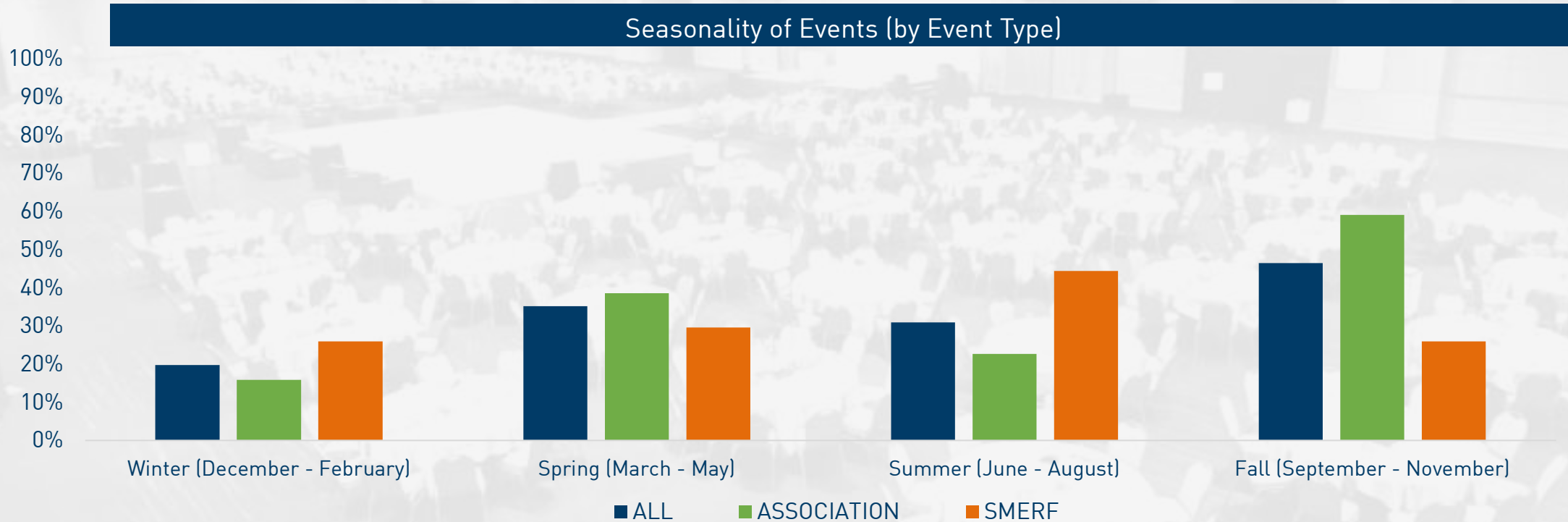
	Lake County State/Regional Market Capture								
	20%	30%	40%	50%	60%	70%	80%	90%	100%
Exhibit Space	0	0	0	900	3,000	4,600	7,800	14,800	50,000
Ballroom Space (exhibition)	1,500	1,500	2,200	3,000	3,800	4,500	6,000	7,500	30,000
<i>Exhibit + Ballroom Space</i>	<i>1,500</i>	<i>2,300</i>	<i>3,200</i>	<i>5,000</i>	<i>7,200</i>	<i>10,300</i>	<i>13,300</i>	<i>21,700</i>	<i>53,800</i>
Largest Contiguous Space	1,500	2,300	3,000	3,600	5,200	7,400	10,000	15,000	50,000
Meeting Space	200	1,200	1,500	2,600	3,300	4,500	5,300	7,100	18,000
Total Event Space	2,500	4,500	5,100	8,700	11,700	15,900	18,500	25,500	71,800
Rooms w/in ½-Mile of Convention Ctr.	10	40	50	80	100	150	230	300	500
Hotel Rooms at HQ Hotel Property	10	10	30	40	50	60	90	140	500

Source: CSL Surveys, 2018.

5. MARKET DEMAND: Surveys – State/Regional Events

Rotating national events typically have specific preferences and/or requirements with regard to the months in which their event(s) occur. Likewise, associations typically have a rotational policy that allows the event to return to a specific location only after a certain period of time. The exhibit below presents the seasonality patterns, by season, for those state/regional events that represent the primary event market demand for Lake County. For purposes of comparison, we have also broken out the different seasonality patterns of association and SMERF events.

As presented, seasonal preference among state/regional groups with an interest in Lake County follow a pattern somewhat standard in the industry, specifically with regard to the strong demand in the spring and fall months. SMERF business typically plans events during the summer months, while association events peak in activity during the fall.

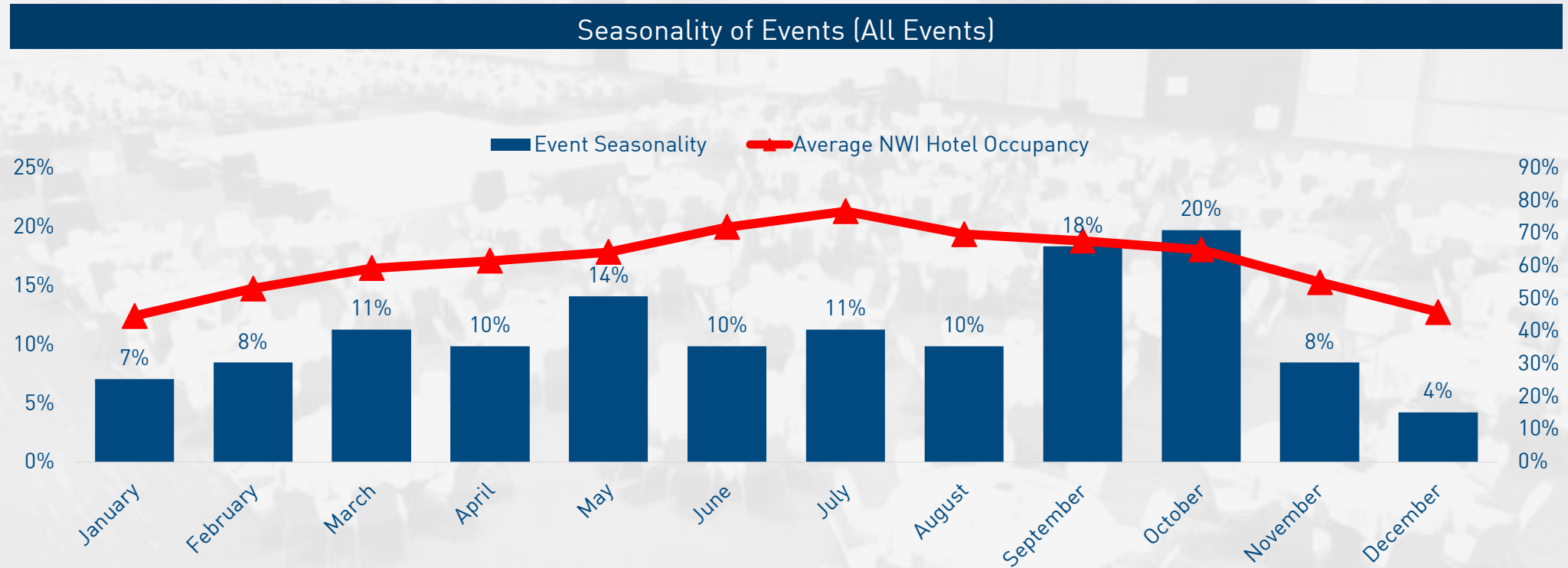


Source: CSL Surveys, 2018.

5. MARKET DEMAND: Surveys – State/Regional Events

For purposes of comparison, we have also presented the month-by-month seasonality of potential events along with the average hotel occupancy rate for the Lake County hotels, by month, from 2013 through 2017. As shown, Lake County experiences lows in hotel occupancy during the period spanning the late fall through early spring, while state/regional event activity peaks in Lake County shoulder months of May, September and October.

This demonstrates that developing a Lake County Convention Center could improve hotel performance during the spring and fall months.



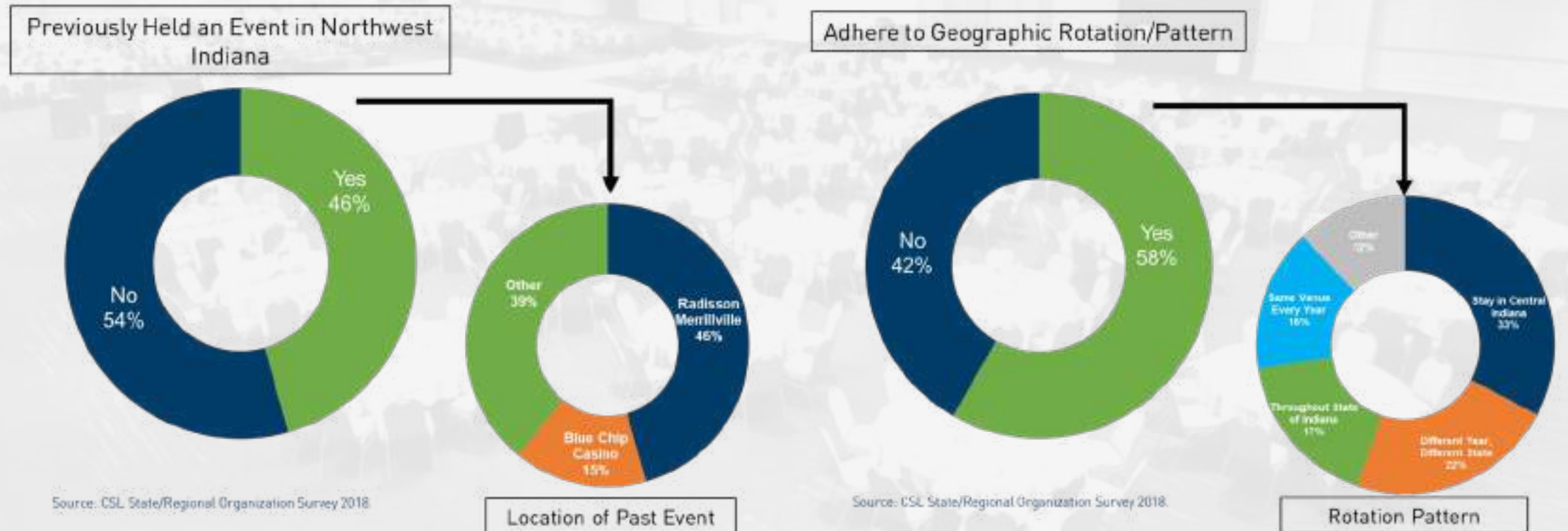
Note: Average Lake County Hotel Occupancy represents average hotel occupancy during the period between January 2013 and September 2017.
Source: CSL Surveys, 2018.

5. MARKET DEMAND: Surveys – State/Regional Events

The exhibit on the left shows the facilities used by the surveyed groups that have previously held their event(s) in Northwest Indiana, and where they held their event(s).

Of the surveyed groups, 46 percent had previously used Northwest Indiana facilities for their event(s), while 54 had not. Facilities previously used by the surveyed groups include the Radisson Merrillville and the Blue Chip Casino. Thirty-nine percent of respondents used an array of other local event facilities, including Avalon Manor and the Star Plaza Theatre.

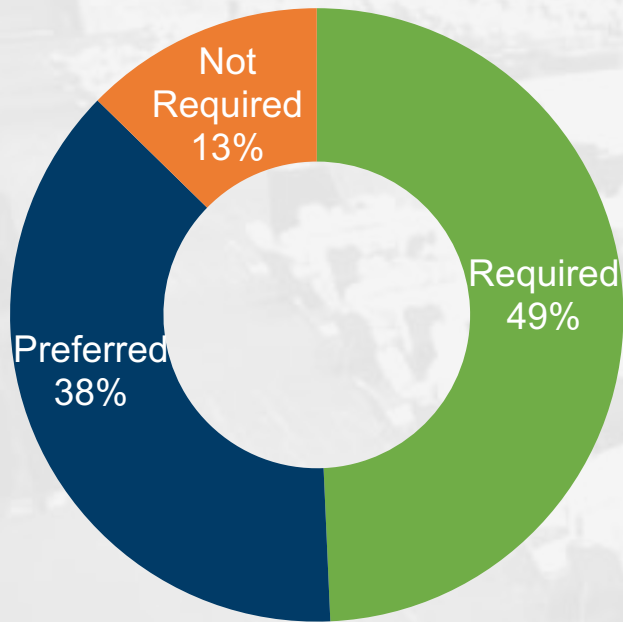
Information was collected via the survey pertaining to the rotational pattern of state/regional events (shown on the right). Fifty-eight percent of events surveyed events indicated that they follow a defined pattern when selecting a host site. A third of respondents stay in central Indiana (around Indianapolis), 22 percent are more regional and travel to different states year by year, 17 percent follow some type of “north-south” or “east-west” pattern throughout the state of Indiana, and 12 percent follow some other type of rotational pattern.



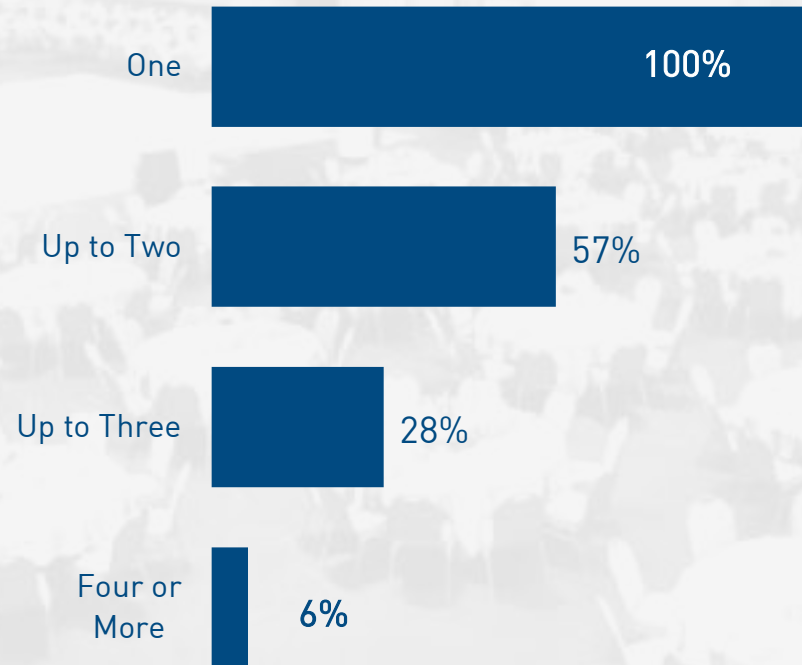
5. MARKET DEMAND: Surveys – State/Regional Events

The exhibit below shows a breakdown of survey respondent requirements of an attached headquarter hotel or a hotel property within three blocks of a potential Lake County convention center, as well as the number of hotel properties they are willing to use to accommodate their event. The survey data, with 49 percent of positive respondents requiring a headquarters hotel and 38 percent indicating strong preference given to venues with a headquarter hotel, strongly suggest that most of Lake County’s potential state and regional event market would be lost without an appropriate headquarters hotel that is attached, adjacent or within very close walking distance to the convention center. Further, 43 percent of the potential state and regional organization market capture for Lake County requires housing their entire room block within one hotel property, while 57 percent of the market would be willing to assemble a room block in more than one hotel.

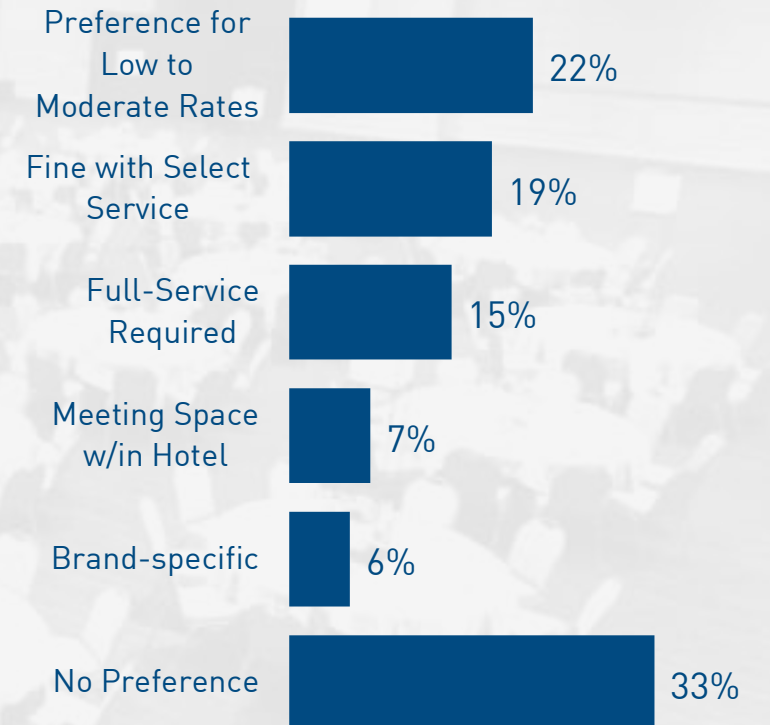
Headquarter Hotel Requirement



Number of Properties Willing to Use



Hotel Preferences/Recommendations



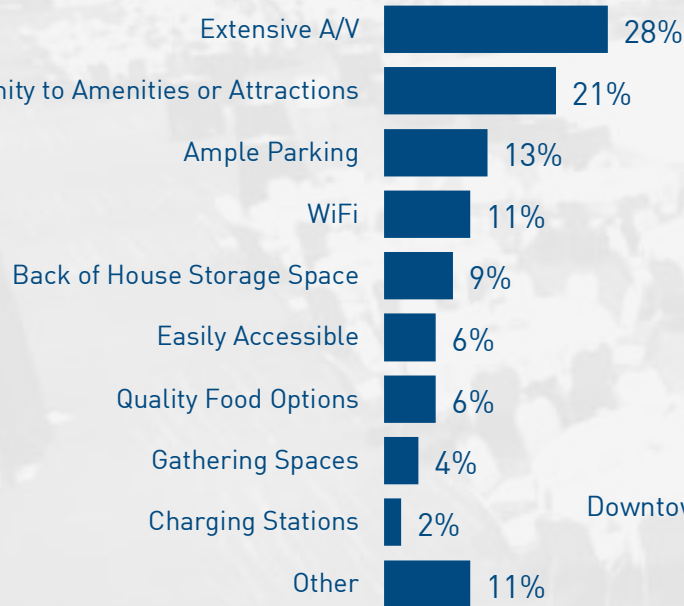
Source: CSL State/Regional Organization Survey 2018.

5. MARKET DEMAND: Surveys – State/Regional Events

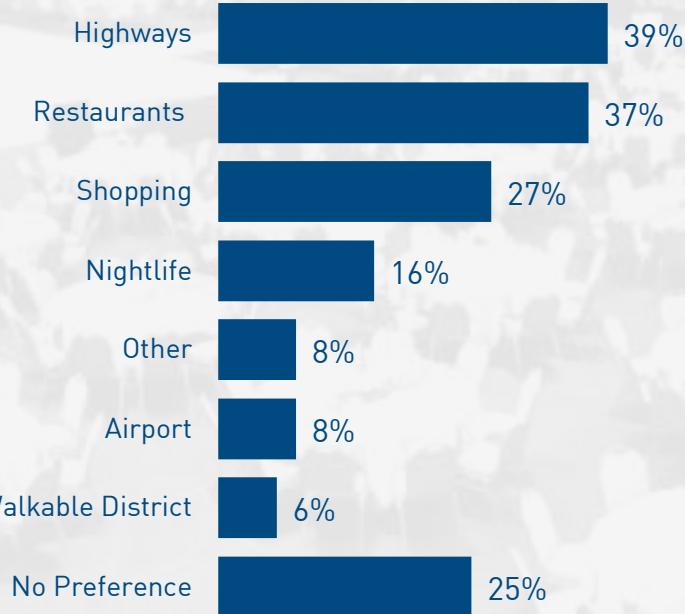
State/regional event planners were also asked open-ended questions pertaining to preferences they have for amenities at a potential convention venue, as well as the importance of specific attractions in the Lake County area. The exhibits below display the most important amenities for state/regional event organizers when considering event venues.

We also asked state/regional event planners what their impressions were of Lake County as a potential host market. As would be expected, a large percentage of respondents (72 percent) were generally positive when describing the area. Nineteen percent indicated that their events have membership/attendee bases in the area, while 16 percent reported that they were very familiar with the area.

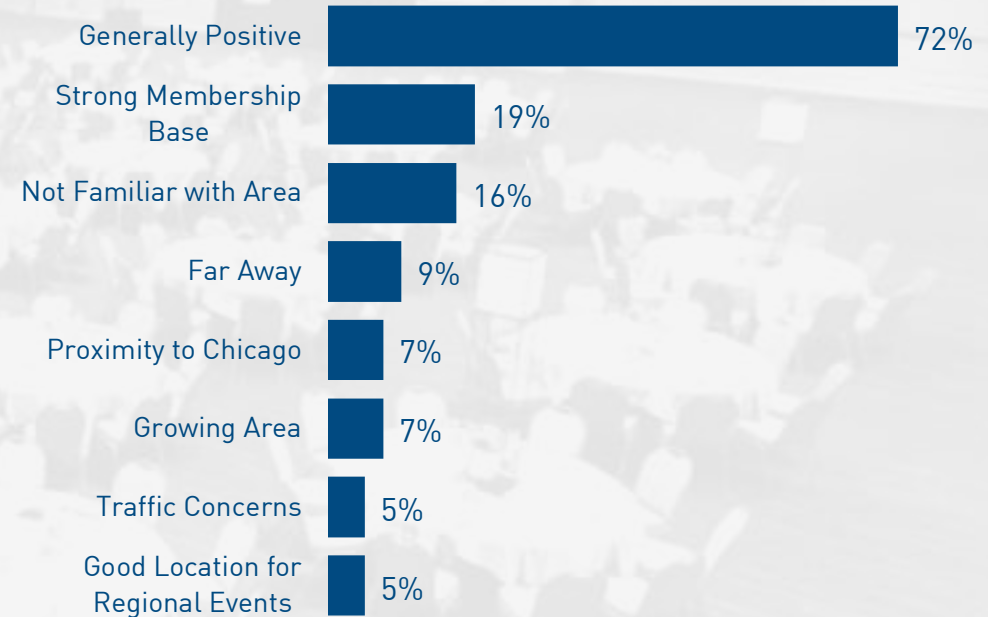
Facility Preferences/Recommendations



Destination Preferences/Recommendations



Impressions of Lake County



Source: CSL State/Regional Organization Survey 2018.

5. MARKET DEMAND: Past Radisson Users Sub-Sample

18
completed phone interviews

28
past Radisson events

89%
positive response

28%
definitely

50%
likely

11%
possibly

375 / 1,000
average / maximum delegate attendance

13,500 SF / 46,600 SF
average / maximum sellable space required

Summary of Key Findings

- Completed detailed telephone interviews with 18 past users of the closed Radisson Hotel at Star Plaza, representing 28 events that had used the complex in the past.
- Sub-sample comprised of 12 state/regional association events and 16 SMERF events.
- More significant interest shown by past Radisson users. Eighty-nine percent expressed positive interest in using a potential new Lake County convention center, with 28 percent indicating they would “definitely” use such a facility and 50 percent stating they would “likely” use it.
- Interested events ranged from 80 to 1,000 total delegates, and averaged approximately 375.
- Interested events required between 1,500 and 30,000 square feet of contiguous event space, and an average of 7,100 square feet of contiguous event space.
- These same events require between 1,500 and 46,600 square feet of total sellable space (average of 13,500 square feet).
- Hotel requirements vary from a minimum of ten sleeping rooms to a maximum of 450. In all, past Radisson users averaged a requirement of approximately 165 sleeping rooms for the peak night of their events.



5. MARKET DEMAND: Past Radisson Users Sub-Sample

In an effort to provide recommendations to ensure a quality convention product, respondents from the past users sub-sample were asked to provide detail regarding their past experiences using the event space at the Radisson, and what they would prefer or require at a potential new Lake County Convention Center in order for the facility to be a host site for their event activity. Highlights from these responses are listed below, segmented by subject area.

Issues with Size of Radisson Ballroom

- “Radisson’s ballroom was beginning to be confining before it closed. I think we need 15,000 square feet at this point.”
- “The main hall could be bigger. Seven-hundred people at round tables were beginning to feel cramped there.”
- “We are going have 800 or more attendees at South Bend next year, and I am not sure the Radisson would have accommodated that.”
- “Our pool tournament could benefit from a 30,000-square foot contiguous space.”

Issues with Antiquated Facilities

- “I think the state of the facilities actually made us look at newer convention centers and casinos around the state.”
- “A new convention center should be attached to a higher quality hotel property.”
- “The Radisson had no real back of house storage for tradeshow. That really limited its market capture.”
- “It was old and run down.”

Highly Supportive of a New Facility

- “We would love to see a bigger facility and it would be nice if it was close to Interstate 65 &30.”
- “It was a great facility, now they absolutely need space in Lake County.”
- “We are going to miss that place, we’ve thought about going to a casino with attached hotel.”
- “If they were to build a ballroom or exhibit hall that is double the size of what they had at the Radisson, then I think we would consider bringing two or three of our events to Lake County per year (instead of just one).”



5. MARKET DEMAND: Conclusions

Based on interviews of meeting/event planners, which includes corporate/independent meeting planners, state/regional association and SMERF event planners, and key past users of the Radisson Hotel at Star Plaza, we have made the following observations and preliminary recommendations:

- Given Lake County's local market characteristics and the event profiles of other comparable convention facilities in similar markets, it is believed that the primary non-local event markets for a convention center in Lake County would be events hosted by state and regional groups, in addition to corporate and other types of event activity from the Chicago/Northwest Indiana greater metropolitan area and throughout the state of Indiana. This demand represents an opportunity to enhance and diversify demand for hotel room nights, inject new spending into the region and introduce Lake County to a wide array of event attendees unfamiliar with the area.
- Overall, survey results suggest that the level of unmet demand from rotating state and regional convention and conference markets is moderate to strong. Existing Lake County convention and event facilities are unable to accommodate the majority of state/regional markets that are interested in the Lake County destination.
- With the loss of the both the Star Plaza and the Radisson Hotel at Star Plaza, significant local demand exists for an event space that could accommodate a number of civic gatherings and local consumer shows, as well as small meetings, banquets, and receptions. These and other events have been forced to look for space at venues outside of Lake County or within sub-optimal event venues within Lake County.
- Based on survey results and experience with past projects, demand would suggest an opportunity for 55,000 to 75,000 square feet of sellable space with a 35,000 to 45,000 contiguous exhibition hall. For optimal market capture, the Center would need to be attached to a 225- to 275-room hotel property (assuming a 70 percent committable room block rate from the hotel for convention center events) and be in close proximity to approximately 400 to 450 committable hotel rooms.
- Should White Lodging develop any new hotel & conference center product to replace the closed Radisson Hotel, the market opportunity for a new convention center may be impacted. The impact of such a development could either be favorable or unfavorable for a potential new Lake County convention center project, depending on a variety of factors/issues.
- Key challenges of the Lake County destination (and a primary reason for non-local event planners' disinterest) include its non-centralized location (within the state) and the number of event planning groups are primarily oriented in and around the Indianapolis metropolitan area.
- Based on responses of potentially interested event organizers, it will be important to position a new convention center in Lake County with strong highway/ transportation access, and near restaurants and nightlife options.

6. PROGRAM ANALYSIS



6. PROGRAM ANALYSIS: Market Supportable Program

The market supportable program represents a convention center facility that would be optimized in terms of size and finish to address the majority of Lake County and Northwest Indiana’s measured market demand and to maximize economic impacts.

Based on the previous analyses undertaken, key aspects of a market supportable facility program for a potential Lake County convention center are presented to the immediate right.

The exhibit to the far right presents a visual representation of how the assumed convention center program would align with the typical product requirements and preferences of variety event types. Convention center space, such as that suggested for a Lake County project, is typically the most versatile facility product in the event industry—hosting a wide diversity of event types and customer/attendee bases.

1. CONVENTION CENTER SPACE (70,000 SF sellable, approx. 145,000 Gross SF)

- A. Exhibit Hall:
- 40,000 SF subdividable, column-free, concrete floor
 - 30 to 35-foot ceiling height, utility floor grids, state-of-the-industry loading/access
- B. Ballroom:
- 17,000 SF subdividable, column-free, carpeted, upscale
 - 25 to 30-foot ceiling height
- C. Breakout Meeting Rooms:
- 13,000 SF of breakout meeting space, subdividable, carpeted, upscale

2. OTHER REQUIREMENTS




- Headquarters Hotel: attached/adjacent 225-room or larger full-service hotel with national brand
- Primary Supporting Hotel Rooms: 400 or more quality hotel rooms within walking distance
- Secondary Supporting Hotel Rooms: 700 or more quality hotel rooms within ½ mile

Alignment of Facility with Event Types

Flat Floor / Business-Focused	
Conventions (with exhibits)	Strong alignment with facility
Conventions (without exhibits)	Moderate alignment with facility
Tradeshows	Moderate alignment with facility
Public/Consumer Shows	Moderate alignment with facility
Conferences	Moderate alignment with facility
Meetings	Moderate alignment with facility
Banquets	Moderate alignment with facility
Receptions	Moderate alignment with facility
Meetings	Moderate alignment with facility
Civic meetings/assemblies	Moderate alignment with facility

Entertainment / Spectator-Focused	
Concerts (touring)	Moderate alignment with facility
Concerts (local/community)	Moderate alignment with facility
Family Shows	Moderate alignment with facility
Ice Shows	Moderate alignment with facility
Boxing/MMA	Moderate alignment with facility
Professional/Minor League Sports (tenant)	Moderate alignment with facility
Professional/Minor League Sports (exhibitions)	Moderate alignment with facility
Rodeos	Moderate alignment with facility
Tractor Pulls / Motocross	Moderate alignment with facility
Broadway/Musicals	Moderate alignment with facility
Theatricals/Plays	Moderate alignment with facility
Opera	Moderate alignment with facility
Ballet / Dance Productions	Moderate alignment with facility

Entertainment/Leisure / Participant-Focused	
Basketball tournaments, camps/clinics	Moderate alignment with facility
Volleyball tournaments, camps/clinics	Moderate alignment with facility
Gymnastic meets, camps/clinics	Moderate alignment with facility
Wrestling meets, camps/clinics	Moderate alignment with facility
Cheer/dance competitions, camps	Moderate alignment with facility
Futsal tournaments, clinics	Moderate alignment with facility
Table tennis tournaments	Moderate alignment with facility
Indoor soccer tournaments, camps/clinics	Moderate alignment with facility
Pickleball tournaments, camps/clinics	Moderate alignment with facility
Open recreation	Moderate alignment with facility
Civic events	Moderate alignment with facility
Festivals/fairs	Moderate alignment with facility
Graduations/commencements	Moderate alignment with facility
Cultural/heritage events	Moderate alignment with facility

Legend:
 Strong alignment with facility = 
 Moderate alignment with facility = 
 Weak alignment with facility = 

6. PROGRAM ANALYSIS: Hypothetical Building Program

The estimated potential convention center market-indicated facility program is tied closely to the unique characteristics of the Lake County and Northwest Indiana market. The resulting market indicated building program focuses on the levels of sellable space that would be necessary to accommodate potential measured convention, conference, meeting, exhibition, entertainment and special event demand.

A hotel-attached or adjacent convention center offering 70,000 square feet of sellable space has been assumed. The nature of the space is assumed to be consistent with multipurpose exhibit, ballroom and meeting space offered in modern, state-of-the-industry convention centers in other markets.

Facility Type

Lake County, Indiana
 Multipurpose exhibit, ballroom, and breakout meeting space
 Upscale, high-level of finish, concrete floor exhibit space, carpeted ballroom & meeting space
 Physically-attached or adjacent to a headquarters hotel (full service, minimum of 225 rooms)

Sellable Space	Area (sf)	Comment
Exhibit Hall	40,000	concrete floor, 30-35' clear height, column free, subdivisible
Ballroom	17,000	carpet floor, 20-25' clear height, column free, subdivisible
Breakout Meeting Rooms	13,000	carpet floor, subdivisible
Subtotal Sellable Space	70,000	

Support Space	Area (sf)	Comment
Prefunction Space/Circulation	40% of 70,000 = 28,000	
Loading, Service & Storage	18% of 70,000 = 12,600	
Restrooms	10% of 70,000 = 7,000	
Vertical Circulation	7% of 70,000 = 4,900	
Food Service	12% of 70,000 = 8,400	Kitchen, pantries, concessions
Administration Space	8% of 70,000 = 5,600	
Building Support	10% of 70,000 = 7,000	
Subtotal Support Space	105% of 70,000 = 73,500	

Building Summary	Area (sf)	Comment
Sellable Space	70,000	
Support Space	73,500	
Total Building Area	143,500	

Minimum Building Footprint	Area (sf)	Comment
Largest Contiguous Function Space	40,000	
Prefunction Space/Circulation	55% of 28,000 = 15,400	
Loading, Service & Storage	80% of 12,600 = 10,080	
Restrooms	55% of 7,000 = 3,850	
Vertical Circulation	150% of 4,900 = 7,350	
Food Service	25% of 8,400 = 2,100	
Administration Space	0% of 5,600 = 0	
Building Support	55% of 7,000 = 3,850	

Minimum Building Footprint	82,630	
Remainder of Built Space (second level)	60,870	
Total Building Area	143,500	

7. SITE/LOCATION ANALYSIS



6. SITE ANALYSIS: Site Selection Criteria & Issues



As important as size and configuration, the location and site of a convention facility can have a significant impact on the facility's operational success and its ability to generate new visitation and associated economic impact in a host community. As part of the overall evaluation of a potential convention center in Lake County, an assessment of potential site/locations within Lake County was conducted to determine what general areas might be best suited as a host site/location for a convention center.

In general, a large number of characteristics and factors are typically important when evaluating the attractiveness of site locations. These include:

1. Proximity to quality full-service hotel inventory
2. Proximity to other supporting select / focused service hotel inventory
3. Ability to leverage existing facility investment / infrastructure
4. Requirements / preferences of private partner (if applicable)
5. Size, cost and ownership complexity of site
6. Proximity to restaurants, retail, nightlife, entertainment
7. Pedestrian-friendly walking environment
8. Parking availability
9. Ingress / egress
10. Site visibility
11. Synergy with other public sector development initiatives / master plans
12. Compatibility with surroundings
13. Other considerations

For a convention center project, proximity to quality hotel inventory is the single most important factor. Without a sizeable, quality hotel property that is attached or adjacent, a convention center will be extremely limited in its ability to attract non-local conventions, conferences and tradeshows. Without this type of hotel support, the convention center will function more as a "local" venue, such as a community center or civic center. Given the nature of the Lake County destination and its lack of a traditional downtown central business district (offering a pedestrian-friendly environment with walkable restaurants, bars, nightlife, entertainment, retail with character, etc.), the importance of planning for mixed-use development in a larger district containing the convention center will likely be greater with any Lake County's site.

6. SITE ANALYSIS: Methodology & Selection Criteria

Throughout the study process, with the assistance of the Study Committee and through the research and community outreach process, a large number of site/location ideas were forwarded to the project team. It was apparent that the large number of possible sites/locations that were initially cataloged were widely varied in terms of their suitability and strengths as a host site for any new convention center project. In fact, many of them were considered to have one or more fatal flaws that should remove them from consideration. As such, a first step in the analysis was to establish a set of Qualifying Criteria (considering the 13 important criteria listed on the previous page) that would remove prospective site/locations possessing fatal flaws or important weaknesses from the final analysis. In order to advance to the final site analysis step, each of cataloged site/location ideas must pass/meet each of the following four Qualifying Criteria:

1. **Size of contiguous site area must be at least 10 acres.** Pursuant to the market supportable building program identified previously in this report, a potential Lake County convention center would require a minimum of ten acres to accommodate the building footprint, ingress/egress, parking and landscaping. Any smaller site would likely sacrifice a portion of the building's event space and/or parking, likely resulting in reduced marketability and performance.
2. **Site must be located within a 10-minute drive of quality existing hotel supply.** For a convention center project, proximity to quality hotel inventory is the single most important external factor. Even if a new headquarters hotel is developed, additional supply will be required to accommodate convention center-related room nights. Without a sizeable hotel room inventory nearby, a new convention center will be extremely limited in its ability to attract non-local conventions and tradeshow.
3. **Site must be situated along a major north/south or east/west interstate or highway.** The accessibility of a convention center via passenger vehicle is critical to event planners of local, state and regional event activity—particularly for a driven-in destination such as Lake County. This simplifies the directions to the potential facility and also enables event attendees to more easily navigate the destination and explore its restaurants, shopping and/or nightlife.
4. **Site must be located within a hour's drive of Chicago (during non-rush hour periods).** A significant opportunity for any new convention center product in Lake County is to leverage proximity to the greater Chicago marketplace. As highlighted previously in this report, Chicago area-based independent and corporate meeting planners expressed significant interest in a potential Lake County convention center, though many interviewed stressed the importance locating the facility within a close driving distance of the city. In general, it is often seen that the closer a convention facility is to concentrated populations of events, exhibitors and attendees, the stronger its utilization, occupancy, and financial and economic performance.

Fundamentally, the Qualifying Criteria limit consideration of sites/locations to the northern half of the Lake County and those in or near established areas of commerce. Based on industry best practices and our experience with project throughout the country, this is logical and appropriate, given the significantly higher concentration of visitor amenities (including the ability to leverage multiple proximate hotel properties), population base (in-county and regional), and transportation accessibility in north County relative to south County.

6. SITE ANALYSIS: Identified Site/Location Finalists



Site ID	Site Name
A	Hammond I-94 & US41
B	Kennedy Ave & I-94
C	Hammond I-90 & US12
D	Majestic Star
E	Century Mall
F	Radisson/Star Plaza
G	Crown Point I-65
H	Gary IU Northwest
I	Hobart Silverstone

With the assistance of the Study Steering Committee, background and physical characteristic information for each of the nine remaining site/location finalists, and their likely parcel assemblage, was collected and reviewed. Each of these site/locations had been previously viewed/visited by the project team during Lake County tours. They are presented and identified in no particular order.

The exhibit to the left presents an overview of the nine site/location finalists. The slides on the following pages provide more in-depth detail regarding each site, including illustrations of the sites and their acreage, ownership status, and strengths/challenges as they relate to the convention/visitor industry.

Weighted site evaluation criteria were developed and each of the sites has been subjectively ranked according to relative strength. The resultant scores were then summed and a ranking was established for the sites/locations in order of preference. This scoring matrix and results are shown following the individual overviews of each site/location finalist.

It is suggested that additional analyses be conducted with regard to site acquisition/preparation costs and unique costs associated with architectural and engineering requirements, traffic, infrastructure and other related concerns prior to final site selection.

6. SITE ANALYSIS: Overview of Potential Site/Locations



Site Name: SITE A: Hammond I-94 & US41

City: Hammond

Acreage: ~10 acres

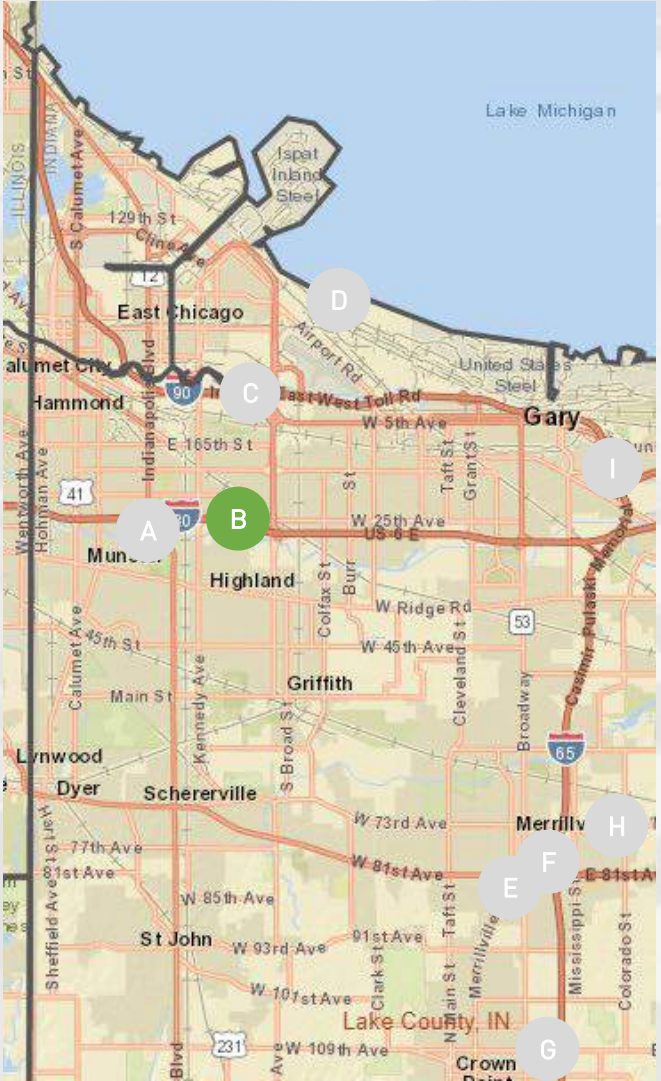
Ownership: Private

- Site Strengths**
- Proximity to existing hotel properties
 - Easy access to/from I-80
 - Parcel size could accommodate convention center, parking, ingress/egress, etc.
 - In relative proximity to downtown Chicago

- Site Challenges**
- Parcel does not offer sufficient space to accommodate additional mixed-use/hospitality development
 - Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
 - Suburban retail big box atmosphere does not offer unique destination appeal
 - Limited expansion opportunities
 - Would require a development of headquarters hotel

Source: Local NWI Stakeholders, 2018

6. SITE ANALYSIS: Overview of Potential Site/Locations



Site Name: SITE B: Kennedy Ave & I-94
City: Hammond
Acreage: ~25 acres
Ownership: Board of Park Commissioners of Hammond

- Site Strengths**
- Proximity to existing hotel properties
 - Easy access to/from I-94
 - Parcel size could accommodate convention center, parking, ingress/egress, etc.
 - In relative proximity to downtown Chicago
 - Potential water bridge connection to land to south
 - Publicly-held parcel

- Site Challenges**
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
 - Lack of existing development
 - Proximity to wetlands
 - Site preparation may be costly
 - Would require a development of new headquarters hotel

Source: Local NWI Stakeholders, 2018

6. SITE ANALYSIS: Overview of Potential Site/Locations



Site Name: SITE C: Hammond I-90 & US12
City: Hammond
Acreage: ~300 acres
Ownership: Private/State of Indiana/Hammond Land Reclamation Corp

- Site Strengths**
- Easy access to/from I-90
 - In relative proximity to downtown Chicago
 - Parcel size could accommodate convention center, parking, ingress/egress, etc.
 - Enough available space for future expansion and/or complimentary development opportunities
 - Included in existing TIF district

- Site Challenges**
- Nearly a ten minute drive to nearest hotel room supply
 - Lack of commercial development and hospitality amenities in the area surrounding parcel
 - Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
 - Lack of existing development
 - In close proximity to residential area
 - Would require development of a new headquarters hotel

Source: Local NWI Stakeholders, 2018

6. SITE ANALYSIS: Overview of Potential Site/Locations



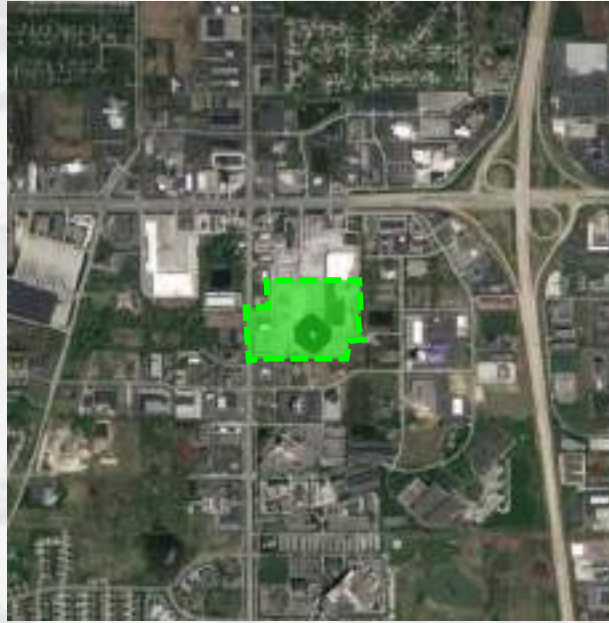
Site Name: SITE D: Majestic Star
City: Gary
Acreege: ~65 acres
Ownership: Private (Majestic Star Casino)

- Site Strengths**
- Existing potential headquarter hotel property
 - Parcel size could accommodate convention center, parking, ingress/egress, etc.
 - Potential for significant destination appeal (casino, entertainment, waterfront)
 - Included in existing TIF District

- Site Challenges**
- Lack of additional hotel support beyond room supply offered at Majestic Star
 - Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
 - Lack of nearby visitor amenities outside of casino/hotel
 - Would require negotiated public/private partnership with casino/hotel

Source: Local NWI Stakeholders, 2018

6. SITE ANALYSIS: Overview of Potential Site/Locations



Site Name: SITE E: Century Mall

City: Merrillville

Acreeage: ~25 acres

Ownership: Private

- Site Strengths**
- Proximity to largest concentration of hotel properties in County
 - Proximity to existing restaurant and retail options
 - Easy access to/from I-65 and Route 30
 - Parcel size could accommodate convention center, parking, ingress/egress, etc.
 - Enough available space for future expansion and/or complimentary development opportunities
 - Included in existing TIF District

- Site Challenges**
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
 - Lack of existing nightlife and/or entertainment venues
 - Suburban mall atmosphere does not offer unique destination appeal
 - Would require removal of existing structures
 - Would require development of a new headquarters hotel
 - Distance from downtown Chicago

Source: Local NWI Stakeholders, 2018

6. SITE ANALYSIS: Overview of Potential Site/Locations



Site Name: SITE F: Radisson/Star Plaza

City: Merrillville

Acreeage: ~25 acres

Ownership: Private

- Site Strengths**
- Proximity to largest concentration of hotel properties in County
 - Proximity to existing restaurant and retail options
 - Easy access to, and highly visible from, I-65 and Route 30
 - Site already widely recognized by state and regional event market
 - Parcel size could accommodate convention center, parking, ingress/egress, etc.
 - Opportunity to leverage planned new full-service hotel product
 - Enough available space for future expansion and/or complimentary development opportunities

- Site Challenges**
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
 - Lack of existing nightlife and/or entertainment venues
 - Suburban mall atmosphere does not offer unique destination appeal
 - Would require negotiated public/private partnership
 - Distance from downtown Chicago

Source: Local NWI Stakeholders, 2018

6. SITE ANALYSIS: Overview of Potential Site/Locations

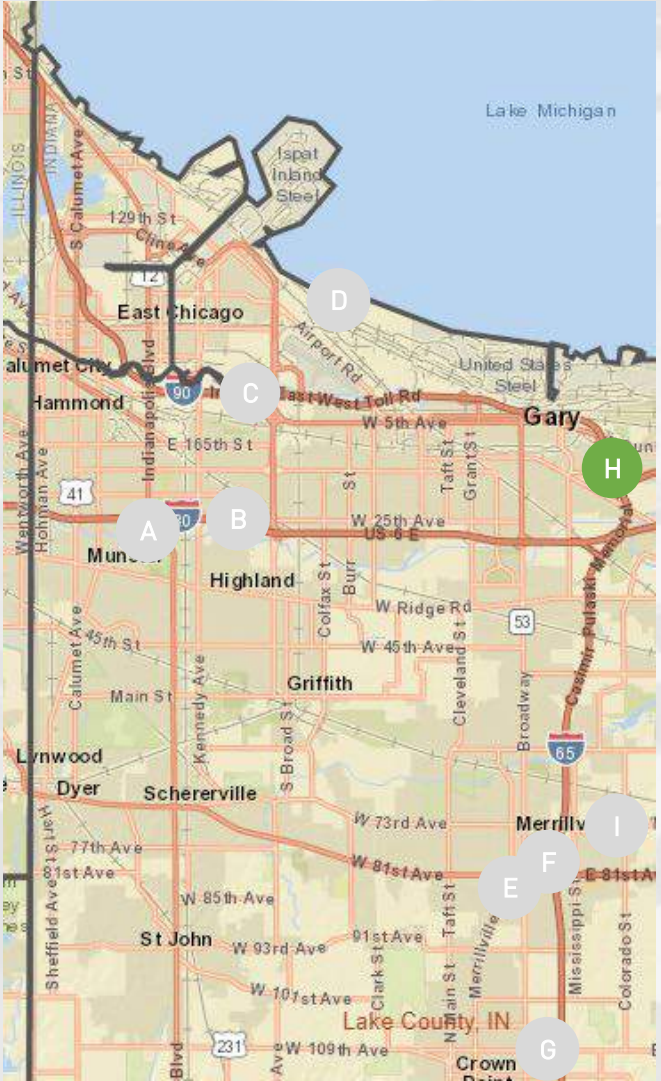


Site Name: SITE G: Crown Point I-65
City: Crown Point
Acreage: ~275 acres
Ownership: Private/City of Crown Point

- Site Strengths**
- Easy access to/from I-65
 - Parcel size could accommodate convention center, parking, ingress/egress, etc.
 - Enough available space for future expansion and/or complimentary development opportunities
 - Included in existing TIF district

- Site Challenges**
- Walkability of site limited; vehicle transportation necessary to access much of surrounding infrastructure
 - Lack of existing development
 - Suburban atmosphere does not offer unique destination appeal
 - Distance from downtown Chicago
 - Would require development of a new headquarters hotel

6. SITE ANALYSIS: Overview of Potential Site/Locations



Site Name: SITE H: Gary IU Northwest

City: Gary

Acreage: ~460 acres

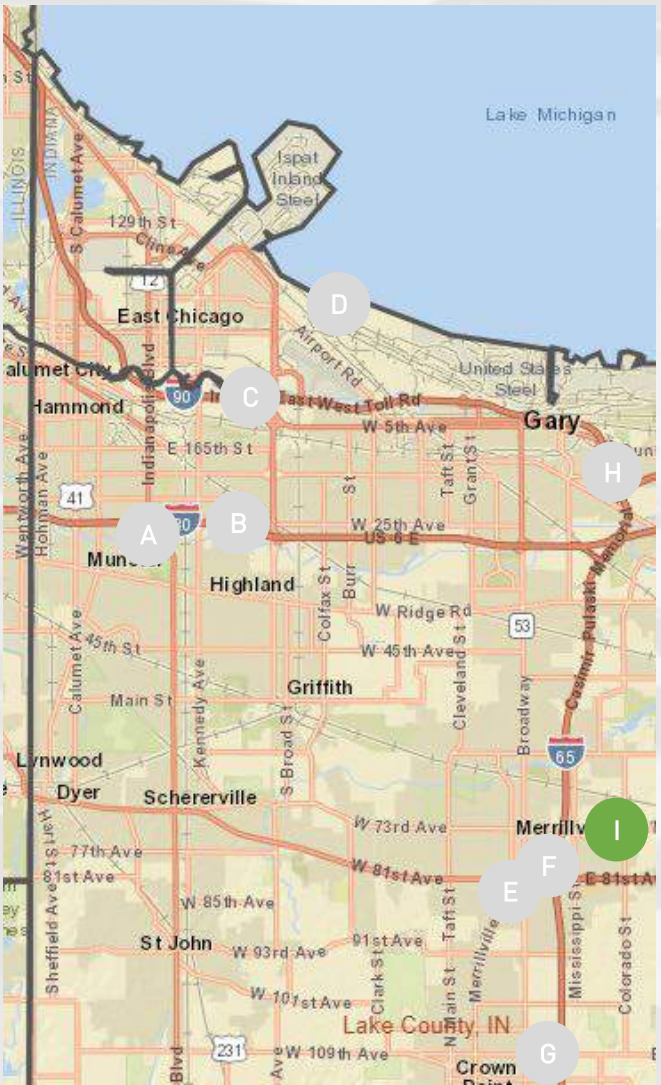
Ownership: City of Gary

- Site Strengths**
- Easy access to/from I-65
 - Parcel size could accommodate convention center, parking, ingress/egress, etc.
 - Enough available space for future expansion and/or complimentary development opportunities
 - Publicly held parcel

- Site Challenges**
- Nearly a five minute drive to nearest hotel room supply
 - Lack of commercial development and hospitality amenities in the area surrounding parcel
 - Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
 - Lack of existing development
 - In close proximity to residential areas
 - Distance from downtown Chicago
 - Would require development of a new headquarters hotel

Source: Local NWI Stakeholders, 2018

6. SITE ANALYSIS: Overview of Potential Site/Locations



Site Name: SITE I: Hobart Silverstone

City: Hobart

Acreeage: ~200 acres

Ownership: Private/City of Hobart

- Site Strengths**
- Proximity to largest concentration of hotel properties in County
 - Proximity to existing restaurant and retail options
 - Easy access to/from I-65 and Route 30
 - Parcel size could accommodate convention center, parking, ingress/egress, etc.
 - Enough available space for future expansion and/or complimentary development opportunities

- Site Challenges**
- Walkability of site somewhat limited; vehicle transportation necessary to access much of surrounding infrastructure
 - Lack of existing development
 - Suburban mall atmosphere does not offer unique destination appeal
 - Distance from downtown Chicago
 - Would require development of a new headquarters hotel

Source: Local NWI Stakeholders, 2018

6. SITE ANALYSIS: Site Matrix Analysis (overall)

Site		SITE A		SITE B		SITE C		SITE D		SITE E		SITE F		SITE G		SITE H		SITE I	
Hammond I-94 & US41		Hammond I-94 & US41		Kennedy Ave & I-94		Hammond I-90 & US12		Majestic Star		Century Mall		Radisson/Star Plaza		Crown Point I-65		Gary IU Northwest		Hobart Silverstone	
Owner		Private		City of Hammond		Private/Public		Private		Private		Private		Private/Public		City of Gary		Private/Public	
Site Size (in acres)		10		25		300		65		25		25		275		460		200	
Site Elements	Weight	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating
Site Suitability (29%)	50																		
Acreeage for Optimized Program Configuration	10	30	3	50	5	50	5	50	5	50	5	50	5	50	5	50	5	50	5
Acreeage for Future Expansion	5	5	1	20	4	25	5	25	5	20	4	15	3	25	5	25	5	25	5
Acreeage for Additional Onsite Complementary Development	4	4	1	16	4	20	5	20	5	12	3	20	5	20	5	20	5	20	5
Attractiveness of the Site to Event Planners & Attendees	6	12	2	24	4	18	3	24	4	18	3	24	4	18	3	12	2	18	3
Drainage / Wetlands / Flooding Characteristics	2	6	3	4	2	4	2	4	2	10	5	10	5	6	3	6	3	6	3
Environmental Issues	2	10	5	4	2	4	2	4	2	10	5	10	5	6	3	6	3	6	3
Land Acquisition Costs	3	3	1	9	3	12	4	6	2	6	2	6	2	12	4	15	5	12	4
Inclusion in Existing TIF District	3	3	1	3	1	15	5	15	5	15	5	3	1	15	5	3	1	3	1
Single vs Multiple Land Parcels	2	10	5	10	5	6	3	8	4	4	2	6	3	4	2	6	3	4	2
Magnitude of Necessary Infrastructure Improvements	3	9	3	6	2	6	2	9	3	9	3	15	5	6	2	6	2	6	2
Local Accessibility	2	10	5	10	5	6	3	4	2	10	5	10	5	6	3	6	3	8	4
Visibility	3	15	5	15	5	12	4	12	4	15	5	15	5	9	3	9	3	9	3
Regional Accessibility	5	20	4	20	4	20	4	15	3	20	4	20	4	15	3	15	3	20	4
Hotel Availability (43%)	75																		
Headquarters Hotel	30	30	1	30	1	30	1	90	3	30	1	150	5	30	1	30	1	30	1
Quality Hotel Rooms Within Walking Distance	30	60	2	60	2	30	1	30	1	60	2	150	5	30	1	30	1	60	2
Quality Hotel Rooms Within One Mile	15	75	5	75	5	15	1	30	2	75	5	75	5	30	2	15	1	75	5
Other Visitor Amenity Availability (20%)	35																		
Proximity to Restaurants/Bars	17	34	2	34	2	17	1	34	2	68	4	68	4	34	2	17	1	17	1
Proximity to Shopping/Retail	10	30	3	30	3	10	1	10	1	40	4	40	4	20	2	10	1	10	1
Proximity to Entertainment/Attractions	6	12	2	12	2	6	1	24	4	12	2	12	2	6	1	6	1	6	1
Proximity to Public Transit	2	4	2	4	2	4	2	2	1	6	3	6	3	4	2	4	2	4	2
Community Surroundings (9%)	15																		
Compatibility with Neighborhood	5	10	2	10	2	10	2	10	2	25	5	25	5	10	2	10	2	10	2
Synergy with Surroundings/Setting	4	8	2	8	2	8	2	12	3	16	4	16	4	8	2	8	2	8	2
Opportunity for Induced Economic Development	4	8	2	20	5	20	5	12	3	16	4	16	4	20	5	20	5	20	5
Socioeconomic Characteristics of Population	2	8	4	8	4	8	4	4	2	8	4	8	4	8	4	4	2	4	2
Total Weighting (100%)	175																		
TOTAL SCORE		416		482		356		454		555		770		392		333		431	
SITE RANK		6		4		8		5		2		1		7		9		3	

6. SITE ANALYSIS: Site Matrix Analysis (no hotel criteria)

		SITE A		SITE B		SITE C		SITE D		SITE E		SITE F		SITE G		SITE H		SITE I	
Site		Hammond I-94 & US41		Kennedy Ave & I-94		Hammond I-90 & US12		Majestic Star		Century Mall		Radisson/Star Plaza		Crown Point I-65		Gary IU Northwest		Hobart Silverstone	
Owner		Private		City of Hammond		Private/Public		Private		Private		Private		Private/Public		City of Gary		Private/Public	
Site Size (in acres)		10		25		300		65		25		25		275		460		200	
Site Elements	Weight	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating
Site Suitability (29%)	50																		
Acreage for Optimized Program Configuration	10	30	3	50	5	50	5	50	5	50	5	50	5	50	5	50	5	50	5
Acreage for Future Expansion	5	5	1	20	4	25	5	25	5	20	4	15	3	25	5	25	5	25	5
Acreage for Additional Onsite Complementary Development	4	4	1	16	4	20	5	20	5	12	3	20	5	20	5	20	5	20	5
Attractiveness of the Site to Event Planners & Attendees	6	12	2	24	4	18	3	24	4	18	3	24	4	18	3	12	2	18	3
Drainage / Wetlands / Flooding Characteristics	2	6	3	4	2	4	2	4	2	10	5	10	5	6	3	6	3	6	3
Environmental Issues	2	10	5	4	2	4	2	4	2	10	5	10	5	6	3	6	3	6	3
Land Acquisition Costs	3	3	1	9	3	12	4	6	2	6	2	6	2	12	4	15	5	12	4
Inclusion in Existing TIF District	3	3	1	3	1	15	5	15	5	15	5	3	1	15	5	3	1	3	1
Single vs Multiple Land Parcels	2	10	5	10	5	6	3	8	4	4	2	6	3	4	2	6	3	4	2
Magnitude of Necessary Infrastructure Improvements	3	9	3	6	2	6	2	9	3	9	3	15	5	6	2	6	2	6	2
Local Accessibility	2	10	5	10	5	6	3	4	2	10	5	10	5	6	3	6	3	8	4
Visibility	3	15	5	15	5	12	4	12	4	15	5	15	5	9	3	9	3	9	3
Regional Accessibility	5	20	4	20	4	20	4	15	3	20	4	20	4	15	3	15	3	20	4
Other Visitor Amenity Availability (20%)	35																		
Proximity to Restaurants/Bars	17	34	2	34	2	17	1	34	2	68	4	68	4	34	2	17	1	51	3
Proximity to Shopping/Retail	10	30	3	30	3	10	1	10	1	40	4	40	4	20	2	10	1	30	3
Proximity to Entertainment/Attractions	6	12	2	12	2	6	1	24	4	12	2	12	2	6	1	6	1	12	2
Proximity to Public Transit	2	4	2	4	2	4	2	2	1	6	3	6	3	4	2	4	2	6	3
Community Surroundings (9%)	15																		
Compatibility with Neighborhood	5	10	2	10	2	10	2	10	2	25	5	25	5	10	2	10	2	15	3
Synergy with Surroundings/Setting	4	8	2	8	2	8	2	12	3	16	4	16	4	8	2	8	2	12	3
Opportunity for Induced Economic Development	4	8	2	20	5	20	5	12	3	16	4	16	4	20	5	20	5	20	5
Socioeconomic Characteristics of Population	2	8	4	8	4	8	4	4	2	8	4	8	4	8	4	4	2	8	4
Total Weighting (100%)	100																		
TOTAL SCORE		251		317		281		304		390		395		302		258		341	
SITE RANK		9		4		7		5		2		1		6		8		3	

6. SITE ANALYSIS: Site Matrix Analysis

As shown on the previous two pages, the base site evaluation matrix contains 24 variables which are believed to impact a site's suitability for optimally supporting a convention center. The sites are rated for each variable on a scale of "0" to "5," where "0" represents a complete lack of responsiveness to the criteria listed. A score of "5" represents an optimum condition where the greatest possible success is likely to be realized. Scores between "0" and "5" represent a range of conditions that are progressively better for convention facility development. Raw scores have been weighted from the expected point of view of the convention planner and attendee for desirable facility sites/destinations.

There are theoretical scenarios in which a new convention center development may be paired with new hotel development. In this case, it is also useful to perform a similar site analysis that removes the scoring pertaining to "hotel availability", assuming that a new appropriately-sized and branded headquarters hotel would be built along with the convention center and that sufficient ancillary hotel support is present. The second exhibit shown presents the identical analysis without the hotel availability criteria.

In summary, for the overall analysis, the weighted scores for the nine site/location finalists range between 333 and 770 points for the overall analysis. A weighted score of 875 is the maximum possible score. Typically, scores above 600 are considered "excellent/very good", indicating the subject site has strong potential as a successful host for the project. Scores between 550 and 600 are considered "good". Scores between 400 and 550 indicate important site challenges/limitations exist. Scores less than 400 are considered poor.

The following five sites ranked as the strongest potential sites/locations:

- Site F: Radisson/Star Plaza
- Site E: Century Mall
- Site I: Hobart Silverstone
- Site B: Kennedy Ave & I-94
- Site D: Majestic Star

Removing the hotel criteria (to consider a scenario where sufficient supporting hotel product is also developed with the convention center), the weighted scores range between 251 and 395 points. While the disparity among the sites narrowed under this alternate analysis, the ranking order of the top five sites did not change.

The five highest ranked sites could offer the greatest combination of strengths and smallest impactful weaknesses among the site/location finalists. All five possess good accessibility, visibility, location proximity to population bases and/or visitor industry amenities, and ancillary economic development opportunities. Site F, in particular, would benefit from the addition of multiple hotel products (including a mix of full-service and focused-service properties) being planned in adjacent/proximate parcels by White Lodging.

8. COST/BENEFIT ANALYSIS



8. COST/BENEFIT: Overview & Methods

This section presents an analysis of estimated utilization and costs/benefits associated with a potential new convention center in Lake County. Initially, based on the results of the market demand and building program analyses, modeling and analysis was performed to generate performance estimates for a potential convention center in Lake County. Performance estimates for a potential convention center have been presented over a 20-year projection period. A stabilized year of operation is assumed to occur by the fifth full year of convention center operation. All dollar figures are represented in terms of 2018 dollars.

A) COSTS (Construction & Operations)

An analysis was performed to generate estimated order-of-magnitude construction costs, as well as the estimated financial operating characteristics of the potential new convention center in Lake County. The cost estimates were generated using industry per-unit data adjusted for conditions in Northwest Indiana and cost data of comparable new convention centers, modified for time and locations. The estimates assume the previously identified market supportable building program and one of the top three preferred sites, also previously identified.

Additionally, a financial operating analysis was prepared for the potential new convention center in Lake County. Specifically, we developed a computer-based model incorporating comparable facility data and the estimated levels of event utilization and attendance derived from the market analysis to generate estimates with regard to potential annual convention center operating revenues and expenses.

Revenues including rental, food service, event service, parking, advertising and sponsorship revenues, and other such sources were estimated. Expenses including salaries (permanent and event driven staff costs), utilities, maintenance, supplies, insurance, contract service costs and others will be estimated. Further, we have outlined other potential non-operating revenue/expense assumptions in order to provide initial estimations of the associated financial return/risk structures. The comparison of revenues and expenses enables stakeholders to evaluate the level of facility-supportable revenues or public subsidies that may be required for annual facility operations.

This presentation is designed to assist project representatives in assessing the financial effects of a potential new convention center and cannot be considered a presentation of expected future results. Accordingly, the analysis of potential financial operating results may not be useful for other purposes. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant. Because events and circumstances frequently do not occur as expected, there usually will be differences between estimated and actual results and these differences may be material.

8. COST/BENEFIT: Overview & Methods

B) BENEFITS (Economic Impacts & Other)

The ability of a convention center to generate new spending and associated economic impact in a community is often one of the primary determinants regarding a decision by a public sector entity to participate in investing in the development and/or operation of such facilities. Beyond generating new visitation and associated spending in local communities, convention centers also benefit a community in other important ways, such as providing venues for events and activities attended and participated in by local community members and drawing new visitation/traffic into core areas.

The impact of a convention center project is maximized when out-of-town guests, attendees, participants, and exhibitors spend money in a community while visiting. This spending by visitors represents new money to the community hosting the event. This new money then creates multiplier effects as the initial spending is circulated throughout the local economy.

It is important to note that spending estimates associated with the potential new Lake County convention center only represent spending that is estimated to be new to Lake County (net new spending), directly attributable to the operation (and existence) of the convention center.

A) Construction (one-time)

Construction materials, labor, design and professional fees, and other soft cost spending are generated during the planning and construction of the subject facility.

1. Direct Spending
 - Materials
 - Labor
2. Indirect & Induced Spending
3. Output (direct + indirect + induced spending)
4. Employment (full & part-time jobs)
5. Earnings (personal income)
6. Tax Revenue
 - Sales & use taxes

B) In-Facility (ongoing)

Direct spending is generated through the operations of the subject facility (represented through operating revenues) driven by events and patronage. This spending occurs with respect to both event and non-event items, such as rentals, admissions, food and beverage, merchandise, sponsorship and advertising, education, and retail leases.

1. Direct Spending
 - Room & Space Rentals
 - Food & Beverage
 - Retail & Merchandise
 - Entertainment
 - Sponsorship & Advertising
 - Contract & Other Services
2. Indirect & Induced Spending
3. Output (direct + indirect + induced spending)
4. Employment (full & part-time jobs)
5. Earnings (personal income)
6. Tax Revenue
 - Sales & use taxes
 - Excise, gaming & other taxes

C) Out-of-Facility (ongoing)

Outside the subject facility itself, additional direct spending is generated in city, county and regional areas by visitors, spectators, attendees, participants, event staff, and exhibitors users on lodging, food and beverages, retail, entertainment, transportation, etc. in connection with their visit to the area.

1. Direct Spending
 - Lodging
 - Restaurants/Bars
 - Retail
 - Entertainment/Gaming
 - Transit
 - Services/Other
2. Indirect & Induced Spending
3. Output (direct + indirect + induced spending)
4. Employment (full & part-time jobs)
5. Earnings (personal income)
6. Tax Revenue
 - Lodging taxes
 - Sales & use taxes
 - Car rental & transit taxes
 - Excise, gaming & other taxes

8. COST/BENEFIT: Estimated Utilization

A detailed market, financial and economic model was developed. Based on the market analysis completed and the program assumptions discussed herein, the following exhibit presents a summary of the estimated annual event levels, event days, and utilization days (move-in + event + move-out) by event type for a convention center in Lake County over the first 20 years of operation.

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	10-Year TOTAL	20-Year TOTAL
NUMBER OF EVENTS							
Conventions/Tradeshows (w exhibits)	6	8	10	12	14	120	260
Conventions/Conferences (no exhibits)	10	12	15	19	20	176	376
Public/Consumer Shows	8	10	12	12	12	114	234
Amateur Sports/Rec	5	7	9	9	10	90	190
Meetings	100	125	150	150	150	1,425	2,925
Banquets/Receptions	40	45	55	55	55	525	1,075
Miscellaneous/Other	8	9	10	12	12	111	231
Total	177	216	261	269	273	2,561	5,291
EVENT DAYS							
Conventions/Tradeshows (w exhibits)	18	24	30	36	42	360	780
Conventions/Conferences (no exhibits)	25	30	38	48	50	440	940
Public/Consumer Shows	20	25	30	30	30	285	585
Amateur Sports/Rec	10	14	18	18	20	180	380
Meetings	100	125	150	150	150	1,425	2,925
Banquets/Receptions	40	45	55	55	55	525	1,075
Miscellaneous/Other	10	12	13	16	16	144	300
Total	223	275	334	352	363	3,359	6,985
UTILIZATION DAYS							
Conventions/Tradeshows (w exhibits)	33	44	55	66	77	660	1,430
Conventions/Conferences (no exhibits)	42	50	63	80	84	739	1,579
Public/Consumer Shows	40	50	60	60	60	570	1,170
Amateur Sports/Rec	18	25	32	32	35	315	665
Meetings	100	125	150	150	150	1,425	2,925
Banquets/Receptions	40	45	55	55	55	525	1,075
Miscellaneous/Other	16	18	20	24	24	222	462
Total	289	357	435	466	485	4,456	9,306

8. COST/BENEFIT: Estimated Attendance

The following exhibit presents a summary of the estimated attendee days by event type for a convention center in Lake County over the first 20 years of operation. A portion of the total attendee base represents non-local attendees (i.e., attendees that do not reside in Lake County) and some of these non-local attendee represent visitors that require overnight lodging. As such, estimates relative to non-local attendee days and hotel room nights have also been presented.

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	10-Year TOTAL	20-Year TOTAL
ATTENDEE DAYS							
Conventions/Tradeshows (w exhibits)	11,700	15,600	19,500	23,400	27,300	234,000	507,000
Conventions/Conferences (no exhibits)	10,000	12,000	15,000	19,000	20,000	176,000	376,000
Public/Consumer Shows	30,000	37,500	45,000	45,000	45,000	427,500	877,500
Amateur Sports/Rec	19,000	26,600	34,200	34,200	38,000	342,000	722,000
Meetings	15,000	18,750	22,500	22,500	22,500	213,750	438,750
Banquets/Receptions	20,000	22,500	27,500	27,500	27,500	262,500	537,500
Miscellaneous/Other	7,800	8,775	9,750	11,700	11,700	108,225	225,225
Total	113,500	141,725	173,450	183,300	192,000	1,763,975	3,683,975
ATTENDEE DAYS (NON-LOCAL)							
Conventions/Tradeshows (w exhibits)	11,115	14,820	18,525	22,230	25,935	222,300	481,650
Conventions/Conferences (no exhibits)	9,000	10,800	13,500	17,100	18,000	158,400	338,400
Public/Consumer Shows	6,000	7,500	9,000	9,000	9,000	85,500	175,500
Amateur Sports/Rec	12,350	17,290	22,230	22,230	24,700	222,300	469,300
Meetings	3,750	4,688	5,625	5,625	5,625	53,438	109,688
Banquets/Receptions	4,000	4,500	5,500	5,500	5,500	52,500	107,500
Miscellaneous/Other	3,900	4,388	4,875	5,850	5,850	54,113	112,613
Total	50,115	63,985	79,255	87,535	94,610	848,550	1,794,650
HOTEL ROOM NIGHTS							
Conventions/Tradeshows (w exhibits)	9,094	12,125	15,157	18,188	21,220	181,882	394,077
Conventions/Conferences (no exhibits)	7,364	8,836	11,045	13,991	14,727	129,600	276,873
Public/Consumer Shows	450	563	675	675	675	6,413	13,163
Amateur Sports/Rec	2,470	3,458	4,446	4,446	4,940	44,460	93,860
Meetings	1,705	2,131	2,557	2,557	2,557	24,290	49,858
Banquets/Receptions	1,077	1,212	1,481	1,481	1,481	14,135	28,942
Miscellaneous/Other	1,300	1,463	1,625	1,950	1,950	18,038	37,538
Total	23,459	29,787	36,986	43,288	47,549	418,816	894,310

8. COST/BENEFIT: Order-of-Magnitude Construction Costs

An analysis was conducted of order-of-magnitude hard construction costs pursuant to the supportable building program elements presented earlier.

The cost estimates were generated using industry per-unit data adjusted for conditions in Northwest Indiana and cost data of comparable new convention centers, modified for time and locations. The estimates assume the previously identified market supportable building program and one of the top three preferred sites, also previously identified. The analysis suggests that hypothetical development costs for a new convention center in Lake County could approximate \$58.0 million.

Construction costs tend to vary widely among comparable convention center facility projects. Many variables exist that influence actual realized construction costs, including type of facility, size, components, level of finish, integrated amenities, costs of goods and services in the local market, location and topography of the site, ingress/egress issues, cost savings related to developing a convention/expo center project and other such aspects. Importantly, a detailed architectural concept, design and costing study would be required to specifically estimate construction costs for a potential new convention center in Lake County.

For purposes of this exercise we have assumed a \$2.0 million figure to reflect potential site acquisition, preparation and infrastructure costs. This figure tends to vary significantly among projects and specific sites. This figure, in particular, should be adjusted accordingly, as further planning and site selection occurs.

Hypothetical Construction Costs

Construction Period (months)	18
Construction Start	Jan-20
Construction End	Jul-21
Opening	Jul-21
Construction Costs:	
Hard Construction Costs (\$300/GSF)	\$43,050,000
Soft Construction Costs (30%)	12,915,000
Site / Infrastructure Costs	2,000,000
Other Development Costs	0
Total Construction Costs	\$57,965,000

8. COST/BENEFIT: Estimated Financial Operations

An analysis of the estimated financial operations of a potential new convention center in Lake County was conducted. This financial operating analysis only considers revenues and expenses generated through the operation of the convention center itself and does not consider other potential ancillary income that may be related to the project (such as incremental tax revenue, parking income, admissions surcharges, interest income, etc.), nor does it consider other non-operating costs, such as construction costs (i.e., debt service) and capital repair/replacement funding. This analysis is designed to assist project representatives in assessing the financial effects of the potential convention center and cannot be considered a presentation of expected future results. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant. Because events and circumstances frequently do not occur as expected, there usually will be differences between estimated and actual results and these differences may be material. As with all new convention centers, an initial startup period is assumed before event levels are anticipated to stabilize. Financial operating estimates are shown in 2018 dollars. This analysis has been developed to reflect “net” operations. For instance, reimbursed event expenses and associated event revenues are not presented, rather, they are assumed to “pass through” the financial operating estimates developed in this section. As in all studies of this type, the estimated results are based on competent and efficient facility management and assume that no significant changes in the various event markets will occur beyond those set forth in this report.

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	10-Year TOTAL	20-Year TOTAL
OPERATING REVENUES							
Space Rental	\$470,250	\$594,050	\$722,375	\$754,475	\$782,350	\$7,235,250	\$15,058,750
Food Service (net)	345,625	427,203	526,281	569,438	603,438	5,489,172	11,523,547
Contract Service & Other	391,249	419,196	447,142	475,088	503,035	4,750,884	9,781,231
Total Operating Revenue	\$1,207,124	\$1,440,449	\$1,695,798	\$1,799,001	\$1,888,822	\$17,475,306	\$36,363,528
OPERATING EXPENSES							
Salaries & Benefits	\$1,007,179	\$1,041,514	\$1,075,850	\$1,110,186	\$1,144,521	\$11,101,857	\$22,547,071
Contract Labor	130,764	137,940	145,117	152,293	159,469	1,522,926	3,117,613
Utilities	288,137	296,141	304,144	312,148	320,152	3,121,483	6,323,003
Repair & Maintenance	65,676	68,349	71,022	73,695	76,368	736,948	1,500,625
General & Administrative	238,375	242,179	245,983	249,787	253,590	2,497,865	5,033,769
Supplies	48,931	51,262	53,592	55,922	58,252	559,216	1,141,733
Insurance	50,265	50,265	50,265	50,265	50,265	502,652	1,005,305
Management Fee	188,236	192,328	196,420	200,512	204,604	2,005,120	4,051,160
Other	56,448	59,136	61,824	64,512	67,200	645,120	1,317,120
Total Operating Expenses	\$2,074,012	\$2,139,114	\$2,204,216	\$2,269,319	\$2,334,421	\$22,693,188	\$46,037,400
NET OPERATING PROFIT/DEFICIT	(\$866,887)	(\$698,665)	(\$508,418)	(\$470,318)	(\$445,599)	(\$5,217,882)	(\$9,673,872)

8. COST/BENEFIT: Economic Impacts (Direct Spending)

The exhibit below presents the direct spending by industry associated with a new convention center in Lake County, outlined both by event type and by industry. As shown, conventions, tradeshow, conferences, and amateur sports (tournaments/meets/competitions) are estimated to generate a majority share of new direct spending in Lake County, with most of the impacts being generated in the hotel, restaurant (food and beverage), and retail industries. Spending by local Lake County residents is not included in these figures and spending reductions have been made for a percentage of non-local attendees that would be expected to represent “day-trippers”, not requiring overnight accommodations.

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	10-Year TOTAL	20-Year TOTAL
DIRECT SPENDING (BY EVENT TYPE)							
Conventions/Tradeshows (w exhibits)	\$2,956,590	\$3,942,120	\$4,927,650	\$5,913,180	\$6,898,710	\$59,131,800	\$128,118,900
Conventions/Conferences (no exhibits)	2,308,500	2,770,200	3,462,750	4,386,150	4,617,000	40,629,600	86,799,600
Public/Consumer Shows	418,500	523,125	627,750	627,750	627,750	5,963,625	12,241,125
Amateur Sports/Rec	1,389,375	1,945,125	2,500,875	2,500,875	2,778,750	25,008,750	52,796,250
Meetings	431,250	539,063	646,875	646,875	646,875	6,145,313	12,614,063
Banquets/Receptions	401,000	451,125	551,375	551,375	551,375	5,263,125	10,776,875
Miscellaneous/Other	<u>526,500</u>	<u>592,313</u>	<u>658,125</u>	<u>789,750</u>	<u>789,750</u>	<u>7,305,188</u>	<u>15,202,688</u>
Total	\$8,431,715	\$10,763,070	\$13,375,400	\$15,415,955	\$16,910,210	\$149,447,400	\$318,549,500
DIRECT SPENDING (BY INDUSTRY)							
Hotel	\$3,106,784	\$3,966,291	\$4,937,284	\$5,788,225	\$6,385,892	\$56,113,934	\$119,972,850
Restaurant	3,254,752	4,154,509	5,159,832	5,911,487	6,471,167	57,307,581	122,019,249
Entertainment	392,102	500,474	621,188	707,074	772,281	6,854,525	14,577,337
Retail	1,258,557	1,606,347	1,992,822	2,256,876	2,460,653	21,878,520	46,485,048
Other Local Transit	70,609	90,143	112,211	131,551	145,134	1,275,317	2,726,656
Other Industries	<u>348,910</u>	<u>445,306</u>	<u>552,063</u>	<u>620,741</u>	<u>675,084</u>	<u>6,017,523</u>	<u>12,768,360</u>
Total	\$8,431,715	\$10,763,070	\$13,375,400	\$15,415,955	\$16,910,210	\$149,447,400	\$318,549,500

8. COST/BENEFIT: Economic Impacts (By Impact Type)

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	10-Year TOTAL	20-Year TOTAL
CONSTRUCTION IMPACTS							
Direct Spending	\$26,084,250	\$0	\$0	\$0	\$0	\$26,084,250	\$26,084,250
Indirect/Induced Spending	17,909,919	0	0	0	0	17,909,919	17,909,919
Total Output	\$43,994,169	\$0	\$0	\$0	\$0	\$43,994,169	\$43,994,169
Personal Income (Earnings)	\$14,815,137	\$0	\$0	\$0	\$0	\$14,815,137	\$14,815,137
Employment (full & part-time jobs)	312	0	0	0	0	312	312
City Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
County Taxes	210,933	0	0	0	0	210,933	210,933
State Taxes	2,202,006	0	0	0	0	2,202,006	2,202,006
Total Taxes	\$2,412,939	\$0	\$0	\$0	\$0	\$2,412,939	\$2,412,939
IN-FACILITY IMPACTS							
Direct Spending	\$1,570,799	\$1,905,441	\$2,292,249	\$2,455,119	\$2,589,394	\$23,759,975	\$49,653,918
Indirect/Induced Spending	1,065,388	1,291,109	1,551,268	1,660,585	1,750,958	16,074,097	33,583,673
Total Output	\$2,636,187	\$3,196,550	\$3,843,518	\$4,115,705	\$4,340,352	\$39,834,072	\$83,237,591
Personal Income (Earnings)	\$1,002,615	\$1,215,161	\$1,460,209	\$1,563,199	\$1,648,316	\$15,131,079	\$31,614,238
Employment (full & part-time jobs)	39	48	58	62	65	65	65
County Taxes	23,571	28,690	34,665	37,198	39,268	359,731	752,408
State Taxes	132,329	160,494	193,034	206,731	218,028	2,000,754	4,181,031
Total Taxes	\$155,900	\$189,184	\$227,699	\$243,929	\$257,295	\$2,360,485	\$4,933,440
OUT-OF-FACILITY IMPACTS							
Direct Spending	\$8,431,715	\$10,763,070	\$13,375,400	\$15,415,955	\$16,910,210	\$149,447,400	\$318,549,500
Indirect/Induced Spending	5,502,428	7,023,851	8,728,807	10,062,593	11,038,745	97,550,149	207,937,599
Total Output	\$13,934,143	\$17,786,921	\$22,104,207	\$25,478,548	\$27,948,955	\$246,997,549	\$526,487,099
Personal Income (Earnings)	\$4,668,892	\$5,959,799	\$7,405,754	\$8,528,976	\$9,353,207	\$82,682,664	\$176,214,738
Employment (full & part-time jobs)	191	244	304	349	383	383	383
County Taxes	270,182	344,910	429,017	499,081	549,186	4,838,305	10,330,162
State Taxes	705,771	900,916	1,119,583	1,290,431	1,415,528	12,509,871	26,665,155
Total Taxes	\$975,953	\$1,245,826	\$1,548,600	\$1,789,513	\$1,964,714	\$17,348,176	\$36,995,317

8. COST/BENEFIT: Economic Impacts (OVERALL)

Economic impacts are further increased through re-spending of the direct spending. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with direct spending and continuing through each successive round of re-spending. Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy.

A summary of all estimated economic impacts (grouped by impact type) associated with a new convention center in Lake County is shown in the exhibit on the previous page, while a cumulative summary of all economic impacts is provided in the exhibit below. Specific taxes (directly attributable to the construction and operation of the potential new convention center) considered in this analysis include a 5.0% County Innkeepers Tax, a 7.0% State Sales Tax, and a 1.5% County Income Tax. Positive impacts on other tax and public sector revenues is likely; however, as other possible sources have a less direct attribution, or correlation, with the construction of the convention center and the net new visitors it is estimated to annually attract, impacts from other sources were not specifically estimated.

	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	10-Year TOTAL	20-Year TOTAL
TOTAL ECONOMIC IMPACTS							
Direct Spending	\$36,086,764	\$12,668,511	\$15,667,649	\$17,871,074	\$19,499,604	\$199,291,625	\$394,287,668
Indirect/Induced Spending	<u>24,477,735</u>	<u>8,314,961</u>	<u>10,280,075</u>	<u>11,723,179</u>	<u>12,789,703</u>	<u>131,534,165</u>	<u>259,431,191</u>
Total Output	\$60,564,500	\$20,983,471	\$25,947,725	\$29,594,253	\$32,289,307	\$330,825,790	\$653,718,859
Personal Income (Earnings)	\$20,486,644	\$7,174,960	\$8,865,963	\$10,092,175	\$11,001,523	\$112,628,881	\$222,644,112
Employment (full & part-time jobs)	543	292	361	411	449	761	761
County Taxes	504,686	373,600	463,682	536,280	588,453	5,408,968	11,293,503
State Taxes	<u>3,040,106</u>	<u>1,061,410</u>	<u>1,312,617</u>	<u>1,497,162</u>	<u>1,633,556</u>	<u>16,712,631</u>	<u>33,048,192</u>
Total Taxes	\$3,544,792	\$1,435,010	\$1,776,299	\$2,033,442	\$2,222,010	\$22,121,600	\$44,341,695

8. COST/BENEFIT: Conclusions

The development and operation of a potential new convention center in Lake County would be expected to generate quantitative benefits to Lake County and its residents. Based on the analysis, key annual and 20-year cumulative utilization and cost/benefit metric estimates include those indicated to the right.

The quantified economic impact estimates represent spending that is estimated to be “new” to Lake County as generated by the construction and operation of a potential new convention center. The new Lake County spending is generated through the construction period and then from in-facility spending and out-of-facility spending by convention center attendees that are assumed to be non-local.

In addition to the quantifiable benefits associated with a new convention center in Lake County, there are a number of existing and potential benefits that cannot be quantified. In fact, these qualitative benefits tend to be a critical factor in the consideration of public and private investment in facilities of this nature. These include issues pertaining to quality of life (through attracting events that would not otherwise travel to Lake County, as well as hosting civic, entertainment and private events), ancillary economic development facilitation, employment opportunities, community pride, and other such items.

The quantitative impact figures do not include economic impact that could be generated by other facility elements at the greater site (such as potential new hotel, restaurant, retail, residential and other such elements that could be developed in addition to the convention center itself). Some of the quantified economic impacts associated with convention center attendance would be quantitatively captured by some of these potential other facilities, but substantial additional economic impact could be generated by any additional mixed-use elements that are developed at, or near, the site. The net effect of a calculation of quantified economic impact could hypothetically be several times greater in magnitude (depending on the level of investment and development that is ultimately realized at, or near, the site).

Key Performance Estimates	Stabilized Year 1	20-Year Total
Events	273	5,291
Event Days	363	6,985
Utilization Days	485	9,306
Operating Revenue	\$1,888,822	\$36,363,528
Operating Expenses	\$2,334,421	\$46,037,400
Hotel Room Nights	47,549	894,310
Direct Spending	\$19,499,604	\$394,287,668
Total Economic Output	\$32,289,307	\$653,718,859
Personal Income (Earnings)	\$11,001,523	\$222,644,112
Employment (full & part-time jobs) (1)	449	761
Tax Revenue (2)	\$2,222,010	\$44,341,695

(1) 20-year Employment estimate represents the peak year during the period.

(2) Tax Revenue includes 5% County Innkeepers Tax, 1.5% County Income Tax, and 7% State Sales Tax.

9. FUNDING ANALYSIS



9. FUNDING ANALYSIS: Overview & Typical Sources

The purpose of this section is to summarize various public and private sector funding opportunities that could represent potential sources of funding to develop a potential convention center in Lake County and meet any on-going operating requirements and capital reserves. Generated through convention industry best practices research provided by CSL and detailed analysis and financing expertise provided by Sycamore Advisors, the funding analysis presented herein is not intended to be an exhaustive review of all potential funding sources, but rather a review of the most likely funding sources that may be available specific to this project.

SOURCES TYPICALLY USED INDUSTRY-WIDE

While there are a variety of public sector funding vehicles and revenue sources that have been used in the financing of convention center projects in communities throughout the country, a large percentage are owned by the public sector and had construction funding provided through municipal capital project funding (i.e., transfers from a City or County's General Fund or Capital Projects Fund, etc.) or through the issuance of General Obligation Revenue bonds.

Types of financing/funding vehicles that are commonly used in convention center projects throughout the country include:

- General Obligation Revenue Bonds
- Tax Increment Financing (TIF)
- Pay-As-You-Go Financing
- Certificates of Participation
- State/Federal Assistance
- Private/Public Equity & Grants

Under situations where bonds have been issued, debt service is often supported by local tax revenue, which has tended to include the following:

- Hotel/motel taxes
- Sales & use taxes
- Property taxes
- Food & beverage taxes
- Auto rental/taxicab taxes/fees
- Sin taxes (alcohol, cigarette, etc.)
- Admissions/entertainment taxes
- Gaming license fees and taxes

In recent years, a growing number of communities have explored ways in which the private sector can participate in reducing the overall funding burden borne by the public sector. This participation has taken the form of: (1) public-private partnerships (P3) for combined hotel + convention center projects; (2) naming rights and other sponsorships; (3) upfront service provider fees and facility component build-outs; (4) exclusive facility use agreements; and (5) private donations of capital and/or land.

9. FUNDING ANALYSIS: Sources Specific to Lake County

SOURCES AVAILABLE TO LAKE COUNTY

A summary is provided below and on the following pages associated with the detailed research and analysis provided by Sycamore Advisors of legally available public sector revenues for a potential convention center project in Lake County. This information focuses on legally available sources and the revenues or projected revenues associated with such sources; it does not address the funding capacity available under such sources. The full memorandum of findings is provided in the Appendix to this report, and includes the following topics/issues.

- Issues Related to New Indiana Code Article 6-3.6
- Possible Sources of Revenue with Existing Authorization
 - Local Income Tax for Economic Development (Old County Economic Development Income Tax – CEDIT)
 - Innkeepers Tax
 - Food and Beverage Tax
 - Existing TIF District Revenues
 - Property Tax Backup
- Possible Additional Sources Not Yet Authorized
 - Community Revitalization Enhancement District
 - Professional Sports and Convention Development Area
 - Regional Development Tax Credit
 - New or Combined TIF District
- Possible Issuing Entities

9. FUNDING ANALYSIS: Sources Specific to Lake County

A. Possible Sources Specific to Lake County with Existing Authorization

1. Local Income Tax for Economic Development. Under the Expenditure Rate classification, Lake County currently has a 0.25% local income tax for economic development in place, as well as the 0.25% for Public Safety. The statutory cap on the tax or combination of taxes in the Expenditure Rate classification is 2.5%. With 2.0% in remaining capacity, this would equate to potential revenues for Lake County, assuming current levels, of roughly \$215 million per year.

Bond Counsel note: "It is important to remember that Lake County entered into an interlocal cooperation act agreement with the local municipalities in Lake County whereby 25% of its annual certified distribution as set forth in IC 6-3.5-7-12 is committed to west lake rail expansion project. Obviously, these funds are not available for utilization on the convention project."

2. Innkeepers Tax. The Innkeepers Tax must be authorized by the Indiana General Assembly in county-specific legislation. For Lake County, Indiana Code 6-9-2 authorizes a 5% tax "on the gross retail income" derived from rentals of 30 days or less and clarifies that this tax is in addition to the state retail tax on the transaction. Revenues are allocated by the county treasurer to various entities according to the provisions of the statute. Revenues were \$2.9 million in 2017, slightly lower than in 2016.

For the first \$1.2 million collected each year:

- 35% to the South Shore Convention and Visitors Authority for deposit in the convention, visitors and promotion fund to promote and encourage conventions, trade shows, special events, recreation and visitors;
- 44.33% to Indiana University-Northwest for medical education and allied health education programs;
- 9% to the cities and towns in Lake County for tourism and economic development projects; and,
- 9% to Purdue University-Calumet for nursing programs; 2.67% to two cities for facility marketing, sales and public relations for convention facilities located within the cities.

For any revenues exceeding \$1.2 million each year:

- 85% to the SSCVA to promote and encourage conventions, trade shows, special events, recreation and visitors; and,
- 5% each to Purdue University – Calumet; Indiana University – Northwest for medical education; Indiana University – Northwest for allied health education.

9. FUNDING ANALYSIS: Sources Specific to Lake County

A. Possible Sources Specific to Lake County with Existing Authorization (continued)

3. Food and Beverage Tax. Lake County's fiscal body may authorize a 1.0 percent Food and Beverage Tax by ordinance without any additional state legislation. Funds may be used for a number of legally authorized purposes, including economic development projects in Lake County. Based on the collections of the current counties and municipalities that impose the tax and assuming a similar per capita revenue number for other counties. For Lake County, Indiana Legislative Services Agency estimated potential food and beverage tax revenues of \$9.4 million for calendar year 2019, with \$9.8 million estimated for calendar year 2020.

Bond Counsel note: "Implementation of the bonding process using food and beverage tax revenue may necessitate 'tweaking' of the Lake County food and beverage tax enabling statute so as to satisfy bond counsel and effectively make the bonds marketable."

4. Existing TIF District Revenues. Indiana law authorizes each city, town and county in Indiana to create a Redevelopment Commission. Commissions can establish "Economic Development Areas" or "Areas Needing Redevelopment", in which the Commission can create a TIF Allocation Area, where tax increment is collected and used for projects within the Area. "Tax increment" refers to taxes payable on assessed value of properties in the Area in excess of taxes attributable to the assessed value constituting the base.

Bond Counsel note: "I believe it to be unlikely that existing TIF district funds could be adequately made available to be the source of funding for indebtedness incurred to construct a convention center. Although I believe funding for construction of a convention center would fit into TIF District authority, if funding of a convention center is to be accomplished through TIF District funding, I would anticipate the need to create a new TIF district allocation."

5. Property Tax Backup. The use of this resource as a backup pledge would need to meet certain criteria to ensure that it would not count against the County's constitutional debt limit, including the affirmative statement that the primary revenue source is anticipated to be sufficient and reliance on a property tax backup is not expected. The bonding entity would want to conduct an analysis before deciding to utilize a property tax backup to determine whether a property tax backup would make a difference in the credit and interest rate of the bond.

9. FUNDING ANALYSIS: Sources Specific to Lake County

B. Possible Sources Specific to Lake County Not Yet Authorized

1. Community Revitalization Enhancement District. All 1st- and 2nd-class cities in Indiana may create one Community Revitalization Enhancement District with no additional state legislation needed. The fiscal body is able to capture the incremental growth in state sales tax and income tax in the area and use that for projects related to the area.

Bond Counsel note: "Of the 'possible additional sources' not yet authorized and identified in the draft memorandum, the community revitalization enhancement district concept may hold the greatest potential."

2. Professional Sports and Convention Development Areas. A Professional Sports and Convention Development Area is a special zone where certain state and local tax revenues generated by activity at designated sports and convention facilities is diverted to a special fund for capital improvement projects. Counties with a consolidated city and professional sports teams are eligible to create a PSCDA by resolution of the legislative body of the establishing county. The resolution designating a PSCDA must be reviewed and approved by the State Budget Committee, and no incremental tax revenue may be captured by a PSCDA unless approved by the SBA. This is limited to \$5 million annually for twenty years, and the statute expires in 2040.

Bond Counsel note: "I would have less optimism about the 'Professional sports and convention development area' because of its seemingly limiting focus on sports related facilities and the need for approval by the state budget committee."

3. Regional Development Tax Credit. This concept is currently being explored by other counties. It could potentially allow 25 percent of a qualifying project to be financed with tax credits sold to developers.

4. New or combined TIF Districts. Once a site is selected for the project, it is possible that the site could be added to an existing TIF district or that a district could be created including the site. Generally, if the site is added to an existing TIF district (by expanding the district's boundaries), existing TIF revenues may be available to fund a project at the newly-added site.

9. FUNDING ANALYSIS: Conclusions

In conclusion, while there are multiple revenue sources which could potentially be used to help support capital expenditures related to a convention center in Lake County, Indiana, realistically, two revenue streams are the most feasible: (1) a Food & Beverage Tax; and (2) existing TIF revenues (assuming the final site is in a TIF District). The analysis used to arrive at these two revenue streams (1) excluded property taxes as a primary source of security; (2) excluded public sector revenues (such as water and sewer fees) restricted to other uses; and (3) assessed the relative ease in creating or accessing the revenue stream and a lack of prior claims to the revenue streams.

(1) Food & Beverage Tax. Under existing law (Indiana Code 6-9-36 “Lake and Porter County Food and Beverage Tax”), Lake County’s fiscal body may authorize a 1% Food and Beverage Tax by ordinance without additional legislation from the Indiana General Assembly. Once the tax is adopted, *“The entire amount received from the taxes imposed by a county under this chapter shall be paid monthly by the treasurer of state to the treasurer of the northwest Indiana regional development authority established by IC 36-7.5-2-1.”* Funds must be deposited in the ‘development authority fund’ and may be used for legally authorized purposes, including economic development projects in Lake County.

LSA’s 2018 fiscal impact statement for HB 1099 (which did not pass this session) included Food & Beverage Tax revenue projections for each county in Indiana, based on the collections of the current counties and municipalities that impose the tax. For Lake County, LSA estimated \$9.4 million in revenues for calendar year 2019 and \$9.8 million in 2020. Note: If Lake County implements the Food & Beverage tax and desires to use those revenues to secure a bond issue, bondholders and rating agencies may require a backup source of funding, at least until the County has several years of actual revenues from this source.

(2) Existing TIF Revenues. There are currently 54 different Tax Increment Financing districts within Lake County. For calendar year 2015, the most recent year for which data is available online, the Indiana Department of Local Governments reported revenues of \$66.47 million from all 54 TIF districts, based on an incremental assessed value of \$1.657 billion. Individual TIF district revenues vary widely, with 8 districts reporting no revenues in 2015 while the Whiting Allocation Area reported \$15.46 million and two districts in Hobart reported revenues of over \$4 million each. If the site selected is in an existing TIF district that has capacity (i.e., available revenues), those revenues could become available for this project.

Other options considered include the County’s Economic Development Tax (\$27.7 million county-wide in 2017; Lake County allocation was \$8.5 million, but these revenues are currently dedicated to existing projects); an increase in the Innkeeper’s Tax, with allocation of the new revenues to this project (this would require approval of the Indiana General Assembly); and the creation of a Community Revitalization and Enhancement District, where Lake County could capture the incremental growth in state sales tax and income tax in the area and use it for the convention center project if the site meets the statutory criteria. This would not require new legislation, but would require State Budget Agency approval.

APPENDIX:

Funding Sources Memorandum



APPENDIX: Funding Sources Memorandum

MEMORANDUM

To: NW Indiana RDA Working Group and CSL International
From: Sycamore Advisors, LLC
Date: May 16, 2018
Re: Legally Available Revenues for Proposed Lake County, IN Convention Center

This memorandum focuses on possible Lake County, IN public sector revenues that may be used to support capital expenditures related to a convention center. We have excluded discussion of property taxes as a primary source of security, as well as public sector revenues (such as water and sewer fees) that are restricted to other uses.

New Indiana Code Article 6-3.6 (passed in 2015 and 2016) phases out existing classifications of local income taxes (such as CAGIT, COIT and CEDIT) and replaces them with a more unified county income tax structure. All actions taken after July 1, 2016 with respect to county income taxes are now required to be taken under the new classifications and according to IC 6-3.6. County income taxes are now classified as:

(1) Property Tax Relief - rate cannot exceed 1.25%, and is used to reduce the property tax credit levy in the County. The current rate in Lake County is 1.0% and provided \$108.3 million in revenue to the County.

(2) Special Purpose Rate – this category includes all existing and previously enacted special income tax rates that were enacted in a specific county for a specific purpose (most are related to jail or courthouse construction and operation). Lake County does not currently have one according to several sources, but it may be eligible to adopt a special purpose rate of 0.025% to 0.05% as a member of a regional development authority¹;

(3) Expenditure Rate - limited to 2.5% (2.75% in Marion County). This is the category for income tax rates that were previously adopted by a county for purposes other than property tax relief and special purposes. It includes the 0.25% school corporation distribution from CAGIT as well as local income taxes levied for economic development, public safety and certified shares. Economic development revenues and certified share revenues may be used for any legal purpose by a county. Lake County has in place a 0.25% rate for Public Safety and an Economic Development Revenue rate of 0.25%, which raised \$27.8 million in 2017. Of those amounts, the County retained \$9.4 million of the Public Safety Funds and \$10.3 million of the Economic Development monies and the balance was distributed to various local units of government².

APPENDIX: Funding Sources Memorandum

While this memorandum is not intended to include a full discussion of the transition of local income taxes in Indiana, we have included an illustration as an attachment to this memorandum that highlights the ‘before’ and ‘after’ categories of local income taxes. Finally, this memorandum focuses on legally available sources and the revenues or projected revenues associated with such sources; it does not address the funding capacity available under such sources.

A. Possible Sources of Revenue with Existing Authorization

1. Local Income Tax for Economic Development (Old County Economic Development Income Tax – CEDIT)³

Under the Expenditure Rate classification, Lake County currently has a 0.25% local income tax for economic development in place, as well as the 0.25% for Public Safety. As noted above, the statutory cap on the tax or combination of taxes in the Expenditure Rate classification is 2.5%. With 2.0% in remaining capacity, this would equate to potential revenues for Lake County, assuming current levels, of roughly \$215 million per year.

The tax was originally adopted by Lake County pursuant to Indiana Code 6-3.5-7, and funds collected may be used to pay loans, retire bonds, or pay leases used for economic development and/or capital projects, as well as to “foster economic development, new technology, industrial and commercial growth, diversification of industry and commerce.” Funds may also be used to provide certain homestead credits, establish a regional venture capital fund, finance a courthouse, or “for any lawful purpose for which money in any of [the County’s] other funds may be used.”⁴

According to the Local Income Tax Certified Distributions for 2018,⁵ the 0.25% local income tax for economic development was certified at \$28.6 million for 2018. The 2017 figure was \$27.7 million county-wide. This revenue is allocated by statute, based on levy amount, to the various units of local government in Lake County, with Lake County’s share being the largest at \$10.5 million in 2018 (and \$10.25 million in 2017). After Lake County, Gary, Hammond and East Chicago all received the largest distributions, then smaller amounts to all civil cities and towns.

IC 6-3.6 requires that economic development revenues must have an associated capital improvement plan before revenues can be utilized for economic development purposes:

“The executive of a county, city or town may adopt a capital improvement plan specifying the uses of the additional revenue allocated for economic development or may designate the county or a city or town as the recipient of all or part of its share of the additional revenue for economic development. If a county, city or town fails to adopt a capital improvement plan, the county treasurer shall retain the unit’s amounts until the unit adopts a plan. IC 6-3.6-6-9.5.”

3) Other local income taxes collected include 0.25% for public safety and 1.0% for Property Tax Relief, neither of which would be available to support or help financing a convention center project.

4) IC 6-3.5-7; Local County Income Tax Handbook for County Auditors, Indiana Department of Revenue, November 2013.

5) State of Indiana, Indiana Department of Local Government Finance.

APPENDIX: Funding Sources Memorandum

The Lake County Board of Commissioners adopted its “2018-2019 CEDIT Capital Development Plan on November 17, 2017, with the expectation of \$21,065,936 in revenues in 2018-2019. Each year, the \$10.5 million is allocated as follows:

Other Services and Charges/Rail Line	\$2,633,250
Group Insurance Deduction	\$1,899,718
Construction Reconstruction/Commissioner’s Discretion	\$6,000,000

If bonds are issued that are secured by economic development revenues, IC 6-3.6 -10 requires the taxing entity to maintain 125% coverage while any bonds secured by this economic development tax are outstanding.

Bond Counsel Note: “It is important to remember that Lake County entered into an interlocal cooperation act agreement with the local municipalities in Lake County whereby 25% of its annual certified distribution as set forth in IC 6-3.5-7-12 is committed to west lake rail expansion project. Obviously, these funds are not available for utilization on the convention project.”

2. Innkeepers Tax

The Innkeepers Tax must be authorized by the Indiana General Assembly in county-specific legislation. For Lake County, Indiana Code 6-9-2 authorizes a 5% tax “on the gross retail income” derived from rentals of 30 days or less and clarifies that this tax is in addition to the state retail tax on the transaction. The statute has a large exemption for revenues derived from rentals in Gary from properties built or refurbished after 1993 – all of these revenues go to the City of Gary for public safety and economic development purposes.

Revenues are allocated by the county treasurer to various entities according to the provisions of the statute. For the first \$1.2 million collected each year:

- 35% to the South Shore Convention and Visitors Authority for deposit in the convention, visitors and promotion fund to promote and encourage conventions, trade shows, special events, recreation and visitors;
- 44.33% to Indiana University-Northwest for medical education and allied health education programs;
- 9% to the cities and towns in Lake County for tourism and economic development projects;
- 9% to Purdue University-Calumet for nursing programs;
- 2.67% to two cities for facility marketing, sales and public relations for convention facilities located within the cities

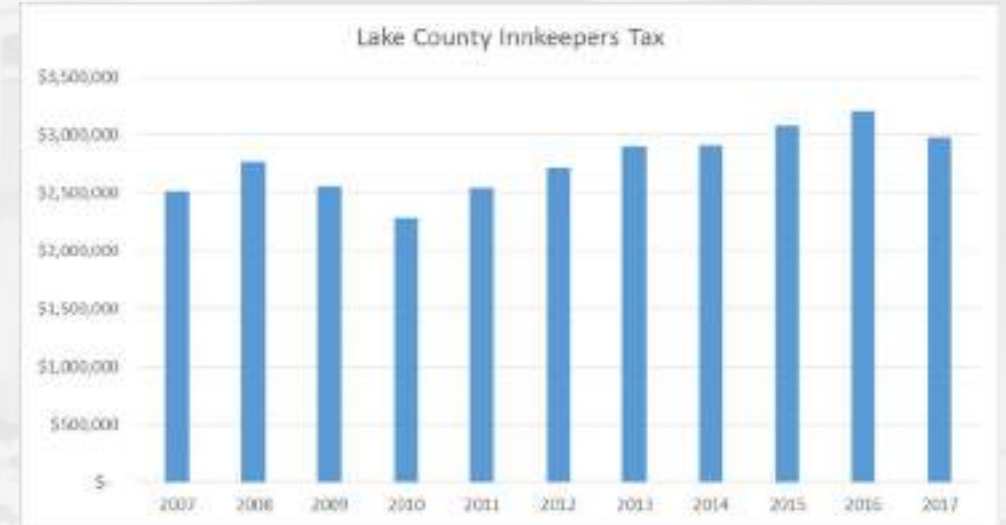
APPENDIX: Funding Sources Memorandum

For any revenues exceeding \$1.2 million each year:

- 85% to the convention, visitors and promotion fund to promote and encourage conventions, trade shows, special events, recreation and visitors
- 5% each to Purdue University – Calumet; Indiana University – Northwest for medical education; Indiana University – Northwest for allied health education.

The 5% rate is similar to that in most counties that have elected to impose an Innkeepers Tax and is part of the authorizing statute, IC 6-9-2. An increase in this tax is possible but would likely require authorization by the Indiana General Assembly⁶. While the statute does not have a maximum rate, we would note that St. Joseph County is at 6%; Vigo County is at 6.5%; Allen County is at 7%; and Marion County is at 10%, so there is precedent to ask for a higher rate.

The exhibit to the right illustrates the revenues that have been received pursuant to this tax from 2007-2017. Revenues were \$2.9 million in 2017, slightly lower than in 2016:



3. Food and Beverage Tax

Most counties and cities in Indiana must request special legislation from the Indiana General Assembly to adopt a food and beverage tax (including a supplemental tax). However, pursuant to Indiana Code 6-9-36 (“Lake and Porter County Food and Beverage Tax”), Lake County’s fiscal body may authorize a 1% Food and Beverage Tax by ordinance without any additional state legislation. Once the tax is adopted:

“Sec. 8. (a) The entire amount received from the taxes imposed by a county under this chapter shall be paid monthly by the treasurer of state to the treasurer of the northwest Indiana regional development authority established by IC 36-7.5-2-1.”

Funds must be deposited in the ‘development authority fund’ and may be used for a number of legally authorized purposes, including economic development projects in Lake County.

APPENDIX: Funding Sources Memorandum

Separately, there was a bill introduced in the 2018 session of the Indiana General Assembly, HB 1099, which would have allowed any city or county not currently required or authorized to impose a food and beverage tax to impose a 1% food and beverage tax through local ordinance. This bill was sent to Ways and Means after first reading on Jan. 3 and withdrawn on Jan. 8.

Indiana Legislative Services Agency's ("LSA") fiscal impact statement for HB 1099 included projections, for each county, of the estimated tax that a 1% Food and Beverage Tax would produce in calendar years 2019 and 2020. Based on the collections of the current counties and municipalities that impose the tax and assuming a similar per capita revenue number for other counties. For Lake County, LSA estimated potential food and beverage tax revenues of \$9.4 million for calendar year 2019, with \$9.8 million estimated for calendar year 2020. While we believe this methodology may actually understate potential revenues, LSA is a well-regarded and bi-partisan agency relied upon by the Indiana General Assembly for fiscal decision making. The LSA Fiscal Note with projections by County is attached as an Exhibit.

Bond counsel noted that *"implementation of the bonding process using food and beverage tax revenue may necessitate 'tweaking' of the Lake County food and beverage tax enabling statute so as to satisfy bond counsel and effectively make the bonds marketable."* Bond counsel also emphasized that bonds issued using food and beverage revenues would need to be issued by the RDA through the Indiana Finance Authority.

As illustrated in the summary on the right of a potential financing and in the detailed "Northwest Indiana Regional Development Authority Series 2018 Convention Center Bonds" analysis, a County Food & Beverage Tax would provide ample revenues to meet debt service requirements, with Debt Service Coverage in excess of 2.9x to fund a \$50 million project cost. In fact, after meeting annual debt service requirements (estimated based upon current market rates) of \$3.37 million, there would be an additional \$6.47 million in revenue available to local units and/or the county. We believe coverage at these projected levels (2.9x), with the addition of strong additional bond covenants would mean that additional revenue or another source of security for the bonds would likely not be needed.

Summary of Funding Scenario Results	
<i>Market Rates as of May 18, 2018</i>	
Funding Option Analysis	One Issue, \$50 Million Project Cost
Summary of Bonds Issued	
Par Amount Bond 1: 2019	\$ 47,900,000
Bond Summary: Sources	
Total Par Amount	\$ 47,900,000
Premium	\$ 5,950,210
Proceeds	\$ 53,850,210
Bond Summary: Uses	
Project Fund	\$ 50,000,000
Debt Service Reserve Fund	\$ 3,367,250
Capitalized Interest	?
Costs of Issuance (\$5.00 per bond)	\$ 479,000
All In TIC	3.96%
Average Coupon	5.00%
MADS	\$ 3,367,250
Targeted Debt Service Coverage	1.75x
Actual Debt Service Coverage	2.92x
Available Funds after DS	\$6.47 million
Dated Date	July 1, 2018
Final Maturity	July 1, 2043
Total Debt Service	\$ 85,196,000
Spread to MMD at Call Date	+60 basis points
<i>(Assumes an A+ credit rating)</i>	

APPENDIX: Funding Sources Memorandum

4. Existing TIF District Revenues

Indiana law authorizes each city, town and county in Indiana to create a Redevelopment Commission. A unit creates a Redevelopment Commission by ordinance of the legislative body of the unit (the Town Council of a town, the Common Council of a city, and (except in a few counties), the Board of Commissioners of a county. Generally, a city's Redevelopment Commission has jurisdiction throughout the city, while a county's Redevelopment Commission has jurisdiction everywhere in the County except in the territory of cities or towns that have established their own Redevelopment Commission. Commissions can establish "Economic Development Areas" or "Areas Needing Redevelopment" through the process outlined in Indiana Code 36-7-14.⁷ Within Economic Development Areas and Areas Needing Redevelopment, the Commission can create a TIF Allocation Area, where tax increment is collected and used for projects within the Area. The phrase "tax increment" refers to taxes payable on assessed value of properties in the Area in excess of taxes attributable to the assessed value constituting the base.

According to reports on Indiana Gateway, there are currently 54 different city Tax Increment Financing districts within Lake County (see the chart on the following page for a description of each TIF). For calendar year 2015, the most recent year for which data is available online, the Indiana Department of Local Governments reports revenues of \$66.47 million from all 54 TIF districts, based on an incremental assessed value of \$1.657 billion. While 8 districts reported no revenues in 2015 (and two had less than \$13,000), the other 44 ranged widely in revenues. The Whiting Allocation Area reported \$15.46 million, while the St. Anthony Allocation Area in Crown Point reported \$25,203. Two districts in Hobart reported revenues of over \$4 million each (the 61st Ave. TIF and the SR 130 TIF each reported \$4.2 million in revenues). A number of these districts' revenues support debt service for bond issues – the bond issues are typically listed in Gateway under the detailed description of each TIF. Once the potential site selection is narrowed to three to four sites, we can provide a revenue history for the TIF (assuming the site is located in a current TIF) and any bond obligations relevant to each site.

While the ultimate site selected for a convention center may change, there are currently three sites which have been recommended as part of this study. All three are in the vicinity of the intersection of Interstate 65 and State Road 30. Of the three sites, one is in an existing TIF district, the Century/Broadway TIF, which covers parts of the southwest corner of the 65/30 intersection. The other two are near the Merrillville Road and Mississippi Street TIF Districts. According to the Lake County Auditor's office and Indiana Gateway, the Century/Broadway TIF had revenues of \$2.08 million and expenses of \$1.97 million in 2015.

APPENDIX: Funding Sources Memorandum

This TIF has four bond issues associated with it:

- Lease Rental Revenue Bonds, Series 2014 (\$10.048 million refunding of a 2005 bond issue, matures in 2026)
- Bond Anticipation Note, Series 2014 (TAXABLE) (still showing on Gateway but scheduled to be repaid on December 31, 2015)
- Town of Merrillville Tax Increment Finance Loan of 2012 (\$1.5 million, matures in 2023)
- Redevelopment District Special Taxing District Bonds, Series 2015 (\$1.175 million, matures in 2035)

Bond counsel noted: *“I believe it to be unlikely that existing TIF district funds could be adequately made available to be the source of funding for indebtedness incurred to construct a convention center.”* *“Although I believe funding for construction of a convention center would fit into TIF District authority, if funding of a convention center is to be accomplished through TIF District funding, I would anticipate the need to create a new TIF district allocation which may be problematic.”*

Lake County TIF District Details

Authorizing Unit	TIF ID#	TIF District	Gross Assessed Value	Net Assessed Value	Base Assessed Value	Incremental Assessed Value	Revenues	Expenses
HOBART CIVIL CITY	T45551	61st Ave TIF	\$145,418,850	\$83,402,186	\$25,607,379	\$57,794,807	\$4,216,630	\$10,339,906
DYER CIVIL TOWN	T45651	870790-Dyer1	\$111,301,900	\$96,224,953	\$43,247,138	\$52,977,815	\$3,816,299	\$3,898,027
DYER CIVIL TOWN	T45652	870790-Dyer2	\$19,100	\$19,100	\$19,100	\$0	\$0	\$0
MERRILLVILLE CIVIL TOWN	T45601	Ameriplex at the Crossroads	\$47,005,900	\$47,005,900	\$5,263,783	\$41,742,117	\$1,166,315	\$1,130,500
MERRILLVILLE CIVIL TOWN	T45602	Century/Broadway TIF	\$207,011,801	\$207,011,801	\$166,411,433	\$40,600,368	\$2,084,424	\$1,969,787
HAMMOND CIVIL CITY	T45206	Columbia Plaza	\$17,192,500	\$17,192,500	\$0	\$17,192,500	\$824,518	\$0
GARY CIVIL CITY	T45103	Consolidated Area	\$150,094,300	\$89,056,847	\$20,166,034	\$68,890,813	\$2,442,287	\$2,208,782
CEDAR LAKE CIVIL TOWN	T45850	Consolidated Cedar Lake 133rd	\$102,218,000	\$84,507,743	\$52,606,603	\$31,901,140	\$992,967	\$1,197,398
GARY CIVIL CITY	T45113	County Market	\$8,578,000	\$8,578,000	\$20,110	\$8,557,890	\$405,067	\$310,118
GARY CIVIL CITY	T45114	Dalton Arm	\$2,544,800	\$2,544,800	\$0	\$2,544,800	\$347,658	\$326,288
HAMMOND CIVIL CITY	T45203	Downtown	\$91,282,600	\$21,781,003	\$546,530	\$21,234,473	\$942,385	\$234,222
EAST CHICAGO CIVIL CITY	T45355	EC Lakefront	\$94,943,000	\$93,275,256	\$35,787,954	\$57,487,302	\$2,007,345	\$2,360,958
EAST CHICAGO CIVIL CITY	T45356	EC Riley Plaza	\$2,371,700	\$2,371,700	\$0	\$2,307,700	\$102,859	\$100,108
EAST CHICAGO CIVIL CITY	T45354	EC U.S. Gypsum	\$23,064,253	\$23,064,253	\$4,146,820	\$18,917,433	\$926,357	\$852,946
GARY CIVIL CITY	T45116	Gary Kirk Yard TIF	\$30,166,720	\$30,166,720	\$15,145,292	\$15,021,428	\$1,179,132	\$1,345,228
HAMMOND CIVIL CITY	T45212	Gateways Allocation Area	\$14,740,500	\$9,934,700	\$93,000	\$9,841,700	\$765,273	\$1,871,678
HAMMOND CIVIL CITY	T45207	Gibson Yard Expansion Area	\$49,902,400	\$49,611,342	\$45,511,270	\$4,100,072	\$409,181	\$324,870
HAMMOND CIVIL CITY	T45209	Home Depot	\$10,563,600	\$10,563,600	\$0	\$10,563,600	\$503,495	\$130,198
CROWN POINT CIVIL CITY	T45801	I-65 Allocation Area	\$177,819,600	\$125,401,465	\$55,941,380	\$69,459,665	\$927,784	\$3,628,581
WHITING CIVIL CITY	T45302	Indpls Blvd Corridor	\$10,128,300	\$7,784,233	\$7,846,133	(\$61,900)	\$0	\$0
SCHERERVILLE CIVIL TOWN	T45751	Kennedy Avenue	\$591,118,566	\$591,118,566	\$409,099,920	\$182,104,511	\$3,665,675	\$4,516,056
GARY CIVIL CITY	T45115	Kennys Ribs	\$114,800	\$114,800	\$3,360	\$111,440	\$0	\$0
GARY CIVIL CITY	T45106	Lakefront 004	\$77,467,400	\$77,467,400	\$36,950,504	\$40,516,896	\$2,816,764	\$6,755,290
GARY CIVIL CITY	T45110	Lancaster-Dusable	\$1,200,000	\$1,200,000	\$0	\$1,200,000	\$55,901	\$72,847
HAMMOND CIVIL CITY	T45202	Lear	\$8,823,950	\$8,776,100	\$0	\$8,776,100	\$383,443	\$0
LOWELL CIVIL TOWN	T45901	Lowell TIF	\$76,174,700	\$64,108,584	\$60,009,282	\$4,099,302	\$70,357	\$5,798
GARY CIVIL CITY	T45104	Madison Avenue	\$3,061,400	\$3,061,400	\$0	\$3,061,400	\$250,813	\$232,987
CROWN POINT CIVIL CITY	T45804	Mainstreet Allocation Area	\$1,362,600	\$1,096,900	\$1,107,220	(\$10,320)	\$0	\$0
MERRILLVILLE CIVIL TOWN	T45604	Merrillville Road	\$111,992,976	\$111,992,976	\$78,345,441	\$33,647,535	\$2,127,257	\$2,668,531
GARY CIVIL CITY	T45108	Midwest Center	\$5,594,100	\$5,594,100	\$0	\$5,594,100	\$344,002	\$319,014
MERRILLVILLE CIVIL TOWN	T45605	Mississippi Street	\$187,605,350	\$187,605,350	\$89,186,486	\$98,418,864	\$5,045,381	\$8,614,547
EAST CHICAGO CIVIL CITY	T45353	Northtown Village Senior Apartments #3	\$1,671,600	\$1,671,600	\$0	\$1,671,600	\$55,849	\$64,302
EAST CHICAGO CIVIL CITY	T45351	Northtown Village Townhomes #1	\$1,985,100	\$1,985,100	\$0	\$1,985,100	\$64,120	\$65,692
EAST CHICAGO CIVIL CITY	T45352	Northtown Village Townhomes #2	\$867,800	\$867,800	\$0	\$867,800	\$21,160	\$38,535
SCHERERVILLE CIVIL TOWN	T45753	Plum Creek	\$5,790,900	\$5,790,900	\$1,224,300	\$4,566,600	\$141,006	\$0
		Ridge Road/Calumet Avenue Economic Development Area	\$530,161,300	\$358,543,844	\$205,162,281	\$153,381,563	\$3,234,997	\$667,283
MUNSTER CIVIL TOWN	T45658	Roby	\$30,246,200	\$30,211,372	\$30,209,772	\$1,600	\$77	\$0
HAMMOND CIVIL CITY	T45213	Saint Anthony Allocation Area	\$16,413,600	\$1,771,847	\$2,487,310	(\$715,463)	\$25,203	\$0
CROWN POINT CIVIL CITY	T45803	Shops on Main	\$20,249,900	\$20,249,900	\$1,208,220	\$19,041,680	\$369,308	\$2,874
SCHERERVILLE CIVIL TOWN	T45752	Sportsplex Allocation Area	\$0	\$0	\$0	\$0	\$0	\$0
CROWN POINT CIVIL CITY	T45802	SR 130 TIF	\$51,661,600	\$40,692,199	\$27,792,724	\$12,899,475	\$4,226,467	\$1,767,634
HOBART CIVIL CITY	T45550	St. John EDA I	\$141,431,000	\$121,616,263	\$81,403,833	\$40,212,430	\$778,417	\$944,480
ST. JOHN CIVIL TOWN	T45700	St. John EDA II	\$1,836,100	\$1,717,215	\$1,717,215	\$0	\$0	\$0
ST. JOHN CIVIL TOWN	T45701	TIF #1 Griffith Mall	\$7,586,010	\$17,622,875	\$7,559,011	\$10,063,864	\$279,489	\$631,419
GRIFFITH CIVIL TOWN	T45001	TIF #1-Highland Acres	\$2,740,500	\$2,399,175	\$1,926,965	\$742,210	\$12,893	\$0
HIGHLAND CIVIL TOWN	T45451	TIF #2 Downtown	\$4,538,396	\$4,524,776	\$4,524,776	\$0	\$102,681	\$0
GRIFFITH CIVIL TOWN	T45002	TIF #2 Highland Downtown	\$59,534,100	\$45,116,869	\$39,557,060	\$5,559,805	\$138,174	\$0
HIGHLAND CIVIL TOWN	T45452	TIF #3 Highland Commercial Corridors	\$149,475,500	\$146,048,733	\$138,403,290	\$7,645,443	\$109,598	\$0
HIGHLAND CIVIL TOWN	T45453	Truck City of Gary 003-004	\$4,726,200	\$4,726,200	\$5,000	\$4,721,200	\$294,750	\$217,114
GARY CIVIL CITY	T45117	Westpoint	\$8,500	\$8,500	\$8,490	\$10	\$0	\$0
HAMMOND CIVIL CITY	T45214	Whiting Allocation Area	\$721,850,180	\$721,763,364	\$280,857,674	\$440,905,690	\$15,468,155	\$21,415,474
WHITING CIVIL CITY	T45301							
WINFIELD CIVIL TOWN	T45951	Winfield 109th & Randolph St44 and St47	\$35,195,400	\$31,484,101	\$34,031,841	(\$2,547,740)	\$0	\$0
HAMMOND CIVIL CITY	T45210	Woodmar Consolidated	\$29,430,300	\$29,430,300	\$5,551,960	\$23,878,340	\$1,189,833	\$1,949,414
HAMMOND CIVIL CITY	T45211	Woodmar Gateway	\$23,899,200	\$23,899,200	\$0	\$23,899,200	\$1,141,229	\$1,874,250

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5. Property Tax Backup

The fiscal body may determine to use a property tax back up for a specific financing. The use of this resource as a backup pledge would need to meet certain criteria to ensure that it would not count against the County's constitutional debt limit, including the affirmative statement that the primary revenue source is anticipated to be sufficient and reliance on a property tax backup is not expected. The bonding entity would want to conduct an analysis before deciding to utilize a property tax backup to determine whether a property tax backup would make a difference in the credit and interest rate of the bond.

B. Possible Additional Sources Not Yet Authorized:

1. Community Revitalization Enhancement District

Pursuant to Indiana Code 36-7-13, all 1st and 2nd class cities in Indiana may create one Community Revitalization Enhancement District with no additional state legislation needed. Currently, nine such districts are authorized in Indiana – two in Bloomington, two in Ft. Wayne, one in Delaware County, one in South Bend, one in Indianapolis and one in Anderson (inactive). The fiscal body is able to capture the incremental growth in state sales tax and income tax in the area and use that for projects related to the area.

Bond counsel noted: *“Of the “possible additional sources” not yet authorized and identified in the draft memorandum, the community revitalization enhancement district concept may hold the greatest potential.”*

2. Professional Sports and Convention Development Areas

A Professional Sports and Convention Development Area is a special zone where certain state and local tax revenues generated by activity at designated sports and convention facilities is diverted to a special fund for capital improvement projects within the PSCDA. Pursuant to Indiana Code 36-7-31-1, counties with a consolidated city and professional sports teams are eligible to create a PSCDA by resolution of the legislative body of the establishing county. The resolution designating a PSCDA must be reviewed and approved by the State Budget Committee, and no incremental tax revenue may be captured by a PSCDA unless approved by the SBA. This is limited to \$5 million annually for twenty years, and the statute expires in 2040.

Bond counsel: *“I would have less optimism about the “professional sports and convention development area” because of its seemingly limiting focus on sports related facilities and the need for approval by the state budget committee.”*

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3. Regional Development Tax Credit

This concept is currently being explored by other counties. It would apparently allow 25% of a qualifying project to be financed with tax credits sold to developers.

4. New or combined TIF Districts

Once a site is selected for the project, it is possible that the site could be added to an existing TIF district or that a district could be created including the site. Generally, if the site is added to an existing TIF district (by expanding the district's boundaries), existing TIF revenues may be available to fund a project at the newly-added site.

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C. Possible Issuing Entities:

1. Indiana Finance Authority. Pursuant to IC 4-4-11-4, the IFA may issue bonds for various types of projects, including economic development projects.
 - Pursuant to IC 36-7.5-4-3, the Northwest Indiana Regional Development Authority may issue bonds for a variety of project and capital expenditures, but may only sell those bonds to the Indiana Finance Authority. IC 36-7.5-4-3(f).
2. Hammond Bond Bank. Pursuant to IC 5-14, the Hammond Local Public Improvement Bond Bank is authorized to assist qualified entities in Lake County in financing projects.

Bond counsel noted: *“As the draft memorandum indicates, the Hammond bond bank is able to issue “public improvement bonds” for projects throughout Lake County and could be the issuing entity but identifying and securing the funding source for repayment of the debt could be problematic.”*

3. Lake County Convention and Visitors Bureau. Pursuant to IC 6-9-2-4.7, the Bureau may issue bonds or enter into leases to “pay the costs incurred in the financing, construction, acquisition and equipping of a visitor center to promote and encourage conventions, trade shows, special events, recreation and visitors within the county.”

Bond counsel noted that this statute would likely require an amendment to allow for the issuance of bonds for a convention center.

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